

## How to Work with Intermediaries

PSA Groupe does business in over 100 countries, including some that are risky or new or both. In order to achieve our business objectives, we may find it helpful to use intermediaries, agents, consultants, go-betweens, deal-makers, arrangers, etc. Let's call them "Intermediaries".

As provided in our Code of Ethics, PSA does not tolerate any form of bribery or corruption:

**Rule n° 1: Compliance with Laws and Regulations**

*... Refuse all forms of corruption, such as paying or accepting bribes or facilitation payments or granting unwarranted benefits to a public official or private individual.*

Laws on corruption and bribery are becoming stricter around the world, and are being enforced more vigorously. Some are "extraterritorial": for example, conduct in Africa may cause a violation of French or English law. There are criminal and civil penalties, including fines, imprisonment and exclusion from public tenders. Media attention is increasing. The public is interested. Companies' reputations are at stake, including ours if we were to be involved directly or indirectly in such a case. Business can suffer if we don't play by the rules.

Corruption laws cover how we work with individuals, companies and government officials. PSA can be held responsible for what its employees do. We can also be **held responsible for what our Intermediaries do**, wherever they do it. PSA cannot do through an Intermediary what it cannot do itself; a bribe is not "cleansed" by having an Intermediary offer it.

Our "Anti-Corruption Practical Guide" with concrete examples, available on the Group portal, states PSA's position:

*Relying on such persons can prove useful in the course of business. Nevertheless, caution is required, and business should be undertaken only after the agent's reputation has been verified and a written contract has been signed which specifies the means and amount of compensation. The authenticity of the services offered should also be verified. PSA can be incriminated for any bribe, even unknown, given on its behalf.*

Further details are set out below.

### **Before Working with an Intermediary**

- Ensure more than one person is involved in making the decision to work with an Intermediary, and in choosing the Intermediary
- Ask SG/DSG whether a **background check** is warranted, particularly for high risk jurisdictions and activities and high value projects. SG/DSG will order confidential due diligence (see *Attachment 1*) on the proposed Intermediary's integrity, leading to a report covering:
  - Contact information, including other assumed names, trade names and aliases
  - Ownership (including ultimate beneficial ownership)
  - Principals (officers, directors, key executives)
  - Branches, subsidiaries or affiliates
  - Ties to senior political, government or military officials

- CV and credentials of key employees
- Prior criminal charges and investigations
- Commercial references
- Experience
- Annual report and financial statements
- Enquiries regarding reputation, business connections and other relevant information
- Appropriate local law searches and analysis
- Any applicable licences
- Identification of conflicts of interest

Senior management and SG will review the background report, and together make a decision as to the suitability of the Intermediary

- Give the Intermediary a copy of our Code of Ethics and discuss anti-corruption
- A **written contract** must be signed in advance, using the attached “Preparation and Approval Sheet” (see *Attachment 2*). Contact the Legal Department (SG/DAJ) to propose a draft including:
  - clear and measurable deliverables
  - anti-corruption provisions and right to terminate the services on suspicion of corrupt practices or failure to comply with policies
  - indemnities and liability provisions
  - a requirement for the Intermediary to have anti-bribery policies in place if appropriate
  - provisions which tie payments to performance of the services and the basis for payment of expenses
  - no upfront payments unless so specified in the contract, and only as reasonable and necessary
  - prefer success fees to flat fees, except when otherwise advised by local lawyers
  - means of payment (cash and offshore bank accounts prohibited)
  - reimbursement for actual, documented, reasonable out-of-pocket expenses; prior written approval required for amounts exceeding X€
  - an obligation to provide detailed time sheets and activity reports, e.g., monthly
  - confidential information scope and confidentiality level; and an obligation to protect PSA confidential information, in accordance with SG/DSG rules

### **While the Work is in Progress**

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- Keep records of meetings and instructions
- Monitor performance and compliance
- Upon suspicion of bribery, ask SG/DSG to investigate using rigorous procedures and to document the investigation

### **Risk Areas and “Red Flags”**

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- Sensitive countries -- see Corruption Perceptions Index<sup>1</sup> or equivalent
- Prior allegations of corrupt business practices
- No track record, or lack of qualifications or experience, in the sector or country to which the business relates
- Not resident in the relevant country
- No business presence in the relevant country
- Request for payment upfront, e.g., to “secure the business”

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<sup>1</sup> [http://www.transparency.org/policy\\_research/surveys\\_indices/cpi/2009](http://www.transparency.org/policy_research/surveys_indices/cpi/2009), see also <http://www.transparency.org>

- Unusually high commission in comparison to the scope of work
  - Request for payment in cash
  - Payment to be made in a third country or to an unaffiliated party
  - Payment to be made via a personal company in a low disclosure jurisdiction or known tax haven
  - Multiple or high profile problems with regulators
  - Inflated invoices
  - Poorly documented or unexplained expense reports
  - Inaccurate or incomplete books and records and/or poor controls over disbursements
  - Large and/or frequent cash expenditure
  - An adviser arrives on the scene just before the deal is closed
  - An adviser claims he knows all the right people and can secure the deal
  - Personal or close relationship with the government
  - Large and/or frequent political contributions
  - An adviser is recommended by a government official, or a government official insists on us retaining someone as our agent or partner
  - Reliance on political/government contacts as opposed to knowledgeable staff and investment of time to promote PSA's interests
  - Refusal to sign a contract
  - Lack of internal code of conduct or anti-bribery protocols
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**Attachment 1**



Standard\_Due\_diligence (3).pdf

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**Attachment 2**

**CONTRACT PREPARATION AND APPROVAL SHEET**

Country :

Project :

Nature of activity :

Value and what's at stake:

Name and address of intermediary:

Names of 2 PSA people who chose the intermediary:

Intermediary's fees:

Duration of intermediary's appointment:

Background check needed (SG/DSG):    Yes, and done                      Yes, not yet done                      No

PSA lawyer name :                      Approved text on \_\_\_\_\_ 20\_\_\_\_  
Signature:

Special concerns:

Other remarks :