

HARDIDE PLC & SUBSIDIARIES

(‘Hardide’ or the ‘Company’)

ANTI-BRIBERY & CORRUPTION – POLICY & PROCEDURES

**As Reviewed and Confirmed on 17th August 2018, by the Board of the Company
(the ‘Board’)**

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FOREWORD

This policy sets out the general rules and principles to which we are to adhere. It will be communicated to all businesses and employees overseen by Hardide Plc, its subsidiaries and associates ("Hardide" or the "Company"); as well as to relevant business partners and other necessary individuals and entities. Those who work in areas within our business identified as being particularly high risk will receive additional advice and support in identifying and preventing corrupt activities. This policy explains the procedures through which Hardide will maintain high ethical standards and protect its reputation against allegations of bribery and corruption. Its successful implementation requires pro-active adoption at the following levels:

- You - as an employee of Hardide. You are required to read and understand all aspects of this policy, and abide by it
- Agents acting on behalf of Hardide
- Management – Hardide's overall compliance with the requirements of this policy is the responsibility of the Chief Executive Officer, who is to ensure compliance along the management chain.
- Hardide Plc Board - The Risk Committee of the Hardide Board will provide guidance on the policy. It will also monitor compliance and at least once each year consider whether the policy needs updating and if so will make suitable recommendations to the Hardide Board.

1. INTRODUCTION

- 1.1. It is Hardide's policy to conduct business in an honest way and without the use of corrupt practices or acts of bribery to obtain an unfair advantage. Hardide is committed to ensuring adherence to high legal and ethical standards. This must be reflected in the way in which we operate. There must be integrity in all our dealings. It is the Board's view that bribery and corruption harm the societies in which these acts are committed and prevent economic growth and development.
- 1.2. This is not just a cultural commitment on the part of the organisation; it is a moral issue and also a legal requirement. Bribery is a criminal offence in most if not all countries in which Hardide operates. Corrupt acts expose the Company, its employees and especially its directors to the risk of prosecution, fines and imprisonment; as well as endangering the Company's reputation.
- 1.3. This policy has been adopted by the Board of Hardide Plc and is to be communicated to everyone involved in our business to ensure their commitment to it. The Board attaches the utmost importance to this policy and will apply a 'zero tolerance' approach to acts of bribery and corruption by any of our employees, directors or by business partners working on our behalf. Any breach of this policy will be regarded as a serious matter by the Company and is very likely to result in disciplinary action and referral to the police.

2. WHAT IS BRIBERY AND CORRUPTION?

- 2.1. Bribery and corruption has a range of definitions in law, but the following fundamental principles apply universally.
 - Bribery is the offer, promise, giving, demanding or acceptance of an advantage as an inducement for an action which is illegal, unethical or a breach of trust.
 - Corruption is the misuse of public office or power for private gain; or misuse of private power in relation to business outside the realm of government.
 - Acts of bribery or corruption are designed to influence the individual in the performance of their duty and incline them to act dishonestly, immorally or without integrity. For the purposes of this policy, whether the payee or recipient of the act of bribery or corruption works in the public or private sector is irrelevant.

- The person being bribed is generally someone who will be able to obtain, retain or direct business. This may involve sales initiatives, such as tendering and contracting. Or it may simply involve the handling of administrative tasks such as licences, customs, taxes or import-export matters. It does not matter whether the act of bribery is committed before or after the tendering of a contract or the completion of administrative tasks.

3. WHAT IS A BRIBE?

3.1. Bribes can take on many different shapes and forms, but typically they involve corrupt intent. There will usually be a '*quid pro quo*' so that both parties will benefit. A bribe could be the:

- direct or indirect promise, offering, or authorisation, of anything of value;
- offer or receipt of any kickback, loan, fee, reward or other advantage; or
- giving of aid, donations or voting designed to exert improper influence.

4. WHO MIGHT ENGAGE IN BRIBERY OR CORRUPTION

4.1. In the eyes of the law, bribery and corrupt behaviour can be committed by:

- an employee, officer or director of Hardide or any person acting on behalf of Hardide (e.g. our business partners);
- an employee, officer or director of a customer or supplier or any person acting on their behalf; or
- individuals and organisations who authorise someone else to carry out these acts.

4.2. Acts of bribery and corruption will commonly, but not always, involve public or government officials (or their close families and business associates). For the purposes of this policy, a government official could be a:

- public official, whether foreign or domestic;
- political candidate or party official;
- representative of a government-owned or majority-controlled organisation; and,
- person employed by a public international organisation.

5. WHAT THE LAW SAYS ABOUT BRIBERY AND CORRUPTION

5.1. Bribery is a criminal offence in most countries in which Hardide operates, and penalties can be severe. In the UK the Bribery Act of 2010 not only makes bribery and corruption illegal, but also holds UK companies liable for failing to implement adequate procedures to prevent such acts by those working for the Company or on its behalf, no matter where in the world the act takes place.

5.2. In addition, the US Foreign Corrupt Practices Act 1977 (as amended), the US Whistleblowing Protection Enhancement Act 2012, the State of Virginia Fraud, Abuse and Whistle-Blower Protection Act and all relevant legislation in those jurisdictions where the Company operates or is an employer, or both, offer similar prohibitions and potential penalties.

5.3. It is therefore in your interests, as well as those of your fellow employees, Hardide shareholders and directors, that you act with propriety at all times. Corrupt acts committed abroad, including those by business partners working on our behalf, may well result in a prosecution at home.

6. STEPS THAT CAN BE TAKEN TO PREVENT BRIBERY AND CORRUPTION

6.1. A number of steps can be taken to assist in the prevention of bribery and corruption. Chiefly, these are:

- risk assessment;
- accurate books and record-keeping; and
- effective monitoring and internal control.

Risk Assessment

- 6.2. Effective risk assessment lies at the very core of the success or failure of this policy. Risk identification pinpoints the specific areas in which bribery and corruption risks may exist and allows the better evaluation and mitigation of these. Business practices around the world can be deeply rooted in the attitudes and cultures of a particular region - any of which can vary.
- 6.3. Under this policy, management must assess the vulnerability of themselves and each subordinate to these risks on an ongoing basis.

Accurate Books and Record-Keeping

- 6.4. Many serious global bribery and corruption offences have been found to involve some degree of inaccurate record-keeping. Accurate books, records and financial reporting must be maintained across all Hardide businesses and for significant business partners working on our behalf. Our books, records and overall financial reporting must also be transparent. That is, they must accurately reflect each of the underlying transactions. False, misleading or inaccurate records of any kind could damage Hardide and may in themselves be illegal.

Effective Monitoring and Internal Control

- 6.5. Our businesses must all maintain an effective system of internal control and monitoring of transactions. Once bribery and corruption risks have been identified and highlighted via risk assessment process, procedures are to be developed within a control and monitoring programme so as to mitigate risks on an ongoing basis. The GCO must ensure that local management engages in effective risk assessment and implements the necessary steps to prevent bribery and corruption. As these steps will vary by geography and business unit, local management should consult with the GCO, who will make available guidelines, principles and methodologies for the identification, mitigation and monitoring of these risks.

7. CIRCUMSTANCES WHERE BRIBERY AND CORRUPTION RISKS TYPICALLY ARISE

- 7.1. Bribery and corruption risks typically fall within the following categories:

- Use of business partners;
- Gifts, entertainment and hospitality gifts;
- Facilitation payments.

Use of Business Partners

- 7.2. The definition of a business partner is broad, and might include customers, agents, distributors, joint venture partners or partners in Hardide's supply chain who act on behalf of the Company. Whilst the use of business partners can help us reach our goals, we need to be aware that these arrangements can potentially present Hardide with significant risks. Risk can be identified where a business partner conducts activities on Hardide's behalf, so that the result of their actions can be seen as benefiting Hardide. Business partners who act on Hardide's behalf must be advised of the existence of and operate at all times in accordance with this policy. Management is responsible for the evaluation of each relationship and determining whether or not it falls into this category. Where risk regarding a business partner arrangement has been identified, local management - in conjunction with the guidance provided by the GCO- must:
 - evaluate the background, experience, and reputation of the business partner
 - understand the services to be provided, and methods of compensation and payment
 - evaluate the business rationale for engaging the business partner
 - take reasonable steps to monitor the transactions of business partners appropriately
 - ensure there is a written agreement in place which acknowledges the business partner's understanding and compliance with this policy
- 7.3. Hardide is ultimately responsible for ensuring that business partners who act on our behalf are compliant with this policy as well as any local laws. Ignorance or "turning a blind eye" is not an excuse. As the business partner evaluation process will vary by type of business partner, local management should consult with the GCO.

Gifts, entertainment and hospitality gifts,

- 7.4. Entertainment and hospitality include the receipt or offer of gifts, meals or tokens of appreciation and gratitude, or invitations to events, functions, or other social gatherings, in connection with matters related to our business. These activities are acceptable provided they fall within reasonable bounds of value and occurrence.
- 7.5. How to evaluate what is 'acceptable': You should ask yourself the following:
- What is the intent - is it to build a relationship or is it something else?
 - How would this look if these details were on the front of a newspaper?
 - What if the situation were to be reversed? Would there be a double standard?
- 7.6. If it is difficult to answer one of the above questions, there may a risk involved that could damage Hardide's reputation and business. Also, the action could be unlawful.
- 7.7. Although no two situations are the same, the following guidance should be considered:

Never acceptable

- 7.8. Circumstances that are never permissible include examples that involve:
- a '*quid pro quo*' (offered for something in return);
 - gifts in the form of cash or a 'cash equivalent';
 - entertainment of a sexual or similarly inappropriate nature;
 - lavish entertainment such as holidays unless a necessary part of an event with a clear, open and explicit business purpose; in which case such entertainment must be referred to the GCO;
 - making any incomplete, false or inaccurate entries in Hardide's books and records;
 - sponsorship of any travel-related benefits for any public official;
 - gifts to, entertainment of, or charitable contributions on behalf of any public official;
 - political contributions to any government official, political party, candidate or political organization.

Grey areas

- 7.9. There are some circumstances where it is not possible to be completely definitive in a written policy and these require clearance and/or post-event notification
- The direct or indirect provision of cash or anything of value to a public official or business associate to obtain an unfair business advantage or to obtain or retain business. This includes facilitation payments, although such payments may be permitted when there is a threat to an individual's life or health. Any such payments must be reported to the GCO;
 - Use of consultants and sales agents who may interact with public officials on Hardide's behalf;
 - Authorizing or providing travel benefits, entertainment, or political contributions for the benefit of a public official or business associate without the required due diligence assessment and internal approvals;
 - Entering into a consultant or sales agent agreement that will result in contacts with public officials without conducting due diligence, obtaining the required internal approvals, and maintaining the necessary records.

7.10. As a general rule, Hardide employees and business partners should not provide gifts to, or receive them from, those meeting the definition of a government official in Section 4 (or their close families and business associates). However, it is understood that in certain countries gift giving and receiving with these individuals is a cultural norm. If you are faced with such a situation, please consult the GCO before proceeding.

Usually acceptable

7.11. Circumstances that are usually acceptable include:

- Modest/occasional meals with someone with whom we do business or expect or intend to (normal and appropriate hospitality);
- The giving of a ceremonial gift on a festival or at another special time;
- An offer of resources to assist the person or body to make the decision more efficiently provided that they are supplied for that purpose only;
- Use of any recognised fast-track process which is available to all on payment of a fee;
- Occasional attendance at ordinary sports, theatre and other cultural events;
- Gifts of nominal value, such as pens, umbrellas or small promotional items.

7.12. A variety of cultural factors such as customs, currency and expectations may influence the level of acceptability. If you feel uncertain at any time regarding cultural acceptability of gifts, entertainment or hospitality, please consult the GCO. In addition, if an example does not fall under the above categories, please in the first instance seek guidance from the GCO. Generally, such examples would not be permissible without prior approval.

Transparency is key

7.13. Gifts, entertainment and hospitality are and will continue to be recorded. Any form of gift, entertainment or hospitality given, received or offered - which meets or exceeds the equivalent of £100 in value - must be appropriately recorded in a register (the 'Register') kept by the GCO. In the event that an impermissible form of gift, entertainment or hospitality has been accepted, or even offered, you must appropriately record the transaction within the Register and ensure immediately that the GCO is made aware. In the absence of the GCO, you must advise the circumstances to a director.

Facilitation Payments

7.14. In many countries, it is customary business practice to make payments or gifts of small value to junior government officials in order to speed up or facilitate a routine action or process. It may be that we need to obtain licences or permits faster than the normal course; or we may need lawfully to import or export materials or finished product.

7.15. Despite this, facilitation payments as defined here are against Hardide policy and they are probably illegal within the UK as well as within most countries in which we operate. The UK Bribery Act of 2010 makes no distinction between facilitation payments and bribes. This is regardless of size or local cultural expectations, even if that is "how business is done here".

7.16. However, in the event that a facilitation payment is being extorted, or if you are forced to pay under duress or faced with potential safety issues or harm, such a payment may be made, provided that certain steps are followed. If you are ever placed in such a situation, you must contact the GCO as soon as possible and you must record the payment appropriately within Hardide's books and records to reflect fully the substance of the underlying transaction.

7.17. If you are unsure whether certain payments that may resemble the definition of facilitation payments are permissible, you must contact the GCO.

8. LOCAL ADAPTION

- 8.1. In order for this policy to be effective, it is necessary for it to be applied worldwide across Hardide's activities, taking into consideration the diverse cultural environments in which we may operate.
- 8.2. This may require the limited and cautious adaption of certain sections of this policy - such as for gifts, entertainment and hospitality - to ensure they are fair, appropriate and applicable. Local employees shall not make unilateral adaptations of the policy. Instead, changes must be made in conjunction with the most senior local manager and sanctioned by the GCO.

9. HOW TO RAISE A CONCERN

- 9.1. All individuals who work on behalf of Hardide have a responsibility to help detect, prevent and report instances not only of bribery, but also of any other suspicious activity or wrongdoing. Hardide is absolutely committed to ensuring that all of us have a safe, reliable, and confidential way of reporting any suspicious activity. It is important that each employee knows how they can "speak up".
- 9.2. If you have a concern regarding a suspected instance of actual or potential bribery or corruption, or indeed any other suspected improper conduct please follow the Hardide policy on whistle blowing. Ask the GCO for a copy if you have mislaid yours.
- 9.3. In the event that an incident of bribery, corruption, or wrongdoing is reported, the relevant managers within the Company will act as soon as possible to make an evaluation and take action as needed.

10. CONCLUSION AND CERTIFICATION

- 10.1. It is the ultimate responsibility of the Hardide plc Board via its Risk Committee routinely to refresh and reinforce this policy and its underlying principles and guidelines. Local management, under the overview of GCO, are responsible for the establishment and ongoing monitoring of compliance with sections 6, 7 and 8 of this policy. All Hardide employees and relevant business partners are responsible for annual certification as to the receipt and understanding of this policy.

END