
ANTI BRIBERY AND CORRUPTION POLICY



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PART 1 – CHAIRMAN'S POLICY STATEMENT

One of the fundamental principles of Melrose Industries PLC and its business units (**collectively referred to as the “Group”**) is to conduct all of its business in an open, honest and ethical manner. We take a zero tolerance approach to bribery and corruption and are committed to acting professionally, fairly and with integrity in all business dealings and relationships, within all jurisdictions in which we operate. Bribery and corruption are seen as an “unfortunate fact of life” in some parts of the world, but in fact represent a barrier to economic and social development.

The Group’s reputation for lawful and ethical business relations is important and we require all employees and other business associates, whether employed directly or indirectly (including customers, suppliers, agents, distributors, and others working for or on behalf of the Group), to act professionally and with integrity.

The prevention, detection and reporting of bribery and other forms of corruption are the responsibility of all employees across the Group; each employee is required to avoid any activity that might constitute, lead to, or suggest, bribery and/or corruption activities.

Bribery is an offence within the majority of countries around the world and penalties can be severe. Within the UK, the Bribery Act 2010 (the “**Act**”) makes bribery and corruption illegal; it also holds UK companies liable for failing to implement adequate procedures to prevent such acts committed by employees or other associated persons providing services to the Group. This includes, for example, agents, distributors, third parties and joint venture parties, no matter where in the world it takes place.

The US Foreign Corrupt Practices Act (“**FCPA**”) applies to business units in the United States as well as business units outside the United States where the activity in question has virtually any US nexus. Corrupt acts, wherever in the world they are committed (including those committed by business partners such as agents, distributors or joint venture partners), could result in legal action being taken against the Group (as well as individuals) and therefore it is important that anti bribery and corruption policies are taken seriously within the Group structure. Although this policy emphasizes the Group’s compliance with the Act and the FCPA, we must take care to comply as well with any anti-corruption laws applicable to the countries in which business units do business.

Market practices vary from country to country and therefore, it may not always be easy to decide what is acceptable, particularly in relation to corporate hospitality. The Group’s anti bribery and corruption policy is not designed to prohibit the acceptance or offer of reasonable and customary gifts and hospitality. However, employees and business associates should bear in mind that transparency is fundamental to maintaining the Group’s zero tolerance position with respect to bribes and other improper payments. The key consideration to remember is that no inducements should be accepted or offered if the intention is to influence the recipient in order to gain or retain business or a business advantage.

The Group has issued a detailed anti bribery and corruption policy to ensure that all employees and business associates are fully aware of their responsibilities and the consequences for non-compliance. The policy also provides guidance in relation to the biggest bribery and corruption risks that exist for the Group and how to reduce such risks.

Any employee who is aware of possible bribery and corruption activities should disclose such details using the appropriate whistleblowing process, which is designed to ensure that employees feel comfortable about raising concerns. Further information about the disclosure process can be found within the Group’s whistleblowing policy. A commitment has been made within the Group to ensure

that employees who do come forward with such information are protected to the fullest extent possible.

Justin Dowley

Chairman

Melrose Industries PLC

PART 2 – KEY UPDATES AND POINTS OF SIGNIFICANCE¹

1 POLICY UPDATES

- 1.1 Clarity on the requirement for due diligence on business partners to include identification of ultimate beneficial owners on a risk-assessed basis.
- 1.2 References to the importance of ensuring that compensation is commensurate to services provided.
- 1.3 Emphasis on the importance of the business justification for engaging with business partners.
- 1.4 Common red flags relating to corruption have also been brought up to date.
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2 PRACTICAL / PROCEDURAL IMPLICATIONS

- 2.1 It is important to confirm that your business's policies/procedures for engagement of business partners include:
- the identification of the ultimate beneficial owners of business partners, on a risk-assessed basis;
 - a check that business partners' remuneration is commensurate to their activities with the company; and
 - a proper examination of the business justification for engaging the business partner.
- 2.2 The additional red flags in Appendix 4 should be incorporated into any local policies and procedures.
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3 TRAINING

- 3.1 The UK Ministry of Justice's guidance on "adequate procedures" includes training and communication as one of its six key principles. It states that anti-bribery procedures should be "embedded and understood throughout the organisation through internal and external communication, including training, that is proportionate to the risks it faces.
- 3.2 Management should understand the risks faced by the business, and ensure that employees and (where appropriate based on risk) business

¹ Please note this is a non-exhaustive summary. The full policy should be reviewed and assessed for further training, practical and procedural implications and updates that are specific to your business.

partners, are provided with training that is appropriate to the roles they have and the risks they face in those roles. It is therefore important for your legal / compliance team to determine the appropriate training population according to risk/role and ensure that training is delivered in an appropriate and effective format and at an appropriate frequency of training.

3.3 Generally, more training will be appropriate for employees in higher risk roles and higher risk business partners, those with compliance function responsibilities, and senior management.

3.4 The UK Ministry of Justice guidance also states that training should be "continuous, and regularly monitored and evaluated". This means ensuring that training is delivered consistently over time, action is taken to remediate non-attendance, and training is reviewed to ensure it remains appropriate.

PART 3 – ANTI BRIBERY AND CORRUPTION POLICY

SECTION A – RESPONSIBILITIES

1 WHO IS COVERED BY THE POLICY?

- 1.1 This policy applies to all individuals working at all levels, including senior managers, officers, directors, employees (whether permanent, fixed-term, or temporary), contractors, trainees, casual workers/agency staff, volunteers, or any other person working for the Group throughout the world (collectively referred to as **“Group Associates”** for the purposes of this policy).
- 1.2 This policy also applies to any person, or any organisation, working for or performing a service for or on behalf of the Group – for example, pension trustees, consultants, lawyers, accountants, other business advisers, suppliers, agents, distributors, joint venture partners or other persons whilst they are working for or performing a service for or on behalf of the Group throughout the world (collectively referred to as **“External Associates”** for the purposes of this policy).
- 1.3 Group Associates and External Associates are together referred to as **“Associates”** for the purposes of this policy.
- 1.4 The policy has been approved by the board of directors of Melrose Industries PLC.

2 EMPLOYEE RESPONSIBILITIES

- 2.1 All Associates are responsible for ensuring they read, understand and comply with this policy. A business unit may have a specific process or policy in addition to this policy which Associates of that business unit will need to follow.
- 2.2 Group Associates must participate in periodic training, as determined by the General Counsel for each business unit. Each business unit must confirm annually to Melrose Industries PLC that such training has been conducted.
- 2.3 The Group reserves the right to fully cooperate with the police or other enforcement authorities as may be necessary for the proper investigation into breaches of this policy. Legal proceedings (and/or disciplinary action in relation to the Group’s employees, which could result in dismissal for gross misconduct) may be made against any Group Associates who breach this policy, where it is deemed by the Group’s board of directors to be appropriate. The Group may also cease to continue working with Associates (acting for or on its behalf) who the Group believes to have breached this policy.
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3 MAINTENANCE OF THIS POLICY

- 3.1 The Group’s board of directors has overall responsibility for ensuring this policy complies with all legal and ethical obligations, and that those under its control are aware of it.
- 3.2 Each business unit's General Counsel is responsible for ensuring awareness of and compliance with this policy within their particular business unit. To manage this process, each General Counsel / business unit executive management team is required to appoint an anti-bribery and corruption compliance manager (champion) to ensure day to day responsibility for implementing this policy, monitoring its effectiveness and dealing with any employee queries.
- 3.3 Each business within the Group is expected to establish a “culture” of compliance with this policy. The executive management team of each business must take direct responsibility for ensuring effective transmission of this policy throughout their business unit, together with relevant guidance and training, and appropriate safeguards, monitoring, and resources, in order to ensure compliance with this policy.
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SECTION B – DEFINITION AND LEGAL OBLIGATIONS

4 WHAT IS BRIBERY AND CORRUPTION?

- 4.1 Bribery and corruption have a range of definitions in law, but the fundamental principles apply universally.
- 4.2 Acts of bribery or corruption are designed to influence an individual in the performance of their duty and incline them to act dishonestly, improperly or in a way which they would not have done had they not been paid or promised the bribe (e.g. speeding up an otherwise legitimate process due to payment of a small bribe or “facilitation payment”). A person being bribed, or offered a bribe, will generally be someone who is able to obtain, retain, direct and influence the decision-making powers of a government, vendor, customer, or intermediary, in order to procure some form of benefit. For example, this may involve sales initiatives (such as tendering and contracting), or may simply involve the handling of administrative tasks such as licences, customs, taxes, or import/export matters.
- 4.3 Possible examples of bribery and corruption activities to look out for are listed at Appendix 4.

5 LEGAL OBLIGATIONS

- 5.1 Bribery is an offence within the majority of countries around the world and penalties can be severe. In the UK the Act makes bribery and corruption by companies (via their employees and associates) which operate wholly or partly in the UK, illegal, wherever in the world the bribe takes place. Corrupt acts committed abroad, including those committed by business partners (such as agents, distributors or joint venture partners) performing services for or on behalf of the Group, could result in legal action being taken in the UK against the Group, or its Associates. The only defence available for the Group is to show that it had “adequate procedures” in place to prevent such acts. Therefore, it is essential for all Associates to follow this policy and associated procedures.
- The FCPA lays down similar offences and potential penalties to those under the Act, and focuses particularly on interaction with Public Officials (see definition in 6.2 below). FCPA enforcement can be particularly severe for companies that lack internal controls sufficient to prevent acts of corruption to occur. Thus, as in the case of compliance with the Act, compliance with the FCPA places a premium on Associate compliance with this policy.

5.2

The following situations are classed as a legal offence and are prohibited by this policy:

- Giving a bribe (classed as active bribery) - Direct or indirect offering, promising, authorizing, or giving a financial or other advantage or anything of value to another person with the intention of inducing that person (or a third party) to give improper assistance or advantage, or to influence acts or decisions, or to induce acts or omissions that are contrary to a person's duties (or as a reward for so doing) in order to direct, obtain, or retain business or an advantage in the conduct of business.
- Accepting a bribe (classed as passive bribery) - Direct or indirect requesting, agreeing to receive, or accepting a bribe in exchange for that person (or a third party) providing improper assistance or advantage (or as a reward for so doing) in order to obtain or retain business or an advantage in the conduct of business.
- Bribing of a Public Official - direct or indirect offering, promising, authorising, or giving of a financial or other advantage or anything of value to a Public Official (or third party) with the intention that the Public Official is influenced in the performance of his or her public functions or is induced to violate his or her official duties, or that the bribery will secure an improper advantage. This offence is very broad, as there is no requirement for the Public Official to act improperly or dishonestly, merely that they are influenced or intended to be influenced by the offer or payment of a bribe (including facilitation payments).
- For the purposes of this offence, the term "Public Official" is defined broadly to include: (i) officials, whether elected or appointed, who hold a legislative, administrative or judicial position of any kind; (ii) any person who performs public functions in national, local or municipal government; (iii) any person who exercises a public function for a public agency or enterprise, such as public health agencies; (iv) any official or agent of a public international organisation such as the UN or the World Bank; (v) any political candidate, political party, or political party official, or (vi) any person acting on behalf of any government, including entities such as state-owned businesses.

5.3

The Act also creates a new form of corporate liability for failing to prevent bribery by persons performing services for or on behalf of a commercial organisation, which includes employees, subsidiaries, agents and other third parties. The FCPA similarly can impose a greater penalty if it finds that a company has committed an FCPA violation and lacks effective compliance policies and procedures.

**6 WHAT ARE THE
POTENTIAL
PENALTIES FOR
VIOLATIONS
OF LAW?**

6.1 Offering or receiving a bribe could have serious consequences for individual directors, Associates, or the Group and include:

- criminal sanctions including severe fines and imprisonment or civil fines;
- blacklisting of the Group (or its businesses units) from both future public and private tendering opportunities, debarment from World Bank and multilateral development bank funding;
- the possibility of the termination of certain business contracts by competitors/counterparties, loss of licenses or rights granted by the government; and
- confiscation of assets.

6.2 The Group would also suffer from serious reputational damage as a further consequence.

SECTION C – COMPANY GUIDELINES

7 WHAT BEHAVIOUR IS NOT ACCEPTABLE?

7.1 It is not acceptable for you (or someone else on your behalf) to directly or indirectly:

- 7.2
- (a) give, promise to give, or offer, or authorise the giving or offering of a payment, gift, hospitality, or any advantage with the expectation or hope that an improper business advantage will be received, or to reward an improper business advantage already received. For the purpose of this policy, “any advantage” may include, amongst other things, cash, gifts, business opportunities, travel or entertainment expenses, employment opportunities, or anything else of tangible or intangible value;
 - (b) give, promise to give, or offer, or authorise the giving or offering of a payment, gift, or hospitality to a Public Official, agent, or representative to influence the official and/or to “facilitate” or expedite a routine procedure;
 - (c) accept any gift, hospitality or other advantage from a third party that you know, or suspect, has only been offered with the expectation that it will obtain a business advantage in return;
 - (d) threaten or retaliate against another worker who has refused to commit a bribery offence, or has raised a concern under this policy; or
- engage in any activity that might lead to a breach of this policy.

8 WHAT DO I DO IF I AM ASKED FOR A BRIBE?

8.1 If you receive a request for a financial or other advantage which you believe is a bribe (including small facilitation payments), you must politely decline to make the payment, explaining that you are prohibited by this policy. You should report all such requests in accordance with the relevant policy of your business unit or the Whistleblowing Policy. Similarly, if you are offered anything of value that you believe is a bribe, you must decline to receive anything and immediately report the offer in accordance with the relevant policy of your business unit or the Whistleblowing Policy.

- 8.2 Nothing in this policy means that you should do anything which puts you or those you are with in physical danger. However, except where such danger is immediate, anything of value that is being considered to be offered in order to secure physical safety must be authorised in advance by the General Counsel of your business unit, and even in an emergency the giving of anything of value must be reported immediately after the fact to the General Counsel of your business unit.

**9 CONSEQUENCES
OF A BREACH
OF THIS POLICY**

- 9.1 Any breach of this policy may lead to disciplinary action being taken by the Group up to and including termination of employment. Where appropriate the Group will also liaise with relevant law enforcement bodies.
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SECTION D – WHISTLEBLOWING / REPORTING OF BRIBERY AND CORRUPTION

**10 HOW TO RAISE
A CONCERN
(WHISTLE
BLOWING)**

- 10.1 All Group Associates are encouraged to raise concerns about any issue or suspicion of malpractice by a colleague or a third party (such as a customer, supplier, or agent) at the earliest possible stage. If a Group Associate believes that any part of this policy has been infringed they should refer to the Group’s Whistleblowing Policy.
- 10.2 If you are unsure whether a particular act constitutes a breach of this policy in advance of any action, relevant details should be provided to your compliance manager/business unit General Counsel. Alternatively, follow the procedure as stated within the Group’s Whistleblowing policy. No action as to which there is any doubt regarding compliance may be taken without authorisation by your compliance manager or the relevant General Counsel.
- 10.3 Group Associates who refuse to get involved in bribery and/or corruption, or who raise concerns and report wrong doing will naturally be concerned about possible repercussions. The Group encourages openness and will support anyone who raises genuine concerns in good faith, even if they turn out to be mistaken.
- 10.4 The Group is committed to ensuring that no employee suffers any detrimental treatment as a result of refusing to take part in bribery or corruption and/or who raises concerns.
- 10.5 The Whistleblowing Policy details the minimum standards to be implemented within each business unit. They can be incorporated into existing policies and procedures that may already be available, or used as drafted. The Group encourages its business units to further develop the minimum standards that are detailed within the policy, as may be deemed necessary for their business.

**11 WHAT TO DO
IF YOU ARE
AWARE OF
BRIBERY OR
CORRUPTION
TAKING
PLACE?**

- 11.1 It is important that Group Associates follow the procedure outlined within the Group’s Whistleblowing policy as soon as possible if they are offered (or suspect that one may be offered in future) a bribe by a third party, are asked to make a bribe (or suspect that they may be expected

to make one in future), or are otherwise aware of potential violations of this policy.

11.2 By declaring the situation quickly Group Associates will help to ensure they are excluded from possible future suspicion. It will also allow the Group to investigate such claims without delay.

11.3 Possible examples of bribery and corruption activities to look out for are listed at Appendix 4.

SECTION E – REDUCING THE RISKS

12 BRIBERY AND CORRUPTION RISK ASSESSMENTS

- 12.1 Each business unit is required to carry out bribery and corruption risk assessments at least annually (which should normally be carried out at the beginning of each calendar year) in relation to each business location where they operate from, including any joint venture locations (see paragraph 12.4 below). This process is necessary to ensure that the Group is aware of high risk scenarios, in order to ensure that it can take steps to reduce such risks and to maintain effective monitoring and internal controls. Risk assessment materials to be used in the conduct of the risk assessments are available from the Melrose General Counsel.
- 12.2 Group Associates are required to take part in online anti bribery and corruption training (or any other form of training as may be necessary from time to time), as determined by the General Counsel for each business unit, to ensure they are fully aware of both their own and Group responsibilities. The General Counsel for each business unit is responsible for ensuring that records of such training are maintained.
- 12.3 The Group may carry out audits from time to time within each of its business units, in order to ensure adherence to the policy and to check that risk registers are being maintained correctly.
- 12.4 Joint ventures can potentially be a part of a business where bribery and corruption risks are higher. Generally, all joint ventures should be included within the annual risk assessment process but it will be the responsibility of each business unit to determine what would be reasonable in managing these risks. Factors such as the level of involvement and day to day control, purpose and shareholding percentages should all be taken into account, together with a consideration of the country the joint venture is operating from and the perceived level of risk this creates. As a minimum requirement, all employees associated with the joint venture should be requested to read this policy and confirm their compliance with it.
- 12.5 Each business unit is required to undertake an anti-corruption risk assessment prior to entering a new business jurisdiction, making any significant investment, acquisition or entering into a new joint venture or business consortia. Appropriate anti-corruption due diligence should be undertaken based on the risks associated with the transaction. Anti-corruption clauses should be inserted into all relevant contracts.
- 12.6 Each business unit is required to undertake an anti-corruption risk assessment before winning or doing business with government entities. Appropriate training, due diligence and contract terms must be

undertaken by those interacting with Public Officials, including on adherence to relevant procurement rules. Anti-corruption clauses should be inserted into all relevant contracts.

SECTION F – TYPES OF BRIBERY AND CORRUPTION
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**13 WHERE DO
BRIBERY AND
CORRUPTION
RISKS
TYPICALLY
ARISE?**

- 13.1 The Group and each of its business units have carried out various risk assessments to determine where there may be higher bribery and corruption risks to be aware of and what actions can be taken to reduce them. The key risks relate to gifts and hospitality, facilitation payments, use of third party business partners, political donations and charitable donations. Remedial actions required to reduce these risks are stated below. The principal bribery and corruption risks vary from one business unit to another and the remedial actions stated below may need to be adapted to the particular circumstances of each business unit. Any material deviations from the below remedial actions, however, should be approved in advance by the Melrose General Counsel.

**14 GIFTS AND
HOSPITALITY**

- 14.1 This policy does not prohibit a Group Associate from accepting or offering reasonable and appropriate gifts and hospitality in the normal course of Group business, provided it is not made with the intention of influencing the recipient in order to obtain or retain business or a business advantage and would not be perceived as such by the recipient. The following requirements will need to be met in order to give or receive a gift or hospitality:
- (a) it is not made with the intention of influencing the recipient in order to obtain or retain business or a business advantage;
 - (b) it complies with local laws (for both the person giving and receiving the gift/hospitality);
 - (c) it is given in the name of a company, rather than an individual;
 - (d) it does not include cash, or cash equivalent (such as vouchers etc);
 - (e) it is appropriate in the circumstances;
 - (f) taking into account the reason for the gift/hospitality, it is of an appropriate type and value and has been given or accepted at an appropriate time;
 - (g) an employee of the Group or relevant business unit is present at

all hospitality events.

- (h) it is given openly, not secretly; and
- (i) it is promptly and accurately recorded in the Group's books and records.

The timing of any gift or hospitality should be considered, and should be avoided immediately prior to, during or after contract negotiations or tenders. Business units may wish to establish value thresholds above which Group Associates or third parties need to obtain advance approval to offer, give, or receive anything of value.

14.2 Dealings with Public Officials are viewed as particularly high-risk from an anti-bribery and corruption law compliance standpoint. Therefore, gifts or hospitality in relation to Group business should not be offered to, or accepted from, Public Officials, as defined above.

14.3 The Group understands that the practice of giving and receiving business gifts and hospitality varies between countries and regions, and what might be considered normal and acceptable in one region may not be in another. The test to be applied is whether, taking into account all circumstances, the gift or hospitality is reasonable and justifiable and the intention behind the gift should always be considered before being offered or accepted. Transparency is the key.

14.4 Reimbursement for travel, accommodation or personal expenses for third parties (including customers) should be reasonable, proportionate and directly related to the explanation, demonstration, or promotion of products or services. All payments should be made direct to the vendors (i.e. the airline, travel agent and/or hotel). Cash or daily allowances may not be provided.

14.5 Group Associates should ensure they accurately record details of all material gifts and hospitality given or received in relation to the business of the Group, via a centrally maintained register to be managed by the compliance manager. The Group appreciates that it is not always possible in practice to place a monetary value on such gifts and hospitality, especially when receiving them and this is why no minimum monetary values are stated for recording purposes within this policy. However, procedures should be implemented to ensure that all material items are declared and recorded accurately and that all Group Associates declare such information into the central hospitality and gifts register in a timely manner. It will not be practical or necessary to record all gifts and hospitality given or received during the course of the year, hence why the policy only requires material, or unusual items to be recorded; although it is important to remember that small, regular gifts or hospitality given to or received from the same contact does need to be recorded if the overall value could be classed as material over the course of a calendar year. Business units should consider defining materiality in a manner appropriate for their operations and locations. An example layout of the information required to be recorded

within a gifts and hospitality register is shown in Appendix 2.

14.6

Examples:

- (a) A long standing supplier or business adviser invites you for a reasonably priced meal following a meeting in their London office; they do not offer to pay for your travel costs or any hotel accommodation - There is no requirement to add this to the gifts and hospitality register as it would reasonably be classed as part of normal business. However, if this were to take place on a very frequent basis, a record should be made within the register as the total value of the meal over the course of 12 months could be classed as material.
- (b) A long standing supplier or business adviser invites you to the final of a major sporting event, which includes an expensive meal at a local restaurant before the game and further hospitality during and after the event. This hospitality would generally be classed as material and should therefore be disclosed on the register. Whilst this policy does allow for such hospitality to be accepted, caution would need to be applied and consideration should be given to the circumstances. For example, if the invite was from a potential supplier or an existing supplier who knew you were currently running a tender process in relation to the products/services they currently provide, it would be prudent to decline the invite but still record the circumstances on the register to ensure transparency.

The timing of any gift or hospitality should be considered, and should be avoided immediately prior to, during or after contract negotiations or tenders. Business units may wish to establish value thresholds above which Group Associates or third parties need to obtain advance approval to offer, give, or receive anything of value.

14.7

As a general rule and where possible, any gifts received by Group Associates that fall within the requirements listed in paragraph 14.1 above should be shared amongst work colleagues. For example, if a crate of expensive wine is received from a supplier it should be noted on the gifts and hospitality register, and then placed into a "gifts pool", rather than being consumed by the individual concerned.

15 FACILITATION PAYMENTS

15.1

Facilitation payments are relatively small, unofficial payments made to secure or expedite a routine government action by a Public Official (such as speeding up imports or exports through customs).

15.2

Facilitation payments are a form of bribery and are illegal in most countries in the world. Facilitation payments are accordingly prohibited by the Group and this policy. All Group Associates are expected to

adhere to this policy at all times.

15.3 All Group Associates must avoid any activity that might lead to, or suggest that a facilitation payment will be made, or accepted.

15.4 Any Group Associate who is unsure as to whether certain payments would be classed as facilitation payments should contact their relevant compliance officer prior to making the payment.

**16 USE OF
BUSINESS
PARTNERS**

16.1 The definition of a business partner is broad and in the case of the Group would include agents, distributors, joint venture partners and any other companies or individuals that may provide services on its behalf. Whilst such relationships can be advantageous they also increase the risk of bribery and corruption to the Group as the Group may be held legally responsible for the actions of such third parties.

16.2 The relationship with all business partners should be recorded in writing, within a suitable legal agreement, such as an agency or distribution agreement, which, amongst other things, highlights the relevant anti bribery and corruption responsibilities. The appointment and contractual arrangements with the business partner must be legal under the laws of the country in which the parties to the contract are based and those of the country in which the services are to be performed. Appendix 1 sets out sample legal wording to be used. However, the Group accepts that in exceptional circumstances it may not be possible to implement legal agreements and therefore as a minimum requirement, all agents/distributors/joint venture partners should be provided with a copy of the Group's anti bribery and corruption policy and asked to confirm their understanding and compliance with it. Regardless of any exceptional circumstances, any relationships with a US nexus must be subject to a written agreement unless the General Counsel for your business unit approves otherwise.

16.3 Additional checks on agents/distributors/joint venture partners should take place as often as deemed necessary within each business unit of the Group, especially where formal agreements are not in place, or in countries that are deemed to be subject to a higher risk of corruption (as shown in orange and/or red shown on the most recent Transparency International Corruption Perception Index country risk map, which is available on the Transparency International Website at: <https://www.transparency.org/en/>).

16.4 No payments may be made to business partners other than in accordance with the contract, and no payments may be made in cash. Properly documented and appropriately detailed financial records should be maintained for all transactions.

- 16.5 When identifying new business partners, a risk-based due diligence/vetting process should be used that includes an evaluation of their background, experience and reputation, and identification of their ultimate beneficial owners. Consideration should also be given to understanding the services to be provided by the business partner, whether the proposed compensation is commensurate to those services, methods of compensation/payment and the rationale behind the decision to engage them. Future transactions should be audited to ensure ongoing compliance.
- 16.6 The Group is ultimately responsible for ensuring that business partners who act on behalf of, or provide a service to, the Group act in accordance with this policy. However, it is the responsibility of the General Counsel of each business unit of the Group to ensure the procedures stated in Section F are maintained within their relevant organisations and to highlight any concerns to the Melrose General Counsel in a timely manner.
- 16.7 In summary, a risk-based assessment process should be used within each business unit (to include any joint venture arrangements as per paragraph 12.4 of this policy) of the Group to manage the risk of business partners infringing this policy. Where the risks are perceived to be higher, a greater degree of diligence will be required via a process of ongoing assessment.

17 POLITICAL DONATIONS, POLICY DEBATE, AND ADVOCACY ACTIVITIES

- 17.1 No political donations should be offered to any individuals or organisations on behalf of the Group.
- 17.2 Although Melrose prohibits party political donations, we recognise that from time to time our Group may comprise businesses that engage in policy debate and advocacy activities on subjects of legitimate concern to their respective industries and key stakeholders, including their staff and the communities in which they operate. Such engagement processes may include forms of interaction, as regulated by law, with Government, policymakers, multilateral agencies, and professional associations, such as lobbying by normal government processes and channels, monitoring of contracts and contractual opportunities, and relating to government policy or legal/regulatory changes.

18 CHARITABLE DONATIONS AND SPONSORSHIP

- 18.1 Charitable contributions and/or sponsorship may not be used to confer a personal benefit on a Public Official or business contact, and must not be made in order to seek an improper benefit or to influence a Public Official. It is therefore important to ensure that all charitable donations and sponsorship is legitimate and made to a properly established charity and for a valid charitable purpose. Due diligence on the charity (confirming its trustees and registration details) must be undertaken. Charitable donations and sponsorship of events associated with Public Officials, customers and/or their family members should be avoided. If due diligence reveals such a connection prior authorisation should be sought from the General Counsel of your business unit or the Melrose General Counsel (or his/her nominee) before making any donation or sponsorship payment on behalf of the company.
- 18.2 Subject to the completion of relevant due diligence checks and General Counsel / Melrose General Counsel authorisation if needed pursuant to paragraph 18.1, one off charitable donations under the value of £5,000 can be authorised at business unit level (subject to usual business reporting procedures that may be in place from time-to-time). Any charitable donations made above this value will require the prior written approval of the Melrose General Counsel.
- 18.3 Group Associates should ensure they accurately record details of all donations via a centrally maintained register managed by the relevant compliance manager. An example layout of the information required to be recorded within a charitable donations register is shown in Appendix 3.

19 CONFLICTS OF INTEREST

- 19.1 Group Associates are required to declare any positions of responsibility, shareholdings or other interests in any related party entity on an annual basis. For the purpose of this policy a related party means any partnership, company or individual (or relative) which does business with the Group or any business unit.

20 RECRUITMENT AND HIRING DECISIONS

- 20.1 No individual may be offered a paid or unpaid position or promotion at the request or recommendation of a customer or Public Official, other than by way of the Group's normal hiring processes.
- 20.2 Recruitment and promotion decisions must be made in accordance with

the following principles:

- Group Associates should not be appointed to a key/senior position if the integrity and ethical conduct of that Group Associate has been the subject of a substantiated allegation or a breach of this Policy;
 - each business unit will conduct anti-corruption due diligence on candidates for management and/or positions at higher risk of corruption (such as finance, sales and marketing, procurement etc).
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SECTION G – HOUSEKEEPING RESPONSIBILITIES
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**21 RECORD
KEEPING**

21.1

The Group and Group Associates should ensure that:

- accurate financial records are kept and that adequate internal controls are in place to evidence business justifications for payments to third parties;
 - an accurate record is kept of all hospitality/gifts accepted or offered (to be maintained by the compliance manager). In order to ensure the accuracy of these records, all Group Associates should declare such information as soon as possible. The Group will require copies of these records from each business unit on a yearly basis (or more frequently as may be deemed necessary by the Group) in order to carry out random audits as may be deemed necessary from time to time;
 - all expense claims relating to hospitality, gifts and/or expenses incurred with third parties are submitted in accordance with the Group expenses policy and ensure that such claims clearly record the reason for the expense;
 - accurate records are kept by the Group of all risk assessments carried out in relation to anti bribery and corruption, together with any other relevant information;
 - accurate records of all contracts which contain a right of audit over the Group, including details of the circumstances in which the right will be triggered (e.g. periodically or on the basis of an allegation). Any request for audit by a third party must be notified to the General Counsel for your business unit; and
 - accurate records of all conflict of interest declarations made pursuant to paragraph 19.1.
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APPENDIX 1 – MODEL ANTI BRIBERY AND CORRUPTION WORDING

Model anti bribery and corruption wording in relation to agency and distribution agreements:

1. “The agent/distributor confirms that it has not, and neither (so far as it is aware) has any of its employees or associated persons, committed an offence under the United Kingdom Bribery Act 2010 (UKBA), the US Foreign Corrupt Practices Act 1977 (as amended) (FCPA), or any other applicable anti-bribery or anti-corruption law in connection with this agreement.
2. The agent/distributor undertakes to the Group that:
 - i) it will not, and will procure that none of its directors, officers or employees will, engage in any act of bribery in connection with its undertakings under this agreement;
 - ii) it will take all reasonable steps (including the completion of risk based training and due diligence) to ensure that its agents, sub-contractors, consultants and representatives do not engage in any act of bribery in connection with any matter relating to this agreement;
 - iii) it will and will procure that its directors, officers and employees will comply with the Group’s anti bribery and corruption policy as may be amended from time to time;
 - iv) it will take all reasonable steps to ensure that its agents, sub-contractors, consultants and representatives comply with the Group’s anti bribery and corruption policy as may be amended from time to time, a copy of which is available upon written request if not already supplied to the agent by the Group;
 - v) it will not enter into any agreements with an associated person in connection with this agreement, unless such agreement contains undertakings on the same terms as contained in this clause;
 - vi) it has and will maintain in place adequate procedures within the meaning of the UKBA and to ensure compliance with the same and to ensure compliance with the FCPA and any applicable other anti-corruption laws;
 - vii) it shall notify the Group as soon as practicable of any breach of any of the undertakings contained within this clause and/ or any actual or potential breach of the UKBA, the FCPA, or any other applicable anti bribery and corruption law of which it becomes aware.
3. For purposes of this agreement, an act of bribery shall include direct or indirect offering, promising, authorizing, or giving of a financial or other advantage or anything of value to another person with the intention of inducing that person (or a third party) to give improper assistance or advantage, or to influence acts or decisions, or to induce acts or omissions that are contrary to a person’s duties (or as a reward for so doing) in order to direct, obtain, or retain business or an advantage in the conduct of business.

4. Notwithstanding any other provision of this agreement the Group may immediately suspend the agreement, and any payments thereunder, in the event it should receive information which it determines in good faith and in its sole discretion to be evidence of a breach by the agent/distributor of any undertaking in paragraphs 1 and 2 above. The Group shall not be liable to the agent/distributor for any claim, losses, costs or damages related to its decision to withhold payments under this paragraph.
5. In the event of receipt of such evidence and/or such suspension, the Group and/or its authorised representative shall have the right to audit the agent/distributor in order to satisfy itself that no breach has occurred, and the agent/distributor shall fully cooperate with any such audit or related inquiry.
6. Without prejudice to clause 2 the Group shall be entitled to terminate the agreement immediately by written notice and to recover from the agent/distributor the amount of any loss resulting from such termination if the Group, acting in good faith and in its sole discretion, is reasonably satisfied that:
 - i) a breach of any of the undertakings in clause 2 has occurred;
 - ii) the agent/distributor or any officer or employee of the agent shall have engaged, or attempted to engage in, in any act of bribery;
 - iii) any person acting on behalf of the agent/distributor in connection with this agreement whether with or without the knowledge of the agent/distributor shall have engaged in any act of bribery.
 - iv) the agent/distributor refuses to cooperate fully with the Group's audit or related inquiry.
7. In the event of such termination, this agreement shall be void ab initio and the Group shall have no liability to the agent/distributor for any unpaid fees, reimbursements or other compensation owed under the agreement, or for any other loss, cost, claim, or damage resulting, directly or indirectly, to the agent/distributor from such termination."

APPENDIX 2 – EXAMPLE GIFTS AND HOSPITALITY REGISTER



Gifts and Hospitality
Register.xlsx

APPENDIX 3 – EXAMPLE POLITICAL & CHARITABLE DONATIONS REGISTER



Political and
Charitable Donations

APPENDIX 4 – PRACTICAL EXAMPLES OF WHEN TO REPORT POSSIBLE BRIBERY AND CORRUPTION ACTIVITIES

The below list has been added to this policy in order to provide some practical examples of when you should be expected to report concerns you may have in relation to bribery and corruption matters. This list is not exhaustive (and in case of doubt you should raise the matter with the General Counsel of your business unit):

- you become aware that a third party engages in, or has been accused of engaging in, improper business practices;
- you learn that a third party has a reputation for paying bribes, or requiring that bribes are paid to them, or has a reputation for having a "special relationship" with foreign Public Officials;
- you learn that a Public Official or immediate relative of a Public Official has a beneficial ownership or other interest in a third party;
- a third party insists on receiving a commission or fee payment before committing to sign up to a contract with us, or carrying out a government function or process for us, or requests a substantial "success fee";
- a third party requests payment in cash and/or refuses to sign a formal commission or fee agreement, or to provide an invoice or receipt for a payment made;
- a third party requests that payment is made to a country or geographic location different from where the third party resides or conducts business and/or has requested separate payments to different bank accounts;
- a third party requests an unexpected additional fee or commission to "facilitate" a service – e.g. to move the company's goods through customs quickly;
- a third party does not appear to have any relevant expertise or experience to perform the services required;
- a third party demands lavish entertainment or gifts before commencing or continuing contractual negotiations or provision of services;
- a third party requests that a payment is made to "overlook" potential legal violations;
- a third party has provided any false documents and/or requested anonymity in respect of a transaction;
- a third party requests that you provide employment or some other advantage to a friend or relative (such as the payment of school fees);
- you receive an invoice from a third party that appears to be non-standard or customised, or requires payment to an individual or entity not named in the contract;
- a third party insists on the use of side letters or refuses to put terms agreed in writing;

- a third party refuses to agree to sign up to the Group's anti-corruption undertakings;
- you notice that we have been invoiced for a commission or fee payment that appears large given the service stated to have been provided, or large in comparison to the market rates;
- a third party requests or requires the use of an agent, intermediary, consultant, distributor or supplier that is not typically used by or known to us;
- you are offered an unusually generous gift or offered lavish hospitality by a third party.

PART 4 – KEY TRENDS AND DEVELOPMENTS

In recent years, anti-bribery corruption (ABC) laws and related enforcement have expanded and strengthened globally. The emergence of enforcement authorities beyond the US and the UK and increased collaboration between them has shifted the enforcement dynamic: co-ordinated, cross-border investigations are increasingly the norm; regulatory expectations are expanding; and investors and other stakeholders are demanding more. This factsheet outlines key trends and developments you should be aware of in this risk area.

- **In recent years, ABC laws have been expanded and strengthened globally.**

The introduction of the UK Bribery Act 2010 (**UKBA**) represented the start of a wave of an expansion and strengthening of ABC laws around the world beyond the US Foreign Corrupt Practices Act 1977 (**US FCPA**). Since then, ABC laws have been introduced and/or strengthened in a host of countries, including Argentina (2018), Brazil (2014), Chile (2018), China (2016), Ireland (2018), Malaysia (2018), Mexico (2017), South Korea (2019/2020) and Spain (2015). Other countries such as Australia and Germany are considering bills that would strengthen their existing anti-corruption framework. Following in the footsteps of the US FCPA and the UKBA, a significant number of these new laws create a corporate criminal liability regime in respect of corrupt conduct. Companies engaging in cross-border activity therefore have to navigate the increasingly complex legislative environment, taking into account new local laws in addition to extraterritorial laws such as the US FCPA and UKBA, as appropriate.

- **The ABC enforcement dynamic has expanded beyond the US and the UK.**

While the US and the UK have traditionally been more active enforcers of ABC violations, enforcement authorities in other jurisdictions have emerged more recently as important and serious authorities. For example, there has been a notable increase in enforcement activity in recent years in Brazil, China, France and the Netherlands. This has been facilitated by the introduction of Deferred Prosecution Agreement (**DPA**) regimes in Brazil and France, among others. Under DPAs (which are also available in the US and UK), a prosecutor can agree to suspend a prosecution provided the company meets certain specified conditions, such as paying a fine and/or overhauling its compliance programme.

- **There has been increased collaboration between national enforcement authorities.**

National enforcement authorities are increasingly collaborating through joint enforcement, secondments and information-sharing. For example, the Airbus DPA resulted in global penalties of more than \$3.9 billion being paid by Airbus to authorities in the US, UK and France. The US Department of Justice (**US DOJ**) recently seconded a lawyer to the UK's Financial Conduct Authority and Serious Fraud Office to facilitate co-operation between those authorities and their US counterparts. And the US DOJ has reported in recent years that it has received assistance from a host of countries, including a number of countries where Melrose companies operate such as: Brazil, Germany, India, Italy, Netherlands, Norway, Singapore, Sweden, Turkey and the UK.

- **More detailed enforcement guidance and concluded cases reflect increased expectations from regulators.**

New and updated guidance provides further information for companies on “best practice” for corporate compliance programmes. For example, the US DOJ [Guidance on the Evaluation of Corporate Compliance Programs](#) (updated June 2020) emphasises three key questions, which are also relevant to other non-financial compliance risk areas, namely: (1) Is the corporation’s compliance program well designed? (2) Is the corporation’s compliance program adequately resourced and empowered to function effectively? (3) Does the corporation’s compliance program work in practice? Furthermore, the [FCPA Resource Guidance](#) (updated July 2020) *inter alia* substantially expands on M&A and corporate successor liability. Other updated guidance that provide enhanced insight into regulatory expectations include the UK’s Serious Fraud Office guidance on [Evaluating a Compliance Programme](#) (January 2020) and the French [AFA Guidelines](#) (June 2019). Recent enforcement cases also provide specific insight of the risks for companies such as Melrose that adopt a decentralised approach towards its ABC and similar compliance programmes. For example, in June 2019, Walmart agreed to pay \$137 million to US authorities following a seven-year investigation into compliance with the US FCPA. Among other things, the resolution placed an emphasis on the importance of the central compliance function conducting regular and thorough audits and monitoring of decentralised compliance programmes, which were implemented by the local businesses.

- **Increased investor focus on ABC risk management and associated trends towards more detailed public disclosure on practical implementation of ABC compliance**

There has been an increased focus from investors on how companies manage ABC (and other ESG) risks as well as increased requirements under non-financial disclosure legislation for companies to disclose how their ABC compliance programmes are implemented in practice. For example, the Norges Bank sets out in its [Anti-corruption Expectations of Companies guidance](#) a focus on how a company’s ABC policy is integrated into business operations and the nature of public disclosure around the programme. Companies are responding to these trends by publishing increasingly detailed disclosures in the public domain on how they implement their ABC compliance programmes in practice (a good example is [BAE Systems](#)).