



DEVRO

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Policy on Business Conduct

1. POLICY STATEMENT

- 1.1 It is our policy to conduct all of our business in an 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 our business dealings and relationships wherever we operate and implementing and enforcing effective systems to maintain this approach to the conduct of our business.

2. WHO MUST COMPLY WITH THIS POLICY?

This policy applies to all persons working for any member of the Devro group of companies (each a “**Group Company**” and collectively “**Group**” or “**we**”) or on our behalf in any capacity, including employees at all levels, directors, officers, agency workers, seconded workers, volunteers, interns, agents, contractors, external consultants, third-party representatives and business partners, sponsors, or any other person associated with a Group Company, wherever located.

3. BRIBERY & CORRUPTION

3.1 What are bribery and corruption?

- (a) **Bribery** is offering, promising, giving or accepting any financial or other advantage, to induce the recipient or any other person to act improperly in the performance of their functions, or to reward them for acting improperly, or where the recipient would act improperly by accepting the advantage.
- (b) An **advantage** includes money, gifts, loans, fees, hospitality, services, discounts, the award of a contract or anything else of value.
- (c) A person acts **improperly** where they act illegally, unethically, or contrary to an expectation of good faith or impartiality, or where they abuse a position of trust. The improper acts may be in relation to any business or professional activities, public functions, acts in the course of employment, or other activities by or on behalf of any organisation of any kind.
- (d) Corruption is the abuse of entrusted power or position for private gain.

3.2 It is a criminal offence to offer, promise, give, request, or accept a bribe. Individuals found guilty can be punished by up to ten years' imprisonment and/or a fine. As an employer if we fail to prevent bribery we can face an unlimited fine and damage to our reputation. We therefore take our legal responsibilities very seriously.

3.3 Sales of the Group's products and services, and purchases of products and services or supplies, shall be made solely on the basis of quality, price and service, and never on the basis of giving or receiving payments, gifts, entertainment or favours.

3.4 **What you must not do**

- (a) No Group Company funds or assets must be used for any unlawful purpose.
- (b) It is not acceptable for you (or someone on your behalf) to:
 - (i) give, promise to give, or offer, a payment, gift or hospitality with the expectation or hope that a business advantage will be received, or to reward a business advantage already given;
 - (ii) give or accept a gift or hospitality during any commercial negotiations or tender process, if this could be perceived as intended or likely to influence the outcome;
 - (iii) accept a payment, gift or hospitality from a third party that you know or suspect is offered with the expectation that it we will provide a business advantage for them or anyone else in return;
 - (iv) accept hospitality from a third party that is unduly lavish or extravagant under the circumstances.
 - (v) offer or accept a gift to or from politicians or political parties, without the prior approval of the Group Company Secretary;
 - (vi) threaten or retaliate against another individual who has refused to commit a bribery offence or who has raised concerns under this policy; or
 - (vii) engage in any other activity that might lead to a breach of this policy.
- (c) No payments of any kind (whether commissions, promotional expenses, personal expenses, free goods or whatever) shall be made to an unaffiliated distributor or sales agent (or employee or agent thereof) in any country other than that in which the sales were made or in which the distributor or sales agent has a substantial place of business.

3.5 **Facilitation payments and kickbacks**

- (a) We do not make, and will not accept, facilitation payments or 'kickbacks' of any kind.

Facilitation payments, also known as 'back-handers' or 'grease payments', are typically small, unofficial payments made to secure or expedite a routine or necessary action (for example by a government official). They are not common in the UK, but are common in some other jurisdictions in which we operate.

Kickbacks are typically payments made in return for a business favour or advantage.

- (b) You must avoid any activity that might lead to a facilitation payment or kickback being made or accepted by us or on our behalf, or that might suggest that such a payment will be made or accepted. If you are asked to make a payment on our behalf, you should always be mindful of what the payment is for and

whether the amount requested is proportionate to the goods or services provided. You should always ask for a receipt which details the reason for the payment. If you have any suspicions, concerns or queries regarding a payment, you should raise these with the Group Company Secretary.

3.6 **Gifts, hospitality and expenses**

- (a) It is our policy to exercise discretion to allow for reasonable and appropriate hospitality or entertainment to be given to or be received from third parties, for the purposes of:
 - (i) establishing or maintaining good business relationships;
 - (ii) improving or maintaining our image or reputation; or
 - (iii) marketing or presenting our products and/or services effectively.
- (b) The giving and accepting of gifts is allowed if the following requirements are met:
 - (i) it is not made with the intention of influencing a third party to obtain or retain business or a business advantage, or to reward the provision or retention of business or a business advantage, or in explicit or implicit exchange for favours or benefits;
 - (ii) it is given in our name, not in your name;
 - (iii) it does not include cash or a cash equivalent (such as gift certificates or vouchers);
 - (iv) it is appropriate in the circumstances, taking account of the reason for the gift, its timing and value;
 - (v) it is given openly, not secretly;
 - (vi) in the case of a gift to a government official, it is of low value (less than £20) and includes the company's name/logo;
 - (vii) it complies with any applicable local law; and
 - (viii) the recipient is not a politician or a political party.
- (c) In general, it is acceptable to receive small gifts, such as pens, calendars, diaries etc. of modest value, particularly if they bear the company's name or insignia and can thus be regarded as being in the nature of advertising matter.
- (d) Any discount, gifts etc. which are given when ordering goods and materials are the property of the Group and must not be claimed by individual employees. Examples of such items are "two for the price of one", "free calculator if a magazine subscription is taken out" etc.
- (e) The giving or receiving of hospitality above £250 per person per day requires the prior consent of the Group Finance Director or Group Company Secretary.
- (f) The giving or receiving of gifts above £50 also requires the prior consent of the Group Finance Director or Group Company Secretary.
- (g) Any consent granted under paragraphs 3.6 (e) and 3.6 (f) should be included in the Group Probity Register, maintained by the Group Company Secretary.
- (h) You must submit all expenses claims relating to hospitality, gifts or payments to third parties in clear and unambiguous terms, in accordance with our expenses policy and record the reason for expenditure.

- (i) We appreciate that practice varies between countries and regions and what may be normal and acceptable in one region may not be in another. The test to be applied is whether in all the circumstances the gift, hospitality or payment is reasonable and justifiable. The intention behind it should always be considered.

3.7 Donations

- (a) We do not make contributions to political parties.
- (b) We only make charitable donations that are legal and ethical under local laws and practices. No donation (including but not limited to any payment to participate in events in support of a charity) must be offered or made without the prior approval of the Group Finance Director or Group Company Secretary.

3.8 Record-Keeping

- (a) All accounts, invoices, and other records relating to dealings with third parties including suppliers and customers should be prepared with strict accuracy and completeness. Accounts must not be kept "off-book" to facilitate or conceal improper payments.
- (b) No undisclosed or unrecorded fund or asset shall be established for any purpose.
- (c) No false or artificial entry shall be made in the books and records of the Group for any reason, and no employee shall engage in any arrangement that results in such prohibited act, even if directed to do so by his supervisor.
- (d) No payment shall be approved or made with the knowledge or understanding that any part of such payment shall be used for any purpose other than that described by documents supporting the payment.
- (e) Each Group Company's Director of Finance shall have the primary responsibility to devise, establish and maintain an effective system of internal accounting controls and to demonstrate that such controls are periodically appraised and documented.

3.9 Speak Up

- (a) If you are offered a bribe, or are asked to make one, or if you believe or suspect that any bribery, corruption or other breach of this policy has occurred or may occur, you must notify your manager OR report it in accordance with our Whistleblowing Policy as soon as possible. If you are unsure about whether a particular act constitutes bribery or corruption, raise it with your manager or the Group Company Secretary or through the confidential externally-hosted whistleblowing hotline, SpeakUp!.
- (b) Individuals who refuse to accept or offer a bribe, or who raise concerns or report another's wrongdoing, are sometimes worried about possible repercussions. We aim to encourage openness and will support anyone who raises genuine concerns in good faith under this policy, even if they turn out to be mistaken.
- (c) We are committed to ensuring no one suffers any detrimental treatment as a result of refusing to take part in bribery or corruption, or because of reporting in good faith their suspicion that an actual or potential bribery or other corruption offence has taken place, or may take place in the future. Detrimental treatment includes dismissal, disciplinary action, threats or other unfavourable treatment

connected with raising a concern. If you believe that you have suffered any such treatment, you should inform the Group Company Secretary immediately. If the matter is not remedied, and you are an employee, you should raise it formally using our Grievance Procedure.

4. TAXATION

- 4.1 Group companies will honour their responsibility to pay all taxes which are fairly levied. While reasonable tax planning is acceptable, and tax demands may be challenged in good faith, we will not engage in unlawful or aggressive efforts to avoid our tax obligations.

We will not help others evade their tax responsibilities.

5. CONFLICTS OF INTEREST

- 5.1 Every employee has a duty to avoid business, financial or other direct or indirect interests or relationships which conflict with the interests of the Group or which divide his or her loyalty to the Group. Any activity which even appears to present such a conflict must be avoided or terminated unless, after seeking advice from the next level of management, it is determined that the activity is not harmful to the Group or otherwise improper.

- 5.2 A conflict or the appearance of a conflict of interest may arise in many ways. For example, depending on the circumstances, the following may constitute a conflict of interest:

- (a) Ownership of or an interest in a competitor or in a business with which the Group has or is contemplating a relationship (such as a supplier, customer, landlord, distributor, licensee/licensor, etc.), either directly or indirectly such as through family members.
- (b) Profiting, or assisting others to profit from, confidential information or business opportunities that are available because of the employment.
- (c) Providing services to a competitor or a proposed or present supplier or customer as an employee, director, officer, partner, agent or consultant.
- (d) Influencing or attempting to influence any business transaction between the Group and another entity in which an employee has a direct or indirect financial interest or acts as a director, officer, employee, partner, agent or consultant.
- (e) Buying or selling securities of any other company using non-public information obtained in the performance of an employee's duties, or providing such information so obtained to others.
- (f) Payments made to political parties.

Loans to employees from financial institutions which do business with the Group are permissible as long as the loans are made on prevailing terms and conditions.

Accepting gifts, hospitality and rewards from contractors, suppliers, organisations and individuals may make it difficult to avoid some obligation to the party offering it, and may later be thought to have affected an employee's impartiality in dealing with that party.

- 5.3 Any employee who has a question about whether a particular situation in which he or she is involved amounts to a conflict of interest or the appearance of one should disclose the pertinent details, in writing, to his or her supervisor. Each supervisor is responsible for discussing the situation with the employee and arriving at a decision after consultation with or notice to the appropriate higher level of management. The Director of each Group Company is responsible for advising the Chief Executive, in writing, of all disclosures and decisions made under this Policy.
- 5.4 To summarise, each employee is obligated to disclose his or her own conflict or an appearance of a conflict of interest. The end result of the process of disclosure, discussion and consultation may well be approval of certain relationships or transactions on the ground that, despite appearances, they are not harmful to the Group. But all conflicts of interest are prohibited, even if they do not harm the Group, unless they have gone through this process.

6. PROTECTING THE GROUP'S ASSETS

- 6.1 The Group has a large variety of assets, many of them of substantial value. They include not only physical items, but also proprietary information such as includes intellectual property and confidential data. Protecting all these assets against loss, theft and misuse is vitally important.
- 6.2 Every employee is responsible not only for protecting the Group's property entrusted to them, but also for helping to protect the Group's assets in general. Should you observe any situation that could lead to the loss, misuse or theft of Group assets, you should report such a situation to your Supervisor as soon as possible.

7. PROPRIETARY INFORMATION

- 7.1 Proprietary information is usually confidential. It includes inter alia business, financial, marketing plans associated with the products, engineering and manufacturing know-how and processes, business and product plans with suppliers, personnel and salary information, patent applications, patents and copyright material associated with our products and processes.
- 7.2 The value of this proprietary information is well known, particularly to competitors and others interested and so it is very important for you to know that you must not use or disclose proprietary information except as authorised by the Executive Management Team.
- 7.3 **Inadvertent Disclosure** by loyal employees can also harm the Group's interest. You should not discuss confidential information even with authorised persons within the Group if you are in the general presence of others, e.g. at a trade show, reception, or in an aeroplane. Please keep in mind that harmful disclosure can start with the smallest leak, since bits of information may be pieced together with fragments from other sources to form a fairly complete picture.
- 7.4 **Information Requests** If questioned by someone from outside the Group, do not attempt to answer them unless you are certain you are authorised to do so. If you are not authorised, refer the person to the Group Company Secretary or appropriate Group Company officer, e.g. its Director.

- 7.5 **Non-disclosure Agreement** On joining the Group, you should have been required to sign an agreement that sets out certain obligations you have as an employee relating to the treatment of confidential information. Also under this agreement, you will have assigned to the Group the right to any ideas or inventions that you develop if they are in the area of the Group's business.
- 7.6 If you retire or leave the Group for some reason, you may not disclose or misuse the Group's confidential information. Furthermore, the Group's ownership of intellectual property that you created while a Group employee continues after you leave the Group.
- 7.7 **Premature Disclosure** The Group does not disclose to customers anything about new products that has not already been disclosed generally. There are exceptions to this practice. For example, where a customer may work with the Group to develop or test a new product. For this and other special situations, appropriate authorisation is required in each instance.
- 7.8 **Use of the Group Assets** Devro's facilities, equipment and supplies must be used only for conducting the Group's business or for purposes authorised by management.

8. COMPLIANCE WITH LAWS AND REGULATIONS

- 8.1 The Group's business is subject to extensive governmental regulation throughout the world. Consistent with the Group's business philosophy, it is the policy of the Group to comply with the laws of each country in which our companies do business. It is the responsibility of each company's management and employees to be familiar with the laws and regulations which relate to their business responsibilities and to comply with them.
- 8.2 It is the responsibility of each Group Company's management to ensure compliance with applicable laws. Where there is a conflict of laws in that an act on behalf of the Group Company may be legal in a local jurisdiction, but illegal under UK law, then the act is forbidden as UK law shall prevail. In particular, we remain bound by UK laws, including the Bribery Act 2010, in respect of our conduct both at home and abroad.
- 8.3 If an employee has any question whether a transaction or course of conduct complies with applicable statutes or regulations, it is the responsibility of that employee to obtain legal advice from the Group Company Secretary and act in accordance with that advice. It is the responsibility of each Group Company's management to ensure that employees are aware of their responsibilities in this regard.
- 8.4 Set out below are several areas of regulated business activity that require particular attention:-

(a) Sanctions

It is the policy of the Group to comply with all trade, economic and financial sanctions laws, regulations, embargoes or restrictive measures to which the Group is subject and all those administered, enacted or enforced by the Security Council of the United Nations; the United States of America; the European Union; the United Kingdom; and their respective governments, official institutions and agencies.

In order to ensure such compliance, written consent must be received from the Group Company Secretary and Group Treasurer in advance of conducting any business or entering any commitment to conduct business with any person or corporate entity located in or organised under the laws of a country or territory that is the subject of country- or territory-wide sanctions or with a person who is owned or controlled by, or acting on behalf of such a person.

At the date of this policy, countries subject to country- or territory-wide sanctions include but are not limited to the Republic of Cuba, the Islamic Republic of Iran, the Democratic People's Republic of Korea, the Republic of Sudan and the Syrian Arab Republic.

(b) Anti-Trust and Competition Laws

It is the policy of the Group to comply with the antitrust and competition laws of each country in which our companies do business. No employee of the Group shall engage in anticompetitive conduct in violation of any such antitrust or competition law and, in order to assist all employees to address any competition law compliance concern they may have, the Group Legal Department should be contacted for advice promptly on any such concern arising (or the relevant Group Competition Law Manual should be consulted).

Particular care should be exercised in relationships with any competitors. It is possible that employees of the Group and its competitors will meet, talk and attend the same business meetings from time to time. Many types of contacts are perfectly acceptable when established procedures have been followed. These include sales to other companies in our industry, purchase from them, participation in business shows, etc. But even these require caution. In all contacts with competitors, you must avoid discussing such matters as pricing policy, terms and conditions, costs, inventories, plans, market surveys or studies, production plans and, of course, any other sensitive commercial or proprietary confidential information.

(c) Environmental Laws and Regulations

The Group is committed to conducting its business in an environmentally sound manner. In addition to carrying out the corporate wide programmes the Group has initiated, management and employees are required to be familiar with environmental laws and regulations which relate to their employment responsibilities and to comply with them. This includes ensuring that reports on environmental matters filed with government agencies or required by law to be published are complete and accurate.

(d) Workplace Safety Laws and Regulations

In the interest of maintaining a safe and healthy workplace, the Group requires full compliance with applicable workplace safety and industrial hygiene standards mandated by law.

(e) Employment Laws

The Group is an equal opportunities employer committed to providing fair and equal treatment throughout employment, including recruitment. In addition to effectively implementing the spirit and intent of this policy worldwide, all managers and employees are required to be familiar with employment laws and regulations that relate to their employment responsibilities and to comply with them. Local managers are responsible for ensuring that they keep up to date with relevant changes and additions to employment law and both communicate and implement these appropriately.

(f) Share Dealing Code

As a consequence of listing of Devro plc on the London Stock Exchange it is required to adopt and apply rules for dealings in its shares by any Group employee or director who has or is thought likely to have access to 'inside information' (which broadly equates to information in relation to a Company's shares which would, if made public, be likely to have a significant effect on the price of those shares). Employees and directors who have been notified that they are subject to the Share Dealing Code must comply with it.

9. SPEAKING OUT

When speaking out on public issues, staff should ensure that they do so as an individual and do not give the appearance of speaking or acting on the behalf of the Group or any Group Company.

10. RESPONSIBILITIES

- 10.1 The board of directors has overall responsibility for ensuring this policy complies with our legal and ethical obligations, and that all those under our control comply with it.
- 10.2 The Internal Audit function has primary and day-to-day responsibility for implementing this policy, monitoring its use and effectiveness, dealing with any queries about it, and auditing internal control systems and procedures to ensure they are effective.
- 10.3 Management at all levels is responsible for ensuring those reporting to them understand and comply with this policy and are given adequate and regular training on it.
- 10.4 Compliance with this policy and the prevention, detection and reporting of bribery and other forms of corruption in particular, are the responsibility of all those working for us or under our control. You are required to avoid any activity that might lead to, or suggest, a breach of this policy. Any employee having a belief or suspecting that a conflict with this policy has occurred, or may occur in the future shall promptly report such matter to their supervisor. While this is the preferred reporting procedure, employees should also feel free to report to anyone on the local Management Committee, the Group Company Secretary, the Executive Management Team, the Internal Audit function or the confidential externally-hosted whistleblowing hotline, SpeakUp!.
- 10.5 All employees are expected to provide full assistance and disclosure to both the internal and external auditors in connection with any review of compliance with this Policy.
- 10.6 When engaging outside consultants, the latter should be made aware of the contents of this Policy to ensure consistency in our approach to business conduct.
- 10.7 You are invited to comment on this policy and suggest ways in which it might be improved. Comments, suggestions and queries should be addressed to the Group Company Secretary.

11. BREACHES OF THIS POLICY

- 11.1 Any employee who breaches this policy will face disciplinary action, which could result in dismissal for misconduct or gross misconduct.

- 11.2 We may terminate our relationship with other individuals and organisations working on our behalf if they breach this policy.

12. TRAINING AND COMMUNICATION

- 12.1 Training on this policy forms part of the induction process for all individuals who work for us, and regular training will be provided as necessary.
- 12.2 Our zero-tolerance approach to business conducted other than in compliance with this Policy and to bribery and corruption in particular must be communicated to all suppliers, contractors and business partners at the outset of our business relationship with them and as appropriate thereafter.

13. OTHER POLICIES

- 13.1 All employees are expected to familiarise themselves and comply with the Group's other policies, including the Global Business Conduct Statement, the Global Environmental Management Statement, the Global Food Safety Statement, the Global Health and Safety Statement, the Global People Statement and the Quality Statement.

14. COMPLIANCE STATEMENT

- 14.1 Each member of the Executive Management Team (EMT), regional or local management committee and each department head is responsible for ensuring that the above noted policy is fully understood and followed by staff reporting to them.
- 14.2 In order to provide continuing emphasis on the importance of these matters and assurance of compliance with the policy, annual certification of compliance is required by all employees and directors whom it is considered may encounter the issues described in this policy.