

Cardel
Anti-Bribery & Anti-Corruption
Policy and Procedure

(V5.0 June 2017)

Anti-Bribery and Anti-Corruption Policy (the “Policy”)

This policy sets out the general rules and principles to which we adhere in combating bribery and corruption in our business in the UK and overseas. It will be communicated to all subsidiaries and employees of the Cardel Group Limited (collectively “Cardel”) as well as relevant third-party representatives. Those who work in areas within our business identified as being particularly high risk will receive additional training and support in identifying and preventing corrupt activities.

Cardel will not engage in bribery or corruption in any form and has a **zero tolerance** approach to any breach of the Policy, whether it involves private individuals, companies or public officials.

Cardel must not offer, give or receive, directly or indirectly, money, benefit in kind or anything else of value to (or from) any person, in order to obtain or retain business or secure an improper advantage.

All of Cardel’s activities whether in the UK or overseas must be managed in full compliance with this policy and with all applicable legal and regulatory anti-bribery and anti-corruption obligations. Such compliance extends not only to UK legislation but to any legal and regulatory obligations in any other territory.

This policy explains the procedures through which Cardel will maintain its high ethical standards and protect its reputation against any allegations of bribery and corruption. Its successful implementation requires pro-active adoption at all levels: Each director, manager and employee will be required to read and understand all aspects of this policy and abide by it;

Local management will ensure adherence to this policy. Cardel’s overall compliance with the requirements of this policy is the responsibility of the Cardel Chief Executive Officer (CEO)

The Cardel Board will assist each business unit with continuous refreshing and reinforcing of this policy.

Signed: CEO

Dated: 2017

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Cardel Anti-Corruption and Anti-Bribery Policy 2017

1. Introduction:

It is Cardel's policy to conduct business in an honest way, without the use of corrupt practices or acts of bribery to obtain an unfair advantage.

Cardel appreciates the importance of honest and ethical behaviour in relations with stakeholders and are proud of high ethical standards, but recognise it cannot be complacent about the threat of bribery and corruption in our business.

Cardel is committed to ensuring openness and transparency which commits us never to engage in bribery, or any form of unethical inducement or payment, including facilitation payments and 'kickbacks'. This policy is part of those commitments.

The UK Bribery Act 2010 (the "Act") creates offences and penalties for bribery and corruption. The Act also creates a corporate offence of failure to prevent bribery and requires us to implement adequate procedures in order to prevent bribery.

This policy sets out the responsibilities of Cardel in preventing bribery and corruption and how we will implement adequate procedures to do so.

2. The Bribery Act:

The Act came into force on 1 July 2011. It aims to meet the challenges of modern bribery and corruption, which previous legislation failed to address.

The Act introduces four main criminal offences relating to bribery, which are:

- offering, promising, or giving a bribe;
- requesting, agreeing to receive, or accepting a bribe;
- Bribing a foreign public official to obtain or retain a business advantage; and
- Corporate failure to prevent bribery by any associated person.

The first three offences relate to conduct by individuals, companies and other legal entities, whereas the fourth offence applies to relevant third party organisations. These organisations can be incorporated in the UK or overseas that carry on a business or part of a business in the UK or overseas. A senior officer of a company or organisation will also be liable if the company or organisation commits one of the first three offences with his consent or connivance (in other words, where that officer turns a blind eye to corrupt activity).

In respect of the corporate offence of failure to prevent bribery, liability arises where an associated person acting on Cardel's behalf bribes another person intending to win or retain business for the organisation or an advantage in the conduct of the organisation's business. However, an organisation has a defence if it can demonstrate that it had put in place adequate procedures designed to prevent bribery.

It is therefore in your interests, as well as those of Cardel, to act with propriety at all times.

By breaching this Policy and Procedure or any of the applicable laws you could be committing a serious criminal offence, which may result in a large fine for Cardel and or/imprisonment for those individuals involved.

3. Definition:

For the purposes of this policy, bribery occurs when one person offers, promises, gives, seeks, or accepts a payment, loan, gift, favour, or a financial or other advantage from another to influence a business outcome improperly, or to induce or reward improper conduct.

Acts of bribery or corruption are designed to influence the individual in the performance of their duty and encourage them to act dishonestly. For the purposes of this policy, whether the payee or the recipient of the bribe or inducement works in the public or private sector is irrelevant.

The person being bribed is generally someone who will be able to obtain, retain or direct business. This may involve sales initiatives, such as rendering and contracting, or it may simply involve the handling of administrative tasks such as licences, customs, taxes or import/export matters. It does not matter whether the act of bribery is committed before or after the rendering of a contract or the completion of an administrative task.

Bribery and corruption (whether involving government officials, or commercial entities, including joint ventures) can be direct or indirect through third parties like agents, brokers and joint venture partners. It also includes facilitation payments even though in some countries such facilitation payments are legal.

4. Who can engage in Bribery and Corruption?

In the eyes of the law, bribery and corruption behaviour can be committed by:

- an employee, manager, or director;
- any person acting on behalf of the Company (third-party representatives);
- individuals and organisations where they authorise someone else to carry out these acts.

Under the Act, Cardel is required to put procedures in place to prevent bribery by any individual or organisation that performs services for or on behalf of Cardel. Consequently, this policy applies to every employee, contractor, and director in every business unit and in every joint venture operation under Cardel's control.

Contractors, consultants, supplier, agents or who are working on Cardel's behalf or name, through outsourcing of services, processes, or any business activity, will be required to act in accordance with this Policy.

Independent contractors, consultants and suppliers will be made aware of the Policy as it applies to Cardel's dealings with them.

5. Role of Senior Management:

The Board of Cardel is committed to preventing bribery and corruption. However, senior management also plays an important role in setting the tone on bribery and corruption throughout the organisation and, where it is engaged with the anti-bribery message, it will help to foster a culture where bribery is unacceptable.

Senior management will communicate its commitment to preventing bribery to all stakeholders, including customers, suppliers, and employees. The format, frequency and content of senior management's anti-corruption message will depend on whom the communication is for, the nature and size of the organisation and the issues that it faces following the principle of risk assessment and proportionality.

6. Policy:

Cardel does not tolerate any form of bribery or corruption.

You must not offer, pay, make, seek or accept a personal payment, gift, loan or favour in return for favourable treatment or to gain any business advantage. You must follow the UK anti-bribery and corruption laws to which you and Cardel are subject (remembering that UK anti-bribery and corruption laws apply wherever we are operating).

You are liable to disciplinary action for gross misconduct, dismissal, legal proceedings and possibly even criminal prosecution and imprisonment if involved in bribery and corruption.

You must ensure that the people who work for and with you understand that bribery and corruption is absolutely unacceptable.

You must comply with Cardel's procedures for the prevention of bribery and corruption.

7. Adequate procedures:

Anti-bribery and corruption procedures is a business priority. Cardel will regularly and systematically identify bribery and corruption risks in its business and implement adequate risk-based procedures aimed at preventing bribery and corruption occurring including:

- **Communication** – Cardel will communicate this policy and other relevant guidance to all employees across Cardel, through our established internal communication channels. We will also communicate this policy to our suppliers, contractors and business partners and wider stakeholders.
- **Training** – Cardel will ensure that all staff receive training appropriate to their activities and associated risks.

- **Books and records** – Cardel will maintain adequate books and records which accurately, properly, and fairly document all financial reporting and transactions. It will maintain written evidence to record compliance with this policy. False, misleading, or inaccurate records of any kind which could potentially lead to or fail to disclose bribery and corruption will not be tolerated under any circumstances
- **Audit** – Our internal control systems will be subject to regular internal and independent audit to provide assurance that they are effective in countering bribery and corruption.

8. Where do Bribery and Corruption Risks Typically Arise?

Bribery and corruption risks typically (but not exclusively) fall within the following categories:

A. Associated Persons:

The corporate offence of failure to prevent bribery renders commercial organisations liable where an associated person bribes another person with the intention of obtaining or retaining business or a business advantage for the organisation.

It places a strict liability on the organisation, which means that it does not need to have approved the bribe, or to have known about the bribe, to be liable.

An associated person is anyone who performs services for or on behalf of the organisation. The Act includes a presumption that the organisation's employees are associated persons. The Human Resources Department will help the organisation to identify associated persons, including members of staff and other persons.

Further, workers, self-employed contractors and agency workers also come within the definition of associated person where they perform services for and on behalf of the organisation, as do subsidiaries, joint-venture partners, service providers, consultants, agents and contractors of other kinds.

B. Use of Third-Party Representatives:

Cardel expects third parties to comply with this Policy, or equivalent requirements, when acting on behalf of or otherwise representing the Company.

The definition of a third-party is broad, and could include agents, distributors, consultants and joint venture partners. Whilst the use of third-parties can help us reach our goals, we need to be aware that these arrangements can potentially expose Cardel to significant risks.

Risk of bribery can be exacerbated where a third-party conducts business activities on Cardel's behalf and the result of their actions can be seen as benefitting Cardel.

Third-parties who pose significant risks and act on Cardel's behalf must operate at all times in accordance with this policy.

Senior Management is responsible for the evaluation of each third-party relationship and determining whether or not it falls into this category.

Where risk regarding a third-party arrangement has been identified, management must:

- Evaluate the background, experience and reputation of the third-party;

- Understand the services to be provided, and methods or compensation and payment;
- Evaluate the business rationale for engaging the third-party;
- Take reasonable steps to monitor the transactions of third-parties appropriately; and
- Ensure there is a written agreement in place which acknowledges the third-party's understanding and compliance with this policy (see below).

Cardel is ultimately responsible for ensuring that third-parties who pose any risk are compliant with this policy as well as any legal requirements. Ignorance or "turning a blind eye" is not an excuse.

The CEO of Cardel will make available guidelines, principles and methodologies for the evaluation and vetting of third-parties if necessary, in addition to those identified below. If there are any doubts you should consult with the Cardel CEO where necessary and provide regular updates.

Cardel's stance on anti-bribery and corruption must be brought to the attention of all third parties identified as posing a risk who should:

- (i) undertake to comply with the Policy (or its equivalent) in all dealings on our behalf; and
- (ii) undertake that any sub-contractor engaged on behalf of Cardel's will agree to comply with the Policy, and will be managed by the third party to ensure compliance.

Before starting work for, or representing Cardel, such a third party will sign up to comply with the Policy, (a template clause for inclusions is found in the schedule supplied). Third parties who are unable or unwilling to comply must not be engaged.

Where improper conduct by third parties is identified or suspected, it must be reported to the Cardel FD or CEO immediately. If there is any suspicion that senior management are involved with the improper conduct, employees should contact the Chairman, David Hughes (on.....) or a representative of Lloyds Development Capital.

No payments should be made through or to a third party (or any other intermediary) if you know or suspect that all or any part of the payment will be used for a purpose which breaches this policy.

C. Gifts, Entertainment and Hospitality:

Cardel, its business partners and anyone engaged by or on its behalf must never use gifts, entertainment and/or hospitality to improperly influence the business decision-

making processes or cause others to perceive an improper influence. The use of gifts and hospitality in this manner constitutes an improper payment for the purposes of the Company's policy on bribes and facilitation payments.

Gifts, entertainment and hospitality include the receipt or offer of gifts, meals or tokens of appreciation and gratitude, or invitations to events, functions or other social gatherings, in connection with matters related to our business. These activities are acceptable provided they fall within reasonable bounds of value and occurrence and are, above all, proportionate.

How to evaluate what is 'acceptable':

First, take a step back and ask yourself the following:

- What is the intent – is it to build or develop a relationship, better present our products, improve our image or is it something else?
- How would this look if these details were on the front of a newspaper?
- What if the situation were to be reversed, would there be a double standard?
- Does the hospitality provided exceed what recipients would normally be prepared to pay for themselves?

If you find it difficult to answer one of the above questions, there may be a risk involved which could potentially damage Cardel's reputation and business. The action could well be unlawful.

Although no two situations are the same, the following guidance should be considered throughout the business:

Never acceptable:

Circumstances which are never permissible include examples that involve:

- a 'quid pro quo' (offer for something in return);
- gifts in the form of cash/or cash equivalent vouchers; and
- entertainment of a sexual or similarly inappropriate nature.

As a general rule, Cardel's employees and third-parties should not provide gifts to, or receive them from anyone, especially from a government or other official.

We should not extend hospitality to relatives, friends or guests of agents, suppliers, contractors, customers or government officials. Any hospitality which is extended must be proportionate and not excessive.

Usually acceptable:

Possible circumstances that are usually acceptable include:

- modest/occasional meals with someone with whom we do business;

- occasional attendance at ordinary sports, theatre and other cultural events; and
- gifts of nominal value, such as pens, or small promotional items.

The key is that gifts and hospitality are not excessive, but are appropriate and proportionate for the occasion and not conditional.

Any other gifts, entertainment or hospitality must be approved by Cardel's CEO who will, if necessary, establish a monetary range of acceptable values for gifts, meals and entertainment for each business unit.

Transparency is key:

Each business unit will be required to declare hospitality using Cardel's expenses policy.

Any form of gift, entertainment, or hospitality, given, received or offered, which meets or exceeds any limit imposed must be appropriately recorded.

Any which exceeds any upper limit will need prior approval by the Cardel CEO. In the event that an impermissible form of gift, entertainment or hospitality has been accepted, you must appropriately record the transaction within the policy and contact the Cardel's CEO immediately

You must submit all expenses claims relating to hospitality, gifts or payments to third parties in accordance with our expenses policy and record the reason for such expenditure.

You must also keep a written record of all gifts and hospitality given or received, which will be subject to review by your line manager.

D. Facilitation Payments:

Facilitation payments (i.e. the making of payments or gifts to persons in order to speed up or facilitate decisions, processes or actions) are against the Policy and are illegal within the UK.

Current UK legislation makes no distinction between facilitation payments and bribes, regardless of size or local cultural expectations, even if that is "how business is done" in certain territories.

The Policy is that facilitation payments must not be paid. If you are asked for such a payment, you should inform the Cardel CEO immediately.

If you are unsure whether certain payments which resemble the definition of facilitation payments are permissible, please contact the Cardel CEO.

9. Training:

Cardel is committed to ensuring that new and existing staff are aware of our compliance programme. There will be, therefore, a training programme for all employees identified by risk assessment in Anti-Bribery and Anti-Corruption procedures.

10. Potential employees:

When recruiting key employees, or those in at-risk roles, the Human Resources Department should determine, based on risk and the pre-employment due diligence that Cardel undertakes to determine whether or not there are corruption or reputational concerns about the individual's previous activities or employment.

HR should determine whether or not Cardel adopts objective criteria at all stages of the recruitment process, including in its job advertisements, when it makes decisions on whom to interview and when it makes final selection decisions.

11. Political Contributions:

We do not make donations, whether in cash or kind, in support of any political parties or candidates, as this can be perceived as an attempt to gain an improper business advantage.

12. Charitable Contributions:

Charitable support and donations are acceptable (and indeed are encouraged), whether of in-kind services, knowledge, time, or direct financial contributions.

However, employees must be careful to ensure that charitable contributions are not used as a scheme to conceal bribery. We only make charitable donations that are legal and ethical under UK laws and practices. No other donation must be offered or made without the prior written approval of the Cardel CEO.

13. Responsibilities:

The CEO has primary accountability for our anti-bribery and anti-corruption efforts as the Compliance Officer and shall report the results of adherence to this policy at least annually to Cardel's Board of Directors.

Divisional Directors / Senior Managers are accountable for implementing this policy within their business units and reporting to the Cardel CEO at least once a year.

14. Reporting actual or potential violations and seeking guidance:

You must report actual, potential or suspected corruption in Cardel or by any individual or organisation with whom Cardel does business to the Cardel CEO immediately. Failure to do so may result in liability for Cardel and for you personally.

You must report any request for an improper payment, or any indication that a person might be making corrupt payments or that a person has an intention or plan to violate this policy.

You have a similar obligation to report any information or knowledge of any hidden fund or asset, of any false or artificial entry in Cardel's books and records, or any payment that circumvents Cardel's internal financial processes.

Reports must be made immediately. Your report must be made to the Cardel CEO or on an anonymous basis using our Whistle Blowing procedures outlined in the Staff Handbook.[DO WE HAVE ONE?]

If any instance of bribery or corruption is suspected or identified, an investigation will take place led by the Cardel CEO.

You can also contact the Human Resources Department in order to make suggestions for how we could improve this policy and our other procedures.

15. Your responsibilities:

You must ensure that you read, understand and comply with this policy at all times. The prevention, detection and reporting of bribery and other forms of corruption are the responsibility of all those working for us or under our control. All employees are required to avoid any activity that might lead to, or suggest, a breach of this policy.

You must notify your line manager OR the Cardel CEO immediately if you believe or suspect that a conflict with or breach of this policy has occurred, or may occur in the future.

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

16. Conclusion:

It is the ultimate responsibility of the main board routinely to review and reinforce this policy wherever necessary and its underlying principles and guidelines under the overview of the Cardel's CEO are responsible for the establishment and ongoing day to day monitoring of sections 6, 7 and 8 of this policy.

Decisions as to what is acceptable may not always be easy. If anyone is in doubt as to whether a potential act constitutes bribery the matter should be referred immediately to a senior manager before proceeding. If necessary, guidance should be sought from HR or the Cardel CEO.

Appendix 1

Gifts, Hospitality & Entertainment Approval Authority					
Nature of Transaction	Senior Manager	Finance Director	Head of Sales / Sales Director	CEO	Board
Charitable Donations	Can propose donations	Can propose donations	Can propose donations	Approval Value to £250	Value above £250
Gifts	Can recommend but not authorised to give gifts without prior approval	Can recommend but not authorised to give gifts without prior approval	Can recommend but not authorised to give gifts without prior approval	Approval of CEO required for gifts value to £250 (goods only, no cash payments permitted)	Values above £250
Meals & Refreshments	Pre-authorisation of CEO required	Approval Value up to £25 per head, max £150 total	Value up to £25 per head, max £150 total	Approval Value to £1,000	Values above £1,000
Hospitality	Not authorised	Not authorised	Can propose but not authorised to proceed without approval of CEO	Approval Value to £2,500	Values above £2,500
Sponsorship	All sponsorship requires CEO approval	All sponsorship requires CEO approval	All sponsorship requires CEO approval	All sponsorship requires CEO approval. Recurring costs subject to Cardel Chart of Authority	Approval in line with Chart of Authority
Statutory Permits	Not authorised	Yes	Not authorised	Yes	Notification as relevant

All Gifts, Hospitality and Entertainment must be recorded in Cardels "Gifts, Hospitality and Entertainment Register"