



## Appointment of Agents Policy

### Summary

1. The Group requires that the appointment of agents (term deemed to include also distributors, sales representatives, implementation partner, see point 6 below) does not prove detrimental to the integrity of its business.
2. In your own interests and in those of the Group's business, you must strictly adhere to these guidelines at all times; failure to comply may be treated as a disciplinary matter, and could potentially lead to dismissal or in the case of a third party supplier who acts on behalf of LSEG, termination of their contract.

### A. Background and purpose

3. From time to time, the London Stock Exchange Group plc and/or its affiliates/subsidiaries (the "Group") may wish to appoint local sales and/or marketing agents in certain jurisdictions to promote, sell, market or provide the Group's products and services on the Group's behalf. In different geographical locations the rules, regulations, customs and practices can vary significantly.
4. The purpose of this Appointment of Agents Policy (the "Policy") is therefore to:
  - a. ensure the Group's integrity is not compromised by the appointment of agents;
  - b. ensure the Group does not incur any criminal liability, either as a company or as individuals, for example resulting from bribery laws including the UK Bribery Act;
  - c. minimise the risks of doing business with agents in the country in question;
  - d. set out a procedure to be followed for the appointment and ongoing use of agents; and
  - e. provide further guidance of the typical issues to consider when contemplating entering into an agency arrangement.
5. If you have any queries on this policy or any other questions regarding the appointment of local agents, please contact your line manager in the first instance, or Group Legal.

### B. Policy statement

6. An “agent” is defined as meaning any company, entity or individual which acts as agent, intermediary or representative in relation to the award of a contract by the Group.

7. You must:

- a. Only appoint an agent when the use of an external provider has been considered and it has been determined to be necessary in the specific circumstance;
- b. only appoint agents with a proven track record and reputation, which includes not taking/paying bribes or being involved in corrupt practices;
- c. consider whether agents have appropriate procedures in place to minimize the risk of bribery;
- d. carry out appropriate due diligence before appointing agents, in particular completing the questionnaire set out in Appendix 1;
- e. review the ‘appointment of agents checklist’ in Appendix 2 which gives guidance on agent appointment ‘dos and don’ts’;
- f. consult the further guidance set out in section D of this Policy, as appropriate;
- g. submit to Group Legal before appointment of the agent a draft of the relevant agreement and of the Questionnaire for approval;
- h. obtain approval from a member of the Executive Committee prior to the appointment of the agent;
- i. notify Group Finance of the proposed appointment, so they can assess any financial implications (including tax);
- j. notify Group Legal of agents on appointment and provide a copy of the signed contract; and
- k. carry out annual performance reviews of the agent, including total amount of remuneration paid to the agent and re-perform due diligence on annual renewal (and provide such information to Group Finance).

### **C. Scope and escalation**

8. This Policy applies to all employees (staff, contract and temporary) and extends to all of the Group’s businesses and transactions in all countries in which the Group operates. It is also provided to third party suppliers who act on LSEG’s behalf.

9. If you are thinking about appointing an agent:

- a. ensure you have taken the steps necessary in order to adhere to the process outlined in paragraph 7 above; and
- b. check with your line manager whether your department has a separate policy, and if so, ensure that you are complying with that.

### **D. Further Guidance**

## *Preliminary issues*

### 10. Due diligence:

- a. **agents questionnaire** - as part of the due diligence process, prior to appointing an agent, the relevant LSEG Company should complete the agents questionnaire set out in Appendix 1. Responses and assessments should be documented and retained by each local company for audit trail purposes; and
- b. **checklist** - the relevant LSEG Company should review the checklist set out in Appendix 2 to help assess the potential risks associated with any agent appointment. Any potential issues should be raised with Group Legal at an early stage.

### 11. Commercial considerations:

- a. **appointment** - there are different ways in which an 'agent' may be appointed, eg as a sales agent, marketing agent or distributor. Alternatively, it may be worth considering appointing your own direct sales force;
- b. **control** - consider how much control you want to retain? (eg who will negotiate the price, other terms of sale, who will drive the marketing, what marketing methods are to be used, etc);
- c. **local laws** - check local laws/practices to help you make the decision. If appropriate, seek local legal advice (please speak to Group Legal first);
- d. **country-specific risks** - consider whether there are any particular socio-economic, geographical or political risks or other barriers to entering into an arrangement with a third party overseas (eg political and security environment, trade sanctions, quality of infrastructure and resources, crime statistics, government corruption, terrorism, war/conflicts); and
- e. **tax** - check with Group Finance to ensure any tax issues are considered.

## *Key contractual considerations*

### 12. In addition to the above, some key considerations when appointing an agent and entering into an agency agreement include:

- **statutory requirements:** in the UK, the Commercial Agents Regulations 1993 apply to certain agency arrangements (similar laws apply throughout the EU based on EC Directive 86/653). These Regulations lay down mandatory obligations on principals, which cannot be contracted out of;
- **authority:** establish the precise scope of the agent's authority. The extent of the agent's territory or customer group should be precisely defined within the agency agreement;
- **territory:** consider whether the agent is to have exclusive, non-exclusive or sole rights in the defined territory. Consider whether the

principal wishes to reserve certain rights for itself such as the right to supply certain customers in that territory;

- **term:** consider the term of the appointment including notice periods and provision for renewal;
- **products/services:** establish the products or product range or services that are to be covered by the agreement, and also consider what future products/services might need to be in scope;
- **remuneration:** consider how the agent is to be remunerated for its services – will payment be on a fixed fee or commission basis? Will it be in the local currency? Where is the agent going to be paid? Is the agreed remuneration in line with market practices and levels? Is it commensurate with the services being provided? Please contact Group Finance to consider any implications;
- **timing of payment:** (where the EC Directive on self-employed commercial agents applies, payments must be made at least quarterly). Consider when commission will become due: upon delivery by the principal or upon payment by the customer;
- **information/audit rights:** consider including rights to access the agents books and records, or to require the agent to submit his accounts to external audit periodically;
- **termination:** where the EC Directive applies, agents are entitled to compensation or indemnity on termination, however in the US there is no such obligation;
- **ownership:** the agreement should state what rights of ownership the principal has over stock or money or other property held by the agent and to what extent he can assert his rights of ownership against third parties;
- **multiple agents:** where principals appoint agents on a non-exclusive basis, they may be liable to pay commission twice on the same transaction – once to the agent who first acquired the customer for the principal, and again to the agent (if different) who actually concludes the transaction with the customer;
- **competition issues:** if the agent is based in UK or EU, competition law may be relevant; and
- **non compete clauses:** if there is to be a restrictive covenant to prevent the agent from competing with the principal for a time after termination, such restriction will need to be limited to two years maximum and may be subject to other competition issues.

### *Other issues*

13. If the agent performs part of its functions outside the UK, consider the need to register the agreement on any applicable foreign commercial registers.

14. Other relevant Group policies to consider include:

- a. Anti-corruption;
- b. Gifts & hospitality;
- c. Finance manual (purchasing and payments);
- d. Group business principles;

- e. specific policies applicable to UK Regulation; and
- f. Competition compliance policy.

## Appendix 1

### Agents Questionnaire

The sample questionnaire below sets out an example of the types of questions that should be asked as part of the due diligence process, prior to the appointment of an agent. Please note that these questions are merely a guide and more detailed/specific questions may be required on a case by case basis.



LSEG Agents  
Questionnaire.doc

## Appendix 2

### Appointment of Agents - Checklist

This checklist below sets out potential risk factors to consider when appointing agents. Please note that these factors are simply a guide and detailed due diligence on each appointment will need to be carried out in accordance with this Policy.

#### High risk factors - *do not appoint agent*

- agent is/has been involved in acts of corruption, eg bribery, extortion, fraud, collusion, money-laundering or similar activities (eg agent has been prosecuted, convicted and/or fined by relevant authorities in any jurisdiction);
- agent has been barred from tendering for third party contracts as a result of corruption;
- services/work to be performed by the agent are not legitimate or the agent does not have the capability or resources to perform stated services/work; or
- agent cannot be fully identified (name, address, legal entity) and/or such identify cannot be verified.

#### Potential high risk factors - *consult Group Legal before appointing agent*

- agent is the subject of allegations of corruption;
- agent is based in a country where high risks of bribery and corruption exist at a governmental/public/regulatory authority level;
- agent is based in a country where geo-political, socio-economic and/or security/infrastructure risks exist;
- agent is based in a country where trade sanctions/embargos apply (whether they are imposed by the UK, US or elsewhere);
- family members of agent have government or regulatory authority connections;
- agent nominates a third party (or offshore account) to make or receive payments;
- agent requires fees/benefits for the work/services which are out of line with the market norm for the relevant sector in the relevant country;
- agent has failed to provide audited annual accounts for last 3 accounting years without good reason;
- agent has a conflict of interest in relation to the project; or
- agent has no corporate policy for countering corruption or refuses to agree to anti-corruption wording in draft documentation provided by the Group.

**Positive factors - *useful indications, but still need to ensure compliance with Appointment of Agents Policy, including consulting with Group Legal before appointing agent***

- agent has demonstrated that it has anti-bribery and corruption policies in place and such policies have been implemented;
- due diligence has not revealed any issues;
- agent is already/has been previously appointed by a company within the Group;
- agent has well established, global reputation with high profile clients;
- agent is a member of a multi-national corporation with a well established reputation;
- reputation of the agent has been independently verified (eg by referees or third party risk management consultants);
- independent due diligence on the agent and/or country has been carried out by a risk management consultancy, such as Control Risks or Det Norske Veritas; or
- [agent is a UK listed company].