

- PACS -

Project Anti-Corruption System

(Construction Projects)

Template 5

Disclosure Assessment Guide

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- PACS -

TEMPLATE 5

DISCLOSURE ASSESSMENT GUIDE

[Note: This Disclosure Form has been designed for large projects. A simplified version may be used for smaller projects]

(Note to Project Owner: Complete the information indicated in italics and then delete all italic instructions from this Disclosure Assessment Guide and from the attached Schedules.)

General Notes

- A. This Disclosure Assessment Guide is designed to assist in the assessment of the answers provided in the Disclosure Form (PACS Template 4) by providing guidance in relation to each answer in the Disclosure Form.
- B. For ease of reference, the questions in the Disclosure Form are shown in bold in this Guide.
- C. The "Red Flags" listed in this Guide are suggested indicators of increased risk of Corruption which may be revealed in the answers provided in a Disclosure Form and which may, therefore, necessitate further enquiry. There may be other indicators of Corruption which are not listed in this document. In addition, the fact that a red flag may be indicated does not necessarily establish that Corruption has occurred or will occur.
- D. The "Further Enquiries" listed in this Guide are suggestions only. Other enquiries may be appropriate according to the circumstances. It may not be necessary in all cases to undertake all the enquiries suggested in this Guide. The level of further enquires pursued will depend on the value of the project and the degree of perceived risk. All enquiries made should be addressed to persons of appropriate seniority in the relevant organisation.
- E. People must use common sense and discretion in using this Guide. It is an aid to corruption prevention, not a solution.
- F. The definitions set out in Schedule D apply to this Guide.

1. **THE DISCLOSING PARTY**

1.1 Name of the Disclosing Party.	
<u>Red Flags</u>	(a) The Disclosing Party has a bad or unknown reputation for integrity.
<u>Further enquiries</u>	(a) Newspaper searches. (b) Web searches. (c) Enquiries of embassy in home country of Disclosing Party. (d) If the Disclosing Party is located in a country in which company records are filed, obtain a copy of the filed records from the public registry and check these against the information provided by the Disclosing Party in the Disclosure Form.

1.2 Principal address of the Disclosing Party.	
<u>Red Flags</u>	(a) The Disclosing Party is located in a tax haven or in a country where the degree of public disclosure and monitoring is low. (b) The Disclosing Party is located in a country which has a low score in Transparency International's Corruption Perceptions Index (see www.transparency.org).
<u>Further enquiries</u>	(a) Arrange for someone to visit the Disclosing Party's premises. Is the Disclosing Party present at the address stated? Is the Disclosing Party actually trading from that address or is it merely a postal address? (b) Ask the Disclosing Party to explain the reasons for its location if there appears to be no obvious reason why it is located in that country.

1.3 Date and place of incorporation or registration of the Disclosing Party.	
<u>Red Flags</u>	(a) The Disclosing Party has only recently been incorporated or registered.
<u>Further enquiries</u>	(a) Ask the Disclosing Party to explain the reasons for the recent incorporation or registration.

1.4 Name, country of residence and percentage shareholding of each Principal Shareholder of the Disclosing Party.	
<u>Red Flags</u>	(a) One or more Principal Shareholders have poor or unknown reputations for integrity. (b) One or more Principal Shareholders are resident in a tax haven or in a country where the degree of public disclosure and monitoring is low. (c) One or more Principal Shareholders are resident in a country which has a low score in Transparency International's Corruption Perceptions Index (see www.transparency.org).
<u>Further enquiries</u>	(a) Newspaper searches. (b) Web searches. (c) Enquiries of embassy in home countries of Principal Shareholders.

1.5 Name, country of residence and title of each Senior Officer of the Disclosing Party.

<u>Red Flags</u>	<ul style="list-style-type: none"> (a) One or more Senior Officers have poor or unknown reputations for integrity. (b) One or more Senior Officers are resident in a tax haven or in a country where the degree of public disclosure and monitoring is low. (c) One or more Senior Officers are resident in a country which has a low score in Transparency International's Corruption Perceptions Index (see www.transparency.org).
<u>Further enquiries</u>	<ul style="list-style-type: none"> (a) Newspaper searches. (b) Web searches. (c) Enquiries of embassy in home countries of Senior Officers.

1.6 Annual turnover, profits and net assets of the Disclosing Party for the last 3 accounting years. Please also supply a copy of the audited annual accounts for the last 3 accounting years.

<u>Red Flags</u>	<ul style="list-style-type: none"> (a) The Disclosing Party has an annual turnover which is low compared to the size of the Disclosing Party's planned scope of work for the Project. (b) The Disclosing Party's net assets are nominal or too low to provide adequate comfort that the Disclosing Party has the financial strength to undertake its planned scope of work in relation to the Project. (c) The Disclosing Party's profitability is far higher than would be expected of a company in its sector. (d) The Disclosing Party has been making significant losses. (e) Accounts have not been independently audited. (f) Discrepancies between audited accounts and other information provided in the Disclosure Form.
<u>Further enquiries</u>	<ul style="list-style-type: none"> (a) Compare the figures with the copy of accounts supplied. (b) If the Disclosing Party is located in a country in which accounts are filed, obtain a copy of the filed accounts from the public registry and check them against the information provided by the Disclosing Party in the Disclosure Form. (c) Query these issues with the Disclosing Party. (d) Check the audited accounts against other information provided in the Disclosure Form. (e) Clarify discrepancies with the relevant officer of the Disclosing Party.

1.7 Number of officers and employees of the Disclosing Party.

<u>Red Flags</u>	<ul style="list-style-type: none"> (a) The Disclosing Party appears to have too few employees to be able to undertake the Disclosing Party's planned scope of work in relation to the Project.
<u>Further enquiries</u>	<ul style="list-style-type: none"> (a) Speak to a senior officer of the Disclosing Party. Enquire how the Disclosing Party plans to carry out its work for the Project with the declared resources. (b) Were the Disclosing Party's premises, which were inspected under paragraph 1.2, consistent with a company with the declared number of employees?

1.8 Please state whether the Disclosing Party operates a bonus or incentive scheme for any of its Senior Officers, Senior Managers or other employees which is related to the business or profits generated by any of those persons? If it does, please provide details of how this scheme will operate in relation to the Project.

<u>Red Flags</u>	<ul style="list-style-type: none"> (a) The Disclosing Party does operate such a scheme.
<u>Further enquiries</u>	<ul style="list-style-type: none"> (a) To the extent not assessed under paragraph 1.10, discuss with the relevant officer of the Disclosing Party what steps the Disclosing Party is taking to prevent the bonus or incentive scheme leading to Corruption.

1.9 Please state whether the Disclosing Party, or any of its Senior Officers, Senior Managers or other employees, has any conflict of interest in relation to the Project? If it does, please provide details of this conflict.	
<u>Red Flags</u>	(b) There is a conflict of interest.
<u>Further enquiries</u>	(a) Consider whether this conflict could have an adverse impact on the Project. (b) Discuss with the relevant officer of the Disclosing Party what steps the Disclosing Party is taking to prevent the conflict leading to Corruption.

1.10 Has the Disclosing Party or any of its Principal Shareholders or Related Companies, or any of the Senior Officers or Senior Managers of any of those parties, within the last 5 years been prosecuted or convicted in any jurisdiction for Corruption? If so, please provide: (1) The name(s) of the alleged or actual offenders and the nature of the alleged or actual offence(s). (2) Details of the preventive measures taken by the Disclosing Party to avoid committing a similar offence in relation to the Project.	
<u>Red Flags</u>	(a) There has been such prosecution or conviction.
<u>Further enquiries</u>	(a) Assess the severity of the offence(s). (b) Assess the adequacy of the Disclosing Party's preventive measures, if any. (c) Speak to relevant Senior Officers of the Disclosing Party. Verify with them the facts of the offence and the Disclosing Party's preventive measures, if any. (d) Undertake newspaper and web searches regarding the offence. Assess whether the published details fit with the explanation provided by the Disclosing Party. If not, query the discrepancies with the Disclosing Party. (e) Consider appointing an independent expert to assess the adequacy of the Disclosing Party's preventive measures. (f) Assess the risk of Corruption posed to the Project by any failure by the Disclosing Party to take adequate preventive measures.

<i>(Note: Question 1.11 does not apply where the Disclosing Party is the Project Owner.)</i>	
1.11 Is the Disclosing Party or any of its Principal Shareholders or Related Companies currently barred from tendering or have any of those parties, within the last 5 years, been barred from tendering as a result of involvement in Corruption. If so, please provide: (1) The name of the barred party(ies). (2) The name of the barring party(ies). (3) The reason(s) for the debarment. (4) Details of the preventive measures taken by the Disclosing Party to avoid involvement in similar Corruption in relation to the Project.	
<u>Red Flags</u>	(a) One or more of the above mentioned parties has been debarred.
<u>Further enquiries</u>	(a) Assess the severity of the reasons for the debarment(s). (b) Assess the adequacy of the Disclosing Party's preventive measures, if any. (c) Speak to relevant Senior Officers of the Disclosing Party. Verify with them the facts of the debarment and the Disclosing Party's preventive measures, if any. (d) Undertake newspaper and web searches regarding the debarment. Assess whether the published details fit with the explanation provided by the Disclosing Party. If not, query the discrepancies with the Disclosing Party. (e) Consider appointing an independent expert to assess the adequacy of the Disclosing Party's preventive measures. (f) Check the World Bank's and any other public list of excluded companies to assess whether the Disclosing Party has failed to disclose any debarment of any of the above-mentioned parties. Query with the Disclosing Party any such failure to disclose. (g) Assess the risk of Corruption posed to the Project by any failure by the Disclosing Party to take adequate preventive measures.

1.12 Please state whether the Disclosing Party has a corporate policy for countering Corruption. If so, please provide a copy.

<u>Red Flags</u>	(a) The Disclosing Party has no, or inadequate, anti-corruption procedures.
<u>Further enquiries</u>	(a) Verify the adequacy of the corporate policy, if any, against a recognised international bench-mark (for example, Transparency International's "Business Principles for Countering Bribery"). (b) Does the Disclosing Party's corporate policy, if any, counter all forms of Corruption? (c) If the Disclosing Party does not have any such corporate policy, ask the relevant manager of the Disclosing Party whether the Disclosing Party intends to adopt such a policy, if so when, and whether details could be provided of the policy which is to be adopted.

1.13 Please provide any further information which may be relevant to ascertaining the risk of Corruption in relation to the Project.

<u>Red Flags</u>	(a) Any information which could suggest Corruption.
<u>Further enquiries</u>	(a) Clarify matters with an officer of the Disclosing Party. (b) Follow up as appropriate.

2. JOINT VENTURE

2. If the Disclosing Party is a joint venture, then the joint venture company (where the Disclosing Party is an incorporated joint venture), or the joint venture leader (where the Disclosing Party is an unincorporated joint venture), should do as follows:

- (1) List in the "Answer" box below the names of all Joint Venture Members.
- (2) Complete a separate Schedule A in respect of each Joint Venture Member.
- (3) Require each Joint Venture Member to complete a separate Disclosure Form. In completing the Disclosure Form, the term "Disclosing Party" should be taken to refer to the particular Joint Venture Member.
- (4) The Disclosure Form completed by the Joint Venture Member must be returned to the Disclosing Party and attached to the corresponding Schedule A.

<u>Red Flags</u>	See Schedule A to this Disclosure Assessment Guide.
<u>Further enquiries</u>	See Schedule A to this Disclosure Assessment Guide.

3. **MAJOR SUB-CONTRACTORS**
(This information must be provided as and when a Major Sub-contractor is appointed by the Disclosing Party.)

(Note: This question does not apply where the Disclosing Party is the Project Owner.)

3. If the Disclosing Party has appointed any Major Sub-contractors, then please do as follows:

- (1) List in the "Answer" box below the names of all such Major Sub-contractors.
- (2) Complete a separate Schedule B in respect of each Major Sub-contractor.
- (3) Require each Major Sub-contractor to complete a separate Disclosure Form. In completing the Disclosure Form, the term "Disclosing Party" should be taken to refer to the particular Major Sub-contractor.
- (4) The Disclosure Form completed by the Major Sub-contractor must be returned to the Disclosing Party and attached to the corresponding Schedule B.

Red
Flags

See Schedule B to this Disclosure Assessment Guide.

Further
enquiries

See Schedule B to this Disclosure Assessment Guide.

4. **AGENTS**
(This information must be provided as and when an Agent is appointed by the Disclosing Party.)

(Note: This question does not apply where the Disclosing Party is the Project Owner.)

4. If the Disclosing Party or any of its Principal Shareholders or Related Companies has appointed an Agent, then please do as follows:

- (1) List here the names of all such Agents.
- (2) Complete a separate Schedule C in respect of each Agent.

Red
Flags

See Schedule C to this Disclosure Assessment Guide.

Further
enquiries

See Schedule C to this Disclosure Assessment Guide.

5. **GOVERNMENT INVOLVEMENT IN THE PROJECT**

<p><i>(Note: This question does not apply if:</i></p> <ul style="list-style-type: none"> - the Disclosing Party is not the Project Owner, or - government involvement in the Project is limited to the issuing of Permits – see question 5.2.) 	
<p>5.1 If the government of the country in which the Project is located is or will be involved in the Project, please provide the following details:</p> <p>(1) Details of government departments that are or will be involved in the Project and their respective roles in the Project.</p> <p>(2) The names of the Senior Officers of the relevant government departments who are or will be involved in the Project.</p> <p>(3) Have any of the Senior Officers listed in (2) above, within the last 5 years, been prosecuted or convicted in any jurisdiction for any offence relating to Corruption? If so, please provide details of the name(s) of the alleged or actual offender(s) and the nature of the alleged or actual offence(s).</p>	
<u>Red Flags</u>	<p>(a) One or more of the departments listed has a poor or unknown reputation for integrity.</p> <p>(b) One or more of the government Senior Officers listed has a poor or unknown reputation for integrity.</p> <p>(c) The government is of a country where the degree of public disclosure and monitoring is low.</p> <p>(d) The government is of a country which has a low score in Transparency International's Corruption Perceptions Index (see www.transparency.org).</p> <p>(e) Any involvement in corruption is revealed.</p>
<u>Further enquiries</u>	<p>(a) Newspaper searches.</p> <p>(b) Web searches.</p> <p>(c) Enquiries of embassy in home country in which the Project is located.</p> <p>(d) Review the details of the offence(s) revealed in the Disclosure Document. Assess the severity of the offence.</p> <p>(e) Undertake newspaper and web searches on the offence(s).</p>

<p><i>(Note: This question applies only where the Disclosing Party is the Project Owner.)</i></p>	
<p>5.2 Are any Permits required, in relation to the Project, from the national or local government of the country in which the Project is located? If so, please provide the following details:</p> <p>(1) The type of such Permits</p> <p>(2) Their purpose.</p> <p>(3) Which government departments are responsible for providing them.</p> <p>(4) The amount of the fees which legitimately need to be paid to obtain these Permits.</p> <p>(5) By whom these fees need to be paid.</p> <p>(6) The steps which have been taken by the national or local government to prevent the officials responsible for issuing these Permits requiring bribes or facilitations payments.</p> <p>(7) The steps the participants in the Project should take if asked by those officials to pay bribes or facilitation payments in order to secure the timely issue of any Permits.</p>	
<u>Red Flags</u>	<p>(a) A large number of Permits are required.</p> <p>(b) Permits are required in circumstances which could lead to bribery in order to obtain the Permits.</p> <p>(c) Inadequate steps have been taken by the national or local government to prevent bribery by their officials.</p> <p>(d) Inadequate procedures are recommended for the participants to take if asked by officials to pay bribes.</p>
<u>Further enquiries</u>	<p>(a) Verify with the Project Owner the steps which should be taken by the participants in the Project to avoid bribery in these circumstances.</p> <p>(b) Check with the local embassy the prevalence of this type of bribery in the country where the Project is located.</p>

6. **DECLARATION**

Declaration	
<u>Red Flags</u>	(a) The Declaration has not been signed by both the Chief Executive Officer or equivalent, and Chief Financial Officer or equivalent. (b) The terms of the declaration have been amended or qualified.
<u>Further enquiries</u>	(a) Clarify the reasons for these discrepancies with a Senior Officer of the Disclosing Party.

SCHEDULE A

INFORMATION IN RELATION TO JOINT VENTURE MEMBERS

(See question 2 of the Disclosure Form)

A.1 Name of the Joint Venture Member	
<u>Red Flags</u>	See separate Disclosure Form completed by this Joint Venture Member.
<u>Further enquiries</u>	See separate Disclosure Form completed by this Joint Venture Member.

A.2 What is the Joint Venture Member's normal business?	
<u>Red Flags</u>	See A.3.
<u>Further enquiries</u>	See A.3.

A.3 What is the intended scope of work or services of the Joint Venture Member in relation to the Project?	
<u>Red Flags</u>	(a) The Joint Venture Member's normal business (see Answer to A.2) is different to the role being undertaken by it in the Project. (b) The Joint Venture Member's normal business is apparently similar to the role being undertaken by it in the Project but other information in the Disclosure Form appears not to support this. (c) The scope of work or services of the Joint Venture Member in relation to the Project: (i) appears to be disproportionate to its size and experience, (ii) is vague, (iii) is for work or services which could have a corrupt purpose, (iv) appears to be beyond the competence of the Joint Venture Member, (v) is for "introductory services", "client liaison", "to help win the project" or other similar purpose.
<u>Further enquiries</u>	(a) Query with the Disclosing Party any of the above concerns in order to establish whether the works or services to be carried out by the Joint Venture Member in relation to the Project are legitimate.

A.4 Are the works or services which are to be provided by the Joint Venture Member in relation to the Project legitimate?	
<u>Red Flags</u>	It is highly unlikely that the answer to this question will be "No". The purpose of this question is to make the Disclosing Party consider the question and to encourage it to do better due diligence on its Joint Venture Member so as to be reasonably certain that the Joint Venture Member's works or services are legitimate.
<u>Further enquiries</u>	

A.5 By what process and for what reasons was the Joint Venture Member selected as a partner?	
<u>Red Flags</u>	Any indication that: (a) the Joint Venture Member may not have been selected for legitimate commercial reasons; (b) the Joint Venture Member may have been recommended or required by someone who may have influence over the Project.
<u>Further enquiries</u>	(a) Query with the Disclosing Party the reasons for and circumstances of the selection of the Joint Venture Member.

<i>(Note: This question does not apply where the Disclosing Party is the Project Owner.)</i>	
A.6 Was the appointment of the Joint Venture Member required or recommended by any person? If so, please state:	
(1) By whom the appointment was required or recommended.	
(2) Whether the person who required or recommended the appointment is an officer or employee of a Joint Venture Member of the Disclosing Party, the Project Owner, a Funder, a Major Contractor, a Major Sub-contractor, or any government department in the country where the Project is located? If yes, please provide the name of the relevant employer and the position which that person holds with the employer.	
<u>Red Flags</u>	(a) The appointment of the Joint Venture Member was required or recommended by any of the above.
<u>Further enquiries</u>	(a) Query with the Disclosing Party the reasons for, and circumstances of, the recommendation and appointment. (b) Was the recommendation made for bona fide commercial reasons (e.g. a legitimate preference for the Joint Venture Member's technology), or are the reasons suspicious?

A.7 Provide details of how the Joint Venture Member is to benefit from the Project, including any fees or commissions, any payment for works or services in relation to the Project, and any share in the risks, profits and losses from the Project.	
<u>Red Flags</u>	(a) Any reluctance to provide this information. (b) Provision of inadequate information.
<u>Further enquiries</u>	(a) Obtain sufficient information from the Disclosing Party to make the assessment in the next question.

A.8 Is such payment or benefit proportionate to the work or services to be provided by the Joint Venture Member? What steps have been taken by the Disclosing Party to ensure that this is the case?	
<u>Red Flags</u>	(a) The payment or benefit appears disproportionately large. (b) No steps, or inadequate steps, have been taken to ensure that the benefit is proportionate to the work or services to be provided by the Joint Venture Member.
<u>Further enquiries</u>	(a) Query the disproportionate benefit with the Disclosing Party. (b) Query the inadequacy of the steps to be taken to ensure that the benefit is proportionate to the work or services to be provided.

A.9 Provide details of the currencies of all payments to be made to the Joint Venture Member, and the country(ies) into which the payments are to be made.	
<u>Red Flags</u>	(a) The currency is not that of the country where the Joint Venture Member is located or conducts business. (b) The country into which the payment is to be made is not the country where the Joint Venture Member is located or conducts its business. (c) The country into which the payment is to be made is a country where the degree of public disclosure and monitoring is low or which has a low score in Transparency International's Corruption Perceptions Index (see www.transparency.org). (d) There is reluctance to provide information as to currency or destination of payment.
<u>Further enquiries</u>	(a) Query the currency and/or destination of payment with the Disclosing Party.

SCHEDULE B

INFORMATION IN RELATION TO MAJOR SUB-CONTRACTORS

(See question 3 of the Disclosure Form)

B.1 Name of the Major Sub-contractor.	
<u>Red Flags</u>	See the separate Disclosure Form completed by this Major Sub-contractor.
<u>Further enquiries</u>	See the separate Disclosure Form completed by this Major Sub-contractor.

B.2 What is the Major Sub-contractor's normal business?	
<u>Red Flags</u>	See B.3.
<u>Further enquiries</u>	See B.3.

B.3 What is the intended scope of work or services of the Major Sub-contractor in relation to the Project?

<u>Red Flags</u>	<ul style="list-style-type: none">(a) The Major Sub-contractor's normal business (see Answer to B.2) is different to the role being undertaken by it in the Project.(b) The Major Sub-contractor's normal business is apparently similar to the role being undertaken by it in the Project but other information in the Disclosure Form appears not to support this.(c) The scope of work or services of the Major Sub-contractor in relation to the Project:<ul style="list-style-type: none">(i) appears to be disproportionate to its size and experience,(ii) is vague,(iii) is for work or services which could have a corrupt purpose,(iv) appears to be beyond the competence of the Joint Venture Member,(v) is for "introductory services", "client liaison", "to help win the project" or other similar purpose.
<u>Further enquiries</u>	<ul style="list-style-type: none">(a) Query with the Disclosing Party any of the above concerns in order to establish whether the works or services to be carried out by the Major Sub-contractor in relation to the Project are legitimate.

B.4 Are the works or services which are to be provided by the Major Sub-contractor in relation to the Project legitimate?

<u>Red Flags</u>	It is highly unlikely that the answer to this question will be "No". The purpose of this question is to make the Disclosing Party consider the question and to encourage it to do better due diligence on its Major Sub-contractor so as to be reasonably certain that the Major Sub-contractor's works or services are legitimate.
<u>Further enquiries</u>	

B.5 By what process and for what reasons was the Major Sub-contractor selected?

<u>Red Flags</u>	<ul style="list-style-type: none">(a) Any indication that the selection process used was not fair or transparent.(b) Any indication that a Major Sub-contractor(s) may not have been selected for legitimate commercial reasons.(c) Any indication that the Major Sub-contractor may have been recommended or required by someone who may have influence over the Project or Major Sub-contract award.(d) Any indication that the Major Sub-contractor was the only party considered (i.e. that there was no competitive process for selecting the Major Sub-contractor).
<u>Further enquiries</u>	<ul style="list-style-type: none">(a) Query with the Disclosing Party the selection process used.(b) Query with the Disclosing Party the reasons for and circumstances of the selection of the Major Sub-contractor.(c) Assess whether the circumstances indicate possible Corruption in the selection of the Major Sub-contractor.

(Note: This question does not apply where the Disclosing Party is the Project Owner.)

B.6 Was the appointment of the Major Sub-contractor required or recommended by any person? If so, please state:

- (1) By whom the appointment was required or recommended.
- (2) Whether the person who required or recommended the appointment is an officer or employee of a Joint Venture Member of the Disclosing Party, the Project Owner, a Funder, a Major Contractor, a Major Sub-contractor, or any government department in the country where the Project is located? If yes, please provide the name of the relevant employer and the position which that person holds with the employer.

<u>Red Flags</u>	(a) The appointment of the Major Sub-contractor was required or recommended by any of the above.
<u>Further enquiries</u>	(a) Query with the Disclosing Party the reasons for, and circumstances of, the recommendation and appointment. (b) Was the recommendation made for bona fide commercial reasons (e.g. a legitimate preference for the Major Sub-contractor's technology), or are the reasons suspicious?

B.7 Provide details of how the Major Sub-contractor is to benefit from the Project, including any fees or commissions, any payment for works or services in relation to the Project, and any share in the risks, profits and losses from the Project.

<u>Red Flags</u>	(a) Any reluctance to provide this information. (b) Provision of inadequate information.
<u>Further enquiries</u>	(a) Obtain sufficient information from the Disclosing Party to make the assessment in the next question.

B.8 Is such payment or benefit proportionate to the works or services to be provided by the Major Sub-contractor? What steps have been taken by the Disclosing Party to ensure that this is the case?

<u>Red Flags</u>	(a) The payment or benefit appears disproportionately large. (b) No steps, or inadequate steps, have been taken to ensure that the payment or benefit is proportionate to the work or services to be provided by the Major Sub-contractor.
<u>Further enquiries</u>	(a) Query the disproportionate payment or benefit with the Disclosing Party. (b) Query the inadequacy of the steps to be taken to ensure that the benefit is proportionate to the work or services to be provided.

B.9 Provide details of the currencies of all payments to be made to the Major Sub-contractor, and the country(ies) into which the payments are to be made.

<u>Red Flags</u>	(a) The currency is not that of the country where the Major Sub-contractor is located or conducts business. (b) The country into which payment is to be made is not the country where the Major Sub-contractor is located or conducts its business. (c) The country into which payment is to be made is a country where the degree of public disclosure and monitoring is low or which has a low score in Transparency International's Corruption Perceptions Index (see www.transparency.org). (d) There is reluctance to provide information as to currency or destination of payment.
<u>Further enquiries</u>	(a) Query the currency and/or destination of payment with the Disclosing Party.

SCHEDULE C

INFORMATION IN RELATION TO AGENTS
(See question 4 of the Disclosure Form)

C.1 Name of the Agent.	
<u>Red Flags</u>	(a) A bad or unknown reputation for integrity.
<u>Further enquiries</u>	(a) Newspaper searches (b) Web searches (c) Enquiries of embassy in Agent's home country (d) If the Agent is located in a country in which the Agent's records are filed, obtain a copy of the filed records from the public registry and check these against the information provided by the Disclosing Party in this Schedule.

C.2 Principal address of the Agent.	
<u>Red Flags</u>	(a) The Agent is located in a tax haven or in a country where the degree of public disclosure and monitoring is low. (b) The Agent is located in a country which has a low score in Transparency International's Corruption Perceptions Index (see www.transparency.org). (c) The Agent is not located in the same country as the Project.
<u>Further enquiries</u>	(a) Arrange for someone to visit the Agent's premises. Is the Agent present at the address stated? Is the Agent actually trading from that address, or is it merely a postal address? (b) Ask the Disclosing Party to explain the reasons for the Agent's location if there appears to be no obvious reason why it is located in that country.

C.3 Date and place of incorporation or registration of the Agent.	
<u>Red Flags</u>	(a) The Agent has only recently been incorporated or registered. (b) The Agent is incorporated or registered in a tax haven or in a country where the degree of public disclosure and monitoring is low. (c) The Agent is incorporated or registered in a country which has a low score in Transparency International's Corruption Perceptions Index (see www.transparency.org).
<u>Further enquiries</u>	(a) Query the reasons for the recent incorporation or registration with the Disclosing Party. (b) Ask the Disclosing Party to explain the reasons for the Agent's place of incorporation or registration if there appears to be no obvious reason for this.

C.4 Name, country of residence and percentage shareholding of each Principal Shareholder of the Agent.	
<u>Red Flags</u>	(a) One or more Principal Shareholders have poor or unknown reputations for integrity. (b) One or more Principal Shareholders are resident in a tax haven or in a country where the degree of public disclosure and monitoring is low. (c) One or more Principal Shareholders are resident in a country which has a low score in Transparency International's Corruption Perceptions Index (see www.transparency.org).
<u>Further enquiries</u>	(a) Newspaper searches (b) Web searches (c) Enquiries of embassy in home countries of Principal Shareholders.

C.5 Name, country of residence and title of each Senior Officer of the Agent.	
<u>Red Flags</u>	<ul style="list-style-type: none"> (a) One or more Senior Officers have poor or unknown reputations for integrity. (b) One or more Senior Officers are resident in a tax haven or in a country where the degree of public disclosure and monitoring is low. (c) One or more Senior Officers are resident in a country which has a low score in Transparency International's Corruption Perceptions Index (see <i>www.transparency.org</i>).
<u>Further enquiries</u>	<ul style="list-style-type: none"> (a) Newspaper searches (b) Web searches (c) Enquiries of embassy in home countries of the Senior Officers.

C.6 Annual turnover, profits and net assets of the Agent for the last 3 accounting years.	
<u>Red Flags</u>	<ul style="list-style-type: none"> (a) The Agent has an annual turnover which is low compared to the size of the Agent's planned scope of work for the Project. (b) The Agent's net assets are nominal or too low to provide adequate comfort that the Agent has the financial strength to undertake its planned scope of work in relation to the Project. (c) The Agent's profitability is far higher than would be expected of a company in its sector. (d) The Agent has been making significant losses. (e) Accounts have not been independently audited.
<u>Further enquiries</u>	<ul style="list-style-type: none"> (a) Compare the figures with the copy of accounts supplied (see paragraph C.23 below). (b) If the Agent is located in a country in which accounts are filed, obtain a copy of the filed accounts from the public registry and check them against the information provided in this Schedule. (c) Query these issues with the Disclosing Party.

C.7 Number of officers and employees of the Agent	
<u>Red Flags</u>	<ul style="list-style-type: none"> (a) The Agent appears to have too few officers and employees to be able to undertake the Agent's scope of work in relation to the Project. (b) The Agent appears to have too few officers and employees relative to the size of the payment to the Agent in relation to the Project.
<u>Further enquiries</u>	<ul style="list-style-type: none"> (a) Ask the Disclosing Party how the Agent plans to carry out its work for the Project with the declared resources. (b) Were the Agent's premises, which were inspected under paragraph C.2, consistent with a company with the declared number of employees?

C.8 What is the Agent's normal business?	
<u>Red Flags</u>	See C.9.
<u>Further enquiries</u>	See C.9.

C.9 What are the services to be provided by the Agent in relation to the Project?

<u>Red Flags</u>	(a) The Agent's normal business (see Answer to C.8) is different to the role being undertaken by it in the Project. (b) The Agent's normal business is apparently similar to the role being undertaken by it in the Project but other information in the Disclosure Form appears not to support this. (c) The scope of work or services of the Agent in relation to the Project: (i) appears to be disproportionate to its size and experience, (ii) is vague, (iii) is for work or services which could have a corrupt purpose, (iv) appears to be beyond the competence of the Joint Venture Member, (v) is for "introductory services", "client liaison", "to help win the project" or other similar purpose.
<u>Further enquiries</u>	(a) Query with the Disclosing Party any of the above concerns in order to establish whether the works or services to be carried out by the Agent in relation to the Project are legitimate.

C.10 Are the services which are to be provided by the Agent in relation to the Project legitimate?

<u>Red Flags</u>	It is highly unlikely that the answer to this question will be "No". The purpose of this question is to make the Disclosing Party consider the question and to encourage it to do better due diligence on its Agent so as to be reasonably certain that the Agent's works or services are legitimate.
<u>Further enquiries</u>	

C.11 In relation to the appointment of the Agent, please state:

- (1) Whether the Agent was appointed by the Disclosing Party or by a Principal Shareholder or Related Company of the Disclosing Party?**
- (2) If the appointment was by a Principal Shareholder or Related Company of the Disclosing Party, please state the name of the relevant party.**
- (3) The name and position of the officer(s) of the relevant party who approved the appointment of the Agent.**

<u>Red Flags</u>	(a) The Agent is appointed by a Principal Shareholder or Related Company that has otherwise no connection with the Project. (b) The officer who approved the appointment of the Agent is not sufficiently senior.
<u>Further enquiries</u>	(a) Query with the Disclosing Party why the Agent was appointed by the relevant Principal Shareholder or Related Company. (b) Query the approval.

C.12 Has the Agent provided services to the Disclosing Party or to any of its Principal Shareholders or Related Companies on previous occasions? If yes, provide details.

<u>Red Flags</u>	(a) This Project is the first occasion on which the Agent has provided services to the Disclosing Party.
<u>Further enquiries</u>	(a) See C.13.

C.13 By what process and for what reasons was the Agent selected?

<u>Red Flags</u>	Any indication that: (a) the Agent may not have been selected for legitimate commercial reasons; (b) the Agent may have been recommended or required by someone who may have influence over the Project; (c) the Agent was the only agent considered (i.e. that there was no competitive process for selecting the Agent).
<u>Further enquiries</u>	(a) Verify with the Disclosing Party the reasons for and circumstances of the selection of the Agent. (b) Assess whether the circumstances indicate possible Corruption in the selection of the Agent.

C.14 Was the appointment of the Agent required or recommended by any person? If so, please state:

- (1) **By whom the appointment was required or recommended.**
- (2) **Whether the person who required or recommended the appointment is an officer or employee of a Joint Venture Member of the Disclosing Party, the Project Owner, a Funder, a Major Contractor, a Major Sub-contractor, or any government department in the country where the Project is located? If yes, please provide the name of the relevant employer and the position which that person holds with the employer.**

<u>Red Flags</u>	(a) The appointment of the Agent was required or recommended by any of the above.
<u>Further enquiries</u>	(a) Query with the Disclosing Party the reasons for, and circumstances of, the recommendation and appointment. (b) Was the recommendation made for bona fide commercial reasons (e.g. a legitimate preference for the Agent's skill), or are the reasons suspicious?

C.15 Provide details of all fees and benefits to be paid or provided to the Agent.

<u>Red Flags</u>	(a) Any reluctance to provide this information. (b) Provision of inadequate information.
<u>Further enquiries</u>	(a) Obtain sufficient information from the Disclosing Party to make the assessment in the next question.

C.16 Are such fees or benefits proportionate to the legitimate work or services to be provided by the Agent? What steps have been taken to ensure that this is the case?

<u>Red Flags</u>	(a) The fees or benefits appear high. (b) The fees or benefits do not bear any reasonable relationship to the value of the services required from the Agent. The assessment as to whether the payment is reasonable cannot be made by reference to a percentage. There is no such thing as a fair percentage. 5% of \$100 is \$5. 5% of \$100 million is \$5 million. Therefore, the only accurate test is to compare the actual amount of the payment with the assessed value of legitimate services. (c) No steps, or inadequate steps, have been taken by the Disclosing Party to ensure that the fees or benefits are proportionate to the legitimate work or services to be provided by the Agent.
<u>Further enquiries</u>	(a) Query with the Disclosing Party the amount or value of the fees or benefits and the steps taken by the Disclosing Party to ensure that they are proportionate.

C.17 Who is to make the payment to the Agent?

<u>Red Flags</u>	(a) The payment to the agent is to be made indirectly or through an intermediary.
<u>Further enquiries</u>	(a) Query with the Disclosing Party the payment method.

C.18 What are the payment terms of the Agent?

<u>Red Flags</u>	(a) The whole or major part of the payment to the Agent is to be made before, at, or shortly after contract award. This could suggest that the services relate only to contract award.
<u>Further enquiries</u>	(a) Query with the Disclosing Party the reasons for the payment terms.

C.19 Provide details of the currencies of all payments to be made to the Agent, and the country(ies) into which the payments are to be made.

<u>Red Flags</u>	(a) The currency is not that of the country where the Agent is located or conducts business. (b) The country into which payment is to be made is not the country where the Agent is located or conducts its business. (c) The country into which payment is to be made is a country where the degree of public disclosure and monitoring is low or which has a low score in Transparency International's Corruption Perceptions Index (see www.transparency.org). (d) There is reluctance to provide information as to currency or destination of payment.
<u>Further enquiries</u>	(a) Query the currency and/or destination of payment with the Disclosing Party.

C.20 Has the agent nominated a third party or a numbered bank account to receive the payment? If so, please give the reasons for this.

<u>Red Flags</u>	(a) The Agent's payment is to be paid to a third party, not to the Agent. (b) The Agent's payment is to be paid into a numbered bank account.
<u>Further enquiries</u>	(a) Query with the Disclosing Party the reasons for these payment provisions.

C.21 Has the Agent or any of its Principal Shareholders or Related Companies, or any of the Senior Officers or Senior Managers of any of those parties, within the last 5 years been prosecuted or convicted in any jurisdiction for Corruption? If so, please provide:

- (1) **The name(s) of the alleged or actual offenders and the nature of the alleged or actual offence(s).**
- (2) **Details of the preventive measures taken by the Disclosing Party to prevent Corruption by the Agent in relation to the Project.**

<u>Red Flags</u>	(a) There has been such prosecution or conviction.
<u>Further enquiries</u>	<ol style="list-style-type: none"> (a) Assess the severity of the offence. (b) Assess the adequacy of the Disclosing Party's preventive measures, if any. (c) Speak to relevant Senior Officers of the Disclosing Party. Verify with them the facts of the offence and the Disclosing Party's preventive measures, if any. Ask why the Agent has been selected despite its previous involvement in Corruption. (d) Undertake newspaper and web searches regarding the offence. Assess whether the published details fit with the explanation provided by the Disclosing Party? If not, query the discrepancies with the Disclosing Party. (e) Consider appointing an independent expert to assess the adequacy of the Disclosing Party's preventive measures. (f) Assess the risk of Corruption posed to the Project by any failure by the Disclosing Party to take adequate preventive measures.

C.22 Is the Agent or any of its Principal Shareholders or Related Companies currently barred from participating in any project, or have any of those parties, within the last 5 years, been barred from participating in any project, as a result of involvement in Corruption. If so, please provide:

- (1) **The name(s) of the barred party(ies).**
- (2) **The name(s) of the barring party(ies).**
- (3) **The reasons for the debarment.**
- (4) **Details of the preventive measures taken by the Disclosing Party to prevent Corruption by the Agent in relation to the Project.**

<u>Red Flags</u>	(a) One or more of the above mentioned parties has been debarred.
<u>Further enquiries</u>	<ol style="list-style-type: none"> (a) Assess the severity of the reasons for which the debarment was imposed. (b) Assess the adequacy of the Disclosing Party's preventive measures, if any. (c) Speak to the Disclosing Party. Verify with them the facts of the debarment and the Disclosing Party's preventive measures. Ask why the Agent has been selected despite its previous involvement in Corruption. (d) Undertake newspaper and web searches regarding the debarment. Assess whether the published details fit with the explanation provided by the Disclosing Party. If not, query the discrepancies with the Disclosing Party. (e) Consider appointing an independent expert to assess the adequacy of the Disclosing Party's preventive measures. (f) Check the World Bank's and any other public list of excluded companies to assess whether the Disclosing Party has failed to disclose any debarment of any of the above-mentioned parties. Query with the Disclosing Party any such failure to disclose. (g) Assess the risk of Corruption posed to the Project by any failure by the Disclosing Party to take adequate preventive measures.

C.23 Please provide a copy of:	
<p>(1) All agreements, if any, between the Disclosing Party and the Agent in relation to the Project.</p> <p>(2) All agreements, if any, between Principal Shareholders of the Disclosing Party and the Agent in relation to the Project.</p> <p>(3) All agreements, if any, between Related Companies of the Disclosing Party and the Agent in relation to the Project.</p> <p>(4) The audited accounts of the Agent for the last three accounting years.</p>	
<u>Red Flags</u>	<p>(a) There is no written agreement with the Agent in relation to the Project.</p> <p>(b) The written agreement is not clear as to the terms of appointment of the Agent, including as to the scope of work and payment terms of the Agent.</p> <p>(c) The agreement does not prohibit any corrupt activity on the part of the Agent.</p> <p>(d) The agreement does not provide for termination of the Agent's appointment in the event of any corrupt activity on the part of the Agent.</p>
<u>Further enquiries</u>	<p>(a) Query with the Disclosing Party as to why there is no written agreement with the Agent.</p> <p>(b) Query the inadequacy of the terms of the written agreement.</p>

SCHEDULE D

DEFINITIONS

“Agent”	means any company, entity or individual which acts as agent, intermediary or representative in relation to the award of a Project contract.
“Corruption”	means bribery, extortion, fraud, collusion, money-laundering, or any similar activity in relation to the Project.
“Funder”	means any individual, company or organisation providing financial aid, project financing, insurance, export credits or guarantees in relation to the Project.
“Joint Venture”	means any joint venture, consortium, partnership or similar arrangement in relation to the Project.
“Joint Venture Member”	means: <p>(a) a shareholder of a joint venture company, or</p> <p>(b) a partner of an unincorporated joint venture.</p>
“Major Contract”	means: <p>(a) A contract between the Project Owner and another party in relation to the Project where that party is to perform works or supply materials or equipment and where it is anticipated that the contract value will be in excess of [US\$250,000]; or</p> <p>(b) A contract between the Project Owner and another party in relation to the Project where that party is to supply services and where it is anticipated that the contract value will be in excess of [US\$100,000].</p> <p>[The above are recommended contract values. The Project Owner should determine the values it wishes to apply.]</p>
“Major Contractor”	means a party who has entered into a Major Contract.

<p>“Major Sub-contract”</p>	<p>means:</p> <p>(a) A contract between a Major Contractor and another party in relation to the Project where that party is to perform works or supply materials or equipment and where it is anticipated that the contract value will be in excess of [US\$250,000]; or</p> <p>(b) A contract between a Major Contractor and another party in relation to the Project where that party is to supply services and where it is anticipated that the contract value will be in excess of [US\$100,000].</p> <p><i>[The above are recommended contract values. The Project Owner should determine the values it wishes to apply.]</i></p>
<p>“Major Sub-contractor”</p>	<p>means a party who has entered into a Major Sub-contract.</p>
<p>“Permit”</p>	<p>means any permit, approval, licence, authorisation, planning permission, visa or other such document required in relation to the Project.</p>
<p>“Principal Shareholder”</p>	<p>means any individual or entity which owns or controls more than 10% of the shares or voting rights in a company.</p>
<p>“Project”</p>	<p>means <i>[enter name of project]</i>.</p>
<p>“Project Owner”</p>	<p>means <i>[enter name and address of project owner]</i>.</p>
<p>“Related Company”</p>	<p>means a company which is related to another company as follows:</p> <p>(a) it directly or indirectly owns or controls that company; or</p> <p>(b) it is directly or indirectly owned or controlled by that company; or</p> <p>(c) both companies share the same ultimate parent company.</p>
<p>“Senior Manager”</p>	<p>means a person with supervisory responsibility in respect of the Project, including, for example, a person with responsibility for:</p> <p>(a) contract management</p> <p>(b) project management</p> <p>(c) financial management</p> <p>(d) procurement management;</p> <p>(e) commercial management</p> <p>(f) technical management.</p>
<p>“Senior Officers”</p>	<p>means:</p> <p>(a) In relation to a company, the chairman, chief executive, and directors.</p> <p>(b) In relation to a government department, its minister(s) and heads of department.</p>