

RED HRP5.12 Anti Bribery and Corruption Policy

June 2011

FOREWORD

This policy sets out the general rules and principles to which we adhere. It will be communicated to all businesses and employees overseen by ASCO Group Limited's board, as well as any relevant third-parties. Those who work in areas within our business that have been identified as being high risk will receive additional training and support in identifying and preventing bribery and corrupt activities.

Through the procedures explained in this policy ASCO Group Limited and its subsidiaries (ASCO) can maintain its high ethical standards and protect its reputation against any allegations of bribery and corruption. The successful implementation of this policy requires pro-active adoption at the following levels:

- You – as an employee of ASCO, you are required to read and understand all aspects of this policy, and abide by it.
- Line Management – ensuring your department's overall compliance with the requirements of this policy is the responsibility of the Line Manager.
- Compliance Officer – the Compliance Officer (as part of the Risk and Compliance Steering Committee) is responsible for overseeing the implementation of the policy throughout all departments, providing necessary training, updating the policy and supervising the monitoring and review processes.
- ASCO Group Limited's board – has overall responsibility for implementation of the policy within ASCO and monitoring compliance with the policy.



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ASCO Group Chief Executive

Issue No: version no.1

Issue Date: 27.06.11

CONTENTS

INTRODUCTION.....	3
WHAT IS A BRIBE?	3
THE LAW	3
THE POLICY	4
SCOPE.....	4
RECORDKEEPING.....	4
FACILITATION PAYMENTS	5
GIFTS AND HOSPITALITY.....	5
POLITICAL CONTRIBUTIONS.....	5
CHARITABLE DONATIONS	6
DEALINGS WITH THIRD PARTIES	6
EMPLOYMENT PROVISIONS	7
DISCIPLINARY PROCEDURES.....	8
REPORTING PROCEDURES	8
MONITORING AND AUDIT	8
REVIEW	9

Introduction

ASCO recognises that bribery and corruption has a detrimental effect on communities wherever they occur. If ingrained, they can threaten the fabric of society by undermining laws, democratic processes and basic human freedoms, leading to the impoverishing of states and damaging trade and competition. Corruption is often associated with organised crime, money laundering and on occasions the financing of terrorism.

It is ASCO's policy to maintain the highest level of ethical standards in the conduct of its business affairs and ASCO has a zero tolerance of bribery and corruption. This policy has been adopted by ASCO's board of directors and is to be communicated to everyone involved in our business to ensure their commitment to it. Any breach of this policy will be regarded as a serious matter by ASCO and is likely to result in disciplinary action.

This is not only a cultural commitment on the part of ASCO, it is a moral issue and a legal requirement. Bribery is a criminal offence in most countries in which ASCO operates, and corrupt acts expose ASCO and its employees to the risk of prosecution, fines and imprisonment, as well as endangering ASCO's reputation.

What is a bribe?

ASCO defines a bribe as the offer, promise, giving, accepting or soliciting of a payment or benefit to a person intended as a reward or inducement to act contrary to the proper exercise of their duty, good faith or impartiality.

In the business world bribes are generally used to obtain, retain or direct business. This may involve sales processes, such as tendering and contracting, or it may involve the handling of administrative tasks such as licences, customs, taxes or import/export matters. A bribe could be:

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

The Law

The Bribery Act 2010 has updated and enhanced UK law on bribery including foreign bribery and is now among the strictest legislation internationally on bribery. It applies not only to UK companies, but also to persons associated with the company, to their operations abroad and foreign companies operating in the UK. There are four types of offences under the Bribery Act, that of:

- bribing another person;
- being bribed;
- bribing foreign public officials; and
- failure of commercial organisations to prevent bribery.

Bribery is a criminal offence and carries criminal penalties. Where a company is convicted of an offence the person who acted, the senior officer (if the person acted with the consent or connivance of the senior officer) and the company can all be punished. For an individual this can be up to 10 years imprisonment and an unlimited fine. For a company this can be an unlimited fine.

The Policy

ASCO prohibits:

the offering, the giving, the solicitation or the acceptance of any bribe, whether cash or other inducement

to or from

any person or company, wherever they are situated and whether they are a public official or body or private person or company

by

any individual employee, agent or other person or body acting on ASCO's behalf

in order to

gain any commercial, contractual or regulatory advantage for ASCO in a way which is unethical

or in order to

gain any personal advantage, financial or otherwise, for the individual or anyone connected with the individual.

This prohibits any inducement which results in a personal gain or advantage to the recipient or any person or body associated with them, and which is intended to influence them to take action which may not be solely in the interests of ASCO or of the person or body employing them or whom they represent.

Inevitably, determining whether something is a bribe or not may not always be easy. This Anti-Bribery and Corruption Policy contains procedures and guidance to deal with situations where there is a risk of bribery and also details of who to contact should you have any concerns or doubts.

Scope

ASCO's zero tolerance of bribery and corruption applies to all officers, directors and employees as well as any agents, contractors, representatives or other parties acting on behalf of ASCO or any subsidiary, of which ASCO has effective control, in any country that we operate. ASCO also encourages the application of a zero tolerance policy on bribery and corruption in any subsidiary in which we do not have a controlling interest.

ASCO expects our business partners, suppliers and contractors to act with integrity and without thought or actions involving bribery and/or corruption and will, where appropriate, include clauses to this effect in relevant contracts.

Recordkeeping

We must ensure that we maintain accurate books, records and financial reporting within all ASCO departments and for all third-party representatives working on our behalf. All accounts, invoices, memoranda and other documents and records must be prepared and maintained with strict accuracy and completeness. No accounts may be kept "off-book" in order to facilitate or conceal improper payments. All assets, liabilities, revenues and expenses must be recorded, using the proper general ledger accounts, in the regular books of the company. All accounting records, expense reports, invoices, vouchers and other business records must be accurately and fully complete, properly retained and reliably reported and recorded.

Each Managing Director shall maintain a Gifts and Hospitality Register of all gifts and hospitality received from and given to third parties by ASCO staff in their department (see Gifts and Hospitality Policy for further details).

Facilitation Payments

These are payments used by businesses or individuals to secure or expedite the performance of a routine or necessary action to which the payer has a legal or other entitlement e.g. to expedite a visa application. In many countries, it is customary business practice to make payments or gifts of small value to government officials in order to speed up or facilitate a routine action or process. Payments legitimately required under the local written law of the public official where there is no intention to influence the public official are not facilitation payments. Records of any such payments should be made to your Line Manager or Managing Director.

ASCO recognises that corrupt foreign officials demanding payments may put our employees, business partners, suppliers and contractors who are not otherwise corrupt in very difficult positions. Payments not legitimately requested may be a bribe and as such are prohibited, except for medical or safety emergencies.

1. the payment is legitimately required; and
2. that there is no intention to bring about the improper function of the official's role or to influence the official to act in such a way as to obtain or retain business for ASCO.

In all circumstances a receipt for payment should be obtained. If you are in doubt about the legitimacy of any such request for payment, prior approval should be sought from your Line Manager or the Managing Director of your company or, if not practicable, the payment should be made first and then a record of such payment should be kept and immediately reported to the Compliance Officer.

Gifts and Hospitality

The giving or receiving of gifts or hospitality could influence or be perceived to be capable of influencing a transaction and as such could be considered a bribe especially if they are lavish or inappropriate. On no account should gifts be accepted that by their nature have the potential to cause reputational damage to the organisation.

ASCO appreciate that the practice of giving business gifts 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 or hospitality is reasonable and justifiable. The intention behind the gift should always be considered.

Detailed guidance on what are acceptable gifts and hospitality is given in the separate Gifts and Hospitality Policy.

Political contributions

A political contribution is a contribution, financial or in-kind, to support a political cause. Examples of financial contributions include donations and loans. Examples of in-kind contributions include gifts, the loan or use of property, provision of services, advertising or promotional activities endorsing a political party, the purchase of tickets to fundraising events and contributions to organisations or 'think-tanks' with close associations with a political party. The risk of political contributions is that they may be used or be perceived to be used as a cover for bribery to retain or obtain a business advantage such as to win a contract.

ASCO does not allow political contributions in any form whether to political parties, causes or to support candidates. Strict aggregate financial limits, to cover certain categories of political

expenditure which could be defined as political contributions under the UK's definition of a political donation or expenditure, have been approved by our shareholders to protect ASCO from any inadvertent violation of the law. Nonetheless, ASCO does not intend to make political contributions.

The appointment of any politician or former politician as a consultant, employee or officer of ASCO requires approval by the board and is subject to applicable laws. If ASCO does use a politician or former politician as a consultant then the Compliance Officer shall review the appointment to ensure that it will not create a conflict of interest for the consultant and that any fees paid are appropriate for the work undertaken.

Charitable Donations

ASCO only makes charitable donations that are legal and ethical under local laws and practices. No donation over £5,000 must be offered or made without the prior approval of the Compliance Officer.

Dealings with third parties

ASCO's Anti-Bribery and Corruption Policy shall be communicated to all third-parties with whom ASCO has business dealings.

A. Sales and purchases

ASCO shall ensure that in contracting for the sale/purchase of goods or for the supply of services by/to ASCO that these transactions are conducted in an honest, fair and transparent manner. ASCO shall endeavour to contract with parties who have similar policies in place.

B. Agents and intermediaries

The following procedure must be followed for the appointment of an agent or intermediary. Also this procedure must be repeated when contracts are renewed and at regular 2 yearly intervals on existing agents.

1. Due diligence

- a. The potential agent shall be required to complete a due diligence questionnaire to provide information including details of its shareholders, directors, other clients, any involvement or relationship (business or familial) with public officials, and its resources and capabilities to perform the services required which can be obtained from the Compliance Officer.
- b. The completed questionnaire shall be read by the Line Manager to check for any red flags. If a prospective agent is unwilling to provide the requested information, or is offended by the request then this may itself represent a red flag and an alternative agent should be sought.
- c. This information provided must be independently verified by the Line Manager. Checks can be made with local embassies, business contacts and other organisations in the local market to find out any concerns and determine which agents are regarded highly or adversely and why.

2. Appointing the agent
 - a. To protect against agents being appointed for corrupt purposes or behaving corruptly, the business case for appointing an agent must be reviewed using consistent criteria set by the Risk and Compliance Steering Committee.
 - b. The appointment should be reviewed and approved by a senior manager or in high risk areas by the Compliance Officer.
 - c. All appointments must be notified to the Compliance Officer along with documentation of the details of the agent and of the relationship together with details of the due diligence carried out.
 - d. Fees, commissions and expenses paid to an agent must be reasonable in relation to the services provided. The fees shall be compared against those paid to other agents and the norms in the country and industry.

3. Adherence to the policy
 - a. All agents shall receive a copy of ASCO's Anti-Bribery and Corruption Policy and Gifts and Hospitality Policy.
 - b. In areas that are high risk for bribery the agent shall be offered additional training as determined by the Compliance Officer.
 - c. All contracts shall contain provisions requiring adherence to these policies and sanctions in the event of a breach of this policy including permission to immediately terminate the contract.
 - d. The agent shall be informed as to the nature of any sanctions and the circumstances in which they would apply including any right of appeal.

4. Documentation
 - a. The Compliance Officer shall maintain a register of its agents which shall include details of the agent and of the relationship together with details of the due diligence carried out.
 - b. Every step of the procedure in the appointment and monitoring of an agent shall be documented, including records of negotiations, payments, meetings, reviews, inspections and audit.

C. Contractors

All contractors shall be required to adhere to ASCO's Anti-Bribery and Corruption Policy and a copy shall be provided to them. Where appropriate contractors shall be required to participate in ASCO's induction programme and receive training. Contracts shall contain provisions requiring adherence to these policies and sanctions in the event of a breach of this policy including permission to immediately terminate the contract.

Employment provisions

All new employees shall have a provision in their contract of employment requiring them to comply with ASCO's Anti-Bribery and Corruption Policy and the Gifts and Hospitality Policy.

This provision shall state that breach of either of these policies is a disciplinary offence that could result in summary dismissal on ground of gross misconduct.

Copies of ASCO's Anti-Bribery and Corruption Policy and the Gifts and Hospitality Policy shall be included in staff handbooks and these policies shall be covered in all staff inductions.

Staff working in roles that are high risk for exposure to bribery (e.g. marketing, sales and purchasing) shall receive additional training as determined by the Compliance Officer in how to deal with instances of bribery and how to avoid conduct that may be perceived as bribery. All Line Managers shall be given additional training in the implementation of this policy in their respective departments.

The Anti-Bribery and Corruption Policy and Gifts and Hospitality Policy do not form part of any employee's contract of employment and may be amended at any time.

Disciplinary procedures

Any breach of the Anti-Bribery and Corruption Policy or the Gifts and Hospitality Policy is a serious matter and will be the considered grounds for disciplinary action. Any disciplinary action will be taken according to ASCO's Disciplinary Procedure. The full range of disciplinary actions shall be available for any breach of these policies, including summary dismissal.

Reporting procedures

Compliance Officer telephone number: +44 1224 564730 and email Alan.Hunter@ascoworld.com.

It is the responsibility of each employee to comply with both the letter and also the spirit of the policy. If an employee becomes aware of any conduct that he/she believes may violate this policy, the employees must report the activity by following ASCO's Whistle-Blowing Procedure. We recognise that employees may not always feel comfortable about going through a formal process but we would encourage any employee to use the whistle-blowing procedure. Alternatively the Compliance Officer can be contacted.

Any reports or concerns raised via the whistle-blowing process, to the Compliance Officer are entirely confidential and all reports are taken seriously and investigated, where appropriate. No employee is discriminated against in any way as a result of reporting a concern in good faith.

Monitoring and audit

It is the responsibility of each Line Manger, in conjunction with the Compliance Officer, to monitor that their department is adhering to this policy.

The Compliance Officer, shall devise any internal control procedures deemed necessary which shall be implemented by the Compliance Officer. These may include, but are not limited to supply chain monitoring.

The Compliance Officer shall also update the policies and procedures to reflect changes in ASCO's business or environment and conduct analysis of incidents and violations of the policies. If appropriate the Compliance Officer, shall obtain external verification (testing the effectiveness of the measures in place and assurance of the adequacy of the design and implementation of the Policies).

Review

Reports on the results of regular monitoring summarising the findings of internal audits, identified deficiencies, initiated actions and recommendations should be submitted to the Compliance Officer, who shall decide whether such actions are appropriate to deal with the risks and to improve the effectiveness of the Anti-Bribery and Corruption Policy and consider as to whether external verification would be appropriate. This should form the basis of regular reports to the board of directors highlighting deficiencies and serious matters.

Ultimate responsibility for overseeing the implementation and review of the Anti-Bribery and Corruption Policy lies with the board of directors. The board shall receive regular reports on the implementation of the programme, the findings of the review process and of any incidents or allegations of bribery and actions taken to correct deficiencies. The board may consider, if appropriate, disclosing the findings and recommendations of a report on the adequacy of the Anti-Bribery and Corruption Policy in the organisation's Annual Report to shareholders.

If ASCO becomes aware of an allegation or incident of bribery, then legal advice shall be sought.

Dept: Human Resources

Ref: HRP5.12 Rev: 0, Date: 27/06/2011

Owner: HR Manager – UK&CE

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