

# TAKING RESPONSIBILITY FOR DOING GOOD BUSINESS

## ANTI-BRIBERY AND CORRUPTION POLICY

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**Kendrion takes a zero tolerance approach to bribery and corruption. We are committed to carrying out our business honestly and with integrity.**

## **Key principles**

- Kendrion conducts business honestly, without the use of corrupt practices or acts of bribery. This means that we do not give, promise or receive anything of value for the purpose of gaining any improper advantage;
- Bribery and corruption may take various forms, including commissions or royalties, consulting fees, marketing expenses, travel and entertainment expenses, rebates or discounts or free goods, paid or provided directly or through third parties;
- Engaging in bribery or corruption, as well as supporting it indirectly, may lead to dismissal, substantial fines and even to imprisonment;
- Gifts and hospitality must be reasonable, proportionate and appropriate in the circumstances;
- Kendrion does not make donations to political individuals or entities. Charitable donations are permitted when they are not given with a corrupt intent; they are fully transparent and recorded fairly;
- We must ensure that third parties providing services to us or acting on our behalf do not engage in bribery or in corruption;
- All our books and accounts must be accurate and reasonably detailed and may not include false, artificial or misleading content.

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This policy is for internal use only. To the fullest extent possible by law, Kendrion accepts no liability or responsibility in connection with this policy.

## 1. We value integrity

Kendrion has zero tolerance for bribery and corruption. This means that under no circumstances we give to or accept bribes or other corrupt advantages from any person, including government officials, customers, or business partners. Bribery and corruption are simply against everything we stand for.

Our Code of Conduct sets out our core values on how we do business. This policy provides specific guidance on how to avoid, prevent and report bribery and corruption. It is designed to help you in your day-to-day work by explaining what you can and cannot do. We encourage you to seek advice before action when appropriate. This policy explains where to go to get advice and support when faced with questions or issues.

*At Kendrion we are fully committed to adhering to our values and doing business in a most responsible, transparent and ethical way.*

We acknowledge that at times, our standards may seem burdensome. In some markets doing business honestly may be challenging, particularly when our competitors do not adhere to the same ethical standards as we do. Nevertheless, at Kendrion we are committed to doing the right thing the right way at all times. This also means that when faced with the choice of acting honestly or giving up business, we will always choose to act honestly even if it costs us business. We believe ethical conduct is at the heart of our continued success.

It is the personal duty of each and every one of us to act with integrity in all our dealings and operations. The success of this policy depends on your cooperation. Together, we can ensure that Kendrion continues to

benefit from its positive reputation in the years to come.

Joep van Beurden  
**Chief Executive Officer**

Frank Sonnemans  
**Chief Financial Officer**

## 2. About this policy

### 2.1 What is this policy about?

This policy contains the major aspects of Kendrion's anti-bribery and corruption standards. Its purpose is to assist our employees, officers, directors, agents, representatives and any other associated persons and third parties providing services to or acting on behalf of Kendrion in complying with our anti-bribery and corruption standards. It sets out our standards prohibiting bribery and corruption of any sort. This policy also explains under which circumstances gifts, corporate hospitality, and political and charitable donations are permissible. In addition, we must ensure that third parties working for us do not pay bribes and that we are mindful of bribery risks associated with mergers and acquisitions. This policy explains what steps need to be taken in this respect.

### 2.2 Why is this policy important?

Virtually every country prohibits bribery and corruption. Acts of bribery and corruption put Kendrion at risk of heavy fines and measures imposed by the authorities, endangering Kendrion's business and reputation.

Anti-bribery and corruption laws also hold liable every person who engages in bribery or corruption, regardless of his/her position within the organisation's hierarchy. For that matter, those who aid or support bribery or corruption are often as guilty as the primary offenders. All persons that are directly or indirectly involved in bribery or corruption face the risk of severe fines and extensive jail sentences. In recent years major enforcement authorities are particularly interested in prosecuting individuals involved in bribery and corruption, next to companies.

Kendrion follows a zero tolerance approach in dealing with those who do not follow this policy. Any violations of our anti-bribery and corruption standards are treated seriously, and may lead to disciplinary measures, including a reprimand, demotion, forfeiture of bonuses, suspension and/or dismissal.

*Bribery and corruption violations may lead to dismissal, substantial fines, and even imprisonment*

### 2.3 Who is responsible for this policy?

It is every person's own responsibility to know and follow this policy, and report issues. It is every manager's responsibility to ensure that those reporting to him or her adhere to this policy.

Our policy is fully endorsed by Kendrion's Supervisory Board, Executive Board and the Management Team. The Management Team has overall responsibility for ensuring this policy complies with our legal and ethical obligations and that all those under our control comply with it.

Our Compliance Officer has primary and day-to-day responsibility for implementing this policy and for monitoring its use and effectiveness. Your local Compliance Officer, if any, is the primary point of contact for questions or reporting issues.

### **3. Our anti-bribery and corruption standards**

#### **3.1 Bribery and corruption of all kinds are strictly prohibited**

Bribery and corruption are strictly prohibited by law in most countries and may involve individuals and corporations in criminal proceedings, high fines and even substantial jail sentences.

Most people will already have a general understanding of what a bribe is, and when there is corruption. Bribery and corruption go beyond the obvious case of handing over a suitcase full of cash to a government official or a customer to "ease" the winning of a contract. It covers a rather wide range of dishonest interactions in which anything of value is given or promised to a person in order to gain an improper advantage. The bribe could be camouflaged as friendly gestures, gifts, free goods, royalties, or consulting fees. The specific benefit that may be sought through bribery and corruption is obviously context-dependent. It may include all sorts of financial or other advantages, business opportunities, concessions, contracts, licences, waivers and more. In many occasions, bribery and corruption are hidden, implicit and carried out by third parties, e.g. by paying kick-backs to the person being bribed.

Kendrion opposes bribery and corruption as a matter of principle and because they are bad for our business. Corruption disadvantages honest business, it leads to distorted prices and increases the costs of doing business worldwide. Therefore, we have adopted high standards to ensure that all those working for us put our approach into practice.

#### **3.2 Our core standards**

- Kendrion conducts business honestly, without the use of corrupt practices or acts of bribery.
- Kendrion will not, directly or indirectly, receive from, promise, or provide to any person anything of value for the purpose of gaining or rewarding any improper advantage.

## 4. Specific practices

### 4.1 Gifts and entertainment (including travel and lodging and meals)

In many markets and cultures providing and receiving gifts and hospitality (such as travel and lodging, meals and entertainment) is a common and acceptable way of doing business. Nevertheless, anti-bribery and corruption laws prohibit receiving and providing such gifts and hospitality for the purpose of gaining or rewarding any advantage reached through *improper performance* or otherwise to obtain an *improper advantage* (see chapter 3.2). Small gifts and reasonable hospitality are still appropriate when given or accepted in good faith, without any intention of influencing any person in order to gain any advantage through *improper performance* or otherwise obtaining an *improper advantage*.

*Generally, the larger the gift and the more expensive and luxurious the hospitality, the more likely it is that they are given with an improper purpose.*

For instance, small gifts can be given as tokens of esteem or gratitude to display respect for other persons. Similarly, reasonable hospitality may be accepted or provided when directly related to the promotion, demonstration, or explanation of a company's products or services. In such cases, the gifts and hospitality should be given openly and transparently, and should be properly recorded in the giver's and the recipient's books and records. By contrast, expensive gifts and luxurious hospitality that is given or received primarily for entertainment

purposes are not bona fide business expenses and may violate anti-bribery and corruption laws.

#### 4.1.1 Our standards

- Receiving and providing gifts and hospitality are permitted, provided that they meet all of the conditions below. Accepting and providing gifts or hospitality that do not meet all conditions is strictly prohibited unless specifically approved by your manager in writing.
- General conditions applying to any gift or hospitality:
  - It is not made with the intention of influencing, inducing or rewarding any person in order to gain any advantage through improper performance or otherwise obtaining an improper advantage.
  - It is reasonable, proportionate and appropriate in the circumstances and could not reasonably be misunderstood by the recipient or others as a bribe.
  - The frequency of prior gifts or hospitality provided to the same recipient would not raise an appearance of impropriety.
  - It is given openly, not secretly, and it is recorded fairly and accurately in Kendrion's books and records.
  - It complies with local laws.

- Additional conditions for receiving and providing *gifts*:
  - The value of the gift is small enough that it cannot be seen as an attempt to influence the recipient to misuse his/her position. As a guideline, EUR 50 or a local currency equalised is the maximum.
  - It does not include cash or a cash equivalent (such as gift certificates or vouchers).
- Additional conditions for receiving and providing *hospitality* (such as travel and lodging, meals and entertainment):
  - The hospitality can be paid only for those invitees whose participation is directly related to and necessary for the company's legitimate business purposes. Hospitality for spouses, family members or private guests is oftentimes not appropriate.
  - The payment for hospitality should be made directly to the service provider (e.g., travel and lodging vendors) or reimburse costs only upon presentation of a receipt.
  - A Kendrion representative should be present at all meals and entertainment activities.
  - Any entertainment (including invitations to attend exhibitions, sport events or parties), can only be received or provided for a legitimate business purpose, such as to better present products and services, or to establish cordial relations.
  - Meals received or provided are ordinary working meals under local standards.

## 4.2 Facilitation payments

Facilitation payments are small payments made to secure or expedite routine governmental actions. These payments relate, for instance, to situations in which a person applies to obtain something he/she is entitled to from a government authority (e.g., visa, certificate, service, approval, permit or licence) but he/she wishes to get it faster than normal and therefore pays the government official to expedite the process. Facilitation payments are often hard to distinguish from a plain bribe. Therefore, in many countries such payments are explicitly prohibited.

### 4.2.1 Our standards

- Kendrion prohibits the payment of facilitation payments.
- Whenever you are asked to make a payment on Kendrion's behalf, you should be mindful of what the payment is for and whether the amount requested is proportionate to the goods or services provided. Push back, ask for written proof and involve the boss of the officer.
- Escalate to your manager when you encounter any request you suspect to be a payment to facilitate a routine action. Such requests may arise more often in some countries than in others.



### **4.3 Political and charitable donations**

Anti-bribery and corruption laws do not prohibit charitable donations, but they do prohibit the misuse of such donations as a way of covering up bribes and other corrupt advantages. A particular risk arises when donations are given to political individuals or entities, because in many cases such donations are being used as a vehicle to conceal payments made to corruptly influence government officials. It should also be verified that local customs and cultural sensitivities are respected.

Kendrion often engages in charitable giving as part of our identity as a responsible corporate citizen. Such donations are made with no expectations or intention to achieve an improper advantage. As such, it is our responsibility to ensure that those legitimate contributions do not create the appearance of bribery or corruption.

#### **4.3.1 Our standards**

- Kendrion does not make contributions or donations to political parties, political organisations or independent candidates, nor does it incur any political expenditures.
- Charitable donations are permitted provided they meet the criteria below:
  - No donation is accepted or provided if it intends to improperly influence performance or to obtain an improper advantage or may reasonably create such an impression.
  - Donations must be fully transparent and recorded fairly and accurately in Kendrion's books and records.
  - Always obtain a receipt or other written acknowledgement for any donation made on Kendrion's behalf.
  - No donation should be made in cash or to private accounts.
  - Respect local customs and cultural sensitivities.
- Before accepting or providing donations discuss the donation with your line manager. If you have any doubts, contact your Compliance Officer for further guidance.

## 5. Third parties, intermediaries and associated persons

Bribery and corruption practices are sometimes carried out by agents, representatives, intermediaries or any other associated persons who perform services for or act on behalf of a corporation. Anti-bribery and corruption laws mostly do not distinguish between a company and those acting on its behalf. They expressly prohibit corrupt practices, even when carried out through third parties.

This means that we have to be careful and selective when choosing the third parties we do business with. The nature of our relationships with third parties varies significantly. Some relationships carry a higher risk of bribery and corruption than others. This is, for instance, the case with third parties dealing with government officials or private sector clients on our behalf, as well as agents operating in countries where bribery and corruption are more widespread. We must ensure that they follow our policy to prevent bribery and corruption from taking place.

### 5.1.1 Our standards

- Determine on a case-by-case basis what the bribery and corruption risks are according to the nature of our relationship with third parties and the circumstances of their operations. Consider the following actions as potential measure to minimise this risk:
  - Conduct a background check (due diligence) on third parties before entering into engagements to ensure authenticity, good reputation and qualification.
  - Clearly communicate our anti-bribery and corruption standards and our zero tolerance to bribery and corruption.
  - Seek a written commitment to comply with our anti-bribery and corruption standards and (Supplier) Code of Conduct.
  - Include a clause in our contracts with third parties that allow us to terminate the contract without penalty in the event of violation of our anti-bribery and corruption standards and Code of Conduct, and he right to audit this.
  - When appropriate, train the third party in our anti-bribery and corruption standards.
  - Seek advice from Kendrion's Compliance Officer on appropriate measures and precautions.

*We must make sure that those providing services to us or acting on our behalf do not engage in bribery or in corruption*

- Mind that we need to be able to show that our relationship with third-parties is based on integrity. Therefore:
  - When engaging with third parties have all mutual rights and obligations, as well as payments and exchanges, properly documented.
  - Make sure that all communications with third parties, both oral and written, do not create any wrong impression of corrupt conduct. For instance, phrases such as "destroy after reading", "this will be our little secret", and others, may create a wrong impression even if they were originally meant as a joke.
- Reference is made to the Third Party Due Diligence Checklist of Kendrion. This checklist should be followed in each and every case you want to enter into a new business relationship.
- Report immediately to your manager any red flags associated with third parties, such as:
  - Excessive commissions to third party agents, commissioners or consultants;
  - Requests of a third party to keep his identity hidden or to create false statements;
  - Unreasonably large discounts or fees to third party distributors;
  - Third party "consulting agreements" that include only vaguely described services;
  - The third party consultant is in a different line of business than that for which it has been engaged;
  - The third party is merely a shell company incorporated in an offshore jurisdiction;
  - The third party requests cash payment or payment to an offshore bank account.
- No payment should be made in cash or to private accounts. Always obtain a receipt for any payment made on Kendrion's behalf. The receipt should specify the reason for the payment.

## 6. Record keeping and accurate recording

Full transparency is the best way to combat bribery and corruption. Among many other reasons, the prevention of bribery and corruption is a major reason to ensure that all correspondence, memoranda, accounts, files, documents, presentations and books are reasonably detailed, accurate and credible. According to anti-bribery laws, the attempt to include a false record or account consists of an independent violation that is severely punished. Kendrion maintains a robust system of internal accounting controls and requires all employees, officers, directors, agents and representatives—with no exception—to ensure our books, records and accounts are fully credible and reliable.

### 6.1 Our standards

- All Kendrion's books and accounts must be reasonably detailed. They must accurately and fairly reflect all transactions and other business engagements.
- Include no false, artificial or misleading content in any books and records.
- Have all transactions, gifts and hospitality, received and given, fully documented: all accounts, invoices, memoranda and third party related documents should be prepared accurately and completely.
- Ensure that all expense claims relating to gifts and hospitality incurred from or with third parties are submitted according to our internal policies.
- Escalate to Kendrion's Compliance Officer when you encounter any suspicious record or attempt to falsify books and records.

## 7. In case you have questions or encounter issues...take responsibility and speak up!

We encourage everybody to discuss questions they may have about this policy and to suggest ways to improve it with their managers and Kendrion's Compliance Officer. Additionally, we urge everybody to report to their supervisors and to Kendrion's Compliance Officer any concerns and suspicious conduct that may violate this policy. Employees who in good faith genuinely do so will be supported and not be punished in whatever way, even if they turn out to be mistaken.

### - **Additional Internal resources for further guidance**

- Kendrion's Code of Conduct and Supplier Code of Conduct - available at [www.kendrion.com / corporate governance](http://www.kendrion.com/corporate-governance)
- Kendrion's Speak Up procedure - available at [www.kendrion.com / Corporate governance](http://www.kendrion.com/corporate-governance)

### - **Additional resources**

- The U.S. Foreign Corrupt Practices Act (FCPA) Resource Guide (including the FCPA) - available at: <http://www.sec.gov/spotlight/fcpa/fcpa-resource-guide.pdf>.
- The United Kingdom Bribery Act - available at: [http://www.legislation.gov.uk/ukpga/2010/23/pdfs/ukpga\\_20100023\\_en.pdf](http://www.legislation.gov.uk/ukpga/2010/23/pdfs/ukpga_20100023_en.pdf).
- The United Kingdom Bribery Act Quick start guide - available at: <http://www.justice.gov.uk/downloads/legislation/bribery-act-2010-quick-start-guide.pdf>.
- The United Kingdom Bribery Act Guidance for commercial organizations to prevent bribing - available at: <http://www.justice.gov.uk/downloads/legislation/bribery-act-2010-guidance.pdf>
- The Organization for Economic Co-operation and Development (OECD) Convention on combating bribery of foreign public officials in international business transactions and related documents, available at: [http://www.oecd.org/investment/anti-bribery/anti-briberyconvention /38028044.pdf](http://www.oecd.org/investment/anti-bribery/anti-briberyconvention/38028044.pdf).

- **Day-to-day assistance**

Kendrion's Compliance Officer Yvonne Wiersma is available to provide you with day-to-day assistance. Please do not hesitate to contact her at:

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- **Training**

As part of the expansion of our Compliance Programme, we provide training to all employees most affected by our policies.

- **Whistle blowing**

Would you like to share any concern or red flag with us? We invite you to involve your direct Manager or to use our established Speak Up procedure line through the telephone number or email, the details of which you have been provided with.

According to our policy, your confidentiality is protected by this process and you have Kendrion's commitment that your issues and concerns will receive the appropriate follow-up.

**The confidential counsellors of Kendrion are:**

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See our official Speak Up procedure on our website under: [www.kendrion.com](http://www.kendrion.com) / Corporate governance / Speak Up procedure.