

POLICY AND GUIDANCE ON THE PREVENTION OF CORRUPTION AND FRAUD

December 2017

Policy Statement from the Group Chief Executive

Galliford Try is committed to conducting its business in an open, honest and ethical manner. These commitments accord with our values of Excellence, Passion, Integrity and Collaboration as a Group. It is the right thing to do and it is important because failure to abide by these commitments will have severe consequences for the Group and any individuals responsible.

This Policy reflects our zero-tolerance approach to bribery, corruption and fraud of all kinds. This reflects our expectation that in all our business dealings we operate with integrity and that none of our relationships with clients, suppliers or other partners should be tainted by fraudulent or dishonest conduct.

There are important obligations for all employees in the attached Guidance. These include standards of conduct all employees must abide by as well as duties to report any suspected breaches of this Policy by others. The Guidance starts with a summary of key "do's and don'ts" and Frequently Asked Questions.

The Guidance forms part of a package of measures that the Group is implementing in relation to anti-corruption compliance and fraud prevention. Responsibility for monitoring and reviewing these measures is the responsibility of the Executive Board through the Group Company Secretary, assisted by the Head of Legal Services.

Peter Truscott

Group Chief Executive

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Part 1 of this Guidance is a quick guide aimed to give you an easy-to-access summary of what the Galliford Try rules are and what practical scenarios to be wary of. Part 2 gives the detail that is necessary to understand the issues more clearly.

PART 1 – Quick Guide

Your responsibilities

- You must ensure that you read, understand and comply with these Guidelines.
- Breaches of these Guidelines will result in disciplinary action, which for serious breach could include dismissal for gross misconduct.

1. WHAT IS BRIBERY?

The Bribery Act 2010 defines corruption offences very widely. The offences apply equally to private and public sector activities. These Guidelines set out further details of the offences and how they apply to our work.

A bribe does not need to be money. It can be any form of advantage: e.g. an award of a contract; lavish hospitality or gifts; or an offer of employment.

A recipient of a bribe does not need to benefit personally.

Actual payment of a bribe does not need to occur for there to be a criminal offence. An offer or request would be sufficient.

Offering or making (or requesting) a payment (or some other favour) can amount to bribery in itself. The recipient does not necessarily need to do anything in return for the offence to occur.

The risks from bribery are a growing concern in the sectors where we operate. Large infrastructure and construction projects, for example, have been highlighted in surveys as having a high risk of corruption. This means we need to be prepared in case as a Group or as individuals we are confronted with requests for bribes, faced with competitors acting corruptly or undermined by any of our colleagues breaching these Guidelines and the law in this area.

2. Our "Rules" for the Prevention of Bribery...

2.1 Basic approach

You must follow these four principles:

1. **Do not offer or make payments (or other favours) to someone if you suspect that this could influence them to misuse their position.**
2. **Do not misuse or offer to misuse your position in connection with payments (or other favours) for yourself or others.**
3. **Do not offer or give financial or other advantages to foreign public officials to seek a business gain. If you need to promote Galliford Try's business with a foreign public official, always check in advance with Head of Legal Services.**
4. **Do not if you are in a management role allow others to do any of the above or "consent or connive" in another doing so. You will be personally liable for the offence.**

2.2 Rules on Hospitality and Gifts (whether offered or accepted)

- In most cases, reasonable ordinary levels of hospitality (and related expenditure) intended to foster cordial business relationships and promote Galliford Try's image will be acceptable under these Guidelines and the law.
- Galliford Try will need to keep records of gifts and entertainment given and received, even though these are legitimate business activity.
- You are required therefore to declare on a report form (on Oracle IExpenses or if you do not have a work computer by hard copy) for any such activity which you reasonably judge to exceed the value thresholds set out below.
- For hospitality given to others you must state the person and company when completing your expenses form.
- A separate report form will be required for declaring any hospitality that you have received as well as hospitality given if you do not intend to claim the expenses.

2.2.1 Gifts – do not offer or accept the following:

- Gifts of cash
- Gifts that are intended as a bribe or risk the perception of improperly influencing the recipient
- Gifts in lieu of normal remuneration, or payment of fees, or salary
- Any gifts where prohibited by the organisation for whom the recipient or offerer works.
- Gifts in the form of services or other non-cash benefits,
- Gifts to public officials except with prior approval by your business unit Managing Director and where the public official is permitted under their employer's rules.

2.2.2 Declarations and Approvals:

Hospitality, gifts and donations reimbursed, given or received need prior approval of your BU MD (followed if applicable by Divisional MD approval and PLC Executive Board Member approval) in the following circumstances:

- Hospitality up to £100 offered or accepted: No declaration or approval required:
- Hospitality over £100 offered or accepted (or £300 in any quarter): BU MD approval
- Hospitality over £200 offered or accepted: Divisional MD approval
- Hospitality over £400 offered or accepted: PLC Executive Board Member approval
- Any offer or invitation to pay accommodation or travel expenses: PLC Executive Board Member approval
- All Hospitality to Foreign Public Officials: PLC Executive Board Member approval
- Any gifts to foreign Public Officials: PLC Executive Board Member approval
- Gifts more than £50 per person or more than £150 to / from 1 person over 12 months: PLC Executive Board Member approval
- Charitable donations up to £500: BU MD approval,
- Charitable donations above £500: PLC Executive Board approval

2.2.3 Seeking Approval

- Any request for approval must be made *prior to accepting or offering* the Hospitality

- Approval by a Divisional MD should only be sought with the approval of the BU MD first
- Approval by an Executive Board Member should only be sought with the approval of the BU MD and Divisional MD first
- Approval should not be sought or granted where there is a current or imminent bid process or order negotiation between Galliford Try and the external party or other risk of perception of influence over current transactions
- Approvals should not be given if the proposed hospitality could be regarded by a reasonable person as lavish or excessive
- Approval to pay or receive travel or accommodation expenses should be declined unless there are exceptional circumstances

2.3 Charitable Donations

- All donations given on behalf of Galliford Try need prior authorisation from the relevant business unit Managing Director.
- For any donations up to £1000 prior approval must be obtained from the BU MD, over £2000 for a single donation or cumulatively in the financial year by DMD and over £5000 singularly or cumulatively in a financial year by an Executive Board Member

2.4 Political donations

- It is not the Company's policy to make political donations and any donations made on behalf of the company by any individual will be deemed a violation of this policy.

2.5 Facilitation Payments

- Facilitation payments are payments (or other benefits) paid to officials to get them to do something which they were going to do (such as issue a permit or visa) sooner than they otherwise would have done. These are bribes under the Bribery Act and are prohibited by these Guidelines.
- However, in exceptional cases, if you find you are in fear for your safety or at risk of loss of liberty, you should not refuse a demand for a facilitation payment.
- In all circumstances report any demand for facilitation payments immediately to Group General Counsel.

2.6 Whistleblowing and reporting

- All employees are encouraged to report any behaviour that indicates potential corruption or fraud. You should report this to Group General Counsel or, if you feel more comfortable, to the anonymous Whistleblowing Hotline (please see the contact details at Section 13).
- All employees should be assured that reporting of any concerns will be handled sensitively.
- As a Group, we will support anyone who raises concerns in good faith. This includes ensuring that no one in our organisation will suffer any detriment for refusing to accept or pay bribes or take part in fraudulent practices, or if they report concerns they have about others' conduct.
- A deliberate failure to speak up when there was clear evidence of corruption or fraud by others can lead to disciplinary action.
- If you are in a management role and "consent or connive" in the activity by others by failing to report it you could be prosecuted for the offence.

3. FREQUENTLY ASKED QUESTIONS

Below are some examples of areas of our work where specific corruption risks may arise. If you encounter any of the scenarios below in the course of your work, you should report this immediately to Group General Counsel or the Whistleblowing Helpline.

3.1 Corruption in our Sector – "When we are involved in a tendering process, are there any corruption risks?"

Yes. Some examples of warning signs include:

- Any price fixing or anti-competitive practices (see Galliford Try's Competition Law Guidelines)
- Bribery to obtain a main contract award
- Bribery during sub-contract procurement
- Corruptly negotiated contracts
- Manipulation of design specifications due to corruption
- Specification of overly sophisticated design
- Inflation of resources and time requirements
- Obtaining a quotation only to give appearance of price comparison
- Concealment of financial status of a counter-party
- Submission of false quotations

3.2 Corruption in our Sector – "When we are involved in a project, can corruption occur during the execution phase?"

Yes. Some examples of warning signs include:

- False invoicing: eg for supply of inferior materials or less quantities
- False work certificates
- Excessive repair work
- Overstating man-day requirements
- Inflated claims for variation
- False variation claim
- False extension of time applications or certificates
- False assurance that payment will be made
- Delayed issue of payment certificates
- Set-off of false rectification costs
- Refusal to issue final certificate
- Requirement to accept lower payment than is due
- Facilitation payments (see elsewhere in these Guidelines)
- Overstating of profits
- False job applications

3.3 Land Agents – "We are negotiating the purchase of a site for a housebuilding development. The vendor's representative (Land Agent) explains that there are higher bids from other prospective purchasers. However, he states he will recommend our bid and / or give us a chance to submit an increased bid on condition that his firm is appointed as sales agent for the development once built. Is this a corruption concern?"

Yes, in this scenario, the Land Agent has requested an advantage (his appointment as a sales agent in future) in return for favouring our bid for the purchase of the land. He is potentially performing his role improperly and the request for a future appointment as a sales agent can be classified as a financial or other advantage and therefore a bribe.

- 3.4 Procurement:** - "Our Joint Venture partner wishes to engage a sub-contractor to supply and fit solar panels on a project. The proposed sub-contractor is not on our approved supplier list and we have not undertaken any due diligence on their suitability for the project. It later emerges that the sub-contractor has supplied and fitted solar panels free of charge to some senior employees of our Joint Venture partner in order to "demonstrate quality of workmanship". Is this a corruption concern for Galliford Try?"

Yes. The fitting of free solar panels is potentially a bribe. Although no employees from Galliford Try have received any benefit, Galliford Try can be held liable for the acts of others performing services for or on our behalf. This would include our Joint Venture partners and our sub-contractors.

- 3.5 Gifts and Hospitality** - "I have a personal friendship with someone employed by a supplier (or a client) with whom Galliford Try does business. We meet socially and we typically exchange gifts at Christmas and for birthdays. We might pay for each other's meals or tickets for an event. This is out of our own pockets and we do not seek reimbursement of any of these costs from our companies. Does this breach the Guidelines?"

In this scenario, you should be aware of the potential corruption risks in your personal relationship and avoid taking any steps that could be misconstrued. For example, when the supplier is tendering for work with Galliford Try and you are involved in the procurement process, it may be inappropriate to receive personal hospitality from your friend during this period. Gifts and hospitality arising from your social relationship with the other party should be approved and reported if they exceed the limits set out in these Guidelines. Further guidance should also be sought from Head of Legal Services. At all times, care should be taken that there is no risk of an actual or perceived conflict of interests.

- 3.6 Gifts and Hospitality:** "Our business unit hired a marquee at Ascot for one of our best client's employees and families. The event cost £150 per head including a champagne reception and was meant as a treat for all their staff. No one from Galliford Try attended. Is this in breach of our Guidelines?"

Yes. Hospitality to improve business relationships needs to be attended by representatives from Galliford Try. The event could be construed as lavish and falling outside normal business practice to promote cordial relationships between Galliford Try and its clients. It would be a potential corruption concern to offer corporate hospitality to a client's employees where no one from our business was present as well (and in any circumstances to families) – regardless of the amount of expenditure. In those circumstances, guidance should be sought from Head of Legal Services.

- 3.7 Suspicions on site:** "I am a Q.S. on a project. One of the sub-contractors has submitted some worksheets for the last month which are inaccurate and appear to inflate what work has been done. We pass on all of these costs to our client in any event. Should I be concerned?"

Yes. You and the company can commit offences separately if you allow for claims that you know to be false to be processed or passed on to a client. Apart from your concerns about fraudulent conduct, there may also be corruption issues regarding this sub-contractor. In any event, you should not sign off on false or inaccurate worksheets and you should seek advice from Head of Legal Services.

- 3.8 Dealing with agents:** "We are seeking planning permission for a development. We engage a local planning agent to advise us on the best strategy to obtain planning permission from the local planning authority. The agent was recently a member of the authority's planning committee and maintains close ties with its current members. He does not have any relevant professional qualifications but his CV describes his planning expertise as "local know-how". He requests a 2% fee up front with the remaining 2% payable to an offshore account after the planning decision. Should we have any concerns?"

Yes. There are a number of corruption warning signs in this scenario. You would need to consider whether the level of commission is unusual. In addition, there appear to be a number of other concerns: the agent may have a potential

conflict of interest because of his former role; the agent wants an upfront payment which is suspicious; it is not clear what services the agent will be providing; and the agent wants part of a payment paid to an offshore bank account when it appears he resides and is performing services in the UK. You would need to consider whether these signs indicate that payments or other benefits will be offered by the agent to members of the committee.

3.9 Overseas Agents “We are seeking to do business in a foreign country and are told that we must engage a local agent to act on our behalf in negotiations. His fee seems high for the service he will be providing but we ask around and that seems to be the accepted local custom. Should we have any concerns?”

Yes. High fees for the services being provided may indicate that payments or other benefits will be made to gain influence. We can be prosecuted in the UK for bribes that occur on our behalf overseas. Local custom will be no defence unless enshrined in the local written law. We must check the good standing of our proposed agent and put in place a written agency agreement approved by Head of Legal Services.

3.10 Facilitation payments “We need customs clearance for materials in a foreign port and it is apparent that the local official will put our paperwork to the front of the queue for a modest payment. Can we make this payment?”

No. Even though the official would have given the clearance and we are only paying him to prioritise our paperwork, it is still a bribe under the Bribery Act. It would only be permitted if there is imminent danger to a person’s safety or liberty or if the local written law allows it.

4. WHO IS COVERED BY THESE GUIDELINES?

These Guidelines apply to all individuals working for our Group including:

- Employees
- Contractors
- Trainees, apprentices and interns
- Agents
- Agency and temporary staff

In addition, we expect these Guidelines or similar standards of conduct to be adhered to by anyone else associated with our Group, who perform services for us or on our behalf. This includes those we enter into joint ventures with or with whom we collaborate on projects or service provision for our clients. It includes our agents, brokers, sub-contractors, representatives, distributors, consultants and other providers.

To help achieve our expectations of others, these Guidelines may be circulated throughout our businesses and, where appropriate, to third parties. In many cases, they should be discussed with any party with whom we are considering doing business to ensure they understand our standards.

PART 2 – More Detailed Guidance

5. BRIBERY - WHAT IS THE LAW?

5.1 **The Bribery Act 2010** came into force on 1st July 2011 and sets out UK law on corruption offences. The offences under the Bribery Act are extensive in scope, broadly defined and also allow for offences committed anywhere in the world to be prosecuted in UK courts. The same standards therefore apply to conduct that occurs both in the UK and in any business we undertake abroad.

The Bribery Act includes a new offence of failure of commercial organisations, such as Galliford Try, to prevent bribery. This offence is designed to make companies that carry on business in any part of the UK responsible for bribery on their behalf, wherever in the world such bribery takes place. The Group has a legal responsibility under the Act to prevent bribery by any employees or any third parties on its behalf. As a business, these Guidelines are part of a package of measures we have adopted to protect the company and its employees from the risk of corrupt activity by ourselves or by third parties on our behalf

Penalties:

The Bribery Act has serious consequences for anyone guilty of bribery.

- For individuals, a maximum prison sentence of 10 years and/or an unlimited fine can be imposed;
- for companies, an unlimited fine can be imposed.

Under The Proceeds of Crime Act 2002 (any gain from bribery being treated as the proceeds of a crime) penalties include:

- confiscation of company or personal assets, where these are found to be the proceeds of criminal activity and
- unlimited fines for individuals or companies and
- maximum prison sentence for individuals of 14 years.

These penalties under The Proceeds of Crime Act apply equally to anyone who is involved in assisting with the concealment or retention of any proceeds of crime. This could apply to those who deal with the revenues generated by a contract knowing that someone else obtained that contract by bribery.

It is important to be aware too that any conviction of one of our companies for corruption or fraud would result in a mandatory disqualification from bidding for work to any Public Authorities and Utilities Companies in UK and other EU states under EU Procurement Regulations.

The adverse publicity of a conviction would itself be very serious for our business.

6. OFFENCES UNDER THE BRIBERY ACT

The Bribery Act contains four main offences:

- **Paying or offering bribes** - Applies to you and Galliford Try
- **Receiving or requesting bribes** - Applies to you and Galliford Try
- **Bribery of a foreign public official** - Applies to you and Galliford Try

- **Failure to prevent bribery** - Applies to Galliford Try

In addition, if anyone at senior management level “*consents or connives*” in an act of bribery by Galliford Try, they can be personally prosecuted and face the same penalties as a person who carried out the bribe.

As a reference guide, we set out below explanations of each of these offences.

All employees of Galliford Try must themselves comply with the applicable law in this area, including the Bribery Act, and should report to Group General Counsel, or (if they feel uncomfortable doing this) via the anonymous Whistle Blowing helpline, any suspicion that others, whether employed by Galliford Try or not, have failed to comply.

6.1 **Paying or offering bribes**

It is an offence if you offer, promise or give a financial or other advantage with the intention of inducing another person to “*perform a function or activity improperly*” or to reward that person for doing so.

However, it is not necessary to prove you intended this consequence: it is also an offence if you know or believe that acceptance of the advantage by another is in itself an improper performance of their function or activity.

6.2 **Receiving or requesting bribes**

It is an offence if you request, or agree to accept, or receive a financial or other advantage intending that a “*function or activity should be performed improperly*” as a result.

It is also an offence:

- Where your request or receipt of the advantage is in itself an improper performance of a function or activity;
- Where your request or receipt is a reward for your or someone else's improper performance in the past;
- Where your improper performance takes place in anticipation or as a consequence of a request or receipt of an advantage.

6.3 **What activities do these offences apply to?**

Paying and receiving bribes can potentially occur in relation to all kinds of function or activity connected to your work at Galliford Try. These include any function performed by people in the public sector and any activity connected with a private sector business.

Therefore, amongst other things, the offences apply to:

- Our dealings with our clients in the private and public sectors
- Our dealings with any of our subcontractors, consultants or other service providers or agents
- Our dealings with public authorities and regulatory bodies, including local government and other agencies.

6.4 **What does improper performance mean?**

Whether an activity or function is performed improperly will be measured on an objective basis, not necessarily on your own perception of the activity. Improperly in this context means:

- performance that is contrary to an expectation of good faith and / or impartiality or
- performance that is contrary to any expectation arising from a position of trust placed on the person performing it

The test will be whether a function has been performed contrary to the expectation that a reasonable person in the UK would have.

This means:

- Customary or historic practices will not necessarily be acceptable – it is no defence that a payment was made in the past.
- Local custom or culture overseas will not be a defence unless enshrined in the written law of that country.
- Low level corruption or mutual favours are still criminal - it does not matter that no money changed hands, or that you received no personal benefit.
- Ignoring or permitting bribery by others amounts to “consent or connivance” and for senior managers is an offence. It is also contrary these Guidelines and you are urged to report any concerns you have.

6.5 Bribery of a foreign public official

It is an offence if you offer or give a financial or other advantage to a foreign public official with the intention of influencing the foreign public official in order to obtain or retain business or a business advantage. This is a low threshold for the offence to be committed as it does not require an intention that the official exercises his role improperly; it is sufficient that the offer is made to influence and to obtain or retain business or a business advantage.

There is a very limited exception where the foreign official is permitted or required by written law to be influenced in this way.

Our areas of operation have or may have dealings with foreign public officials. These people include:

- Overseas officials who perform commercial functions or are employed by overseas government agencies and state-owned enterprises
- Overseas officials who carry out legislative, administrative and judicial tasks

There is no exemption for “facilitation payments” (see also section 12 of these Guidelines relating to Facilitation Payments)

Hospitality and entertainment to or from foreign public officials is possible for legitimate purposes, but care needs to be taken. If you need to promote Galliford Try's business with a foreign public official, you should contact Head of Legal Services in advance to confirm what steps you can and cannot take.

6.6 Failure of commercial organisations to prevent bribery

The Bribery Act covers both our own activity and that of third parties providing services for or on behalf of us (called “associated persons”). This is a wide category of people for whose acts we have a potential liability. It does not matter in what capacity they act for us. Associated persons include all employees of our Group and others outside our organisation.

It is an offence by Galliford Try if we fail to prevent bribery by an associated person. However there is a defence in any prosecution if we show that we had “adequate procedures” in place to prevent bribery and the person has got around those procedures. These Guidelines are one part of Galliford Try's programme of anti-corruption measures designed to prevent bribery by anyone associated with the Group.

7. WHAT IS FRAUD?

There are a large number of criminal offences that involve fraud. It typically involves dishonesty with the intent to make a gain or to expose another to the risk of loss. The sort of deception encountered on construction projects includes:

- falsification of letterheads on documents,

- forgery of signatures,
- false accounting,
- telling lies

This may be done in the (wrong) belief that the deception is only a shortcut to obtaining the correct payments under the contract and is therefore justified. It may be that the individual perpetrator makes no personal gain and /or believes they are helping the company. These factors would be ignored in any investigation or in court. Fraud is criminal regardless of the motive or ignorance of the law.

If payments were to be received by the company as a result of fraud carried out by an individual employee or agent, the company and its managers and directors become liable for equally serious offences under the “money-laundering” provisions of The Proceeds of Crime Act if they know or even just “suspect” what has happened.

All these offences carry the risk for the individual perpetrator, for managers and directors of unlimited fines and jail sentences of up to ten to fourteen years. If the company is convicted in connection with holding the proceeds of such activity it can face unlimited fines and would face perpetual exclusion from all Public Sector and Utilities contracts under very strict EU Procurement Regulations. This exclusion and the reputational damage would potentially destroy the company.

The Company has a zero-tolerance to fraud, however low-level. Dismissal for gross misconduct would usually follow unless there were particular mitigating circumstances.

8. WHAT ARE YOUR OBLIGATIONS IN RELATION TO FRAUD?

The Group Policy states that all employees of Galliford Try must comply with the applicable law in this area and at all times conduct business honestly and with integrity. This means:

- keeping accurate records and accounts in relation to your work
- not altering figures, letterheads, dates or signatures on documents in a way that could mislead
- not causing someone with whom we do business to be misled by your actions or omissions
- not proceeding with transactions where you have concerns or suspicions of criminal activity taking place
- not directly or indirectly allowing company property or assets to be misused or misappropriated

All employees should report any suspicion of fraudulent behaviour to Group General Counsel, or (if they feel uncomfortable doing this) via the anonymous Whistle Blowing helpline.

9. HOW TO IDENTIFY FRAUD?

Sometimes the way other people behave can give rise to concerns about fraudulent conduct. Below are some examples of warning signs that *may* indicate someone else is involved in fraudulent practices. In these circumstances, you should not hesitate to report your concerns to Group General Counsel, or via the anonymous Whistle Blowing helpline.

- Significant and unexplained changes in behaviour;

- Transactions take place at an unexpected time, or are unusual in frequency or amount, or involve unexpected recipients;
- Internal controls are not properly enforced or are overridden;
- Discrepancies in accounting records, purchase orders or invoices, or unexplained items appear in reconciliations;
- Missing documents, or only photocopied documents available when an original is required;
- Inconsistent, vague or implausible responses arising from enquiries;
- Discrepancies between paperwork and verbal explanations;
- Missing inventories of physical assets;
- Excessive voids or credits;
- Alterations or other inaccuracies on documents (e.g. back dating);
- A person appears to exercise excessive control of a process from start to finish with no segregation of duties
- A person is resistant to others taking over or seeing their work or, for example, avoids taking time off.

10. GIFTS ENTERTAINMENT AND HOSPITALITY

What is covered by these Guidelines?

These Guidelines apply to all gifts, hospitality and entertainment that you receive or offer in the course of your employment at Galliford Try or which are otherwise connected, directly or indirectly, to the Group's business dealings.

The Guidelines apply whether a gift, entertainment or hospitality is paid for by someone personally or is reimbursed by a company. The Guidelines also introduce an approval process and reporting obligations for gifts, entertainment and hospitality in some cases.

What is entertainment and hospitality?

Entertainment and hospitality can include any attendance at social events, functions, sports matches, theatres or other occasions, business lunches or drinks - whether they include a business purpose or not and whether received or offered.

What are gifts?

Gifts include any token of appreciation and gratitude, gift vouchers, cash, physical gifts (e.g. a bottle of wine) or other items of value— whether received or offered.

What level of entertainment and hospitality is appropriate?

The law does not prohibit entertainment and hospitality (whether given or received) where it is normal and appropriate in a particular business relationship or context, such as networking or promotional activity.

However hospitality should not be accepted or offered if it could be perceived to be lavish or excessive. This is of course situational and depends upon the level of the business relationship. There is no problem with normal networking activity or giving or accepting entertainment (or gifts) if within the reasonable scope of marketing or winning work. However, anything at a level which would give rise to a query about the motive (in the expectation of a reasonable person in the UK) requires careful consideration of all the relevant circumstances and the business relationship Galliford Try has with the other party concerned.

In most cases, reasonable ordinary levels of hospitality (and related expenditure) intended to foster cordial business relationships and promote Galliford Try's image will be acceptable under these Guidelines and the law.

If in doubt, you should contact Head of Legal Services for guidance in advance of offering or accepting entertainment and hospitality.

Our rules on reporting and approvals for hospitality, entertainment and gifts are set out in section 2 of Part 1 of these Guidelines. Please ensure that you know these rules and comply with them.

Reporting hospitality, entertainment and gifts

Galliford Try Shared Services Centre (SSC) will maintain a record of gifts, entertainment and hospitality reported by employees. The reporting form for all employees to complete and submit to SSC is part of the suite of expenses claim forms. The register will be monitored by the Group Audit and Risk Management team.

The following details must be recorded on the register:

- Full particulars of the other party
- The business context, details of the relationship, and purpose for the expenditure
- The approver's counter-signature, where applicable

11. CHARITABLE AND POLITICAL DONATIONS

Charities

Galliford Try is committed to community support and charitable contribution as part of our ongoing contribution to the communities in which we work.

Our policy is based on four key principles of engagement:

- Contributing to the community through our core activities such as providing schools, healthcare facilities, affordable housing and transport infrastructure.
- Engaging with the communities and individuals in the areas in which we operate.
- Delivering wider community benefits such as local employment; and
- Charitable investment

The following information must be obtained before making, promising or giving any donation and should be retained for the records:

- Who is nominating the particular organisation and how has the relationship come about;
- Details of the proposed recipient organisation;

- The proposed amount of the donation;
- The specific purpose of the donation.

In any instance of charitable giving there must be an accurate receipt or letter of acknowledgement for any donation.

All charitable donations should be recorded accurately in our financial records and accounts.

Requests for charitable donations can sometimes mask corrupt or fraudulent activity. No charitable donations should be made if these could be construed as improperly influencing another party with whom Galliford Try has a business relationship. Should you have any ethical concerns about a proposed charitable donation, you should report this immediately to Group General Counsel or our Whistleblowing Helpline.

Our rules on reporting and approvals for charitable donations are set out in section 2 of these Guidelines. Please ensure that you know these rules and comply with them.

Political donations

It is not the Company's policy to make political donations and any donations made will be treated as a breach of this policy.

12. FACILITATION PAYMENTS

Facilitation payments are typically small unofficial payments paid to speed up an administrative process or secure a routine government action by an official. They are more common overseas, but it is possible that they could arise in the UK.

Facilitation payments are treated as bribes by the Bribery Act and are prohibited by these Guidelines.

Examples of when such payments may be requested include:

- To obtain or expedite a permit, licence or other official document or approval
- To obtain or expedite the loading and unloading of goods at a port or airport
- To secure police protection for a site against risk of theft or arson
- To facilitate mail pick-up and delivery
- To facilitate provision of utilities to a site, such as connecting water, electricity, gas or telephone services
- At border controls or crossings to allow safe or prompt entry or exit from a jurisdiction

Facilitation payments should be contrasted with official, lawful payments (typically to an organisation rather than an individual) to expedite certain functions (e.g. where there is a choice of fast track services to obtain a passport).

13. WHISTLEBLOWING AND REPORTING

Supporting our 'zero-tolerance' policy towards anti-corruption means we expect all employees to take compliance in this area seriously and encourage others to do the same.

We encourage all employees to report any concerns about corruption or fraud that they encounter and make sure that suspicious behaviour does not go unchallenged.

It is therefore important that if you suspect that any Galliford Try employee or others working on our behalf may have or is about to engage in any corrupt or fraudulent conduct, or if you are approached by any other person who attempts to persuade you to engage in any conduct described, then you should report it immediately.

It is better to voice your concerns, however minor they seem, than stay silent and allow potential wrongdoing to go unchecked or not investigated properly. Galliford Try will support anyone who raises concerns in good faith. This includes ensuring that no one in our organisation will suffer any detriment for refusing to accept or pay bribes or take part in fraudulent practices, or if they report concerns they have about others' conduct.

A deliberate failure to speak up when there was clear evidence of corruption or fraud by others can itself lead to disciplinary action. Failure to report concerns can result in prohibited activity damaging our business - and may suggest Galliford Try or individual employees have been complicit in this behaviour.

All employees should be assured that reporting of any concerns will be handled sensitively. If you feel more comfortable doing so, you should contact our anonymous Whistleblowing Helpline.

You should report any incidents involving the following:

- Any dishonest or fraudulent acts;
- Any attempt to give or request a bribe;
- Forgery or alteration of documents or accounts;
- Stealing, concealing or otherwise manipulating funds, supplies or other assets;
- Inappropriate handling, recording or reporting of financial transactions;
- Inaccurate or fraudulent invoices
- Allegations involving the integrity of our suppliers or anyone providing services for us
- Requests for payments or deals to be 'off the record';
- Profiting from an official position; or
- Theft or misuse of property, facilities or services.

How to report?

Contact either:

Group General Counsel
Galliford Try
Cowley Business Park
Cowley Road, Uxbridge
Middlesex UB8 2AL
Tel: 01895 855 001

Or

SAFECALL LIMITED – 0800 915 1571

14. DEALING WITH AGENTS AND OTHER THIRD PARTIES

In some parts of our business, or in territories in which we operate, Galliford Try needs to engage agents in the conduct of our work. In all parts of our business we engage other types of third party to provide services for us or on our behalf. Agents for third parties may also approach us.

All appointments of agents and other parties who provide us with services must be subject to the following due diligence procedures.

Overseas Agents

For the appointment of any overseas agents, a non-exhaustive list of steps required is as follows:

- Require the agent to provide details of the agent's ownership; details of senior management of the agent; a copy of the agent's CV (or CVs of key personnel performing services for Galliford Try); details of referees for the agent and key personnel who will be providing services under the proposed agreement; details of other directorships held, existing partnerships, and third-party relationships, and any relevant judicial or regulatory findings about the agent or key personnel of the agent, and details of the jurisdictions in which the agent operates.
- Undertake research, including reasonable internet research (dependent on risk), on the agent and any individuals who have a degree of control if the agent is a corporate entity.
- Check independently that the agent does not appear on any applicable sanctions list
- Make enquiries with any relevant authorities, including contacting a commercial attaché at the embassy in the territory where the agent operates, to verify information obtained from the agent and seek any independent background information about the agent's reputation.
- Take up references and assess responses received
- Conduct any further enquiries of the agent to clarify any potential doubts arising, including arranging a face to face meeting if required. There may also be a need to arrange a visit with the agent in the territory to assess the agent's suitability.
- Ask for copies of the agent's anti-bribery policies and any relevant procedures they operate to prevent bribery and corruption
- Assess relevant commercial considerations:
 - is the agent's appointment necessary?
 - does the agent have the required expertise to provide the services?
 - is the agent going to interact with a public official, or are there any other connections between an agent and a public official?
 - are the proposed payment terms of the agent reasonable and in accordance with market rate?

Joint ventures

Equivalent due diligence steps to those taken for overseas agents should be taken in relation to all Joint Venture Partners outside of the UK.

In addition, project-specific due diligence will be required for all Joint Ventures in the UK and overseas, adopting a risk-based approach.

Advice should be sought from Head of Legal Services on due diligence in all cases where Galliford Try is proposing to enter a joint venture,

The terms of proposed joint ventures agreements must be reviewed in advance by Head of Legal Services.

All joint ventures require approval of Divisional Board.

General

All appointments of agents and joint venture partners must be monitored and reviewed in accordance with the principles set out above and Galliford Try's due diligence procedures.

Contracting with Agents

Following due diligence procedures outlined above, the minimum requirements for any agreement between Galliford Try and an agent are as follows:

- A Divisional Managing Director must approve the use of any agent by Galliford Try.
- A Divisional Managing Director must approve the use of any agent by any Joint Venture Partner before Galliford Try agrees to contribute to the costs or otherwise pay fees for the use of this agent.
- A Divisional Managing Director must approve all commission arrangements with agents. For any Engineering, Procurement, Construction Contract, commission and other fees shall not usually exceed 1% of contract value. For any Galliford Try Consultancy work, commission and other fees shall not usually exceed 3% to 5% of the fees.
- All commissions and other fees to agents shall be paid pro rata by Galliford Try according to actual revenues received by Galliford Try under the relevant client contract, the method of payment of any commission or fees shall be stipulated in the contract.
- No agreement with an agent shall be for a term exceeding 3 years and all agreements shall contain an annual break clause.
- All agreements shall contain an anti-corruption warranty and such other provisions as advised by Head of Legal Services including rights to terminate on reasonable suspicion of any corrupt activity.
- All agreements shall set out full particulars of the services to be provided by the agent to Galliford Try.

Other matters to note

If Galliford Try employees have reason to suspect that an agent or another third party is engaged in potentially improper or corrupt conduct, no further payments should be made until this has been reported to Group General Counsel and advice on further steps is obtained.

We recognise that the use of agents can present higher than normal corruption risks for Galliford Try. Below are some warning signs or "red flags" that an agent might be violating anti-corruption laws in the UK or overseas and should prompt further due diligence and reporting to Group General Counsel as soon as possible:

- Unusual or excessive payment requests, such as requests for over-invoicing, up-front payments, ill-defined or last-minute payments, unusual commissions success fees or compensation payments;
- Requests for payments to an account in a country other than where the third party is located or is working on behalf of Galliford Try;

- Requests for payment to a third party, to a numbered account, to an offshore bank account, or in cash or other untraceable funds;
- Requests for political or charitable contributions;
- The agent is related to a government official, or has a close personal or business relationship with a government official;
- Any refusal or hesitancy by the agent to disclose its owners, partners or principals, or to provide appropriate warranties in relation to anti-corruption (as particularised in our due diligence procedures);
- The agent uses complex corporate structures to obscure its ownership rather than these structures having a legitimate commercial basis;
- The agent has been in the past or is currently the subject of a criminal or regulatory investigation, or has been found to have breached regulations concerning the award of government contracts;
- There has been a demand or recommendation by a public official that a particular agent, consultant or representative should be retained, or the agent has been introduced to us by a public official;
- The absence of knowledgeable staff, sufficient infrastructure, and investment of time by the agent to promote the Galliford Try's interests;
- The agent has little experience of our industry or providing services requested;
- The agent expresses a desire to keep his appointment or the terms of his retention secret
- The agent operates in a country prone to bribery
- The agent has a reputation for corruption
- The agent has family or other personal relationships with public officials
- The agent uses undisclosed subagents or subcontractors to assist with the services provided to our Group

15. **RECORD-KEEPING**

- 15.1 As a Group, we must keep financial records and have appropriate internal controls in place which will evidence the business reason for making payments to anyone who provides services for or on our behalf.
- 15.2 You must ensure all expenses claims and declarations relating to hospitality, gifts or expenses incurred to third parties are submitted in accordance with our expenses policy and specifically record the reason for the expenditure.
- 15.3 All accounts, invoices and other records relating to dealings with clients, suppliers and other business partners should be prepared and maintained accurately and with completeness. No accounts must be kept "off-book" to facilitate or conceal improper payments.

16. **WHAT TO DO IF YOU ARE A VICTIM OF BRIBERY OR CORRUPTION**

It is important that you inform Group General Counsel or our Whistleblowing Helpline as soon as possible if you are offered a bribe by a third party, are asked to make one, or suspect that this may happen in the future.

17. **TRAINING**

Send improvement feedback via your local quality manager

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Notification of these Guidelines forms part of the induction process for all new employees in the Group. All employees in relevant roles will receive training.

18. WHO IS RESPONSIBLE FOR THE POLICY?

The Galliford Try Plc Executive Board has overall responsibility for ensuring this policy complies with our legal and ethical obligations and to ensure everyone in our organisation complies with it.

Group General Counsel has primary responsibility for implementing this policy and checking its effectiveness and dealing with any queries in relation to it, and the Group Risk Management and Audit Director has primary responsibility for monitoring compliance with it. Management at all levels are responsible for ensuring those reporting to them are made aware of and understand this policy and are given adequate training on it.

19. MONITORING AND REVIEW

Head of Legal Services will monitor the effectiveness and review the implementation of this policy. Any improvements identified will be made as soon as possible. Internal control systems and procedures will be subject to regular audits to provide assurance that they are effective in countering bribery and corruption. You are invited to identify particular risk areas, to comment on this policy and to suggest ways in which it might be improved. Comments, suggestions and queries should be addressed to Head of Legal Services.