



Fraud, Anti Bribery and Ethical Behaviour Policy

Introduction

As a private business with strong family values and long-standing business relationships over 50 years, HPC plc values its reputation for ethical behaviour and integrity. The Company seeks to promote and maintain a culture of honesty and high ethical standards and takes a zero tolerance approach towards all forms of fraud, bribery, theft, deception, corruption, collusion, exploitation and dishonesty.

HPC plc expects high standards of professional, ethical and trustworthy behaviour from all its employees and from all third parties who perform services on its behalf. The Company expects its employees to act with openness, honesty & integrity whilst respecting the rights of others in all aspects of their work. HPC expects its service providers to adhere to the Policy or to have equivalent policies in place, and be able to demonstrate compliance with their Policy.

This Policy is fully supported by the Senior Management team and Directors of HPC plc.

1. Fraud and Anti Bribery

The Bribery Act came into force on 1st July 2011 and made it an offence to offer, promise or give a bribe or to request, agree to receive or accept a bribe. A bribe may be in the form of money or as another inducement to obtain or retain a business advantage. Anyone who falls foul of its provisions could be fined and imprisoned for up to 10 years and the Company could face unlimited fines. Those who may be affected include employees, agents, managers and officers of the Company.

HPC plc is committed to preventing fraud, bribery and corruption by its staff, associates or suppliers and expects honest and trustworthy behaviour from all parties it does business with.

The forms of fraud, bribery and corruption are not always obvious. Accordingly, no member of staff or associate of HPC plc should

- offer any payment, gift, hospitality or other incentive to any customer, either existing or potential, which may be construed as an inducement to secure advantage;
- accept any payment, gift, hospitality or other incentive from any supplier, either existing or potential, which may be construed as an inducement to secure advantage.

This policy should be conveyed in writing to any person or organisation acting for the Company, where the nature of their involvement could involve the payment or receipt of inducements to secure or improve the terms under which the Company carries on its business.

Employees and associates of the Company must be aware, whilst they may not have actually given or received a bribe or other inducement that the **perception** of taking or giving of a bribe is just as damaging to both their personal and to the Company's reputation.

Hospitality and gifts

As a general rule, HPC plc does not offer or accept corporate hospitality or gifts.

The government has recognised that bona fide hospitality and gifts are an important part of doing business. The guidance gives some examples of what would be 'extremely unlikely' to contravene the law. e.g. taking clients to a rugby match at Twickenham is likely to be outside the scope of the Act. However, if a company chose to take its client to a foreign destination to attend a sporting event and put them up in lavish accommodation, this may well be questioned.

Sensible, reasonable hospitality, gifts or promotional expenses and business trips that, in their broader context, are not aimed at influencing performance and decision making, will not be caught by the Act. It is only where the payment, gift or hospitality is lavish, or has the ability to influence or reward improper



performance by the recipient, that the payment is likely to be considered a form of bribery. Also, caution should be taken where a relatively small gift to a sole or key decision maker at an inappropriate time (e.g. around the time of a tender bid) may be caught by the Act if the gift could elicit the improper performance of that function.

The offering or acceptance of any form of corporate hospitality or gift must be approved in advance by a Director of HPC plc.

Any hospitality or gifts must be given or received openly, infrequent in nature, made without obligation for a legitimate business purpose, be appropriate in value and form, and must be of the type that that an employee could reasonably be expected to reciprocate, given their position within the Company.

All gifts provided by third parties to employees of HPC plc as part of their employment must be accepted for and on behalf of HPC plc and sent to the HR department where they will be stored and distributed fairly across the Company. Gifts must **not** be in the form of cash or convertible to cash, for example, vouchers.

Should an employee or associate consider that an offer or provision of any gift or hospitality is an inducement, bribe or in any way makes them feel uncomfortable, it must be courteously but firmly declined and reported immediately.

Record keeping

HPC plc finance team will maintain a detailed central register listing all gifts over a nominal value (currently set at £25) and hospitality provided or received. Employees are obliged to report all gifts and hospitality given and received and provide supporting evidence of Director approval.

Donations

Employees should be aware that charitable donations can be used to make bribes, so it is important to ensure that a formal approval process is followed. Any donation, regardless of value, must be agreed in advance by a Director, made directly to the charity and not through an intermediary.

HPC plc does not make donations to political parties or campaigns.

Facilitation payments

Facilitation payments or kickbacks, which are typically small, unofficial payments made to officials to perform routine functions they are otherwise obligated to perform, are bribes and will not be made by HPC plc or its representatives.

Penalties

The penalties for bribery vary with the severity of the offence but **both** an individual and the Company and its officers could face an unlimited fine and a prison sentence.

Fraud

Fraud is the deliberate action by a person, or allowing such action to be taken, to create, falsify, destroy or conceal any account, balance, record or document, or to impersonate, deceive or misuse their position with the intention of

- obtaining money, assets, services, information or benefits to which they would not normally be entitled
- distorting personal or business performance
- causing loss to the Company or to another connected party
- prejudicing HPC plc's rights, reputation or competitive position, or those of another connected party



Any employee found to be participating in any kind of fraudulent activity will be subject to disciplinary proceedings.

2. Criminal Finance Act 2017

It is a Corporate Criminal Offence (CCO) to evade tax or to facilitate or to deliberately help another person to do so. Tax evasion is deliberate and dishonest action to avoid paying tax and is illegal. Employees and other parties are facilitating tax evasion when they are knowingly concerned in, or take steps to aid, abet or counsel the fraudulent evasion of tax. This applies to UK and overseas tax regimes and includes all aspects of taxation, including indirect taxes and employment. The Company takes this offence seriously and all customers, suppliers, contractors & employees are subject to due diligence checks prior to engagement.

If an employee is not sure whether their actions or that of another party, could be considered tax evasion or facilitation of tax evasion, they should contact the Financial Controller for guidance.

Employees must not enter into discussions or negotiations with employees or third parties with a view to reducing tax liabilities. Neither should they submit any declarations to tax or customs authorities without the approval of the Financial Controller.

HPC plc has zero tolerance towards the facilitation of tax evasion and employees found doing so will be subject to disciplinary proceedings and may be reported to the relevant tax or regulatory authorities.

3. Conflicts of Interest

A conflict of interest occurs when an employee is in a position to derive personal benefit from decisions or actions made in a professional capacity. Employees and associates of HPC plc should not put themselves in a position where they are involved in an activity for personal gain to themselves or their family, which conflicts with the Company's interests. Conflicts of interest may take many forms including but not restricted to;

- engaging in a business relationship on behalf of HPC plc, where the employee or family member has an interest (shareholder, director or proprietor) in the other party, unless previously notified to and agreed in writing by the Directors
- engaging in activities which directly compete with HPC plc
- taking personal advantage of an opportunity that belongs to HPC plc.

Employees who find themselves in this situation must declare their interests and arrange for another employee to take their place in any negotiations or decision-making process. If, for whatever reason, this segregation is not possible, full disclosure and a formal documented peer review is required before any transactions are initiated.

4. Communication & Training

This policy will be communicated to all staff and will be included in the Personnel Policies & Procedures library on the Z drive of the computer system.

Annual training will be given to those employees whose roles put them in regular contact with third parties such as customers or suppliers.

5. Responsibilities

It is the duty of all employees and associates of the Company to take whatever steps are necessary to ensure compliance with this policy, and to prevent and report any suspected fraud, bribery or suspicious behaviour.



6. Actions for non-compliance

Any breach of the terms within this Policy will be considered a serious disciplinary offence.

7. Raising concerns

In the spirit of maintaining an open and honest environment, HPC plc actively encourages all employees and third parties to raise concerns that they may have about fraud, dishonesty or malpractice through the appropriate channel.

Should any employee or associate notice an activity which they perceive to be suspicious, a bribe, improper payment or inducement being offered to another employee, they should report it immediately.

All reports can be made to the Personnel Manager, Financial Controller or to a Director. All reports, which are genuine and made in good faith, will be treated in confidence and without retaliation.

Please refer to the Whistleblowing Policy for further details.

8. Related Policies

The following related policies are available on the Z:\Personnel Policies & Procedures:

- Whistleblowing Policy
- Company Rules
- Disciplinary Policy & Procedure.

9. Implementation, monitoring and review of this policy

This policy will take effect from February 2020 and supersedes all previous anti bribery policies.

The Financial Controller has overall responsibility for implementing and monitoring this policy, which will be reviewed on a regular basis following its implementation and may be changed from time to time to meet legislative requirements and/or working practices. Any queries or comments about this policy should be addressed to the Financial Controller.