

Anti-corruption & Bribery Policy



Summary

This Anti-Corruption & Bribery Policy is issued and fully endorsed by the Board of Directors of Associated British Ports. This policy was first issued in June 2011 as part of the Company's response to the introduction of the Bribery Act 2010 (the Bribery Act), but in large part it serves merely to reinforce ABP's commitment to operating in an honest and proper manner in accordance with the law and is a clear statement from the Directors of the Board that bribery and corruption is not supported, condoned or tolerated in any circumstances. Bribery and corruption is a moral issue as well as being a potential business risk and a serious threat to an organisation's financial health and reputation.

The Bribery Act to some extent simply consolidated a number of existing laws and offences, however, the Act also introduced a new strict liability corporate offence of failure to prevent bribery and extended the scope of some of the existing legislation, e.g. by making ABP responsible for the acts of its agents, contractors and a range of other associated parties in certain circumstances. The Bribery Act, therefore, means that all UK companies and all companies operating within the UK (even if based outside the UK) are subject to possibly the most exacting bribery and anti-corruption rules in the world. These rules apply in respect of ABP's conduct both at home and abroad.

Bribery and corruption are criminal offences and, under the Bribery Act, are punishable in the case of any individuals directly involved by up to ten years' imprisonment and/or an unlimited fine and, in the case of ABP, by an unlimited fine and potentially serious damage to its reputation. In addition, any director or senior manager of ABP may be liable if an offence is committed with their consent or connivance. The Bribery Act also extends ABP's liability to bribery undertaken by third parties that are considered to be acting on ABP's behalf (e.g. suppliers, agents, contractors). In other words, if an agent provides a bribe or facility payment for the benefit of ABP's business, ABP and its directors and managers (and indeed any other employee who has sanctioned such a bribe) could be liable for that agent's acts.

This policy has been produced to:

- provide a clear statement, endorsed by the Directors of ABP of ABP's position on bribery and corruption, i.e. bribery and corruption will not be tolerated in any circumstances;



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- set out ABP's responsibilities, and the responsibilities of ABP's employees and of any other person/entity working for or on behalf of ABP, in observing and upholding ABP's position on bribery and corruption;
- provide information and guidance to those working for ABP on how to recognise and deal with bribery and corruption issues;
- provide guidance on the giving and receiving of gifts and hospitality within the context of the Bribery Act.

Circulation of this policy

This policy was given to all current employees at the time of its introduction in July 2011 and will be given to all new employees as part of their induction. All contractors or agents engaged to act on behalf of ABP must be made aware of this policy.

This policy is published on the ABP website and is therefore available to all contractors or agents engaged by ABP. This policy is also published on the ABP intranet.

An e-learning training session about the Bribery Act is mandatory for those employees in management, supervisory or executive positions or who might be in a role where they could influence, or be influenced, by bribes involving a third party for ABP's benefit.

Policy Statement

What is bribery?

A bribe is an inducement or reward offered, promised or provided in order to gain any commercial, contractual, regulatory or personal advantage. The following sets out some examples of how ABP and its workers could be exposed to acts of bribery:

- **Receiving a bribe:** An ABP worker accepting inappropriate gifts, money, hospitality, benefits or any financial or other reward from a third party in return for providing some sort of favour. For example, a potential supplier offers to carry out some building works at your home for free, but only if you agree to use your influence within ABP to ensure that ABP does business with the supplier. Or a customer of ABP offers a "benefit" to an ABP worker which is not generally available to other ABP workers. For example, a major cruise customer offers a 75% discount on a cruise holiday to an ABP worker (rather than the standard 25% which is generally available



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to ABP workers (if that was the case)) in exchange for the ABP worker using their influence to concede a point in a commercial negotiation.

- **Giving a bribe:** An ABP worker offering gifts, money, hospitality or any financial or other reward to a third party in return for providing some sort of favour. For example, you offer a potential customer tickets to a major sporting event but only if that customer agrees to do business with ABP.
- **Bribing a foreign official:** An ABP worker arranges for the business to pay an additional payment to a foreign official to speed up an administrative process. For example, an agent or contractor acting on behalf of ABP offers a foreign official a payment, not specifically permitted by the laws of that country, to speed up a governmental process where we are procuring a new piece of machinery from that country or to secure a contract or even just the right to tender for a contract for ABP to provide services in that country.

All of the above examples constitute a criminal offence under the Bribery Act (see penalties section below) and are not acceptable behaviour. In addition, they will almost certainly constitute gross misconduct on the part of any ABP employee found to have engaged in, sanctioned or condoned any such conduct.

Gifts and Hospitality

From time to time, ABP workers may receive gifts from, or be entertained by, third parties doing business with ABP or wishing to do business with ABP. Similarly, from time to time ABP workers may entertain third parties. This policy does not prohibit normal and appropriate hospitality (given and received) to or from third parties in the context of maintaining or building healthy arms length business relationships. It does, however, require all workers to exercise their judgment and give proper consideration to whether any such gift or hospitality is appropriate and proportionate and, perhaps just as importantly, would be seen to be appropriate and proportionate, for example if reported both to the Board and to a local or national newspaper. The test is whether in all the circumstances the gift or hospitality is reasonable and justified and the intention behind the gift or hospitality should always be considered.

The General Code of Conduct (which is an appendix to all terms and conditions of employment) gives general guidance on how an employee should conduct themselves.

Some further guidelines in relation to accepting gifts and entertainment are set out below.



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Accepting or receiving gifts

The Schedule attached to this policy sets out guidelines which should be followed in regard to the acceptance or presentation by ABP of gifts / benefits.

Accepting or giving of entertainment and hospitality

Entertainment typically involves lunches, dinners or invitations to events like lunches, sports events and cultural events where the third party is present. Such routine entertainment is appropriate and to be encouraged if it is clearly in the proper interests of the Company, for example where a new bona fide business relationship is being established or where an ongoing business relationship is being maintained. Employees are expected to exercise care in deciding what is routine and will want to take into account the apparent value of the entertainment and how it would be perceived.

The Schedule attached to this policy sets out guidelines which should be followed in regard to the accepting or giving of entertainment and hospitality.

Any employee who is in doubt about whether to accept or give gifts or hospitality should refer the matter to their line manager.

Gifts and Entertainment Register

The giving or accepting of gifts and hospitality is required to be conducted on an open and transparent basis. All gifts and entertainment which are accepted or given which exceed the specified nominal values must be recorded in the Gifts and Entertainment Register which has been established as part of this policy and which is detailed below.

Every employee is required to keep a record of all gifts and hospitality (either given or received) above the values specified in the guidelines. The Gifts and Entertainment Register will be held and maintained within the online ABP Expenses System. Where the online Register is not available for any reason, employees are expected to keep records and enter the details of any gifts and hospitality once the online Register becomes available.

Access to the Gifts and Entertainment Register will be granted to the relevant line manager, Regional Directors, Port Managers, Regional HR Managers, Functional Directors, the Company Secretary and members of the Board where appropriate.



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What is not acceptable?

It is not acceptable for you (or someone on your behalf) to:

- give, promise to give, or offer, a payment, gift or hospitality with the expectation or hope that a business advantage will be received, or to reward a business advantage already given
- give, promise to give, or offer, a payment, gift or hospitality to a government official, agent or representative to 'facilitate' or expedite a routine procedure, to facilitate the giving of any consent or to facilitate the award of any contract to ABP or inclusion of ABP in any contract tender process
- accept payment from a third party that you know or suspect is offered with the expectation that it will obtain a business advantage for them
- accept a gift or hospitality from a third party if you know or suspect that it is offered or provided with an expectation that a business advantage will be provided by ABP in return
- threaten or retaliate against another worker who has refused to commit a bribery offence or who has raised concerns under this policy
- engage in any activity that might lead to a breach of this policy.

Political and charitable contributions and sponsorship

ABP does not typically make contributions to political parties and ABP only makes charitable or other appropriate donations that are legal and ethical.

All charitable, philanthropic, political and community investment must be approved by an ABP Director. To avoid an issue of impropriety any such activities must be transparent and able to withstand public scrutiny.

Facilitation payments and 'kickbacks'

A facilitation payment is an offer of payment to any public official in order to speed up a bureaucratic service, facilitate a transaction, contract or tender process or gain an improper



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advantage. Such payments or gifts are a bribe and are illegal. Under no circumstances may a facilitation payment be given by an ABP employee or sanctioned by an ABP employee via an agent, contractor or other third party intermediary to a public official any where in the world

Any demands for a facilitation payment must be reported as soon as possible to the Director of Marine and Compliance and the Company Secretary or in their absence a member of the ABP Legal Department.

Kickbacks are typically payments made in return for a business favour or advantage. All workers must avoid any activity that might lead to, or suggest, that a facilitation payment or a kickback will be made or accepted by ABP.

Responsibility for bribery prevention and detection

Each individual within ABP has a responsibility for the prevention and detection of bribery. In particular:

- You must ensure that you read, understand and comply with this policy.
- The prevention, detection and reporting of bribery and other forms of corruption are the responsibility of all individuals working for or under the control of ABP. All workers are required to avoid any activity that might lead to, or suggest, a breach of this policy.
- You must notify your line manager as soon as possible if you believe or suspect that a conflict with this policy has occurred, or may occur in the future (e.g. if a third party which ABP is considering dealing with has a reputation for paying or requesting bribes).
- If for any reason you are unable to notify your line manager, you may notify the Director of Marine and Compliance or the Company Secretary instead.

Disciplinary action and criminal penalties

Any employee who breaches this policy will face disciplinary action, which could result in dismissal for gross misconduct. ABP also reserves its right to terminate its contractual relationship with other workers engaged by or on behalf of ABP if they breach this policy.

Under the Bribery Act, any employee found guilty of:

- offering, promising or giving a bribe
- requesting, agreeing to receive or accepting a bribe



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- bribing a foreign public official, either directly or through a third party intermediary or agent contrary to the provisions of the Act (each a 'bribery offence') may receive up to 10 years in prison and/or an unlimited fine.

Any director, senior officer or manager found guilty of consenting or conniving with an employee or other worker found guilty of a bribery offence above may receive up to 10 years in prison and/or an unlimited fine.

In the event that a bribery offence is committed by an employee or other worker for or on behalf of ABP, ABP will be liable to prosecution and an unlimited fine unless it can show that it had adequate procedures in place to prevent such bribery taking place.

How to raise a concern

ABP is committed to ensuring that no bribery or corruption occurs in its name or on its behalf and you are therefore encouraged to raise concerns about any suspicion of malpractice at the earliest possible stage. If you are unsure whether a particular act constitutes bribery or corruption, or if you have any other queries, these should be raised with your line manager or the Company Secretary.

If you are concerned about confidentiality or victimisation and feel unable to raise concerns with your line manager or the Company Secretary then concerns may also be reported by following the procedure set out in *'Whistleblowing' – Public Interest Disclosure Act 1998*. The Public Interest Disclosure Act 1998 gives employees the right to speak out or 'blow the whistle' on wrongdoing within an organisation. ABP has a confidential procedure to make it easier for any individual who is concerned about wrongdoing within the Company to do something about it. If you raise a concern under this procedure it will be treated in the strictest confidence and everything possible will be done to protect your identity. **The ABP whistleblowing freephone hotline number is 0800 374 199.**

Procedures to detect bribery

ABP has a number of procedures in place to prevent, detect or minimise the risk of bribery occurring. These include, but are not limited to:

- Accounting policies and procedures, including clearly defined limits of authority, purchasing and expenses processes.
- Monitoring of commercial negotiations (e.g., major contract award/renewal, rent reviews) via monthly reporting and regular financial reviews and legal review processes for all major commercial contracts.



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- General Code of Conduct issued to all employees as part of their terms and conditions of employment.
- Standard procurement process for awarding contracts and standardised supplier terms and conditions.
- Training employees to ensure they have the knowledge and understanding of bribery risks.
- Regular review of the risks that face ABP.
- Monitoring and auditing the Anti-Corruption and Anti-Bribery Policy on a regular basis to ensure it is appropriately and effectively implemented.
- Maintaining and monitoring the Gifts and Entertainment Register.
- Having authority limits for the award of contracts and approval of capital expenditure.
- Internal audit review of procedures and systems on a rotational basis and review of contract tenders.
- Investigation of calls to the Whistleblowing Hotline.

Conclusion

The Company does not condone any form of bribery and has a number of controls and procedures in place to prevent and detect bribery should it occur. All employees are encouraged to report any colleague, customer, supplier, manager or groups of individuals, they may suspect of being involved in any act(s) of bribery or corruption.

Background

This policy applies the Bribery Act 2010.

Applicability

This policy applies to all individuals working at all levels and grades, including senior managers, officers, directors, employees (whether permanent, fixed or temporary), consultants, contractors, trainees, seconded staff, casual workers, agency staff, agents, or any other person associated with ABP, or any of ABP's subsidiaries or their employees, wherever located (collectively referred to as '**workers**' in this Policy).



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Definitions

- **bribe:** an inducement or reward offered, promised or provided in order to gain any commercial, contractual, regulatory or personal advantage.
- **facilitation payment:** is an offer of payment to any public official in order to speed up a bureaucratic service, facilitate a transaction, contract or tender process or gain an improper advantage.
- **kickbacks:** are typically payments made in return for a business favour or advantage.

Responsibility

The ABP Board of Directors, under the guidance of the Company Secretary, has overall responsibility for ensuring this policy complies with ABP's legal and ethical obligations, and that all those under ABP's control comply with it.

The Director of Marine and Compliance has primary and day to day responsibility for implementing this policy, and for monitoring its use and effectiveness.

All managers are responsible for ensuring those reporting to them are made aware of and understand this policy and are given adequate and regular training on it.



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Schedule

ANTI-CORRUPTION & BRIBERY POLICY

GUIDANCE ON GIFTS & HOSPITALITY

All ABP employees (and other workers e.g. contractors, sub-contractors, and consultants) are required to exercise judgment and give proper consideration to whether any such gift or hospitality is appropriate and proportionate in the particular circumstances, including where the Guidance below states that a gift of hospitality may (on the face of it) be acceptable.

| GUIDANCE FOR ACCEPTING / RECEIVING GIFTS | |
|--|---|
| Apparent value of each individual Gift | |
| £0-£10 | <p>May be accepted by employee</p> <p>Does not need to be recorded in the Gifts and Entertainment Register.</p> |
| £10 - £50 | <p>May be accepted by employee</p> <p>Must be recorded in Gifts and Entertainment Register</p> |
| More than £50 | <p>Must be pre-authorized by Line Manager prior to acceptance.</p> <p>If authorised and accepted, it must be recorded in Gifts and Entertainment Register.</p> |
| More than £100 / non-routine gifts | <p>Must be pre-authorized by relevant Regional or Functional Director of the employee. Or in the case of a Head Office employee or a Director, their Ultimate Line Director / Manager (e.g. for directors the Chief Executive (CEO), for finance the Chief Financial Officer (CFO)). In the case of the CFO, the CEO shall pre-authorise and in the case of the CEO, the CFO shall pre-authorise.</p> <p>If authorised and accepted, it must be recorded in Gifts and Entertainment Register.</p> <p>Generally speaking, gifts worth more than £100 are unlikely to be authorised for acceptance, except in exceptional circumstances.</p> |



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| General Guidance | |
|--|--|
| Multiple Gifts | <p>Multiple gifts from same customer / supplier over a short period of time should be avoided.</p> <p>If the value of gifts from same customer / supplier over the course of a year exceeds £100 then:</p> <ul style="list-style-type: none"> - it should be reported to the Line Manager; and - all gifts should be recorded in the Gifts and Entertainment Register (regardless of value). |
| Seasonal Gift Baskets | <p>May be accepted by employee - but it is expected that the contents are shared with team members.</p> <p>Must be recorded in the Gifts and Entertainment Register.</p> |
| Examples of Gifts which <u>must not</u> be accepted in any circumstances | <ul style="list-style-type: none"> • Cash • Gift Vouchers • Personal Loans • Airline Tickets • Use of a Holiday Property • Offer of heavily discounted services or works for personal benefit of individual • Offer of a "benefit" which is not generally available to other ABP employees (e.g. a 75% discount on a cruise holiday rather than a standard 25% offered to all ABP employees). |
| GIVING OR PRESENTATION OF GIFTS BY ABP TO ANY THIRD PARTY | |
| <p>The same thresholds / guidelines as above apply to the giving or presentation of gifts by ABP to a third party.</p> | |



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| GUIDANCE FOR ACCEPTING / RECEIVING ENTERTAINMENT / HOSPITALITY | |
|---|--|
| Apparent value per person of meal / entertainment / hospitality event | |
| £0-£10 | <p>May be accepted by employee (e.g. a routine sandwich lunch over a business meeting).</p> <p>Does not need to be recorded in the Gifts and Entertainment Register.</p> |
| £10-£50 | <p>Unless stated below, all meals / hospitality / entertainment worth over £10 per person must be pre-authorized by Line Manager prior to acceptance.</p> <p>If authorised and accepted, it must be recorded in Gifts and Entertainment Register.</p> <p>Pre-authorization is <u>not required</u> for routine business meals (such as lunches and dinners) which are not reasonably expected to exceed £50 per person. Such meals must still be reported in the Gifts and Entertainment Register.</p> <p><i>It is acknowledged that participation in such lunches and dinners is a routine part of maintaining and building important business relationships for ABP. However, employees are still required to consider whether such lunches or dinners have a legitimate business purpose and are appropriate to the relevant circumstances.</i></p> |
| More than £50 | <p>Must be pre-authorized by Line Manager prior to acceptance.</p> <p>If authorised and accepted, it must be recorded in Gifts and Entertainment Register.</p> |
| More than £100 / non-routine entertainment / hospitality | <p>Must be pre-authorized by relevant Regional or Functional Director of the employee. Or in the case of a Head Office employee or a Director, their ultimate Line Director / Manager (e.g. for directors the CEO, for finance the CFO). In the case of the CFO, the CEO shall pre-authorise and in the case of the CEO, the CFO shall pre-authorise.</p> <p>If authorised and accepted, it must be recorded in Gifts and Entertainment Register.</p> |



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| | Generally speaking, offers of entertainment / hospitality worth significantly more than £250 is unlikely to be acceptable, expect in exceptional circumstances |
| More than £1000 | <p>In the unlikely case that the cost of the proposed entertainment / hospitality is likely to exceed £1,000 per person, it must be approved in advance by the General Counsel & Company Secretary.</p> <p>If authorised and accepted, it must be recorded in Gifts and Entertainment Register.</p> <p>Generally speaking, entertainment or hospitality in excess of £1,000 per person is unlikely to be acceptable, except in exceptional circumstances.</p> |
| General Guidance | |
| Multiple entertaining | Multiple entertaining of employees by the same supplier / vendor or third party over a short period of time should be avoided. |
| Non-Local Invitations | Any non-local entertainment invitations must be pre-cleared with the relevant Line Manager. The travel and/or hotel portion for any such event must be paid for by ABP unless otherwise approved by the employee's Line Manager. |
| Invitations where customer / supplier not attending | <p>Unless exceptional circumstances apply, the gift of any hospitality by a customer, supplier or other appropriate third party to an ABP worker and/or their family will not be acceptable unless a representative of such customer, supplier or third party is also present. <i>i.e. it will generally not be acceptable for an ABP worker to accept free tickets for an event, or provision of hospitality for the sole benefit of the worker or their family or friends.</i></p> <p>The same principle will apply to the provision of any hospitality by ABP to a third party i.e. it is not acceptable for ABP to provide tickets for any event to a third party unless a representative of ABP is also attending and hosting such hospitality.</p> <p>Must be pre-authorised by relevant Regional or Functional Director of the employee. Or in the case of a Head Office employee or a Director, their ultimate Line Director / Manager (e.g. for directors the CEO, for finance the CFO). In the case of the CFO, the CEO shall pre-authorise and in the case of the CEO, the CFO shall pre-authorise.</p> |



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ENTERTAINMENT / HOSPITALITY BY ABP TO ANY THIRD PARTY

The same thresholds / guidelines as above apply any hospitality / entertainment offered by ABP to a third party.