

Esh Group

Anti-corruption & Bribery

POLICY STATEMENT

Policy Author

Anna Urbanowicz

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Policy Review Date

As per changes in legislation (3-year max review)

Policy Owner

Andy Radcliffe
Group Chief Executive Officer

1. Policy Statement

- 1.1 The Esh Group policy is to conduct all of our business in an honest and ethical manner. We take a zero-tolerance approach to bribery and corruption and are committed to acting professionally, fairly and with integrity in all our business dealings and relationships wherever we operate and implementing and enforcing effective systems to counter bribery.
- 1.2 The Esh Group will uphold all laws relevant to countering bribery and corruption in all the jurisdictions in which we operate including the Bribery Act 2010, in respect of our conduct in the UK and in the unlikely event, regarding transactions with overseas companies or individuals.
- 1.3 The purpose of this policy is to:
 - (a) set out our responsibilities, and of those working for us, in observing and upholding our position on bribery and corruption; and
 - (b) provide information and guidance to those working for us on how to recognise and deal with bribery and corruption issues.
- 1.4 Legislation in the form of the Bribery Act 2010 means that bribery and corruption are currently punishable for individuals by up to ten years' imprisonment and if we are found to have taken part in corruption we could face an unlimited fine, be excluded from tendering for public contracts and face damage to our reputation. The Esh Group therefore takes its legal responsibilities very seriously.
- 1.5 This Anti-Corruption and Bribery Policy should be read and applied in conjunction with other policies held with the Group, in particular the Esh Group Employees Handbook and the Esh Group Whistle Blowing Policy & Procedure. The most up to date versions may be found on Share Point, via the HR team, or via the Group Director for Internal Controls.

2. Scope

This policy applies to all individuals working at all levels and grades, including directors, officers, senior managers, employees (whether permanent, fixed-term or temporary), consultants, contractors, trainees, seconded staff, home-workers, casual workers and agency staff, volunteers, interns, agents, sponsors, or any other person associated with us, or any of our subsidiaries or their employees, wherever located (collectively referred to as workers in this policy).

In this policy, third party means any individual or organisation the Esh Group may come into contact with during the course of its activities and includes actual and potential; clients, customers, suppliers, distributors, business contacts, agents, advisers, financiers, local and central government officials and public bodies, including their planning officers, building inspectors, representatives and other officials, politicians and political parties.

The Esh Group zero-tolerance approach to bribery and corruption will be communicated to all workers, third parties and business partners at the outset of our business relationship with them and as appropriate thereafter.

3. Definitions

A bribe is an inducement or reward offered, promised or provided in order to gain any commercial, contractual, regulatory or personal advantage.

A bribe may be an offer or promise in the future. Illustrations of an 'advantage' includes (but not limited to) money, gifts, loans, fees, hospitality, services, discounts and the award of a contract or anything else of value.

Corruption is the abuse of entrusted power or position for private gain.

A bribe, advantage or corrupt activity, is not solely restricted to cash as illustrated by the following examples;

Offering a bribe

You offer a potential customer or their representative/family tickets to a major sporting event, but only if they agree to do business with us.

This would be an offence as you are making the offer to gain a commercial and contractual advantage. The Esh Group may also be found to have committed an offence because the offer has been made to obtain business for us. It may also be an offence for the potential customer to accept your offer.

Receiving a bribe

A supplier offers your nephew a job, internship or work experience (paid or unpaid), but makes it clear that in return, they expect you to use your influence within the Esh Group to ensure we continue to do business with them.

It is an offence for a supplier to make such an offer. It would be an offence for you to accept the offer as you would be doing so to gain a personal advantage.

Bribing a foreign official

You arrange for a third party to pay an additional 'facilitation' payment to a foreign official to speed up an administrative process e.g. clearing goods through customs.

The offence of bribing a foreign public official is committed as soon as the offer is made. This is because it is made to gain a business advantage for the Group. In addition, Esh may also be found to have committed an offence.

The Appendix, Potential Risk Scenarios: "red flags", provides examples of where there is a risk that the integrity of actions may be brought into question and therefore must be reported promptly to your Managing Director, or alternatively the Group Chief Executive Officer, or the Group Director for Internal Controls for further consideration.

4. Gifts & Hospitality

- 4.1 This policy does not prohibit normal and appropriate hospitality (given and received) to, or from third parties.
- 4.2 As part of normal business relationships and from time to time as a necessary as part of your role, clearly identified business expenses relating to travel and accommodation in connection with legitimate business trips or meetings, may be paid for by a supplier or similar third party. This policy allows reasonable and proportionate business costs to be covered by a third party if this is:
- a) Open and honest and such trips are recorded in the working schedule/diary;
 - b) Within the UK mainland (all overseas trips require explicit CEO approval); and,
 - c) It is clear that it relates to a business meeting, or inspection of product, or premises.

In the presence of any doubt, all such trips paid for by a third party in excess of £150 should be reported to the Managing Director before they are undertaken.

- 4.3 The giving, or receipt of gifts, is not prohibited if the following requirements are met:
- a) it is not made with the intention of influencing a third party to obtain or retain business or a business advantage, or to reward the provision or retention of business or a business advantage, or in explicit or implicit exchange for favours or benefits;
 - b) it complies with the law;
 - c) it is given in the name of the Esh Group, and not in your name;

It does not include any cash, or a cash equivalent (such as gift certificates or vouchers). Attention is drawn to the Group Payment Procedures and supplementary guidelines on the distribution and management of cash within Esh Group. All requests for cash (notes and coins) require specific and explicit director level approval in line with the agreed authorities.

- d) it is appropriate and proportional in the circumstances. For example, it is customary for small gifts to be given at Christmas time;
- e) taking into account the reason for the gift, it is of an appropriate type and value and given at an appropriate time;
- f) it is given openly, not secretly;
- g) gifts should not be offered to, or accepted from, government/public sector officials or representatives, local councils or their representatives, or politicians or political parties, without the prior approval of the Esh Group Executive;

4.4 We appreciate that the practice of giving small business gifts is normal and acceptable. The test to be applied, is whether in all the circumstances the gift or hospitality is reasonable and justifiable. The intention behind the gift should always be considered keeping in mind how the transaction may be perceived by a recipient or an observer. If there is any doubt that a gift is not normal or acceptable, then please refer to your Managing Director.

4.5 All gifts, hospitality given or received in excess of £150, must be declared and recorded in writing to the appropriate Managing Director. Further references can also be found in the Esh Group Employee Handbook (2015 section 3).

5. What is Not Acceptable?

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

- a) 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;
- b) give, promise to give, or offer, a payment, gift or hospitality to a government official, civil servant, local councillor, agent or representative to "facilitate" or expedite a routine procedure;
- c) 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;
- d) 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 us in return;
- e) threaten or retaliate against another worker who has refused to commit a bribery offence or who has raised concerns under this policy;
- f) use cash as a means to avoid recording a transaction; or
- g) engage in any activity that might lead to a breach of this policy.

6. Facilitation Payments & Kickbacks

- 6.1 The Esh Group does not make, and will not accept, facilitation payments or "kickbacks" of any kind. Facilitation payments are typically small, unofficial payments made to secure or expedite a routine government action by a government official, civil servant or local councillor or similar.
- 6.2 If you are asked to make a payment on behalf of the Esh Group, you should always be mindful of what the payment is for and whether the amount requested is proportionate to the goods or services provided. You should always ask for a receipt which details the reason for the payment. If you have any suspicions, concerns or queries regarding a payment, you should raise these with your Managing Director or The Group Chief Executive Officer.
- 6.3 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 kickback will be made or accepted by the Esh Group.

7. Donations

The Esh Group does not make contributions to political parties.

The Esh Group will only make charitable donations that are legal and ethical under local laws and practices. These will normally be processed via The Esh Charitable Trust and all exceptions must be approved prior to payment, with the Group Chief Executive.

8. Your Responsibility

- 8.1 You must ensure that you read, understand and comply with this policy.
- 8.2 The prevention, detection and reporting of bribery and other forms of corruption are the responsibility of all those working for us, or under our control. All workers are required to avoid any activity that might lead to, or suggest, a breach of this policy.
- 8.3 You must notify your Managing Director, or the Group Chief Executive Officer as soon as possible if you believe or suspect that a conflict with this policy has occurred or may occur in the future.

For example, if a customer or potential customer offers you something to gain a business advantage with us or indicates to you that a gift or payment is required to secure their business. Further examples of "red flags" are set out in the attached Appendix, Potential Risk Scenarios.

- 8.4 Any employee who breaches this policy will face disciplinary action, which could result in dismissal for gross misconduct. We reserve our right to terminate our contractual relationship with other workers if they breach this policy.
- 8.5 You must declare to your Managing Director and keep a written record of all hospitality, or gifts accepted or offered, which is valued in excess of £150. These records may be subject to independent compliance checking at any later date.
- 8.6 You must ensure all personal expense claims or requests for finance payments relating to hospitality, gifts or expenses incurred to third parties are submitted in accordance with the Esh Group Delegated Authority and Payments Procedures and Esh Group Expense Policy. These must specifically record the reason for the expenditure, the names of all persons involved indicating who are employees and who are guests. All claims or requests must be clear and openly recorded and settled via the normal reimbursement procedures.

- 8.7 All accounts, invoices, memoranda and other documents and records relating to dealings with third parties, such as clients, suppliers and business contacts, should be prepared and maintained with strict accuracy and completeness. No accounts must be kept "off-book" to facilitate or conceal improper payments.

9. Company Responsibility

- 9.1 The Esh Group Board of Directors has overall responsibility for ensuring this policy complies with our legal and ethical obligations, and that all those under our control comply with it.
- 9.2 The Group Chief Executive Officer has primary and day-to-day responsibility for implementing this policy, and for monitoring its use and effectiveness and dealing with any queries on its interpretation.
- 9.3 It is the responsibility of the Group Chief Executive Officer, through the Group Human Resource Director and Group Chief Financial Officer to ensure that:
- › All staff are made aware of this policy;
 - › Financial records and appropriate controls are in place;
 - › Financial and appropriate controls are in place which will evidence the business reason for making payments to third parties;
 - › Appropriate action is taken against employees whose actions are inconsistent with this policy; and,
 - › Management at all levels are responsible for ensuring that those reporting to them, are made aware of and understand this policy and are given adequate and regular training on it.

10. How to Raise a Concern

You are encouraged to raise concerns about any issue or suspicion of malpractice at the earliest possible stage. If you are unsure whether a particular act constitutes bribery, advantage, or corruption, or if you have any other queries, these should be raised initially with your Managing Director.

However, if a concern is unresolved, or if sensitivities dictate, you should refer to the procedure set out in the Esh Group Whistle Blowing Policy and Procedure. A copy of this can be obtained from SharePoint or via the H.R. team. Further references can also be found in the Esh Group Employee Handbook.

11. What to do if You are a Victim of Bribery or Corruption

It is important that you tell your Managing Director, the Group Chief Executive Officer, or the Group Director for Internal Controls as soon as possible, if you are offered a bribe by a third party, are asked to make one, suspect that this may happen in the future, or believe that you are a victim of another form of unlawful activity.

12. Equality & Diversity

- 12.1 Workers who refuse to accept or offer a bribe, or those who raise concerns or report another's wrongdoing, are sometimes worried about possible repercussions. The Esh Group policy is to encourage openness and we will support anyone who raises genuine concerns in good faith under this policy, even if they turn out to be mistaken.
- 12.2 We are committed to ensuring no one suffers any detrimental treatment as a result of refusing to take part in bribery or corruption, or because of reporting in good faith their suspicion that an actual or potential bribery or other corruption offence has taken place, or may take place in the future. Detrimental treatment includes dismissal, disciplinary action, threats or other unfavourable treatment connected with raising a concern. If you believe that you have suffered any such treatment, you should inform your Managing Director, the Group Human Resources Director, or the Group Chief Executive Officer immediately. If the matter is not remedied, and you are an employee, you should raise it formally using the grievance procedure as outlined in the Esh Group Employee Handbook [2015 section 7] or contact the HR team.
- 12.3 This policy will undergo a periodic review to ensure the policy remains fit for purpose and remains non-discriminatory.

13. Training & Communication

- 13.1 Training on this policy forms part of the general induction process for all new workers. All existing workers will receive periodic, relevant updates on how to implement and adhere to this policy as appropriate.
- 13.2 The Esh Group zero-tolerance approach to bribery and corruption must be communicated to all suppliers, contractors and business partners at the outset of our business relationship with them and as appropriate thereafter.

14. Monitoring & Review

- 14.1 The Group Chief Executive Officer will monitor the effectiveness and review the implementation of this policy, regularly considering its suitability, adequacy and effectiveness. Any improvements identified will be made as soon as possible. Internal control systems and procedures will be subject to regular review to provide assurance that they are effective in countering bribery and corruption.
- 14.2 The Esh Group will undertake periodic checking against this policy both within its routine policy compliance checking procedures, as well as additional checking as felt appropriate by the Group Chief Executive Officer.
- 14.3 All workers are responsible for the success of this policy and should ensure they use it to disclose any suspected risk, or wrongdoing.
- 14.4 Workers are invited to comment on this policy and suggest ways in which it might be improved. Comments, suggestions and queries should be addressed to the Group Chief Executive Officer, or alternatively the Group Director of Internal Controls.
- 14.5 This policy does not form part of any employee's contract of employment and it may be amended at any time.
- 14.6 This policy will undergo a periodic review to ensure the policy remains fit for purpose and that any changes in legislation are considered and incorporated.

APPENDIX A

Potential Risk Scenarios; “red flags”

The following list provides examples of where there is a risk that the integrity of actions may be brought into question and therefore must be reported promptly to your Managing Director, or alternatively, the Group Chief Executive Officer, or Group Director of Internal Controls for further consideration.

Should any of the following scenarios arise during the course of you working for the Esh Group, there may be a question in respect of various anti-bribery and anti-corruption laws.

This list is not intended to be exhaustive and is for illustrative purposes only. Nor is it meant to preclude any routine, bona fide business arrangement which follows the agreed processes within the Group.

However, to ensure that the highest level of integrity is adhered to within the Group, should you encounter any of these red flags while working for us, you must report them promptly to your Managing Director, or alternatively, the Group Chief Executive Officer, or Group Director of Internal Controls for further consideration.

- a) you become aware that a third party engages in, or has been accused of engaging in, improper business practices;
- b) you learn that a third party has a reputation for paying bribes, or requiring that bribes are paid to them, or has a reputation for having a "special relationship" with government or local council officials;
- c) a third party insists on receiving a commission or fee payment before committing to sign up to a contract with us, or carrying out a government function or process for us;

- d) a third party requests payment in cash and/or refuses/fails to sign a formal commission or fee agreement, or to provide an invoice or receipt for a payment made;
- e) a third party requests that payment is made to a country or geographic location different from where the third party resides or conducts business;
- f) a third party requests an unexpected additional fee or commission to "facilitate" a service;
- g) a third party demands lavish entertainment or gifts before commencing or continuing contractual negotiations or provision of services;
- h) a third party requests that a payment is made to "overlook" potential legal violations;
- i) a third party requests that you provide employment, or some other advantage to a friend or relative, making it clear that in return, they expect you to use your influence within the Group to their advantage.
 - i. you receive an invoice from a third party that appears to be non-standard or customised;
 - ii. a third party insists on the use of side letters or refuses to put terms agreed in writing, deviating from normal business practice.
 - iii. you notice that we have been invoiced for a commission or fee payment that appears large given the service stated to have been provided;
 - iv. a third party requests or requires the use of an agent, intermediary, consultant, distributor or supplier that is not typically used by or known to us;

- v. you are offered an unusually generous gift or offered lavish hospitality by a third party;
- vi. a third party insists on always meeting at a location that is not their usual business location, does not want to communicate by their company email or landline telephone.

- Ends -

