



## **HUTCHISON PORT HOLDINGS TRUST**

### **Anti-Fraud and Anti-Bribery Policy**

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## **1. Policy Statement**

- 1.1 The Trust Group is committed to upholding high standards of business integrity, honesty, fairness and transparency in all its business dealings, which is integral to the corporate culture of the Trust Group. The Trust Group strictly prohibits any form of fraud or bribery, and is committed to the prevention, deterrence, detection and investigation of all forms of fraud and bribery.
- 1.2 The HPH Trust Executive Committee is accountable to the implementation of the anti-fraud and bribery efforts of the Trust Group which includes values, code of conduct, risk management, internal controls, communication and training, oversight and monitoring. The HPH Trust Executive Committee and senior management of the Trust Group are responsible for ensuring the effective implementation and in particular, the monitoring and investigation of any material fraudulent or bribery activities committed within the Trust Group.
- 1.3 Fraud or bribery damages a company's reputation and undermines its relationship with its regulators, customers, business partners and competitors. It may lead to criminal prosecution or regulatory action against a company and/or its employees, resulting in the imposition of criminal or civil penalties, including fines and imprisonment, and could damage a company's business. Definition of fraud and some examples of fraudulent behaviour that may impact the Trust Group are set out in Appendix 1 to this Policy.
- 1.4 This Policy applies to the Trust Group, and to all directors, officers and employees of the Trust Group (which for these purposes includes temporary and contract staff) (the "Employees"), as well as its Third Party Representatives (as further described in paragraph 7 below). The Trust Group encourages its business partners, including suppliers to abide by this Policy, where applicable.
- 1.5 All Employees must maintain objectivity and avoid conflict of interest and subordination of judgment in the performance of their duties and responsibilities for the Trust Group. They must disclose their interests in which a conflict may arise. Please refer to HPH Trust Code of Conduct (Conflict of Interest) or its subsequent updates.
- 1.6 All Employees are required to adhere to this Policy, as well as any additional requirements set by their employing company or local law (which may be stricter than those set out in this Policy), the breach of which may lead to disciplinary action that might ultimately result in termination of employment and/or personal civil or criminal sanctions, or where appropriate, may also be referred to regulatory/law enforcement authorities.
- 1.7 This Policy sets out the minimum standards of conduct to which all Employees are required to adhere. The Policy should be read in conjunction with HPH Trust Code of Conduct or its subsequent updates.
- 1.8 Questions in relation to this Policy should be directed to the Head of TM Human Resources, or to the senior member of management designated by the local management of an Employee's employing company (or if no such person is designated, to the HHR of their employing company).

## **2. Prohibition on Improper Payments, Kickbacks and Other Forms of Bribery**

- 2.1 Guidance on what could constitute "bribery" is contained in Appendix 2 to this Policy.
- 2.2 Employees are strictly prohibited (whether acting in their own capacity or on behalf of the Trust Group) from:
  - (a) offering, promising, giving or authorising, directly or indirectly, any bribe or kickback to or for the benefit of any person (whether in private or public office) in order to obtain any improper business or other improper advantage for the Trust Group;
  - (b) soliciting, accepting or receiving (whether for the benefit of the Trust Group, their own benefit or that of their family, friends, associates or acquaintances) any bribe or kickback from any person (whether in private or public office) in return for providing any improper business or other improper advantage in relation to the business of the Trust Group;

- (c) otherwise using illegal or improper means (including bribes, favours, blackmail, financial payments, inducements, secret commissions or other rewards) to influence the actions of others; or
  - (d) acting as an intermediary for a third party in the solicitation, acceptance, payment or offer of a bribe or kickback.
- 2.3 In addition to complying strictly with the provisions in this Policy, Employees must exercise common sense and judgment in assessing whether any arrangement could be perceived to be corrupt, illegal or otherwise inappropriate.

### **3. Political and Charitable Contributions and Sponsorships**

- 3.1 It is the general policy of the Trust Group not to make any form of donation to political associations or individual politicians. Employees must not use any funds or assets of the Trust Group for contributions to any political party or candidate for public office. In addition, no Employee may make any political contribution as a representative of the Trust Group or create the impression that he or she is acting as a representative of the Trust Group. If any requests are made for political contributions by the Trust Group, such requests should be referred, via the TM Corporate Affairs, to the CEO and the Executive Director of TM for consideration. Please also refer to HPH Trust Code of Conduct (Political Contributions), HPH Trust Corporate Communications Policy, and HPH Trust policy on Donations, Contributions and Sponsorship or their subsequent updates.
- 3.2 Charitable donations and sponsorships may in some circumstances constitute a disguised form of bribery. Therefore such activities should strictly follow the provisions set out in HPH Trust Corporate Communications Policy and HPH Trust policy on Donations, Contributions and Sponsorship or their subsequent updates.

### **4. Facilitation Payments**

- 4.1 Facilitation payments (i.e. unofficial payments demanded in return for speeding up or securing the performance of routine government actions, such as obtaining visas, permits or licences) are prohibited.

### **5. Gifts and Hospitality (“Business Courtesies”)**

- 5.1 Business gifts and hospitality are customary courtesies designed to build goodwill among business partners. In some cultures they play an important role in business relationships. However, a problem may arise when such courtesies compromise, or appear to compromise, the ability to make objective and fair business decisions. Offering or receiving any gift, gratuity or hospitality that might be perceived to unfairly influence a business relationship should be avoided. The following guidelines apply at all times.
- 5.2 Business Courtesies must comply with the following principles:
- (a) they must be reasonable and not excessive;
  - (b) they must be of modest value, both in isolation and when considered in the context of other gifts and hospitality offered;
  - (c) they must be appropriate and consistent with reasonable business practice;
  - (d) they must be provided with the intent only to build or maintain a business relationship or offer normal courtesy, rather than to influence the recipient’s objectivity in making a specific business decision;
  - (e) they should never be offered in return for financial or personal gain; and
  - (f) they must be permissible under all applicable laws, rules and regulations. When dealing with a

public official, the official's country will often have laws imposing limits on the level of hospitality and gifts which can be accepted, and those laws must be strictly adhered to. When dealing with the private sector, gifts or hospitality should not exceed any limits imposed by the recipient's organisation.

- 5.3 Employees should use good judgment; "everyone else does it" is not sufficient justification. Consider whether public disclosure of the Business Courtesy would cause embarrassment to the Trust Group or the recipient; if so it should not be provided or accepted. In determining whether a specific Business Courtesy lies within the bounds of acceptable business practice, Employees are encouraged to discuss the issue with their supervisor.
- 5.4 Each Trust Group BU is to have a procedure in place whereby Business Courtesies outside the normal course of business are documented and recorded, whenever accepted, given or rejected. The record must expressly state the nature, purpose, value (if known) and date of the Business Courtesy and also details of the giver/receiver of the Business Courtesy. Such records must be preserved.
- 5.5 The maximum limit for giving, and receiving, of gifts (including gift cards and gift certificates or vouchers), is set out in HPH Trust Business Travel and Expenses Policy and HPH Trust Code of Conduct or their subsequent updates. Whilst the pre-approved maximum limit for other BUs within the Trust Group will be determined in accordance with local professional and industry standards, such maximum limit for receiving or giving gifts shall not exceed US\$200 equivalent. In determining whether to approve gifts of a value higher than the pre-approved maximum, the CEO shall follow the principles set out in paragraphs 5.2 and 5.3 above.

## **6. Procurement of Goods and Services by the Trust Group and Other Business Partners**

- 6.1 The Trust Group is committed to dealing with its customers and suppliers in a fair, honest and professional manner, while seeking best value for the business. Potential suppliers are treated on an equal basis and no unmerited favouritism is to be shown in the procurement of goods and services. The Trust Group conducts its procurement practices in a fair and transparent manner and Employees must act with due care and diligence when evaluating prospective contractors and suppliers.
- 6.2 The Trust Group will not deal with contractors and suppliers and other potential business partners known to be paying bribes and/or engaging in corrupt or fraudulent activities. Appropriate levels of diligence are to be conducted by adequately skilled persons in the selection and renewal of new or existing contractors and suppliers and other business partners (such as a joint venture partner) commensurate with the bribery and/or fraud risk associated with a particular relationship.
- 6.3 The Trust Group works with suppliers and business partners that demonstrate adherence to the best practices. Proper measures will be taken should these suppliers/business partners be found to be in breach of laws and regulations. Please also refer to HPH Trust Supplier Code of Conduct or its subsequent updates for more details.

## **7. Third Party Representatives**

- 7.1 Legislation in some countries imposes criminal liability for a company's failure to prevent bribery or fraud by anyone providing services for or on behalf of the company. The Trust Group is committed to promoting anti-fraud and anti-bribery practices amongst any third party representatives it engages ("Third Party Representatives"). Third Party Representatives could include amongst others, advisers, agents, introducers and finders, consultants and political lobbyists. The prohibitions in this Policy apply to Third Party Representatives engaged to represent the interests of the Trust Group, breach of which could result in termination of their engagement.
- 7.2 The approval of HPH Trust is required in accordance with HPH Trust policy on Appointment of Third Party Representatives or its subsequent updates before the appointment of any Third Party Representative.
- 7.3 To minimise the risk of Third Party Representatives engaging in inappropriate conduct, Trust Group companies should:

- (a) always act with due care and diligence in selecting Third Party Representatives and in monitoring their activities;
- (b) ensure that Third Party Representatives are aware of and respect the HPH Trust Anti-Fraud and Anti-Bribery Policy;
- (c) ensure that all fees and expenses paid to Third Party Representatives represent appropriate and justifiable remuneration, which is commercially reasonable under the circumstances, for legitimate services rendered by the Third Party Representative; and
- (d) keep accurate financial records of all payments.

## **8. Communication and Training**

- 8.1 The HBU is to ensure that Employees are informed about and understand this Policy, including applicable local procedures and requirements, and that there is a clear escalation procedure for reporting actual or suspected breaches of this Policy and suspicious activity. Each BU is to make this Policy available to all Employees (whether in hard copy or online) and to provide briefings to new Employees thereon. At a minimum key Employees are to receive regular training relating to fraud and bribery risks faced by their BUs, as well as compliance with laws, regulations and standards of conduct which are relevant for their field of business.
- 8.2 It is every Employee's responsibility to counter fraud and bribery.
- 8.3 It is the responsibility of every manager to communicate this Policy to Employees. Managers should ensure that all Employees reporting to them, and external parties within their area of responsibility working on behalf of their respective companies, understand and comply with the prohibitions in this Policy.
- 8.4 No Employee will suffer demotion, penalty, or other adverse consequences for refusing to pay bribes even if such refusal may result in the Trust Group losing business.

## **9. Books and Records**

- 9.1 Each Trust Group BU should establish a robust financial and accounting control system, including adequate segregation of duties, authorisation controls and logging of entries or changes to ensure the accuracy and completeness of its books of account, as well as to prevent or detect any irregularities. Such system is subject to regular review and audit.
- 9.2 Accurate records of all company transactions and (where required under paragraph 5.4) Business Courtesies must be kept. All receipts and expenditures must be supported by documents that describe them accurately and properly. The falsification of any books, records or accounts of any company within the Trust Group is prohibited.
- 9.3 Employees must not pay for Business Courtesies personally as a means of evading the requirements of this Policy.

## **10. Reporting of Bribery, Fraud and Suspicious Activity**

- 10.1 If an Employee becomes aware of any actual or suspected breach of this Policy, he/she must report such incidents in accordance with the reporting and escalation procedures established by his/her employing company. See also HPH Trust Whistleblowing Policy or its subsequent updates which provides a mechanism for Employees and those who deal with the Trust Group to raise concerns on any suspected impropriety, misconduct or malpractice through confidential reporting channels.
- 10.2 As further set out in HPH Trust Code of Conduct (Reporting of Illegal or Unethical Behaviour), the timely reporting of actual or suspected breaches of this Policy lies with the HoF having responsibility for the operation in which the incident occurs and ultimately lies with the CFO. HoF must report actual or suspected incidents of bribery, theft, fraud or similar offences to the CFO if the amount

involved is greater than the de minimis amounts as agreed from time to time between the CFO and the CEO or HoF. All such matters must also be notified to the TM Internal Audit for independent review and reporting to the Audit Committee.

- 10.3 Notification for cases above the de minimis amounts should be made by phone or confidential email or fax as soon as the BU management becomes aware of the incident, and in any event within one working day. Reasonable liaison should then be maintained with the CFO and/or the TM Internal Audit, as applicable, in order to ensure they are kept fully apprised of material developments in the case and able to offer forensic or other assistance as appropriate.
- 10.4 To facilitate the formal risk review and assessment by the Trust Group, all BUs should keep a register recording both suspected and actual incidents regardless of the amounts involved, and report the relevant statistics to the CFO on a quarterly basis. In addition, all the relevant information related to such cases should be made readily available for independent review and follow up by the TM Internal Audit who then should report to the Audit Committee accordingly.
- 10.5 Employees are actively encouraged to report any concerns regarding fraud and bribery. Procedures are in place to ensure that such complaints are logged, investigated and appropriate action is taken. Complaints are to be treated confidentially to the extent possible, and Employees raising legitimate concerns in good faith are to be protected; retaliation of any kind against any Employee for making good faith reports about actual or suspected violation of this Policy is not permitted.
- 10.6 Employees must cooperate fully and openly with any investigation into alleged or suspected corrupt or fraudulent activity or breach of this Policy. Failure to cooperate or to provide truthful information may also lead to the Employee being subject to disciplinary action, up to and including dismissal.

## **11. Review of this Policy**

- 11.1 The Audit Committee is responsible for the periodic review of this Policy to ensure its relevance and effectiveness, and shall make recommendation on any changes as may be required to the Board for approval. This Policy is available on the website of Hutchison Port Holdings Trust ([www.hphtrust.com](http://www.hphtrust.com)).

## Appendix 1: Fraud

1. The term “fraud” commonly encompasses deceptive conduct with the intention of making some form of financial or personal gain, or causing another person to suffer a loss, in each case, whether for the intended benefit of the Trust Group or to its detriment. It includes, but is not limited to, deception, bribery, forgery, extortion, theft, conspiracy, embezzlement, misappropriation, false representation, concealment of material facts, and collusion.
2. Examples of general types of fraudulent behaviour that may impact the Trust Group include but not limited to:
  - (a) obtaining financial advantage or any other benefit by false representation, deception or abuse of authority granted by virtue of official position or duty;
  - (b) unauthorised trading activities involving conflict of interest and/or gaining of personal interests;
  - (c) improper use of business information not released to the public and/or commercially sensitive information;
  - (d) theft, unauthorised use and/or disposal of Trust Group assets or resources;
  - (e) false accounting and/or misleading disclosures;
  - (f) false declaration of work performed or misstatement of materials used in projects; and
  - (g) false payroll, false invoicing or false expense claims.
3. There is no set monetary threshold that defines a fraud. It is not necessary for the fraud to be successful to be viewed as a fraud.
4. The anti-fraud laws in the United Kingdom can also apply to companies wherever incorporated. Breach of these laws, including failure by a company to prevent fraudulent actions by any person for or on its behalf, can lead to severe penalties for companies and/or individuals.

## Appendix 2: Bribery

1. Bribery involves giving or offering to give any advantage, directly or indirectly, to a public servant (i.e. officers, members and employees of public bodies) or any employee of a company or other person connected with a business, as an inducement or reward for or otherwise on account of such person's conduct in relation to the affairs of their employer or principal. It also involves soliciting or accepting bribes.
2. Bribery usually occurs where a person offers advantages to another as an inducement or reward for the recipient's improper performance of duties (usually to win or retain business or advantages), or where the recipient abuses his authority or position for personal gain. Bribery can also take place where the offer or payment is made by or through a third party.
3. Bribes and kickbacks can consist of anything of value (i.e. an "advantage"), including:
  - gifts, excessive entertainment and hospitality, sponsored travel and accommodation;
  - cash payments, whether by or to employees or business partners such as agents, finders, introducers or consultants;
  - other favours provided by or to public officials, suppliers or customers, such as engaging a company owned by a member of a public official or customer's family;
  - free use of a company's services, facilities or property; and
  - loans, loan guarantees or other extensions of credit on preferential terms, or other intangible forms of preferential treatment.
4. A list setting out examples of "Red Flags" which may be indicative of bribery is available from TM Legal for reference. If Employees spot any of the "Red Flags" in their dealings with a person/entity with whom the Trust Group does or proposes to do business that arouse suspicion of bribery, they should report the matter in accordance with the reporting and escalation procedures established by their employing company.
5. Some countries, for example, the United Kingdom and the United States, have enacted anti-bribery laws which apply to the actions of citizens and domestic companies even if the activity takes place outside the United Kingdom or the United States. The anti-bribery laws in the United Kingdom can also apply to companies wherever incorporated which carry on a business or a part of a business in any part of the United Kingdom. Breach of these laws can lead to severe penalties for companies and individuals.