



## 1.0 OBJECTIVE

Caribbean Utilities Company, Ltd. is committed to the highest standards of ethical business practice. This principle is reflected in the Company's *Code of Business Conduct and Ethics Policy No 039* (the "**Ethics Policy**"). The Company believes that following high standards of ethics and integrity is the right way to do business. Furthermore, this Policy is also critical to maintain our corporate reputation and protect the interests of our shareholders, employees, customers, partners, stakeholders and the community we serve.

## 2.0 SCOPE AND APPLICATION

- 2.1 This Policy applies to the employees, officers, and members of the board of directors, of the Company and any subsidiary of the Company (collectively "**CUC Personnel**"). All third parties retained to act on behalf of the Company are also required to comply with this Policy, as explained in more detail below.
- 2.2 The Company has adopted *Anti-Corruption Procedures*, which supplement this Policy and provide practical guidance on how the Policy is to be operationalized by the Company.

## 3.0 DEFINITIONS

In this Policy:

- 3.1 "**Board**" means the board of directors of the Company;
- 3.2 "**Committee**" means the Nominating and Corporate Governance Committee of the Board;
- 3.3 "**Company**" means Caribbean Utilities Company, Ltd. (CUC);
- 3.4 "**Ethics Policy**" means the Code of Business Conduct and Ethics Policy adopted by the Board and, if applicable, an ethics policy adopted by the Board of Directors of any subsidiary of the Company;
- 3.5 "**Director**" means a member of the Board;
- 3.6 "**Internal Audit**" means the person employed or engaged by the Company to perform the internal audit function of the Company;
- 3.7 "**Secret Commission**" means a commission or profit which has not been accounted for by the principal, such as the return of a part of a sum received because of a confidential agreement or coercion.

## 4.0 STATEMENT OF COMPANY POLICY

- 4.1 The Company conducts business activities mainly within the Cayman Islands and is subject to the Cayman Islands Anti-Corruption Law (2016 Revision). In addition, as the Cayman Islands is a British Overseas Territory, the Company must also comply with the U.K. *Bribery Act*. Generally, these laws seek to combat corruption, particularly, but not exclusively in the context of interactions with foreign public officials, and prohibit business conduct that involves acting dishonestly or inappropriately in pursuit of business or personal objectives.
- 4.2 The purpose of this Policy is to reaffirm the Company's compliance with all applicable anti-corruption legislation, and the Company's continuing commitment to such compliance, by



establishing rules and providing guidance for conducting business in accordance with such anti-corruption legislation.

- 4.3 This Policy supplements and shall be construed in a manner compatible with the Ethics Policy. In the event of any inconsistency in the requirements under the two documents, the most stringent requirements shall be followed.

## 5.0 GUIDING PRINCIPLES

- 5.1 The business of the Company shall be conducted in accordance with the following guiding principles, which apply to all dealings with foreign and domestic officials, as well as non-governmental and commercial entities, and individuals:

- (a) **Bribery and Improper Payments:** The Company and CUC Personnel shall not directly or indirectly offer or facilitate any bribe, payment, secret commission or reward to any party to secure an improper advantage or concession, or to cause the party to violate a legal duty or misuse their position; nor shall the Company or CUC Personnel directly or indirectly receive any bribe, payment, secret commission or reward from any party for similar purposes;
- (b) **Facilitation Payments:** The Company and CUC Personnel shall not directly or indirectly make payments to expedite or secure the performance by a public official of any act of a routine nature that is part of the public official's duties or functions;
- (c) **Lobbying:** When dealing with foreign public officials, the Company and CUC Personnel shall comply with the requirements of any applicable local lobbying legislation or regulations, including any registration and reporting obligations;
- (d) **Gifts, including Meals and Entertainment:** Gifts shall only be offered or received in the context of appropriate business conduct, and in accordance with the following rules:
  - i. Gifts to exert influence or seek special treatment are prohibited;
  - ii. Gifts are only appropriate where reasonable and customary;
  - iii. Gifts of cash or cash equivalents are prohibited;
  - iv. Gifts shall be of modest value;
  - v. Gifts shall only be given on an infrequent, non-recurring basis; and
  - vi. Gifts given in secret are prohibited – gifts shall be given openly at an appropriate time and place;
- (e) **Books and Records and Internal Controls:** The Company and CUC Personnel shall employ internal controls under which we maintain books, records and accounts which accurately and fairly reflect the substance of our business transactions, and shall not misstate facts, omit relevant information or alter or delay the creation of business records to mislead or to assist others in doing so.



## **6.0 USE OF THIRD PARTIES**

- 6.1** As the Company often works with external parties to achieve our business objectives, the rules contained in this Policy shall also be extended to third party entities and individuals retained to act on behalf of the Company, including, but not limited to, consultants, advisors, contractors, local agents, lobbyists and suppliers ("**Third Parties**").
- 6.2** Company personnel arranging such retainers shall inform Third Parties regarding the requirements of this Policy, and obtain written confirmation from the Third Parties that they have read, understood and undertake to fully comply with this Policy as if they were CUC Personnel.

## **7.0 TRAINING AND EDUCATION**

- 7.1** The Company shall determine its requirements for anti-corruption training based on a risk assessment considering its particular circumstances, and shall implement such training and education program(s) as may be appropriate.
- 7.2** Training requirements shall be initially assessed within three (3) months of the coming into effect of this Policy, and re-assessed biennially thereafter and updated, as necessary.

## **8.0 COMPLIANCE AND ENFORCEMENT**

- 8.1** All persons subject to this Policy shall strictly adhere to its terms, and in doing so shall exercise reasonable vigilance while performing all work-related functions. In this regard, particular attention should be paid to business activities which are proposed in new jurisdictions or with new business partners.
- 8.2** Any actual or potential violations of this Policy shall be reported promptly in accordance with the Company's *Whistle-Blower Policy (Policy No. 052)*. No retaliatory action will be taken against any person for providing good faith information, either internally or to a government authority, or for participating in any proceeding concerning alleged violations of this Policy.
- 8.3** To facilitate reporting of potential Policy violations, the Company has retained the services of a third-party provider of confidential, anonymous reporting services, accessible by telephone at 1-866-294-5534 or through the internet at [www.CUC.ethicspoint.com](http://www.CUC.ethicspoint.com).

## **9.0 DISCIPLINE**

- 9.1** Any person who (i) violates this Policy, (ii) has direct knowledge of potential violations of this Policy and fails to report them, or (iii) hinders or misleads investigations regarding potential violations of this Policy, shall be subject to disciplinary action, up to and including termination of their position within the Company.
- 9.2** Similarly, retainer contracts of any Third Parties who engage in similar conduct in violation of this Policy will be subject to review and possible termination.



## **10.0 AUDITS**

Audits shall be conducted from time to time to monitor the operation of this Policy. Such activities will be coordinated by Internal Audit.

## **11.0 EFFECTIVE DATE**

This policy was initiated in August 2017 and is effective as approved by the Board of Directors on [August 2, 2017].

## **12.0 POLICY REVIEW**

The Nominating and Corporate Governance Committee shall review and reassess the adequacy of the Anti-Corruption Policy annually and recommend any proposed changes to the Board of Directors.

Policy Review Administered by: Nominating and Corporate Governance Committee and Board of Directors.

Division Responsible: Finance and Corporate Services

## **13.0 POLICY REVISION HISTORY:**

<b>Revision</b>	<b>Date</b>	<b>Description of changes</b>	<b>Approved by</b>
0	[August 2017]	Initial release and implementation	Board of Directors



**CARIBBEAN UTILITIES COMPANY, LTD.**

**ANTI-CORRUPTION PROCEDURES**

**TABLE OF CONTENTS**

1. UNDERSTANDING THE POLICY, POLICY PURPOSE AND LEGAL CONTEXT .....
2. DEFINITIONS.....
3. MAIN POLICY COMPONENTS .....
4. ANNUAL CERTIFICATION .....
5. TRAINING AND EDUCATION .....
6. AUDIT AND ENFORCEMENT .....

SCHEDULE "A" – SAMPLE THIRD PARTY CONTRACT PROVISIONS



## CARIBBEAN UTILITIES COMPANY, LTD.

### ANTI-CORRUPTION PROCEDURES

#### 1. UNDERSTANDING THE POLICY, POLICY PURPOSE AND LEGAL CONTEXT

- 1.1 The purpose of these *Anti-Corruption Procedures* (the "**Procedures**") is to serve as a basic guide for the implementation of the Caribbean Utilities Company, Ltd. (the "**Company**") *Anti-Corruption Policy* (the "**Policy**"). These Procedures are tailored to the Company, and are intended to provide practical guidance on the day-to-day steps that we all must take to ensure that the Company's business is conducted in a manner that is consistent with the Policy.
- 1.2 Various jurisdictions around the world have both domestic and foreign anti-corruption laws. While there are some differences in these laws from country to country, they all generally deal with dishonest and unethical conduct in business. These laws also tend to focus on the same basic issues, including the bribery of public officials, the inappropriate giving of gifts and benefits, and the concealment of the true substance of business transactions through inadequate record keeping. In developing these Procedures, we have considered the specific requirements under different anti-corruption laws, focusing on the legislation in the Cayman Islands and the United Kingdom, and have created a framework that reflects the most stringent standards.
- 1.3 Any questions about the Policy or these Procedures should be directed to the Compliance Department.

#### 2. DEFINITIONS

##### 2.1 Definitions

- 2.1.1 "**Bribe**" means an offer or gift of anything of value to gain an improper advantage or to improperly influence the recipient's actions.
- 2.1.2 "**CUC Personnel**" means an employee, officer, or member of the board of directors of the Company and its subsidiary.
- 2.1.3 "**Public Official**" is broadly defined to include an employee, a person appointed or elected to discharge a public duty, or candidate for office, of;
- 2.1.3.1 Any level of government or government department, branch, division, agency, state owned enterprise, administrative or judicial body;
- 2.1.3.2 Public international organizations;
- 2.1.3.3 Political parties or organizations;
- 2.1.4 "**Third Party**" means any entity or individual retained to act on behalf of the Company, including, but not limited to consultants, advisors, contractors, local agents, lobbyists and suppliers.



## CARIBBEAN UTILITIES COMPANY, LTD.

### ANTI-CORRUPTION PROCEDURES

2.2 Whenever there is a reference to a "**Department**" in these Procedures, it means that department of the Company.

### 3. MAIN POLICY COMPONENTS

#### 3.1 **Application**

3.1.1 These Procedures shall apply to all CUC Personnel. Further, CUC Personnel shall require all Third Parties retained to act on behalf of the Company to fully comply with these Procedures.

#### 3.2 **Bribery**

3.2.1 Any form of bribery is strictly prohibited. Anti-bribery laws broadly prohibit the direct or indirect giving, promising, offering, or payment, of anything of value to any Public Official in order to secure or keep business or to secure some other improper advantage or concession. This prohibition also extends to anything done to cause a Public Official to violate a legal duty or misuse their position. Effectively, these laws, the Policy and these Procedures prohibit the giving of anything of value to influence a Public Official's actions.

3.2.2 Some anti-bribery laws, such as the United Kingdom's *Bribery Act*, also prohibit the receiving (not just the offering or payment) of bribes, and bribery in transactions involving private parties. These Procedures are to be interpreted and implemented so as to equally prohibit both the offering and receiving of bribes, and to equally apply to transactions with Public Officials and private non-governmental and commercial parties.

3.2.3 This prohibition against all forms of bribery extends to the making of "**facilitation payments**" as well, even if they are considered as customary in the particular jurisdiction. The term "facilitation payment" generally refers to the making of small payments to public officials to facilitate or speed up the completion of some routine non-discretionary action or service that one is already entitled to under the laws and regulations of that jurisdiction. This could include things like expediting legitimate tax refunds, customs inspections, immigration processes, or the issuance of licenses or permits. As facilitating payments are prohibited under these Procedures, in exceptional circumstances, such as where there is an imminent threat to personal health or safety of a person, the Compliance Department should be consulted for guidance.

3.2.4 It is crucial that the Company and CUC Personnel avoid even the appearance of improper interaction with public officials or private counterparties. The company reputation and the strength of the brand are the result of an unwavering commitment to the principles of integrity and ethical business conduct. These valuable assets could be jeopardized by the mere perception of inappropriate behavior, even if based on a misapprehension of the actual facts. As a result, CUC Personnel must always be conscious of how actions and behavior may be perceived or construed by others, and act accordingly.





## CARIBBEAN UTILITIES COMPANY, LTD.

### ANTI-CORRUPTION PROCEDURES

#### 3.3 Gifts, Meals, Entertainment, Charitable Donations and Travel

- 3.3.1 Gifts, meals, entertainment, charitable donations or travel (referred to collectively in this section simply as "gifts") should never be given to any Public Official, or private non-governmental or commercial party, to exert improper influence or to obtain an improper business benefit or advantage.
- 3.3.2 The following basic rules apply to the giving of gifts:
- 3.3.2.1 Gifts are appropriate only where reasonable and customary, and permitted under local law. Note however that the giving of gifts is not allowed based on a justification that "this is way business is customarily done here", where it would objectively constitute inappropriate business conduct under the Policy or the Company's *Code of Business Conduct and Ethics Policy* (the "**Ethics Policy**"). The Company follows the same high ethical standards in all business transactions, and these standards do not vary depending on location.
- 3.3.2.2 Gifts in the form of cash or cash equivalents (e.g., cheques, bank drafts, money orders, pre-loaded credit cards, gift cards or gift certificates), are strictly forbidden.
- 3.3.2.3 Gifts shall only be given on an infrequent, non-recurring basis. Patterns of ongoing or frequent gift-giving would normally be considered odd, and suggestive of some hidden agenda or ulterior motive. Further, gifts must never be given when we have a request, decision or proceeding pending before the recipient.
- 3.3.2.4 Gifts should only be given in an appropriate setting and context. In this regard, gifts should be given publicly and transparently, and never secretively. Also, there should be some readily apparent legitimate reason for giving a gift, such as to celebrate a business achievement or milestone, where it cannot be misconstrued as a bribe.
- 3.3.2.5 Gifts must never be given in response to a solicitation.
- 3.3.2.6 Gifts having a value of US\$50 or more must be correctly documented in the Company's books and records by the Corporate Compliance Department.
- 3.3.3 Before offering to make any gift having a value of US\$50 or more to any Public Official, or private non-governmental or commercial party, prior written approval must be obtained from the CEO or CFO.
- 3.3.4 Before offering to make any charitable donation in response to a solicitation by or on behalf of any Public Official, or private non-governmental or commercial party with whom the Company does or proposes to do business, prior written approval must be obtained from the CEO or CFO.





## CARIBBEAN UTILITIES COMPANY, LTD.

### ANTI-CORRUPTION PROCEDURES

3.3.5 Before offering a job or internship, with or without pay, to a Public Official, a known relative of a Public Official, or to a person related to a private non-governmental or commercial party (or principal thereof) with whom the Company does or proposes to do business, prior written approval must be obtained from the CEO or CFO.

#### 3.4 Political Contributions

3.4.1 Political contributions shall be made in accordance with the Company's *Political Process & Office Policy (Policy No. 37)*.

3.4.2 All interaction with elected political officials shall be conducted in accordance with the Lobbying provisions in these Procedures.

#### 3.5 Record Keeping

3.5.1 Persons who engage in corrupt business practices often attempt to conceal their activity through the manipulation of accounting and other records. To address this, some anti-corruption laws contain provisions that specifically create offences for failure to keep accurate business records.

3.5.2 The Company shall maintain books, records and accounts that, in reasonable detail, accurately reflect the substance of our business transactions. To this end, such books, records and accounts shall not misstate facts, omit relevant information, or delay the reporting of information, so as to mislead or to assist others in doing so.

3.5.3 The Company shall devise and maintain a system of internal controls that are sufficient to assure the integrity of its books, records and accounts, and management's control, authority, and responsibility over our corporate assets.

#### 3.6 Use of Third Party Agents

3.6.1 Generally, anti-corruption legislation applies equally to CUC Personnel as well as entities and individuals retained to act on behalf of the Company. Therefore, all Third Parties that act for the Company are required to fully comply with applicable anti-corruption laws, the Policy and these Procedures.

3.6.2 Before CUC Personnel engage any new Third Party to act on behalf of the Company in a jurisdiction where neither the Company nor any of its subsidiaries conduct business, due diligence must be conducted to verify the background, credentials, references and sound reputation of the Third Party. The Executive Officers shall be briefed on the results of the due diligence exercise, and directly involved in the drafting and approval of Third Party retainer agreements.

3.6.3 CUC Personnel engaging Third Parties shall be responsible to ensure that such Third parties are aware of domestic anti-corruption laws, the Policy and these Procedures and contractually commit to comply with same. **Schedule "A"** contains sample language that could be used in Third Party retainer contracts to address this requirement, provided



## CARIBBEAN UTILITIES COMPANY, LTD.

### ANTI-CORRUPTION PROCEDURES

however that the Executive Officers shall make the final determination of the actual contract language to be used.

- 3.6.4 Payments for services rendered by Third Parties may not be made in cash, or made payable to any entity other than the Third Party itself, unless authorized by the Compliance Department. Further, payments shall represent reasonable and proportionate compensation based on the services actually provided and fully described in an invoice issued by the Third Party prior to any payment being made, and shall also be accurately recorded in the Company's books and records.
- 3.6.5 CUC Personnel who retain a Third Party shall monitor the activities of the Third Party during the term of the engagement, and must review and approve invoices submitted by the Third Party for services rendered, including any disbursements incurred by the Third Party.

### 3.7 Contracts

- 3.7.1 The Executive Officers have general responsibility for approving contracts being entered into by the Company. In assisting the Executive to perform this role, the Compliance Department shall assess each contract and incorporate anti-corruption provisions as required based on the context and in accordance with the Company's *Contract Review & Approval Policy (Policy # 48)*.

### 3.8 Red Flags

- 3.8.1 CUC Personnel should never ignore any activities that seem unusual or inappropriate, or which otherwise may raise red flags; rather such matters should be reported. Persons subject to the Policy should speak up and seek guidance from the Compliance Department if they have any questions regarding the interpretation or application of the Policy or these Procedures, or require assistance in gaining awareness of the applicable laws of any jurisdiction.
- 3.8.2 The following are some situations that could raise red flags and warrant further investigation:
- 3.8.2.1 Payment and Compensation:
- 3.8.2.1.1 Requests by a Third Party for payment in cash or bearer instruments;
- 3.8.2.1.2 The payment method requested is unusual for a business transaction, such as payments to an account in a third country, unconnected to the transaction;
- 3.8.2.1.3 The amount of compensation requested by a Third Party is more than normally expected for the services, or excessive in light of the corresponding level of services or risk;



## CARIBBEAN UTILITIES COMPANY, LTD.

### ANTI-CORRUPTION PROCEDURES

- 3.8.2.1.4 Requests for an unreasonably high, lump sum in order to obtain a permit;
- 3.8.2.1.5 Requests for a payment, discount, or rebate that is not provided for in the contract with that party;
- 3.8.2.1.6 Requests to prepare a cheque for more than the actual amount of expenses or for poorly documented expenses, that we extend an unusually large credit line, or that we provide a substantial upfront payment;
- 3.8.2.1.7 Requests by a Public Official or Third Party for travel for a family member unrelated to any business purpose;
- 3.8.2.1.8 Gifts that are not appropriate given the business and economic condition of the foreign country.
- 3.8.2.2 Third Party Status:
  - 3.8.2.2.1 Dealing with a Third Party who is also a Public Official;
  - 3.8.2.2.2 The Third Party has a personal, family or business relationship with a Public Official;
  - 3.8.2.2.3 The Third Party's family members or relatives are senior officials in the foreign government or ruling political party;
  - 3.8.2.2.4 The transaction involves or takes place in a country with a reputation for bribery and corruption according to reputable international organizations.
    - 3.8.2.2.4.1 The Transparency International Corruption Perceptions Index. See: <http://www.transparency.org/cpi2015/results>
- 3.8.2.3 Third Party Actions or Statements:
  - 3.8.2.3.1 Refusal to agree in writing to anti-corruption compliance;
  - 3.8.2.3.2 A Public Official or political person requests an improper or unusual payment or favour in exchange for "helping with our business";
  - 3.8.2.3.3 Statements that a proposed payment or gift is a "way of doing business" in the country and it is OK;
  - 3.8.2.3.4 Statements or suggestions that a political or charitable contribution would influence an official action;



	<b>CARIBBEAN UTILITIES COMPANY, LTD.</b>	
	<b>ANTI-CORRUPTION PROCEDURES</b>	

- 3.8.2.3.5 The Third Party does not fully and truthfully disclose all of the information requested by us;
- 3.8.2.3.6 The Third Party has been recommended by an official of a potential customer;
- 3.8.2.3.7 The Third Party has a bad reputation or is new to the business (may be indicated by the failure to provide references);
- 3.8.2.3.8 The Third Party requests that his/her identity not be disclosed or has undisclosed sub-agents or contractors who assist with the work;
- 3.8.2.3.9 The Third Party refuses to sign representations, warranties and covenants that he/she has not violated and will not violate anti-bribery laws;
- 3.8.2.3.10 The Third Party does not have the resources or staff to undertake the scope of the work required by the agreement, or at the other extreme, the representative involves unnecessary third parties or multiple intermediaries performing similar functions.

#### **4. ANNUAL CERTIFICATION**

- 4.1 CUC Personnel shall complete an annual certification that they (i) have read, understand, and undertake to comply with the Policy and Procedures, (ii) are not aware of any violations of the Policy or these Procedures, and (iii) undertake to immediately report any actual or reasonably suspected violations to the Compliance Department.
- 4.2 The Compliance Department shall work with the Human Resources Department and other Departments within the Company as required to coordinate the annual certification process.

#### **5. TRAINING AND EDUCATION**

- 5.1 CUC Personnel shall complete mandatory anti-corruption training appropriate to their level of responsibility with the Company on at least a biennial basis.
- 5.2 Anti-corruption training shall be jointly coordinated by the Compliance Department and such other Departments within the Company as required.

#### **6. AUDIT AND ENFORCEMENT**

- 6.1 The Compliance Department and Internal Audit Department shall jointly coordinate periodic audits of compliance with the Policy and these Procedures.



**CARIBBEAN UTILITIES COMPANY, LTD.**

**ANTI-CORRUPTION PROCEDURES**

- 6.2** Any actual or potential violations of the Policy or these Procedures shall be reported promptly in accordance with the Company's *Whistle-Blower Policy (Policy No. 052)*. No retaliatory action will be taken against any person for providing good faith information, either internally or to a government authority, or for participating in any proceeding concerning alleged violations of the Policy or these Procedures.
- 6.3** To facilitate reporting of potential violations of governance policies, the Company has retained the services a third-party provider of confidential, anonymous reporting services, accessible by telephone at 1-866-294-5534 or through the internet at **[www.CUC.ethicspoint.com](http://www.CUC.ethicspoint.com)**.



**CARIBBEAN UTILITIES COMPANY, LTD.**

**ANTI-CORRUPTION PROCEDURES**

**SCHEDULE "A"**

**SAMPLE THIRD PARTY CONTRACT PROVISIONS**

This Agreement shall be subject to the following "anti-corruption" compliance requirements:

1. Third Party shall strictly comply with all applicable laws, including all laws of the jurisdiction in which the services are to be performed by Third Party, as well as the Cayman Islands anti-Corruption Law (2016 Revision) and the UK *Bribery Act*, as applicable.
2. Third Party agrees that neither it, nor its employees or agents working on its behalf, will, in connection with this Agreement, or in connection with any other business transactions involving the Company, provide anything of value, directly or indirectly, to any public official or private party in order to obtain any improper benefit or advantage, or to exert improper influence. Third Party further warrants that no money paid to Third Party has been or will be used to pay any bribe, facilitating payment, or secret commission in violation of applicable laws.
3. Third Party agrees to provide written confirmation of its compliance with applicable laws whenever requested by the Company.
4. Third Party confirms that it has received and read copies of the Company's Anti-Corruption Policy and Anti-Corruption Procedures, and agrees to be bound by such documents.
5. Third Party shall keep accurate and timely books and records of all business transacted on behalf of the Company, and agrees to provide the Company with reasonable access to such books and records to allow the Company to audit Third Party's compliance with its anti-corruption obligations under this Agreement.
6. If at any time the Company becomes subject to investigation by regulators or public authorities regarding possible wrongdoing in connection with this Agreement, Third Party shall render reasonable assistance and cooperation to the Company in relation to such investigation, including, making relevant records and employees available.



**CARIBBEAN UTILITIES COMPANY, LTD.**

**ANTI-CORRUPTION PROCEDURES**

7. Third Party agrees that any breach on its part of its anti-corruption obligations under this Agreement shall entitle the Company to immediately terminate this Agreement upon written notice.