



ANTI-BRIBERY, ANTI-CORRUPTION, AND ANTI-FRAUD POLICY

Introduction

This Policy provides Rocky Mountain Institute's position on the avoidance and zero tolerance of bribery, corruption and fraud and sets out the responsibilities of our organization and those who work for and with us in observing and upholding this policy. RMI is committed to maintaining the highest ethical standards and vigorously enforces the integrity of its business practices wherever it operates throughout the world. RMI will not engage in bribery, fraud or corruption. Adherence to the clear guidelines set out in this Policy will ensure that RMI and its employees comply with anti-bribery, anti-corruption and anti-fraud laws and governmental guidance. The Policy reflects RMI's wish to embed a culture of best practice in anti-bribery, anti-corruption and anti-fraud measures, and enforcement of the Policy will reduce the risk that RMI or any employee will incur any criminal liability or reputational damage. RMI's staff are expected to use their judgment not just to avoid malpractice but to promote good practice.

Scope

This Policy applies to all RMI employees worldwide and to all RMI agents, representatives, suppliers, contractors, and all those with whom a business relationship is established.

1. Definitions

Business integrity: Business integrity involves the application of RMI's core values. The opposite of integrity is dishonest behavior including corruption that could undermine RMI's reputation for fair dealing.

Bribery: Bribery, in broad terms, is the receiving or offering of undue reward or anything of value and includes payments to secure a business advantage, financial or otherwise, to which the RMI is not entitled. Anything of value can be a bribe, including a gift in kind or some other favor such as an offer of employment to a relative of the person being bribed. It will involve the giver and the receiver in the improper performance of a personal, RMI or official responsibility.

Corruption: Corruption can include graft, bribery, facilitation payments or other forms of improper business practice. It has the same attributes as described under Bribery above. It can be summarized as the misuse of entrusted power or office, whether in the public or private sector, for private gain.

Fraud: Fraud includes the use of deception with the intention of obtaining money, property, services or some other advantage, avoiding an obligation, or causing loss to another party. Examples of fraud include but are not limited to falsification or alteration of accounting records, reports or other material information; deliberately failing to disclose information where there is an obligation to do so; unauthorized use or misappropriation of assets or theft; charging for goods or services that have not been delivered; suppression or omission of the effects of transactions from records or recording of transactions without any substance; obtaining or seeking to obtain confidential information through unauthorized means and/or for unauthorized purposes; disclosing confidential information without authorization; intentional misapplication of accounting policies or willful misrepresentation of transactions or other information; misapplying corporate or bank funds; and any other dishonest or fraudulent act. Fraud may also involve manipulation of information system applications and data for personal advantage.

Kickbacks: Kickbacks arise when suppliers or service providers pay part of their fees to the individuals who give them the contract or some other business advantage. *Facilitation payments:* Facilitation payments are small bribes to officials with a view to speeding up routine governmental transactions to which the payer is already entitled. Examples include payments to speed up customs clearances and extra fees to officials to secure electricity connections.

2. Policy

2.1 Bribes and Kickbacks

RMI does not take part in acts of corruption or pay bribes or receive kickbacks either directly or indirectly. RMI prohibits its employees from engaging in acts of corruption, and from paying bribes or kickbacks to, or accepting bribes or kickbacks from, public officials and private individuals such as the personnel of companies with which RMI does business.

A typical example of indirect bribery would be a case where a RMI employs a commercial agent to help it win a government contract. The agent is paid by commission based on a percentage of the contract fee, and part of that commission is passed on to a government official. RMI does not tolerate such practices in any form or wherever paid.

It is the responsibility of all employees who are involved at any time in engaging the services of external consultants, suppliers or advisers to ensure that such individuals are made aware of the content of the RMI's Anti-Bribery, Anti-Corruption and Anti-Fraud Policy at the outset of the relationship and on a regular basis thereafter.

2.2 Facilitation Payments

RMI and its employees will not make facilitation payments even if such payments are local practice or custom. RMI accepts that refusal to make illicit payments may lead to commercial delays, for example, in the processing of government papers, and that there may be a commercial cost to RMI attributable to this Policy.

If RMI employees encounter a demand for a facilitation payment, or think they are likely to do so, they should report the situation to the Managing Director leading their program without delay. Project Managers will then ensure that all team members are informed as needed at the earliest possible opportunity.

RMI recognizes that demands for facilitation payments are often backed by a form of extortion and that in exceptional circumstances resistance may not be feasible. An extreme example would be a demand for payment to secure an emergency admission into hospital. In such circumstances, RMI accepts that staff will need to use their best judgment. Staff must report any incident where they feel forced to make a facilitation payment to their Project Manager and/or Managing Director at their earliest opportunity. RMI will stand by employees who find themselves placed in exceptional situations provided that the employee has provided absolute transparency as to the circumstances surrounding a payment shortly after the incident has occurred.

2.3 Public Officials

Bribing or corrupting a public official is a serious offence, can carry severe penalties and can cause significant reputational damage. This Policy provides detailed guidelines on gifts and hospitality. Approval must be secured in advance in relation to gifts or benefits received from or offered to public officials, particularly the giving of anything of value to a public official. Offers of internships to government officials or employees of state-owned enterprises must be approved in advance by RMI's HR Director and General Counsel.

2.4 Gifts, Hospitality and Expenses

RMI employees may not offer to, or accept from, third parties, gifts, hospitality, rewards, benefits or other incentives that could affect either party's impartiality, influence a business decision or lead to the improper performance of an official duty. Similarly, they may not offer or accept cash donations.

RMI employees may offer and accept 'reasonable' and 'proportionate' gifts and entertainment, such as dinner, theatre parties or sporting events. In determining what is 'reasonable' and 'proportionate', employees should consider the value of the gift or benefit (see below), as well as the frequency with which the same or similar gift or benefit is offered. In all cases they must ensure that the gift or benefit:

- is being given as an expression of goodwill and not in expectation of a return favor (a gift designed to secure a return favor could be seen as a bribe).
- is commensurate with generally accepted standards for hospitality taking into account the norms for the industry/professional sector in which it is offered.
- is being provided openly and transparently and is of a nature that will not cause RMI embarrassment if publicly reported.
- complies with local laws and regulations, including the recipient's own rules (bearing in mind that government rules on offering and receiving gifts or benefit are often particularly tight).
- meets the value limits set by RMI and has all required approvals. In cases of uncertainty, employees must seek advice from their line managers.

Employees must seek prior approval from their program's Project Manager (PM) or Managing Director (MD) for all gifts or benefits received or offered with a value of more than \$100 (or equivalent) prior to final acceptance. PMs or MDs may approve the offering or acceptance of gifts or hospitality to a maximum notional value of \$200 or equivalent. PMs and MDs may approve the offering or acceptance of gifts or hospitality up to a maximum notional value of \$500 or equivalent. Any gifts or hospitality with a notional or actual value in excess of \$500 or equivalent but less than \$1,000 or equivalent must be approved by the CEO or General Counsel. All approvals must be given in writing, and records of gifts received, from whom and by whom, must be recorded in an office or function log established for such purpose. If prior approval cannot be realistically obtained before the initial acceptance of a gift or hospitality, the employee must report and seek retrospective approval, or otherwise, at the required level as soon as possible after initial acceptance. Spouses or partners may be included in an invitation to, for example, a sporting event or dinner, where this does not create or give the appearance of an inducement. The same approval limits apply in the case of joint invitations.

2.5 Personal conflicts of interest

RMI employees must avoid situations or transactions in which their personal interests could conflict or might be seen to be in conflict with the interests of the RMI. This includes acting on any client information gained through their employment with RMI for personal gain; passing such information to a third party; or acting in any way that could be construed as insider trading.

Conflicts of interest can arise if individuals have a personal interest in business dealings involving RMI. Personal interest can be direct or indirect and refers not only to personal interests but to those of family members and friends. If there is a potential for conflict, the interests of RMI must take priority. Employees must disclose any personal conflict of interest or perceived conflict to their line manager. For RMI conflicts of interest see RMI's Conflicts of Interest Policy.

2.6 Charitable donations

As part of its corporate citizenship activities, RMI may support local charities or provide sponsorship, for example, to sporting or cultural events. Any such sponsorship must be transparent and properly documented. RMI will only provide donations to organizations that serve a legitimate public purpose, and which are themselves subject to high standards of transparency and accountability. Appropriate due diligence must be conducted on the proposed recipient charity and a full understanding obtained as to its bona fides.

2.7 Political activities

RMI has a policy of strict political neutrality; it does not make donations to any political parties, organizations, or individuals engaged in politics. RMI will co-operate with governments and other official bodies in the development of policy and legislation that may affect its legitimate business interests, or where it has specialist expertise. Employees are entitled to their own political views and activities, but they may not use RMI premises or equipment to promote those views or associate their views with those of RMI.

2.8 Fraud

RMI expects its employees and business partners to be honest and fair in their dealings, communications and transactions. Fraudulent activity is strictly prohibited. Employees should act at all times with the highest degree of honesty, integrity, and accountability and in a manner that safeguards, and does not jeopardize, RMI's resources and assets. Employees should report immediately if they suspect corruption or fraud or if they observe any suspicious acts or events. In addition, employees should alert their Project Manager and/or Managing Director where they believe that the opportunity for fraud or corruption exists because of weak procedures or the lack of effective internal controls.

2.9 Business relationships

RMI expects its business partners to approach issues of bribery, fraud and corruption in a manner that is consistent with the principles set out in this Policy. This requirement applies to agents, subcontractors and joint venture partners. In cases where RMI is unable to ensure these standards, it will reconsider the business relationship.

1. Agents, representatives and sub-contractors

This Policy applies with particular force to commercial agents, representatives, and subcontractors. In certain reported international corruption cases, agents have passed on part of their commissions as bribes. RMI prohibits such practices.

In order to maintain the highest standards of integrity, employees must ensure that:

- They are fully briefed on the background and reputation for integrity of agents, representatives and subcontractors before hiring them. RMI will conduct due diligence enquiries to review the integrity records of agents, representatives and subcontractors before entering a commercial relationship with them.
- The engagement process is fully documented; and that final approval of the selection of agents, representatives and subcontractors is made by someone other than the person selecting or managing RMI's relationship with them.
- Agents, representatives, and subcontractors are fully briefed on RMI's Anti-Bribery anti-Fraud and Anti-Corruption Policy.
- Fees and commissions agreed will be appropriate and justifiable remuneration for legitimate services rendered. Once agreements have been signed, RMI will continue to monitor its relationships with agents, representatives, and subcontractors to ensure that there are no infringements of its Anti-Bribery, Anti-Fraud and Anti-Corruption Policy. RMI will withdraw from the relationship if agents, representatives, or subcontractors fail to abide by this Policy.

2. Accounts and Audits

RMI requires employees to keep accurate accounts throughout RMI's operations. In no circumstances will any of RMI's programs or subsidiaries keep parallel accounts.

RMI's regular procedures will include a review of the local circumstances that may make particular offices or projects vulnerable to corruption, and the defenses and strategies that are in place to mitigate such risks. In some countries, demands for facilitation payments are a particular hazard. An assessment of the frequency of such demands, and the strategies to counter them, will be a regular part of the review.

3. Non-Compliance

Failure by employees to ensure compliance with this Policy could lead to the following consequences for employees:

- Personal criminal liability followed by fines or imprisonment.
- Disciplinary action initiated by the RMI, including dismissal.
- Personal reputational damage.

4. Relevant legislation

All national laws relating to bribery, corruption and fraud, especially such laws that are in place in jurisdictions where RMI has an office or carries out its work, are of importance to RMI.

Synopsis

RMI and its employees are:

- Prohibited from offering, promising or paying a bribe of any kind.
- Prohibited from soliciting, accepting or receiving a bribe of any kind.
- Prohibited from giving or offering anything of value to a public official.
- Required to comply with RMI's guidelines and authorization levels in relation to the giving and receipt of gifts and hospitality.
- Prohibited from making facilitation payments;
- Required to act with the highest degree of honesty, integrity, accountability and propriety.
- Required to report suspicions of fraud or corruption in addition to concerns that internal controls are insufficient to protect against fraud or corruption; and
- Required to complete due diligence into all agents, representatives, suppliers, contractors, and all those with whom a business relationship is established—and ensure that they are aware of and agree to comply with this policy—in order to enable RMI to perform its work and pursue its mission with integrity.