KEAN UNIVERSITY FCPA COMPLIANCE POLICY

I. POLICY STATEMENT

It is the unalterable policy of Kean University ("Kean" or "Kean USA") that officers, employees, faculty, staff, agents, and all others, working for or on behalf of Kean must comply with the provisions of the Foreign Corrupt Practices Act ("FCPA"), and other applicable laws governing corruption and bribery including the laws of the foreign countries where Kean conducts operations.

Kean prohibits any person acting on its behalf from providing bribes of any kind, directly or indirectly, to any person, anywhere, at any time, for any purpose, regardless of foreign custom or practice. Moreover, Kean prohibits any person acting on its behalf from accepting or receiving bribes or improper payments or anything else of value contrary to applicable anti-corruption and anti-bribery laws.

No member of Kean's workforce, or anyone else acting on behalf of Kean, may, directly or indirectly, offer, promise, pay, give or authorize any financial or other advantage, or anything else of value, to a foreign official or any other person, with the intent to exert improper influence over the recipient to induce the recipient to violate his or her duties in order to obtain or retain business for Kean, direct business to any person or entity or otherwise secure an improper advantage for Kean.

Kean has determined that strict compliance with this Policy and the law is of greater value to the university than any other opportunities that may be delayed or lost as a result of compliance.

Compliance with this Policy is mandatory. No employee has the authority to act contrary to the provisions of this Policy or to authorize, direct or condone violations of it by any other employee or by any agent.

Any employee who has knowledge of facts or incidents which he or she believes may be in violation of this Policy has an obligation, promptly after learning of such fact or incident, to review the matter with the Kean USA Ethics Liaison Officer.

Any employee who violates this Policy, who orders another to violate this Policy, or who knowingly permits a subordinate to violate this Policy, will be subject to appropriate disciplinary action.

II. RESPONSIBLE OFFICES AND OFFICERS

The persons responsible for implementation of these procedures are Kean USA Executive Vice-President of Operations, Kean USA Special Counsel and the Wenzhou-Kean Vice Chancellor for Academic Affairs and Provost. The office responsible for modifications or other updates to these procedures is the Kean USA Office of University Counsel/Ethics Office.

The Kean USA Executive Vice-President of Operations and Ethics Liaison Officer and the Wenzhou-Kean Vice Chancellor for Academic Affairs and Provost will regularly communicate and assess university activities to ensure compliance with the FCPA and all other applicable laws governing corruption and bribery. In these routine meetings, relevant factors will be considered to determine whether any modification to this Policy, additional internal controls or training, is necessary or appropriate.

III. COMMITMENT TO COMPLIANCE

(a) **Compliance with Laws:** Compliance is a core value for Kean. Also, Kean is committed to conducting its business ethically and in full compliance with the laws of the countries where it is located and provides services. Kean prohibits all improper or unethical payments to any Foreign Official anywhere in the world. Countries around the world are adopting anti-corruption laws, which make it a crime to make bribes. Both Kean and Kean's representatives are governed by these laws and must abide by them.

(b) **Reporting Demands for a Bribe:** Each and every person doing business with Kean must understand that Kean Representatives will not, under any circumstances, offer, give or accept bribes. Any suspicion or actual demand for a bribe or payment of a bribe must be brought to the immediate attention of the Kean USA Ethics Liaison Officer.

(c) **Kean Will <u>NOT</u> Pay Fines or Penalties Assessed Against the Kean's Representatives for Any Violations of the FCPA or Any Other Anti-Corruption Laws:** Violations of anti-corruption laws will subject both Kean and Kean's Representatives to fines and criminal penalties, including jail time. Kean will not pay any fines or penalties assessed against a Kean Representative who is found guilty of violating any anti-corruption laws.

IV. PROHIBITED PRACTICES

An FCPA violation for bribery will occur if Kean, or any person acting on behalf of the university, including the Kean's officers, directors, employees, agents, or any other individual or entity working on behalf of the university:

(a) offers, pays, promises to pay, or authorizes the payment of anything of value;

(b) to any foreign official, any foreign political party or official thereof, or any candidate for foreign political office, or other person, knowing that the payment to that other person would be passed on to a foreign official, foreign political party or official thereof or candidate for foreign political office;

(c) to corruptly;

(d) influence any official act or decision, induce an action or an omission to act in violation of a lawful duty, or to secure any improper advantage;

(e) or induce any act or decision that would assist the University in obtaining, retaining, or directing business to any person.

V. DEFINITIONS

(a) **Corrupt Intention:** Although the statutory language does not define the term "corruptly," the legislative history indicates that the word "corruptly" connotes an evil motive or purpose, an intent to wrongly influence the recipient. The offer, payment, promise or gift must be intended to induce the recipient to misuse his or her official position to the payor's benefit. This does not require that the official actually misuse his or her position, only that the payor intended such a result in consideration for a thing of value given. It is therefore likely that a payment or an offer to pay any amount made for the purpose of influencing official action might be found to be an intent to "corruptly" influence the recipient.

(b) **Foreign Official:** This term means any officer or employee of a foreign government or any department, agency, or instrumentality thereof, or of a public international organization, or any person acting in an official capacity for or on behalf of any such government or department, agency, or instrumentality, or for or on behalf of any such public international organization. This term also includes spouses or other immediate family members of foreign officials. Any doubts about whether a particular person is a government official should be resolved by assuming that the individual involved is a government official for FCPA purposes.

(c) **State-of-Mind of "Knowing":** A person's state of mind is "knowing" with respect to conduct, a circumstance, or a result, if: (1) such person is aware that he or she is engaging in such conduct, that such circumstance exists, or that such result is substantially certain to occur; or (2) such person has a firm belief that such circumstance exists or that such result is substantially certain to occur. If knowledge of the existence of a particular circumstance is required as an element to prove an offense, such knowledge is established if a person is aware of a high probability of the existence of such circumstance, unless the person actually believes that

such circumstance does not exist. Therefore, a U.S. entity may not turn a "blind eye" towards suspicious activities in hopes that it does not discover the prohibited activity. The fact that a reasonable belief of such activities exists, is enough to demonstrate knowledge.

(d) **"Anything of Value":** Although not defined within the FCPA or legislative history, this term has been interpreted expansively. Items found to be "of value" include the following: money; gifts of any kind or in any form; discounts; use of resources (materials, facilities, and equipment); entertainment; luxuries (food, travel, meals, lodging); promises for future employment; and insurance benefits. "Anything of value" includes any item of potential, present or future benefit. Kean follows this expansive and non-inclusive definition of "anything of value."

VI. PENALTIES

Penalties for violating the FCPA can be extremely severe. Kean could incur civil fines up to $10,000 in any action brought by the United States Attorney General.

Individual persons are subject to criminal fines of up to $100,000, imprisonment for up to five (5) years, or both. Individuals are also subject to a civil penalty of not more than $10,000 imposed in an action brought by the Attorney General.

Whenever a fine is imposed upon an individual representative of Kean, the fine may not be paid, directly or indirectly, by Kean, pursuant to applicable law.

Furthermore, Kean takes its obligations to comply with the FCPA seriously. Therefore, employees, faculty, staff, agents, and all others working on behalf of Kean, who fail to follow Kean's FCPA policy and procedures, whether expressly stated in this Policy or otherwise, may be subject to adverse employment action, including, where warranted, dismissal.

VII. PERMISSIBLE PAYMENTS

(a) **Facilitation Payments:** Facilitation payments are not bribes, improper payments, or gifts. These payments are expressly permitted under the FCPA and are defined as expediting payments to a foreign official, political party, or party official. The purpose of facilitation payments is to expedite or to secure the performance of a routine governmental action by a foreign official, political party, or party official. No payment over $1,000 will be considered a facilitation payment.

(b) **Lawful Payments:** The FCPA permits payments to foreign officials that are lawful under the written laws and regulations of that official's country. The absence of written laws prohibiting certain activity does not meet the

requirement that the activity be lawful under the written laws. Moreover, the fact that foreign officials may routinely solicit and receive bribes does not make the payment of such bribes acceptable for Kean and/or its officers, employees, faculty, staff, agents or other representatives.

(c) **Reasonable and Bona Fide Expenses:** The FCPA also permits payments, gifts, offers, or promises of anything of value that was reasonably made, or a bona fide expenditure, such as travel and lodging expenses, incurred by or on behalf of a foreign official, and was directly related to: (1) the promotion, demonstration or explanation of products or services; or (2) the execution or performance of a contract with a foreign government or agency thereof.

(d) **Travel Expenses Specifically:** Care should be taken when paying for the travel expenses of a Foreign Official. Kean will only reimburse those travel expenses that are necessary to cover the business aspects of any trip and will not pay for travel expenses for friends or family members of the Foreign Official, or any side-trips that have a personal benefit to the official.

(e) **Gifts Specifically:** It is important to understand the culture and local customs in foreign affairs. In certain instances, such etiquette requires that gifts be exchanged prior to engaging in certain activities, or at applicable holiday times. Kean's policy is to prevent those situations where the value of gifts or other circumstances could lead to the conclusion that the gift was given to an official in order to gain improper influence, which would violate the FCPA, even if common practice in the local jurisdiction. Cash gifts are strictly prohibited.

(f) **Meals or Entertainment Specifically:** While reasonable payments for meals and/or entertainment are acceptable, if such meals and/or entertainment extend beyond what is reasonable and customary for a Foreign Official, then the expense may be determined as a violation of the FCPA.

VIII. FCPA RED FLAGS

Certain situations arise which may indicate a potential violation of the FCPA. It is important to examine any suspect circumstances that may exist in determining whether to retain a particular outside individual or entity. The following "red flags" are merely a representative list of the types of transactions that may suggest a potential violation. Any person affiliated with Kean should always be alert to signs that a transaction may violate the FCPA.

(a) **Payments Greater Than "Normal":** These may be finders' fees, agents' fees or payments for goods or services that are higher than the general going rate for such services.

(b) **Payments to Local Officials:** Kean representatives in other countries should be wary of local agents of that country possibly making payments to local officials, or if an agent works for an entity owned by a local official or relative. If the local agent references any "special accommodations" that have to be made with local officials or warns against asking too many questions about how business is transacted in that particular jurisdiction, red flags should be raised and the agent should be investigated. The local agent should have an established reputation in the local jurisdiction and be able to provide details of his or her credentials in the business area.

(c) **Well-Defined Services:** Kean representatives should pay attention to whether a local agent is hesitant to provide the details of the services to be performed, or will only state that he or she will "do what it takes" to accomplish a task.

(d) **Requests for Payment to Third Parties or Out of Country Destination:** Any request by a local official for payment to a third party or out of country destination should be treated with caution and immediately raise a red flag. No payment should be made to such a party until complete documentation is provided regarding the third party's qualifications and reasons for payment to such party.

(e) **Place of Payments:** It is important to consider the business atmosphere in which the third party operates and whether the locale has a reputation for improper payment activities.

(f) **Special Requests:** Red flags should be raised if the foreign official suggests that a specific representative handle the work, requests high service related fees, adds premiums to the contract or suggests that Kean use a special contractor not typically used or known by Kean. If such a situation arises, Kean requires that its representatives obtain no less than two alternate recommendations so that Kean may choose amongst them.

(g) **Large Bonuses:** Although not inherently illegal, large bonuses which are success-based require careful scrutiny since the recipient of such a bonus may be tempted to share a portion of the bonus with a government official if the government official agrees to exercise his or her influence to secure an order for Kean.

(h) **Over Invoicing:** Invoices which are higher than normal, or inadequately documented as to products or services delivered or received compared to prices charged or paid can be a sign that money is being siphoned for inappropriate uses.

(i) **Lack of Standard Invoices:** Abbreviated, "customized" or non-industry-standard invoices can be an indication of efforts to hide or disguise payments for unauthorized purposes. Kean representatives must require standard invoices. If a standard invoice is not obtainable, the Kean representative must demand a satisfactory and credible explanation for any variation.

(j) **Requests for Payments in Cash or Bearer Instrument:** Any direct request for payment in cash or via a bearer instrument should raise immediate red flags. Payments in cash or bearer instrument are strictly prohibited by Kean as discussed in further detail below.

IX. REASONABLE DILIGENCE

It is Kean's policy not to contract with or retain any individual or outside firm with a record of violating the FCPA or similar laws or regulations or that has a documented history of questionable legal or ethical practices. Kean will use reasonable efforts and diligence to assess the fitness of prospective representatives, consultants, agents, sub-agents, contractors, sub-contractors, joint venture partners, and other third parties of Kean. Also, Kean reserves the right to choose to conduct periodic reviews of existing third party relationships. The scope of these reviews will fluctuate depending on the nature of the relationship and the facts of the situation.

X. CONTRACTS AND/OR LICENSING

Any contracts and/or licenses involving, directly or indirectly, Foreign Officials must be in writing and reviewed by Kean USA Special Counsel and Kean USA University Counsel/Ethics Liaison Officer. These contracts and/or licenses should:

(a) Include specific provisions acknowledging the commitment of Kean and the other contracting parties to comply with the FCPA, any local anti-bribery laws, and Kean's Policy in connection with the agreement at issue;

(b) Contain a provision that any violation of the FCPA, Kean's FCPA Policy, or any applicable law or regulation provides Kean with cause to terminate the contractual relationship and a forfeiture of any payments still owing under the terms of the contract;

(c) Contain language that all contracting parties and any sub-agents or subcontractors will consent to and cooperate in any due diligence that Kean believes appropriate to facilitate the FCPA Policy;

(d) Contain language that all contracting parties will advise in writing of any sub-agents or subcontractors;

(e) Identify whether any employees or agents of the contract party are Foreign Officials; and

(f) Contain a provision that all contracting parties will keep accurate records and will make records relating to the contract available for inspection.

Additionally, every such transaction must set forth in detail the specific goods and/or services provided. All invoices must be copied and filed in preparation for internal audits by the University. Kean will conduct random and regular audits as it deems necessary and appropriate to ensure FCPA Compliance.

XI. CASH PAYMENTS

Cash payments of any kind to a third party, other than documented petty cash disbursements or other valid and approved payments, are prohibited. Company checks shall not be written to "cash," "bearer" or anyone other than the party entitled to payment except to replenish properly used petty cash funds.

XII. POLITICAL CONTRIBUTIONS

Contributions to candidates for foreign political office are prohibited unless the Kean USA Ethics Liaison Officer pre-approves any such contribution in writing.

XIII. RECORD KEEPING

All expenses involving foreign government officials must be recorded accurately, providing the purpose and amount of the expenditure.

XIV. REPRESENTATIVES

All third party representatives of Kean must fully comply with the FCPA and all other applicable laws.

XV. DUTY TO COOPERATE

Kean may at times undertake a more detailed review of certain transactions. As part of these reviews, Kean requires all officer, employees, staff, agents and third-party representatives to cooperate with Kean, outside legal counsel, outside auditors, or other similar parties. Kean views failure to cooperate in an internal review as a breach of your obligations to Kean, and will deal with this failure severely in accordance with any local laws or regulations.

XVI. QUESTIONS ABOUT THE POLICY

Any questions relating to this Policy should be directed to the Kean USA Ethics Liaison Officer at ethics@kean.edu.

XVII. REPORTING POLICY VIOLATIONS

To report potential violations of this policy, immediately notify the Kean USA Ethics Liaison Officer at ethics@kean.edu.