

**Policy: Anti-Corruption**

Reference: CA-EBC 4\_Anti-Corruption Policy\_v1

Issuing date: February 2010

Meggitt is committed to the highest standards of ethical business conduct. See *Meggitt's Ethics and Business Conduct Policy and Code of Conduct*. Our continued success depends on competing aggressively, but fairly, and in full compliance with the law in those countries where we are located or do business. This Anti-Corruption Policy ("Policy") complements the Ethics and Business Conduct Policy and further explains our expectations and requirements for all of our businesses and people. This Policy applies to all business units worldwide. Local customs and practices will not provide any excuse for breaches of this Policy.

The Policy covers the following issues:-

1. Bribery
2. Gifts and entertainment
3. Conflicts of interest
4. Competition and antitrust
5. Money laundering
6. Sales representatives
7. Political contributions and lobbying activities
8. Breaches of this Policy and reporting obligations

Particular attention is drawn to the following points:-

- A. A breach of this Policy will be regarded as a serious matter which may lead to internal disciplinary action up to and including termination of employment;
- B. A breach of this Policy might also lead to prosecution;
- C. In addition to complying with the Policy themselves, employees must ensure that their subordinates understand their responsibilities;
- D. Employees must report, without delay, any suspected irregular payment or breach of this Policy and if in doubt as to how the Policy works, they should seek guidance from the individuals listed in the final section of this Policy ("Breaches of this Policy and Reporting Obligations");
- E. Meggitt will provide training regarding this Policy and such training is mandatory for all employees, officers and directors; and
- F. This Policy will be enforced through regular monitoring and auditing.

1. **BRIBERY**

**Definition:** "Bribery" is giving or receiving any gift, loan, fee, reward or other thing of value to influence the behaviour of someone in government or business in order to obtain or retain commercial or personal advantage; to transact business on more favourable terms; or to engage in any form of improper conduct. Bribery includes the misuse of public or commercial office for private gain. Bribery is a crime.

Generally there are two aspects to this kind of corruption:-

The first is a bribe paid to obtain something that the bribe recipient is not obliged to give. Examples include awarding a contract outside the normal bid and proposal process, payments to induce someone to award a contract (possibly at a higher value or on more favourable terms) or to break the law, or kickbacks. At Meggitt, offering, soliciting, providing, or accepting such payments are NEVER permitted.

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The second is a facilitation or “grease” payment which involves making a payment to officials, as a way of ensuring that they perform, either more promptly or at all, the tasks that they should in any event be undertaking. Examples could include payments to ensure mail delivery, the connection of utilities (such as telephone lines or electricity supplies) or payments for releasing goods held in customs. In most countries this kind of payment is also a criminal offence. Meggitt policy is that such payments should NOT be made and we will eliminate their use.

Bribes may take many forms, and it can often be difficult to distinguish inappropriate behaviour from legitimate business activity. Risks arise particularly where you may be working with agents or with individuals in countries whose conduct you do not directly oversee.

Whenever you are asked to approve or make a payment you should ensure that you understand fully the reason for the payment. Unless it is being made for a specific purpose (other than for ensuring business advantage), you should consider carefully whether the payment is legitimate, and if in doubt, do not make or agree the payment.

## 2. GIFTS AND ENTERTAINMENT

Definition: A “gift” is anything of value given or received as a result of a business relationship, where the recipient does not pay fair market value. A business gift can be in any form – for example, dinner in a restaurant or club, tickets to the theatre or a sporting event, travel, a discount not available to the general public, consumer goods, or use of an individual’s or company’s time, materials, equipment or facilities. A gift offered or given to a relative of an individual with whom Meggitt has or seeks to do business is considered a gift directly to that individual. Likewise, any gift offered to or received by a relative of a Meggitt employee because of that employee’s position with Meggitt shall be considered a gift to that employee.

Gifts in the business context are not personal but are a reflection of the relationship between Meggitt and the other entity. The sale of Meggitt products and services should always be free from even the perception that favourable treatment was sought, received, or given in exchange for the furnishing or receipt of gifts. As such, gifts may only be accepted by Meggitt employees if they are not extravagant or frequent, are intended to encourage normal business relations, and could not be construed reasonably as an attempt to influence a decision to award a contract, work or favourable treatment. So, for example, promotional items of nominal value are permissible. Gifts of money are never acceptable. If in doubt you should not accept the gift, or declare it to your immediate supervisor as soon as possible and seek guidance as to whether you can retain it.

Employees whose duties include negotiation of contracts or concessions, or who are involved in the evaluation of products or services for potential use or purchase by Meggitt must be especially careful to avoid any appearance of favouritism or unfair dealing. Gifts should not be accepted from vendors and suppliers before a contract is awarded, during bidding, evaluations or negotiations.

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Gift giving by a Meggitt employee should be disclosed to the employee's supervisor and approved in advance. In all cases gifts or hospitality should be kept to a scale that could not be considered as extravagant, particularly in the context of the recipient's position and likely salary.

*NOTE: Clearance from Meggitt Legal Counsel or Vice President, Ethics and Business Conduct should always be sought before making payments to public officials, because in some countries there is a presumption that such gifts are corrupt. Special rules also apply where government contracts and government officials are involved, and Meggitt prohibits gifts to employees or representatives of the United States Government. See Meggitt's Standards of Business Conduct for the US Government Marketplace and consult Meggitt Legal Counsel.*

### 3. CONFLICTS OF INTEREST

Definition: A personal "conflict of interest" occurs when an employee's personal, social, financial or political activities interfere or have the potential to interfere with the employee's loyalty and objectivity towards Meggitt. Actual conflicts of interest must be avoided but even the appearance of a conflict of interest can be harmful.

Conflicts of interest can arise in a number of situations. Examples include:

- Having a second job
- Performing services
- Serving as a director or consultant
- Holding a financial interest

The activities of close relatives can sometimes create conflicts of interest. A "close relative" means a spouse, partner, parent, step-parent, child, step-child, sibling, step-sibling, cousin, nephew, niece, aunt, uncle, grandparent, grandchild, or an in-law.

In general, a relative should not have any business dealings with you, with anyone working in your business unit, or with anyone who reports to you. In addition, you should never be in a situation where you have the ability to hire, supervise, affect terms and conditions of employment, or influence the management of any close relative, regardless of whether that person is a Meggitt employee or employed by a Meggitt customer, contractor, supplier, or similar entity.

Conflicts of interest or potential conflicts of interest should be disclosed to your line manager. Under appropriate circumstances, conflicts may be waived, or safeguards may be put in place to ensure they are properly managed.

*NOTE: Special "organisational conflict of interest" rules apply to Meggitt as a company where government contracts are involved. See Meggitt's Standards of Business Conduct for the US Government Marketplace and consult Meggitt Legal Counsel.*

### 4. COMPETITION AND ANTITRUST

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Definition: Meggitt strictly adheres to what are called “competition” laws in many countries and “antitrust” laws in others. Such laws are designed to protect and promote free and fair competition around the world. Competition laws prohibit anti-competitive behaviour, such as price-fixing, collusion and conspiracies. They also prohibit unlawfully obtaining information about competitors.

Many countries have laws prohibiting anti-competitive behaviour, so, depending on the Meggitt business location, the laws that apply may vary. Some competition laws, such as those in the USA and the European Union, can apply even when the conduct occurs outside the country’s borders.

In the EU, fines for anti-competitive behaviour can be 10% of group global turnover. In the USA and the UK, violations may be crimes and individuals who are convicted can receive prison sentences and substantial fines.

**5. MONEY LAUNDERING**

Definition: “Money laundering is the process by which individuals or entities try to conceal illicit funds, or otherwise make these funds look legitimate.” Meggitt will not condone, facilitate or support money laundering.

Few Meggitt employees will ever personally be in the position to infringe money laundering laws but there are two areas which require consideration:-

- a. Irregularities in the way payments are made, such as payments in currencies other than that specified in the invoice; payments by someone not a party to the contract; payments to/from an account other than the normal business relationship account; requests for an overpayment; and
- b. Customers, suppliers, and intermediaries who appear to lack integrity in their operations.

**6. SALES REPRESENTATIVES**

Definition: A “sales representative” is an individual or an established legal entity performing services in good faith for the purpose of securing business for Meggitt. For such services Meggitt provides appropriate remuneration, generally in the form of a percentage of sales, but occasionally as a fee for services. Sales representatives are independent contractors and, as such, are not to use the Meggitt name on business cards, for stationery, or in any other manner that implies that they are Meggitt employees.

Any arrangement obligating Meggitt to pay a finder’s fee if Meggitt receives a contract shall be considered a sales representative agreement and is subject to this policy. Such an arrangement could be considered a “contingent fee” arrangement which is generally prohibited in relation to US Government contracts. Employees should consult Meggitt’s Standards of Business Conduct for the US Government Marketplace and Meggitt Legal

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Counsel before entering into such a sales representative agreement where the ultimate customer would be the US Government.

In order to effectively pursue its business opportunities, Meggitt businesses may engage sales representatives in circumstances where, on the basis of sound business judgments and considering the legislation and business conditions in a particular country, it is determined to be necessary and appropriate to supplement the Company's own sales efforts.

Sales representatives must scrupulously avoid any practices which are unlawful, improper or unethical; and they must conduct themselves at all times with business associates and potential Meggitt customers, in a manner that will avoid even the appearance of impropriety and will not cause embarrassment to Meggitt, to its customers, or to the representative in the event of public disclosure. Sales representatives must act in accordance with Meggitt's Code of Conduct, a copy of which will be delivered to the sales representative at the outset of the relationship.

Conduct that would be improper or illegal if committed by a Meggitt employee may not be committed by a third party, such as a sales representative or consultant, on Meggitt's behalf. That would be improper or illegal as well.

*See Meggitt's Sales Representatives Policy.* That policy incorporates elements of this Anti-Corruption Policy and should be consulted at all stages of the engagement with a sales representative.

## 7. POLITICAL CONTRIBUTIONS AND LOBBYING ACTIVITIES

Meggitt's approach to corporate political participation is simple and applies everywhere we do business:-

- The Company will *not* participate directly in party political activity.
- The Company will make no political contributions whether in cash or in kind, anywhere in the world.

Meggitt recognises employees' rights to participate as individuals in the political process, in ways that are appropriate to each country. However, employees must be careful to make it clear that they do not represent the Company as they participate in the political process. Therefore:-

- a. Do not use Company time, property or equipment to carry out or support your personal political activities. In short, engage in the political process on your own time and with your own resources (we may allow you time off work for these purposes, including in particular where we are obliged by law to do so);
- b. Always make clear that your views and actions are your own and not Meggitt's;
- c. If you plan to seek or accept a public office, you should seek the approval of your manager in advance. Approval may not be given if the manager considers that there will be an adverse impact on the performance of your job or the Company.

### Lobbying and Advocacy

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Although Meggitt will not directly participate in party politics, we will continue to engage in policy debate on subjects of legitimate concern to the Group, its staff and the communities in which we operate, by processes such as lobbying.

Lobbying activity on behalf of Meggitt is highly regulated by law. Our Legal Counsel are responsible for overseeing this activity. Consult your line manager before any non-routine contact is made with government officials or employees.

Non-routine is defined as:-

- other than as required by normal government processes and monitoring contracts; and
- Relating to government policy or legal/regulatory changes.

**8. BREACHES OF THIS POLICY AND REPORTING OBLIGATIONS**

Violations of this Policy are punishable by disciplinary action up to and including termination of employment. Violations may also result in criminal prosecution of the individuals involved.

Any director or employee who suspects or becomes aware of any violation of this Policy or any anti-corruption statute or regulation shall report the suspicion or violation to his or her supervisor; to Meggitt Legal Counsel; to the Vice President, Ethics and Business Conduct; or to the Group Corporate Affairs Director. Anyone making such a report in good faith will be protected from retaliation in accordance with Meggitt's Code of Conduct. Anyone receiving such a report shall be responsible for escalating the report to the next higher level or to another appropriate senior employee, and for following up until it is resolved.

**Seek the advice of Meggitt Legal Counsel or the Vice President, Ethics and Business Conduct any time you have questions or concerns in this regard. Names and contact information are contained in the Code of Conduct and on posters provided throughout your facility.**

Meggitt also provides an independently operated Ethics Line, available 24 hours a day, seven days a week, which may be used to raise questions or concerns. Each Meggitt facility contains posters listing the toll free phone number to be used to place such calls. Each employee has received a copy of the Code of Conduct which also contains the Ethics Line phone numbers. The Ethics Line should also be used if reports made to supervisors do not appear to have been addressed satisfactorily.

Strategic Business Unit Presidents, Business Unit General Managers and Site Directors are responsible for the implementation of this policy in their businesses and at their sites.

**Approved by the Board on 28<sup>th</sup> January, 2010**