

Anti-Corruption Policy

Introduction

Hill & Smith expects the highest standards of conduct and integrity from all its employees, agents and intermediaries. Those standards are reflected in the Group's Code of Business Conduct, which forms the basis of the Group's other policies in specific areas. The Anti Corruption Policy sets out those standards with particular reference to the Company's approach to Anti Corruption Compliance.

Corruption is a criminal offence in the UK and virtually every other country in which Hill & Smith operates and/or sells. Not only does corruption damage international trade and relations by creating unfairness in the marketplace, but it exposes Hill & Smith and its staff and Board members to potential criminal liability and/or prosecution if it is allowed to take place.

Corrupt Payments

Employees are forbidden to give or take bribes or other payments or items of value for any corrupt purpose, either in their own name or on behalf of the Group. This rule applies to all employee conduct, whether that takes place within the UK or abroad. It also applies to the conduct of all the Group's agents, intermediaries, consultants and other such third parties. Accordingly, the Board requires that this is adhered to without exception, and will do all in its power to support staff to enforce it in their day to day work.

Employees should be aware that this Policy applies to 'facilitation payments' or 'grease payments' or payments to 'smooth things along'. These may be requested of employees and dressed up as other things such as an administration fee, a local tax charge or a commission payment. Facilitation payments are not permitted under the terms of this Policy except in the most extreme cases, such as an employee being in fear of his or her safety or security. If an employee has any concerns he or she can obtain assistance and guidance from the Company Secretary.

Employees are reminded that corruption is likely to be an offence in every jurisdiction in which the Group operates, and any demands or requests for such payments should be refused and reported immediately to the Company Secretary or the Head of Internal Audit.

Gifts and Entertainment

Appropriate business entertainment and gifts that generate goodwill and improve working relationships are acceptable. However, all employees must avoid situations that may interfere, or could interfere, with the proper and impartial discharge of their responsibilities.

Acceptance of entertainment, gifts, personal favours or services that may be seen as a conflict between the employee's personal interest and those of the Group or its customers and suppliers is not acceptable. Any acceptable gift or entertainment must be nominal in value and part of usual custom and practice. Overtly lavish gifts or entertainment must be refused and any entertainment accepted must be of a type that can be reciprocated as a normal business expense. Whether a gift or entertainment can be described as lavish should be judged in accordance with local custom and economy, bearing in mind that something considered to be a token in the UK may be much more valuable in say, an African or Far Eastern country.



Specific care must be taken in providing entertainment to customers, potential customers or other third parties. This should be appropriate in all the circumstances. Employees working on projects for the public sector must be aware that employees of public bodies are subject to increasingly stringent rules governing relationships with customers and suppliers which may mean that providing entertainment that may be seen as nominal in value and customary in any other business context, may be inappropriate.

Please see the attached note giving some examples of what is considered acceptable/best practice in the context of gifts and entertainment.

Business Records

Employees are responsible for ensuring that they take appropriate actions to ensure that business records for which they are responsible (whether this be completed expense forms or financial ledgers e.g. sales ledger) are accurately maintained and that financial statements and underlying records are complete and reflect the true state of the business.

- Accurate records must be kept of all items of income or expense.
- The creation of any records that are intended to mislead or conceal for the making of false or misleading entries in the Group's records are serious offences.
- Claims by individuals for reimbursement for expenditure must only include sums properly spent in carrying out the Group's business.

Questions

If staff have any questions about the circumstances in which they find themselves or the means by which they should enforce this policy they should seek advice from the Company Secretary. Failure to comply with this Policy could have severe adverse consequences for the Group and may therefore result in disciplinary action. Employees must report suspected breaches of the Policy to line management or through the Group's whistleblowing procedure. Reports made in good faith will have no detrimental result for anyone reporting them.

Issued on behalf of the Board

A handwritten signature in black ink, appearing to read 'D W Muir'.

D W Muir
Chief Executive

Date: 1st October 2009