

VESUVIUS plc
Anti-Bribery and Corruption Policy
BUSINESS CONDUCT TO PREVENT BRIBERY AND CORRUPTION

Policy:	Anti-Bribery and Corruption (ABC)
Corporate Responsibility:	General Counsel
Version:	2.1
Last updated:	October 2017

This Procedure must not be amended without the approval of the office of the General Counsel and Company Secretary of Vesuvius plc.

Introduction

This Policy provides guidance on business ethics and supplements the principles set out in the Vesuvius Code of Conduct to show that all Vesuvius entities operate fairly, transparently and with integrity.

The aim of this Policy is to:

- set out the responsibilities for all Vesuvius directors, officers and employees, and those working for us, in observing and upholding our zero-tolerance position on bribery and corruption; and
- provide information and guidance to those working for us on how we recognise and deal with bribery and corruption issues.

Vesuvius will give its full support to anyone refusing to pay a bribe whatever the inconvenience, loss of business or extra costs involved for Vesuvius. However, in all circumstances, you must not take any step which is likely to endanger either your or another person's safety.

Violation of this Policy represents serious misconduct, and may result in an internal investigation and disciplinary consequences, up to and including dismissal. The consequences of breaching this policy for both Vesuvius and individuals can be serious and result in fines and/or imprisonment.

If you suspect that any director, officer or employee of Vesuvius, or any other person acting for or on behalf of Vesuvius, may have acted in violation of the Code of Conduct or this Policy you must report this to the Company promptly. No employee will be penalised or disadvantaged for reporting suspected misconduct.

Scope

This Policy applies:

- to all directors, officers and employees of Vesuvius, and where appropriate, to third parties performing services on behalf of Vesuvius;
- throughout the Vesuvius group, including Vesuvius plc and its subsidiaries ("**Vesuvius**"), irrespective of the country where business is conducted and/or a business unit is situated.

The principles contained in this Policy must be applied in all countries, even if they are more stringent than local law. Where local laws are more stringent than this Policy, then those local laws must also be complied with.

It is never acceptable to use personal funds to accomplish what would otherwise be prohibited by the Vesuvius Code of Conduct or this Policy.

1. Policy Statement

- 1.1 Vesuvius will not tolerate corrupt practices of any kind in the conduct of its business.
- 1.2 No one at Vesuvius will engage in any form of bribery – i.e. we must never promise money, reward, favour or a benefit to a person or Public Official¹ to improperly influence the conduct or judgement of that person.
- 1.3 Therefore, no Vesuvius director, officer or employee or Third Party² acting on behalf of Vesuvius will:
 - Offer a bribe to any person;
 - Accept a bribe from any person; and/ or
 - Engage in any form of indirect bribery by offering or receiving any bribe through a third party.
- 1.4 Everyone at Vesuvius must show that all our business is performed to the highest ethical standards and complies both with this Policy and all applicable anti-bribery and corruption laws.

Bribery and Corruption Risks

2. Third Parties

Guidance: Vesuvius can be held responsible for acts of bribery by its Third Parties³. Therefore, Vesuvius desires only to do business with Third Parties that demonstrate the same ethical values as Vesuvius.

- 2.1 All Third Parties acting on behalf of Vesuvius must comply with applicable anti-bribery and corruption laws. In addition, they must be made aware of this Policy, to promote higher standards of ethical business conduct generally.
- 2.2 Third Parties must not be used to perform acts on behalf of Vesuvius that would otherwise violate this policy or applicable anti-bribery and corruption laws.
- 2.3 Agents, Distributors and all other Third Parties must be appointed in line with the *Policy on Appointing Agents and Third Parties* which includes carrying out appropriate due diligence checks.

3. Gifts, Hospitality and Entertainment (GH&E)

Guidance: Offering gifts, hospitality or entertainment is a form of courtesy that is common business practice in many countries. In moderation, it is an important tool for building and maintaining relationships. In excess, or used inappropriately, it could be regarded as a bribe. If a gift, entertainment or hospitality is intended, or could be interpreted, as a reward or encouragement for a favour or for preferential treatment, then it is not permitted under this Policy.

¹ See Definitions

² See Definitions

³ See Definitions

- 3.1 Vesuvius will not use gifts, hospitality or entertainment to:
- Obtain any improper business advantage;
 - Influence any business decision improperly;
 - Manipulate the judgement of the recipient; or
 - Create a sense of obligation to treat Vesuvius favourably.
- 3.2 Gifts must be given openly, unconditionally, must be of modest value. Hospitality and entertainment must be business appropriate in nature, and only be offered and accepted for appropriate purposes at a level proportionate to the status and seniority of those involved.
- 3.3 All gifts, hospitality and entertainment must comply with and be recorded in line with the Vesuvius GH&E Procedures. Any deviations from this Policy or the GH&E Procedures must be approved in advance in writing by Senior Management in accordance with the governing policy.
- 3.4 Gifts, hospitality or entertainment can only be made to Public Officials or Government Officials and entities in accordance with the GH&E Procedures.

4. Donations & Sponsorship

Guidance: Vesuvius can play a role in society and in supporting the communities in which it works – through support of local charities and initiatives, and in sponsoring legitimate commercial undertakings. However, charitable donations and sponsorships can be used as a channel for bribes.

- 4.1 Where Vesuvius supports charities, particularly those in its local communities, this must not be made at the request of customers and/or business partners, unless approved in advance in writing by Senior Management.
- 4.2 All charitable donations whether made in cash or by way of contribution to charitable events, publications or fundraising initiatives must be approved in advance by Senior Management.
- 4.3 Sponsorship of a certain cause or event, made in return for publicity associated with such support, may be undertaken where this is publicly visible and generates a commercial or community benefit for Vesuvius in being seen to participate as a sponsor. Approval in advance must be obtained from Senior Management.
- 4.4 Vesuvius forbids gifts or donations to political parties.

5. Facilitation Payments

Guidance: Facilitation Payments⁴ (also known as grease or speed payments) refer to small amounts paid to public officials to persuade them to do their job or to speed up a process that they would otherwise perform. Such payments are, in fact, bribes and are illegal under the UK Bribery Act.

- 5.1 Facilitation Payments are prohibited by this Policy.
- 5.2 Where an individual is forced to make such a payment, for example under duress or where they are physically intimidated or threatened by the request for a Facilitation Payment, they should not put themselves at risk and may make the payment.

⁴ See Definitions

- 5.3 Where a facilitation payment is made (due to the circumstances set out in paragraph 5.2), it must be reported to your local Finance Director immediately to ensure the payment is recorded clearly in our financial records.

6. Dealing with Public Officials

Guidance: Vesuvius needs to interact with government, regulatory authorities, government agencies, and public officials to undertake its business operations – in areas such as Permits, IP registration and environmental matters. These interactions must be transparent and undertaken with integrity, with employees operating to clear principles, guidelines and rules.

- 6.1 No Vesuvius director, officer or employee, or Third Party working on behalf of Vesuvius, must ever induce a Public/Government Official to violate his or her duties.
- 6.2 Gifts, hospitality or entertainment can only be made to Public Officials or Government Officials and entities in accordance with the GH&E Procedures.
- 6.3 There are circumstances where Vesuvius must **by written law**⁵ pay for the services of Public Officials e.g. customs clearances or visits from the environmental regulators. We expect such officials to fulfil their legal and regulatory duty and that any fee paid has a legal basis. Where possible, documentary evidence of the necessity for these payments should be obtained before any such payment is made together with a receipt. Additional payments or gifts must not be made to such officials.

7. Promotional Activities

Guidance: Marketing is a fundamental part of business, and if undertaken correctly a valuable tool for business support and development. However, marketing must never be of a nature, or associated with hospitality or entertainment, such that it could be perceived to be an attempt to improperly influence a business outcome.

- 7.1 Where Vesuvius organises:

- site visits for potential customers; or
- events for the promotion of its products or education about their use,

these must be for the sole purpose of technical discussion and the exchange of business information. In each case, any associated hospitality or entertainment must be business appropriate, proportionate and comply with this Policy and the GH&E procedures.

8. Bidding and Tendering

Guidance: Tendering or bidding for major contracts – particularly with governmental organisation – creates additional compliance risks because of the financial value attached to such contracts.

- 8.1 Where a Red Flag⁶, or any other concern about the transparency or ethical conduct of a tendering process cannot be resolved or remediated, Vesuvius will withdraw from the tendering process.

⁵ Not by custom or practice

⁶ See Definitions

9. **Market Access (Acquisitions and Joint Ventures)**

Guidance: Vesuvius is liable for the actions of the directors, officers and employees of companies that it acquires, and may also be liable for the past actions of acquisition companies or joint venture partners.

- 9.1 All proposed acquisition and joint venture transactions, or other market entry strategies, must undergo appropriate ethical due diligence before formal contract negotiations are concluded.
- 9.2 A formal compliance review of acquired companies, including their third-party relationships, must be completed as soon as practicable after a transaction has completed, no later than 6 months after the date of acquisition.

10. **Outside Interests**

Guidance: Outside Interests and connections to Public Officials do not of themselves create a problem. Problems are created when the relationship is not transparent and improper influence is either used or perceived to be used. Personal connections to a public official may lead to a conflict of interest on the behalf of that official when making a decision that affects Vesuvius, and which could in turn lead to the appearance of a bribe. Outside Interests may present conflicts when they impact your role and responsibilities at Vesuvius.

- 10.1 Vesuvius employees and other individuals working for Vesuvius must not misuse their position to achieve personal benefit.
- 10.2 Vesuvius employees and other individuals working for Vesuvius must declare to Vesuvius, in line with the applicable Outside Interest procedure:
- any Outside Interests⁷ that they have; and
 - all connections with Public Officials or Government Officials

so that any conflicts can be understood and managed.

Compliance and Oversight

The management of each Business Unit or Global Function is responsible for implementing this Policy and enforcing its requirements in respect of the employees under their responsibility.

Approval of payments, gifts and expenses must be in line with the GH&E Procedures. Internal Audit will monitor the implementation of the Policy and GH&E Procedures and will test compliance. The Group Legal Department is also available to answer any questions.

Breaches or potential breaches of this Policy

All employees are required to take personal responsibility for conducting business in line with Vesuvius's ethical values and in compliance with applicable laws including reporting concerns or suspicions regarding any compliance breaches. Concerns can be reported to your line manager, the Legal team or confidentially through the Employee Concern Helpline (Speak up).

Further details are contained in the Vesuvius Speak Up Policy.

⁷ See definitions

Training/further guidance

Selected employees will be required to attend training explaining the Policy and the regulatory context (illustrated with practical examples) and to complete an online training programme supplementing the information in this Policy. If you are not selected but would like to receive training, please contact your Finance Head or any member of the Legal Department.

Questions

If you have any questions regarding this Policy, please contact either your line manager, the Country Finance Head or any member of the Legal Department.

Appendix 1 - Definitions

A **Bribe** is:

- any advantage, financial or otherwise....
- that is promised, offered or given to someone....
- to influence them....
- to perform improperly a function or activity....
- in their official capacity....
- for the purpose of obtaining or retaining business....
- or to reward them for having done so.

A bribe doesn't have to be money. Anything that creates an advantage for the recipient can be a bribe – e.g. lavish entertainment, giving a customer's son or daughter a job, making a donation to a government official's favourite charity. The advantage doesn't have to be handed over - offering or promising it is enough.

Public Official / Government Official is an individual who:

- holds a legislative, administrative or judicial position of any kind, whether appointed or elected, or
- exercises a public function directly for or on behalf of a country or government (or any subdivision of such a country or territory), or indirectly through any public agency or public enterprise of that country or territory (or subdivision), or
- is an official or agent of a public international organisation. (e.g. the UN), or
- an employee of a government owned business (e.g. an employee of a State-owned entity), or
- any political party, official of a political party, and any candidate for political office; or
- the relatives of any Public Official.

Third Party: a third party is defined as any individual, persons or organisation performing services for Vesuvius or on behalf of Vesuvius. It includes sales agents, distributors, consultants/advisers and other intermediaries, contractors, and subcontractors (and can include government and public bodies).

Facilitation payments are payments made to secure or expedite the performance of a routine action by a government official or agency (e.g. issuing licences or permits, processing goods through customs). Also known as "grease" or "speed" payments.

Outside Interests: The personal, private, business, charitable or political interest of an employee or officer of a Vesuvius company (or close family member or business associate) that they have outside their responsibilities to Vesuvius. For example:

- Ownership/directorship of a business or company
- Working for/supporting a specific charity, political society or business association
- Relation to or connection with a government official.