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CP 7.01 Business Principles Guidelines

Background

Compliance with the law is of vital importance to Joint Ventures (JVs), JV Participants, Users, JV Directors and Managers ('Management'), Participant Representatives, JV employees, contractors and Third Parties.

JIG has developed the 'Business Principles' documents to provide guidance to Management and their Board/Management Committee on key business issues that a JV is recommended to consider in order to clearly define how it intends to conduct its business ethically and in compliance with the law considering that non-compliance could lead to fines and possible criminal sanctions.

Issuing Business Principles completes the set of JIG Common Processes that were originally advised in JIG Bulletin 47 (Dec 2011). JVs can now update their Common Process Implementation Plan for completion.

The Business Principles

The Business Principles cover five main areas:-

- **HSSE** – the JV's commitment to continuously improving its HSSE performance and complying with the JV's policies on HSSE, drugs and alcohol,
- **JV Employees** – the JV's commitment to how it treats its employees and how the JV expects them to act on behalf of the JV,
- **Business Relationships** – the JV's commitment to building trust with parties with whom the JV interacts and on whom the success of the JV business depends,
- **Business Integrity** – the JV's commitment to comply with the law and the JV's own Business Principles,
- **Property and Financial Integrity** – the JV's commitment to report accurately and protect the Participants' assets, intellectual property and IT systems against damage, theft or fraudulent use.

Documents to Implement and Maintain the Business Principles

5 documents have been developed to help JVs implement and maintain their Business Principles:-

1. **CP 7.01 JIG Standard JV Agreement Business Principles Clauses** – this document contains standard form legal clauses that JV Participants can adopt so that the JV has commitments by the Participants to comply with local and international legislation including Anti-Bribery and Corruption (**ABC**), Anti-Money Laundering (**AML**) and International Trade Sanctions (**ITS**) and also includes appropriate JV Participant audit rights.
2. **CP 7.01A Business Principles Manual** – this document outlines recommended contents of a Business Principles Manual that should be suitable for typical storage, hydrant and intoplane JVs. Having a Business Principles Manual (or equivalent documents) should ensure that everyone carrying out work for the JV has a clear understanding of what is required by the JV in order to work ethically and in compliance with the law – this is vital to the long term success of the JV business.



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The Business Principles Manual is intended to be used in one of two ways:-

- *Where a JV (or JV operating company) has already developed its own set of business principles and policies, CP 7.01A Business Principles Manual can simply be used as a gap analysis against existing business principles and policies. CP 7.01D Business Principles Manual – Review Form is provided for this purpose (see **Attachment 2**).*
- *Where a JV (or JV operating company) does not already have its own set of business principles and policies, it is recommended to use the CP 7.01A Business Principles Manual ‘Word’ document as a template. It is recognized that a JV will need to adapt some of the business principles to suit local legislative requirements and its own unique circumstances. Sections that are most likely to require adaptation are highlighted in [square brackets]. Some of the business principles, such as JV Core Principles, are recognized industry best practice for JVs and throughput locations and should be adopted without change. The Business Principles Manual has been written in a style that should be suitable to be read by anyone carrying out work for the JV including: JV Participants, Management, employees, contractors and Third Parties.*

3. **CP 7.01B Business Principles Manual Management Guidance on Intent and Application** – this presentation training pack provides guidance information for Management to assist them in understanding the intent of the Business Principles Manual so that they can be appropriately applied to their own JV's specific circumstances. JVs should seek advice from Participants where it is not clear how to apply the Business Principles guidance to the JV's specific circumstances.
4. **CP 7.01C Business Principles Annual Compliance Audit** – this document sets out a number of audit questions to help the JV Manager produce an annual compliance statement confirming that the JV is complying with its own Business Principles. This compliance statement can then be approved by the JV Board / Management Committee and circulated to the JV Participants as one of the JV's annual assurance processes. Having an industry agreed compliance audit should satisfy all JV Participants and avoid JVs having to complete unique individual compliance statements for each JV Participant.
5. **CP 7.01D Business Principles Manual – Review Form** – this document can be used by JVs to complete a gap analysis against their existing business principles and policies.

Implementation Plan, JV Training and Resources Required for Implementation

By 30th June 2015, or other date if considered more appropriate by the JV Board / Management Committee, the JV Board / Management Committee should plan to have a JV Agreement and business policies that comply with the Business Principles and local and international laws including ABC, AML and ITS.

CP 7.01B Business Principles Manual Management Guidance on Intent and Application provides basic training on the Business Principles. JVs should seek advice from their JV Participants where it is not clear how to apply the Business Principles guidance to the JV's specific circumstances.

Monitoring Effectiveness of Implementation of the Common Process

Effectiveness of implementation and continued compliance with the JV's Business Principles will be monitored by including completion of the annual CP 7.01C Business Principles Compliance Audit into the JV's own audit programme.


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After completing the CP 7.01D Business Principles Manual Review Form gap analysis or adopting the CP 7.01A Business Principles Manual, the CP 7.01C Business Principles Compliance Audit should be completed annually by the 31st October each year.

JIG is developing an online version of CP 7.01C Business Principles Compliance Audit which is expected to be available on www.jigonline.com web site by end 2014. JVs are recommended to complete the audit online since this will save JV Managers time and give Management and Participants Representatives automatic access to the audit without the need for separate distribution by the JV.

JVs should retain a paper copy of their Business Principles Manual and latest Business Principles Compliance Audit in their records on site.

Actions to Implement this Bulletin (See Table 1 for Action Type Codes)

Action Description	Action Type
1. By 30 th June 2015, or other date if considered more appropriate by the JV Board / Management Committee, the JV Board / Management Committee is to adopt CP 7.01 JIG Standard JV Agreement Business Principles Clauses so that they are additional JV agreement terms that supersede any existing terms where they are in conflict.	RP
2. By 30 th June 2015, or other date if considered more appropriate by the JV Board / Management Committee, the JV Board / Management Committee is to approve the process for the JV to have a satisfactory Counterparty Due Diligence process . Attachment 1 outlines a process that is considered practical for most JVs.	RP
3. By 30 th June 2015, or other date if considered more appropriate by the JV Board / Management Committee, either use the CP 7.01D Business Principles Manual Review Form (included as Attachment 2) to complete a gap analysis of existing JV agreement and policies against the CP 7.01 JIG Standard JV Agreement Business Principles Clauses and CP 7.01A JIG Business Principles Manual. Differences to best practice should be identified (y/n or Not Applicable (N/A)). If there is a difference then either record why this difference is appropriate and recommended to continue (e.g. to comply with local legislation) or detail the action necessary to close the gap. Actions may require update to the JV Governing Documents such as the JV Agreement to bring them in line with current best practice for Business Principles. The JV Manager should propose reasonable target dates for closure of gaps. The completed gap analysis including variations should then be approved by the JV Board / Management Committee, or or adapt and adopt CP 7.01 JIG Standard JV Agreement Business Principles Clauses and CP 7.01A JIG Business Principles Manual as the JV's own taking into account local legislative requirements and the JV's own unique circumstances.	RP
4. After completing the CP 7.01D Business Principles Manual Review Form gap analysis or adopting the CP 7.01A Business Principles Manual described in Action 3, by 31st October each year , commence Business Principles annual compliance audit programme by completing CP 7.01C Business Principles Compliance Audit and confirming compliance online through www.jigonline.com .	RP


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Table 1 - Bulletin Action Types (Bulletins do not necessarily contain all Action Types)

Action Types	JIG Bulletin Action Type Definition
JS	Change to JIG Standard – to be adopted by JV and/or Operator to continue to meet the JIG Standard(s) (JIG 1, 2, 3, 4) (**).
RP	JIG Recommended Practice which the JV should consider adopting as its own practice (**).
I	Issued for information purposes only.
Note (**) - If the JV agreements require any of the JIG Standards and/or any of the JIG Common Processes as the governing operational standard then adoption of changes to applicable JIG Standards and/or Common Processes should not be considered optional by the JV Board.	

Referenced Documents (downloadable from www.jigonline.com – Members Area Publications (Common Processes)):-

- CP 7.01 JIG Standard JV Agreement Business Principles Clauses
- CP 7.01A Business Principles Manual
- CP 7.01B Business Principles Manual Management Guidance on Intent and Application
- CP 7.01C Business Principles Annual Compliance Audit
- CP 7.01D Business Principles Manual – Review Form

This document is intended for the guidance of Members of the Joint Inspection Group (JIG) and companies affiliated with Members of JIG, and does not preclude the use of any other operating procedures, equipment or inspection procedures. Neither JIG, its Members, the companies affiliated with its Members accepts responsibility for the adoption of this document or compliance with this document. Any party using this document in any way shall do so at its own risk.


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ATTACHMENT 1 – COUNTERPARTY DUE DILIGENCE PROCESS

Counterparty Due Diligence (CDD) is necessary to check Counterparties and confirm they do not present an unacceptable Anti-Bribery and Corruption (ABC), Anti-Money Laundering (AML) or International Trade Sanctions Regulations (ITS) risk to the JV, JV Participants, Users, Directors and Officers. JVs may require local legal advice to ensure their CDD process complies with local CDD and data privacy restrictions which can vary between jurisdictions.

Maintaining an effective CDD process is complex and requires specialist skills. For this reason JVs should consider whether its CDD is best carried out by one of the Participants or a competent independent party. This can be practically achieved as a two-step process:-

- Step 1 – JV completes an Initial Counterparty Due Diligence Screening Process by assessing a Counterparty's risk based on a threshold contract value e.g. a one off commitment of over [\$100,000 (**)] or a multi-year contractual commitment with aggregated total exceeding [\$250,000 (**)].
- Step 2 - Any Counterparty that exceeds the JV's agreed threshold contract value or where the JV feels further due diligence is necessary is then referred to one of the Participants or a competent independent party to carry out an appropriate CDD check on the Counterparty and advise the JV whether it can enter into an agreement with the Counterparty.

(**) Each JV should decide the level of appropriate threshold contract value for its Initial Counterparty Due Diligence Screening Process to suit the nature of their own business risks.


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ATTACHMENT 2 - CP 7.01D BUSINESS PRINCIPLES MANUAL – REVIEW FORM
Review Form Completion Notes

1. Differences to best practice should be identified (Yes = Gap (see also Note 2), Gap Accepted = Gap recognised but accepted by the JV (see also Note 2), No = No Gap / Compliant, or Not Applicable (N/A)),
2. Response to gap analysis:-
 - a. Yes - detail the action necessary to close the gap. Actions may require update to the JV Governing Documents such as the JV Agreement to bring them in line with Business Principles recommended practice,
 - b. Gap Accepted - provide summary of reason why the JV (or Operator) has accepted this difference is appropriate and recommended to continue (e.g. to comply with local legislation),
 - c. No - no gap, compliant with Business Principles recommended practice.
3. Where actions are identified, the JV Manager should enter proposed target completion dates.
4. This Review Form is available in Word format from the JIG web site (www.jigonline.com – Members Area Publications (Common Processes)) ref document CP 7.01D Business Principles Manual – REVIEW FORM BLANK.doc
5. Operators that operate multiple sites using the same policies, standards and procedures under similar Operating Agreement / JV Agreement terms may choose to complete a single ‘generic’ gap analysis to cover all their operating sites. Any actions identified to close a generic gap would then be applied to each of the Operator’s operational sites.

Airport(s) _____

Operation Name(s) _____

Operator (Note 5) _____

Gap Analysis by _____

Gap Analysis Date _____

CP 7.01 Clause Ref	Brief Clause Description (ref to CP 7.01 for full clause wording)	Gap ? Yes, Gap Accepted, No or N/A (Note 1)	Reason why alternative processes are used and/or action plan to close the gap (Note 2)	Target Gap Closure Date (Note 3)
8.7	Audit			
(a)	Permit independent auditors ... access to the facilities and contractors offices and work locations			


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CP 7.01 Clause Ref	Brief Clause Description (ref to CP 7.01 for full clause wording)	Gap ? Yes, Gap Accepted, No or N/A (Note 1)	Reason why alternative processes are used and/or action plan to close the gap (Note 2)	Target Gap Closure Date (Note 3)
(b)	Reply to any points raised in connection with an audit within [3] months.			
(c)	Use reasonable endeavours to obtain audit rights over all contractors ...			
(d)	Any errors or omissions found within the accounts ... shall be rectified promptly ...			
(e)	Shareholders seeking to have an audit ... shall endeavour to give not less than two (2) weeks' notice			
(f)	Provisions of this clause (8.7 Audit) to be applicable for the term of this Agreement and three (3) years thereafter.			
(g)	Representatives of the Shareholders allowed free access to the facilities ... for audit of operation and maintenance of the Facilities and compliance with the Business Principles			
36	Business Principles and HSSE Policy			
36.1	Establish and maintain ... Schedule 4A Business Principles Policy			
36.2	Establish and maintain ... Schedule 4B HSSE Policy and Schedule 4C Drugs and Alcohol Policy. Adopt an HSSE management system and related standards ...			
Sched. 4A	Business Principles Policy			
1.	Accurate and complete Shareholder financial reports			
2.	Conflicts of interest ... and gifts and entertainment			
3.	Compliance with the law including .. International Trade Sanctions			
4.	Prevention of bribery and corruption			
5.	Board shall notify the Shareholder of any failure to comply with paragraph 4			
6.	Maintain accurate documentation ... as well as any gift or entertainment expenses received or given			
7.	Ensure bribery and corruption risk assessments are carried out ... at least annually.			
8.	Comply with Anti Money Laundering laws. Identify and assess integrity of the Company's counterparties.			


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CP 7.01 Clause Ref	Brief Clause Description (ref to CP 7.01 for full clause wording)	Gap ? Yes, Gap Accepted, No or N/A (Note 1)	Reason why alternative processes are used and/or action plan to close the gap (Note 2)	Target Gap Closure Date (Note 3)
Sched. 4B	HSSE Policy			
1.	Complying with HSSE legislation ...commitment to HSSE policy			
2.	HSSE Policy objectives			
3.	Additional HSSE management measures.			
Sched. 4C	Drug and Alcohol Policy			
1.	Drugs and alcohol policy for employees and contractors with respect drugs and alcohol			
2.	Drugs and alcohol rules to ensure compliance. Where permitted by law, the Operator right to conduct searches ...			
3.	The Operator has adopted its own written work rules, policies and procedures ...			
4.	Causes for drugs or alcohol testing of employees: ...Serious Incident ... safety incident suspected to have been caused by drugs or alcohol ... suspicion of drugs or alcohol abuse			
5.	Shareholder reserves right to conduct searches ...			
6.	The Operator shall ensure employees made fully aware of the work rules, policies and procedures relating to drugs and alcohol.			
7.	Shareholder right but not obligation to audit Operator's drugs and alcohol program.			
8.	The Operator shall enforce its rules, policies and procedures with appropriate drug and alcohol testing programs.			
9.	Employees in any ... Safety Sensitive or Designated Position have passed a pre-access alcohol and drugs test within the 12 month period prior to commencing such work and/or services.			
10.	Employees in Designated Position to be subject to program of random alcohol and drug testing ...			
11.	Defined terms Controlled Substances Designated Positions Safety Sensitive Positions			


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CP 7.01A Section Ref	Section Description	Gap ? Yes, Gap Accepted, No or N/A (Note 1)	Reason why alternative processes are used and/or action plan to close the gap (Note 2)	Target Gap Closure Date (Note 3)
1	INTRODUCTION			
1.1	Purpose of Our Business Principles and Who They Apply To			
1.2	Definition Counterparty			
1.3	Business Principles Manual and Training			
1.4	Assurance on Compliance with Our Business Principles			
2	HEALTH, SAFETY, SECURITY AND THE ENVIRONMENT			
APPENDIX 1	HSSE POLICY			
APPENDIX 2	DRUGS & ALCOHOL POLICY			
3	JV EMPLOYEES			
3.1	Treating people fairly and giving everyone equal opportunity			
3.2	Creating a respectful, harassment-free workplace			
3.3	Protecting privacy and confidentiality			
4	BUSINESS RELATIONSHIPS			
4.1	Appropriately exchanging gifts and entertainment			
4.2	Preventing conflicts of interest			
4.3	Complying with competition and antitrust laws			
4.4	Complying with trade restrictions, export controls and anti-boycott laws			
4.5	Preventing money laundering (AML)			
4.6	Working with Third Parties			
5	BUSINESS INTEGRITY			
5.1	Preventing bribery and corruption (ABC)			
5.2	Dealing with governments			
5.3	Engaging with communities			
6	PROPERTY AND FINANCIAL INTEGRITY			
6.1	Accurate and complete information, records, reporting and accounting			
6.2	Protecting the JV's assets			
6.3	Respecting intellectual property and protected information			


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CP 7.01A Section Ref	Section Description	Gap ? Yes, Gap Accepted, No or N/A (Note 1)	Reason why alternative processes are used and/or action plan to close the gap (Note 2)	Target Gap Closure Date (Note 3)
6.4	Using our digital systems responsibly and securely			