

The logo for PSC Insurance Group, featuring a stylized cube icon composed of smaller colored squares (orange, blue, green) to the left of the text "PSC Insurance Group".

PSC Insurance Group

- **PSC Anti-bribery and corruption policy and procedure**

ANTI-BRIBERY & CORRUPTION POLICY

1. Policy Statement

The PSC Insurance Group (PSC) takes a zero tolerance approach to bribery and corruption and we are committed to acting lawfully, ethically and responsibly in all our business dealings and relationships in all countries in which we operate.

PSC expects all its directors, officers, employees and agents and representatives of PSC throughout the business to comply with this policy which will be regularly reviewed and updated in line with changes in the law, changes in our business and our reputational demands. We are committed to implementing these procedures and ensuring that proper emphasis is placed from the top of each PSC Company on countering corruption.

The policy should be read together with our other corporate governance policies including our Whistleblower and Code of Conduct policies.

The Policy applies globally. If travelling outside of your usual work country, PSC employees are subject to the laws of the country they are in, The principles of this Policy must be followed regardless of whether or not that country has specific bribery and corruption laws. Where a country has specific bribery and corruption laws which are of a lesser standard to this Policy, this Policy prevails.

2. Guiding Policy

The aim of this policy is for PSC to prevent, and mitigate the risk of being involved in any form of bribery or corruption. This is achieved by implementing effective systems and controls which must be followed by all PSC directors, officers, employees and representatives.

PSC is dedicated to complying with the anti-bribery and corruption laws in all jurisdictions in which we do business and we:

- Will not tolerate any form of bribery or corruption.
- Will not make, offer or accept bribes, directly or indirectly to obtain an unfair business advantage.
- Conduct business in an honest and transparent manner, and with reputable organisations.
- Will not accept inappropriate or incommensurate payments from trading partners.
- Will not make, and will not accept, facilitation payments or "kickbacks" of any kind.
- Will not contribute to political parties. We only make charitable donations that are legal and ethical under local laws and practices.
- Expect all our directors, officers, employees and representatives to be vigilant against suspicious activities and for them to report anything that could indicate any financial crime including bribery or corruption via the PSC Whistleblower policy.
- Encourage and support our directors, officers, employees and representatives in reporting a suspicion or knowledge of bribery or corruption, or a potential breach of this policy, and acknowledge their right to be free to make such a report without fear of reprisal in accordance with the PSC Whistleblower Policy.

- Treat any breach of this policy very seriously and where appropriate will take disciplinary action or even dismissal. For example, where an employee is knowingly involved with bribery or corruption or where such a situation is not reported.

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

- Give, promise to give, or offer, a payment, gift or hospitality to an individual with the expectation or hope that a business advantage will be received, or to reward a business advantage already given;
- Give, promise to give, or offer, a payment, gift or hospitality to a government official, agent or representative to "facilitate" or expedite a routine procedure;
- 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;
- 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;
- Threaten or retaliate against another employee who has refused to commit a bribery offence or who has raised concerns under this policy; or
- Engage in any activity that might lead to a breach of this policy.

3. What is a Bribery and Corruption?

Bribery is the offering, promising, giving, accepting or soliciting of an advantage as an inducement for action which is illegal, unethical or a breach of trust. A bribe is an inducement or reward offered, promised or provided in order to gain any commercial, contractual, regulatory or personal advantage and can take the form of gifts, loans, fees, rewards or other advantages.

Corruption is the abuse of entrusted power for private gain.

Before a person considers offering or accepting any inducement or reward to or from any supplier or trading partner they should ask themselves:

- Whether the person receiving the benefit would be happy for their employers and shareholders to have knowledge of the arrangements; and
- Whether the interests of the person receiving the benefit are, as a result of so receiving, in conflict with the interests of the organisation that they work for; and
- Whether a reasonable person having knowledge of the arrangements would consider that, the benefit was offered or provided to induce a person towards improper conduct such as committing a breach of trust or acting in bad faith or showing bias when there is a duty to be impartial.

If the person receiving the benefit would rather keep the arrangements secret from their employer, and/or their interests have diverged from their employers and/or an ordinary reasonable person would consider the benefit given or received as inducement or reward for improper conduct – then the activity is likely to amount to a bribe.

If you are in any doubt whatsoever then please discuss with Compliance before proceeding.

4. Regulation

PSC is subject to specific anti-bribery and corruption laws in each jurisdiction in which it has offices and employees.

It is important to note that “custom and practice” are no defence when dealing with bribery and corruption. Bribes paid through third parties are also caught.

Notwithstanding specific legislation in jurisdictions in which the PSC Group operates, when travelling in respect to our employment with PSC to other countries we are subject to the laws of those jurisdictions. It is imperative that we abide by the laws of those jurisdictions and where this policy sets a higher standard this policy prevails as failure to comply (and in some situations be pressured into by “custom”) may lead to dire consequences.

There are further risks in the laws of more than one jurisdiction will have been breached and with it multiple enforcement actions.

4.1. Australia and New Zealand

In Australia there is both State, Territory and Commonwealth legislation.

The Commonwealth legislation is within the Criminal Code Act and is specific to bribery of foreign officials and Commonwealth Public officials. Fines of up to \$2.1 million for individuals and \$21.0 million for Companies apply.

State Laws are more broad and cover public and private individuals. While there is variation between each state and territory legislation their intent is the same. Penalties vary but as an indication NSW has the following penalty regime:

- For individuals, the both offences carry a maximum penalty of 10 years imprisonment and/or \$1.7 million fine.
- For corporations, the maximum penalty is the greater of a fine of up to \$17 million, three times the value of the benefit (if it can be determined) or (if the value cannot be determined) 10% of the annual turnover of the company during a 12 months period ending at the end of the month in which the offending conduct occurred.

New Zealand has the Crimes Act 1961 and the Secret Commission Act 1910

For an overview of this legislation follow the attached link:

<https://www.justice.govt.nz/assets/Documents/Publications/Ministry-of-Justice-Anti-Corruption-Guide.pdf>

4.2. United Kingdom

The Bribery Act 2010 (‘the Act’) came into force in the UK in 2011 replacing the existing bribery laws, which dated back to 1889.

The Act extends to business conducted overseas.

The maximum penalty for an individual found guilty is 10 years' imprisonment and/or an unlimited fine. The offences under the Act are subject to 'strict liability'. This means that if bribery has happened then you are guilty and therefore the prosecutor would not need to prove intent, as is the norm in English law.

The corporate offence of 'failing to prevent bribery' has a narrow defence and this is available where a corporation can demonstrate that it has 'adequate procedures' to prevent bribery.

4.3. Bermuda

The Bribery Act, 2016 came into force 1 September 2017. As expected, it is very similar to the UK act and again replaced old Acts.

4.4. Hong Kong

The Prevention of Bribery Ordinance (Cap. 201) (POBO), enacted in 1971, is the primary anti-bribery legislation in Hong Kong and is enforced by the Independent Commission Against Corruption (ICAC). It contains provisions prohibiting bribery in both the public and private sectors.

4.5. Consequences of bribery

The impact of bribery can be much broader than civil and criminal penalties. Other possible consequences include:

- impact on reputation and ability to attain and retain business;
- impact on ability to do business with governments or public international organisations which may require a declaration that we have complied with certain laws;
- breach of contract provisions requiring "compliance with all applicable laws" or "compliance with applicable anti-bribery and corruption laws", which may trigger penalties, give the third party a right to terminate the contract and/or litigation; and
- regulatory scrutiny and prosecution of PSC Insurance Group Limited and/or its subsidiaries.

5. Anti-Bribery and Corruption Procedures

5.1. Gifts & Hospitality

Lavish or frequent corporate hospitality (including entertaining, gifts, travel, accommodation, etc.) can constitute bribery. Staff must therefore ensure that any corporate gifts or hospitality provided or accepted on behalf of PSC:

- Has a legitimate business purpose and is reasonable and proportionate to the business;
- Is transparent, meaning that is declared in the company's gift and hospitality register;
- Is provided only with the intention of building a relationship (hospitality offered for something in return is never permissible); and
- Is in full adherence to the PSC Gifts & Hospitality policy and the Expenses policy.

Under no circumstances shall a member of staff offer cash, or any other inducements, as a gift. If there is any doubt about a gift or hospitality, please revert to the Group Manager Governance and Compliance.

5.2. Donations

Political contributions

Anti-bribery legislation generally has a specific offence relating to the bribery of foreign public officials, and political donations are considered a high risk for potential bribery. PSC do not make contributions to political parties or individuals. Employees or trading partners must not make direct or indirect contributions to political parties, organisations or individuals engaged in politics, as a way of obtaining advantage in maintaining and obtaining business for PSC.

Charitable contributions

PSC have approval and review procedures for charitable donations with designated levels of approval. There is a procedure to monitor payment of donations to ensure that they are not used as a subterfuge for bribery and are legal and ethical under local laws and practices.

5.3. Facilitation Payments

Facilitation payments (or grease payments) are a form of bribery made with the purpose of expediting or facilitating the performance by a public official of a routine governmental action and not to obtain or retain business or any other undue advantage. Facilitation payments are common demands and are often not specifically prohibited under many jurisdictions bribery acts.

In instances where facilitation payments are demanded, the following process should be followed:

- State that PSC policy is not to pay facilitation payments and that you have been instructed not to pay.
- If request for payment is insisted upon, ask if you are able to contact your company to obtain permission to make payment and request a receipt from the official detailing the reason and the amount of payment required.

- If request for payment continues, consideration should be given regarding whether you cannot continue without making a payment. In circumstances where the request is for less than AUD 100 or GBP 50 and your judgement is such that your welfare is at risk or making the payment outweighs the cost of the lost equipment (insurance) then the payment can be made.
- Any request for payment must be recorded including date, time, location, individual requesting payment, amount, reason for payment and whether payment was made.
- Any payments above these amounts are strictly prohibited unless your welfare is at risk and it has been acknowledged by your business unit leader that such a payment is being made.
- All facilitation payments must be reported to the Group Manager Governance and Compliance.

5.4. Business Relationships

Trading Partners

PSC have Trading Partner approval procedures in place in order to ensure we know our trading partners, including clients, agencies/intermediaries and third parties. There are internal forms to be completed that set out the Know Your Customer ('KYC') information and documentation required in order to satisfy due diligence requirements. Additionally, agencies and third party introducers are required to complete application questionnaires and provide the KYC information and documentation requested within.

Subsidiaries and Joint Ventures

PSC will conduct due diligence before entering into a joint venture and will cascade this policy on anti-bribery and corruption to all subsidiaries and joint ventures.

Contractors and Suppliers

PSC conducts all procurement practices in a fair and transparent manner. Contractors and suppliers will be notified of our anti-bribery and corruption policy, with them retaining the option to terminate the contract in the event that they do pay bribes.

5.5. Conflicts of Interest

Staff must avoid situations or transactions in which their personal interests could conflict or might be perceived to be in conflict with the interest of PSC. All staff are required to provide an annual declaration of any interests they may have outside of PSC business.

See the PSC Conflicts of Interest policy for further details.

5.6. Staff Vetting

PSC takes steps to ensure that the likelihood of its staff being inclined to become directly involved in bribery and corrupt practices is minimised by carrying out regular checks.

Selection

Prior to selection, potential staff are required to go through a robust interview process. Pre-employment referencing is undertaken for all staff, as well as staff vetting in the form of criminal record checks and credit checks.

Ongoing Vetting

A key part of this process is the annual Fitness and Propriety questionnaires completed by all senior personnel plus other staff who undertake roles that have a Fitness and Propriety risk. This includes annual criminal record checks and credit checks on an ongoing basis.

5.7. Training & Competence

PSC takes steps to ensure that the likelihood of its staff being inclined to become directly involved in bribery and corrupt practices is minimised by providing sufficient training.

Induction

All new staff receive HR and Compliance inductions and a departmental integration programme. The Compliance induction highlights the importance PSC places on its ethical business culture and its zero tolerance for bribery and corruption.

Ongoing Training

All existing staff receive ongoing training via the myPSC training platform where they are expected to complete courses on an annual basis, including core financial crime courses.

5.8. Record Keeping

- PSC must keep financial records and have appropriate internal controls in place, which will evidence the business reason for making payments to third parties.
- All gifts or hospitality accepted or offered, subject to managerial approval, must be declared and recorded on the Gifts & Hospitality Register in line with the Gifts & Hospitality policy.
- All expense claims relating to hospitality, gifts or other expenses incurred to third parties must be submitted in accordance with the Expenses policy and the reason for the expenditure must be clearly recorded.
- 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.

5.9. Reporting Bribery or Corruption

What to do if you have a concern

All instances or suspicions of bribery or corruption, or breaches to this policy, must be reported to the Compliance Officer for your business or Group Manager Governance and Compliance as soon as possible. If there is any doubt as to whether a particular act constitutes bribery or corruption then the matter should be reported.

Any such concerns should be reported in line with the PSC Whistleblowing policy, which protects an employee who reports an incident of actual or suspected bribery or corruption from victimisation, discrimination or any other form of harassment or detrimental treatment.

Red Flags

The following is a non-exhaustive list of possible red flags that may arise at PSC and which may raise concerns:

- Performing no service other than facilitating.
- Abnormally high fees or commission.
- An insistence on urgency or confidentiality.
- Having no track record.
- An insistence on meeting without a company representative being present.
- Requesting advance or cash payments.
- Requesting payment via third party.
- Requesting payment to be made to a country that is different from where the third party is based.
- Making payments to bank accounts in jurisdictions where PSC has no operation presence.
- Operating in a country or territory with perceived high corruption.
- Having a reputation for paying or requesting bribes.
- Lavish gifts or hospitality.
- Special relationships with government officials.

Internal Reporting

All instances or suspicions of financial crime, such as bribery or corruption, are reported in the monthly Compliance reports and are discussed by the Board of each PSC Company. Matters regarding potential financial crime are also raised and discussed at divisional meetings across PSC.

Sanctions

This policy does not cover the situation of Sanctions. Sanctions come into play when dealing with clients who are not a resident of a jurisdiction in which we normally operate.

Sanctions are measures not involving the use of armed force that are imposed in situations of international concern. They may be designed to bring a situation of international concern to an end by influencing those responsible; to limit the adverse impacts of a situation; or to penalise those responsible.

Each sanctions regime imposes sanctions measures, depending on the individual circumstances and objectives of the regime. Generally a country will adopt the United Nations Security Council (UNSC) sanctions regime. This is often extended by a country adopting its own autonomous sanctions regime. The most common sanctions measures are:

- Restrictions on trade in goods and services
- Restrictions on engaging in commercial activities
- Targeted financial sanctions (including asset freezes) on designated persons and entities

- Travel bans on certain persons.

Within our Australian businesses there is almost no need to consider sanctions. However, it is an important by product of the “know your client” process.

Our UK businesses have built in sanction checking processes using dedicated software.