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amdocs

## COMPANY PROCEDURE

# Anti-Bribery And Corruption Procedure no. 09-01-05

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Last revision: April 2011

Version No.: 1.0

This procedure may change at any time according to the company's discretion. The contents of the procedure are general guidelines and the company reserves its right to deviate from the procedure, as determined necessary. This document contains proprietary or confidential information of the company.

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## 1. Procedure Information

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Version No.:	<b>1.0</b>
Last revision:	<b>April 2011</b>

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<b>Summary of revision:</b>	<b>Description</b>	<b>Revised Sections</b>
	New procedure	----

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**Applicability:** All Amdocs employees, officers and third parties performing services on behalf of Amdocs are expected to understand and comply with the Amdocs Anti-Bribery and Corruption Policy.

**Implementation & Updating:** Legal Department is responsible for the implementation and updating of this procedure

### Approved by:

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Department Head: **Michal Badhav**

Signature date: April 28, 2011

Signature: "Original Signed"

Procedure's Auditor : **Yossi Ben - Harosh**

Signature date: April 28, 2011

Signature: "Original Signed"

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## 2. Purpose

The purpose of this procedure is to for the Amdocs employees to gain awareness of anti-corruption legislation, understand the consequences of incompliance with such legislation and become acquainted with the relevant Amdocs policy and procedures.

## 3. Definitions

- 3.1. **The Foreign Corrupt Practices Act ("FCPA")** - a U.S. federal criminal and civil law (15 U.S.C. § 78-dd-21 et seq.) that exists to prevent corrupt practices in international transactions.
- 3.2. **The Bribery Act 2010 (the "Bribery Act")** - a new piece of UK legislation which targets cross-border bribery. The Bribery Act similarly carries both civil and criminal liability.
- 3.3. **"Foreign official"** as defined by the FCPA, includes any officer or employee of a foreign government (i.e. other than the United States) or any department, agency, or instrumentality thereof (which includes a government-owned or government-controlled state enterprise) or of a public international organization, any person acting in an official capacity for or on behalf of a foreign government or government entity or of a public international organization, any foreign political party or party official, or any candidate for foreign political office. Thus, foreign officials include not only elected officials, but also consultants who hold government positions, employees of companies owned by foreign governments, political party officials and others.
- 3.4. **"Anything of value,"** as interpreted by the FCPA, includes not only cash or cash equivalents, but also trips, donations, and services. The determination is not retail value but whether the recipient subjectively attaches value to the disbursement.
- 3.5. **"Relevant commercial organization"** under the Bribery Act is wide: it extends to a body incorporated or a partnership formed under the law of any part of the UK, which carries on a business (whether in the UK or elsewhere) or any other body corporate or partnership (wherever incorporated or formed) which carries on a business, or part of a business, in any part of the UK.
- 3.6. **"Associated person"** under the Bribery Act can be any person who performs services on behalf of the organization, including: employees, agents, subsidiary companies and third party service providers, as well as potentially including joint venture or consortia partners.

## 4. Reference documents

- 4.1. [Amdocs Code of Ethics and Business Conduct](#)
- 4.2. [Amdocs Gift and Hospitality Procedure](#)
- 4.3. [Amdocs 'Appointment and Operating Agents in the Group'](#)

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## 5. Policy

All Amdocs employees, directors, officers and third parties performing services for or on behalf of Amdocs are expected to understand and comply with this Amdocs Anti-Bribery and Corruption Policy. Any failure to comply may result in severe disciplinary or other actions.

## 6. Guide to the FCPA and the Bribery Act

### 6.1. Introduction

**6.1.1.** The FCPA prohibits the corrupt payment (or offer, promise or authorization of payment) of “anything of value” to any “foreign official”, directly or indirectly, for the purpose of obtaining or retaining business, directing business to any person or entity, or securing any improper advantage. The FCPA also requires U.S. companies and their subsidiaries to keep accurate and complete books and records and to maintain proper internal accounting controls that accurately reflect all transactions.

**6.1.2.** The Bribery Act introduces four key offences:

- Bribing any person with the intention of the "improper performance of a relevant function or activity";
- being bribed with the intention of the "improper performance of a relevant function or activity";
- bribing a foreign public official ("FPO") or to another person with the FPO's request or consent with intent to influence the FPO in his or her capacity as an FPO; and to obtain or retain business or an advantage in the conduct of business;
- Failing to prevent bribery by a "relevant commercial organization" through an “associated person” with the intention of obtaining or retaining business or an advantage in the conduct of business for that organization (the "Corporate Offence").

### 6.2. Application

Both the Bribery Act and the FCPA have wide extraterritorial reach:

**6.2.1.** The FCPA applies to U.S. Issuers, citizens and companies (as well as their officers, directors, employees, and agents). It also applies to foreign subsidiaries of US Issuers and therefore the entire Amdocs group’s activities may be captured under the FCPA.

**6.2.2.** The first three offences under the Bribery Act (giving and receiving bribes and bribing FPO's) apply to individuals and corporates in the context of acts of bribery committed within the UK by any person or corporate; and to acts of bribery committed outside the UK by a person or corporate which has a "close connection" to the UK (broadly UK companies, UK partnerships, UK citizens or individuals ordinarily resident in the UK). Any Amdocs employee who commits bribery within the UK and all Amdocs UK-based companies and any

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Amdocs employee connected to the UK (irrespective of where the bribe takes place) will therefore fall within the scope of these offences.

The fourth offence under the Bribery Act is even wider: it will be enough for the person paying the bribe to be associated with a corporate which carries on its business or part of its business in the UK. This means that all Amdocs companies and partnerships which carry on any part of their business in the UK will be caught by the Corporate Offence, regardless of where they are incorporated or formed and regardless of where the bribe takes place (so long as it involves an associated person). It is still unclear whether the fourth offence will be interpreted in an even wider manner to apply also to members of the Amdocs group of companies which do not carry on businesses in the UK (even if the bribe took place outside the UK).

### 6.3. Strict Liability

Intention to commit a bribery offence and strict liability: In order to be liable under the FCPA's anti-bribery provisions, a company has to have "knowledge" that a third party paid a bribe on the company's behalf. Note: "knowledge" is not only actual knowledge – it includes: awareness of high probability that the third party will pay a foreign official or ignoring obvious warning signs (conscious disregard). Under the Bribery Act, the corporate offence is one of "strict liability" i.e. the corporate may be held liable even if the associated person may have paid the bribe in question without the knowledge, authorization or involvement of anyone else in the organization. The only defense to the Corporate Offence (but not the other Bribery Act offences) is for the company to demonstrate that it has developed, applied and enforced what the Bribery Act refers to as "adequate procedures" to prevent bribery taking place.

## 7. Group wide anti-bribery and corruption Policies

### 7.1. General

**7.1.1.** The Amdocs Group ("Amdocs") is committed to establishing the highest standards and promotion of good practice in bribery and corruption prevention as a reflection of its core values of integrity, corporate responsibility and transparency.

**7.1.2.** This Anti-Bribery and Corruption Policy applies across all of Amdocs' operations at national and international level. It applies to all directors, officers and employees of Amdocs, both within and outside the U.S. and the U.K. and to, without limitation, all agents, representatives, resellers, joint venture and consortia partners, contractors, sub-contractors or other third parties, persons or firms of any nationality and wherever incorporated who are hired or otherwise retained by Amdocs to perform services on its behalf ("Amdocs Personnel and Associates"). *See more in the Amdocs Code of Ethics and Business Conduct*

<https://secure.ethicspoint.com/domain/media/en/gui/20173/CodeofConduct.pdf>

**7.1.3.** All Amdocs Personnel and Associates are expected to conduct Amdocs' business legally and ethically. Amdocs will not tolerate any form of bribery or

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corruption either directly or through third parties. Amdocs will conduct every national and international business transaction with integrity, regardless of differing local manners and traditions, and will comply with the laws and regulations of each foreign country in which Amdocs operates (except to the extent inconsistent with U.S. or U.K. law), particularly the provisions of the FCPA in the U.S. and the Bribery Act in the U.K.

- 7.1.4.** Bribery or corruption of any kind in any jurisdiction, regardless of local custom or practice, is strictly prohibited. No Amdocs Personnel or Associate shall offer, promise, give any payment, advantage or anything of value, to any person, in order to improperly influence or induce that person to act in any way or to secure any form of advantage for Amdocs, including obtaining or retaining business, obtaining or retaining an advantage in the conduct of business, or directing business to any person or entity.

Nor shall any Amdocs personnel or associate engage in any activity that would lessen the reputation or integrity of Amdocs.

## **7.2. Gifts and hospitality**

- 7.2.1.** Amdocs does not seek to gain any improper advantage through the giving of gifts, entertainment, hospitality, loans, gratuities or other courtesies. Similarly, the impartial judgment of Amdocs Personnel and Associates must not be compromised through the receipt of such courtesies. Giving or receiving gifts or other gratuities must be performed and approved under the rules of the Amdocs Code of Ethics and Business Conduct and the Amdocs Gift and Hospitality Procedure.

- 7.2.2.** All forms of entertaining and hospitality whether given or received, must first be approved pursuant to the Amdocs Gift and Hospitality Procedure and assuming such approval has been given, they must be given or received openly and recorded on the Amdocs Group members' financial records for documented business reasons, all as specified in the Amdocs Gift and Hospitality Procedure.

## **7.3. Charitable donations and sponsorships**

Before making any charitable donation or sponsorship arrangement, due diligence (see below) must be carried out to ensure that any such arrangement is not a subterfuge for bribery. All charitable donations and sponsorship arrangements must be recorded in a register maintained by the CFO.

## **7.4. Facilitation payments**

The making or acceptance of facilitation payments - meaning any payments made with the purpose of securing or expediting performance of routine government action (for example, payments to obtain permits, process payments, secure the connection of basic facilities such as water, gas and cables etc) – by any Amdocs Personnel or Associates is strictly prohibited.

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## 7.5. Recording of transactions

All Amdocs Personnel and Associates shall make and keep books, records, and accounts, which, in reasonable detail, accurately reflect any transactions and dispositions of Amdocs and any of its subsidiaries. Any contracts involving, directly or indirectly payment to a third party for the purpose of obtaining business (including the engagement of agents, resellers, contractors, sub-contractors, representatives, brokers or joint venture or consortia partners) must be in writing and reviewed by the Amdocs Legal Department prior to execution.

In addition, under the Amdocs' procedure on Appointment and Operating Agents in the Group', all Amdocs division presidents, CBEs and VP sales are obliged to report every quarter to the Legal Department regarding all agents' activities.

## 7.6. Risk Assessment

**7.6.1.** Amdocs regularly and on an ongoing basis assesses the nature and extent of the risks relating to bribery and corruption to which it is exposed, being aware that risks are potentially present both internally and externally.

**7.6.2.** Amdocs will ensure that any person responsible for and/or involved in investigating and/or carrying out risk assessment exercises under this Anti-Bribery and Corruption Policy is adequately skilled and equipped to do so and will engage appropriately qualified external professionals where necessary.

**7.6.3.** The CFO will take responsibility for instigating and carrying out relevant risk assessment exercises at regular intervals, such exercises to include (but not be limited to) consideration of:

- Amdocs' business activities across all of its operations nationally and internationally and any actual or proposed changes to those activities;
- Amdocs' employees and their knowledge and understanding of Amdocs' business profile and associated bribery risks;
- the business activities of Amdocs' contractors, sub-consultants, intermediaries, agents, joint venture partners and other business partners and the interface between those activities and those of Amdocs; and
- the markets and countries in which Amdocs and Amdocs Personnel and Associates operate.

## 7.7. Due Diligence and Selection of Agents, other Representatives and Business Partners

**7.7.1.** On the issue of Due Diligence and selection of agents and other partners please refer also to the Amdocs procedure on 'Appointment and Operating Agents in the Group'.

**7.7.2.** For Amdocs in many instances, the use of a third party (including but not limited to local sales agents, resellers, consultants, sub-contractors, representatives, brokers or joint venture or consortia partners) is an essential element of doing business in a foreign country.

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- 7.7.3.** The FCPA and the Bribery Act offences also extend to the conduct of third party agents, sub-contractors and other representatives or business partners.
- 7.7.4.** All Amdocs Personnel and Associates must be sensitive to potential abuses and careful to avoid situations involving third parties which might lead to a violation of the FCPA, the Bribery Act and/or any other local law or regulation.
- 7.7.5.** Amdocs is committed to investigating and being fully informed about the individuals and organizations with whom it has business dealings and about the markets in which it operates.
- 7.7.6.** As part of the investigation in order to avoid potential abuses, due diligence enquiries are performed. Such enquiries are designed, inter alia, to:
- discover a third party's role and position in the relevant society e.g. is the third party a public official?
  - discover whether a third party has any history of corrupt conduct e.g. is he/she likely to offer or make any improper payment to any foreign or public official?
  - confirm that a third-party has sufficient experience and expertise to fulfill his/her role properly and professionally; and
  - confirm that a third-party has a reputation for integrity and proper business conduct.
  - Where appropriate, make enquiries about the risk of bribery and corruption in a particular country or location in which Amdocs is seeking a business relationship, the types of bribery and corruption most commonly encountered there and any information about the preventive actions which are most effective;
  - investigate the bribery risks that a particular business opportunity raises, for example, establishing whether the agent services are to be undertaken at market prices and have a defined legitimate objective and specification;
  - establish whether individuals or other organisations involved in key decisions have a reputation for bribery or corruption and whether anyone associated with them is being investigated or prosecuted, or has been convicted for bribery, corruption or related offences. This may include considering the risks associated with politically exposed persons where the proposed business relationship involves, or is linked to, a prominent public office holder;
  - ensure that all business relationships and transactions are properly documented and recorded and have the express approval of the requisite manager;
  - obtain written assurances of compliance with the FCPA and the Bribery Act from any relevant agents/third parties; and
  - Ensure that Amdocs is able to exit from any business relationship if bribery or any form of corruption occurs or is reasonably thought to have occurred.

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- 7.7.7.** All partners/third-party contractors must be identified and selected on the basis of objective and written evaluation criteria (i.e. on the basis of his/her identifiable commercial and technical competencies and not because he/she is the relative of an important government official).
- 7.7.8.** A written agreement must be entered into prior to doing business with any partner/third-party, the form of which must be based on specific terms and conditions and receive the written approval of a member of the Amdocs Legal Department. Although the terms of such agreements may vary based upon the relationship between the relevant parties, the transaction at hand, and the relevant jurisdiction, each written agreement shall include appropriate Anti-Bribery and Corruption representations and warranties and a reference to the Amdocs Code of Ethics and Business Conduct, and each partner/third-party contractor must agree in writing to abide by same.
- 7.7.9.** A detailed file of due diligence efforts and findings is to be maintained in every instance. Following completion of the due diligence process the General Counsel of Amdocs will decide whether or not to approve the engagement of the relevant third party.

## **7.8. Communication and training**

Amdocs will communicate this policy to all Personnel and Associates. Relevant employees and, where appropriate and possible, anyone acting on Amdocs' behalf will receive training on the terms and implementation of this policy together with the relevant reporting procedures. The training includes both frontal training sessions and an on-line training program designed to allow participants to become acquainted with anti-corruption legislation and understand the relevant Amdocs procedures and the consequences of non-compliance.

## **7.9. Monitoring and review**

- 7.9.1.** The General Counsel will ensure that this policy is monitored and reviewed on an annual basis and adapted to changing circumstances or in response to any incidents involving bribery or corruption.
- 7.9.2.** Internal monitoring and review mechanisms may include the following actions:
- ensuring the use of effective financial and auditing controls in order to pick up potential and actual irregularities;
  - periodic reporting of anti-bribery and corruption reviews to Amdocs senior management;
  - independent assessment of the adequacy of anti-bribery and corruption policies.
- 7.9.3.** Amdocs Chief Executive Officer takes ultimate responsibility for the implementation, compliance and enforcement of this policy with day-to-day matters being dealt with by the General Counsel who reports directly to the Board.

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## 7.10. Reporting procedures and further information

- 7.10.1.** Any person who suspects or becomes aware of any violation of this Anti-Bribery and Corruption Policy must report the violation to his/her supervisor, who will immediately advise the Amdocs Legal Department, who shall cause an investigation of the reported matter to be conducted.
- 7.10.2.** In the alternative, any person who suspects or becomes aware of any violation of this Anti-Bribery and Corruption Policy may report the suspected violation to the Amdocs Ethics Hotline (using one of the methods for making a report specified in the following link:
- <https://secure.ethicspoint.com/domain/media/en/gui/20173/index.html>
- 7.10.3.** Employees should also seek guidance from their manager (who in turn should contact the Legal Department) if they are unclear about any of the provisions of this policy or would like more information.
- 7.10.4.** No employee will be retaliated against for raising in good faith any concerns or suspicions relating to this Anti-Bribery and Corruption Policy.
- 7.10.5.** No employee will be penalized for refusing to pay or accept a bribe even if such refusal results in the loss of business to Amdocs.

## 7.11. Enforcement of the FCPA, the UK Bribery Act and of this Anti-Bribery and Corruption Policy

- 7.11.1.** As part of an aggressive international push to fight corruption, enforcement of the FCPA in recent years has become very harsh. Further, the Bribery Act is likely to be enforced equally stringently by the UK authorities. The enforcement includes:
- Liability of senior officers: Offences under both the FCPA and the Bribery Act can carry prison sentences of up to ten years for executives, senior officers and other personnel.
  - Unlimited fines: FCPA enforcement includes penalties which amount to hundreds of millions of dollars in fines. If Amdocs were to be found guilty of any of the four offences under the Bribery Act it could bear an unlimited fine. The UK authorities have indicated that any fines imposed under the Bribery Act will be similarly draconian.
- 7.11.2.** Any Amdocs Personnel or Associate whose duties are likely to lead to involvement in or exposure to any of the areas covered by the FCPA and/or the Bribery Act is expected to become familiar with and comply with this Anti-Bribery and Corruption Policy. Periodic certifications by individuals of compliance with the Amdocs Anti-Corruption Policy will be required, as will participation in training sessions as instructed by Amdocs management.
- 7.11.3.** It is the individual responsibility of every Amdocs Personnel or Associate, whose duties are likely to lead to involvement in or exposure to any of the

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areas covered by the FCPA and/or the Bribery Act, by action, supervision and frequent review, to ensure strict compliance with this Anti-Bribery and Corruption Policy.

**7.11.4.** Compliance with this Anti-Bribery and Corruption Policy will be rigorously enforced and Amdocs will take disciplinary or other appropriate action against anyone acting on its behalf who is found to be in breach of any of its terms.

**7.11.5.** In addition to the civil and criminal fines and penalties imposed by the FCPA and the Bribery Act, violators of this Anti-Bribery and Corruption Policy will be subject to disciplinary measures imposed by Amdocs. Penalties for violations will vary with the circumstances, but may include termination of employment/engagement with Amdocs.

## 8. Appendixes

None.