

# Our ethics policy

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# Version Control

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Date	Author	Version	Change Description
January 2022	Kate Staples	V1.0	Final version agreed by CAA Board
February 2023	Laura Madden	V2.0	Foreword added, Introduction amended, Corporate Governance team added, Reporting Interests process updated, Gifts and Hospitality overseas process updated, Personal Relationships clarified,
April 2024	Emily Rumble	V3.0	Correcting errors, Updating links

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## Foreword

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The Civil Aviation Authority's purpose is to protect the public, both as consumers of aviation services and as citizens affected by aviation activity. To achieve our purpose, we are most effective when we are impartial, exercising our regulatory functions independently, and when we act with integrity, meeting the highest professional standards. In short, if we behave ethically the public whose interests we serve can be confident that we have acted in their interest and not our own. If we do not act ethically, not only might we break the law but, more importantly, we might also breach the trust that has been placed in us by the public, by industry and by each other.

This Policy has been endorsed by the CAA Board and provides core standards to guide us when making decisions, to ensure that each of us behaves professionally and ethically at all times.

I expect those to whom this is applicable, to read this Policy carefully and comply with its provisions to ensure we uphold our duty to the high standards expected by our stakeholders.

The CAA Corporate Governance Team are here to provide support, help and guidance. If you are unsure about any parts of this Policy or require further guidance, please refer to the Corporate Governance Sharepoint page or contact the Team directly.

Jonathan Spence - General Counsel and Company Secretary

February 2023

# Introduction

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This Ethics Policy aims to inform those acting on behalf of the organisation how they should conduct themselves and is designed to explain the standards we strive to meet and the underpinning principles. It covers:

- conflicts of interest,
- gifts and hospitality, and
- bribery and corruption.

It sets out restrictions on:

- members' and employees' financial and non-financial activities and interests,
- guidance on how to identify and deal with any conflicts of interest,
- how to respond to offers of gifts and hospitality, and
- how to ensure that we prevent bribery and corruption.

This Policy will be updated as required and its success depends upon active engagement from those who it is applicable to.

## Application of this policy

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**This policy applies to:**

- **all members of the CAA and**
- **all employees of the CAA, whether permanent, casual, fixed, agency employees or contractors and whether they work for the CAA, CAAI or ASSI or UKAB.**

It also applies in respect of spouses, partners and dependants where their activities and interests could cast doubt on an individual's ability to comply with this policy.

Where you also work for another organisation, for example as a non-executive director, trustee or contractor, this policy applies only in respect of the role you have at the CAA. Please be aware, though, that adverse inferences may be drawn because of your role at other organisations and any gifts or hospitality that you accept while working for them.

You should strive to act ethically at all times and be aware of and alert to possible ethical challenge and conflicts of interest. Where ethical challenges or conflicts of interest arise your first step is to consider the right course of action in the

circumstances and, if you need help or assistance, discuss the situation with your line manager or the Corporate Governance team.

All identified conflicts of interest *must* be resolved. It is your responsibility to consider the situation carefully and seek advice from your manager if you are unsure whether to declare an interest. Failure to resolve conflicts may result in disciplinary action being taken, including dismissal in the most serious cases.

Although this policy applies to all members and employees and their spouses, partners and dependants, please be aware that potential conflicts might arise that involve non-dependant family, friends and wider acquaintances.



## Chapter 1

# Our ethical standards

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1.1 Our ethical standards are the principles that govern our behaviour and actions; they identify conduct that is acceptable and conduct that is unacceptable. These are our standards:

We:

- put the interests of the public above our own interests;
- are open and truthful;
- take decisions based on analysis of all of the evidence and the application of our expert judgement to all relevant factors;
- act only in accordance with the merits of the case;
- act in a way that is professional and deserves and retains the confidence of all those with whom we have dealings;
- treat all information we give or receive with care, making sure that we understand and respect its confidentiality, use it only for lawful purposes and manage it properly and securely;
- do not misuse our official position;
- do not allow our past experience, personal interests, or specialist knowledge to pre-determine the outcome of any matter;
- are not influenced by improper pressures or the prospect of personal gain;
- do not ignore inconvenient facts or relevant matters;
- do not unjustifiably favour or discriminate against any individual, organisation or interest.

1.2 As a professional you are responsible for behaving ethically and in accordance with this Ethics Policy. It is your responsibility to decide what is acceptable in any given situation. If you need assistance in considering what is acceptable, please speak with your line manager or the Corporate Governance team.

1.3 If you believe that you are being required to act in a way which conflicts with this Ethics Policy, you should start by talking to your line manager or someone else in your line management chain. If for any reason you would find this difficult, you should raise the matter with your group director or the Corporate Governance team ([ethicsguide@caa.co.uk](mailto:ethicsguide@caa.co.uk)). Alternatively,

you may wish to seek advice via the CAA Internal Confidential Reporting route.

- 1.4 If you become aware of actions by others, which you believe conflict with this Ethics Policy, you should report this to your line manager, someone else in your line management chain or the Corporate Governance team ([ethicsguide@caa.co.uk](mailto:ethicsguide@caa.co.uk)). Alternatively, you may wish to seek advice via the CAA Internal Confidential Reporting route.
- 1.5 You should report evidence of criminal or unlawful activity to the police or other appropriate regulatory authorities and to the General Counsel.

## Chapter 2

## Board Members' conduct

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- 2.1 A member of the CAA must disclose and record any interests that are or may potentially be relevant to the performance of their functions. Further, a member of the CAA may not take part in any deliberation or decision of the CAA where the CAA decides that the member's interests might prejudicially affect their consideration of the matter at hand. For these reasons, the CAA has long maintained a register of members' interests, which is published on the CAA website, and keeps this ethics policy under review.
- 2.2 Members of the CAA will be expected to show complete confidentiality in respect of information or materials supplied to them for the purposes of and in connection with their CAA duties. Members must protect such information and must not disclose it without first having received confirmation from the General Counsel that disclosure would be lawful and from the Chair, Senior Independent Director or Chief Executive that disclosure would be appropriate.
- 2.3 Members must not disclose, publicly discuss or comment on any CAA Board discussions or any other CAA matters with which they are involved.
- 2.4 Members must not make public comments which might damage the CAA's authority or standing.
- 2.5 Members must not misuse information gained in the course of their CAA role for personal gain or for political purposes.
- 2.6 Where a member has any concerns about issues of conduct, they should raise them with the Chair, the Senior Independent Director or the General Counsel.
- 2.7 Paragraphs 2 and 3 of this section apply to any CAA employee who attends a CAA Board meeting, or a meeting attended by a member of the CAA.

## Chapter 3

## Conflicts of interest

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### What is a conflict of interest?

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- 3.1 A conflict of interest arises where you have competing professional and personal interests. Competing interests can make it difficult for you to fulfil your professional duties impartially.
- 3.2 A conflict of interest:
- might impair your ability to perform your duties and responsibilities objectively;
  - may be actual or may arise because of the perception that others will have, that your other professional or personal interests have informed a decision or action in some way;
  - may arise where no unethical or improper act has taken place;
  - can create an appearance of impropriety that can undermine confidence in the CAA and our ability to perform our legal duties effectively.
- 3.3 You should not misuse your official position or information acquired during the course of your duties to further your own personal interests or those of others. In short, you must avoid doing anything that could call into question your independence and ability to deal with a matter fairly and appropriately.

### Types of conflicts of interest

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- 3.4 The most obvious conflict is that related to monetary gain. That is, that through a decision that you make or influence or about which you have knowledge (usually prior to it entering the public domain) you are able to gain financially.
- 3.5 However, other non-financial interests may also arise. These could include:
- receiving some form of personal benefit in return for favourable treatment of an individual or company – e.g., procurement of services from an organisation you are connected to (i.e., a family member may have a financial interest in) or that you may wish to work for in the future, or for which you have worked in the past;

- treating an individual or company favourably as a result of previously working for that individual or organisation – e.g., awarding a procurement contract to an organisation you have previously worked for, irrespective of financial benefit to you;
  - securing a favourable decision for a political party or other non-political body so that you gain personal enhancement within that organisation;
  - receiving certain types of gifts or hospitality;
  - securing any of the above benefits for family or friends;
  - involvement in an activity outside of work that is closely related to your work at the CAA and could therefore lead others to infer that the CAA is involved in and/or responsible for the activity.
- 3.6 When considering conflicts of interest, it is also important to consider the wider context. Our policy is to ensure that we perform our regulatory activities independently and are seen by others to do so. Doubts about our independence may arise not only in the minds of the public, in whose interests we regulate, but also in the minds of those with whom we are connected or of those we regulate.
- 3.7 In light of the above, please ensure that you take account of any voluntary or unpaid activities you perform and advise your line manager if those activities may be reasonably viewed as having potential to cause a conflict of interest with your work for the CAA.

## Declaration of interests

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- 3.8 You must declare within the “Interests” section on your Success Factor profile any interest which you, your spouse or partner, any of your siblings or other close relative (e.g., a cousin) or close friend, or any dependant holds in any organisation:
- which is regulated by the CAA or ASSI;
  - with which you have reason to believe the CAA (or CAAI or ASSI) has, or is likely to be negotiating a contract;
  - with which you believe the CAA (or CAAI or ASSI) does or is likely to compete for the provision of services;
  - Which have a financial interest in the aviation or air travel industry;
  - **WORK OR PERSONAL INTEREST IN AN AVIATION OR AIR TRAVEL INDUSTRY ORGANISATION.**
- 3.9 If in doubt, you are advised to declare anything that you think may be relevant.

- 3.10 You must also declare within the “Interests” section on your Success Factor profile the fact that you have **no interests** to declare.
- 3.11 Should your circumstances change such that you gain an interest or change role within the CAA where an interest may now be relevant, you must update the “Interests” section on your Success Factor profile.

## Personal Interests Restrictions

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- 3.12 A personal interest may include, but is not limited to, a hobby or pastime or paid or unpaid voluntary work that you, your spouse, partner, or dependants undertake.
- 3.13 If you are directly engaged in economic, safety or security regulation, you may not have a personal interest in an organisation if you are in a position to make or influence decisions relating to the regulation of that organisation by the CAA.
- 3.14 If you are in a position to make or influence decisions in relation to a contract or contract negotiations, you may not have a personal interest in any organisation with which the CAA is likely to be negotiating the contract where the contract forms a significant part of that organisation’s business or activity.
- 3.15 Where the CAA or any of its subsidiaries competes for business and you are in a position to decide the terms on which the CAA should tender or to influence that decision, you may not have a personal interest in an organisation competing with the CAA for the business.

## Financial Interests Restrictions

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- 3.16 You, your spouse, partner, or dependants must not hold financial interests (normally shares) in companies whose business has a significant aviation or air travel element, and whose finances and activities may be materially affected by decisions of the CAA or any of its subsidiaries. Pension schemes where you make or instruct investment decisions relating to those pension schemes are covered by this restriction.
- 3.17 A financial interest does not include the holding of shares through a managed unit trust or other mutual fund. Holdings of this type do not need to be declared. If your pensions investments are managed without interaction from you (i.e., it is a passive fund managed by a fund manager) the restriction set out in paragraph 3.16 above does not apply.
- 3.18 If you do hold shares in companies where the UK aviation or air travel industry comprises (or may comprise) a significant part of their business, or you acquire shares in these companies (for example, you or your

spouse/partner inherit or acquire them), you must declare this. Where you or your immediate family do hold such shares, we will discuss with you the options and agree the appropriate action to take. If there is a potential conflict of interests you will be asked to rectify the position, normally by disposal of the shares.

- 3.19 If, as part of a remuneration package with a previous employer, you are entitled to exercise future share options that may lead to a conflict of interest, you must notify your manager of this so that the appropriate course of action can be determined.
- 3.20 If you hold pensions from a period of employment with a regulated company, you should declare this.

## Insider Dealing

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- 3.21 You and your immediate family must not hold shares in companies where the UK aviation or air travel industry comprises a significant part of their business, and actions or decisions by CAA or either of its subsidiaries may have an effect on their share price. In these circumstances, you may be privy to information that could mean you (or a member of your immediate family) decide to buy or sell shares in that company because of your “inside knowledge”.
- 3.22 Paragraph 3.21 does not apply where the shares are held through a managed unit trust or other mutual fund.
- 3.23 In carrying out its functions, the CAA may be deemed to have a professional relationship with the companies with which it deals. In carrying out our work, you may acquire knowledge about financial matters of airlines, air travel organisers, actual and potential problems with aircraft, the intention of an airline to re-equip with a particular type of aircraft or the intention of either the CAA or a third party to purchase equipment from a particular supplier. Any such information could be deemed to be price sensitive information. If you use price sensitive information by dealing in the shares of the company to which the price sensitive information relates, you will be committing an offence under the Criminal Justice Act 1993. You are also liable to be dismissed for gross misconduct.

## Personal and Family Relationships in the Workplace

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- 3.24 The CAA recognises that employees who work together may form friendships, and in some cases, close personal relationships. The CAA also recognises that, from time to time, more than one member of the same family may be employed by the CAA at the same time. The CAA expects that employees and their line managers should ensure that behaviour

continues in an appropriate and professional manner at work, and that the existence of a personal or family relationship does not lead to allegations that impropriety has occurred, or could occur, or that work decisions have been influenced by personal or family relationships.

3.25 To avoid any suggestion of favouritism or other advantage, existing employees must disclose to HR ([HR@caa.co.uk](mailto:HR@caa.co.uk)), any relevant relationships when recruiting and/or interviewing external and internal candidates. Existing employees shall not participate in a recruitment process in which a close personal or family relation is involved. Relations of existing employees – whether close personal or family – will only be considered for appointment to a role at the CAA if the role is one that is open to other external candidates and has been subject to open competition. If successful in the recruitment competition, an individual would not normally be appointed to the same part of the organisation as the relation already in employment.

3.26 The following principles also apply.

### Personal Relationships

- An employee who is involved in a close personal relationship with a colleague must not allow that relationship to influence their conduct while at work or affect their professional judgement or decision-making.
- An employee who is in or embarks on a close personal relationship with a colleague working in the same department/section must declare the relationship in Success Factors which will alert HR and the line manager for approval. If the line manager requires advice, they may speak with HR ([HR@caa.co.uk](mailto:HR@caa.co.uk)).
- If an employee is involved or embarks upon a close personal relationship with their line manager, in addition to Success Factors, such a declaration must be made, in writing, to the relevant senior manager for that business area **and** to HR via [HR@caa.co.uk](mailto:HR@caa.co.uk).
- If an employee is in or embarks upon a close personal relationship with any other colleague, they should declare the relationship in Success Factors, which will alert HR and line manager for approval.
- The information declared in accordance with these paragraphs will be recorded in Success Factors on the personal files of both employees and treated in strict confidence.



- To prevent an employee having managerial authority over a colleague with whom they have a close personal relationship, the CAA reserves the right to transfer one or both employees involved in the relationship to another department/section. In these circumstances, the CAA will consult both employees and seek to reach a satisfactory agreement regarding the transfer of one or both.
- Similar principles apply to an employee who is in or begins a close personal relationship with someone with whom their role brings them into professional contact. The employee must declare the relationship, in Success Factors. If the line manager requires advice, they may speak with HR at HR@caa.co.uk. To prevent any adverse inferences from being drawn because of the relationship, the CAA reserves the right to reorganise work or transfer the employee following consultation with them.

## Family Relationships

- An employee who works with a family relation must not allow that relationship to influence their conduct while at work or affect their professional judgement or decision-making.
- Where a family relationship already exists between a manager and an employee whom they manage, either directly or indirectly, the relationship should be declared in Success Factors and in writing, to a senior manager. The manager should not be involved in any decisions in the workplace affecting that family member.
- To manage a situation in which an employee has managerial authority over a family relation, the CAA reserves the right to transfer one or both employees involved to a job in another department/section. In these circumstances, the CAA will consult both employees and seek to reach a satisfactory agreement regarding the transfer of one or both.

## Political activity

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- 3.27 All employees, at any level, are entitled to be members of political parties. You do not need to declare this. There may be occasions when undertaking activities on behalf of a political party could result in a conflict of interest. In addition, non-party political activity could also result in a conflict of interest. These party and non-party political activities might include demonstrating on behalf of a pressure group, charity, or similar body; or representing to the media, or elsewhere, a pressure group, charity, or similar body. In these cases, you must consider whether there is a conflict of interest in accordance with this policy and make the necessary declarations.

## Reporting interests

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- 3.28 You must declare, using the “Interests” section within your Success Factor profile, whether or not you (or your spouse, partner, or a dependant) have any personal or financial interests which could constitute a conflict of interest.
- 3.29 If you are a contractor for the CAA and do not have access to Success Factor, you must declare, using the personal and financial interests declaration form, accessible from your line manager, whether or not you (or your spouse, partner, or a dependant) have any personal or financial interests which could constitute a conflict of interest.
- 3.30 If there is a possible conflict of interest, then your line manager will assess the level of conflict and consult with their own manager about what interventions should be put in place or what action should be taken. The Corporate Governance team ([ethicsguide@caa.co.uk](mailto:ethicsguide@caa.co.uk)) are available to advise managers and employees.
- 3.31 New employees shall complete the ‘Interests’ section within their Success Factor profile on joining the CAA, and people will need to reconfirm their declarations, including nil returns, on an annual basis.
- 3.32 If your circumstances change during the year (e.g., you or your spouse or partner acquire a financial interest or your spouse, partner or dependant gets a job in the aviation industry), you must update the ‘Interests’ section within Success Factor or, if you are a contractor, complete a new declaration form.
- 3.33 The Corporate Governance team may audit and monitor any declared interest and resolution that has been put in place. The Corporate Governance team could identify and request resolution from the line manager on any potential conflicts, which have been declared, but no mitigations have been identified.
- 3.34 Whilst it is the employee’s responsibility to ensure all relevant interests are declared, Corporate Governance and the appropriate line manager shall challenge an employee’s “no declaration” if they obtain contradicting information against an employee’s submission. Where an employee fails to declare an interest and a conflict occurs, a disciplinary matter shall be considered.

## Chapter 4

## Gifts & Hospitality

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### Gifts

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- 4.1 Gifts can include cash, presents, political or charitable donations and other benefits. Each individual CAA member, employee and contractor is personally responsible for all decisions connected with the offer or acceptance of gifts and hospitality and for avoiding the risk of damage to public and government confidence in the work of the CAA. Under no circumstances may gifts or hospitality be accepted on behalf of a member, employee, or contractor by their spouses, partners, or their children.
- 4.2 Gifts do not include discounts and offers that are available on the same terms as are available to members of the public, benefits that are available to you because of your travel in a personal capacity, or accepting an offer of an upgrade when it is offered to you without the airline knowing about your employer or your job.

### Minor gifts

- 4.3 These are items of inconsequential monetary value and carry a branded or promotional message. They include, but are not limited to, pens, diaries, calendars, mouse pads, key fobs and posters.
- 4.4 These gifts may be accepted.

### Other business gifts

- 4.5 Gifts that are not minor should not be accepted or offered. In any event, you should not accept a gift from or offer a gift to any person where the value of the gift exceeds £25 unless you have the prior written consent of your line manager.
- 4.6 Where gifts have been received from third parties, they should be declined, and you should seek advice from your manager as to how best to let the third party know that the gift has been declined.

### Gifts offered at the time of regulatory activity, business transactions or contract awards or on the conclusion of such activity, transactions, or awards

- 4.7 Gifts of this nature should not be accepted under any circumstances.

## Gifts offered by overseas organisations

- 4.8 When engaging with overseas organisations, the expected standards and principles in this policy still apply but it is recognised that:
- i) the acceptable value for gifts (see 4.3 and 4.5) deemed as excessive should be considered in the context of the giver's country's economy. The perceived value should be considered against local goods/services to identify whether the gift is extravagant.
  - ii) the non-acceptance of gifts may cause cultural embarrassment to the giver. Gifts of nominal value can be accepted. For those which should be declined, guidance from your manager or Corporate Governance should be sought on how best to manage such cases.
- 4.9 **Chapter 5 Anti bribery** applies in respect of gifts when engaging with overseas organisations.

## Benefits

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- 4.10 These are less easy to define, but would include, for example, free use of company sporting or other facilities; use of a discounted shopping card provided by a company; provision of goods or services at a reduced price; free membership of a local club or facility; participation in a foreign trip, either free or at a reduced rate.
- 4.11 Offers of this nature should not be accepted under any circumstances.
- 4.12 Employees who receive invitations from airlines to take part in inaugural flights should obtain the approval of their group director before accepting the invitation.

## Hospitality

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- 4.13 Although hospitality is an accepted courtesy of a business relationship, you should not allow yourself to reach a position whereby you are, might be, or might be deemed by others to be, influenced in making a business decision, or influencing others, as a consequence of accepting or offering such hospitality. Hospitality can include (but is not limited to) meals, hotels, travel discounts, invitations to arts and sporting events.
- 4.14 You should not accept hospitality that is greater in scale or more frequent than the CAA would like to provide in return. You should not receive from or offer to an individual any hospitality in excess of £50 unless you have the prior written consent of your line manager. If you find it difficult to decide whether some form of hospitality is or is not acceptable, you should seek advice from your manager or the Corporate Governance

team (corporate.standards@caa.co.uk); if in any doubt, the offer of hospitality should be declined.

### Hospitality in business hours

- 4.15 The most likely kind of hospitality offered during business hours are refreshments at a business meeting or over a working lunch. This kind of hospitality is usually modest and is, therefore, acceptable. Where you receive any other offer of hospitality, such as an invitation to lunch at a restaurant, please consider carefully whether to accept, taking into account any adverse inferences that may be drawn if you do accept.

### Hospitality in social hours

- 4.16 Such offers may include cocktail parties, receptions, dinners, dinner dances, and award ceremonies, and invitations to arts or sporting events.
- 4.17 It is unacceptable to accept an invitation to any arts or sporting event.
- 4.18 It is acceptable to accept other social invitations, provided there is a legitimate CAA purpose that is served, you have considered whether any conflict of interest may arise and concluded that there is no such conflict.
- 4.19 As a general rule, offers of overnight accommodation and travel associated with any social invitation should not be accepted.
- 4.20 In the event that you do give or receive gifts and hospitality of any value, you must complete a form showing the nature, value, donor and recipient of the gift or hospitality.
- 4.21 You must also complete the form referred to in paragraph 4.20 if you decline gifts and hospitality of any value.

### External auditors

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- 4.22 You must not accept any gifts or hospitality from or offer any gifts or hospitality to any employee of the CAA's external auditors worldwide. This does not prevent you from accepting an invitation to attend a training or professional development event hosted or sponsored by the external audit firm which is attended by its other clients.

## Chapter 5

# Anti-bribery

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- 5.1 The CAA is committed to complying with the Bribery Act 2010. This section of the CAA's Ethics Policy sets out the CAA's commitment to tackling bribery and covers:
- a) the main areas of liability under the Bribery Act 2010;
  - b) the responsibilities of employees and associated persons acting for, or on behalf of, the CAA; and
  - c) the consequences of any breaches of this policy.

### What are the consequences if I breach the policy?

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- 5.2 Any breach of this policy is likely to constitute a serious criminal offence and would therefore be considered a disciplinary matter because of the potential to cause serious damage to the reputation and standing of the CAA.
- 5.3 The CAA may also face criminal liability under the Bribery Act 2010 for unlawful actions taken by its employees or associated persons.

### Bribery Act 2010

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#### What is a bribe?

- 5.4 Under the Bribery Act 2010, a bribe is a financial or other type of advantage that is either offered or requested by a person with the:
- a) intention of inducing or rewarding improper performance of a function or activity; or
  - b) knowledge or belief that accepting such a reward would constitute the improper performance of such a function or activity.
- 5.5 The definition of functions and activities is broad; it covers not only our regulatory activities (e.g., licensing activity), but also the activities carried out by ASSI (safety and security regulation and oversight in the Overseas Territories) and CAAI (the provision of aviation regulation consultancy services) and the activities we perform in order to administer the CAA (e.g., buying our stationery or procuring a service).

- 5.6 You must not offer, promise, give, solicit, or accept any bribe. A bribe might be cash, a gift or other inducement to, or from, any person or organisation, whether a public or government official, official of a state-controlled industry, political party or a private person or organisation, regardless of whether you are in the UK or overseas.
- 5.7 The definition of a bribe also includes indirect contributions, payments or gifts made in any manner as an inducement or reward for improper performance, for example through consultants, contractors or sub-contractors, agents or sub-agents, sponsors or sub-sponsors, joint-venture partners, advisors, customers, suppliers or other third parties.
- 5.8 A bribe might be made to ensure that we improperly perform our duties or functions (for example, by not acting impartially or in good faith or in accordance with their position of trust), to gain any commercial, contractual, or regulatory advantage for the CAA in either obtaining or maintaining CAA business, or to gain any personal advantage, financial or otherwise, for the individual or anyone connected with the individual.

## Offences

- 5.9 It would be a criminal offence if you were to, for example:
- Offer, promise, or give a financial or other advantage to another person, and intend the advantage:
    - to induce a person to perform improperly a relevant function or activity or
    - to reward a person for the improper performance of such a function or activity.
  - Offer, promise, or give a financial or other advantage to another person, and know or believe that the acceptance of the advantage would itself constitute the improper performance of a relevant function or activity.
  - Request or agree to receive or accept a financial or other advantage intending that, in consequence, a relevant function or activity should be performed improperly (whether by you or another person).
  - Request or agree to receive or accept a financial or other advantage, and the request, agreement, or acceptance itself constitutes the improper performance by you of a relevant function or activity.
  - Request or agree to receive or accept a financial or other advantage as a reward for the improper performance (whether by you or another person) of a relevant function or activity.

- Perform a relevant function or activity improperly, or ask someone else to do so, in anticipation of or in consequence of you requesting, agreeing to receive, or accepting a financial or other advantage.
- 5.10 A relevant function is any function of a public (non-commercial) nature.
- 5.11 A function or activity is relevant even if it is performed in a country or territory outside the UK.
- 5.12 CAA, CAAI or ASSI would commit an offence if a person associated with the organisation bribed another person intending:
- a) to obtain or retain business for the organisation; or
  - b) to obtain or retain an advantage in the conduct of business for the organisation.

## Records

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- 5.13 You must take particular care to ensure that all the organisational records for which you are responsible are accurately maintained in relation to any contracts or business activities, including financial invoices and all payment transactions with clients, suppliers, and public officials.
- 5.14 You should also undertake appropriate due diligence prior to entering into any contract, arrangement, or relationship with a potential supplier of services, agent, consultant, or representative in accordance with the CAA's procurement and risk management procedures. Guidance on due diligence can be found on the CAA Procurement Intranet site.
- 5.15 You must keep accurate, detailed and up-to-date records of all corporate hospitality, entertainment or gifts accepted or offered. The CAA maintains an electronic register for this purpose.

## Working overseas

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### Principle

- 5.16 Employees and associated persons conducting business on behalf of the CAA outside the UK may be at greater risk of being exposed to bribery or unethical business conduct than UK-based employees. Hence you must be extra vigilant when conducting international business.

### Procedure

- 5.17 You must report suspicions of bribery either to your line manager, the Corporate Governance Team, Office of the General Counsel or via the CAA Internal Confidential Reporting route. While any suspicious circumstances should be reported, you are required particularly to report:



- a) close family, personal or business ties that a prospective agent, representative or joint-venture partner may have with government or corporate officials, directors, or employees;
  - b) requests for cash payments;
  - c) requests for unusual payment arrangements, for example via a third party;
  - d) requests for reimbursements of unsubstantiated or unusual expenses; or
  - e) a lack of standard invoices and proper financial practices.
- 5.18 Where work is to be conducted overseas the history of corruption in the country in which the business is being undertaken should be recorded as part of the due diligence process prior to any contracts/agreements being signed (e.g., CAAI's customer assessment incorporates a Corruption Perception Index and also Foreign and Commonwealth Office advisories).
- 5.19 If you are in any doubt as to whether or not a potential act constitutes bribery, the matter should be referred to the Corporate Governance Team, Office of the General Counsel or via the CAA Internal Confidential Reporting route.

## Facilitation payments

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### Principle

- 5.20 The CAA prohibits you from making or accepting any facilitation payments.
- 5.21 These are payments made to government officials for carrying out or speeding up routine procedures. They are more common overseas. Facilitation payments are distinct from an official, publicly available fast-track process.
- 5.22 Facilitation payments, or offers of such payments, will constitute a criminal offence by both the individual concerned and the CAA under the Bribery Act 2010, even where such payments are made or requested overseas.
- 5.23 You are required to act with greater vigilance when dealing with government procedures overseas.

### Procedure

- 5.24 Where a public official has requested a payment, you should ask for further details of the purpose and nature of the payment in writing. If the public official refuses to give these, this should be reported immediately to

the Corporate Governance Team, Office of the General Counsel or via the CAA Internal Confidential Reporting route.

- 5.25 If the public official provides written details, the Corporate Governance Team, or Office of the General Counsel will consider the nature of the payment. Local legal advice may be sought.
- 5.26 If it is concluded that the payment is a legitimate fee, for example part of a genuine fast-track process the CAA will authorise you to make the payment.
- 5.27 Where the Corporate Governance Team, or Office of the General Counsel considers that the request is for a facilitation payment, you will be instructed to refuse to make the payment and notify the public official that you are required to report the matter to the CAA and the UK embassy (or equivalent such as High Commission).
- 5.28 The CAA will seek your assistance with its investigation and may determine that the matter should be referred to the appropriate prosecution authorities.
- 5.29 If you have any other concerns about the nature of a request for payment, you should report it to the Corporate Governance Team, Office of the General Counsel or via the CAA Internal Confidential Reporting route using the reporting procedure set out in this policy, and in accordance with the CAA's Internal Confidentiality Reporting policies.

## Corporate entertainment, gifts, hospitality, and promotional expenditure

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### Principle

- 5.30 You must comply with the Gifts & Hospitality section of this Ethics Policy. You must not accept or offer any gift, hospitality or other inducement that puts you or others under any obligation which might tend to impair your or their ability to conduct the CAA's business. You must not accept or offer any gift or consideration as an inducement or reward for:
- a) doing, or refraining from doing, any act in relation to the CAA's business or affairs, or
  - b) showing favour or disfavour to any person in relation to the CAA's business or affairs.
- 5.31 Whilst gifts and hospitality can be given for legitimate reasons the CAA wishes to ensure that you are aware that such gifts may be viewed as bribes and could expose the CAA, and its senior managers and employees to offences under the Bribery Act 2010.

## Procedure

- 5.32 If you are approached with an offer of any kind which you believe could be construed as a gift, inducement, or reward within the definition in paragraph 5.30 you must immediately report the matter to your manager.
- 5.33 In the event that you do give or are offered gifts or hospitality, of any value, you are required to record the details in the hospitality register. This should include the nature, value, donor and recipient of the gift or hospitality, and whether or not it was accepted.
- 5.34 You must supply records and receipts, in accordance with the CAA's expenses policy.

## Charitable and political donations

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- 5.35 It is possible for the offer of a donation to a charity, or a political party or cause to be viewed as a gift. For that reason, if you receive an offer of these types of gift you should seek advice from the Corporate Governance Team or Office of General Counsel.
- 5.36 This does not affect any personal donations that you may wish to make direct from your salary (see the Employee Handbook).

## Risk management

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### Principle

- 5.37 The CAA will conduct risk assessments for each of its key business activities on a regular basis and, where relevant, will identify employees or officers of the CAA who may be exposed to bribery.

### Procedure

- 5.38 The CAA will identify high-risk areas, for example projects undertaken in high-risk countries, tenders for work and those working on high-value projects.
- 5.39 CAAI's customer assessment incorporates a Corruption Index and also Foreign and Commonwealth Office advisories.
- 5.40 The CAA will:
- a) regularly monitor "at risk" employees and associated persons;
  - b) regularly communicate with "at risk" employees and associated persons;
  - c) undertake extensive due diligence of third parties and associated persons; and

- d) where appropriate communicate its zero-tolerance approach to bribery to third parties, including actual and prospective customers, suppliers, and joint-venture partners.

## Reporting suspected bribery

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### Principle

- 5.41 The CAA depends on you to ensure that the highest standards of ethical conduct are maintained in all its business dealings. You must remain vigilant in preventing, detecting and reporting bribery.
- 5.42 You must report any concerns you may have to the Corporate Governance Team, Office of the General Counsel or via the CAA Internal Confidential Reporting route as soon as possible. Issues that should be reported include:
  - a) any suspected or actual attempts at bribery;
  - b) concerns that other employees or associated persons may be being bribed; or
  - c) concerns that other employees or associated persons may be bribing third parties, such as clients or government officials.

### Procedure

- 5.43 A form is available on the CAA website for Whistleblowing to the CAA under the Public Interest Disclosure Act 1998. You are advised, however, to contact Corporate Governance directly or go via the CAA Internal Confidential Reporting route. Any such reports will then be thoroughly and promptly investigated. You will be required to assist in any investigation into possible or suspected bribery.
- 5.44 The CAA will support employees or associated persons who report instances of bribery in good faith. The CAA will ensure that the individual is not subjected to detrimental treatment as a consequence of their report. Any instances of detrimental treatment by a fellow employee because an employee has made a report will be investigated in accordance with the CAA disciplinary policy.
- 5.45 If told not to raise or pursue any concern, even by a person in authority such as a manager, you should not agree to remain silent. You must report the matter to the Corporate Governance team or via the CAA Internal Confidential Reporting route. The matter will then be investigated in accordance with the CAA disciplinary policy.

## Action by the CAA

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- 5.46 The CAA will fully investigate any instances of alleged or suspected bribery. Employees suspected of bribery may be suspended from their duties while an investigation is being carried out.
- 5.47 The CAA will invoke its disciplinary procedures where any employee is suspected of bribery, and proven allegations may result in a finding of gross misconduct and immediate dismissal.
- 5.48 The CAA may terminate the contracts of any associated persons, including consultants or other workers who act for, or on behalf of the CAA and who are found to have breached this policy.
- 5.49 The CAA may also report any matter to the relevant authorities, including the Director of Public Prosecutions, Serious Fraud Office, Revenue and Customs Prosecutions Office and the police. The CAA will provide all necessary assistance to the relevant authorities in any subsequent prosecution.

## Review of procedures and training

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- 5.50 The CAA will regularly communicate its anti-bribery measures to employees and associated persons. The CAA will set up training sessions where applicable. The Corporate Governance team within the Office of General Counsel is responsible for the implementation of this policy.
- 5.51 The Head of CAA Internal Audit will monitor and review the implementation of this policy and related procedures on a regular basis, including reviews of internal financial systems, expenses, and corporate hospitality, gifts and entertainment policies.
- 5.52 You are encouraged to contact the Corporate Governance Team, General Counsel, or Head of CAA Internal Audit with any suggestions, comments or feedback that you may have on how these procedures may be improved.

## Chapter 6

## Criminal Finances Act 2017

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- 6.1 From September 2017, the Criminal Finances Act 2017 requires that organisations (which includes the CAA, ASSI and CAAI) must act to prevent potential criminal facilitation of tax evasion by persons associated with them. “Persons associated with them” includes not only employees but also suppliers, advisers, agents, intermediaries and contractors etc who are providing a service.
- 6.2 Failure to prevent potential criminal facilitation of tax evasion is now a criminal offence, unless it is possible for the organisation to demonstrate that it had reasonable prevention measures in place to prevent the facilitation happening.

### What do I need to do?

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- 6.3 If you are asked by anyone we regulate or anyone we work with to make a direct payment to them or otherwise change the nature or structure of the financial relationship we have with them, please report this to your line manager as a matter of urgency. The line manager will work with the Corporate Governance team, procurement and finance colleagues to assess whether the request is legitimate and can be actioned.