

ETHICS, FRAUD, ANTI-BRIBERY AND GIFT POLICY

1. POLICY STATEMENT

1.1 It is our policy to conduct all of our business in an honest and ethical manner. We take a zero-tolerance approach to fraud, bribery and corruption and are committed to acting professionally, fairly and with integrity in all our business dealings and relationships wherever we operate and implementing and enforcing effective systems to counter fraud and bribery.

1.2 We will uphold all laws relevant to countering fraud, bribery and corruption. We are bound by the laws of the UK, including the Fraud Act 2006 and the Bribery Act 2010, in respect of our conduct both at home and abroad.

1.3 ABOUT THIS POLICY

1.4 The purpose of this policy is to:

1.4.1 set out our responsibilities, and of those working for us, in observing and upholding our position on fraud, bribery and corruption, which includes the receipt of gifts from students and potential students or their families or supporters; and

1.4.2 provide information and guidance to those working for us on how to recognise and deal with such fraud, bribery and corruption issues.

1.5 Fraud, bribery and corruption are punishable for individuals by up to ten years' imprisonment and if we are found to have taken part in corruption we could face an unlimited fine, be excluded from tendering for public contracts and face damage to our reputation. We therefore take our legal responsibilities very seriously.

1.6 We have identified particular risks for our business which are set out in the Appendix.

1.7 In this policy:

1.8 **Compliance manager** means the person nominated by us to ensure compliance with this policy and is the Vice Chancellor and CEO, which at the date of issue is Carl Lygo;

1.9 **third party** means any individual or organisation you come into contact with during the course of your work for us, and includes actual and potential clients, student customers, suppliers, distributors, business contacts, agents, advisers, and government and public bodies, including their supporters (in the case of our student customers) advisors, representatives and officials, politicians and political parties.

1.10 This policy does not form part of any employee's contract of employment and we may amend it at any time.

2. **WHO IS COVERED BY THE POLICY?**

This policy applies to all individuals working at all levels and grades, including senior managers, officers, directors, employees (whether permanent, fixed-term or temporary), consultants, contractors, trainees, seconded staff, homeworkers, casual workers and agency staff, volunteers, interns, agents, sponsors, or any other person associated with us, including distributors, or any of our subsidiaries or their employees, wherever located (collectively referred to as **workers** in this policy).

3. **WHO IS RESPONSIBLE FOR THE POLICY?**

3.1 The board of directors has overall responsibility for ensuring this policy complies with our legal and ethical obligations, and that all those under our control comply with it.

3.2 The compliance manager has primary and day-to-day responsibility for implementing this policy, monitoring its use and effectiveness, dealing with any queries about it, and auditing internal control systems and procedures to ensure they are effective in countering bribery and corruption.

3.3 Management at all levels are responsible for ensuring those reporting to them understand and comply with this policy and are given adequate and regular training on it.

3.4 You are invited to comment on this policy and suggest ways in which it might be improved. Comments, suggestions and queries should be addressed to the compliance manager.

4. **WHAT IS FRAUD?**

Fraud describes a number of activities including theft, false accounting, embezzlement, bribery and deception. The Fraud Act 2006 defines three classes of fraud;

- False representation; a person commits fraud by intentionally and dishonestly making a false representation. A false representation includes intentionally giving a misleading or untrue statement.
- Failing to disclose information; a person commits a fraud if they dishonestly fail to disclose information.
- Abuse of position; a person commits a fraud if they dishonestly abuse their position.

To have committed a fraud a person must have acted dishonestly and with the intent to;

- Make a gain for themselves or anyone else and/or
- Cause loss to anyone else or expose anyone else to a risk of loss

5. **WHAT IS BRIBERY?**

A bribe is an inducement or reward offered, promised or provided in order to gain any personal, commercial, contractual or regulatory advantage.

Examples:

Offering a bribe

You offer a potential partner tickets to a major sporting event, but only if they agree to do business with AU.

This would be an offence as you are making the offer to gain a commercial and contractual advantage for AU. AU may also be found to have committed an offence because the offer has been made to obtain business for us. It may also be an offence for the potential partner to accept your offer.

Receiving a bribe

A relative of a student gives a member of staff a handbag. This is received shortly before a critical assignment for a student (related to the donor of the gift) on one of the courses offered by AU, and in giving the bag the relative indicates that the student has struggled with that particular assignment and may need some generous marking to assist in making the grade.

It is an offence to make such an offer. It would be an offence for our member of staff to accept the offer as he or she would be doing so to gain a personal advantage.

Bribing a foreign official

You arrange for AU to pay an additional payment to a foreign official to speed up an administrative process.

The offence of bribing a foreign public official has been committed as soon as the offer is made. This is because it is made to gain a business advantage for us. We may also be found to have committed an offence.

6. **WHAT IS CORRUPTION**

6.1 Corruption is the misuse of power for personal gain.

7. **GIFTS AND HOSPITALITY**

7.1 This policy does not prohibit normal and appropriate hospitality (given and received) to or from third parties.

7.2 The giving or receipt of gifts is not prohibited, if the following requirements are met:

7.2.1 it is not made with the intention of influencing a third party to obtain or retain business or a business advantage, or to reward the provision or retention of business or a business advantage, or in explicit or implicit exchange for favours or benefits;

7.2.2 it complies with local law;

7.2.3 it does not include cash or a cash equivalent (such as gift certificates or vouchers);

7.2.4 it is appropriate in the circumstances. For example, in the UK it is customary for small gifts to be given at Christmas time;

7.2.5 taking into account the reason for the gift, it is of an appropriate type and value and given at an appropriate time;

7.2.6 it is given openly, not secretly; and

7.2.7 gifts should not be offered to, or accepted from, government officials or representatives, or politicians or political parties, without the prior approval of the compliance manager.

7.3 We appreciate that the practice of giving business gifts varies between countries and regions and what may be normal and acceptable in one region may not be in another. The test to be applied is whether in all the circumstances the gift or hospitality is reasonable and justifiable. The intention behind the gift should always be considered. The decision of the compliance manager shall be final in this regard.

7.4 We require that any gifts that may have a monetary value of £25 or more be declared to the compliance manager whether or not the gift meets the requirements set out at clause 6.2.

8. **WHAT IS NOT ACCEPTABLE?**

It is not acceptable for you (or someone on your behalf) to:

8.1.1 give, promise to give, or offer, a payment, gift or hospitality with the expectation or hope that a business advantage will be received, or to reward a business advantage already given;

8.1.2 give or accept a gift or hospitality during any commercial negotiations or tender process, if this could be perceived as intended or likely to influence the outcome;

8.1.3 accept a payment, gift or hospitality from a third party that you know or suspect is offered with the expectation that it will provide a business advantage for them or anyone else in return;

8.1.4 accept hospitality from a third party that is unduly lavish or extravagant under the circumstances.

8.1.5 offer or accept a gift to or from government officials or representatives, or politicians or political parties;

8.1.6 threaten or retaliate against another individual who has refused to commit a bribery offence or who has raised concerns under this policy; or

8.1.7 engage in any other activity that might lead to a breach of this policy.

9. **FACILITATION PAYMENTS AND KICKBACKS**

9.1.1 We do not make, and will not accept, facilitation payments or "kickbacks" of any kind.

9.1.2 Facilitation payments, also known as "back-handers" or "grease payments", are typically small, unofficial payments made to secure or expedite a routine or necessary action (for example by a government official). They are not common in the UK but are common in some other jurisdictions.

9.1.3 Kickbacks are typically payments made in return for a business favour or advantage.

- 9.2 You must avoid any activity that might lead to a facilitation payment or kickback being made or accepted by us or on our behalf, or that might suggest that such a payment will be made or accepted. If you are asked to make a payment on our behalf, you should always be mindful of what the payment is for and whether the amount requested is proportionate to the goods or services provided. You should always ask for a receipt which details the reason for the payment. If you have any suspicions, concerns or queries regarding a payment, you should raise these with the compliance manager.

10. GIFTS, HOSPITALITY AND EXPENSES

- 10.1 This policy allows reasonable and appropriate hospitality or entertainment given to or received from third parties, for the purposes of:
- 10.1.1 establishing or maintaining good business relationships;
 - 10.1.2 improving or maintaining our image or reputation; or
 - 10.1.3 marketing or presenting our products and/or services effectively.
- 10.2 The giving and accepting of gifts is allowed if the following requirements are met:
- 10.2.1 it is not made with the intention of influencing a third party to obtain or retain business or a business advantage, or to reward the provision or retention of business or a business advantage, or in explicit or implicit exchange for favours or benefits;
 - 10.2.2 it is given in our name, not in your name;
 - 10.2.3 it does not include cash or a cash equivalent (such as gift certificates or vouchers);
 - 10.2.4 it is appropriate in the circumstances, taking account of the reason for the gift, its timing and value. For example, in the UK it is customary for small gifts to be given at Christmas;
 - 10.2.5 it is given openly, not secretly; and
 - 10.2.6 it complies with any applicable local law.
- 10.3 Promotional gifts of low value such as branded stationery to or from existing customers, suppliers and business partners will usually be acceptable.
- 10.4 Reimbursing a third party's expenses, or accepting an offer to reimburse our expenses (for example, the costs of attending a business meeting) would not usually amount to bribery. However, a payment in excess of genuine and reasonable business expenses (such as the cost of an extended hotel stay) is not acceptable.
- 10.5 We appreciate that practice varies between countries and regions and what may be normal and acceptable in one region may not be in another. The test to be applied is whether in all the circumstances the gift, hospitality or payment is reasonable and justifiable. The intention behind it should always be considered.

11. **DONATIONS**

We do not make contributions to political parties. We only make charitable donations that are legal and ethical under local laws and practices. No donation must be offered or made without the prior approval of the compliance manager.

12. **YOUR RESPONSIBILITIES**

12.1 You must ensure that you read, understand and comply with this policy.

12.2 The prevention, detection and reporting of fraud, bribery and other forms of corruption are the responsibility of all those working for us or under our control. All workers are required to avoid any activity that might lead to, or suggest, a breach of this policy.

12.3 You must notify your line manager or the compliance manager as appropriate as soon as possible if you believe or suspect that a conflict with this policy has occurred, or may occur in the future. If you feel unable to report in this way, you should report the incident through Arden University's Whistleblowing policy. For example, if a client or potential client offers you something to gain a business advantage with us, or indicates to you that a gift or payment is required to secure their business. Further "red flags" that may indicate fraud, bribery or corruption are set out in the Schedule.

12.4 We reserve our right to terminate our contractual relationship with workers if they breach this policy. We also reserve our right to raise with the appropriate authorities.

12.5 Heads of Department are responsible for familiarising themselves with the types of fraud, dishonesty, bribery and corruption that may occur within their units.

13. **RECORD-KEEPING**

13.1 We must keep financial records and have appropriate internal controls in place which will evidence the business reason for making payments to third parties.

13.2 You must declare and keep a written record of all hospitality or gifts accepted or offered, which will be subject to managerial review.

13.3 You must ensure all expenses claims relating to hospitality, gifts or expenses incurred to third parties are submitted in accordance with our expenses policy and specifically record the reason for the expenditure.

13.4 All accounts, invoices, memoranda and other documents and records relating to dealings with third parties, such as clients, suppliers and business contacts, should be prepared and maintained with strict accuracy and completeness. No accounts must be kept "off-book" to facilitate or conceal improper payments.

14. **HOW TO RAISE A CONCERN**

You are encouraged to raise concerns about any issue or suspicion of malpractice at the earliest possible stage. If you are unsure whether a particular act constitutes fraud, bribery or

corruption, or if you have any other queries, these should be raised with your line manager or the compliance manager as appropriate. If you feel unable to report in this way, you should report the incident through Arden University's Whistleblowing policy.

15. WHAT TO DO IF YOU ARE A VICTIM OF FRAUD, BRIBERY OR CORRUPTION

It is important that you tell your line manager or the compliance manager as soon as possible if you suspect that you have been a victim of fraudulent activity, you are offered a bribe by a third party, are asked to make one, suspect that this may happen in the future, or believe that you are a victim of another form of unlawful activity.

16. PROTECTION

16.1 Employees who refuse to accept or offer a bribe, or those who raise concerns or report another's wrongdoing, are sometimes worried about possible repercussions. We aim to encourage openness and will support anyone who raises genuine concerns in good faith under this policy, even if they turn out to be mistaken.

16.2 We are committed to ensuring no one suffers any detrimental treatment as a result of refusing to take part in fraud, bribery or corruption, or because of reporting in good faith their suspicion that an actual or potential fraud, bribery or other corruption offence has taken place, or may take place in the future. Detrimental treatment includes dismissal, disciplinary action, threats or other unfavourable treatment connected with raising a concern. If you believe that you have suffered any such treatment, you should inform the compliance manager immediately.

17. BRIEFINGS AND COMMUNICATION

17.1 Briefings on this policy forms part of the induction process for all new workers. All existing workers will have available to them (via the Staff Handbook) full detail on how to implement and adhere to this policy.

17.2 Our zero-tolerance approach to fraud, bribery and corruption must be communicated to all suppliers, contractors and business partners at the outset of our business relationship with them and as appropriate thereafter.

17.3 Our zero-tolerance approach to fraud, bribery and corruption must also be communicated to the student customers and their families and / or supporters.

18. BREACHES OF THIS POLICY

18.1 Any employee who breaches this policy will face disciplinary action, which could result in dismissal for misconduct or gross misconduct.

18.2 We may terminate our relationship with other individuals and organisations working on our behalf if they breach this policy.

19. WHO IS RESPONSIBLE FOR THE POLICY?

19.1 The Senior Management Team of AU has overall responsibility for ensuring this policy complies with our legal and ethical obligations, and that all those under our control comply with it.

19.2 The compliance manager has primary and day-to-day responsibility for implementing this policy, and for monitoring its use and effectiveness and dealing with any queries on its interpretation. Management at all levels are responsible for ensuring those reporting to them are made aware of and understand this policy and are given adequate and regular training on it.

20. **MONITORING AND REVIEW**

20.1 The compliance manager will monitor the effectiveness and review the implementation of this policy, regularly considering its suitability, adequacy and effectiveness. Any improvements identified will be made as soon as possible. Internal control systems and procedures will be subject to regular audits to provide assurance that they are effective in countering fraud, bribery and corruption.

20.2 All employees are responsible for the success of this policy and should ensure they use it to disclose any suspected danger or wrongdoing.

20.3 Employees are invited to comment on this policy and suggest ways in which it might be improved. Comments, suggestions and queries should be addressed to the compliance manager.

APPENDIX

Schedule: Potential risk scenarios / "red flags"

The following is a list of possible red flags that may arise during the course of you working for us and which may raise concerns under various anti-fraud, anti-bribery and anti-corruption laws. The list is not intended to be exhaustive and is for illustrative purposes only.

If you encounter any of these red flags while working for us, you must report them promptly to the compliance manager:

- 1.1 you are offered an unusually generous gift or offered lavish hospitality by a third party or a student;
- 1.2 you become aware that a third party engages in, or has been accused of engaging in, improper business practices;
- 1.3 you learn that a third party has a reputation for paying bribes, or requiring that bribes are paid to them, or has a reputation for having a "special relationship" with foreign government officials;
- 1.4 a third party insists on receiving a commission or fee payment before committing to sign up to a contract with us, or carrying out a government function or process for us;
- 1.5 a third party requests payment in cash and/or refuses to sign a formal commission or fee agreement, or to provide an invoice or receipt for a payment made;
- 1.6 a third party requests that payment is made to a country or geographic location different from where the third party resides or conducts business;
- 1.7 a third party requests an unexpected additional fee or commission to "facilitate" a service;
- 1.8 a third party demands lavish entertainment or gifts before commencing or continuing contractual negotiations or provision of services;
- 1.9 a third party requests that a payment is made to "overlook" potential legal violations;
- 1.10 a third party requests that you provide employment or some other advantage to a friend or relative;
- 1.11 you receive an invoice from a third party that appears to be non-standard or customised;
- 1.12 a third party insists on the use of side letters or refuses to put terms agreed in writing;
- 1.13 you notice that we have been invoiced for a commission or fee payment that appears large given the service stated to have been provided; and/or
- 1.14 a third party requests or requires the use of an agent, intermediary, consultant, distributor or supplier that is not typically used by or known to us.