

## Introductory Message from Frank Ciaurro CEMA Group CEO & Chairman: -

*The giving or receiving of bribes is contrary to our values and can play no part in the way we carry out our business.*

*Our guiding principle is simple:*

*We will not engage in any form of bribery or corruption across our organisation. This principle applies to us all and to our agents, advisers, consultants, suppliers and subcontractors, and any other party (organisation or individual) who act on our behalf, or with whom we conduct business. Even the suggestion of corruption may damage the organisations reputation and may bring the personal integrity of individuals into question.*

*Bribery is illegal and severe penalties apply to all companies and individuals who break the law. From 1<sup>st</sup> July 2011, tougher new legislation in the UK (in the form of the bribery Act 2010) has introduced new offences for failing to prevent bribery. As a result, we have redoubled our efforts to ensure compliance with the new legislation.*

*This Policy is a further reminder of what you should do if you are asked to make or accept a bribe or suspect that bribery may be taking place. Please read it carefully.*

## Frank Ciaurro

CEMA Group CEO & Chairman

## Purpose

The organisation has a zero tolerance to bribery and corruption and will not permit or condone any form of bribery regardless of whether it takes place directly or through third parties. This policy extends to all employees and others that carry out business dealings and transactions, in all countries in which it or its subsidiaries and associates operate, for and behalf of the organisation. This policy also extends to the prohibition of bribes, which are intended to benefit an employee's and/or other third parties acting on behalf of the organisation, family, friends, associates, or acquaintances.

This Policy applies to all of us, and you must understand it and comply with it always.

## Scope

This policy refers to everyone in the company regardless of position or status and you must understand it and comply with it always.

## Bribery

Officers, employees and all other third parties acting on behalf of the organisation must not offer, provide, authorise, request, or receive bribes or anything that could give the perception of a bribe.

The UK Bribery Act 2010 is brought specifically to your attention. It creates three potential offences for UK registered companies.

- A general offence of offering or receiving bribes;
- A specific offence of failing to prevent bribery on behalf of the company; and
- A specific offence of bribing a foreign public official.

## General offence of offering or receiving bribes

This offence is committed if a person (individual or company) offers, promises, gives, or receives a bribe. A bribe can include money, or any offer, promise or gift of something of value or advantage. It need not necessarily be of large value. It might include signing bonuses or overpaying government and or other suppliers. It might also include intangible benefits such as the provision of information or advice or assistance in arranging a business transaction. It need not be for your personal benefit. For example, a donation by a supplier to your favourite charity could be a bribe.

## Specific offence of failing to prevent bribery on behalf of the company.

This is a new corporate offence. It is committed if a company fails to prevent persons (employees or other third parties acting on behalf of the organisation) from using bribery with the intention of obtaining or retaining a business advantage for the company. For this offence, it is irrelevant whether or not the company approves, or is aware of the bribery committed. It is however, a full defence to this corporate offence if the company can show that, despite a particular case of bribery, it nevertheless has 'adequate procedures' in place to prevent bribery.

## Specific offence of bribing a foreign public official

This offence is committed if a person giving the bribe intends to influence the foreign public official in the performance of their official functions to obtain an advantage in the conduct of business by doing so.

Whilst such activity is very unlikely to involve conduct that amounts to 'improper performance', it does not have to be proved and could include the performance of their normal duties which the foreign public official may otherwise have done in any event. Accordingly, extra care should be taken, and legal advice sought when dealing with foreign public officials and politicians.

If in doubt about any issue raised in this Policy, guidance should be sought from your line manager or an Executive Director.

## Facilitation Payments

A "facilitation payment" is an unofficial payment (usually, but not necessarily made to a public official) to encourage the recipient to perform their existing obligations or role or expedite or refrain from performing a routine task they are otherwise obligated to do. They are also known as gratuity or 'grease' payments. These can be payments to perform routine tasks such as obtaining permits, licenses, or other official documents, processing governmental papers, such as visas and work orders or providing power and water supply and loading and unloading cargo.

The organisation prohibits its officers, employees and other third parties acting on behalf of the organisation from offering, making, or paying any "facilitation payments" to any third party including, but not limited to, foreign public officials.

All the organisations officers, employees and other third parties acting on behalf of the organisation must report any request by a third party for a "facilitation payment" to an Executive Director.

## Political Contributions

### Political contributions by or on behalf of or in the name of the organisation.

The organisation funds and resources are not to be used to contribute to any political campaign, political party, political candidate or any of their affiliated organisations with the intent of obtaining a business or other advantage in the conduct of business. The organisation will not use charitable donations as substitute for political payments.

### Personal political contributions by employees and other individuals

The organisation recognises that everyone has the right to participate as individuals in the political process and to make political contributions from personal funds and in their own time. Officers, employees and other third parties associated with the organisation cannot, however, be reimbursed or otherwise compensated by the organisation for such contribution.

## Charitable Contributions and Sponsorship

The organisation and its officers, employees and other third parties associated with the organisation may only make charitable contributions or sponsorships on behalf of or in the name of the organisation for bona fide charitable purposes and where the activities are aligned with the organisations business objectives, values, and ethical principles.

Charitable contributions or sponsorship should be given with the expectation that no tangible benefit is received or expected by the organisation. They should never be used as a substitute for political contributions.

All requests for charitable contributions and sponsorship must first be sent to the Managing Director for approval and shall be recorded in an appropriate register.

## Gifts and Hospitality

Neither the law, nor this policy is intended to prohibit the giving or receipt of reasonable and proportionate hospitality designed to cement business relationships and enhance knowledge of people, products, or services. More care is required when giving hospitality or entertainment to foreign public officials, because of the different definition of what constitutes an offence regarding such persons (see above).

When you are considering offering, accepting, or providing gifts, hospitality, or entertainment you must ensure that they shall:

- be in good faith, occasional, appropriate, reasonable, and proportionate;
- constitute a normal business courtesy (such as paying for a meal or shared taxi);

- comply with any applicable laws, including those which may apply to any relevant foreign officials;
- not be possible of reasonably being perceived in any way as a bribe and;
- not in cash

By way of guidance

- customary gifts or modest Christmas gifts may be accepted provided the value of such gifts does not exceed £50 per annum from any one source;
- reasonable entertainment in restaurants, theatres and at sporting or cultural events is allowed if it is not excessive and is not repeated on frequent occasions.

### Register of Hospitality Received

As from the 1<sup>st</sup> July 2011 every officer, director and employee is required to declare any benefits they receive that they estimate would have cost the provider more than £200 per person to provide. The declaration should be made by email to a Managing Director and must state; the employees name, the name of the individual that provided the hospitality and the organisation they work for, a short description of the hospitality received and an estimate of the cost of the hospitality received.

### Other third parties associated with the organisation.

The organisation will only contract with other third parties and engage with business partners who demonstrate at all times integrity and who practice ethical conduct which meets the standards set out in this policy and all applicable laws and regulations.

### Compliance Monitoring

Compliance with this policy by all relevant officers, employees and other third parties acting on behalf of the organisation, will be reviewed periodically (minimum of an annual review).

### Training

The organisations officers, employees and other third parties acting on behalf of the organisation, in commercial or customer or supply chain facing positions will receive training on anti-bribery compliance.

### Obligation to Report Your Concerns

If you have any concerns that anyone within the organisation, or other third parties acting on behalf of the organisation, is offering, promising, or paying bribes to anyone, or requesting, agreeing to accept, or receiving bribes, please raise them with your Line Manager or Head of Department in the first instance. If you suspect that your Line Manager or Head of Department may be involved in bribery, you should make your concerns known directly to the Managing Director.

All employees are also reminded of the organisations Whistle Blowing Policy, should they feel that this method of alerting the directors is more appropriate.

### Breaching the Anti-Bribery Laws and this Policy

There are severe penalties for breach of the UK Bribery Act; being: an unlimited fine against the company as well as personal liability for directors, senior managers and individuals who are directly or indirectly involved and/or imprisonment for up to 10 years.

As importantly, failure to comply with the new legislation will cause considerable damage to the good name and reputation of the organisation.

The organisation considers a breach of this Policy as a serious offence. Any violation will result in disciplinary action, up to and including dismissal of an individual in appropriate circumstances. The business relationship with other third parties acting on behalf of the organisation, who violate this Policy, may also be terminated.

The organisations officers and employees must therefore ensure that they are familiar with the contents of this Policy and adhere to it always.

## Anti-Bribery and Corruption Policy Risk Survey

**Our Markets:** CEMA Group Ltd (CEMA) does not work within an environment currently conceived as being corrupt. The markets in which CEMA operates comprise of the UK Mainland Water Utilities and Construction sectors, together with vetted sub-contractors and bone-fide suppliers of electrical and other component and/or materials.

The services provided to CEMA's customers comprises the design of electrical control panels and Motor Control Centres; site installation of same; software and SCADA development; and network operating systems, frequently accompanied by overall systems' integration.

### Risk

**Mitigation:** Any risk within these sectors is mitigated by the results of:

CEMA's Supplier Assessment Appraisal Questionnaire (the majority of suppliers provide to us their own Anti-Bribery and Corruption policies).

CEMA's internal staff training programme (all staff receive instruction in respect of the Anti-Bribery and Corruption Policy — and sign for having received instruction).

That, internally, there has been no approach from any employee in respect of the reporting of business expenses involving disproportionate levels of hospitality either provide or received — and no external accusation in this respect of breaches of the CEMA policy.

That all Orders received by CEMA are accompanied by legitimate Purchase Orders and NEC form of Contracts.

That the level(s) of pricing charged by CEMA to the Water Utilities and their Tier-contactors are written into CEMA's Framework Contract with those utilities to which the organisation is a partner.

That we have a team of directors and senior managers who maintain regular contact with the directors and site management personnel of the Utilities' key Tier-I businesses.

That we have a Framework Director and three Framework Managers who are consistently in regular contact with our Water Utility customers and their Tier-I contractors.

### Overall

**Risk: Extremely small.**

CEMA Ltd undertakes to review this document, at least annually or as circumstances may change; the review will be undertaken by a CEMA Director, who will also be responsible ensuring investigation into any and all accusations/complaints raised or received.

### Fraud

There are two categories of fraud to consider; that committed internally (by a member of staff) or externally (against the organisation by external persons). The Fraud Act 2006 created specific offences of fraud, making it easier to both identify and prosecute fraud offences. The focus of the fraud offence is on the dishonest behaviour, and it need only be proved that there was intent to make a gain or cause a loss, not that the gain/loss was actually achieved.

The offence of fraud can be committed in three ways;

I. Fraud by false representation – lying about something using any means e.g. by words or actions;

II. Fraud by failing to disclose – omitting information when you have a legal duty to disclose it; and

III. Fraud by abuse of position – abusing a position of trust, where there is an expectation to safeguard the financial interests of another or the organisation.

We believe that this policy also meets the key requirements of the Fraud Act 2006, in terms of the organisation's scope, as follows: A person is guilty of fraud if he/she is in breach of any of these Sections of the Act:

Section 1: Fraud

Section 2: Fraud by false representation; Gain and Loss

- Section 3: Fraud by failing to disclose information; Gain and Loss
- Section 4: Fraud by abuse of position; Gain and Loss
- Section 5: Gain and Loss (and how it is applicable to sections 2, 3 and 4 (above))
- Section 6: Possession etc., of articles for use in fraud
- Section 7: Making or supplying articles for use in fraud.
- Section 11: Obtaining services dishonestly.
- Section 12: Liability of company officers for offences by company

## Examples

<b>Fraud by false representation</b>	<ol style="list-style-type: none"> <li>1. Claiming flexi time/field hours for hours not actually worked.</li> <li>2. Providing falsified data to avoid carrying out work.</li> <li>3. Undertaking personal work that is not related to the business of the organisation within contracted hours.</li> <li>4. Presenting an expense claim for expenditure not incurred or entitled to.</li> <li>5. Stating/providing false qualifications when applying for jobs</li> <li>6. Suppliers presenting the organisation with false (e.g. over inflated) invoices for payment.</li> </ol>
<b>Fraud by failure to disclose</b>	<ol style="list-style-type: none"> <li>7. Failure to disclose information required when applying for a job, e.g. previous criminal convictions.</li> <li>8. Suppliers failing to provide performance information that may be detrimental to their contract award.</li> </ol>
<b>Fraud by abuse of position</b>	<ol style="list-style-type: none"> <li>9. Procuring goods and services for personal use or on behalf of others that are not relating to the business of the organisation.</li> <li>10. Misuse of confidential information, such as the misuse of pre-release market sensitive data or selling personal data onto third parties.</li> <li>11. Failing to declare any interests in suppliers (e.g. family business or shareholder) and are then involved in the subsequent contract award/purchase of goods and services from the supplier.</li> </ol>

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## Training

The Organisation Directors, employees and other third parties acting on behalf of the organisation, in commercial or customer or supply chain facing positions will receive training on anti-bribery compliance.

## Obligation to Report Your Concerns

If you have any concerns that anyone within The Organisation or other third parties acting on behalf of the organisation, is offering, promising, or paying bribes to anyone or requesting, agreeing to accept, or receiving bribes, please raise them with your Line Manager or Head of Department in the first instance. In the event that you suspect that your Line Manager or Director of Department may be involved in bribery, you should make your concerns known directly to the Managing Director.

All employees are also reminded of the Whistleblowing Policy, should they feel that this method of alerting the directors is more appropriate.

## Breaching the Anti-Bribery Laws and this Policy

There are severe penalties for breach of the UK Bribery Act; being: a fine against the company as well as personal liability for directors, senior managers and individuals who are directly or indirectly involved and/or imprisonment for up to 10 years. As importantly, failure to comply with legislation will cause considerable damage to the good name and reputation of The Organisation.

The Organisation considers a breach of this Policy as a serious offence. Any violation will result in disciplinary action, up to and including dismissal of an individual in appropriate circumstances. The business relationship with other third parties acting on behalf of the organisation, who violate this Policy, may also be terminated.

The Organisation Directors and employees must therefore ensure that they are familiar with the contents of this Policy and adhere to it at all times.

## Communication

The policies, and with them the objectives are communicated internally and externally to personnel, customers and interested parties through the issuing of the employee handbook, completion of supplier questionnaires, and through the displaying of policies on noticeboards and the organisations website.

## Statement of objective framework:

The policies are reviewed annually to ensure new issues or requirements are addressed and actioned based on current legislation and statutory guidance.

Document approved by  
Graeme Morley, CEMA Group Director



Ross Hill, CEMA Group Director

