

Dated 28th June 2011

McBRIDE PLC

**ANTI-BRIBERY AND CORRUPTION
COMPLIANCE POLICY**



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McBRIDE PLC

STATEMENT FROM CHRIS BULL, CHIEF EXECUTIVE

McBride plc has a zero tolerance policy in relation to bribery and corruption. We are committed to carrying out business fairly, honestly and openly. We conduct our business in accordance with the highest business standards and do not act in any way which might reflect adversely upon the integrity and goodwill of the Group.

It is our objective to comply with the UK Bribery Act 2010 (the "Act"). This Act applies to those doing business in the UK as well as to associated persons and companies doing business abroad. Our Compliance Policy therefore extends to all the Group's business dealings and transactions in all countries in which it or its subsidiaries and associates operate. This policy is given force in a detailed anti-bribery programme which will be regularly revised to capture changes in law, reputation demands and changes in the business. All directors and employees are required to comply with this policy.

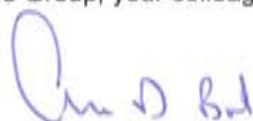
The new Act's main offences are very broad and are based around the idea of a bribe being an inducement or reward for someone performing their job improperly. An offence can be committed by a **recipient** of an "advantage", where acceptance in itself constitutes improper performance of their job, and by the person **offering** the "advantage".

Violation of the Act could subject the Group, its officers and / or employees to severe penalties, including fines and imprisonment. It could also be very damaging to the Group's business and reputation.

The purpose of this Compliance Policy is to make sure that you do not fall foul of the law or break the Group's rules. Whilst I do not expect you to become experts in the Act, you are required to become familiar with this Compliance Policy and to comply with the standards of conduct described here. Officers and employees are required to seek advice from one of the Group's Anti-Corruption Compliance Officers, either the Group Company Secretary or the Head of Internal Audit, with respect to any business activities, whether existing or proposed, that could raise an issue under the Act. If you have any questions or concerns, please speak to either of the Anti-Corruption Compliance Officers in the first instance.

Everyone is required to comply with this policy and failure to do so may result in disciplinary action. However, no officer or employee will suffer demotion, penalty, or other disciplinary action or adverse consequences for refusing to pay bribes. It is recognised that refusal to pay bribes could result in the Group losing business. Should you encounter such a situation, you should report immediately to one of the Anti-Corruption Compliance officers.

Your careful attention and co-operation in complying with this Compliance Policy will help to protect the Group, your colleagues, and you.



.....
Chris Bull
Chief Executive

Dated 28/6/11

1 Introduction

The objective of this Compliance Policy is to seek to ensure the prevention, identification and earliest possible detection of any potential bribery or corruption issues for the Group.

The purpose of this Compliance Policy is to:

- explain the importance of compliance with the Act for the Group, its officers and each employee;
- raise your awareness of the principles and purposes of the Act;
- explain how the Act applies to agents, third parties and others acting on behalf of the Group;
- ensure consistently high levels of compliance;
- explain what you must do to comply; and
- explain who to contact if you have any questions.

Officers and individual employees with supervisory responsibility have a duty to ensure that not only they but also those under their supervision are aware of and comply with these guidelines.

1.1 What is Bribery and Corruption?

Bribery is the offering, promising, giving, accepting or soliciting of an advantage as an *inducement* for an action which is *improper or a breach of trust*. Payments made, gifts, hospitality or other advantages given in these circumstances are likely to constitute **bribes**. Bribes can be paid by an individual, through a third party, such as an agent or adviser, or directly by the Group itself.

Corruption has been defined as the misuse of entrusted power for private gain¹. It usually involves two or more people entering into an agreement to give a *financial or other advantage* to a public official in the UK or overseas, or to an employee or agent in the private sector, to *induce that individual to behave improperly*.

1.2 What does this mean for the Group and for me?

The Act applies to any individual ordinarily resident in the UK (whether or not a British national) and all commercial organisations which do business in the UK whether or not the act of bribery was committed in the UK. These guidelines apply wherever the Group's officers, individual employees or persons associated with the Group are working on the Group's behalf.

The consequences of failing to comply with the Act are serious:

- individual employees and officers may be prosecuted in the criminal courts and if convicted, may face imprisonment of up to 10 years and a personal unlimited fine;

¹ As defined by Transparency International.

- the Group may also be prosecuted in the criminal courts and made subject to an unlimited fine;
 - third parties that have been harmed by the breach of the Act may seek to recover damages from the Group;
-
- the Group, its officers and individual employees could find themselves involved in lengthy legal proceedings defending a criminal investigation or prosecution and/or a civil claim from a third party, requiring a great deal of time and expense;
 - involvement in an investigation can seriously damage the Group's reputation;
 - the Group may be debarred from ever tendering for any public procurement contracts in the EU; and
 - officers or individual employees involved in bribery or corruption will face disciplinary action.

The criminal authorities which combat bribery and corruption in the UK are the Serious Fraud Office and the Police, both of which have wide powers of investigation. They could:

- require the Group to produce records and information;
- come in to the Group's offices or enter on to other premises or a person's home without notice and seize documents;
- copy documents including downloading information from computers (and reconstructing deleted e-mails and documents), mobile phones and other communications devices;
- conduct intrusive and covert surveillance (eg bugging telephones, homes, hotel meeting rooms, tailing individuals, etc);
- compel individual employees to provide information (and / or attend interviews in the case of the Serious Fraud Office);
- arrest and interview suspects;
- bring criminal prosecutions for breaches of the law;
- exercise these powers of investigation with criminal authorities overseas by way of mutual legal assistance.

2 Behaviour that could break the law

The Act creates four new offences.

- An offence of **promising, offering or giving a bribe** (financial or otherwise) either directly or through a third party;
- An offence of **receiving a bribe** (financial or otherwise) either directly or through a third party;
- A separate offence of **bribing a foreign public official** to obtain or to retain business;

- The Group could also be prosecuted if it **fails to prevent bribery** by persons performing services on its behalf (including employees, agents and subsidiaries) in connection with the Group's business even if the act of bribery takes place outside the UK. (The Group will have a statutory defence to the Corporate Offence if it can prove that it has implemented "adequate" anti-bribery corruption compliance procedures).

As a result of the above, you must not under any circumstances promise, offer, give, solicit or receive a bribe at any time during your employment with the Group, whether for your benefit or a member of your family, friends, associates or acquaintances. Bribes are not limited to monetary payments. They can also include gifts or hospitality or other advantage where the intention is to influence improperly the recipient.

The Act has a broad scope and extra-territorial reach, meaning that any of the Group's officers or individual employees can be prosecuted for bribery offences committed anywhere in the world.

3 Behaviour to look out for

The Serious Fraud Office has published a list of "corruption indicators". The following indicators do not constitute an exhaustive list but are some of those which you may come across during your work for the Group:

- abnormal cash payments;
- avoidance of independent checks on tendering or contracting processes;
- invoices being agreed in excess of contract without reasonable cause;
- abnormally high commission percentage being paid to a particular agency;
- lavish gifts being received;
- Group procedures or guidelines not being followed; or
- bypassing normal tendering/contractors procedures.

4 What should you do if you suspect bribery or corruption?

You should contact one of the Anti-Corruption Compliance Officers if:

- You come across any of the corruption indicators listed at section 3 above;
- If a client or business contact approaches you wanting to discuss potentially non-legitimate issues; or
- You have any other concerns that bribes are being paid or received.

The Group also has a Whistle-blowing Policy under which disclosures of any criminal offences, including corruption, and other impropriety may be made. A copy is available on the Company's intranet and on the Company's website – www.mcbride.co.uk .

5 Guidance

The Group has identified four key areas of risk where officers or individual employees may encounter instances of bribery and corruption. These are:

- Gifts and corporate hospitality with customers, intermediaries, suppliers and other business contacts (**customers, business contacts etc**)
- Dealings with suppliers, third parties or agents
- Overseas travel to high risk jurisdictions & facilitation payments
- Dealings with foreign public officials (**FPOs**)

To help ensure that you do not commit an offence under the Act, you should observe the guidelines set out below.

5.1 Gifts & Corporate Hospitality

A bribe includes any type of "advantage" whether it has monetary value or not. It can therefore include gifts, corporate hospitality, donations, favours or even providing information. Even trivial gifts may potentially be caught by legislation where the "*improper*" test is met.

A common sense approach explicitly recognises that bona fide hospitality and promotional, or other business expenditure which seeks to improve the image of a commercial organisation, better to present products and services, or establish cordial relations, is an established and important part of doing business.

As a general proposition, hospitality or promotional expenditure which is *proportionate and reasonable* is very unlikely to engage the Act.

The **Group's policy on Gifts and Corporate Hospitality** is set out at **Schedule I**.

In summary, it is paramount that you:

DO NOT have any discussions with customers, business contacts etc about any gift, hospitality or consideration of any kind which could act as an *inducement or reward* to any person:

- for doing or not doing (or for having done or not done) any act in relation to the obtaining, retention or execution of any business in relation to which the Group is involved;
- for showing or not showing favour or disfavour to any person in relation to any business in relation to which the Group is involved.

DO NOT provide any gifts or hospitality to any client, business contacts etc of the Group without obtaining the appropriate approval in accordance with the Group's Gifts & Hospitality Policy.

DO NOT accept any gifts or hospitality from any client, business contacts etc if it places you in a position of *obligation*.

DO consider the *timing* of any gift or hospitality provided or received and how that may be perceived by a third party.

DO record any gifts or hospitality provided or received in the Gifts Register.

5.2 Dealing with Agents / Suppliers / Third Parties

Associated Persons - the government guidance makes it clear that the concept of a person who performs services for or on behalf of a company is intended to embrace the whole range of persons connected to an organisation who might be capable of committing bribery on the company's behalf. This includes officers, employees, agents and intermediaries.

Suppliers and Contractors - an entity which simply supplies goods, as opposed to services, is unlikely to fall within the definition of an "associated person". In relation to supply chains or a project involving a number of subcontractors, the guidance recognises that a company is, generally speaking, only able to exercise control over, and therefore should only be liable for, its immediate contractual counterparty.

The Group may be liable for any acts of bribery committed by an "associated person". For this reason, it is essential that the Group knows with whom it is doing business. Due diligence is essential when appointing suppliers and third parties and needs to be repeated at regular intervals.

It is the Group's policy only to conduct business with suppliers and other third parties that have been approved following adequate due diligence. In order to avoid the Group being liable for the actions of suppliers and other third parties, it is essential that you:

DO NOT enter into any agreement or other arrangement with any supplier or other third parties unless an *appropriate and proportionate* risk assessment and due diligence exercise has been undertaken and documented.

DO NOT agree any additional terms regarding the level of payment or commission with suppliers or other third parties which are not already contained in the agency/supply agreement without the agreement of the Group Finance Director.

DO NOT accept any invoices from any suppliers or other third party in respect of commission payments due, which do NOT contain:

- details of the supplier/relevant third party and the matter to which the commission relates;
- details of the calculation of the commission payable to the supplier/third party; and
- details of any VAT or other tax payable by the Group in respect of the commission;

DO NOT make payments to any party other than the supplier/third party who provided the services under the terms of the agency / supply agreement.

DO ensure that any agency/supply agreement with the Group contains appropriate anti-corruption clauses. Please refer to the Group Company Secretary for further guidance.

DO contact one of the Anti-Corruption Compliance Officers if you identify any unusual payments or expenses (eg payments made to unusual addresses or offshore bank accounts).

5.3 Overseas travel to high risk jurisdictions & facilitation payments

Facilitation payments are illegal. The Guidance sets out a number of public interest factors which will tend against prosecution. These include: where the company has clear procedures

in place that ought to be followed, and were followed when facilitation payments were requested; and where the payment came to light as a result of a "genuinely pro-active approach" involving self-reporting and remedial action.

Factors tending in favour of prosecution include *large or repeated* payments which are more likely to attract a significant sentence, and *failures to follow clear and appropriate facilitation payment policies*. If, however, an individual was in a vulnerable position when he made a facilitation payment, or the payment was small, isolated, and would only attract a nominal penalty, it is unlikely that a prosecution would be in the public interest.

There will be occasions where it will be necessary for officers and individual employees to travel overseas for business purposes to jurisdictions where there is a high risk of bribery and corruption occurring. Countries such as Angola, Indonesia, Nigeria, Uzbekistan, Russia and Iraq are included in the high risk category. Also refer to the attached map at Appendix 1.

Often, the risk of corruption will present itself in the form of a request from a local public official for a small cash payment to secure or speed up routine actions (eg issuing permits, immigration controls, providing services or releasing goods held in customs), to *induce or reward* them to give preferential treatment or to encourage them to *perform a task improperly*.

The Group prohibits these "facilitation" or "grease" payments as they are bribes and illegal. The Group works to ensure that our suppliers, contractors and other third parties do not make facilitation payments on our behalf.

In order to avoid the commission of an offence under the Act, you should adhere to the following:

DO NOT make a payment if requested to do so if you have any doubts about a payment and suspect that it might be considered a facilitation payment, unless the official or third party can provide a formal receipt of written confirmation of its legality.

DO discuss the risk of corruption with one of the Anti-Corruption Compliance Officers if you are due to travel to a high risk jurisdiction;

DO ensure that your travel itinerary is arranged to accommodate any delays (eg at customs) caused by a refusal to pay.

DO, if practicable, obtain prior approval from one of the Anti-Corruption Compliance Officers for the payment. If the demand is accompanied by immediate threat of physical harm then you should ensure your safety first, make the payment and report it immediately to one of the Anti-Corruption Compliance Officers.

5.4 Dealing with Foreign Public Officials

The Group expects you to exercise great care when you interact with a foreign public official (FPO) and to ensure that you act with the highest level of integrity.

The Act makes it an offence to bribe an FPO. A person will be guilty of this offence if they *offer, promise or give a financial or other advantage* to an FPO directly or indirectly with the *intent to influence* the FPO and to obtain or retain business or an advantage in the conduct of business.

A FPO includes any person, whether elected or appointed, who performs public functions in any branch of foreign national, local or municipal government. It includes officials holding a

legislative, administrative or judicial position of any kind. It also covers a person who exercises a public function, such as professionals working for public health agencies and partners in state-owned enterprises. FPO's can also be an official or agent of a public international organisation, such as the UN or the World Bank.

Gifts and corporate hospitality to FPOs may easily fall foul of the Act as it is not necessary to prove that it was provided to the FPO for an improper purpose. It would be sufficient to bring a prosecution if the gift or hospitality was provided with the *intent to influence* the FPO and to obtain or retain business. With this offence in mind, the Group's policy is that the giving of gifts or hospitality to FPOs should be avoided wherever possible. However, there may be occasions where it is customary and lawful to do so (i.e. where the FPO is permitted or required by written law to be influenced in this way).

DO NOT provide any gifts or hospitality to FPO's without first ensuring that it is permitted or required under written law and which are not appropriate, reasonable and bona fide.

DO discuss any concerns regarding the Group's dealings with an FPO with one of the Anti-Corruption Compliance Officers.

DO review the Gifts & Hospitality Policy prior to making any gift or providing any hospitality (including travel or accommodation expenses) to an FPO.

DO obtain prior approval for the making of any gift or the provision of any hospitality to an FPO, regardless of its value.

6 Conclusion

This Compliance Policy has been prepared for you because you need to know all the legal requirements under the Act and the consequences of failing to comply.

This does not mean that you should refrain from doing your job. On the contrary, you are expected to perform your duties on behalf of the Group in accordance with the Group's high business standards of integrity and goodwill. This includes an obligation to be vigilant against any breaches of the Act. These goals can be achieved at the same time as complying fully with the Act through the use of simple, good judgment and adherence to this Compliance Policy.

Your time spent reviewing this Policy is very much appreciated by the Group, and your colleagues, and your adherence to the rules and procedures described here are a key requirement of your role at McBride plc.

Please now consider the following schedules to this Compliance Policy and then sign and date the declaration at the end of this document and return it to the Group Company Secretary, Carole Barnet, at the Middleton office or by email: c.barnet@mcbride.co.uk.

Schedule 1

Gifts & Hospitality Policy

This policy applies to everyone in the Group and covers all gifts and hospitality provided to or received from the Group's customers, intermediaries, suppliers and other business contacts.

During the course of their dealings with the Group's customers, business contacts etc, officers and individual employees may be offered gifts and hospitality. Similarly, officers or individual employees may wish to provide gifts or hospitality to their customers or business contacts. The Group encourages the building of these relationships; however, it is essential that any acceptance of gifts or hospitality by the Group's officers or individual employees should be entirely above criticism. Officers and individual employees must at all times be cautious about accepting or providing gifts and hospitality that could give grounds for suggestions of any impropriety on their or the Group's behalf.

The Group prohibits the giving or receiving of any gifts, hospitality or other expenses that could *influence or be perceived to be capable of influencing* a contractual or material transaction.

Everyone is required to comply with this policy and failure to do so may result in disciplinary action.

A Local Gifts Register will be kept and all officers and employees are required to provide the information set out below to their local HR Manager in order for that information to be retained and potentially provide to a third party, including a prosecutor, such as the Serious Fraud Office, should such a request be made.

1 Gifts

Gifts are given ostensibly as a mark of friendship or appreciation. They are given without an expectation of consideration or value in return. They should not be provided for any purpose other than to enhance relations or to promote the Group.

(a) Gifts Provided to Third Parties

- (i) It is permissible to make token gifts.
- (ii) On occasion, it may be appropriate to make a more generous gift to a customer or business contact (eg where local customs demand that you make gifts). However, before doing so, consideration should be given as to how this would be perceived by an external party. All individual employees and officers should have regard to any possible suggestions of *undue influence* upon a customer or business contact before making a gift and also to whether provision or acceptance of the gift may contravene the recipient's own internal policies. Particular caution should be taken where the gift is to be made to a foreign public official (see section 3 below). Also, there may be tax consequences for the recipient if the value of the gift is more than £250.
- (iii) Approval must be obtained for the making of any gift to a customer or third party, either where the value of the gift is more than £150 (**NB** this may be lower dependent on your local site limits – please consult with your local HR Manager) or where the gift is to be made to a foreign public official (see section 3 below) by using the Gifts and Hospitality Approval form. ([Link 1](#)). **Note** once signed off by the relevant level of management a copy of the form should be retained by you and then sent to your local HR Manager who will also retain a copy for audit purposes. Care should also be taken that several

smaller gifts to the same recipient are not provided thereby breaching the overall limits set out below.

Value of Gift (subject to local limits)	Level of Authorisation
Less than £150	Self authorise
£150 to £500	Line Manager
Above £500	Management Team

- (iv) It is not permissible under any circumstances to give gifts which are:
- illegal;
 - cash or which can be easily converted to cash (eg loans, stock, stock options, all gift certificates);
 - anything as a "quid pro quo", or as part of an agreement to do anything in return for the gift or entertainment; or
 - any gift which is unsavoury, sexually oriented, or which otherwise violates the Group's policies.

This list of gifts is not exhaustive. If you are not certain on whether the gift may be prohibited, please consult with the Group Company Secretary.

(b) **Gifts Received from Third Parties**

- (i) As a general rule, you should not accept gifts except of a token kind (i.e. where the value is estimated to be less than £25). Further, it is not acceptable to make a personal gain out of a business transaction.
- (ii) Where a gift is made of a value in excess of £25 and it would be impractical or offensive to return it (eg due to local customs), it should be declared on the Gifts and Hospitality Approval form ([Link 1](#)), and to your local HR Manager who will determine whether it is appropriate to keep the gift or whether it should be donated to charity.
- (iii) The HR Manager will, in turn, make such declarations to the Management team.

NB the above limit may be lower dependent on your local site policy – please consult with your local HR Manager)

2 Hospitality

- 2.1 Hospitality includes entertaining, meals, receptions, tickets to entertainment, social or sports events with the purpose of initiating or developing relationships with customers, business contacts etc.

2.2 The Group recognises that hospitality is an important part of building relationships with its customers, business contacts etc and should be encouraged. *Sensible and proportionate* hospitality provided for a legitimate purpose is permissible. However, hospitality which is lavish, provided too frequently or leaves the recipient in a position of obligation may indicate the existence of an *improper* purpose and thereby fall foul of the Act.

(a) Hospitality Provided to Third Parties

- (i) The Group will continue to provide sensible and proportionate hospitality as part of its normal customer and business relationship practices. Before offering the hospitality, consideration should be given to how it may be perceived by the recipient and whether acceptance of the offer in itself may constitute the *improper* performance of that individual's role or function. Also, regard should be had to how the hospitality may be perceived by any external party. Repeated hospitality to the same individuals should also be avoided.
- (ii) A host from the Group should always be in attendance at a hospitality event. If the value of the hospitality to be provided exceeds £251 or £100 per person (NB values subject to local limits), approval should be sought by using the Gifts and Hospitality Approval form together ([Link 1](#)) with a Business Case ([Link 2](#)) which should be submitted for approval by your Line Manager or Management Team (depending on the amount involved – see below), setting out the purpose of the hospitality, the invitees and the estimated expenditure. A copy of the form should then be retained by you and a copy lodged with your local HR Manager.

Value of Hospitality (subject to local limits)	Level of Authorisation
£0 to £250	Self authorise
£251 (or £100pp) to £1000 + business case	Line Manager
Above £1000 + business case	Management Team

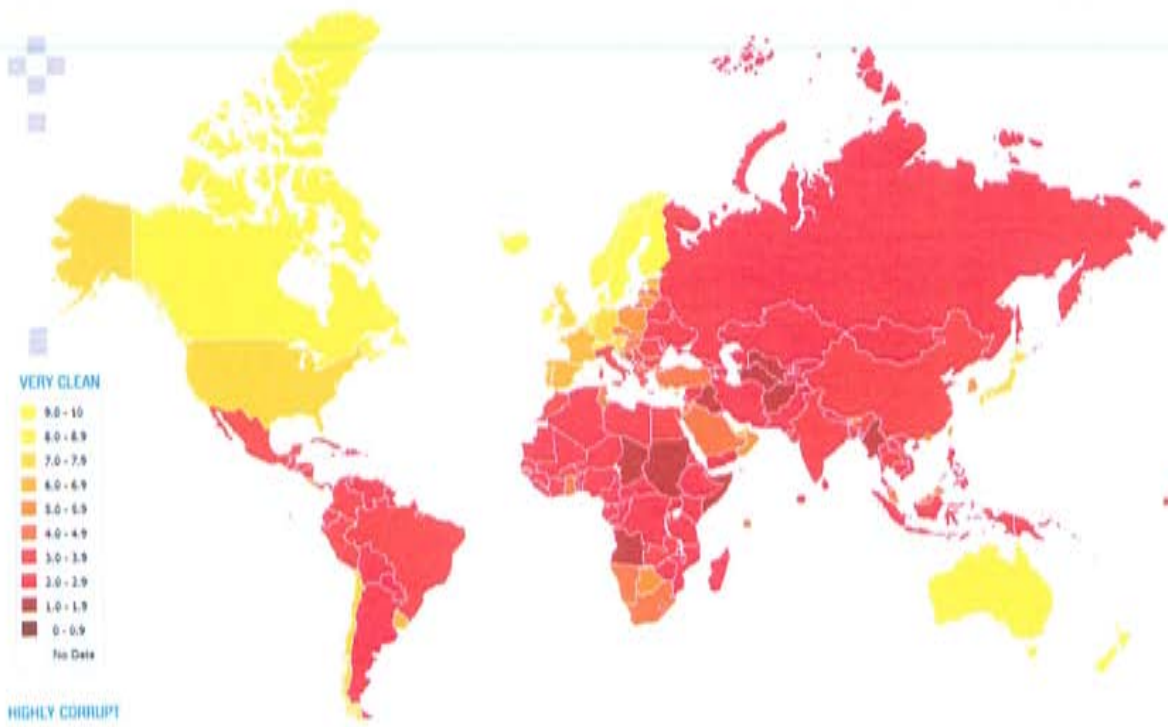
(b) Hospitality Received from Third Parties

- (i) It will be a matter of judgment for each individual whether it is appropriate to accept specific hospitality. However, as a general rule, hospitality should be *sensible and proportionate* and for a *legitimate* purpose. Accepting lavish or extravagant hospitality could easily be misinterpreted by third parties as could repeated hospitality from the same individuals. You should also consider the *timing* of any offer of hospitality, such as just before or during a contract negotiation, and how that may be perceived by a third party. If you feel that acceptance of the hospitality would leave you in a position of *obligation*, you should politely refuse to accept it.
- (ii) Where the estimated value of the hospitality being offered is more than £250 or £100 per person (subject to local limits), you should declare this on the Gifts and Hospitality Approval Form ([Link 1](#)) which should be submitted to your Line Manager who will authorise it if, in their judgment having

considered all the relevant factors, they consider it appropriate. When estimating the value of the hospitality offered, you should also consider the additional costs involved in overseas visits and your reasons for attending. For example, an invitation to speak overseas may mean that it is acceptable for a third party to meet some or all of your travel and / or accommodation costs whereas it may not be appropriate for a third party to pay these costs to attend a sporting or other cultural event.

3 Gifts or Hospitality provided to Foreign Public Officials

- 3.1 The Group expects you to exercise great care when you interact with a foreign public official (FPO) and to ensure that you act with the highest level of integrity. The Group's policy is that the giving of gifts to FPOs should be avoided wherever possible.
- 3.2 However, there may be occasions where it is customary and lawful to do so and in these circumstances, any gifts or hospitality provided to FPO's should be appropriate, reasonable and bona fide.
- 3.3 If the gift or hospitality is intended to *influence* the FPO in his capacity as such, the FPO must be permitted or required by written law so to be influenced. Otherwise, this provision of the gift or hospitality may be an offence under the Act.
- 3.4 Prior approval must be obtained for the making of any gift or the provision of any hospitality to a FPO², regardless of its value. Please complete the Gifts and Hospitality Approval form ([Link 1](#)) and send to your Divisional Managing Director.



ANTI-BRIBERY AND CORRUPTION COMPLIANCE DECLARATION

I declare that I have read and understood McBride plc's Anti-Bribery and Corruption Compliance Policy. I undertake to comply with the rules prohibiting bribery and corruption and to this end I will follow the procedures described in the Compliance Policy requiring me to raise any concerns which I have as to whether the activities which I undertake on behalf of McBride plc, or of which I am aware through my employment / service at McBride plc, comply with anti-bribery and corruption law.

.....
Signature of Officer/Employee

.....
Date

Please return signed and dated declaration to the Group Company Secretary, Carole Barnet, at the Middleton office or by email: c.barnet@mcbride.co.uk.