

THIS IS THE STEAMSHIP MUTUAL BRIBERY PREVENTION POLICY FOR SERVICE PROVIDERS, AGENTS, CONTRACTORS AND OTHERS ACTING ON BEHALF OF THE CLUB AND/OR ITS MEMBERS

Steamship Mutual Bribery Prevention Policy following the entry into force of the United Kingdom's Bribery Act 2010

Introduction

The Bribery Act 2010 (the "Act") came into force in the UK on 1st July 2011. It has introduced changes in UK law which will apply to the Clubs and the Managers in relation to business transacted in both the UK and abroad. The Act now represents probably the most extensive anti-bribery law in the world. Because the Act has a potentially worldwide impact (as will be discussed below) it is our policy that all providers of services to us and our members comply strictly with the extensive anti-bribery regime that it requires.

In accordance with regulatory and UK government requirements we attach the Club's Code of Business Standards and Ethics Policy. The policy applies not only to the Clubs but also to their respective subsidiaries and Managers (collectively Steamship Mutual). We also draw your attention to the Clubs' Statement concerning the Bribery Act which is published on the Clubs' website at www.simsl.com/BriberyAct.htm.

As a valued company with which Steamship Mutual does business, we are required by the Act to ensure that you have access to and aware of our anti-bribery policies, hence this letter and the documents attached.

The terms in this letter are collateral to the general arrangements under which we conduct business. In the event of any inconsistency between those arrangements and these terms, these terms shall prevail.

The Offences of Bribery

What follows is a brief summary of the provisions of the Act and how they affect you but, as with any summary, not all possible issues that might arise are covered. If you have any questions as to the applicability of the Act in any given circumstances, it may help you to refer to the Act itself which can be found at <http://www.legislation.gov.uk/ukpga/2010/23/contents>). If that does not resolve your query, please consult with us.

Bribery may include the offering, promising, giving, accepting or soliciting of a financial or other advantage (often on an undisclosed or secret basis) as an inducement or reward for an action which is illegal, improper or a breach of trust. Corruption is the type of relationship brought about by bribery.

There are **four offences** under the Act; two general offences of offering, promising or giving of a bribe (active bribery) and the requesting, agreeing to receive or accepting of a bribe (passive bribery); another separate offence of bribing foreign public officials with

the intention of securing business or a business advantage, and a new strict liability “corporate offence” concerning the failure of commercial organisations to prevent bribery. A company will only have a defence to this offence if it can show it had “adequate procedures” in place to prevent bribery. It should also be noted that the making of “**facilitation payments**” (i.e. small bribes or “grease payments” paid to facilitate routine government or official action) are clearly prohibited under the Act. This is the case no matter how small the payment or how well-established the practice is in any jurisdiction, unless permitted by applicable written local law, which will be rare.

The offences contained in the Act carry criminal **penalties** for individuals and organisations. For individuals, a maximum prison sentence of ten years and/or an unlimited fine can be imposed; for companies, an unlimited fine can be imposed.

The Act extends the crime of bribery to cover **all private sector transactions** (previously bribery offences were confined to transactions involving public officials and agents). It also has **significant extra-territorial reach**. The Act applies to companies that do business in whole or in part in the UK and will cover direct bribery offences committed outside the UK if the person committing the relevant act or omission has a “close connection” with the UK, by virtue, for example, of being a British national, or ordinarily resident in the UK, or a body incorporated in the UK. Further, the requirement for a close connection with the UK does not apply in the case of the corporate offence of failing to prevent bribery. A relevant commercial organisation will be strictly liable for acts of bribery performed by an “associated person” (one who performs services for the company), regardless of the associated person’s nationality and regardless of where the bribery occurred.

This means therefore that if you have sufficient connection with the UK, and engage in bribery or fail to prevent bribery being committed on your behalf, you (the individual, the company and your directors) may be criminally charged under the Act. Even if you have no such connection with the UK, if you are involved in the giving of a bribe when acting for the Club, its Managers and/or its Members, you could expose the Club, its Managers or its Members to conviction under the Act.

One further aspect that requires comment is **corporate hospitality**. The Act does not make corporate hospitality illegal, but care must be exercised to ensure that such hospitality is not disproportionate. Genuine hospitality and other promotional or business expenditure which seeks to improve the image of a commercial organisation, or to establish friendly relations, is acceptable and reasonable expenditure will not be viewed as bribery. On the other hand, hospitality that is excessive in value or frequency, too lavish according to the usual standards of the industry or leaves the recipient in a position of obligation, may be viewed as bribery. The test should be: “would my competitors in my own country and/or other countries, consider the hospitality to be excessive or suspicious?” if so, it should be reduced. Gifts, hospitality or expenses must be reasonable and proportionate, and must not be offered secretly and without the apparent approval of the donor and recipient companies. Nor should they be made as part of any arrangement where the recipient or donor agrees or expects or has negotiated a particular advantage to be provided in return.

Steamship Mutual's Bribery Prevention Policy

Steamship Mutual has a zero tolerance to bribery and corruption. It is committed to acting professionally, fairly and with integrity in its business dealings and relationships, implementing and enforcing effective systems to counter bribery. This letter summarises Steamship Mutual's Bribery Prevention Policy, which is set out in the Club's Code of Business Standards and Ethics Policy, and the Bribery Act Statement published on the Club's website at www.simsl.com/BriberyAct.htm. You should have also have received a Club Circular in June 2011 (B.551 and L.160) drawing your attention to these documents and the Act's requirements. The Company's Code of Business Standards and Ethics Policy, endorsing the zero tolerance approach to bribery, sets the standards to be applied to the conduct of the Club's business in general. It contains more extensive provisions concerning the application of the Bribery Act and forms the basis of training and compliance for all members of staff. The Club has also appointed Mr Stephen Martin, the Chief Operating Officer (C.O.O.) as the Company's dedicated anti-bribery and corruption officer.

This letter complements and expands upon the guidance in the Club's Code of Business Standards and Ethics Policy and the Bribery Act statement, and outlines what we and our members require of you, as one of our contracting parties, service providers or agents.

The bribery threat and your obligations

1. Steamship Mutual's zero tolerance to bribery extends to all the Clubs' and Managers' business dealings and transactions in all countries in which they and their associates operate. The Club and its Managers expect that their business counterparties similarly adopt effective policies to counter bribery and corruption in their own dealings.
2. Your staff and any service providers engaged by you in relation to any matter in which you are acting for the Club, its Managers or Members, should be aware of and understand our Bribery Prevention Policy (as stated in this letter and any future information provided to you in relation to that Policy) and the effect of the Act and its requirements, and comply with our Policy and the Act.
3. Our Policy applies to any service providers that you engage to assist in representing our interests and/or those of any of our Members. Such service providers obviously include you and your staff as well as lawyers, experts, surveyors and any other form of agent, engaged by you on behalf of the Club, its Managers and/or Members.
4. You will probably be affected by other anti-bribery laws, whether in your own country or another, which may, in some respects, be stricter than the requirements of the Act. You must therefore consider carefully the need to take your own additional measures to ensure that your actions (and those of individual persons and companies that you engage) comply not only with our Bribery Prevention Policy and the principles of the Act, but also those other laws.
5. We ask you to ensure that you report to us any suspected instances of bribery or attempted bribery in any matter in which you are acting for the Club, its Managers and/or Members, so that we can direct you as to the appropriate response.

6. We ask you to ensure that all invoices contain a clear summary of the services performed and that claims for disbursements are fully supported by vouchers and explained.

7. If any aspect of the above information is unclear, please contact us for clarification.

Conclusion

We need to be confident that your procedures and policies support our own policies, so that when acting for and on behalf of the Clubs, their Managers and/or the Members, no act of bribery or corruption can or will be tolerated by you or by us, bearing in mind that any such act may of course lead to termination of our business relationship as well as criminal penalties.

Since the Act applies not only to us but also to others when performing or providing services on the Clubs,' Managers' and Members' behalf, we will assume, (unless you tell us otherwise) that you agree and accept the Steamship Mutual Code of Business Standards and Ethics Policy, including its Bribery Prevention Policy as summarised in this letter, and that your company has in place policies to the same or similar effect.