

## **Business Operating Policy**

# **Code of Business Conduct and Ethics**

The purpose of this Code of Business Conduct and Ethics (the “Code”) is to describe standards of conduct and business ethics expected of the directors, managers and employees of Hill & Smith Ltd. Directors, managers and employees of the Company must strictly adhere to the letter and spirit of this Code and of all laws, rules and regulations applicable to the conduct of the Company’s business and must exercise high standards of integrity and sound ethical judgement. If an manager or employee violates any portion of the Code, or knowingly permits an employee under his or her supervision to do so, it could result in stern disciplinary action including reprimand, loss or reduction of compensation, seniority or promotional opportunity, demotion, suspension or discharge.

The principles set forth herein are not designed to govern all matters, events or situations possible. Only the Managing Director of the Company, who will promptly report any such waiver to the Board of Directors, may grant a waiver of the Code for any managers or employees.

**LEGAL COMPLIANCE. The Company shall comply with all governmental laws, rules and regulations in all of its operations. This means that directors, managers and employees are to avoid any activity which involves or could lead to the involvement of the Company, its assets or its directors, managers or employees in any unlawful practice.**

It is the personal responsibility of all directors, managers and employees to acquaint themselves with the legal standards and restrictions applicable to their duties and responsibilities and to conduct themselves accordingly. Failure to comply with legal requirements, such as environmental law, not only is a violation but it also is inconsistent with the Company’s commitment to be a responsible neighbour in the community in which it operates. Over and above the strictly legal aspects, however, directors, managers and employees are expected to observe the additional standards of business and personal ethics specified in the Code and conduct themselves in a manner that would not be an embarrassment or detriment to the Company. Because violations of laws can result in civil damages, criminal penalties and fines for the Company, directors, managers and employees should refer to the list of contact persons furnished with this Code if any issues arise regarding the Code or the law.

It is the Company’s intention to manufacture or fabricate high quality and safe products. Managers and employees are also expected to acquaint themselves with industry standards and regulations applicable to their assigned duties and responsibilities and to cause the Company’s products to be manufactured or fabricated in conformity to such standards and regulations.

**COMMUNICATIONS. All Company communications, whether external or internal, shall be accurate and complete. All public communications shall only be made by persons authorised to speak on behalf of the Company.**

The Managing Director and senior managers responsible for making public communications about the financial and business condition of the Company shall cause full, fair, accurate, timely and understandable disclosure in public communications about the Company. Only persons who have been specifically assigned the responsibility to make public communications on behalf of the Company may do so. Any inquiries to managers and employees requiring public comment are to be forwarded to the Managing Director.



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**FAIR DEALING AND ANTITRUST. Company directors, managers and employees should endeavor to deal fairly with the Company's stockholders, customers, suppliers, competitors, employees and others.**

No director, manager or employee shall take unfair advantage of anyone through manipulation, concealment, abuse of privileged information, misrepresentation of material facts, or any other unfair-dealing practice.

It is the Company's policy to make its own commercial decisions on the basis of what is considered to be in the best interests of the Company, completely independent and free from any understanding or agreement with any competitor, customer or supplier. This policy requires the absolute avoidance of any conduct which forbid any kind of understanding or agreement between competitors regarding prices, terms of sale, division of markets, allocation of customers or any other activity that restrains competition.

**CONFIDENTIAL INFORMATION. Directors, managers and employees shall protect the Company's confidential information as well as that of its stockholders, customers, suppliers, fellow employees and others who disclose information to the Company on a confidential basis. The Company's policy is that all information developed or shared as the result of business processes is proprietary to the Company and an important asset in the operation of the Company's business, and the unauthorised use or disclosure of this information is prohibited.**

Much of the information the Company develops in research, production, marketing, sales, legal and finance is original in nature and its protection is essential to our continued success. Such information shall be safeguarded. Proprietary/confidential information and trade secrets may consist of any business plan, formula, pattern, device or information maintained in secrecy which is used in business, and which gives that business an opportunity to obtain an advantage over competitors who do not know about it or use it. This information shall be protected by all Company directors, managers and employees and not disclosed to outsiders. Its loss through inadvertent or improper disclosure could be harmful to the Company. In addition, the Company respects the property rights of other companies to their proprietary information and directors and employees are required to fully comply with both the spirit and the letter of British and foreign laws and regulations protecting such rights.

Disclosure of Confidential Information.

To protect confidential information, it is Company policy that:

- Confidential information of the Company shall be disclosed within the Company only on a need-to-know basis.
- Confidential information of the Company shall be disclosed outside the Company only when required by law or when necessary to further the Company's business interests and then only in accordance with the Company's disclosure guidelines.

Patents, Copyrights, Trademarks and Proprietary Information.

Protection of the Company's intellectual property – including its patents, copyrights, trademarks, scientific and technical knowledge, know-how and the experience developed in the course of the Company's activities – is essential to maintaining the Company's competitive advantage. This information shall be protected by directors, managers and employees and shall not be disclosed to outsiders.

**CONFLICTS OF INTEREST. Directors, managers and employees shall avoid any personal influences or relationships that would affect their ability to act in the best interests of the Company.**

A conflict of interest occurs when an individual's private interest interferes, or appears to interfere, with the interests of the corporation as a whole. A conflict situation can arise when a director, manager or employee takes actions or has interests that may make it difficult to perform his or her company work objectively and effectively. Conflicts of interest also arise when a director, manager or employee, or a member of his or her family receives improper personal benefits as a result of his or her position in the company. Directors, managers and employees shall not have any financial or other business relationships with suppliers, customers or competitors that would impair the independence of any judgement they may need to make on behalf of the Company. Directors, managers and employees are required to disclose to the Company any financial or other business relationships with suppliers, customers or competitors they may have and the reasons they believe such relationship would not violate the Conflict of Interest provisions of the Code. After such disclosure is made, the Managing Director will review the disclosure and a decision will be made as to whether the disclosed item constitutes a conflict of interest that requires a waiver of the Code, termination of the activity or disciplinary action.

Directors, managers and employees are encouraged to request pre-clearance on any potential conflicts of interests in advance of the relationship or transaction taking place.

Gifts, gratuities, entertainment and similar favours may not be accepted if offered, or that appear to be offered, as an inducement to perform an act inconsistent with the best interest of the Company or if acceptance would place the recipient under an obligation to the provider. Receipt of or payment of kickbacks or bribes by directors, managers or employees in any way related to the performance of their duties for or on behalf of the Company is a violation of this Code.

Doing business with former managers and employees is prohibited unless approved in writing by the Managing Director of the Company.

**BUSINESS OPPORTUNITIES. Directors, managers and employees are prohibited from**

- (a) taking for themselves personally opportunities that are discovered through the use of company property, information or position;**
- (b) using company property, information, or position for personal gain, and**
- (c) competing with the Company.**

Directors, managers and employees have an obligation to give their complete loyalty to the best interest of the Company. Directors, managers and employees may not acquire any interest in outside entities, property or assets in which the Company has an interest or potential interest without the approval of the disinterested members of the Board of Directors of the Company.

**PROTECTION AND PROPER USE OF COMPANY PROPERTY. Company directors, managers and employees are charged with safeguarding the Company's assets and property and ensuring their efficient and proper use.**

- Property. All Company assets shall be used for legitimate business purposes. The unauthorised personal use, borrowing or removal of Company property is prohibited. The Company's property shall not be given away, sold or traded without proper authorisation.
- Discoveries and Inventions. Any discovery, improvement, or invention made or conceived by a person, either solely or jointly with others, during the time he or she is employed by the Company which pertains or relates to the business or products in which the Company is engaged in, is the exclusive property of the Company whether or not patentable.
- Records. Personnel who prepare, maintain or have custody of the Company's records and reports should exert their best efforts to see that these documents are:
  - accurate and complete and clearly reflect the assets and transactions of the Company;
  - safeguarded from loss or destruction;
  - retained for specified periods of time in accordance with the Company's document retention policy; and
  - maintained in confidence.

**POLITICAL CONTRIBUTIONS. The direct or indirect use by employees of any funds or other assets of the Company for political contributions in any form (whether in cash or other property, services or the use of facilities) is prohibited. No gifts of substantial value or lavish entertainment shall be offered or furnished to any governmental official or employee. Reasonable entertainment and courtesies may be extended to the extent that is customary and appropriate.**

**CHARITABLE DONATIONS. Hill & Smith may make donations for a charitable purpose, such as supporting Medical Research, public education, or the sponsorship of events where proceeds are intended for charitable purposes. Donations should be made only to charitable organisations that are separate from the customer (i.e., the customer's charitable foundation).**

- No donation may be made in exchange for a purpose of inducing customers to purchase or to recommend the purchase of Hill & Smiths products or services. Hill & Smith should not fund a charitable request from a customer in which that customer describes its past or future purchases of Hill & Smiths products as a reason for Hill & Smith to provide charitable funds.
- Hill & Smith employees may not make charitable donations on behalf of Hill & Smith.
- Sales, marketing or service personnel should not approve requests for charitable donations or attempt to influence Hill & Smith decision making with respect to a request for a charitable donation.

**REPORTING OF ILLEGAL OR UNETHICAL BEHAVIOR. Employees are required to report suspected misconduct of any nature.**

Managers and employees should talk to supervisors, managers or other appropriate personnel when in doubt about the best course of action in a particular situation. Managers and employees must promptly report violations of laws, rules, regulations or this Code to the Managing Director. Reports can also be made to Hill & Smith Holdings Secretary either in writing or by phone (0121 704 7430), or if you think that little or no action has been taken.

It is against Company policy for any manager or employee to discriminate or take adverse action against another employee who provides information of this nature.



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**EMPLOYMENT PRACTICES. The Company is committed to maintaining a safe work place free from illegal discrimination, intimidation, harassment, and retaliation.**

The Company is committed to fair employment practices, including hiring, pay, promotion, termination, disciplinary action and other terms and conditions of employment. Each person shall be judged on his or her own merits without regard to race, religion, colour, national origin, gender, age, marital status, physical or mental disability, sexual orientation or other status protected by applicable laws.

It is Company policy to provide a safe and secure workplace for employees and visitors.

Employees shall follow the standards that have been established by the Company for wearing personal protective equipment. Employees shall report unsafe conditions or any accidents, no matter how minor, to their supervisor or safety representative.

The Company has no tolerance for threats, intimidation, harassment or acts of physical violence in its workplaces.

Alcohol and the use of unlawful drugs is strictly prohibited in all Company facilities. As a condition of employment, the Company has the right to search and inspect all Company property and any personal property of an employee, which is in or on Company premises, vehicles or other property.

**ELECTRONIC MAIL AND INTERNET USE. Company provided electronic mail and internet access shall be for business purposes and used responsibly at all times.**

All electronic mail, Internet and Intranet facilities provided by the Company are the property of the Company and are to be used primarily for business purposes. Limited personal use of electronic media is acceptable, as in the case of personal telephone calls, but only when used responsibly and when the privilege is not abused. The Company reserves the right to monitor, review and disclose electronic mail as it deems appropriate without the consent of the employee. The copying of software or other copyrighted material is strictly prohibited.

Electronic media may not be used to transmit, retrieve, store, or access any communications which are, in purpose or effect:

- discriminatory, harassing, or derogatory to any individual or group;
- obscene, defamatory or of a threatening nature;
- a misuse of confidential or proprietary information;
- or for any purpose which is illegal, against Company policy or contrary to the Company's best interest.

Hill & Smith reserves the right to monitor, review and disclose electronic mail as it deems appropriate without the consent of the employee.

Postings to chat rooms or message boards through the Company supplied Internet access is strictly prohibited. Employees that participate in chat rooms or on message boards with their personal computers are prohibited from disclosing, either directly or indirectly, their employment with the Company or any information regarding the Company that is confidential or proprietary.

Any communication by an identifiable employee of the Company, even if a disclaimer is used, creates the possibility of a connection with the Company and the possibility that disclosures may be attributed to the Company.



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**DIRECTOR, MANAGER AND EMPLOYEE RESPONSE**

**AFFIRMATIVE STATEMENT REGARDING THE CODE OF BUSINESS CONDUCT AND ETHICS HILL & SMITH LTD**

This certifies that I have read and understand the Code of Business Conduct and Ethics (the “Code”) of Hill & Smith Ltd (the “Company”). Except as disclosed below on this Affirmative Statement, I have not breached the Code and I know of no violation of the Code by anyone else.

I agree

- (i) to comply with the Code and conduct the business of the Company in keeping with highest ethical standards and
- (ii) to comply with international, national, and local laws applicable to the Company’s business.

I understand that failure to comply with the Code shall lead to disciplinary action by the Company, which may include reprimand, termination of my employment and/or the reduction of compensation or demotion.

I have disclosed below all financial or other business relationships with suppliers, customers or competitors of the Company that I am aware of in which my close relatives or I are involved.

Date Signature

Printed Name & Employee Number

**Disclosures:** (Please describe the details and why you believe the item disclosed would not violate the Conflicts of Interest provisions of the Code, if applicable.)

(Attach additional explanation sheets as necessary)