



Bribery Prevention Information sheet for correspondents and other service providers acting on behalf of London P&I and/or its Members

Introduction

Correspondents should already be aware of the guidance on anti-bribery measures issued by the International Group of P&I Clubs in their Guidelines for Correspondents. The bribery prevention measures are highlighted under item 11.

This information sheet complements and expands upon that guidance and outlines what we and our members require of you, as one of our correspondents.

As a third party supplier of services to London P&I you must comply with the requirements of the Act in respect of all aspects of your dealings with London P&I. Failure to do so may expose yourself and London P&I to criminal charges under the Act. It is therefore important that you and relevant members of your organisation have read and understood the contents of this information sheet.

Background

Recent years have seen increasing international efforts to combat bribery in all its forms, with international commitments being entered into by various countries. The United States Foreign Corrupt Practices Act was an example of this but, with its entry into force on 1 July 2011, the Act represents probably the most extensive anti-bribery legislation in the world. Because the Act has a potentially worldwide application (as will be discussed below) it is our policy that all our staff and all providers of services to us and our members comply strictly with the extensive anti-bribery regime that it require (in addition to any local requirements).

As a valued company with we do business, we are required by the Act to ensure that you have access to and aware of our bribery prevention policies. This information sheet therefore outlines what we and our Members require of you. Our Bribery & Corruption Policy can be found here.

This policy extends to any service providers that you engage to assist in representing the interests of any of our members and us. Such service providers obviously include you (including all your staff), lawyers, experts, surveyors and any other form of agent, both those engaged directly by us and those engaged by you.

You are to ensure that any service providers engaged by you in relation to any matter in which you are acting as London P&I's correspondent are aware of and understand our policy (as stated in this information sheet and any future information provided to you in relation to our Bribery & Corruption Prevention Policy) and the effect of the Act, and confirm to you that they will comply with it.

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 on your and/or others' behalf) comply not only with our Bribery & Corruption Prevention policy and the principles of the Act, but also those other laws. We reserve the right to request from you a copy of your anti-bribery policy.



You must report any suspected instances of bribery or attempted bribery in any matter in which you are instructed on behalf of our Member through their entry with us and/or we have an insured interest, so that we can direct you as to the appropriate response.

You must ensure that all claims for disbursements are fully supported by vouchers and explained. Any unsupported claims will not be reimbursed.

You must let us know if any information in this information sheet is unclear, contact us and we will provide clarification.

The Bribery Act 2010

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. A copy of the Act may be downloaded and printed from <http://www.legislation.gov.uk/ukpga/2010/23/contents>. We appreciate that written laws (particularly those from foreign countries and/or in another language) may be difficult to fully understand but 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 in the first instance. If that does not resolve your query, you should consult with the Managers.

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.

The three offences of which you most need to be aware are those under sections 1, 2 and 6 of the Act.

Section 1: Bribing another person

- It is an offence for you to offer, promise or give a financial advantage to another person intending the advantage to induce a person, or reward a person for, the improper performance of a relevant function or activity. It does not matter whether the person being offered, promised or given the advantage is the same person who performs the relevant function or activity.
- It is also an offence for you to offer, promise or give a financial or other advantage to another person, knowing or believing that the acceptance of the advantage would itself constitute the improper performance of a relevant function or activity.
- In both cases it does not matter whether the advantage is offered, promised or given directly or through a third party.

Section 2: Being bribed

This section creates offences that generally mirror those under section 1, but criminalises the behaviour of the person receiving the bribe. In addition, it is an offence where, in anticipation of or in consequence of a person requesting, agreeing to receive or accepting a financial or other advantage, a relevant function or activity is performed improperly by that person, or another person at their request or with their agreement. This means that a person can be guilty of the offence even before they have asked for a bribe, if they intend to do so and improperly perform a relevant function or activity. As before, it does not matter whether the bribed person requests, agrees to receive or accepts the advantage directly or through a third party.

Issues relevant to the offences under sections 1 and 2

- "Advantage" is not defined in the Act: in principle, any payment, gift or any other form of benefit could be included.
- The relevant function or activity can, amongst other things, be of a public nature, connected with a business or performed in the course of a person's employment, so it can arise in the public and private sectors.
- As to "improper performance", conduct will be considered "improper" if it amounts to a breach of an expectation that a person will act in good faith, impartially or in accordance with a position of trust. These expectations must be assessed in accordance with UK standards, even if the activity occurs outside the UK. If the conduct in question occurs outside the UK, any local custom or practice is to be disregarded unless it is specifically permitted by the written law of that country.

Section 6: Bribing foreign public officials

- It is an offence for you to bribe a person who holds a legislative, administrative or judicial position of any kind (whether appointed or elected) in a country or territory outside the UK, or who exercises a public function for and on behalf of a territory outside the UK, or for any public agency or enterprise of that country or territory, or is an official agent of a public international organisation.
- The offence is committed if a person offers, promises or gives any advantage to such a foreign public official or to another person at the foreign public official's request or with their consent, in circumstances where the local written law neither permits nor requires the foreign public official to be influenced in their capacity as a foreign public official by the offer, promise or gift. The bribe must be made with intent to:
 - influence the foreign public official in their capacity as a foreign public official; and
 - obtain or retain some business, or an advantage in the conduct of business.

Issues relevant to the offences under sections 1, 2 and 6

- The three types of offences outlined above apply to individual persons and may also apply to companies (under English law, where the acts are committed by individual persons who are the "directing mind or will of the organisation"). They apply to acts of bribery both:
 - committed within the UK; and
 - committed outside the UK, where the individual person or the company has a close connection to the UK (for example UK companies, UK partnerships, UK citizens or individuals ordinarily resident in the UK.)
- If you are found guilty of any offences under sections 1, 2 and 6 you can be imprisoned for up to 10 years and/or receive an unlimited fine. Companies can receive an unlimited fine. If a company is found guilty, a senior corporate officer (such as a director, manager, secretary or similar officer) can be imprisoned for up to 10 years and/or receive an unlimited fine if the court decides they have given their "consent or connivance" to the offence. This means that directors cannot choose to ignore bribery taking place within their organisations.

Section 7: Failure of commercial organisations to prevent bribery

- A relevant commercial organisation is guilty of an offence if a person associated with it bribes another person with the intention of obtaining or retaining business or an advantage in the conduct of business for that organisation. Put briefly, this is failure by the commercial organisation to prevent an offence under section 1 (bribing a person) or 6 (bribing foreign public officials).
- A "relevant commercial organisation" is a company or partnership established under the law of the UK which carries on business in the UK or elsewhere, and any other company or partnership (wherever established) that carries on business, or part of a business, in the UK. "Part of a business" might include:
 - a. A representative or branch office in the UK
 - b. A UK agent carrying out ordinary business on the company's behalf
 - c. A UK subsidiary, or
 - d. Any other form of demonstrable business presence

The above definitions may include you, and will include many of our Members and London P&I.

It is not necessary for there to be a conviction under either section 1 (bribing a person) or 6 (bribing foreign public officials) in order for the section 7 offence to be established, nor does it matter that the act in question is lawful in the country where it occurred. All that is required is that the act would have been an offence under Sections 1 or 6 if it had been performed in the UK.

A person is "associated" with an organisation if they "perform services" on behalf of the organisation. This may include:

- a. Employees
- b. Agents
- c. Subsidiaries
- d. Contractors
- e. Joint venture partners, and
- f. Third party service providers/suppliers

The offence is one of strict liability, meaning that the prosecution will not have to prove intention or negligence by the commercial organisation, merely that the bribery has taken place, even where the bribe occurred without its knowledge.

There is a defence that the commercial organisation had in place "adequate procedures" designed to prevent persons associated with it from committing bribery. Those adequate procedures form part of our Bribery & Corruption Prevention Policy but it is important to note that it is not sufficient only for the policy to be created and communicated: it needs to be shown to be working.

This offence only applies to commercial organisations, and cannot be committed by individual persons but could lead to an unlimited fine.

What this means to you

All this means 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, you could expose the Member or us to conviction under the Act.

Most people can recognise when a bribe is taking place: if the action feels morally wrong, it is likely to be wrong as a matter of law. For example, in relation to securing evidence: one should not pay a witness more than reasonable expenses for his or her co-operation, or make a payment to a public or private employee to make available documents or information that they should not provide. We comment below on two particular issues where the UK Government has considered it necessary to provide specific guidance.

Facilitation payments

Facilitation payments, otherwise known as "grease payments" can be summarised as small bribes paid to facilitate routine Government action. They might include payments to secure early release of cargo; to lift a port state detention; to mitigate customs or other fines; or even to be permitted to transit a canal. Some may view them as "the price of doing business" and not recognise them as being a serious form of bribery. They are clearly prohibited under the Act and, no matter how small, or how well-established the practice is in any jurisdiction, such activities cannot be allowed to happen. Further guidance to shipowners on how to deal with such requests is available from the Chamber of Shipping - <http://www.ukchamberofshipping.com>

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 promotional or other 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 too "lavish" according to the usual standards of the industry may be. 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.

High Risk Countries

There is likely to be an increased risk of a third party being the recipient of a bribe or paying a bribe to others if it is operating from a country which is higher risk from a bribery and corruption perspective. In some countries it is well known that paying bribes can be regarded as 'how business is done' and in these countries there is inadequate anti-bribery and corruption legislation and/or enforcement of it.

The Transparency International Corruption Perceptions Index (the "CPI") can be used to identify the countries regarded as higher risk in terms of bribery and corruption it is useful as a guide when considering use of third parties or making payments. See <https://www.transparency.org/research/cpi> for the current list of high risk countries.

Finally

To reiterate, we have a zero-tolerance approach to bribery in all its forms and expect and require the same of those with whom we and our Members work. We recognise that it is in the nature of the work performed by our service providers that they will come into contact with people who do not maintain those same high standards. When such situations arise and a bribe is offered or requested, or such activity is suspected, you should not hesitate to contact us.

We are continually reviewing and updating our Bribery Prevention procedures and will provide further information and guidance as those procedures develop.

We need to be confident that your procedures and policies support our own policies, so that 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 London P&I's, Managers' and Members' behalf, we will assume, (unless you tell us otherwise) that you agree and accept the Bribery & Prevention Corruption Policy as summarised in this letter, and that your company has in place policies to the same or similar effect.