

Third-Party Risk Management (MPS 404)

Ethics and Compliance

Effective: 11/16/2017

Revision: 1

1 POLICY

- 1.1 DXC Technology ("DXC") shall engage with reputable third party companies only. Therefore, prior to their engagement, [all DXC third parties](#) shall be subject to an independent, risk based due diligence evaluation:
 - 1.1.1 At a minimum, [all DXC third parties](#) must clear a sanctions and restricted party screen before the third party will be permitted to be setup in DXC's payment system.
 - 1.1.2 Additionally, DXC third parties with [elevated risk](#) shall be subject to a reputational and anti-corruption due diligence review commissioned by the Ethics & Compliance Office ("ECO"). DXC third parties that are deemed to have elevated risk are those third parties attached to [high risk sales opportunities](#) and those third parties that [act on DXC's behalf](#). Due diligence must be completed and a compliance recommendation must be evidenced before contracting with the third party will be permitted.
- 1.2 A written agreement must be in place between DXC and [all DXC third parties](#). That agreement must be approved and executed in accordance with DXC policies and within the delegated limits of managerial authority set forth in DXC's [Delegation of Authority](#).
- 1.3 No DXC third party shall be paid before the required written agreement between DXC and the third party is fully approved and executed.
- 1.4 All third party relationships must be proactively monitored and managed to ensure compliance with negotiated agreements. Business leaders may elect to assign a [relationship manager](#) to fulfil this role.

2 APPLICABILITY

As allowable by law, this policy applies worldwide to all directors and employees of DXC, its wholly-owned subsidiaries, and their affiliates.

3 THIRD PARTY DUE DILIGENCE

3.1 All DXC Third Parties:

Sanctions and Restricted Party Screening. All [DXC third parties](#) must clear a sanctions and restricted party screen before the third party will be setup in DXC's vendor payment database. Supply Chain Management is responsible to ensure the initial screen is completed. ECO is responsible to investigate or otherwise resolve any red flags or negative findings. ECO will give the final approval on any third party flagged during a sanctions and restricted party screen.

3.2 **DXC Third Parties with Elevated Risk:**

ECO Reputational and Anti-Corruption Due Diligence Review (“ECO Due Diligence”). DXC third parties with elevated risk shall be subject to additional risk based due diligence through the ECO’s Anti-Corruption Due Diligence Team, every two years. The extent of this examination will vary based on the risk presented by the third party and any red flags identified in the initial assessment*. ECO due diligence will be completed in accordance with [Attachment 1: Third Party Due Diligence Flow Chart](#). In general, increasing risk will demand increasing scrutiny:

- **Level 1 Due Diligence:** At a minimum, Level 1 ECO due diligence shall comprise a due diligence questionnaire (“DDQ”), a screening against government watch lists, media searches and checks of other publicly available information, and a review of the business justification, the proposed scope of work, and the proposed compensation.
- **Level 2 Due Diligence:** Higher risk third party relationships may require Level 2 diligence, which typically call for a telephone interview and completion by the third party of online anti-bribery and anti-corruption training.
- **Level 3 Due Diligence:** Third parties who present significant red-flags* in Level 1 or 2 diligence may require an outside third party report, such as an International Company Profile from the US embassy or another independent third party due diligence provider like Trace International, Navex Global, or WorldCheck (NOTE: this list of independent third party due diligence providers is not exhaustive).

*See [EXHIBIT 1](#) for a list of common third party red flags.

3.2.1 **Categories of Third Parties with Elevated Risk**

- **Third parties attached to high risk sales opportunities:** In accordance with the [DXC Delegation of Authority – Sales Attachment 1](#), third parties attached to high risk deals are required to complete ECO Due Diligence. Due diligence must be completed on all third parties attached to a high-risk deal, prior to Deal Review. Third parties in this category can be both third parties that act on DXC’s behalf and also third parties that do not act on DXC’s behalf including, for example, suppliers, sub-contractors, systems integrators and third parties who provide application support.
 - High risk sales opportunities are opportunities that meet all four of the following criteria:
 - 1) The opportunity has a TCV of ≥ 500,000 USD;
 - 2) The opportunity is for a [public sector end customer](#);
 - 3) The opportunity is in a [high-risk country](#);
 - 4) The opportunity includes third party suppliers or sub-contractors where DXC is either performing the role of prime contractor or subcontractor.
 - **Due diligence requests for third parties attached to high risk deals.** The due diligence analyst will reach out to opportunity owners who are overseeing high risk deals to initiate the due diligence process. Opportunity owners are responsible to ensure all third parties to their deal are identified and presented to the ECO for due diligence.
- **Third parties that act on DXC’s behalf.** These are third parties that will be interfacing with and promoting DXC’s interests to a DXC end customer. Marketing agents, channel partners, resellers, solutioning partners, law firms and legal representatives/agents are all examples of third parties that will act on DXC’s behalf.
 - **Relationship Managers.** A [relationship manager](#) must be assigned to each third party that will act on DXC’s behalf. The relationship manager is usually the sales or opportunity lead overseeing the relationship between DXC and the third party. The relationship manager is responsible to ensure that the third party completes

the required due diligence steps and will be responsible to monitor the third party's performance after the contract is signed.

- **Due diligence requests.** Due diligence requests should be submitted via [Attachment A-2 Third-Party Due Diligence Request Form](#) ("Form A-2"), by the regional legal lead or delegate. The relationship manager of a particular third party is responsible to complete the Form A-2 for each third party that will act on DXC's behalf. The relationship manager should submit the completed form to the relevant legal lead. The legal lead should review the business justification proposal in Form A-3 and then submit the form to the [compliance diligence mailbox](#) to begin due diligence.

THIRD PARTY DUE DILIGENCE				
Required Due Diligence	Third Parties without Elevated Risk*	Third Parties with Elevated Risk		
		Act on DXC's Behalf	High Risk Deals	Law Firms in High Risk Countries
Sanctions/RPL Screen	Yes	Yes	Yes	Yes
ECO Due Diligence	No	Yes	Yes	Yes

*All DXC third parties not described in [section 3.2.1](#).

- 3.2.2 Waiver for well-known third parties.** In some cases, such as when DXC comes to market with very well-known multinational corporations like SAP, Oracle, IBM, Amazon or Microsoft, for example, or a well known law firm, the requirement for ECO Due Diligence may be waived. All processes outlined in [Sections 3.1](#) and [3.2](#) of this policy should be adhered to unless otherwise notified by the ECO team that the due diligence waiver has been applied.

4 AUDITS

DXC's Internal Audit department or Ethics and Compliance Office may conduct periodic audits to verify compliance with the third party agreement and other provisions of this policy.

5 INTEGRATION OF ACQUISITIONS

When DXC acquires a new company, or legal entity, the company should as soon as is reasonable, but no longer than eight (8) months following the close of the acquisition, integrate any and all third parties engaged with the acquired company under the requirements of this policy.

6 KEY DEFINITIONS

DXC Third Party: Any business partner, supplier, sub-contractor, reseller, distributor, joint venture, consortium, teaming partner, channel partner, lobbyist, law firm or other business partner that will either assist DXC in delivering services, represent DXC's interests to a customer or third party, or provide DXC a service.

High Risk Country: DXC high risk countries are countries with a Transparency International [Corruption Perceptions Index](#) score below 50.

Public Sector End Customer: Any entity that is owned or controlled by a government. This will include any entity where a government has greater than 50% ownership, or otherwise controls the entity. You should consult your DXC legal lead for a determination as to whether an entity is government-owned for purposes of this policy. In countries with government-owned or operated

institutions or industries, such as health care, education, energy, telecom, banking or transportation, you should assume these entities are Public Sector.

Relationship Manager: The sales or opportunity lead overseeing the relationship between DXC and the third party. This employee is held accountable to ensure that the third party completes the required due diligence steps and monitors the third party's performance after the agreement is signed.

7 ATTACHMENTS

[Attachment A-1: Third- Party Due Diligence Flowchart](#). This flowchart is provided as a step-by-step procedural guide for requesting third party due diligence on third parties with [elevated risk](#).

[Attachment A-2: Third-Party Due Diligence Request Form](#). This form is required for requesting due diligence on third parties with [elevated risk](#). The form should be completed by the relationship manager.

8 REFERENCES AND RELATED POLICIES

[Anti-Corruption Policy](#)

[Code of Business Conduct](#)

[Delegation of Authority Attachment A – Sales Transactions](#)

[Ethical and Legal Business Conduct](#)

[Supplier Contracting and Purchasing Policy](#)

EXHIBIT 1: Red Flags

Presence of Red Flags either in pre-due diligence or red flags uncovered by the ECO during a due diligence review, will increase the amount of scrutiny given to that particular third party. It's important that DXC employees involved in the selection of third parties be aware of these red flags and understand the risks they present to DXC.

Some common third party red flags are listed below:

- ✓ History of corruption within the third party or affiliate of third party
- ✓ Customer recommendation to employ third party
- ✓ Refusal to certify compliance or lack of information provided on request
- ✓ Requires payment through another third party in another country
 - ✓ Requests unusually large commission
 - ✓ Makes large or frequent political contributions
- ✓ Family or business ties to relevant government officials
 - ✓ Uses a shell or holding company or blind trust
 - ✓ Known financial difficulties or recent bankruptcy
 - ✓ Lack of qualifications
- ✓ Credible rumors or media reports of corrupt behavior