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Business Ethics Policy

It is CNF Precision Engineering's goal to maintain the highest standards of ethics, professionalism and business conduct as well as ensure that we act in strict compliance with the law at all times. We will not tolerate any behaviour or practice that compromises the Company's integrity or honesty. All decisions will be fair and based on transparent processes.

Compliance

Since the Company aims to maintain high ethical standards in carrying out its business activities, practices of any sort that are incompatible with CNF Precision Engineering's principles and policies will not be tolerated. Strict adherence to these principles

And supporting policies is a condition of employment. The Managing Director has overall responsibility for ensuring compliance with the objectives of this policy

Independence and Objectivity

CNF Precision Engineering is committed to being fair, transparent and impartial in all of its dealings and our members of staff are expected specific standards of behaviour, namely:

- i) All staff are required to act in a way that is unbiased, and they must not be subject to any influence which may lead them to act in a way which favours any particular person or organisation.
- ii) Other than the salary paid by CNF Precision Engineering, employees may not directly or indirectly accept any form of payment or material benefit from third parties for services they perform on behalf of CNF Precision Engineering.
- iii) All staff are required to declare in writing any financial or personal interest, direct or indirect, in another company which is either a supplier to or a competitor of CNF Precision Engineering.

Unethical Behaviour and 'Whistle-Blowing'

The Company promotes a working environment which encourages all members of our team to express their concerns about behaviour or decisions that they perceive to be unethical without fear of reprisal or victimisation. Any member of staff who needs guidance or advice on business ethics issues should speak to the Managing Director.

The Managing Director is responsible for initiating and supervising the investigation of all reports of breaches of these principles and policies and ensuring that appropriate disciplinary action is taken when required.

CNF Precision Engineering is committed to attaining the highest standards of employment practice and wishes to be recognised as a good employer. It is committed to communicating its strategy and objectives to employees and to keeping employees informed on the Company's progress against the strategy and objectives.

We support and promote the ethos and principles of equal opportunities in employment, striving to create a culture where every member of our team is treated fairly and without fear of harassment or victimization for any reason.

Balancing Transparency with Confidentiality

CNF Precision Engineering will be transparent in all of its operations except where it is constrained by issues of confidentiality.

The Company will strive to communicate clearly and succinctly in order to minimise complexity in our business dealings.

We will comply with the provisions of the Data Protection Act.

Protecting Business Assets

All members of staff are required to avoid waste and extravagance and are encouraged to identify improvements to systems and procedures to achieve optimal effectiveness, efficiency and responsiveness.

All employees are expected to follow agreed procurement procedures when commissioning third party services. The Company's assets and funds may only be used for the legitimate business purposes of CNF Precision Engineering.

Suppliers, Advisors and Agents

CNF Precision Engineering will aim to develop relationships with its suppliers, advisors and agents based on mutual trust and shared values. Therefore:

- i) All members of staff will conduct business with suppliers, advisors and agents in a professional manner.
- ii) The Company will pay its suppliers, advisers and agents on time and according to agreed terms.
- iii) As far as is practicable, we will engage with our business partners on matters relating to Corporate Responsibility.

Competitors

CNF Precision Engineering will:

- i) Compete in a lawful manner.
- ii) Not seek to damage the reputation of competitors, either directly or by implication or innuendo. iii) Avoid discussing proprietary or confidential information in any contacts with competitors.
- iv) Not attempt to acquire information regarding a competitor's business by unlawful means, including industrial espionage, hiring competitors' employees to obtain confidential information, urging competitors' employees, clients or occupiers to disclose confidential information, or any other approach that is not above board.

Governance and Financial Matters

CNF Precision Engineering will:

- i) Comply with all laws, rules and government regulations that are applicable to the Company.
- ii) Maintain accurate business records, following best practice in all respects.
- iii) Maintain financial statements and accounts in a manner that are accurate and auditable.

Contractual Arrangements

CNF Precision Engineering is committed to meeting its contractual commitments and will build relationships with its suppliers, agents and contracted service providers based on mutual trust. All members of staff are expected to understand and comply with the terms of the contracts for which they have a responsibility.

Child Labour Policy

CNF Precision Engineering acknowledges the fact that child labour occurs in many countries. However, CNF Precision Engineering does not accept child labour, and works actively against it. The complexity of the child labour issue requires a consistent, long-term effort to create sustainable and broad-based solutions in order to reach our goal; that no products delivered to CNF Precision Engineering are produced by child labour.

CNF Precision Engineering respects different cultures and values in countries where CNF Precision Engineering operates and sources its products, but does not compromise on the basic requirements regarding the Rights of the Child.

CNF Precision Engineering Child Labour Policy has been established in order to make CNF Precision Engineering position clear to suppliers and their co-workers, as well as any other parties. The requirements in this code of conduct are mandatory to all suppliers and their subcontractors.

1. General Principle

CNF Precision Engineering does not accept child labour.

CNF Precision Engineering supports the United Nations (U.N.) Convention on the Rights of the Child (1989).

CNF Precision Engineering child labour policy is based on this Convention, which stipulates:

- *“All actions concerning the child shall take full account of his or her best interests.”* Article 3.
- *“The right of the child to be protected from economic exploitation and from performing any work that is likely to be hazardous or to interfere with the child’s education, or to be harmful to the child’s health or physical, mental, spiritual, moral or social development”.* Article 32.1.

In addition, this policy is based on the International Labour Organisation (ILO) Minimum Age Convention no. 138 (1973). According to this convention, the word “Child” is defined as any person below fifteen (15) years of age, unless local minimum age law stipulates a higher age for work or mandatory schooling, in which case the higher age would apply. If, however, the local minimum working age is set at fourteen (14) years of age in accordance with exceptions for developing countries, the lower age will apply.

This Policy also incorporates the ILO Convention on the Worst Forms of Child Labour no. 182 (1999).

2. Implementation

All actions to avoid child labour shall be implemented by taking the child’s best interests into account. CNF Precision Engineering requires that all suppliers shall recognise the U.N.

Convention on the Rights of the Child, and that the suppliers comply with all relevant national and international laws, regulations and provisions applicable in the country of production.

Suppliers are obliged to take the appropriate measures to ensure that no child labour occurs at suppliers' and their sub-contractors' places of production.

If child labour is found in any place of production, CNF Precision Engineering will require the supplier to implement a corrective action plan. If corrective action is not implemented within the agreed time-frame, or if repeated violations occur, CNF Precision Engineering will terminate all business with the supplier concerned. The corrective action plan shall take the child's best interests into consideration, i.e. family and social situation and level of education. Care shall be taken not merely to move child labour from one supplier's workplace to another, but to enable more viable and sustainable alternatives for the child's development.

The supplier shall effectively communicate to all its sub-contractors, as well as to its own co-workers, the content of CNF Precision Engineering Child Labour Policy, and ensure that all measures required are implemented accordingly.

3. Young Workers

CNF Precision Engineering supports the legal employment of young workers.

Young workers of legal working age have, until the age of 18, the right to be protected from any type of employment or work which, by its nature or the circumstances in which it is carried out, is likely to jeopardise their health, safety or morals.

CNF Precision Engineering therefore requires all its suppliers to ensure that young workers are treated according to the law; this includes measures to avoid hazardous jobs, night shifts and ensure minimum wages. Limits for working hours and overtime should be set with special consideration to the workers' young age.

4. Labour force register

The supplier shall maintain documentation for every worker verifying the worker's date of birth. In countries where such official documents are not available, the supplier must use appropriate assessment methods as per local practice and law.

5. Monitoring

All suppliers are obliged to keep CNF Precision Engineering informed at all times about all places of production (including their sub-contractors). Any undisclosed production centres found would constitute a violation of this code of conduct.

Through the General Purchasing Conditions for the supply of products to CNF Precision Engineering, CNF Precision Engineering has reserved the right to make unannounced visits at any time to all places of production (including their sub-contractors) for goods intended for supply to CNF Precision Engineering. CNF Precision Engineering furthermore reserves the right to assign, at its sole discretion, an independent third party to conduct inspections in order to ensure compliance with CNF Precision Engineering Child Labour policy.

6. Remediation

If child labour is found in the supply chains of CNF Precision Engineering, it will seek to work in partnership with the supplier and appropriately qualified organisations to develop a responsible

solution that is in the best long-term interests of the children. The supplier and CNF Precision Engineering will agree a corrective action plan, which may comprise the following actions:

- Collate a list of all potential child labourers and young workers
- Seek advice and help from a recognised local non-governmental organisation that deals with child labour or the welfare of children¹
- Develop a remediation plan that secures the children's education and protects their economic well-being, in consultation with CNF Precision Engineering and where possible a local NGO, and in consultation with and respecting the views of the child
- Explain the legal requirements and restrictions on working ages to the children and assure them that, if they wish, they will be employed when they reach working age
- Understand the children's desires and explore the opportunities for them to re-enter education.
- Whether the child contributes to the livelihoods of their family or they are self-dependent, his or her wage should continue be paid until they reach working age, or until an alternative long-term solution has been agreed with the child and their family (for example employment of an unemployed adult family member in place of the child labourer).
- Ensure that the child worker has adequate accommodation and living conditions.
- Document all actions
- Develop processes to prevent recurrence
- Do not:
 - Expel any of the suspected or confirmed child labourers and/or young workers
 - Threaten the children or their families or hamper the progress of investigation and remediation
 - Conceal or falsify any documentation

Such actions will be considered by CNF Precision Engineering as evidence that the supplier is not committed to child labour remediation, in breach of this Child Labour Policy.

Counterfeit Parts Policy

1. Objective

To preclude the introduction of counterfeit product into our supply chain through strict avoidance, mitigation, and disposition processes.

2. Purchase of Product

CNF Precision Engineering Ltd purchases material, measuring equipment etc from authorized manufacturers and suppliers.

3. Traceability of Product

CNF Precision Engineering Ltd maintains traceability of purchases from Suppliers, retaining the original purchase orders and other receiving documentation, including manufacturers' Certificate of Conformance, for the required document retention periods.

4. Return of Product

The disposition of any products returned by our customers will be identified. Any product that is deemed to be defective and not recoverable will be disposed of in accordance with the company procedure. We will only use authorised scrap metal merchants to ensure no defective product is returned to the supply chain

5. Training

All our employees involved in the purchasing of goods have been informed about the potential for Counterfeit, Fraudulent and Suspect Items, and advised that all goods must be purchased directly from the manufacturers or from agreed and official distribution channels.

Anti-Bribery Policy

Policy Statement

It is the policy of CNF Precision Engineering Limited (the **Firm**) to conduct business in an honest and ethical manner. As part of that, the Firm takes a zero-tolerance approach to bribery and corruption and is committed to acting professionally, fairly and with integrity in all its business dealings and relationships, wherever it operates, and implementing and enforcing effective systems to counter bribery.

Purpose

The Firm will uphold all laws relevant to countering bribery and corruption in all the jurisdictions in which it conducts business, including, in the UK, the Bribery Act 2010 (the **Act**), which applies to conduct both in the UK and abroad.

Scope and applicability

This policy applies to all individuals working for or on behalf of the Firm at all levels and grades, whether permanent, fixed-term or temporary, and wherever located, including consultants, contractors, seconded staff, casual staff, agency staff, volunteers, agents, sponsors and any other person who performs services for or on behalf of the Firm, (collectively referred to as **Workers** in this policy).

In this policy, **Third Party** means any individual or organisation that Workers come into contact with during the course of work and the running of the Firm's business, and includes actual and potential clients, intermediaries, referrers of work, suppliers, distributors, business contacts, agents, advisers, government and public bodies (including their advisers, representatives and officials), politicians and political parties.

What is bribery?

A bribe is an inducement or reward offered, promised or provided in order to improperly gain any commercial, contractual, regulatory or personal advantage, which may constitute an offence under the Act, namely:

- giving or offering a bribe;
- receiving or requesting a bribe; or
- bribing a foreign public official.
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The Firm may also be liable under the Act if it fails to prevent bribery by an associated person (including, but not limited to Workers) for the Firm's benefit.

Gifts & Hospitality

This policy does not prohibit normal and appropriate gifts and hospitality (given and received) to or from Third Parties unless otherwise specifically stated. However, we have specific internal policies which provide guidance to Workers as to what is to be regarded as normal and appropriate gifts and hospitality in terms of financial limits, subject to the principles set out below (the **Overriding Principles**), namely that any gift or hospitality:

- must not be made with the intention of improperly influencing a Third Party or Worker to obtain or retain business or a business advantage, or to reward the provision or retention of business or a business advantage, or in explicit or implicit exchange for favours or benefits;
- must comply with local law in all relevant countries;
- must be given in the name of the organisation, not in an individual's name;
- must not include cash or a cash equivalent;
- must be appropriate in the circumstances;
- must be of an appropriate type and value and given at an appropriate time taking into account the reason for the gift;
- must be given openly, not secretly; and
- in the case of gifts, they must not be offered to, or accepted from, government officials or representatives, politicians or political parties, without the prior approval the managing director.

The Firm appreciates that the practice of giving business gifts varies between countries and regions and what may be normal and acceptable in one region may not be in another. The test to be applied is whether in all the circumstances the gift or hospitality is reasonable and justifiable both in the UK and any other relevant country. The intention behind the gift should always be considered.

What is not Acceptable?

It is not acceptable for any Worker (or someone on their behalf) to:

- give, promise to give, or offer, a payment, gift or hospitality with the expectation or hope that they or the Firm will improperly be given a business advantage, or as a reward for a business advantage already improperly given;
- give, promise to give, or offer, a payment, gift or hospitality to a government official, agent or representative to facilitate or expedite a routine procedure;
- accept payment from a Third Party where it is known or suspected that it is offered or given with the expectation that the Third Party will improperly obtain a business advantage;
- accept a gift or hospitality from a Third Party where it is known or suspected that it is offered or provided with an expectation that a business advantage will be improperly provided by the Firm in return;
- threaten or retaliate against another Worker who has refused to commit a bribery offence or who has raised concerns under this policy; or
- engage in any activity that might lead to a breach of this policy.

Facilitation payments and “kickbacks”

We do not make, and will not accept, facilitation payments or “kickbacks” of any kind, such as small, unofficial payments made to secure or expedite a routine government action by a government official, or payments made in return for a business favour or advantage.

Charitable Donations and Sponsorship

The Firm only makes charitable donations and provides sponsorship that are legal and ethical under local laws and practices and which are in accordance with the Firm’s internal policies and procedures.

Responsibilities and raising concerns

The prevention, detection and reporting of bribery and other forms of corruption are the responsibility of all those working for us or under our control. All Workers are required to avoid any activity that might lead to, or suggest, a breach of this policy

Workers are required to notify the Firm as soon as possible if it is believed or suspected that a conflict with this policy has occurred, or may occur in the future, or if they are offered a bribe, are asked to make one, suspect that this may happen in the future, or believe that they are a victim of another form of unlawful activity.

Any employee who breaches this policy may face disciplinary action.

Date: May 2019

Neil Fearnley

Managing Director