



## ANTI-BRIBERY AND CORRUPTION

### 1. General Policy

As part of our efforts to maintain strong and effective controls, we are fully committed to complying with all local and international anti-bribery and corruption (collectively “ABC”) laws wherever we conduct business. Among these ABC laws are the U.S. Foreign Corrupt Practices Act (“FCPA”), the U.K. Bribery Act (“Bribery Act”), and similar international laws regulating payments to public and private individuals (collectively, the “ABC Laws”). The ABC Laws are described in greater detail in Appendix A. ***Our full commitment to compliance with these ABC Laws includes our strict prohibition against the acceptance, offer, payment or authorization, whether directly or via a third-party, of any bribe (defined below), and any other form of corruption (defined below).***

We also expect transparency and integrity in all of our business dealings to avoid any improper advantage or the appearance of questionable conduct by our employees or third parties with whom we do business. All payments made by or on our behalf will be accurately, properly and promptly recorded on our books and records.

This Policy is a key component of our ABC program, which connects to several related policies and controls designed to help us effectively manage key risk areas for corruption in both the public and private sectors.

### 2. Objective and Scope

This Policy sets out our minimum ABC standards. It applies to all directors, officers, and employees of all AB branches, divisions, departments, subsidiaries, and jointly held affiliates worldwide (collectively, “**AB Persons**”). Appropriate portions of this Policy apply to agents, consultants, distributors, joint-venture partners, and any other third parties who are engaged to assist us in obtaining or retaining business or who might interact with Public Officials (defined below) on our behalf (collectively, “**Representatives**”). As more fully discussed in Sections 7 and 8 below, the degree to which we must take action to ensure that a Representative complies with the standards set forth in this Policy will depend on a variety of factors, including the jurisdiction in which the Representative operates and the role the Representative will perform in connection with our business.

We expect all **AB Persons** and **Representatives** to conduct AB business legally and ethically. Bribery and corruption are entirely contrary to our principles and approach to doing business. Accepting, offering, paying, or authorizing **bribes to any person**, or otherwise not complying with this Policy, will subject you to disciplinary action up to and including termination of employment, as well as jeopardize our reputation and relationships with its clients, and could subject AB and responsible individuals to criminal and civil liability.

As noted above, this Policy is a firm-wide policy and applies to all **AB Persons** globally. Consequently, seeing as we are a firm that is global in scope with offices in cities around the world, while expected to comply with the firm policy, **AB Persons** are also expected to supplement this policy in order to comply with local laws and regulations should local laws contain additional or more rigorous requirements. The policies should provide operational guidelines for achieving compliance and address issues such as:

- Bribery of government officials and commercial bribery
- Facilitating payments
- Travel expenses
- Gifts and entertainment
- Controls around cash and other high-risk transactions
- Third-party due diligence
- Due diligence in mergers and acquisitions.
- Use of third-party agents, consultants and other intermediaries
- Accuracy of financial reporting
- Audits of internal controls

### 3. Definitions

For purposes of this Policy, the following definitions apply:

**Anything of Value:** should be interpreted broadly to include anything (can be monetary or non-monetary) that provides a benefit. In addition to cash and cash equivalents, it may include favors, contract awards, loans and loan guarantees, inside information, the use of property, services or equipment, job offers (including internships of any kind), political contributions, or the payment of expenses or debts.

**Bribe (includes commercial bribery and the bribery of governmental or public officials):** includes anything of value that is provided, directly or indirectly, to any person, in order to obtain an improper personal or business advantage. **Note: AB prohibits bribery of both Public Officials and private persons. There is no minimum amount or threshold exception for bribes. AB prohibits both the payment/offer/authorization and the receipt/acceptance of bribes.**

**Business Courtesies:** includes gifts, entertainment, transportation, travel, and Promotional Items (for example, AB-branded items).

**Corruption (or Corrupt Activity):** activity that involves the abuse of position or power for an improper personal or business advantage, whether in the public or private sectors.

**Facilitating Payment:** small unofficial payments made with the purpose of expediting or facilitating the performance by a public official of a routine governmental action<sup>1</sup> and not to obtain or retain business or any other undue advantage; payments typically demanded by low level and low income officials in exchange for providing services to which one is legally entitled without such payments.

**Knowledge:** is defined broadly and is assumed when one knows that an event or consequence is certain or likely to occur. It includes purposefully failing to take account of an event or being “willfully

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<sup>1</sup> “Routine Governmental Action”: An action which is ordinarily and commonly performed by a foreign official in obtaining permits, licenses, or other official documents to qualify a person to do business in a foreign country; processing governmental papers, such as visas and work orders; providing police protection, mail pickup and delivery, or scheduling inspections associated with contract performance or inspections related to transit of goods across country; providing phone service, power and water supply, loading and unloading cargo, or protecting perishable products or commodities from deterioration; or actions of a similar nature.

blind” to an event. In other words, a “see no evil, hear no evil” mentality will not avoid liability under the ABC Laws and may lead to severe penalties for AB and its officers and employees.

**Promotional Items:** items of nominal value used for promotional purposes, which can include items that are branded.

**Public Official:** includes anyone working in a legislative, administrative, or judicial position, or working for or on behalf of government-owned or -controlled entities or agencies, political parties, party officials, and political candidates, or for a public international organization whose members are either:

- 1) Countries or territories;
- 2) Governments of countries or territories; or
- 3) Other public international organizations. This definition may include consultants or advisors who hold government positions, employees of otherwise seemingly private companies owned or controlled by governments, and political party officials or employees.

An enterprise may be “government-owned” or “government-controlled” if it has one or more of the following characteristics:

- 1) More than 50% ownership or voting rights are in the hands of a government;
- 2) It is subject to control or significant influence by a government over the composition of its board of directors and/or senior management team such that the government is effectively able to exert control over its business or affairs; and/or
- 3) It is a formerly private enterprise that has been nationalized by a government. Government ownership or control can be triggered in any number of ways and when dealing with clients, prospects and others with whom the firm does business you should be vigilant as to changes in their status or ownership structure.

Examples of **Public Officials** under this Policy might include, but are not limited to:

- Employees of sovereign wealth funds, pension funds, or public utility companies in which the government holds some ownership interest (e.g., Qatar Investment Authority, Government of Singapore Investment Corporation, China Investment Corporation);
- Employees of a national bank or of a tax or regulatory authority (e.g., Bank of England, People’s Bank of China, Bank of Korea, Financial Conduct Authority, Korea Financial Services Commission, Monetary Authority of Singapore); and
- Employees of the International Monetary Fund, World Bank, European Union, or regional development banks like the Asian Development Bank. *For purposes of this Policy, the term “Public Official” will also cover immediate family members (parent, spouse, child, in-law, sibling), and anyone else to whom the Public Official provides material support.*

Questions regarding any of the foregoing terms should be referred to the General Counsel, Chief Compliance Officer, or their designee in your local Legal and Compliance Department.

#### 4. Roles and Responsibilities

All **AB Persons** and **Representatives** must comply with this Policy. In addition, AB senior executives, supervisors and employees who sponsor joint ventures or outsourcing arrangements whose purpose is to assist AB in obtaining or retaining business or that may involve interaction with Public Officials on AB’s behalf are responsible for instituting and maintaining procedures, commensurate with the level of corruption risk associated with the arrangement, that provide reasonable assurances for the prevention, detection and management of corruption. As such, these individuals (and their designees) should be

familiar with the types of improprieties that might occur within their areas of responsibility, be alert for any indications of such conduct, and be prepared to respond promptly and appropriately.

## 5. Reporting Violations

**Any activity, even if apparently insignificant, that might give rise to a violation of this Policy must be reported promptly. Violations of ABC Laws may expose AB to reputational risk and significant liability, including penalties, fines and the restriction of business across business lines or jurisdictions.**

Any **AB Person** who has knowledge of such activity **must promptly report** this information **to their manager who will immediately inform the General Counsel, Chief Compliance Officer, or their designee in your local Legal and Compliance Department.**

**Ombudsman.** If you feel unable, for whatever reason, to raise a concern about suspected corrupt acts or violations of this policy, concerns may also be brought to the Ombudsman. AB's Company Ombudsman provides a neutral, confidential, informal and independent communications channel where any AB employee can obtain assistance in surfacing and resolving work-related issues. For additional information, please visit the [Ombudsman microsite](#).

**EhticsPoint.** As well, we have partnered with EthicsPoint to provide you with a way to quickly and easily report potential fraud issues. EthicsPoint is a third-party service provider that is not affiliated with AB. We have afforded you this service for situations where you prefer a non—AB reporting alternative should you want to make a report. To make a report through EthicsPoint, visit the Legal & Compliance Loop site or visit: <https://secure.ethicspoint.com/domain/media/en/gui/44414/index.html>

Any **Representative** who has knowledge of such activity must promptly report it to the AB point of contact under the relevant contract. The substance of the report then must be forwarded to the General Counsel, Chief Compliance Officer, or their designee in your local Legal and Compliance Department.

## 6. General Prohibitions and Permissions

- This Policy prohibits **AB Persons** and **Representatives** from accepting, offering, paying, or authorizing the **Corrupt** payment of **Anything of Value** to any person, including **Public Officials** and private persons, for the purpose of obtaining or retaining business or business advantage.
- This Policy prohibits **AB Persons** and **Representatives** from making **Facilitating Payments** to **Public Officials**, as they are defined in Section 3.

However,

- **AB Persons** and **Representatives** may provide or accept **Business Courtesies** or **Promotional Items**, as they are defined in Section 3, to any person including **Public Officials** and private persons provided that they meet the requirements set forth in this Policy.

## 7. Public Officials

Soliciting or marketing to **Public Officials**, including the provision of any **Business Courtesies**, may be restricted or prohibited in some countries and are therefore subject to special rules.

As noted in the *Policy and Procedures for Giving and Receiving Gifts and Entertainment*, it is prohibited to provide any of the following to **Public Officials** without the express prior approval of the General Counsel, Chief Compliance Officer, or their designee in your local Legal and Compliance Department:

- Gifts, including personal gifts;
- Business meals, other than informal business meals (up to US\$50 per person or its equivalent in local currency) or refreshments, which otherwise meet all other Policy guidelines;
- Business entertainment;
- Transportation or lodging.

(Additional rules apply to charitable contributions involving **Public Officials** - see Section 7 below).

Other prohibited conduct includes, but is not limited to:

- Offering **Business Courtesies** or **Anything of Value** that may be deemed to influence any act or decision of the **Public Official** (for example, award or retention of a government contract);
- Securing or retaining business based on any improper advantage;
- Obtaining confidential information about business opportunities, bids or the activities of competitors;
- Obtaining relief from government controls in a manner that is neither customary nor available to others;
- Causing a **Public Official** to commit or omit an act in violation of his or her lawful duties.
- Making **Facilitating Payments** as they are defined in Section 3

Even if other types of **Business Courtesies** or soliciting or marketing activities are permissible, care must be taken to avoid offering **Anything of Value** that could be construed as requiring or influencing (or attempting to require or influence) any official decision that would either assist AB in obtaining or retaining business, or securing an improper advantage. To avoid any impropriety, AB requires that all interactions with **Public Officials** be carefully considered in accordance with local law. This may require the imposition of local restrictions.

*Note: Soliciting and marketing to other types of recipients also may be subject to special considerations or restrictions. Consult the Policy and Procedures for Giving and Receiving Gifts and Entertainment or your local AB Policies for more information.*

## 8. Risk Areas for Corruption

**Corruption may occur in a wide variety of areas. Below are some of the more common such areas, as well as key principles and references to relevant AB policies that are designed to manage these risks.**

### **Business Courtesies and Promotional Items**

AB Persons may provide or receive **Business Courtesies** and/or **Promotional Items**, as they are defined in Section 3, provided they meet certain requirements. AB prohibits any direct or indirect giving, promising, offering, receiving or accepting of **Anything of Value** that is not in accordance with its

policies and procedures. While not prohibited, care must be taken in the receipt or provision of all **Business Courtesies and Promotional Items** to manage any potential conflicts or the appearance of impropriety. At a minimum, this requires that **AB Persons** and **Representatives** neither provide nor receive **Business Courtesies or Promotional Items** that:

- Violate any local laws or regulation;
- Are excessive or lack business purpose;
- With respect to **Public Officials, Business Courtesies** do not exceed US\$50 per person, or its equivalent in local currency (see Section 7);
- Are intended to gain an improper business advantage
- Are not accurately and adequately documented in the company's books and records, including their business purpose, value, and proof of pre-approval (if required).

For example, **AB Persons** may host business meals and entertainment for clients or potential clients where there is a valid business purpose. Business meals and entertainment have a valid business purpose, and qualify as acceptable **Business Courtesies**, when they provide an opportunity to discuss meaningfully AB's products and services or other legitimate business topics. **AB Persons** may also accept business meals and entertainment from vendors and service providers where there is a valid business purpose.

However, business meals and entertainment may be neither so frequent nor extravagant as to raise any question of impropriety. Consult the *Policy and Procedures for Giving and Receiving Gifts and Entertainment* for further information, including limits on the frequency and value of business meals and entertainment. In addition, **AB Persons** should only provide and receive meals and entertainment at venues that are business appropriate and consistent with the highest standards of ethics, integrity and professional propriety.

These principles, including AB's policies with respect to business gifts, meals and entertainment, transportation and lodging, and charitable and political contributions, are further detailed in the *Policy and Procedures for Giving and Receiving Gifts and Entertainment* and related local or business area policies and procedures.

### **Hiring Employees and Interns**

Providing jobs or internships at the request of (or to influence) government officials violates this Policy if done for a corrupt purpose. Any decision to hire an employee or intern at the request of, or that has a close relationship to, a government official is required to be preapproved by Compliance.

### **Hiring Representatives**

Our commitment to transparency and integrity in its business dealings extends to its **Representatives**, since unlawful acts or omissions of **Representatives** may expose AB to risk even if AB did not specifically authorize such acts. When hiring a **Representative**, AB requires certain steps to be taken to mitigate possible reputational, legal or regulatory risks of such engagements. These include:

- Performing sufficient due diligence (the scope will depend on the nature of the engagement and background of the **Representative** – this is described in much greater detail below in Part 8);
- Engagement agreement must be in writing and in a form approved by Legal;
- Description of the services to be performed is adequately documented, including the amounts to be paid and other material terms and conditions of the engagement;

- Payments are proportionate to the value of the services rendered;
- Review and approval requirements are completed before engagement;
- Consideration is made of any "red flags" (such red flags might include, for example, a location known for corruption, special payment instructions, such as requiring cash, or refusal to comply with our requirements, etc. – see Appendix A for a listing of common “red flags” that may indicate improper activities);
- Acceptance of this Policy and relevant controls of the ABC program, or equivalent controls maintained by the **Representative**; and
- Other measures, such as ongoing monitoring, may be required.

### **Joint Ventures and Outsourcing Agreements**

Prior to entering a joint venture or outsourcing agreement whose purpose is to assist us in obtaining or retaining business or that may involve interaction with Public Officials on our behalf, the sponsoring AB business unit must complete certain measures, including conducting an appropriate level of due diligence and obtaining certain internal approvals. As appropriate, these measures should require the joint-venture partners or the parties to an outsourcing arrangement to either: (1) accept this Policy and relevant controls of the ABC program, or (2) agree to maintain equivalent controls. *Note: If a potential joint-venture partner or party to an outsourcing arrangement is a **Public Official**, consult with the General Counsel, Chief Compliance Officer, or their designee in your local Legal and Compliance Department to determine if any special measures are warranted.*

### **Political Contributions**

We recognize that **AB Persons** may be active in the political process. However, their participation should be on an individual basis, on their own time, using their own resources, and in accordance with the ABC Laws and applicable local laws. Political contributions by or on behalf of AB are prohibited. Personal contributions by **AB Persons** to political candidates, parties or employees of political parties are also prohibited if the purpose of the payment is to obtain or retain business or to secure any improper advantage for the firm.

As required by the *Policy and Procedures for Giving and Receiving Gifts and Entertainment*, an **AB Person** must promptly report to the Chief Compliance Officer all political contributions made to any official, candidate, or political party, who is or is likely to be involved with a client, or potential client, of AB. Under no circumstances will AB reimburse personal political contributions.

### **Important Note for U.S. AB Persons:**

Several states and localities in the United States have enacted “pay-to-play” laws. Some of these laws could prohibit us from entering a government contract for a certain number of years if a covered employee makes or solicits a covered contribution. Other jurisdictions require us to report contributions made by certain employees, without the accompanying ban on business. In certain jurisdictions, the laws also cover the activities of the spouse and dependent children of the covered person. In response to these laws, in addition to SEC Rule 206(4)-5, which also prohibits certain political contributions, we have in place a pre-clearance requirement, under which all U.S. employees must pre-clear with the Compliance Department all personal political contributions (including those of their spouses and

dependent children) made to, or solicited on behalf of, any (U.S.) state or local candidate or political party.

*Consult the Policy and Procedures for Giving and Receiving Gifts and Entertainment or your local AB policies for further information regarding political contributions.*

### **Charitable Contributions**

We are committed to the communities in which AB does business and supports charitable organizations. Any charitable contributions made on our behalf must only be given to bona fide charities and intended for proper charitable purposes. In addition, they must not be made in violation of this Policy, the *Policy and Procedures for Giving and Receiving Gifts and Entertainment*, department or business unit procedures, or local law. **AB Persons** are strictly prohibited from making charitable contributions at the request of or in order to influence any official action or decision by a **Public Official**. Moreover, the Policy and Procedures for Giving and Receiving Gifts and Entertainment outlines the general standards that are to be applied when clients make requests for charitable payments, and provides the form that must accompany all check requests for charitable contributions.

## **9. Due Diligence Required for Representatives**

As described above, the ABC Laws prohibit the payment of **bribes** through intermediaries. It is unlawful to make a payment to a third party with **knowledge** that all or a portion of the payment is being or will be used to pay a **bribe**.

To protect against liability for corrupt payments that are made by **Representatives** purportedly on our behalf, we expect **AB Persons** to conduct due diligence in advance of engaging in business dealings with potential or current **Representatives**. As noted above, compliance with this Policy requires that **AB Persons** be alert to the presence of so-called “red flags” in negotiating a business relationship (and as an established business relationship with a **Representative** progresses). A list of common “red flags” that may indicate **corruption** risks or issues, is appended (Appendix B).

Accordingly, before hiring a **Representative**, risk-based **corruption**-focused due diligence<sup>2</sup> must be performed and certain assurances of compliance, including, where appropriate, signed certifications, must be obtained from the **Representative**. Conducting risk-based due diligence and obtaining compliance certifications where appropriate will help to protect us against claims under ABC Laws where a **Representative**, purporting to act on our behalf, makes payments that we have not authorized and that are in fact prohibited under applicable ABC Laws. Assorted types of due diligence should be conducted for the different types of risk identified. A sample of suggested key questions and process steps are appended (Appendix C).

**AB Persons** with due diligence obligations are required to seek early direction from the General Counsel or Chief Compliance Officer (or their designee in your local Legal and Compliance Department) on the specific procedures they should follow and types of questions they should ask. This will help us assess whether, in light of the particular circumstances, the **Representatives** (1) understand their own obligations under ABC Laws and relevant local laws, as well as our expectations that they will comply fully with the ABC Laws and with applicable local laws, and (2) will adhere to those obligations and expectations. If there is any question about the **Representative’s** compliance commitment, the employee must consult with the General Counsel or Chief Compliance Officer (or their designee in your local Legal and Compliance Department) before proceeding further. Moreover, if at any time during an

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<sup>2</sup> The following may constitute risk-based due diligence in order of increasing comprehensiveness: simple database checks; medium level reviews; high level due diligence investigations with reputation checks and site visits.



established relationship with a **Representative**, it is suspected that the **Representative** is paying or accepting **bribes**, the General Counsel or Chief Compliance Officer must be immediately notified.

## 10. Requirements for Written Contracts with Representatives

When deciding to enter into a relationship with a **Representative**, the written contract generally should include at least the following provisions addressing **corruption**. These are:

- Compliance with local law or our ABC policy;
- A warranty that the **Representative** will not offer or pay **bribes**, either to **Public Officials** or private individuals, and ongoing periodic certifications of compliance; and
- Right to terminate the agreement without compensation if we have reasonable grounds to conclude that the **Representative** has engaged in bribery or otherwise contravened this Policy; and
- A provision requiring the maintenance of accurate and detailed books and records; and

These provisions should be included in most contracts with **Representatives**, who potentially will interact with **Public Officials**, but provisions can be tailored to the specific situation and the outcome of the due diligence check. For instance, other risk-based provisions to be considered are:

- Disclosure of all foreign government officials who are directors, officers or employees and any relatives that may be foreign government officials.
- Requirement that payment be made to a bank account in the vendor's name and in the country where the vendor is located and not offshore or in a tax haven jurisdiction.
- Requirement that Representative(s) provide a representation that they have undergone their own ABC training or that they will undergo ABC training provided by us.

Thus, while general guidance is provided in this Policy on some typical requirements for contracts with **Representatives**, **AB Persons** should consult with the General Counsel or Chief Compliance Officer to ensure that every contract contains all necessary provisions.

## 11. Books and Records

Keeping detailed and accurate records is a crucial component of our ABC controls. We require that all payments made by or on behalf of AB be accurately, properly and promptly recorded on its books and records. Various AB policies set out specific recordkeeping requirements to make sure that its books and records are kept in reasonable detail and accurately and fairly reflect all transactions and dispositions of assets.

Importantly for purposes of this Policy, all **AB Persons** must ensure compliance with each of the following requirements:

- Books, records and accounts must, in reasonable detail, accurately and fairly reflect transactions and dispositions of AB's assets, consistent with the Generally Accepted Accounting Principles (GAAP);
- A system of internal accounting controls that provide reasonable assurances that transactions are properly authorized should be devised and maintained by AB;

- Undisclosed or undocumented accounts or payments for or on behalf of AB must not be maintained or provided for any purpose;
- Unapproved or undocumented cash payments must not be made for any service performed on behalf of AB; and
- All **AB Persons** must respond fully and truthfully to any questions from AB's internal or independent auditors.

## 12. Monitoring and Testing

We perform payment monitoring, including monitoring for bribery 'red flags' and conduct periodic risk-based monitoring of gifts and entertainment. We monitor and test compliance with this Policy and the ABC program through audits and inspections, as well as our anti-money laundering and anti-fraud controls.

## 13. Training and Communication

We expect all **AB Persons** to maintain the integrity and professionalism of the Firm and to be diligent in protecting the Firm against illegal activity, including bribery and corruption.

We promote staff awareness of this Policy and the general ABC program through the appropriate dissemination of the Policy, as well as the Firm's Code of Business Conduct and Ethics, which highlights some of their ethical and professional obligations.

Ongoing ABC training is administered to designated **AB Persons** on a periodic basis. Educational pamphlets, videos, computer-based programs, in-person lectures, and explanatory memos are all appropriate training vehicles for ABC training.

## 14. AB's Expectation of all AB Persons and Representatives

All **AB Persons** and **Representatives** must read and fully understand this Policy and direct any questions to the Compliance Department. Further, all **AB Persons** and **Representatives** are required to (a) sign (electronically where appropriate) and submit an annual ABC certification to the Compliance Department, and (b) attend all required trainings in connection with this Policy.

The General Counsel and the Chief Compliance Officer have been given primary responsibility to implement this Policy; however, implementation of this Policy is the responsibility of every **AB Person** and **Representative**, and every AB supervisor should consider implementation of this Policy in the context of his or her supervisory responsibilities. You are expected to raise with the General Counsel or Chief Compliance Officer, in advance of taking any action that would commit or bind AB, any question or concern about the appropriateness or lawfulness of a proposed payment, any request for payment, transaction or a proposed or ongoing third-party relationship.

Non-compliance with this Policy may subject the offending **AB Person** or **Representative** to disciplinary action up to and including termination of employment or representation, as well as can lead to civil and criminal penalties, sanctions, and remedies, including fines, disgorgement, and/or imprisonment. Fines imposed on individuals may not be paid by their employer.

Please refer to the Legal and Compliance Website for a list of contacts who can provide guidance or answer any questions concerning this Policy or its implementation.

VERSION CONTROL		
Version	Effective Date	Legal Doc #
1.0	July 2011	2130368_1
2.0	August 2013	2130368_4
3.0	August 2014	2130368_5
3.1	September 2015	2130368_6
3.2	March 2017	2130368_7

## Appendix A - Applicable ABC Laws

With their broad scope and jurisdictional reach, the FCPA and Bribery Act may apply to the activities of AB, its subsidiaries and affiliates, as well as its officers, directors, employees, shareholders, and **Representatives**. Other ABC laws also may apply depending on the location of the relevant AB subsidiaries, affiliates, employees, and **Representatives**, as well as the location of their business activities.

### FCPA

The FCPA is a criminal and securities law designed to deter improper payments or offering of anything of value to “foreign public officials” (*i.e.*, non-U.S. government officials) in order to obtain or retain business or otherwise secure an improper business advantage. The FCPA has two principal mechanisms for carrying out its purpose. One is a general prohibition on improper payments to non-U.S. government officials, and the second requires certain companies to maintain accurate books and records and appropriate internal controls. Both mechanisms apply to AB, as well as its officers, directors, employees, shareholders, and agents. There are both criminal and civil penalties for violations of the FCPA, which may be severe for both the firm and the individuals responsible.

The General Counsel or Chief Compliance Officer, or their designee in your local Legal and Compliance Department, should be consulted concerning any questions you have regarding the application of the FCPA.

### U.K. Bribery Act

The recently enacted U.K. Bribery Act is broader than the FCPA in several respects. The Bribery Act prohibits offering or giving a bribe to any person, including both government officials and private parties. The Bribery Act also prohibits agreeing to receive or accepting a bribe. In addition, the Bribery Act includes an offense for corporate failure to prevent bribery, pursuant to which a corporation may be held liable for bribes paid by employees or agents on its behalf unless the corporation can show that it had “adequate procedures” in place to prevent bribery. The Bribery Act’s exceptions and defenses are even more limited than those in the FCPA, and the Bribery Act arguably has a larger jurisdictional reach than does the FCPA. In fact, the corporate failure to prevent bribery offense applies to companies that carry on a part of their business in the United Kingdom, even when the bribery has no connection to the United Kingdom and did not occur there. As a company that conducts business in the U.K., AB may be subject to the Bribery Act. There are both criminal and civil penalties for violations of the Bribery Act, which may be severe for both the firm and the individuals responsible.

The General Counsel or Chief Compliance Officer, or their designee in your local Legal and Compliance Department, should be consulted concerning any questions you have regarding the application of the Bribery Act.

### Other ABC Laws

Many other countries have laws prohibiting bribery of both public and private individuals. Thirty-eight countries have joined the Organisation for Economic Cooperation and Development’s 1997 Convention on Combating Bribery of Foreign Public Officials in International Business Transactions and, in its wake, have adopted ABC laws containing similar provisions to the FCPA and the Bribery Act. Consult the General Counsel, Chief Compliance Officer, or their designee in your local Legal and Compliance Department for information regarding relevant ABC laws in particular jurisdictions.

## Appendix B - Common “Red Flags”

Below are common “red flags” that may arise when dealing with **Representatives**. This is not an exhaustive list, but any of these may indicate an increased potential for improper payments being made. These and other “red flags” may appear during the due diligence that is to be conducted before a relationship with a **Representative** can be established, or may appear during the course of the relationship. The presence of a “red flag” does not mean that the relationship cannot go forward, but does require caution, and, in consultation with the Legal and Compliance Department, calls for appropriate investigation and resolution before proceeding. Following up on a “red flag” is particularly important because judgments as to whether one had **knowledge** of an improper payment invariably will be made after the fact, with the benefit of hindsight.

1. The **Representative** operates from a country with a general reputation for bribery and corruption or an investment of AB funds is to be made in such a country.

Transparency International’s Corruption Perception Index is a good resource for evaluating a country’s general reputation for bribery and corruption. It is a composite index that gathers opinions of business persons and country analysts regarding the degree to which corruption is perceived to exist among a country’s officials and politicians. The current version of the index can be located on the Internet at:  
[http://www.transparency.org/policy\\_research/surveys\\_indices/cpi](http://www.transparency.org/policy_research/surveys_indices/cpi).

2. The reputation and integrity of the **Representative** is questionable or the **Representative** has a reputation for making deals that no one else can.
3. The **Representative** has failed to make full and accurate disclosures during the due diligence process.
4. The **Representative** is merely a shell company incorporated in an offshore jurisdiction.
5. The **Representative’s** “retention agreement” includes only vaguely described services.
6. The **Representative** is assisted by undisclosed “sub-agents” or “subcontractors,” or appears to lack the qualifications or resources needed to perform the services offered or appears to be in a different line of business than that for which it has been engaged.
7. The **Representative** has personal or professional affiliations with a relevant government or **Public Official**.
8. The **Representative** has a family member or relative who is a relevant **Public Official**.
9. The **Representative** has been recommended to AB by a **Public Official** or the **Representative** became part of the transaction at the express request or insistence of the **Public Official**.
10. The **Representative** makes reference to the need to make “political contributions.”
11. The investment or business arrangement at issue is prohibited under the laws, regulations, administrative requirements or policies of the country in which the business is being conducted, or the proposed payments exceed the permissible levels established by local law.
12. The **Representative** has expressed any concern about providing an ABC certification or has stated that he or she will not represent or warrant that he or she has not violated and will not violate the FCPA, Bribery Act, or other ABC laws.

13. Any proposed commission/fee/payment requested appears unusually high and without a corresponding level of services, or a significant fee increase or payment is requested when a decision impacting the investment is imminent (i.e., when there is little time remaining to perform significant additional services one's suspicions should be raised that a **bribe** is involved).
14. The **Representative** provides unreasonably large discounts to third-party distributors.
15. The **Representative** requests payments in cash or by an unusual method of payment (e.g., wire transfer to an account or bank located in a country known for its bank secrecy laws).
16. The **Representative** provides photocopies of receipts (not original receipts) or its expense and accounting records are not transparent and straightforward.

## Appendix C – Pre-Contract Due Diligence of Representatives

### Recommended Questions

1. Does your company plan to use subcontractors or individuals other than your own employees to perform services under the proposed agreement? If yes, will they subcontract out certain services?
2. Please list each person, company or entity having 10 percent or more ownership in your company.
3. List all officers and directors of your company.
4. List the managers of your company who will be principally responsible for performing under the proposed agreement.
5. Are any individuals principally responsible for performing under the proposed agreement either a **Public Official** or have a familial relationship with a public/government official?
6. If yes to the above, do any individuals have any decision-making authority or involvement as part of their job or position that could relate to the award or retention of business to the company?
7. Please provide a representation that the **Representative** has not engaged in prior activity violative of this Policy relating to its scope of engagement.

### Recommended Steps

1. Conduct a thorough background check, including running all parties through The Office of Foreign Assets Control (OFAC) sanctions list and all other officially maintained blacklists; litigation records; corporate registry records,
2. Obtain a clear understanding of the exact role and qualifications of the Representative and determine his or her relationship with foreign government agencies or **Public Officials**.
3. Question whether the involvement of the **Representative** is required in a commercial transaction and what services or expertise they actually bring to the transaction. In many cases, multiple parties are so-called “needed” to assist a U.S. company overseas in order to obtain successful results, but after more detailed scrutiny, sometimes such entities have only been recently formed and do not provide any real value or services.
4. Review any existing code of conduct or other compliance-related policies and procedures of the **Representative**.

## **Appendix D - Components of AB's ABC Program**

- Sarbanes-Oxley Review/Description of Entity and Business Level Controls pursuant to the Sarbanes-Oxley Act, Section 404
- Office of the Ombudsman
- Legal & Compliance Department
  - Chief Compliance Officer
  - Fraud Reporting Officer (Designated Complaints Recipient)
  - Compliance Directors (U.S.) and Regional Heads of Compliance
  - Compliance Surveillance Programs
  - Conflicts Officer
- Internal Audit Department
  - Audit Programs
  - Risk Assessment Audit Program Component
- Human Capital Department
  - Employee Hiring Practices
  - Employee Handbook
- Policies
  - Code of Business Conduct & Ethics
  - Gifts & Entertainment Policy
- Training
  - Compliance
  - Ethics
  - Fraud
  - Corruption
- Management Committees
  - Internal Compliance Controls Committee
    - Financial Crimes Control Sub-Committee
  - Code of Ethics Oversight Committee
  - Conflicts Committee
  - Risk Oversight Committees
- Risk Management: Risk Mapping & Policies
- CEO/CFO Certification of Quarterly and Annual Report