
**LARPENT NEWTON &
CO LTD**

**UK ANTI-BRIBERY
POLICY**

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UK ANTI-BRIBERY POLICY

1. Introduction

- 1.1. Larpent Newton & Co. Ltd (“Larpent Newton”) is very clear on bribery: ***Bribery is not tolerated in any form.***
- 1.2. This position applies to acts committed by employees or third parties with whom Larpent Newton deals, for example developers, lenders, officials, brokers, placement agents, advisers and other service providers.
- 1.3. Larpent Newton has a moral and ethical duty to act with the highest standards of integrity and care. Bribery and financial crime in general present a serious threat to our reputation, and could result in criminal and/or regulatory proceedings being taken against Larpent Newton as well as the individuals concerned.
- 1.4. This policy (**Policy**) forms an important part of Larpent Newton’s commitment to combat financial crime in all its forms and, as such, all employees are expected to be fully conversant with its terms and with associated policies and procedures and the Codes of Conduct (see section 10), and to act in accordance with them at all times.

2. What is the Scope of this Policy?

- 2.1. This Policy applies to the whole of Larpent Newton in the UK including:
 - employees;
 - temporary/agency staff;
 - self-employed or contract workers;
 - interns and secondees, whether from other parts of Larpent Newton or from a third party; and
 - providers of outsourced services.
- 2.2. See sections 1.2 and 5.4 for further information on how this Policy applies to dealings with third parties.
- 2.3. This Policy applies to Larpent Newton worldwide.

3. Background

- 3.1. The UK is a party to the OECD Convention of Bribery, which has as its aim the eradication of bribery of foreign public officials in the context of international business transactions.
- 3.2. The UK Government’s intention in introducing the Bribery Act 2010 (the **Bribery Act**) was both a response to the UK’s obligations in respect of the Convention and to make it clear that the UK intends to play a leading role in stamping out corruption internationally.
- 3.3. This Policy reflects the requirements of the Bribery Act, which provides for the prosecution of both individuals and companies for bribery offences and other related legislation, including the US Foreign Corrupt Practices Act (**FCPA**).
- 3.4. In addition, Larpent Newton is required by the FCA to set up and maintain effective systems and controls to counter the risk of financial crime, including bribery.

4. What is bribery?

- 4.1. Bribery involves offering, giving, requesting or accepting a financial or other advantage with the intention of inducing the recipient to act improperly or as a reward for him/her having done so. A bribe may be paid directly or indirectly through a third party. It does not necessarily involve the giving of cash or a gift, and may include any item or act which confers a benefit or advantage of some description on the recipient or another person. Bribery may be committed in either the public or private sectors and may be paid or received in the UK or abroad.
- 4.2. For examples of acts which might constitute bribery by offering a financial or other advantage see section 1.3 of the attached Guidance in the Appendix.

5. The UK Bribery Act

- 5.1. There are four criminal offences under the Bribery Act:
 - giving or offering to give a bribe (active bribery);
 - requesting, accepting or agreeing to accept a bribe (passive bribery);
 - bribery of a foreign public official; and
 - a corporate offence of failure to prevent bribery by the corporate itself or by a person performing services for or on behalf of the corporate (such as an introducer, distributor, broker or other agent).
- 5.2. In the case of the corporate offence, the only defence available is that the corporate has in place “adequate procedures” to prevent bribery. This Policy, together with the policies and procedures referred to in section 10, is a key part of the procedures Larpent Newton is putting in place to meet this requirement. Larpent Newton Senior Management is fully committed to ensuring that the requirement is met.
- 5.3. Employees should note that the Bribery Act is not limited to bribery which occurs in the UK: **it also applies to bribes paid and received abroad.**
- 5.4. Dealing with third parties raises particular risks for Larpent Newton and steps must be taken to evaluate the bribery risk which third parties acting on behalf of the firm, or providing services to it, may pose. To this end, it may be appropriate to review a third party’s internal programme for the prevention of bribery and corruption and to include one or more anti-bribery clauses in any contract with that party.
- 5.5. Further information on the Bribery Act is set out in the Additional Guidance (the **Guidance**) contained in the Appendix. Further information on dealing with third parties can be found in section 2 of the Guidance.

6. Specific Bribery Act Issues

6.1. Foreign public officials

- (a) The general offences of paying and receiving bribes apply to public officials in the UK and to private citizens alike. However, as detailed at Section 5.1 above, the Bribery Act creates a separate offence of bribing foreign public officials.
- (b) Particular care needs to be taken when dealing with foreign public officials. “Foreign public official” extends much further than a government official, and includes anyone employed in the public sector, in whatever capacity.

- (c) All gifts and entertainment offered to public officials must be authorised in advance in accordance with Larpent Newton’s policies and procedures.
- (d) Further information on foreign public officials can be found in the Guidance.

6.2. Facilitation payments

- (a) A facilitation payment is a cash payment (or payment in kind) of a relatively small amount to a public official to “grease the way” and ensure that a routine official duty is performed.
- (b) Although facilitation payments are common in many countries they are illegal under the Bribery Act.
- (c) Larpent Newton does not permit facilitation payments and any such payments will be deemed a breach of this Policy.
- (d) Important information on dealing with facilitation payments is set out in section 3.2 of the Guidance.

6.3. Gifts and entertainment

- (a) The giving of gifts or provision of hospitality and entertainment by or on behalf of any part of Larpent Newton must always be done in compliance with the relevant Larpent Newton policies, all of which apply equally to gifts and hospitality received by employees.
- (b) Although lavish or unusual hospitality, or extravagant gifts, could be considered as a bribe, reasonable and proportionate gifts and/or entertaining are unlikely to constitute bribery in normal circumstances. In determining what is reasonable and proportionate, it is necessary to consider the timing and context in which any such gift or entertainment takes place.
- (c) If you are in any doubt as to whether proposed hospitality or a gift to be offered to clients or potential clients is within the limits of what is likely to be considered reasonable and proportionate, consult your Compliance Officer.
- (d) Special care is required when providing gifts or entertainment to foreign public officials – see section 6.1(c) above.
- (e) The Larpent Newton Executive Board is responsible for:
 - ensuring that all team members follow the procedures specified in the relevant Gifts and Entertainment Policy for the approval of proposed gifts and entertaining;
 - ensuring that all items above the agreed threshold are recorded in accordance with the relevant Gifts and Entertainment policy;
 - regular monitoring of expenditure the value of which is below the limit required for recording in accordance with the relevant Gifts and Entertainment policy; and
 - monitoring expense claims made by team members for excessive or unreasonable claims and unusual patterns of expenditure.
- (f) Gifts and entertainment received by employees should also be recorded in accordance with the relevant Gifts and Entertainment Policy. You are reminded that in no circumstances should you accept an offer of cash (or a cash equivalent) or fees/commission for products or services provided by any Larpent Newton entity.

6.4. Political and Charitable donations

- (a) Larpent Newton does not make donations of a political nature, either in the UK or abroad.

- (b) The issue of charitable donations is a sensitive one, and care should be taken to ensure that the purpose of a donation is not misinterpreted

Reporting bribery

If you:

- (a) come across an incident of bribery;
- (b) suspect that bribery has occurred or may occur;
- (c) become aware of information which suggests that bribery has occurred or may occur;
- (d) suspect that a breach of systems and controls has occurred or may occur; or
- (e) you are requested to make a political or charitable donation

this information must be reported immediately in accordance with the procedure set out in section 4 of the Guidance.

7. Non-compliance with Policy

- 7.1. The consequences of non-compliance with this Policy are likely to be severe, both for Larpent Newton and for the individual(s) concerned. It could lead to criminal prosecution, civil recovery action, regulatory enforcement action and loss of FSA approved status or prohibition depending on the nature and extent of the non-compliance.

Any employee who has committed a non-criminal breach of this Policy, such as failing to report a suspicion of bribery, or who has deliberately bypassed systems and controls, will be liable to disciplinary action.

- 7.2. Further important information on non-compliance can be found in Section 6 of the Guidance.

8. Guidance

Additional information on bribery related issues and the practical application of this Policy is set out in the Guidance, which forms an integral part of this Policy.

9. Relevant policies and procedures

The policies and procedures set out below are relevant when dealing with matters relating to bribery. Paragraphs (a), (b) and (c) reflect the need to understand the people with whom Larpent Newton deals, and the nature of their businesses, whereas paragraphs (d) to (i) deal with more general matters of relevance to this Policy:

- (a) Conduct of Business procedures;
- (b) Gifts and entertainment policy (in High-Level Systems and Control procedures);
- (c) Whistleblowing;
- (d) Financial crime, including anti-money laundering and anti-fraud policies;
- (e) Conflicts of interest procedures;

10. Useful links

The following links may also be useful:

(a) FCA website: <http://www.fca.org.uk/>

(b) FCA Handbook <http://www.fca.org.uk/firms/being-regulated/meeting-your-obligations/firm-guides/systems/anti-bribery>

(c) Government Advice <http://www.justice.gov.uk/downloads/legislation/bribery-act-2010-guidance.pdf>

11. Contacts

If you have any concerns about information in your possession, you may discuss them in confidence with your line manager.

APPENDIX

Bribery Policy – Guidance

1. The Bribery Act 2010

1.1. Offences under the Bribery Act

- (a) The Bribery Act makes it a criminal offence to:
- give or offer a bribe (active bribery); or
 - request, accept or agree to accept a bribe (passive bribery)
- in each case, with the intention that the recipient (or a third party) acts improperly in the performance of his/her functions. This could involve:
- making a payment to win business;
 - doing something that the recipient should not do, for example granting a licence when the relevant conditions are not satisfied;
 - exercising his/her functions improperly, such as failing to act impartially in awarding a contract; or
 - not doing something that the recipient would normally be required to do, for example agreeing not to initiate regulatory proceedings when such proceedings would otherwise be justified.
- (b) It applies to bribery in both the public and private sector, although in the case of private sector bribery only, there is an additional requirement that it is connected with a business, trade or profession.
- (c) A person acts improperly if he/she acts in breach of the expectation that the relevant function or activity will be performed in good faith, impartially or from a position of trust. This is judged on the basis of what would be considered reasonable from a UK perspective and not according to local custom in the country where the act takes place.
- (d) The Bribery Act is not limited to bribery which occurs in the UK; it may also apply to bribes paid and received abroad.
- (e) Senior officers of a company may also be guilty of an offence in their personal capacity if the bribery is committed with their consent or connivance. In this context, a senior officer means a director, manager, company secretary or other similar officer of the company who is a British citizen or ordinarily resident of the UK.

1.2. Corporate offence

- (a) The Bribery Act introduces a new corporate offence of failing to prevent bribery which is committed if a person associated with a commercial organisation bribes another person (i.e. active bribery) intending to obtain or retain business (or an advantage in the conduct of business) for that commercial organisation.
- (b) This offence is very wide-ranging and applies to any commercial organisation which carries on business in the UK, and **to acts of bribery committed anywhere in the world** – it is not limited to bribery which takes place within the UK.

- (c) An associated person who performs services for or on behalf of the commercial organisation concerned and can include:
- employees;
 - agents;
 - distributors;
 - introducers;
 - brokers;
 - subsidiaries;
 - joint ventures;
 - consultants, contractors and suppliers; and
 - any other person performing similar functions.
- (d) The only defence available is that the organisation has in place adequate procedures designed to prevent bribery. In order to be in a position to rely on the defence, Larpent Newton must be able to show that:
- it has implemented an effective anti-bribery policy, including procedures designed to mitigate bribery risk and unethical behaviour on the part of an associated person;
 - management at the highest level take responsibility for, and have endorsed, the Policy;
 - the Policy has been clearly communicated to staff and relevant third parties; and
 - there is on-going monitoring and review of procedures and processes which are put in place to combat financial crime (including bribery).

1.3. Examples of bribery

- Use of third parties (introducers, distributors, brokers and agents) to pay sums in order to win business;
- hospitality which is excessively lavish or which goes beyond that which might be considered reasonable given the circumstances;
- the provision of financial or material assistance, such as the payment of educational fees or the provision of family holidays, to benefit a person who may be involved in the decision to award a mandate, grant, relevant licences or permits, etc.; and
- a payment to a charitable organisation connected with the relevant person (i.e. the person being “bribed”).

2. Dealing with Third Parties

2.1. Relationship Management

- (a) Before entering into any relationship with a third party who will be providing a material services for or on behalf of Larpent Newton, an assessment of the bribery and corruption risk posed by that party must be undertaken. This should include the following elements:
 - understanding the business case for the relationship;
 - a consideration of risk factors, such as higher risk industries and whether the third party is based in, or undertakes business in, sensitive jurisdictions; and
 - review of publicly available information for adverse publicity which might suggest that the third party has engaged in or is suspected of being engaged in any activity which might constitute financial crime.
- (b) **Relevant policies and procedures**
- (a) The Compliance Procedures must be followed where relevant in any dealings with third parties including KYC procedures

Foreign public officials and facilitation payments

2.2. Dealing with foreign public officials

- (a) There is a separate offence under the Bribery Act of bribing a foreign public official with the intention of obtaining or retaining business, or an advantage in the conduct of business. Actions of this type are also prohibited by the FCPA.
- (b) There is no requirement to show that there was an intention to induce the official to perform his functions “improperly”. It is sufficient if the payment or advantage was provided to him with the intention of influencing him in his conduct as a foreign public official.
- (c) “Foreign public official” means any person employed in the public sector, including employees of a nationalised industry or state-owned enterprise, as well as government ministers, civil servants and legislators.
- (d) Considerable care must be taken in making gifts of providing entertainment to foreign public officials and it is therefore essential that all gifts, hospitality and corporate entertaining to such persons is authorised, recorded and undertaken in accordance with the relevant Gifts and Entertainment Policy.

2.3. Facilitation payments

- (a) A facilitation payment is a cash payment (or payment in kind) of a relatively small amount paid to “grease the way” and ensure that a routine governmental duty is performed. Examples of facilitation payments include:
 - amounts paid to an immigration official to obtain an entry visa;
 - amounts paid to customs officials to allow goods to clear customs, either more quickly (or at all); and
 - payments to local officials to expedite local services or permits.
- (b) Under the Bribery Act, facilitation payments are treated as bribes. This differs from the FCPA, which provides an exception for facilitation payments. In the UK, the only possible defence may be where the payment was made to protect against loss of life, limb or liberty.

- (c) In some jurisdictions, payment of facilitation payments is common and you may find yourself in a position where you are being asked for a payment of this nature. You should consider where you might come across such a scenario in your line of business and, if in doubt as to whether a payment might constitute an illegal facilitation payment, contact your local Compliance Officer for guidance.
- (d) The Larpent Newton policy is that facilitation payments should not be offered or made in any circumstances, unless there is a genuine reason to consider that there is a risk to your safety if you refuse to make the payment.
- (e) Any facilitation payments made in accordance with Section 3.2(c) above should be reported to Compliance.

3. Reporting and investigating bribery

3.1. Reporting bribery

- (a) If you:
 - come across an incident of bribery;
 - suspect that bribery has occurred or may occur;
 - become aware of information which suggests that bribery has occurred or may occur;
 - or
 - suspect that a breach of systems and controls has occurred or may occur
 this information must be reported immediately.
- (b) In the first instance, the information may be reported to your line manager who must the Compliance Officer.
- (c) All reports must be treated in confidence and will be fully investigated. If anonymity is requested, every effort will be made to grant it, although anonymity may be difficult or impossible to preserve if, as a result of investigations, the Serious Fraud Office, the police or other law enforcement agency are informed or if disciplinary action is taken.
- (d) Employees may also discuss any concerns about information in their possession with the Compliance Officer.
- (e) Employees must not discuss suspicions or concerns with anyone other than the persons mentioned above and, once the matter has been reported, it must not be discussed with anyone other than those responsible for investigating it. This is to avoid tipping off the person or persons involved, and also to protect the anonymity of the person making the report.
- (f) To the extent possible without compromising the investigation, the employee will be kept informed of any action taken as a result of their report. Where it is decided that further investigation is not appropriate, the employee will be given a prompt and full explanation of the reasons for reaching this conclusion.

3.2. Third party allegations

- (a) If a third party, such as a client, makes an allegation of bribery (or other financial crime) or communicates a suspicion of bribery to you, you must report this immediately, without attempting to evaluate whether the allegation or suspicion is well-founded.
- (b) Financial crime is often uncovered as a result of information supplied by third parties and any such information given to an employee of Larpent Newton should be escalated to the

Compliance Officer so that it can be properly dealt with under the relevant financial crime procedures.

3.3. Investigating suspected incidents

- (a) Whenever an incident of bribery is uncovered or suspected, the Compliance Officer must be informed immediately.
- (b) Employees should be aware that in certain circumstances it may be necessary to report the incident to the Serious Fraud Office and/or the FSA.

3.4. Malicious allegations

- (a) Larpent Newton's approach to deterring and identifying bribery and other financial crimes depends heavily on the integrity and vigilance of its employees. In return for their cooperation, Larpent Newton will afford employees the fullest support and protection possible.
- (b) There is inevitably a risk of false and malicious allegations being made. Such allegations, whether made against employees, clients, counterparties or any other person, are an abuse of the process established by this Policy and could lead to unwarranted investigations and unjustifiable damage to the reputation of the individual concerned.
- (c) The making of false and malicious allegations and the giving of false evidence may in themselves constitute criminal offences, but they will in any event be treated as serious disciplinary matters by Larpent Newton.
- (d) However, nothing should deter employees from raising genuine concerns. If suspicions of bribery or other financial crimes are reported with good intent, employees will be fully supported even if their concerns prove to be unfounded.

4. Responsibilities of employees and management

4.1. Employees' obligations

- (a) Systems and controls and operating procedures are put in place to deter financial crime in all its forms, including bribery, and to detect if it occurs.
- (b) In complying with policies and procedures, and ensuring that colleagues do so, employees play an essential role in the successful implementation of this Policy.
- (c) Employees should, therefore, familiarise themselves with policies and procedures which apply to them and ensure they are complied with. This requirement applies to this Policy and to all other policies relating to financial crime. If there is anything that you do not understand, do not hesitate to seek guidance from your immediate line manager or local Compliance team.
- (d) Employees may find themselves being subjected to pressure to bypass systems and controls. This may come from colleagues or clients who want something done urgently or simply from the size of workload. If you find yourself in this situation, do not hesitate to seek assistance from your line manager or from Compliance. You will receive the full support and protection of the Bank. It is far better to resist such pressures than it is to compromise procedures.
- (e) Not all systems and controls are designed to prevent or detect bribery or other financial crime, and some may have more than one purpose. Employees should follow all procedures, whatever the underlying purpose, and should not be selective in their application.

- (f) Failure to follow policies and procedures could unwittingly assist the commission of a financial crime, including bribery, or prevent its early detection. Similarly, failure to report an incident or suspected incident of financial crime, or a breach of systems or controls, may indirectly assist the commission of an offence or allow the perpetrator to evade detection.
- (g) Any failure by an employee to comply with his or her responsibilities under this section or section 4 (Reporting and investigating bribery) may not amount to a criminal offence, but will nevertheless be treated by Larpent Newton as a serious dereliction of duty for disciplinary purposes.

4.2. Management responsibility

- (a) Managers are required to implement this Policy within their sphere of responsibility.
- (b) Senior management are responsible for ensuring that:
 - appropriate systems and controls are devised, implemented and maintained to prevent or minimise the risk of bribery and to identify it quickly if it does occur, and that adequate resources are made available for this purpose;
 - appropriate training is provided to employees; and
 - systems and controls are reviewed and updated on a regular basis to ensure that they are appropriate to the business operations to which they apply and in line with industry standards.
- (c) In addition, senior management should be alert to the risks of bribery within their area of responsibility and should ensure that any risks identified are dealt with promptly and appropriately.
- (d) Line managers are responsible for:
 - ensuring that procedure manuals are prepared, reviewed and updated periodically so that they are consistent with Larpent Newton' financial crime policies, including this Policy;
 - ensuring that employees are aware of this Policy, both generally and as it applies to their specific duties;
 - ensuring that employees participate in Larpent Newton' anti-bribery training and that training specific to the needs of particular employees or job functions is provided where appropriate;
 - in conjunction with HR department, ensuring that Larpent Newton' recruitment policies are adhered to and that the credentials of applicants for employment are checked thoroughly prior to such persons being offered employment with Larpent Newton; and
 - monitoring the provision and receipt of gifts and entertainment for their teams.
- (e) The Compliance Officer is responsible for preparing an annual report for approval by senior management to demonstrate that Larpent Newton complies with its responsibility to monitor and review its financial crime policies and procedures (including those relating to bribery). For this purpose, line managers and business heads may be requested to provide information and reports by the Compliance Officer.

5. Non-compliance with this policy

5.1. Employees' obligations

- (a) The consequences of non-compliance with this Policy could be severe, and will depend on the nature and extent of the non-compliance.
- (b) In the case of an employee who is guilty of engaging in bribery (whether active or passive):
 - the employee will face criminal penalties. Offences under the Bribery Act carry a maximum prison term of ten years or an unlimited fine, or both, depending on the seriousness of the offence;
 - if the employee is registered with the FSA, the employee will be liable to loss of his or her approved status and may be prohibited from working in the financial services industry;
 - if the act of bribery also involved fraudulent use of the Bank's funds, the employee will be liable to civil legal action for the recovery of misappropriated sums and/or damages;
 - if the act of bribery occurred outside the UK, the employee may also be liable to prosecution under the anti-corruption laws of the relevant country; and
 - the employee will face disciplinary action and immediate dismissal for gross misconduct, with consequent loss of salary, bonus, pension entitlement and other valuable benefits.
- (c) It should be noted that the payment or acceptance of a bribe may involve more than one criminal offence in the UK, including offences under the Fraud Act 2006 and the Proceeds of Crime Act 2002 (money laundering), for which penalties may be imposed in addition to those imposed under the Bribery Act.

5.2. Non-criminal acts

In the case of an employee who has committed a non-criminal breach of this policy, such as failing to report a suspicion of bribery or an allegation of bribery by a third party or deliberately bypassing systems and controls, the employee will be liable to disciplinary action.

January 2014