



## ABC High Risk Third Party Standard

**Associated Group Risk Category:** Legal Compliance

**Associated Policy:** Legal Compliance

**Applicability:** This Standard applies to everyone working for, or on behalf of, BT. It is particularly relevant to managers working in customer-facing roles, procurement, sales, marketing, bid and contract management.

**Additional Information:** [Being trusted: our code](#), Group Policies and Standards are mandatory. You should read this Standard and if you do not understand any element of it, you should contact Group [Ethics and Compliance](#). Any non-compliance may lead to disciplinary action, which could include dismissal. We may terminate our relationship with other individuals and organisations working on our behalf if they breach this Standard. You must also ensure that you read, understand, and comply with our Anti-Bribery and Corruption (ABC) Standard.

**Objective of this document:** To explain our risk-based approach to High Risk Third Party (HRTP) ABC due diligence.

**Standard contents**

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# 1 BT's position on HRTPs

At BT, we take a zero-tolerance approach to bribery and corruption. We are committed to acting professionally, fairly and with integrity in all our business dealings and relationships wherever we operate. We implement and enforce effective systems to prevent, detect and respond to bribery and corruption risks.

It is important that we know who our high risk third parties are, what reputation they have, what they do for us, what and how we pay them, and what bribery and corruption risk they therefore may pose to us. This H RTP standard and related [H RTP application form and procedure](#) and [H RTP due diligence procedure](#) help us achieve this by setting out the rules which must be followed when engaging with high risk third parties.

## 2 Who are ABC High Risk Third Parties?

For ease of reference the paragraphs below gives general guidance for which third parties are in-scope and defined as High Risk Third Parties and must follow the approvals process, which require further checks to determine if they are in scope, and which are not in scope. In addition, we have provided further guidance in Appendix A.

### 2.1 In Scope

#### 2.1.1 Agents

Applies to any third-party used to act for or on behalf of BT as an agent, or to represent BT (in any capacity which has the power to bind the company); including but not limited to:

- Sales agents
- Marketing agents
- Customs and Logistics agents
- Sports agents
- Property agents
- Invoicing or debt collection/management agents
- Introducers / introduction agents
- HR agents (namely for assigning employee benefits and rewards)
- BT Local Businesses and BT/EE franchises
- Financial agents (local bank signatories and any third-party organisation providing a transfer of value on BT's behalf;)
- Nominee directorship
- Lobbyists (including law firms who are acting as lobbyists)
- Agents used to interact with government officials in their work for BT, including (but not limited to) acting as an agent for lobbying, licence, permit, customs, tax and statutory filings, and visa purposes)

#### 2.1.2 Consultants, law firms and professional service providers (where CPI score is <59<sup>1</sup>)

Applies to any third-party who **represents or acts for or on behalf of BT and interacts with government**. This often includes but is not limited to:

- Advisors
- Lawyers\* (interacting with government or acting in any capacity other than giving legal advice)
- Accountants
- Management consultants

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<sup>1</sup> This will be applicable to the lower CPI scoring country of the location of the provider and the location of service.

\*NB only law firms that have been engaged by BT Legal should be used.

### 2.1.3 Partners in Teaming Agreements and Consortium partners

Applies to each third-party under a commercial arrangement with BT where there are multiple (two or more) third-parties working together on the preparation and submission of a tender and subsequent provision of services.

- Consortium partners – where it is a BT led consortium (BT contracts with the end customer)
- Partners in teaming agreements
- Alliance partners
- Resource pool partners

## 2.2 Maybe In Scope

Includes:

- Customers who are not the end customer such as indirect channels/partners, system integrators, distributors, and resellers.

Please use the [excel tool](#) to determine if the third party is in scope.

## 2.3 Out of Scope

### 2.3.1 Law firms

Includes:

- Where law firms are giving legal advice only.
- \*Lawyers representing BT in countries where [CPI score](#) is 60+.

\*NB law firms acting on BT's behalf to interact with governments, make payments, fillings, as lobbyists etc (i.e. acting for BT other than the provision of legal advice) are in scope where [CPI score](#) is <60.

### 2.3.2 Joint Ventures (JV), subsidiaries, partners, and acquisitions

Includes:

- JV entities partners (this is assessed via alternative channels)

- Purchasers or target companies in mergers and acquisition activity (e.g. purchasers of all or part of a BT entity or those selling all or part of an entity to BT). This includes Third-Parties that are entering or leaving a JV.
- BT Subsidiaries.

### 2.3.3 BT Suppliers

Includes:

- Suppliers of goods and services (except those acting on our behalf as listed above ‘in scope’). These are assessed elsewhere as part of supplier due diligence procedures.

### 2.3.4 BT Employees

Includes:

- BT Employees (including permanent, temporary and agency staff). These are assessed elsewhere as part of pre-employment checks.

### 2.3.5 BT End customers

Includes:

- BT end-customers (e.g., Operators or End Users) and procurement companies wholly owned by the End Customer).

# 3 Responsibilities

You must ensure that you read, understand and comply with this Standard. You must avoid any activity that might lead to, or be perceived as, a breach of this Standard. The prevention, detection and reporting of bribery and other forms of corruption are the responsibility of all those working for, or on behalf of, BT.

These are some rules that you must follow:

## 3.1 You must

- Get approval for all HRTPs (following the [approvals process](#)) before commencing any work on BT's behalf.
- Arrange for the third party to complete an [ABC self-certification](#).
- Make sure any agreement contains appropriate [ABC provisions](#). Any agreement between BT and the third party should be on standard terms, including the approved [ABC provision](#). The duration of any contracts should be no greater than 3 years, except resellers contracts which can by exception be up to 5 years, as agreed with your CFU Approver and the ABC team in Ethics and Compliance .
- Approve all subagents prior to use by the High Risk Third Party in their provision of services to BT.
- Renew your HRTP approval (following the [approvals process](#)) before re-contracting or extending the duration of an existing contract.
- Ensure all high risk third parties receive annual In-life monitoring to ensure that they meet their contractual requirements. A business lead must be assigned to each third party and proactively manage the relationship. For further details on in-life monitoring requirements see **Section 5**.
- Immediately report any suspected bribery or corruption incident, including where you have been asked to pay a bribe or have been offered a bribe, to your CFU Approver AND Ethics and Compliance (see **Appendix C** for examples of things that should be reported).

## 3.2 You must not

- Engage in any activity that might lead to a breach, or a perceived breach, of this Standard or our ABC Standard.

## 4. In-life Monitoring of HRTPs

A business lead must be assigned during the application process who is responsible for proactively managing the H RTP relationship in-life.

All H RTPs require In-life monitoring to ensure that they meet their contractual requirements, BT standards and all applicable laws and regulations. This includes supervising payments and ensuring adherence to the contract terms (e.g. commission percentages or discount percentages etc.).

The frequency that in-life monitoring is carried out should be determined by the risk that the H RTP presents. As a minimum, on an annual basis the business lead should conduct a business review of the H RTP and consider if they are still required. If they are not still required, the [CFU approver](#) should be advised. If they are still required, the In-Life Management Checklist at **Appendix B** should be completed by the BT business lead and provided to the [CFU approver](#) for their review.

The business relationship owner should also be vigilant to potential bribery red flags, **Appendix C** provides examples of potential red flags. Where actual or potential red flags are identified you should notify your [CFU approver AND Ethics and Compliance](#) immediately.



# Appendix A Scope of H RTP Standard

These are illustrative examples – the list is not exhaustive.

H RTPs – In Scope of this standard	Type of relationship
Business consultant engaged to assist BT in obtaining sales orders via facilitating introductions or negotiating with customers.	<ul style="list-style-type: none"> <li>• A consultant that has in-country expertise or business links which are used to introduce BT to his contacts and advocate BT services.</li> </ul>
Sales representative acting on BT’s behalf as an independent contractor in a defined territory.	<ul style="list-style-type: none"> <li>• BT Local Business partners in the UK, but can also be found globally, if permitted by regional compliance teams.</li> </ul>
Business liaison Agent/consultant.	<ul style="list-style-type: none"> <li>• Represents a BT entity in establishing and maintaining a local presence</li> <li>• May be required by local law.</li> </ul>
Customs clearing Agent.	<ul style="list-style-type: none"> <li>• To provide logistics support to import goods.</li> </ul>
Local Representative - An Agent appointed by BT to represent it in a specific location where BT does not have a local presence.	<ul style="list-style-type: none"> <li>• For example, an Agent used to represent the company.</li> </ul>
Lawyers or Accountants	<ul style="list-style-type: none"> <li>• Lawyers or Accountants involved in any contract negotiations or lobbying or representation to Government officials.</li> </ul>
A distributor that works with SMEs that BT would not approach directly.	<ul style="list-style-type: none"> <li>• Indirect sales to small and medium enterprises.</li> </ul>
Land sales or rental Agent.	<ul style="list-style-type: none"> <li>• Property deals.</li> </ul>
Marketing Agent / bid ambassador.	<ul style="list-style-type: none"> <li>• When bidding for services; these people may ‘talk up’ the bid.</li> </ul>
Introducer to Government / public officials.	<ul style="list-style-type: none"> <li>• Deals with public authorities / state owned entities.(Note public officials include anyone appointed by the state – this could include obviously political appointments, but also public health officials, utilities companies)</li> </ul>
Marketing intermediary that finds and introduces business opportunities.	<ul style="list-style-type: none"> <li>• Will conduct market research to introduce BT to potential business, often for a percentage of the sale fee.</li> </ul>
Shipping Agent.	<ul style="list-style-type: none"> <li>• Used to ship goods to foreign countries (Delivery Agent of BT goods).</li> </ul>
Leasing Partner	<ul style="list-style-type: none"> <li>• BT recommended leasing agents who provide finance for customer to purchase BT goods or services</li> </ul>
Alliance	<ul style="list-style-type: none"> <li>• Leads with Service or business outcome</li> <li>• Includes BTs service as part of integrated tech and business solution</li> <li>• Contracts with end customer on own terms and conditions</li> </ul>

EE Franchise	<ul style="list-style-type: none"> <li>• A third party business which is authorised to operate an EE franchised retail business.</li> <li>• Markets and sells products to consumer and/or business end customers on its own behalf under brands approved by EE.</li> <li>• May market and facilitate the sale of certain services to such end customers as EE’s agent.</li> </ul>
EE Indirect Dealer	<ul style="list-style-type: none"> <li>• A third party dealer who operates an independent business.</li> <li>• Markets and sells products to consumer and/or business end customers on its own behalf.</li> <li>• May market and promote the sale of certain services to such end customers as EE’s agent, or other brands approved by EE.</li> <li>• May authorise franchisees to sell a product and/or promote its services directly to such end customers.</li> </ul>
EE Indirect Distributor	<ul style="list-style-type: none"> <li>• A third party distributor who operates an independent business and a distribution chain of authorised stockists/resellers/franchisees.</li> <li>• May market and sell products to consumer and/or business end customers on its own behalf.</li> <li>• May market and promote the sale of certain services to such end customers as EE’s agent or other brands approved by EE.</li> <li>• Such authorised stockists/resellers/franchisees may sell a product and/or promote its services directly to such end customers.</li> </ul>
Consortium partners or partners in teaming agreements	<ul style="list-style-type: none"> <li>• Consortium Partners where BT leads a consortium.</li> <li>• Applies to each third-party under a teaming agreement with BT where there are third-parties working together on the preparation and submission of a tender and subsequent provision of services.</li> </ul>
<b>HRTPs – Maybe in Scope of this standard</b>	
<b>Type of relationship</b>	
Please use the <a href="#">excel tool</a> to determine if the third party is in scope.	
Reseller / Distributor	<ul style="list-style-type: none"> <li>• Sells BT Services to its own customers</li> <li>• Compensated through adding margin.</li> </ul>
System Integrators	<ul style="list-style-type: none"> <li>• System Integrators who are selling BT services as part of a packaged proposition to their own customers.</li> </ul>
<b>HRTPs – NOT In Scope of this standard</b>	
<b>Type of relationship</b>	

Call Centre	Agents employed to handle customer enquiries e.g., Bill, Service issues.
Recruitment consultants	Consultants used to recruit new temporary or permanent employees
Outsource providers	Such as Strada Partners

## Appendix B H RTP In-life Management Checklist

H RTP In-Life Management Checklist	
<b>Name of H RTP:</b>	<b>Completed by:</b>
<b>CFU:</b>	<b>Date:</b>
Task	Status / Comments
<b>Confirm payments are in-line with contract T&amp;Cs (e.g. commission percentages or discount percentages etc.).</b>	
<b>Confirm revenue generated and / or spend with H RTP in last FY – Is this in line with the business case?</b>	<i>Document here</i>
<b>Provide H RTP with the latest versions of <a href="#">Being trusted: our code</a> and BT's <a href="#">ABC Standard</a></b>	
<b>Review contract end date</b> (arrange for contract renewal if required and contact <a href="#">CFU approver</a> about refreshing H RTP approval if contract needs renewing)	<i>Contracts should be renewed every 3 years except for resellers which can be every 5 years.</i>
<b>Review self-certificate date</b> (arrange for renewal if required)	<i>Self-certificates should be renewed every 3 years</i>
<b>Confirm details of any sub-agents that are being used</b>	<i>Sub Agents should be approved by the relationship owner in advance. <u>Please list all sub-agents in use here.</u></i>
<b>Review business justification for using new sub-agents and request details of the due diligence the H RTP has carried out on their new sub-agents</b>	<i>Document here</i>
<b>Identify any ownership changes and/or key board appointments</b>	<i>Document here</i>

<b>Be vigilant to any potential Red Flags</b>	<i>Document here</i>
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# Appendix C Potential Bribery and Corruption Red Flags

Red flags are indicators, or warning signs, of potential bribery and corruption issues and must not be ignored. Red flags should be reported to your CFU approver AND Ethics and Compliance immediately. In this appendix we give examples of common bribery and corruption red flags. This list is not exhaustive, and everyone should remain vigilant for anything which indicates that things may not be right.

## Issues relating to the Third Party’s reputation

- A history or reputation for corruption, or representation by the Third Party of other companies with a questionable reputation.
- Any reluctance by the Third Party to accept the Company’s standard anti-bribery and corruption contractual clauses.
- Any indication that the Third Party has been debarred or is ineligible to contract with any customer (including governments).
- Any indication that the Third Party has committed an Export Control violation, including a violation of the US International Traffic in Arms Regulations.

## Issues relating to the Third Party’s capability

- Uncertainty as to whether the Third Party is suitably qualified or resourced for the work.
- The Third Party is located outside the relevant territory and/or has no significant business presence within the relevant territory.
- Lack of a clear business case for appointing the Third Party or any refusal to provide full details of what the Third Party will do or has done.
- Unauthorised use of subcontractors to perform the services under the contract.

## Any lack of clarity, missing information or strange behaviour by the Third Party

- Arrival of the Third Party on the scene just before the award of a contract.
- A lack of evidence of work performed.

- Any statements that certain amounts of money will be needed to "seal the deal", "get the business" or for a poorly specified purpose (e.g., to "make arrangements") or that the Third Party can circumvent or "expedite" normal business or bid processes.
- Lack of transparency in expenses and accounting records of the Third Party (e.g., seeking to hide certain payments and less obvious concealment).
- Any attempt by the Third Party to keep his/her involvement secret or avoid disclosure of their identity or their engagement as a Third Party.
- Any request from the Third Party to prepare or execute false or inaccurate documentation.
- Any indication that information has been deliberately omitted from written communications to or from the Third Party, for example, statements like "I think it best if we discuss what was said at the meeting - I don't want to put it in writing."
- Due diligence reveals that the Third Party is a shell company or has some other unorthodox corporate structure.
- Winning a seemingly "unwinnable" deal.

#### Links to customers or Government Officials

- Any indication that the Third Party has been recommended by a Government Official or by a representative of the customer.
- Any suggestion of a close personal or professional relationship to a Government Official or customer (whether as employee, contractor, associate, relative, spouse or close acquaintance).
- The Third Party is (a) an active or retired Government Official or (b) owned at least in part by a Government Official.

#### Issues relating to payments and bank accounts

- The Third Party is incorporated in or has nominated a bank account in a territory that is listed from time to time by the EU as a non-cooperative jurisdiction. Where a Third Party is incorporated in or has a nominated bank account in such a territory, advice must always be sought from the Tax team on any tax risks associated with the proposed transaction.
- The Third Party seeks to have payments made to:
  - multiple bank accounts, or have one amount split into multiple payments to the same or different bank accounts;
  - entities other than the entity engaged as a Third Party (for example, to personal bank accounts of directors or to a shell company); or
  - bank accounts outside the relevant territory, country of incorporation or place of business of the Third Party. BT will only make payments in exceptional circumstances to bank accounts outside the territory in which the Third Party is incorporated or operates (or in the case of an individual, resides), or the territory where the Third Party will provide services. In such cases, the proposed bank account must be verified by Finance.
- The Third Party makes requests for:
  - increases in remuneration outside of the contract renewal process;
  - "urgent" payments (especially if just prior to the anticipated award of a contract or a payment due under an existing contract) or for unusually high commissions or payments;
  - payment of any amounts "up-front" (including by way of a loan to be repaid out of future remuneration);

- payment in cash or cheque or by way of an equity investment;
- non-standard descriptions/narratives on electronic transfers;
- a commission or payment that is excessive or above the going rate; or
- a payment, gift or charitable contribution for the Third Party or for another.

## Appendix D Key Control Detail

Key Control Title	Control Objective	Detailed Control Activity
Training and Communication	<p>To ensure that BT people and those that work with BT know and understand that bribery and corruption are not tolerated.</p> <p>To ensure that BT people and those that work with BT know, understand, and follow our procedures to prevent bribery and corruption.</p>	<p>All BT people complete Being trusted: Our Code training.</p> <p>Targeted training delivered by RCA deployed teams and ABC team to higher risk communities identified by bottom-up risk assessment.</p> <p>All HRTPs have equivalent ABC policies and training in place to BT's. Where they do not have training, they complete BT training.</p> <p>Regular drumbeat of ABC communications - communications plan managed by Group Ethics and Compliance.</p> <p>Frequency: Continual</p>
H RTP approval and in-life management	<p>To ensure that we know who we are doing business with, what they do for us, the risk they pose, and that they are reputable, at on-boarding and in-life.</p>	<p>Individuals within the business units identify any high risk third parties that they want to use and follow the mandated Group Ethics and Compliance H RTP approval and in-life management processes.</p> <p>This includes:</p> <ul style="list-style-type: none"> <li>- Risk assessment</li> <li>- Due diligence</li> <li>- Time bound approval</li> <li>- Contract clause</li> <li>- In-life checklist</li> <li>- In-life screening</li> </ul>

		Frequency: Continual
Win New Business ABC Check	To identify high ABC risk sales transactions and ensure that they are appropriately reviewed and approved.	CFU to ensure that only approved ABC H RTP's are used for indirect sales opportunities that are in scope of the ABC H RTP Standard.  Frequency: Continual

**Version Control**

Version	Approval Date	Reason for Change
1.0	11/05/2022	Updated to new Standards template
1.1	16/01/2023	Minor update to hyperlinks
1.2	03/05/2023	Minor update to hyperlinks