



Höganäs Anti-bribery policy

Core principles of the Höganäs anti-bribery policy

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Höganäs Group is committed to being a good corporate citizen that acts with utmost integrity. Our reputation depends on acting properly in all dealings and relationships – with colleagues, customers, suppliers, stakeholders and the local communities in which we operate.

We seek to uphold high standards of business ethics, based on the values and core principles of the Höganäs Code of Conduct and our anti-bribery policy, which sets specific guidelines to counter bribery and corruption.

The anti-bribery policy requires all employees and individuals acting on behalf of Höganäs Group to act reputably at all times. It establishes a framework for best practice and zero tolerance of bribery and corruption.

A commitment to good business practices lies at the heart of everything we do. Höganäs is successful thanks to the quality of our products, the hard work of our employees and business partners, and the high standards we set ourselves.

Upholding our reputation means doing business in the right way – by competing through fair marketing practices and not bending the rules. In no way will we use unfair, unethical or illegal measures to try to gain a business advantage.

All forms of bribery are strictly prohibited. To avoid any risk of compromising yourself or the company, it is paramount that you are familiar with and abide by the anti-bribery policy.

Corruption has no place in any enterprise. Together we commit to protecting and nurturing Höganäs' standing as an honest and transparent company to do business with.

Who must comply

The Höganäs anti-bribery policy applies to anyone who acts on behalf of the Group. This includes the board of directors, management, all employees, and business partners including consultants, agents and representatives.

The policy also applies to authorised distributors that are entitled to use the Höganäs brand and trademarks and/or are involved in promotional activities on Höganäs' behalf.

However, the policy does not apply to independent distributors where the ties between the group and the distributor can be likened to a client-customer relationship.

What is a bribe?

A bribe can be any payment, benefit or gift offered or given with intent to influence a decision or outcome or to induce or reward improper conduct. A bribe does not have to be large or in cash. It could also be benefits without financial value, for example membership to an exclusive club or a prestigious award.

Sometimes it can be difficult to judge whether an incentive is proper or improper. But there is a basic rule of thumb: the incentive amounts to a bribe if the recipient's employer or principal were to perceive it as unwanted or disloyal.

The nature and value of an incentive is also a factor in whether or not it is a bribe. Rewards that are frequent or high in value are more likely to be deemed as improper.

In contrast, rewards will usually be acceptable if they are moderate, given openly and would not typically be considered likely to influence the way the person acts or carries out his or her work.

Giving someone a financial or other advantage in order to gain business or encourage them to do – or not do – something on your behalf may also qualify as a bribe.

Private and public sector

Stricter anti-bribery standards tend to apply in the public sector compared to private business. Rewards given to people working in the public sector are more likely to be deemed improper or illegal than in private enterprise.

The vast majority of Höganäs' business interactions take place in the private sector. Our involvement with the public sector is mainly limited to contacts with supervisory authorities and when seeking licenses.

Nevertheless, we need to take extra care when interacting with people employed in the public sector.

Different types of bribe

A bribe can take different forms. Typically it is money or a benefit with economic value. But it also includes "softer" and more subtle advantages, such as recommendations, favours and entertainment.

For example, a bribe can be travel and accommodation, an invitation to attend events or seminars, use of property or equipment, gifts, charitable and political donations, services, and benefits to family and friends.

Definition of a bribe

A bribe occurs if any Höganäs employee or representative directly or indirectly offers, promises, grants or authorises the giving of money or anything of value to someone to unduly influence them in the performance of their work or to gain or retain an undue business advantage.



Private and public sector – the difference

The private sector refers to businesses and organisations that are not part of the public sector. Private sector enterprises may be listed on the stock exchange or owned privately.

The public sector comprises government agencies, the courts and other public authorities. It includes individuals with political influence or persons closely related to them.

Publicly owned companies owned by the state or a county council or municipality, and private companies whose activities have an element of public authority or are largely financed by taxes, are classed as belonging to the private sector. Extra care should still be taken when interacting with representatives of such enterprises.

A bribe can also involve the kicking back of part of a contract payment to employees of the counterparty or their close relatives or friends.

The people involved may classify it as a purchase price or consultancy fee to hide the true nature of the transaction. Sometimes intermediaries or agents are used to channel such payments.

Grease payments

Facilitation or “grease” payments are small payments made to secure or accelerate the performance of a routine or necessary action or service by a public official. These payments are prohibited in most jurisdictions and are prohibited at Höganäs.

In extreme circumstances, however, it may be virtually impossible to avoid making a facilitation payment, for instance in cases of duress or when the health or safety of Höganäs employees is at risk.

If a facilitating payment has to be made under such circumstances, it must be reported to the Regional CFO and Corporate Legal.



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Hospitality, gifts and entertainment

Höganäs expects all employees and representatives to conduct themselves with integrity and impartiality in all contexts. We have specific rules and guidelines on hospitality, gifts and entertainment to help everyone remain above suspicion of dishonesty or undue influence.

Gifts and entertainment given and received as a reward or incentive or to encourage preferential treatment are forbidden. Slightly different standards apply, depending on whether we are interacting with private or public sector enterprises and individuals.

Hospitality

In the private sector, Höganäs allows hospitality in the form of lunch or dinner provided the expenditure is reasonable. Alcoholic beverages are permitted as table drinks but in moderation.

The same rules apply in the public sector. Also, the lunch or dinner must not be held at a luxury restaurant or during business negotiations, tender processes or legal proceedings.

Gifts

In the private sector, Höganäs allows reasonable business expenditures on company branded promotions. Product samples may be offered or received – in moderation – in connection with an event or company visit.

Giving or receiving gifts is permitted only in conjunction with public holidays such as Christmas or Eid or if gifts are a well-established and legally acceptable local practice. A gift given or received may only exceed €100 in value with written approval from the Regional CFO and must never exceed €200.

Gifts and product samples are never allowed in the public sector unless they are clearly a well-established and legally acceptable local practice. Gifts must be purely representational (not intended for the recipient's private consumption) and never exceed €100 in value.

Events and entertainment

Corporate events such as seminars or courses organised or attended by anyone representing Höganäs must always have a legitimate business purpose, meaning that the entertainment value must be low.



The same applies to events such as sports events, concerts, cookery classes and suchlike: there must be a legitimate business purpose and the entertainment value should be low.

For the private sector, the business element of the event must always be clear and the general market value of the entertainment offered or received must be reasonable. “Plus-one” invitations, where participants are allowed to bring their spouse or relative as an extra guest, are not acceptable.

For the public sector, entertainment should be kept to a minimum and the event should have business relevance to all participants. An invitation to attend an event should never coincide with an imminent or ongoing matter such as business negotiations, legal proceedings or a public procurement process.

Any event organised by Höganäs must be approved in advance and in writing by the Regional CFO. Any event attended by Höganäs must be approved in advance in writing by the immediate superior of the person attending.

Anti-bribery and business partners

The anti-bribery policy prohibits Höganäs from giving any improper benefits to third parties – either directly or indirectly. When acting through business partners or representatives we are indirectly responsible for their conduct. It is therefore critical that we select our partners carefully.

Anyone at Höganäs who appoints or hires agents, sales representatives, consultants, subcontractors or other third parties should:

- Make clear that we expect all activities carried out on Höganäs' behalf to comply with our anti-bribery policy
- Ask the business partner to sign a written agreement informing it of the policy and committing it to compliance
- Conduct an integrity audit to evaluate the business partner's reputation and record on anti-bribery compliance

This also applies to authorised distributors that use the Höganäs brand and trademark and/or are involved in promoting Höganäs activities.

The group has legal templates to ensure contractual third-party compliance. These should be used in all business partner relationships. Contact your Regional CFO or Corporate Legal if in any doubt about how to draft an agreement.





Do's and don'ts – your practical guide

Do's

Contact your Regional CFO or Corporate Legal if you are unsure of whether a gift, hospitality or similar benefit is acceptable or not.

Get advance approval in writing from your immediate superior before attending an event.

Get approval in writing from your Regional CFO before initiating or organising an event or charitable donation or sponsorship agreement.

Take extra care in dealings with the public sector and bear in mind the specific restrictions that apply.

Listen to your gut feeling. If something does not feel right consult your immediate superior, Regional CFO or Corporate Legal.



Don'ts

Never offer, promise or authorise the giving of money or anything of value to anyone with the intention of influencing them in their work or gaining a business advantage.

Never accept a promise of or request for money or anything of value for performing your professional duties as an employee or representative of Höganäs.

Never offer a gift to anyone employed in the public sector unless it is clear that giving gifts is a well-established and legally acceptable local practice.

Never make facilitation payments. If, in extreme circumstances, a facilitation payment cannot be avoided you must report it to the Regional CFO and Corporate Legal.





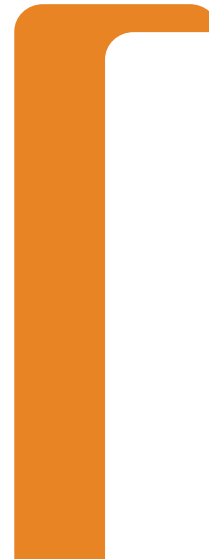
Sanctions and whistleblowing

Anyone who works for or on behalf of Höganäs has a personal responsibility to comply with the anti-bribery policy. Failure to adhere to the policy not only exposes the company to criminal and civil liability and reputational damage but also leaves the individual open to potential criminal and civil proceedings.

Höganäs urges all employees and representatives to report actual, potential or suspected violations of the policy. Reports can be made to the Regional CFO or Corporate Legal or via the Höganäs Whistleblower Hotline.

The group also encourages everyone to use the same channels to raise any complaints, concerns or questions, including questions about the policy and how to interpret it.

No employee will suffer demotion or any other negative consequences if they report violations or voice complaints, concerns or questions. Nor will anyone suffer repercussions for refusing to pay bribes or for complying with the policy – even if those actions result in a loss of business to Höganäs.



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