



Anti-Corruption Compliance Plan

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Summary of Changes

- New Compliance Plan

Purpose – Implementing Plan for Anti-Corruption Policy

The purpose of the Anti-Corruption Compliance Plan is to provide additional detail and guidance on the Company's Anti-corruption Policy.

Associated Documents

- Anti-Corruption Policy
- Due Diligence – Third Party Relationships BP15-01.10
- Due Diligence of Third Party Relationships Risk Assessment Guideline No. 5-03
- Code of Ethics and Business Conduct Handbook 2015 Edition, Document No 5-01

ANTI-CORRUPTION LAWS AND COMPLIANCE REQUIREMENTS

○ U.S. Foreign Corrupt Practices Act (FCPA)

- IAP shall conduct its business in accordance with applicable U.S. laws, rules and regulations, including the FCPA, and applicable local anti-bribery or anti-corruption laws, rules and regulations in all of its operations worldwide. All IAP Personnel are strictly prohibited from offering, paying, promising, or authorizing any bribe, kickback, or other item of value to any “foreign official¹,” directly or indirectly through a third party, to obtain or retain business, secure any contract, concession, or any other favorable treatment for the Company.

○ United Kingdom Bribery Act of 2010 (UKBA)

- IAP shall conduct its business in accordance with all applicable laws, rules and regulations, including the UKBA and anti-bribery laws of those countries in which IAP operates. The UKBA prohibits bribery, including:
 - Offering, promising, or giving a financial or other advantage to another person, whether a national of the United Kingdom, United States or elsewhere, with the intention of influencing or rewarding a person to perform certain functions improperly, where there is an expectation that such functions are to be performed in good faith, impartially, or in a position of trust; and
 - Requesting, agreeing to receive, or accepting a financial or other advantage from another person, regardless of nationality, intending that, in return, a relevant function or activity should be performed improperly or as a reward for the improper performance of a relevant function.

¹ Foreign official”, as defined in the FCPA, means: any officer or employee of a foreign government or any department, agency, or instrumentality thereof, or of a public international organization, or any person acting in an official capacity for or on behalf of any such government or department, agency, or instrumentality, or for or on behalf of any such public international organization. For purposes of subparagraph (A) of the FCPA, the term “public international organization” means--(i) an organization that is designated by Executive Order pursuant to section 1 of the International Organizations Immunities Act (22 U.S.C. § 288); or (ii) any other international organization that is designated by the President by Executive order for the purposes of this section, effective as of the date of publication of such order in the Federal Register.

- Acts of bribery committed by persons “associated²” with IAP in order to benefit IAP, whether or not IAP knows about the bribery.

- **U.S. Federal, State and Local Government Officials**

- Federal laws prohibit corruption in dealing with federal officials. These laws can be used to prosecute companies and individuals for bribery of federal, state, county and local officials within the U.S. In addition, bribery of state, county and local government officials typically can be prosecuted under the laws and ordinances of states and localities throughout the U.S. The laws prohibiting corruption in dealings with U.S. government officials are both extensive and complex. For this reason, IAP prohibits offering or providing anything of value, no matter how small or well-intended, to a U.S. federal, state or local government official absent prior written approval from IAP Legal and Ethics and Compliance.

- **Anti-Kickback Act of 1986, 41 U.S. Code, Sections 51-58 (Anti-Kickback Act)**

- IAP shall conduct its business in accordance with the Anti-Kickback Act, imposes criminal and civil penalties on subcontractors making payments and contractors accepting payments (“kickbacks”) for the purpose of obtaining favorable treatment in awarding either a contract or subcontract relating to a prime U.S. Government contract.
- All employees are prohibited from soliciting or accepting, directly or indirectly, bribes, gifts, gratuities, kickbacks, fees, entertainment, commissions, or offerings for the purpose of providing favorable treatment or improperly influencing or obtaining the award of a Company/U.S. Government prime contract or subcontract pursuant to the provisions the Anti-kickback Act.
- Global Supply Chain employees who occupy a position to directly influence or actually award a subcontract or other procurement activities, shall declare annually that, in the performance of their procurement duties, they did not violate anti-kickback or related procurement ethics rules.

- **Commercial Bribery**

- IAP shall conduct business in accordance with state and federal laws governing commercial bribery. Commercial bribery is the provision or acceptance of something of value to or from a third party with the intent to influence the recipient to take a business action or make a business decision in contravention of their duties for their employer or other organization. Commercial bribery is criminalized across the U.S. under state laws. Commercial bribery also can be prosecuted under various U.S. federal statutes whether committed within or outside of the U.S. Therefore, while meals, entertainment and gifts at times can be appropriate forms of professional courtesy in business relationships, the provision or acceptance of these items or any other thing of value are strictly prohibited by IAP policy when they are intended, or create an appearance of an intent, to compromise the recipient’s ability to make fair and ethical business decisions.

² An “associated” person can be an entity or a person, and it means a third party that performs services on behalf of IAP, it’s subsidiaries or otherwise affiliated entities such as JVs, and employees of such entities.

- **Anti-Money Laundering**

- IAP takes precautions to verify that money received is not coming from illegitimate sources. IAP'S Due Diligence of Third Party Relationships Risk Assessment Guideline No. 5-03 identifies the following as red flags to scrutinize during due diligence reviews: "Unusual billing procedures are requested such as payments to third parties, to a shell company, unusual discounts; cash payments; payments to a numbered account (no name) or to a name different than the business; payment in a country other than where work is performed or foreign third party's normal place of business, or checks made out to cash." Banking information is reviewed during the third party due diligence process to screen for the foregoing red flags. Third party bank account change requests are reviewed and must be approved by Supplier Management or Ethics and Compliance. In addition, all foreign banks are screened through OFAC to determine if they are associated with Specially Designated Parties or other denied parties. A flag requires further investigation, documentation and approval to move forward. Representations that money is derived from a legitimate source by purchasers or IAP's surplus inventory is required in any purchase and sale agreement.

- **Antitrust Compliance**

- IAP will comply with applicable antitrust and fair competition laws wherever it does business. Using illegal or unethical competitive practices or any other unfair-dealing to obtain competitive business intelligence or gain a competitive advantage is against Company policy and in violation of antitrust laws. Compliance with all applicable laws, domestically and abroad, is a fundamental part of adhering to IAP's corporate values and Honor Code. No employee has the authority to engage in any conduct inconsistent with applicable antitrust laws, nor to authorize or direct such conduct by any other person.

- **GUIDANCE REGARDING SPECIFIC PRACTICES AND RISK AREAS**

- **Code of Ethics and Business Conduct Document No. 5-01**

- In all cases, IAP shall conduct business in accordance with its Code of Ethics and Business Conduct, inclusive of the Values Charter and Honor Code, which at times could create and even higher standard than those required by applicable U.S. and local laws.

- **Meals, Entertainment and Other Expenses Related to Government Officials**

- Meals, entertainment, gifts, travel and other payment of expenses or things of value may not be offered to, or accepted from, any U.S. or non-U.S. government official or representative absent prior written approval from IAP Legal and the Ethics and Compliance department.

- **Meals, Entertainment and Other Expenses Related to Other Third Parties**

- Meals, entertainment, gifts, travel and other payment of expenses or things of value offered to, or accepted from, any third party other than a government official must be directly related to IAP's business. Non-business related hospitality is not permitted.
- Normal and appropriate business-related meal, entertainment, gifts, travel or other payment of expenses or things of value includes the following elements:

- (a) Is not intended to influence or induce a third party to:
 - (i) obtain or retain business or a business advantage in return for the thing of value
 - (ii) reward the provision or retention of business or a business advantage, or in explicit or implicit exchange for favors or benefits;
- (b) Complies with applicable and local laws;
- (c) Complies with the policies and procedures of the recipient's employer;
- (c) Does not include cash or a cash equivalent (such as gift certificates, gift cards or vouchers);
- (d) Must be appropriate for the circumstances;
- (e) Does not include any extravagant or inappropriate events or items, including but not limited to lavish meals or entertainment events, gambling, adult entertainment, or any gift of more than a nominal value.
- (f) Occasional. The frequency of giving/receiving any item to or from any one individual or organization must not raise any actual or perceived conflicts of interest or impropriety;
- (g) Given openly, not secretly; and
- (h) Complies with the policies and procedures of the recipient's employer.

- Finally, if you are offered any meal, entertainment, gift, travel or other payment of expenses of thing of value that does not comply with this Compliance Plan, whether or not you accept the offer, you must report the offer to IAP's Ethics and Compliance Department or Legal Department.
- Any question as to whether a meal, entertainment, gift, travel, or other expense is directly related to IAP business as well as permissible under this Compliance Plan must be referred to IAP's Ethics and Compliance Department or Legal Department.

- **Customer Travel**

- Payments or reimbursements for customer travel are not permitted.

- **Political Contributions**

- IAP maintains full compliance with all laws limiting a company's ability to participate in the political process. No IAP funds or services, whether directly or indirectly, shall be contributed to any U.S. political organization, Government official or candidate (federal, state or local) in violation of any law and without prior approval from the Legal Department.
- The Company will not make or authorize any sort of political donation of any kind to an official, candidate or political party outside the U.S.

- **U.S. Charitable Contributions, Donations & Sponsorships**

- **Charitable Contributions and Donations**

- A charitable contribution or donation is a cash or in-kind payment made for the benefit of the community and may include charitable, educational, social welfare or similar purposes. Such payments are made without demand or expectation of business return. They are a form of corporate citizenship and responsibility.
- Charitable contributions and donations may only be made to bonified non-profit organizations and to promote the corporate citizenship goals of IAP. They may not be made to individuals, labor organizations or religious institutions. Requests should be submitted in writing and review is required

from the Director, Corporate Communications and Public Relations or designee and the Ethics and Compliance department who will verify 501(c)(3)/exemption status and run denied/excluded parties searches.

○ **U.S. Sponsorships**

- A sponsorship is a cash or in-kind payment made with the purpose of associating the IAP brand with a particular activity or organization. Such payments are made with the expectation of a commercial benefit to IAP: in consideration of the sponsorship payment, IAP receives rights and benefits such as the use of the sponsored organization's name, advertising credits in events and publications, or use of facilities and other opportunities to promote IAP's name, services and products.
- A sponsorship may not have any other purpose, for example, a sponsorship is not a political contribution (which are subject to separate Company rules, see above), nor may it be used as a means of providing a benefit to an individual.

○ **Non-U.S. Charitable Contributions, Donations & Sponsorships**

- Charitable contributions may not be made at the suggestion, request, or at the behest of any foreign official to obtain any improper advantage or to a charity owned, controlled, or connected to a foreign official. Before authorizing a contribution, sufficient due diligence must be conducted to confirm that none of the money contributed by IAP will be paid, directly or indirectly, to or for the benefit of any foreign official or otherwise paid, directly or indirectly, to or for the benefit of any foreign political party, organization, or public international organization to improperly influence any foreign official, government employee, or candidate for public office, or any official of a public international organization, in the performance of his or her official duties, or to obtain any improper advantage.

○ **Facilitation Payments**

- Although the FCPA permits facilitating or expediting payments of money, gifts, or other things of value to foreign officials, IAP prohibits such facilitating or expediting payments because they are illegal under the U.K. Bribery Act and the laws of many other countries.

○ **Solicitation & Extortion**

- Solicitation of a bribe or any other thing of value by IAP Personnel is prohibited. Extortion is a corrupt practice of trying to obtain anything of value by coercion, and it is prohibited.

○ **Third Party Compliance and Risk Mitigation**

- It is prohibited to do anything indirectly, i.e., via a third party, that it is prohibited under this Compliance Plan to do directly.
- In addition, in order to mitigate corruption risk, appropriate measures must be taken to ensure that third parties do not commit corrupt acts in connection with IAP business.

○ **Anti-Corruption Due Diligence Process**

- The due diligence process for reviewing and approving a relationship with third parties on behalf of the Company shall be consistent with the process currently set forth in Business Process 15-01.8, Due Diligence of Third Party Relationships. The Company uses a risk-based approach to determine the initial level of due diligence required to assess the potential anti-corruption risk level and suitability of the relationship with a Third Party. The risk level determined by the initial review will be categorized as: Low, Medium or High Risk as described in the Due Diligence of Third Party Relationships Risk Assessment Guideline No. 5-03.

○ **Reporting Red Flags**

- Red flags regarding third parties must be reported to IAP Ethics and Compliance department or Legal department so that appropriate guidance and direction can be provided. Red flags include, but are not limited to:
 - Commissions, tips, or other unspecified fee requests by third parties or government officials
 - Requests for payment in cash
 - Requests for payment to a personal bank account or to an account outside of the country in which work is performed
 - Refusal to clearly document services rendered or products provided
 - Payments or requests for payments that are not documented in a clear and transparent way
 - Charges or success fees that are unusually high or suspiciously structured
 - A recommendation from a government official to hire a particular consultant or representative
 - Family ties to a government official
 - Unnecessary third parties or multiple intermediaries performing the same function
 - Third party lacks expertise to perform designated services or to provide designated product
 - Third party simultaneously works for a government entity with which IAP is dealing
 - Third party does not want to enter into a written agreement, sign an anticorruption certification, and/or resists compliance with due diligence

○ **Books, Records, and Accounts**

- It is prohibited to make any entry in the Company's books and records that conceals or disguises the true nature of the transaction; any entry that fails to provide sufficient detail of the true nature of the transaction, including the purpose of the transaction and the identity of the recipient of anything of value; and to create any "slush" funds or "off-book" accounts.