



ANTI-BRIBERY AND CORRUPTION POLICY

CHAIRMAN'S POLICY STATEMENT

One of the fundamental principles of Melrose Industries PLC and its Business Lines (comprising the GKN Aerospace Engines and Structures businesses) ("**Melrose**", "**Company**," "**Group**" or "**we**") 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.

The Group's reputation for lawful and ethical business relations is of utmost importance 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 at all times.

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 "**UK Bribery Act**") makes bribery and corruption illegal; it also holds UK companies liable for failing to implement adequate procedures to prevent such acts being 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 those acts take place.

The US Foreign Corrupt Practices Act ("**FCPA**") applies to subsidiaries who conduct business activities in the United States, as well as subsidiaries outside the United States conducting business activities with a 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 this anti-bribery and corruption policy is taken seriously within the Group structure. Although this policy emphasises the Group's compliance with the UK Bribery Act and the FCPA, we must take care to comply also with any other anti-corruption laws applicable to the countries in which we 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. This 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 or if such gratuity is prohibited by law or regulation.

The Group has issued this 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.

Chairman

Melrose Industries PLC

1. WHO IS COVERED BY THE POLICY?

- 1.1 This policy applies to all individuals working at all levels throughout the Group, 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). We expect the highest ethical standards from our business associates and expect them to comply with or exceed the principles of our Supplier Code of Conduct.
- 1.3 Group Associates and External Associates are together referred to as “**Associates**” for the purposes of this policy.

2. EMPLOYEE RESPONSIBILITIES

- 2.1 All Associates are responsible for ensuring they read, understand and comply with this policy.
- 2.2 Group Associates must participate in periodic training, as determined by the Head of Legal for each Business Line.
- 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 management 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.

3. UPHOLDING THIS POLICY

- 3.1 This policy has been approved by the board of directors of Melrose Industries PLC.
- 3.2 Throughout the Group we seek to establish a “culture” of compliance with this policy. The executive team of each Business Line takes responsibility for ensuring effective transmission of this policy throughout the business, together with the provision of relevant guidance and training, and appropriate safeguards, monitoring, and resources, in order to ensure compliance with this policy.
- 3.3 All External Associates are responsible for ensuring they read, understand and comply with this policy. This should be confirmed in writing by the External Associate if requested. The Group may cease to continue working with an External Associate (acting for or on its behalf) who it believes to have breached this policy.

4. WHAT IS BRIBERY AND CORRUPTION?

- 4.1 Bribery and corruption have a range of definitions in law across different jurisdictions, 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 Practical examples of bribery and corruption activities to look out for are listed at Appendix 2.

5. LEGAL OBLIGATIONS

5.1 Bribery is an offence within the majority of countries around the world and penalties can be severe. The UK Bribery Act makes bribery and corruption by companies (via their employees and associates) which operate wholly or partly in the UK illegal, irrespective of where in the world that bribery 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.

5.2 The FCPA lays down similar offences and potential penalties to those under the UK Bribery Act, and focuses particularly on interaction with Public Officials (which include politicians, political parties, party officials, officials of public international organisations, state-owned company employees, the judiciary etc., as more particularly defined below). FCPA enforcement can be particularly severe for companies that lack internal controls sufficient to prevent acts of corruption to occur. As in the case of compliance with the UK Bribery Act, compliance with the FCPA places a premium on Associate compliance with this policy.

5.3 The following actions are legal offences and are prohibited by this policy:

- (a) *Giving a bribe (classed as active bribery):* Direct or indirect offering, promising, authorising, 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.
- (b) *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.
- (c) *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 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 could be influenced by the offer or payment of a bribe.

For the purposes of this policy, 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.

5.4 The UK Bribery Act also creates the corporate offence of failure to prevent bribery by persons performing services for or on behalf of a commercial organisation, which includes Associates. 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 Associates or the Group, which

include:

- (a) criminal sanctions including severe fines and imprisonment or civil fines for individuals involved and possible confiscation of assets;
- (b) blacklisting of the Group from both future public and private tendering opportunities, debarment from World Bank and multilateral development bank funding;
- (c) termination of certain business contracts by competitors/counterparties (and litigation as a consequence), loss of licences or rights granted by the government; and
- (d) serious reputational damage.

7. WHAT BEHAVIOUR IS NOT ACCEPTABLE?

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

- (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 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
- (e) engage in any other 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 (i) you receive a request for a financial or other advantage, or anything of value which you believe is a bribe (including small facilitation payments), you must decline to make the payment, or (ii) you are offered a financial or other advantage, or anything of value that you believe is a bribe, you must decline to receive it.

8.2 In either case, you should explain that this is not how the Group does business. You should immediately report all such requests to your Head of Legal, or through the Employee Disclosure Hotline in accordance with the Whistleblowing Policy and Code of Ethics.

8.3 Nothing in this policy means that you should do anything which puts you or those you are with in physical danger. Should you feel in immediate danger following the request for a bribe, you should make the payment in order to secure your physical safety, and immediately report the payment to the Head of Legal of your Business Line.

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.

10. HOW TO RAISE A CONCERN (WHISTLEBLOWING)

10.1 All Group Associates are encouraged to raise concerns about any conduct, 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 (i) is offered (or suspects that they may be offered in the future) a bribe by a third party, (ii) is asked to make a bribe (or suspects that they may be expected to make

one in the future), (iii) believes that any part of this policy has been infringed, or (iv) is otherwise unsure whether a particular act constitutes a breach of this policy, they should speak with their Head of Legal or follow the procedure set out in the Group's Whistleblowing Policy. 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.

10.2 Group Associates who refuse to get involved in bribery and/or corruption, or who raise concerns and report wrongdoing, may 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. 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.

10.3 Possible examples of bribery and corruption activities to look out for are listed at Appendix 2.

11. BRIBERY AND CORRUPTION RISK ASSESSMENTS

11.1 The Group is required to assess the nature and extent of its exposure to potential external and internal risks of bribery and corruption on its behalf by persons associated with it on a periodic, informed and documented basis in relation to each business location from where it operates, including any joint venture locations (see paragraph 11.4 below). This risk assessment 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 assessment are available from the Group General Counsel.

11.2 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 Head of Legal for each Business Line, to ensure they are fully aware of both their own and Group responsibilities. The Head of Legal for each Business Line is responsible for ensuring that records of such training are maintained.

11.3 The Group may carry out audits from time to time, in order to ensure adherence to the policy and to check that the risk register is being maintained correctly.

11.4 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 periodic risk assessment process but it will be the responsibility of each Business Line 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 senior employees associated with the joint venture should be requested to read this policy and confirm their compliance with it.

11.5 The Group is required to undertake an anti-corruption risk assessment prior to entering a new business jurisdiction, making any significant investment, retaining any agent to assist with international business development, 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.

11.6 The Group is required to undertake an anti-corruption risk assessment prior to bidding for or doing business with government entities (whether for an existing customer or not). 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. Risk assessments should be refreshed periodically (the frequency will depend on the risk profile of each relationship).

12. WHERE DO BRIBERY AND CORRUPTION RISKS TYPICALLY ARISE?

12.1 The Group has 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 External Associates, political donations and charitable donations.

- 12.2 Remedial actions required to reduce these risks are stated below. Any material deviations from the below remedial actions should be approved in advance by the Head of Legal of your Business Line.

13. GIFTS AND HOSPITALITY

- 13.1 This policy does not prohibit a Group Associate from accepting or offering reasonable and appropriate gifts, entertainment and hospitality in the normal course of the Group's 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 and is permissible under applicable laws, regulations, or contractual commitments.
- 13.2 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.
- 13.3 For further information on the requirements that will need to be met in order to give or receive a gift or hospitality, and the thresholds above which prior approval will be required, please consult the Gifts, Entertainment and Hospitality Addendum to this policy.

14. FACILITATION PAYMENTS

- 14.1 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).
- 14.2 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 and External Associates are expected to adhere to this policy at all times.
- 14.3 All Group Associates and External Associates must avoid any activity that might lead to a facilitation payment being (or suggest that a facilitation payment will be) made or accepted.
- 14.4 Any Group Associate who is unsure as to whether certain payments would be classed as facilitation payments should not make any such payment and should instead contact the Head of Legal of their Business Line for advice.

15. USE OF BUSINESS PARTNERS

- 15.1 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 it may be held legally responsible for the actions of such third parties.
- 15.2 In light of the enhanced risk profile associated with Sales Agents and Joint Ventures, there are specific policies for these areas.
- 15.3 The relationship with all business partners should be recorded in writing, within a suitable legal agreement, such as an agency or distribution agreement, which includes 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 Head of Legal for your Business Line approves otherwise.

- 15.4 Additional checks on agents/distributors/joint venture partners should take place as often as deemed necessary within each Business Line, 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/>).
- 15.5 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.
- 15.6 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.
- 15.7 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 Head of Legal of each Business Line to ensure the relevant procedures are maintained within their Business Line and to highlight any concerns to the Group General Counsel in a timely manner.
- 15.8 In summary, a risk-based assessment process should be used (to include any joint venture arrangements) 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.

16. POLITICAL DONATIONS, POLICY DEBATE, AND ADVOCACY ACTIVITIES

- 16.1 No political donations should be offered to any individuals or organisations on behalf of the Group including, without limitation, payments to political action committees (PACs).
- 16.2 Engaging in any political activity or lobbying (except as first approved by the External Relations team and as permitted by any applicable guidelines published by the Legal Function from time to time) on behalf of the Group, or which might reasonably be regarded as being on behalf of the Group, is not permitted.
- 16.3 Notwithstanding the above, we recognise that from time to time we may engage in policy debate and advocacy activities on subjects of legitimate concern to our industry and key stakeholders, including our staff and the communities in which we 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. Furthermore, this is not intended to prevent Company Employees from carrying out a local civic/public service role in their personal time, provided: (i) it is either unpaid or any pay is nominal/set by law or regulation, or just covers reimbursement of expenses, and (ii) in no way puts or could put the employee or a Public Official in a situation of actual or potential conflict with the Group's interests.

17. CHARITABLE DONATIONS AND SPONSORSHIP

- 17.1 Charitable contributions and/or sponsorship may never 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 are legitimate and made to a properly established charity or other organisations for a valid charitable or other similar, not-for-profit purpose.
- 17.2 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 Head of Legal of your Business Line or the Group General Counsel before making any donation or sponsorship payment on behalf of the Group.

- 17.3 For further information on the Group's approach to charitable donations and sponsorship, please consult the Charitable Donations and Sponsorship Addendum to this policy.

18. CONFLICTS OF INTEREST

- 18.1 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. Please see the Related Party Transactions policy for further information.

19. RECRUITMENT AND HIRING DECISIONS

- 19.1 No individual may be offered a paid or unpaid position or promotion at the request or recommendation of a customer, Public Official or other third party. All recruitment and hiring decisions must be made in accordance with the Group's normal hiring processes.

- 19.2 Recruitment and promotion decisions must be made in accordance with the following principles:

- (a) 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; and
- (b) the Group 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.).

20. RECORD KEEPING

- 20.1 The Group and its Group Associates should ensure that:

- (a) accurate financial records are kept and adequate internal controls are in place to evidence business justifications for payments to third parties;
- (b) an accurate record is kept of all hospitality/gifts accepted or offered (see the Gifts, Entertainment and Hospitality Addendum to this policy for further information and for the applicable thresholds). In order to ensure the accuracy of these records, all Group Associates should declare such information as soon as possible. The Group may carry out random audits as may be deemed necessary from time to time;
- (c) all expense claims relating to hospitality, gifts and/or expenses incurred with third parties are submitted in accordance with the Group's expenses policy and such claims clearly record the reason for the expense;
- (d) 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;
- (e) accurate records are kept 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 Head of Legal for your Business Line; and
- (f) accurate records are kept of all conflict of interest declarations made pursuant to paragraph 18.1.

APPENDIX 1

MODEL ANTI-BRIBERY AND CORRUPTION WORDING FOR AGENCY AND DISTRIBUTION AGREEMENTS

1. “The agent/distributor confirms that it has not, nor (so far as it is aware) have 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 to ensure compliance with the same and to ensure compliance with the FCPA and any other applicable anti-corruption laws; and
 - 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 the direct or indirect offering, promising, authorising, 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 receives 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/distributor has engaged, or attempted to engage, 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 has engaged in any act of bribery; or
 - 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

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 Head of Legal of your Business Line):

- 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;
- 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;
- 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; or
- you are offered an unusually generous gift or offered lavish hospitality by a third party.