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| Document type: Policy | Issue no.: 2 | Decided date: 2013-11-27 | ID no.: HOGANAS-1015907304-196 |
| Valid for: Group | | | Position Issuer: General Counsel |
| Title: Anti-bribery Policy | | | Position Approver: CEO |

1. INTRODUCTION

Höganäs AB (publ) and its subsidiaries (the “**Höganäs Group**”) strive to be responsible members of the corporate community. This is achieved through the adherence to all applicable laws and regulations, strong company values, as well as maintaining good relationships with colleagues, customers, suppliers and with the local communities where we operate.

The Höganäs Code of Conduct has been adopted to state the core principles and values by which the Höganäs Group conducts its business. In order to further clarify and highlight our position on non-acceptance of bribery, the Höganäs Group has adopted this policy (the “**Policy**”) for the prevention, deterrence and detection of bribery and corruption. The Policy is an integral part of the Höganäs’ Code of Conduct.

The Policy applies to everyone acting on behalf of the Höganäs Group, including the board of directors, all employees and business partners such as consultants, agents and representatives acting on behalf of the Höganäs Group. The Policy does apply to authorized distributors in such case they are entitled to use the Höganäs trademark and/or are involved with promotion activities of the Höganäs Group. The Policy does not apply to distributors acting independently from the Höganäs Group, i.e. when the relationship between the Höganäs Group and the distributor is equal to a customer relationship.

The Höganäs Group conducts a majority of its business interacting with representatives of the private sector. A majority of our customers are privately owned companies and our day-to-day business does not include the public sector or public procurements. The Höganäs Group therefore has relatively little interaction with the public sector. However, as an organization the Höganäs Group does have some interaction with the public sector such as with supervisory authorities or when seeking licenses or permits, why the Policy provides for guidance as to how to interact appropriately with both the private and the public sector.

2. PURPOSE

The Policy is intended to provide clear and practical guidance as to applicable anti-bribery rules and policies, the internal functions responsible for the management and supervision of the Policy and the consequences of non-compliance with the Policy. The Policy will, as appropriate, be supplemented by written anti-bribery procedures and documented anti-bribery training in identifying bribery and corruption risks in the daily business dealings.

The Policy has been adopted by the board of directors of Höganäs AB and is to be implemented throughout the entire Höganäs Group. The management team as well as individual managers within the Höganäs Group have additional responsibility to act and live by the Policy and to set a good example for the rest of the organisation. Everyone acting on behalf of the Höganäs Group is, through the Policy and anti-bribery training, to be informed on the true value of compliance and how to avoid illegal and unethical behaviour.



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3. FUNDAMENTAL REQUIREMENTS

The Höganäs Group is determined to compete with fair marketing measures. Our success is a consequence of the quality of our products and the work efforts of our employees and business partners. We will in no way use illegal, unfair or unethical measures in order to obtain or retain a business advantage. Everyone acting on behalf of the Höganäs Group, including management, employees and business partners, is to be aware of and adhere to the Policy as well as supplemental anti-bribery procedures.

If one is uncertain of the laws, regulations or policies applicable to him or her, one is required to seek guidance from Regional CFO or Corporate Legal. No employee will suffer demotion or other adverse consequences for reporting in good faith violations or soundly suspected violations of the Policy or for refusing to engage in bribes and corruption or for complying with the Policy, even if it may result in the Höganäs Group losing business.

Anyone acting on behalf of the Höganäs Group will be subject to disciplinary actions if guilty of violations of the Code of Conduct, the Policy or its supplemental anti-bribery procedures.

4. EXPECTED CONDUCT

4.1 Key Principles

It is strictly forbidden to directly or indirectly offer, promise, grant or authorize the giving of money or anything of value to someone in order to unduly influence the recipient in the performance of his or her professional duties or in order to obtain or retain an undue business advantage.

It is irrelevant whether the recipient of the reward is acting within the public or the private sector – improper benefits are always prohibited. The same applies in respect of receiving benefits i.e. it is forbidden for anyone acting on behalf of the Höganäs Group to accept, accept a promise of or request an improper reward for the performance of his or her professional duties.

The public sector shall be deemed to include government agencies, courts and other public authorities. This is referred to below as the "Public Sector". The Public Sector includes politically exposed persons, i.e. individuals who have been entrusted with prominent political influence or someone closely related to such person.

The private sector shall be deemed to include entities and individuals not included in the Public Sector, i.e. companies listed on a stock exchange or otherwise owned privately.



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With regard to publicly owned (by the state or county council or municipality) companies and private companies whose activities have an element of public authority or otherwise are largely financed by taxes, they fall within the definition of the Private Sector. However, when interacting with representatives of such entities one is to act with extra care.

The determination of whether a reward is to be considered proper or improper is sometimes difficult to make. The general starting point is that a reward is improper if it is from a general perspective perceived as unwanted or disloyal against the recipient's employer or principal or other. The law takes into account the factors and circumstances that apply in the specific scenario at hand. The professional duties of the parties involved is such a factor, where certain professional duties are more sensitive to undue influence than others. Rewards given to those working within the Public Sector are more likely to be deemed as improper and illegal than rewards given to those working within the Private Sector, why extra care must be taken when interacting with representatives of the Public Sector. The nature and value of the reward itself is another factor to take into account, where rewards of high value, rewards of sentimental value and frequent rewards generally impose a higher risk of being deemed as improper. On the other hand, rewards that are granted overtly and are moderate and are not such that they would typically be considered to influence the actions so as to affect the way the recipient carries out the work or the assignment are permitted. This is typically rewards that have functional or social justifications and that can be viewed as a natural part of accepted forms of interactions in the market.

An improper reward, i.e. a bribe, may take different forms, and the parties involved may classify the bribe as a purchase price or a consultancy fee in order to hide the true nature of the transaction. Bribery often includes (i) kicking back a portion of the a contract payment to employees of the other party, their close relatives or friends or (ii) using intermediaries such as agents or consultants to channel such payments. The typical bribe is money or other property of economic value, but advantages of an intellectual nature, such as recommendations and distinctions or awards, membership to an exclusive club, are also included in the scope. For example a bribe can be; gifts, entertainment, invitations to events or seminars, travel and accommodation, use of property or equipment, job offers and work placements, charitable donations, political donations, services, favors and not least benefits for family and friends.

He or she who does not comply with applicable anti-bribery laws exposes him/herself to criminal and/or civil liability as well as the Höganäs Group to criminal and/or civil liability and significant reputational harm.



| | | | |
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4.2 Hospitality

Public Sector: Hospitality in the form of lunch or dinner is allowed provided that the expenditure is reasonable and that the lunch/dinner does not coincide with an on-going matter such as business negotiations, legal proceedings or a public procurement. Luxury restaurants are not allowed. Alcoholic drinks allowed in moderation

Private Sector: Hospitality in the form of lunch or dinner is allowed provided that the expenditure is reasonable. Alcoholic drinks allowed as table drink but in moderation.

If ever in doubt of the appropriateness of hospitality, consult with Regional CFO or Corporate Legal before you act.

4.3 Gifts

Public Sector: Gifts, including company branded promotions, are never allowed in connection to the Public Sector unless it is clear that the giving of gifts is a well-established and legally permissible local practise of relevant region. The value of a gift may not exceed EUR 100 and the character of the gift must be of a purely representative nature i.e. not intended for private consumption by the recipient.

Private Sector: Reasonable business expenditures related to company branded promotions are allowed. For example, moderate product samples are acceptable when offered in connection with an event or company visit. Gifts are allowed only in connection with public holidays such as Christmas or Eid, or if it is clear that the giving of gifts is a well-established and legally permissible local practise of relevant region. The value of a gift may not exceed EUR 100 without written approval by Regional CFO. The value of a gift may under no circumstances exceed EUR 200.

If ever in doubt if a gift to be granted or accepted, expenditure or similar, is at risk of deviating from this Policy or otherwise is appropriate consult with Regional CFO or Corporate Legal before you act.

4.4 Events

Events such as seminars or courses organized or attended by anyone acting on behalf of the Höganäs Group shall always have a legitimate business purpose, i.e. the element of entertainment (e.g. tennis, golf, sailing, soccer and other sports events, cooking classes etc.) shall be low.

Public Sector: The element of entertainment shall be kept to a minimum, i.e. the event should be of business relevance to all participating parties.

Private Sector: The element of business relevance to all participating parties shall be prevalent to the element of entertainment and the general market value for the element of entertainment shall in all aspects be reasonable. An invitation to an event organized by the Höganäs Group or



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its representatives shall always be drafted in such a way that the relevant business purpose is evident. The recipient and his/her principal shall be able to assess from the invitation the content and value of the event, in order to be able to make an informed decision on whether or not to accept the invitation. Further it should be clear from the invitation that by accepting the invitation the recipient confirms that his/her participation is in compliance with relevant corporate policies and has been sanctioned by his/her principal. "Plus-one-invitations", i.e. invitations where the participant is allowed to bring his/her spouse or an extra guest, are not acceptable.

In relation to the Public Sector, an invitation to an event may never coincide with an imminent or on-going matter such as business negotiations, legal proceedings or a public procurement.

All events organized by the Höganäs Group shall always be pre-approved in writing by Regional CFO. All events attended by the Höganäs Group shall always be pre-approved in writing by the immediate superior of the person who is to attend the event.

If ever in doubt whether to accept or how to draft an invitation, consult with Regional CFO or Corporate Legal.

4.5 Charitable Donations and Sponsoring

All charitable donations and sponsoring offered by the Höganäs Group shall be made in a transparent manner, in accordance with applicable laws and pre-approved in writing by Regional CFO.

4.6 Business Partners and Representatives

Anti-bribery law prohibits improper benefits given both directly and indirectly. Hence, it is essential that all Business Partners representing the Höganäs Group apply a high degree of prudence in their relationship with third parties. If these are not selected carefully or if they should act improperly, it can cause material damage to Höganäs Group's goodwill and could entail legal liability for Höganäs Group and its representatives.

Those within the Höganäs Group responsible for appointing and hiring third parties such as agents and sales representatives, consultants, customs agents, subcontractors or other similar intermediaries, acting on behalf of the Höganäs Group ("Business Partner") should, to the extent it is within their power, (i) make clear that they expect all activities carried out on Höganäs Group's behalf to be compliant with this Policy; and (ii) enter into a written agreement with the Business Partner informing it of this Policy and committing it not to engage in any corrupt practice and with permission to request an audit of the Business Partner's books and accounting records by an independent auditor to verify compliance with these rules. Further, an audit of integrity shall be conducted evaluating the reputation and standing in relation to anti-bribery compliance, with such Business Partners exposed to bribery or other corruption risks.

In relation to distributors this requirement applies to authorized distributors in such case they are entitled to use the Höganäs trademark and/or are involved with promotion activities of the Höganäs Group. The requirement of an audit of integrity does not apply to distributors acting



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independently from the Höganäs Group, i.e. when the relationship between the Höganäs Group and the distributor is equal to a customer relationship.

The audit is to be performed as an integrated part of applicable Höganäs Group procedures for third party risk assessment, prior to entering into a business relation and all Business Partners are to contractually agree to comply with applicable anti-bribery laws and the Policy of the Höganäs Group. The audit should be expanded if circumstances come to light giving rise to questions about a Business Partner's reputation or capacity to comply with anti-corruption law in its dealings with or on behalf of the Höganäs Group.

There are standard clauses used by the Höganäs Group in order to ensure contractual third-party compliance. These standard clauses shall be applied in all Business Partners relationships. If ever in doubt as to how to draft an agreement, consult with Regional CFO or Corporate Legal before you act.

Any expanded audit of a Business Partner shall be overseen and coordinated by Corporate Legal.

In addition specific compliance due diligence, in accordance with applicable Höganäs Group procedures for third party risk assessment, is to be performed prior to entering into joint venture agreements or conducting a merger or an acquisition.

4.7 Do's and Don'ts

Do's

- Do contact Regional CFO or Corporate Legal if ever in doubt of whether a specific benefit such as hospitality, gift, or similar is permissible or not.
- Do obtain written pre-approval by your immediate superior before initiating or accepting an invitation to an event.
- Do obtain written pre-approval by Regional CFO before initiating a charitable contribution or a sponsorship.
- Do pay specific attention to the Public Sector, including both public officials and politically exposed persons, and bear in mind the specific limitations which apply.



| | | | |
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- Do remember that the Policy applies to everyone acting on behalf of the Höganäs Group, including the board of directors, management, employees, and Business Partners. Specific procedures are in place, and shall be followed, to conduct regular third party risk assessments.
- Do listen to your gut feeling, if you feel like as if something is not right consult with your immediate superior, Regional CFO or Corporate Legal.

Don'ts

- You may never offer, promise, or authorize the giving of money or anything of value to anyone with the intent to unduly influence the recipient in his or her or somebody else's professional duties or to retain or obtain a business advantage.
- You may never accept, accept a promise of or request money or anything of value for the performance of your own professional duties as an employee or representative of the Höganäs Group.
- You may never offer gifts of any kind to anyone within the Public Sector unless it is clear that the giving of gifts is a well-established and legally permissible local practise of relevant region. The value of a gift may not exceed EUR 100 and the character of the gift must be of a purely representative nature i.e. not intended for private consumption by the recipient.
- You may never offer, promise or authorize nor accept, accept a promise of or request hidden discounts, commissions, bonuses or kickbacks.
- So called "facilitation payments" (or "grease payments") refer to small payments made to secure or accelerate the performance of a routine, non-discretionary act that an official in the Public Sector is obligated to perform. Facilitation payments are prohibited in most jurisdictions. Within the Höganäs Group facilitation payments are strictly forbidden. However, it is recognized that the Höganäs Group of companies may be confronted with exigent circumstances, in which the making of a facilitating payment can hardly be avoided, such as duress or when the health, security or safety of the Höganäs Group's employees are at risk. When a facilitating payment is made under such circumstances, it shall be reported to the Regional CFO and Corporate Legal.



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5 INTERNAL REPORTING/WHISTLEBLOWING

Each and every employee and representative of the Höganäs Group is encouraged to bring forward any complaints, concerns or questions related to the Policy. All complaints can be submitted to Regional CFO or Corporate Legal directly or by using the Höganäs Whistleblower Hotline. Complaints, concerns or questions may relate both to the interpretation of the Policy as well as suspected misconduct.

No employee will suffer demotion or other adverse consequences for bringing forward such complaints, concerns or questions or for refusing to pay bribes or for complying with the Policy, even if it may result in the Höganäs Group losing business.

6. MANAGEMENT AND SUPERVISION

Corporate Legal is ultimately responsible for overseeing the Höganäs Group adherence to applicable laws and regulations. Regional CFO of each geographic region has been delegated the responsibility for adherence to applicable anti-bribery laws of that region. Consequently it is the responsibility of the Regional CFO of each region to manage and supervise the Policy, within his or her territory, and to report to Corporate Legal regularly. Corporate Legal is then to report to the board of directors of Höganäs Aktiebolag once a year and where warranted.

Regional CFO manages the following issues.

- Compliance training of employees and representatives of the Höganäs Group under the supervision of Corporate Legal.
- Pre-approval of questionable hospitality and gifts as well as charitable donations and sponsorships.
- Handling of reports of misconduct and performance of internal investigations.
- Performance of annual anti-bribery compliance audits including follow up on events.
- Handling of documentation requirements.
- Risk evaluations and regular updates of the Policy.

Remember that anyone acting on behalf of the Höganäs Group has a personal responsibility to comply with the Policy. He or she who does not comply with applicable anti-bribery laws exposes him/herself to criminal and/or civil liability as well as the Höganäs Group to criminal and/or civil liability and significant reputational harm.