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# PostNL Group procedure on fraud prevention

Guidance on bribery and corruption

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Policy owner	Director Audit & Security
Title	Group procedure on fraud prevention
Version	1.1



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Scope, definitions, communication and implementation of this policy can be read in the Sheet of Terms on the Group Policies site.

The scope of this Group policy is as follows:

Applicable to	Fraud prevention
All PostNL group companies	In scope
PostNL branded companies	-
Large / medium sized PostNL Group companies	-
PostNL Group companies based in the Netherlands	-

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# 1. Objective

PostNL recognises the need to have detailed Fraud prevention and anti-bribery and corruption policies, procedures and reporting mechanisms to protect our business integrity and to comply with all applicable laws and regulations. Anti-bribery and anti-corruption legislation, both in our home countries and in the countries we operate in, is of high importance for the conduct of PostNL's business globally. There is international legislation that has extra jurisdictional effect, including the UK Bribery Act 2010 (the "Act") and the Foreign Corrupt Practices Act in the USA ("FCPA") and our procedures have been drawn up with those in mind, as well as the relevant anti bribery and corruption legislation in our home jurisdictions. This legislation influences how PostNL must act when interacting with third parties on a global scale and especially when those parties are situated in the relevant jurisdictions.

This group procedure sets out the appropriate procedures to prevent fraud, bribery and corruption in our workplace as well as to assist PostNL in meeting its customers' contractual requirements.

As employees, contractors, agents and associated third parties of PostNL, you are required to understand and comply with PostNL's Fraud prevention and anti-bribery and corruption policies and procedures.

## 1.1. Fraud

Pursuant to clause 1.1 of the Terms of Reference of the Audit Committee, the Audit Committee assists the Supervisory Board in advising on and monitoring the integrity of PostNL's financial statements, and systems of internal business controls.

This group procedure establishes guidelines by which PostNL seeks to ensure that:

- a culture is instilled where Fraud is not tolerated and is pro-actively discouraged;
- the risk of Fraud for the company is minimised;
- Fraud or suspected Fraud is promptly reported and effectively investigated;
- PostNL is supported by an effective (internal) control framework which is designed to prevent Fraud;
- losses caused by Fraud are prevented or recovered;
- consistent and effective action is taken against those persons proven to have committed Fraud;
- no employee or organisation is charged with Fraud until and unless conclusive evidence of such wrongdoing has been established through an adequate investigative process.

## 1.2. Bribery

PostNL takes the prevention of bribery and corruption very seriously and it is determined to operate at all points in full compliance with the anti-bribery and corruption legislation that applies to PostNL.

The policy detailed in this group procedure reflects PostNL's commitment to work in a bribery and corruption free environment and its requirement that all employees, contractors, agents and associated third parties do likewise.

Accordingly, PostNL requires all employees, contractors, agents and associated third parties to ensure they understand and comply with PostNL's anti-bribery and corruption policy and all applicable anti-bribery and anti-corruption laws. PostNL, its employees, contractors, agents and associated third parties (regardless of where they are based) cannot be involved in any activities which constitute or could be perceived as bribery.

The USA and UK anti-bribery and corruption legislation have extra-territorial reach. This is part of the reason why creating guidance, procedures and training is so important to help PostNL, its employees and

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associated third parties achieve compliance. In addition, an increasing number of our customer contracts include clauses obliging us to demonstrate anti-bribery policies that are consistent with their relevant legislation and to ensure these responsibilities flow down our supply chains.

## 2. Definitions

**Acts of Fraud** include:

a deception deliberately practiced against our company or a third party, e.g. a customer or other stakeholder, in order to secure personal benefit and/or unfair or unlawful gain, and/or false accounting, intentional misapplication of accounting principles and the omission, falsification or alteration of accounting records, books, reports, tax records, other documentation or authorisation, and/or the deliberate misuse or misapplication of company resources and/or assets or resources and/or assets in our care. Assets include, but are not limited to buildings, equipment, vehicles, cash, documents, supplies, services, goods, stock, software and intellectual property.

### **Bribe**

A bribe is the offering, giving or receiving of an advantage in order to induce or reward the improper performance of a function or activity.

The advantage can be anything of value (financial or otherwise). Bribes are not always clear cut (e.g. cash payments or lavish gifts), as the person receiving the advantage does not necessarily need to be the person improperly performing the function or activity. Some bribes may not be immediately obvious (e.g. improper political or charitable contributions, offers of employment to relatives or the provision of free services).

It must be noted that any intention to bribe another person or accept a bribe will constitute an offence, irrespective of whether or not the bribe is accepted or fulfilled.

## 3. Fraud policy and procedures

### 3.1. Fraud prevention controls

PostNL is committed to sound business conduct and, therefore, manages its business according to the PostNL Business Principles and corporate values. This requires an ethical and transparent way of conducting business. Integrity within PostNL is defined as being compliant to the PostNL Business Principles.

PostNL has established the PostNL Integrity Programme with the aim of instilling a culture where integrity is stimulated and enhanced.

Fraud is deterred by the promotion of strong risk management and internal control framework.

Relevant to this Group procedure are the PostNL Business Principles, the PostNL Group policy on Integrity, the PostNL Group procedure on Whistleblowing and the (internal) control framework and the development of other relevant policies and procedures. These PostNL Group policies and procedures are available on PostNL's corporate website and on the PostNL intranet. In addition, awareness training, risk assessment and investigations are ongoing.

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## 3.2. Audit & Security

If a report bears enough justification, investigation of reports of Fraud notified under the PostNL Group procedure on Whistleblowing and of reports of potentially Fraud will be carried out under the responsibility of the director Audit & Security. Management of the PostNL Group company involved will be consulted as much as possible unless directly / indirectly implicated, in which case management at a higher level will be consulted. Read more in chapter 5.

The director Audit & Security may involve appropriate persons of Internal Audit, Security, or any other specialists as required.

## 3.3. Line management

In order to protect the interests of line management, any investigation must be undertaken independently by the director Audit & Security or under his responsibility by any other in- or external employee.

If it concerns a whistleblower report or a report of potentially serious Fraud, neither management nor employees are allowed to conduct or initiate otherwise any investigation or to take any action against such reported Fraud or the suspected persons without the authorisation of the director Audit & Security.

## 3.4. Evidence

Evidence and documentation shall be preserved as per the instructions of the director Audit & Security in accordance with divisional reporting instructions/requirements, disciplinary procedures and applicable local legislation.

## 3.5. Records

Appropriate records of the reports of Fraud and the investigations will be made and retained.

## 3.6. Co-operation

Management and all involved parties are obligated to fully co-operate with and assist the investigators and other parties engaged to investigate the Fraud. PostNL expects management at all levels to handle all matters concerning Fraud seriously, confidentially and promptly.

## 3.7. Disciplinary Action

Employees suspected of any Fraud will not be considered guilty unless the allegations or suspicions have been proven and they have been given the opportunity to defend themselves.

## 3.8. Fraud

It is the responsibility of management to implement any measures deemed necessary as a result of proven Fraud incidents in conjunction with the recommendations of the Integrity Committee. If and when such measures (disciplinary or otherwise) deviate from those recommended by the Integrity Committee they will require the prior approval of the Chief Executive Officer or the Board of Management or the Supervisory Board.

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## 4. Anti-Bribery and anti-corruption policy

### 4.1. Anti-Bribery prevention controls

PostNL takes the prevention of bribery and corruption very seriously and in addition to compliance with anti-bribery and corruption legislation in our jurisdiction it takes note of the USA and UK anti-bribery and corruption legislation in this policy.

To assist all employees, contractors, agents and associated third parties in identifying bribery, PostNL have produced the following guidance.

### 4.2. Bribery and Corruption

Anti-bribery and corruption legislation that is relevant to PostNL, employees and contractors identifies the following acts of bribery:

- **offering, promising or giving a bribe to another person:** The person offers financial or other advantage in order to induce another person for the improper performance of a function or activity and that acceptance of the bribe would constitute improper performance of a function.
- **requesting, agreeing to receive or accepting a bribe from another person:** The person accepting the bribe is aware of the advantage and improperly performs the function as a consequence of the bribe.
- **bribing of foreign public official:** The person bribes a foreign public official to obtain or retain a business advantage.

In addition to these offences, it is a corporate offence under the UK legislation if commercial entities do not have adequate procedures in place to prevent a person 'associated' (e.g. agents, consultants or employees) with them from bribing another person to obtain business advantage.

### 4.3. Consequences

Under prevailing anti-bribery and corruption legislation, commission of offences of bribery and corruption carries high penalties for individuals in terms of both imprisonment and fines.

Where corporate offences of bribery and corruption are relevant, a commercial organisation faces significant fines and a potential disbarment from bidding for public sector contracts if convicted of bribery.

Clearly any commercial entity is exposed to material reputational damage if it or its employees, contractors, agents and associated third parties become embroiled in bribery and corruption investigations.

PostNL considers that it has adopted, and it is committed to maintaining in place adequate procedures to prevent persons associated with it from undertaking conduct that could qualify as bribery and corruption.

### 4.4. Red Flags

To assist all employees, contractors, agents and associated third parties to identify and avoid possible bribery or corruption, the following "red flags" may be useful in identifying risk areas and assisting in determining when to seek guidance. However, these are illustrative and not comprehensive.

Referrals from third parties
<ul style="list-style-type: none"> <li>• A public official recommends or requires that PostNL hire a specific third party</li> <li>• A third party relies heavily on political or government contacts instead of technical skills or time invested</li> <li>• The same third party is repeatedly used for business without any reasonable justification for their repeated appointment</li> </ul>
Financial irregularities
<ul style="list-style-type: none"> <li>• The proposed compensation of a third party is unreasonably high compared to market rates and there is no reasonable explanation</li> <li>• A third party requests payments be made off-shore, to an unknown third party or split among multiple accounts</li> </ul>
Negotiating process
<ul style="list-style-type: none"> <li>• A third party will not agree to terms requiring compliance with anti-bribery or anti-corruption laws</li> <li>• Where a single person holds a significant amount of power over the outcome of a transaction</li> </ul>
Industry sector
<ul style="list-style-type: none"> <li>• All industry sectors can be affected by bribery or corruption but certain issues can indicate a higher risk. These include industries such as defence and construction where in some areas there are just a small number of very high value contracts.</li> <li>• Small numbers of competitors, lavish corporate hospitality cultures and heavy reliance upon agents and intermediaries are other risk indicators</li> </ul>
Geography
<ul style="list-style-type: none"> <li>• Whilst corruption exists globally, it is more prevalent in developing parts of the world due to the lack of regulation and income disparity.</li> </ul>

## 4.5. Do's and Don'ts

### 4.5.1. Do...

...maintain PostNL's ethical standards at all times, complete all required training and read and comply with PostNL's Business Principles and Integrity Programme.

...take extra care with public officials and be mindful that public entities will often have their own rules regarding gifts and corporate hospitality.

...remember that different cultures and localities will have different gifts and corporate hospitality thresholds, in certain countries as well as our own country this can be seen as excessive and therefore an unacceptable gift.

...remember bribery is not necessarily a simple cash transaction.

...report any concerns and/or violations of PostNL's Business Policy and Integrity Programme to line management and ask for advice or help if you need it.

### 4.5.2. Don't...

...offer, promise or give a financial or other advantage to another individual without considering whether it could constitute a bribe.



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...request, agree to receive or accept a financial or other advantage from a third party without considering whether it is appropriate.

...make facilitation payments that are not required by law (rather than custom).

...appoint an agent to act on PostNL's behalf unless PostNL has approved their full terms of engagement.

...offer a gift without approval in accordance with the PostNL Group procedure on Gifts and Hospitality.

...give or receive gifts or hospitality during a tender process.

...ignore the corrupt behaviour by others. If in doubt, please contact line management.

## 5. Reporting of fraud and bribery

PostNL will not tolerate its employees, contractors, agents or other associated third parties being involved in Fraud and/or bribery and corruption. PostNL's employees and contractors are strongly encouraged to promptly report to their line manager any suspected misconduct they reasonably believe has taken place, is taking place or will take place by other PostNL employees, contractors, agents and associated third parties in accordance with the PostNL's group policy on Integrity and the PostNL group procedure on whistleblowing. As mentioned above, these policies can be found on the intranet. If you cannot turn to management you can always contact the integrity office.

All reported incidents of actual or suspected corruption or bribery will be promptly and thoroughly investigated and dealt with appropriately. As a matter of policy, where PostNL forms the reasonable opinion that an act of fraud, bribery or corruption may have occurred it will report the relevant to the crime enforcement agencies.

PostNL's Integrity Committee will be advised of all reported incidents of actual or suspected corruption or bribery and they will monitor the investigation and response to any such incident. The Integrity Committee will also report the incidence, investigation and outcome of all such incidents to both the Board of Management and the Audit Committee.

At shortest notice, line managers should report each (alleged) breach of PostNL's Business Principles to the director Audit & Security by means of a filing of the incident into the PostNL Incident Reporting system.

If the suspected Fraud and/or matter of bribery and corruption relates to alleged irregularities concerning the functioning of the members of the Executive Committee, Board of Management, the Supervisory Board, including its committees, or the staff of PostNL Audit & Security, the special procedures as set out in the PostNL Group procedure on Whistleblowing will be applicable.

The PostNL group procedure on Whistleblowing is addressed and applies to any (current and former) employee and any other stakeholder (currently and formerly) directly or indirectly involved in activities (such as - but not limited to - flexible workers, interns and subcontractors) of PostNL.

### 5.1. Procedure owner

The procedure owner is the director Audit & Security. The procedure owner is responsible for reviewing this procedure on an annual basis to assess whether revisions are necessary. The procedure owner is also responsible for monitoring compliance with this procedure.

### 5.2. Related policies and procedures

- PostNL Business Principles

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- PostNL Group Policy on Integrity
  - PostNL Group Procedure on Gifts & Hospitality
  - PostNL Group Procedure on Conflict of Interest
  - PostNL Group Procedure on Whistleblowing
  - PostNL Group Policy on Human Rights