



### Due Diligence Policy and Procedure.

#### 1. Policy Statement.

1.1 South Coast Port Services Ltd uphold and follow the policy and procedures outlined to investigate and assess potential Due Diligences before entering into a transaction, partnership, or investment.

1.2 The purpose of due diligence is firstly to avoid causing or contributing to adverse impacts on people, the environment and society, and to seek to prevent adverse impacts directly linked to operations, products or services through business relationships. Secondly to be compliant with the law.

1.3 When involvement in adverse impacts cannot be avoided, due diligence should enable the company to mitigate them, prevent their recurrence and, where relevant, remediate them.

#### 2. General Principles.

2.1 Due diligence involves multiple processes and a bundle of interrelated processes to identify adverse impacts, prevent and mitigate them, track implementation and results and communicate on how adverse impacts are addressed with respect to the company's own operations and that of our clients / customers/ and other business relationships.

2.2 Due Diligence is built into the company policies and procedures, as well as management systems, training and assessment materials and company risk assessments to support the effective due diligence of the company. The same process may be used by the company to assess the due diligence of external influences and factors.

#### 3. Process Steps.

3.1 The steps involved in conducting due diligence, which may include:

- Preliminary assessment
- Financial analysis
- Legal compliance checks
- Operational assessments
- Due Diligence identification and analysis

#### 4. Process Criteria for Evaluation.

4.1 The criteria used to evaluate Internal Due Diligences, may vary depending on the purpose and stakeholder involvement, including methods as per below:

- **Financial:** Evaluates financial health, stability, and performance through financial analysis and statements.
- **Legal:** Reviews legal and regulatory compliance of contracts, licences, permits, and litigation history.
- **Operational:** Assess internal processes, management systems and organisational structure for efficiency.
- **Environmental:** Identifies environmental Due Diligences, liabilities, and compliance issues relating to the company's operations.
- **Human Resources:** Evaluates workforce culture, Employment Law, Policies and Procedures, company employment practices and potential Due Diligences.

- **Technology:** Examines infrastructure, systems, and capability for potential Due Diligences and opportunities.
- **Intellectual property:** Evaluates the company's property assets, including patents, trademarks, and copyrights.
- **Market and Customer:** Analysis of market position, customer base, competitive landscape, identification of growth opportunity and Due Diligences.

## 5. Process Due Diligence Assessment.

5.1 Due Diligences will be assessed and prioritised by method of SWOT (strengths, weaknesses, opportunities, and threats) analysis is a framework used to evaluate the company's competitive position and to develop strategic planning. *(Template reference page 8).*

5.2 SWOT analysis assesses internal and external factors, as well as current and future potential. A SWOT analysis is designed to facilitate a realistic, fact-based, data-driven look at the strengths and weaknesses to evaluate plan for opportunities and threat initiatives, internally, or, within the industry.

- SWOT analysis is a strategic planning technique that provides assessment tools.
- Identifying core strengths, weaknesses, opportunities, and threats leads to fact-based analysis, fresh perspectives, and new ideas.
- A SWOT analysis pulls information from internal sources and external forces that may have uncontrollable impacts on decisions (opportunities and threats).
- SWOT analysis works best with a diverse group or voices to provide realistic data points rather than prescribed messaging.
- The findings of a SWOT analysis are often used to support a single objective or decision that a company is facing.

5.3 SWOT analysis is a technique for assessing the performance, competition, Due Diligence, and potential of a business, as well as part of a business such as a specific task, operations, or division, an industry, or other entity.

5.4 Using internal and external data, the technique can guide businesses toward strategies more likely to be successful, and away from those in which they have been, or are likely to be, less successful. Independent SWOT analysts, investors, or competitors can also guide them on whether a company, product line, or industry might be strong or weak and why.

## 6. Process strategies for mitigating identified Due Diligences.

6.1 Mitigating Due Diligences involves tailoring approaches for specific Due Diligences and considering how these Due Diligences affect different groups, such as applying a gender perspective to due diligence.

6.2 Due diligence can involve prioritisation (risk based) Where it is not feasible to address all identified impacts at once, the company will prioritise the order in which it takes action based on the severity and likelihood of the adverse impact.

- **Project or Product Due Diligence** - This should be first. If an identified Due Diligence will affect the project or product, that's important.
- **Process** - What is your process for the project? How will it flow? Due Diligences you identify here are important to stay on track.
- **Resources** - Who will be the best team for the project? Use Six Sigma to help you choose good team members.
- **Stakeholders** - Who are the stakeholders and at what level will they be involved with any Due Diligence? Using stakeholder management is essential in Due Diligence management.

- **Due Diligence Tools** - What tools will you put in place to deal with Due Diligence? Your Due Diligence treatment plan can help you define these tools.
- **Acceptable Due Diligence** - These should be a low priority and are not Due Diligences that affect a project's outcome.
- **Evaluate Due Diligence** - Hold a post-project meeting to evaluate your prioritized Due Diligences.

## **7. Roles and Responsibilities.**

7.1 The company business is to supply labour to customers across the Ports of Southampton and London Gateway, and work with those customers to ensure effective Due Diligence-based enterprise assurance arrangements are in place which support both parties in risk recognition, actions taken to prevent or remedy and provide evidence of due diligence for corporate protection.

7.2 Due Diligence management processes ensure measures are in place for the protection of workers whilst working for SCPS on company sites.

7.3 Due Diligence Management is measured and monitored by Each Divisional Operational Manager, supported by a team who will be responsible for:

Identifying Due Diligences to the business and workers.

- Create and deliver strategies to provide Due Diligence.
- Communicate to all concerned / Deliver training / toolbox talks etc when necessary.
- Monitor Due Diligences and record findings. Data Analysis input. Financial book keeping.
- Reports compiled for Managing Directors on periodic basis.
- Work in collaboration with our customers to adhere to their Due Diligence management strategies, procedures, and working practices to ensure compliance with applicable standards and provisions in place.

7.4 Policies and Procedures, Safe Systems of Work, and Risk Assessments Provide clearly defined and documented measures for Due Diligence management, requiring involvement from all members of each division which ensures Due Diligences are being managed at the lowest level at which the owner has the authority.

7.5 Divisional Operations Manager's has responsibility for ensuring the required resources are available to take effective action to maintain monitor and rectify risks and maintain the company Due Diligences within the working environment.

7.6 Divisional Operations Manager's has responsibility for communicating any identified risks, opportunities or threats which may impact the due diligence of the company, our customers operations in which workers of South Coast Port Services Ltd may be affected.

7.7 Employees and Workers of the company are required to adhere to the following agreements:

- Understand, and comply with all implemented Due Diligence management processes from both the company and those of our customers when working on their sites.
- Report any inefficient, unnecessary or unworkable controls

- Report loss events and near-miss incidents
- Cooperate with management on incident investigations.
- Engage with any changes / toolbox talks and training provided by the company and customers alike.

## **8. Documentation and Reporting.**

8.1 Due Diligence documentation refers to a comprehensive set of documents, tools, on line records and manual records to verify the company position in terms of various facets, including, financial, legal and operational aspects.

8.2 Key Due Diligence Documents may include:

### **Corporate Documents/Legal Information:**

- Articles of Incorporation
- Shareholder agreement, plus any other agreements relating to shareholder transactions, etc.
- Stock certificates for common and preferred stock
- Directors' meeting minutes
- Shareholders' meeting minutes
- Company bylaws
- Summary of R&D intellectual property

### **Financial Records**

- Bank statements for all business bank accounts
- Business lines of credit agreements
- Business credit card statements
- Business financing, loan or debt agreements
- Statements that reflect business debt, loans, etc.
- Trial balances

### **Tax Information**

- Corporate tax returns
- Companies House Records of Trading.
- Statements of property taxes paid by the business
- Tax credits the business received, with supporting documentation

### **Sales & Marketing**

- Revenue by customer, Service Requirement and geography
- Billings, bookings, and revenue recognition support
- Rates
- List of service provisions
- Strategic plans or SWOT analyses that reflect market risks and the competitive landscape
- Compensation plans and targets for the salesforce

### **Human Resources**

- Employee and contractor agreements contracts
- Consulting agreements
- Onboarding policies
- Employee benefits policies, including information on employee bonuses, profit sharing, retirement or pension plans, stock options, etc.
- HR policies, including employee handbooks and other employer policies
- List of all employees, their roles and their schedules
- List of any disciplinary matters, including employee suspensions, disciplinary hearings, disputes, mediations, etc.
- Summary of the actions taken in disciplinary matters

### **Intellectual Property/Product Development**

- List of websites, trademarks and patents
- List of assets classified as intellectual property but not solely owned by the business, such as jointly held patents
- Agreements that dictate how the company's IP can be used, such as agreements that spell out when and how a third party may use a company trademark
- List of pending and current litigation having to do with intellectual property, such as copyright infringement lawsuits, challenges or restrictions on intellectual property

### **Technology & Operations**

- List of IT resources, including hardware and software
- List of IT personnel
- Technology policies including data storage policies, data encryption policies, bring your own device (BYOD) policies, etc.
- Summary of IT initiatives and projects, current and pending
- Copies of all IT policies
- List of key technology vendors, including vendor agreements
- Financial cost of technology, maintenance, upgrading and the like
- Copies of vendor contracts and contractor agreements associated with technology and IT
- Summary that describes the way the company uses technology
- IT security information including policies, disaster recovery plans
- IT assessment such as cyber stress test or cyber threat assessment
- Summary of issues such as malware, ransomware or phishing incidents that took place
- Summary of data breaches that occurred (if any) and how they were handled

### **Employment Practices**

- Internal reports run by the business, such as quarterly reports or monthly profit and loss statements
- Company organizational chart (org chart) that lists all employees and their roles
- List of job titles and job descriptions
- List of any open positions and their status, such as interviews in process or offers extended

## **9. Compliance and Regulatory Considerations.**

9.1 The company are required by UK Law to know our own risks – legal, financial, tax and social obligations, and those of our customers and suppliers.

9.1 The company has compliance with legal, financial and social obligations to safeguard against risks within business supply chains.

9.2 Customers and Suppliers' tax and legal compliance, for example, submitting their tax returns and payments on time, complying with legal and social responsibilities, and having reasonable procedures to prevent the criminal facilitation of UK and foreign tax evasion, as per the Corporate Criminal Offences brought in by the Criminal Finance Act 2017

9.3 for modern slavery and exploitation risks, for example, check for published slavery and human trafficking statements and for indicators of modern slavery and exploitation.

9.4 Carry out robust due diligence on your suppliers. If risks are identified do not ignore them, act to mitigate or remove the risk completely by:

- acting on company own risk assessment by setting up effective systems and processes for due diligence
- knowing customers and suppliers – do not assume tax compliance, be vigilant for previous business failures or possible criminal intent. Check the credibility of directors and verify signatories of contract negotiations and documents are accountable office holders
- knowing customer and supplier’s workforce – understand what the relationship is between the workers and the provider of the labour, for example:
  - who provides the workers
  - who the workers are
  - what their employment status is
  - Who is responsible for making sure how they are paid and how much if there is any indication of exploitation including modern slavery are they allowed to work in the UK

9.5 knowing how long your supply chain is – margins become tighter with every layer of subcontracting and opportunities increase for fraudulent infiltration of supply chains so be vigilant – check that the supplier exists (for example, by looking for commercial features) and check details of any onward subcontracting.

9.6 knowing their suppliers – due diligence applies throughout supply chains – one aim of due diligence and risk assessment is to enable the taxable person to make a judgement on the integrity of their supply chain and the suppliers, customers and goods within it, for example, you may lose the right to recover the tax paid on transactions connected with the fraudulent evasion of VAT if you failed to carry out appropriate checks.

## **10.0 Training and Awareness.**

10.1 The primary reason for training on the due diligence directive is to ensure legal compliance.

10.2 Non-compliance can result in significant legal penalties, including fines, sanctions etc.

10.3 Training programs help employees understand the directive’s specifics, the legal obligations it imposes, and the consequences of non-compliance. By educating the employees the company can better navigate the complex regulatory landscape, reducing the risk of legal repercussions.

10.4 In today’s socially conscious market, the company’s reputation is closely tied to its ethical practices. Training in the company’s due diligence underscores a company’s commitment to responsible business practices, enhancing its reputation among consumers, investors, and partners. Transparent and ethical operations foster trust and loyalty, which are invaluable in building a resilient brand. Moreover, companies that actively promote and practice due diligence are often viewed as leaders in corporate responsibility, further bolstering their market position.

10.5 Properly implemented due diligence processes can increase operational efficiency and cost savings. Training ensures that employees are proficient in identifying potential risks and implementing preventive measures. By addressing issues proactively, companies can avoid costly disruptions, such

as supply chain interruptions, legal disputes, and reputational damage. Additionally, a well-trained workforce can streamline processes and improve efficiency, reducing operational costs.

10.6 Training programs empower employees by providing the knowledge and tools to identify and address human rights and environmental issues. This empowerment leads to a more engaged and motivated workforce, fostering a positive corporate culture. Employees who feel that their company is dedicated to ethical practices are likelier to take pride in their work and remain loyal to the organization. A strong corporate culture, in turn, enhances overall productivity and employee retention rates.

10.7 As regulatory landscapes evolve, the company has ingrained due diligence practices into operations to be better prepared for future changes. Training ensures that employees stay updated on the latest regulations and best practices, enabling the company to adapt swiftly to new requirements. This proactive approach ensures ongoing compliance and positions the company as a forward-thinking leader in its industry.

10.8 Incorporating training on the Corporate Sustainability and Due Diligence Directive is not just a regulatory necessity but a strategic investment in a company's future. It ensures legal compliance, enhances reputation, improves operational efficiency, aligns with global sustainability goals, empowers employees, and future-proofs the business. As the business landscape evolves, companies prioritizing due diligence training will be better equipped to navigate challenges and seize opportunities, ultimately securing their long-term success and sustainability.

## **11. Summary.**

11.1 By implementing the due diligence policy, the company can better protect us from potential weaknesses and threats, as well as developing opportunities and working to the company's core strengths.

11.2 Due Diligences helps us all to make informed decisions about partnerships and investments.

11.3 The company reserves the right to review and amend this policy and procedure as and when required to remain fit for purpose and compliant with the law.

# SWOT Analysis

## S

### trengths

- Capabilities
- Competitive advantages
- Resources, assets and people
- Experience, knowledge and data
- Financial reserves, returns
- Marketing, reach
- Innovative aspects
- Location, geographical
- Price, value and quality
- Processes, systems, it, communications
- Advantages of proposition

## W

### eaknesses

- Lack of capabilities
- Gap in competitive strengths
- Reputation, presence and reach
- Timescales, deadlines and pressures
- Financials
- Cash flow, cash drain
- Continuity, supply chain
- Effects on core activities
- Reliability of data, plan and project
- Management cover & succession

## O

### pportunities

- Market developments
- Industry or life style trends
- Innovation and technology development
- Global influences
- Market dimensions, horizontal, vertical
- Target markets
- Geographical import, export
- Major contracts, tactics and surprises
- Business/product development

## T

### hreats

- Political and economical effects
- legislative effects
- environmental effects
- Competitive intentions
- Market demand
- Innovation in technologies, services and ideas
- New contracts and partners
- Loss of resources
- Obstacles to be faced
- Poor management strategies
- Economic condition home, abroad