

## NEO PERFORMANCE MATERIALS INC.

### ANTI-CORRUPTION / ANTI-BRIBERY POLICY

#### A. INTRODUCTION/OVERVIEW

Neo Performance Materials Inc. (the "**Company**") is dedicated to the dynamic, ethical and profitable expansion of its operations worldwide. The Company will compete for all business opportunities vigorously, fairly, ethically and legally and will pursue and negotiate contracts in a fair and open manner. Regardless of any pressures exerted, the Company will conduct business using only legal and ethical means.

The Company, including all of its legal entities worldwide owned directly or indirectly by the Company and their respective operating facilities, subsidiaries, affiliates and joint ventures (collectively, "**NEO**") will conduct every business transaction with integrity, regardless of differing local manners and traditions, and will comply with all regulations including, but not limited to:

- The laws and regulations of Canada, particularly the Corruption of Foreign Public Officials Act (CFPOA);
- The laws and regulations of the United States, particularly the Foreign Corrupt Practices Act (FCPA);
- The laws and regulations of the United Kingdom, particularly the U.K. Bribery Act (UKBA);
- of other countries in which NEO conducts business;
- NEO's Code of Business Conduct and Ethics; and
- NEO's policies and procedures.

#### B. POLICY SUMMARY/STATEMENT

NEO requires compliance with high ethical standards and anti-corruption/anti-bribery laws applicable to it in the conduct of its business. NEO values integrity and transparency and has a zero tolerance for corrupt activities of any kind, whether committed by NEO employees, officers, directors or by third parties acting for and/or on behalf of NEO (collectively, "**NEO Parties**"). Any activity for an unlawful, improper or unethical purpose is strictly prohibited. Impermissible or unauthorized payments, gifts or offering anything of value (as defined below); or acts that create the appearance of promising, offering, giving or authorizing payments, gifts or anything of value, prohibited by this policy will not be tolerated.

#### C. SCOPE

This policy applies to:

- All NEO legal entities (joint ventures not under NEO control are encouraged by NEO to adopt a similar policy, and adequate procedures to prevent bribery and corruption); and
- All NEO Parties wherever they are located.

#### **D. PROHIBITED CONDUCT**

NEO Parties for the benefit of NEO shall not make, offer to make, or authorize any improper payments or provide anything of value to any individual, related parties or foreign officials, or at the request of any individual, for the purpose of influencing, inducing, or rewarding any act, omission or decision to secure an improper advantage, obtain or retain business. In essence, NEO prohibits *quid pro quo* payments whereby the payment is made with the expectation of receiving in return an improper benefit or advantage.

Anything of value means not only cash or cash equivalent bribes or inducements in any amount, but also bribes or inducements constituting such things as those listed below or similar items:

- Stock, bonds or any other property
- Entertainment
- Gifts
- Discounts on products and services not readily available to the public
- Offer of employment
- Assumption or forgiveness of debt
- Payment of expenses (including travel expenses) or providing of services
- Political contributions or charitable donations
- Educational advantages (e.g. letters of recommendation, scholarships, etc.)
- Subsidies, per diem payments, sponsorships or honoraria
- Personal favors

Anti-corruption laws do not always differentiate between conduct of NEO and conduct of a third party acting for and on behalf of NEO. Therefore, NEO is diligent in its desire to know its partners and to ensure, to the extent reasonably possible, that any NEO Parties with and through whom NEO conducts business are vetted and acknowledge and agree to comply with principles of this policy as a condition of doing business with NEO.

Additionally, all NEO employees and NEO Parties are responsible for upholding the “knowing” standard, which was introduced primarily to cover payments for illicit purposes to third party intermediaries or foreign agents who would in turn make payments to foreign officials. A company or individual has “knowledge” of prohibited conduct if the company or individual is (a) aware that such third party (to whom resources are given) is engaging in such conduct, that such circumstance exists, or that such result is substantially certain to occur or (b) has a firm belief that such circumstance exists or that such result is substantially certain to occur. A company or individual is also deemed to have knowledge of a particular circumstance if the company or individual is “aware of a high probability of the existence of such circumstance, unless the person actually believes that such circumstance does not exist.” Thus, a company or individual can be held liable if its actions indicate a conscious disregard or deliberate ignorance of circumstances that should reasonably alert the company or individual to the high probability of illegality. In summary, NEO cannot and does not turn a blind eye to suspicious activities of its agents, representatives

or partners, hoping not to learn of prohibited activity.

#### **E. PROPER RECORD KEEPING**

NEO's corporate policy requires that each one of our employees, subsidiaries, facilities and offices maintain books and records in accordance with generally accepted accounting principles, such that they fairly reflect the true character of all transactions of NEO. In addition, each NEO entity and each NEO office is responsible for maintaining an adequate system of internal accounting controls. Generally speaking, NEO corporate policy requires that each transaction entered into have proper authorization and initial approval, then proper and complete accounting and reporting of the transaction. The mischaracterization or omission of any transaction on NEO's books or any failure to maintain proper accounting controls that result in such mischaracterization or omission will not be tolerated. The handling of each transaction is subject to NEO internal audit verification, with reporting of exceptions to the Executive Committee, the Chief Financial Officer and the NEO Board of Directors.

These requirements apply to any direct disbursement of NEO funds, reimbursement of costs incurred by or through any agent, or any revenue offset arrangement.

#### **F. DUE DILIGENCE PROVISION**

NEO must be careful to avoid situations involving third parties that might lead to a violation of anti-bribery and anti-corruption regulations. It is better not to hire an agent or consultant, for example, than to conduct business through the use of a third party's questionable practices or payments. Therefore, prior to entering into an agreement with any agent, consultant, joint venture partner, or other representative who will act on behalf of NEO, the Corporate Legal Department should be notified to ensure proper and appropriate risk based due diligence is performed in advance and that sufficient disclosures, assurances and, contractual obligations (including the right to audit and monitor) of third party compliance with these regulations is obtained.

It is important to monitor the third party for continued compliance with applicable laws. If a third party makes an improper payment or gift, NEO may be held liable even if it did not authorize the payment. NEO should insist on documentation or justification before paying expenses, question unusual or excessive expenses, and notify the Corporate Secretary or the Legal Department of any suspected misconduct or non-compliance with this policy and all applicable policies and procedures.

#### **G. DUTY TO REPORT**

Each employee has a duty to prevent breaches of this policy by reporting any questionable situation to his or her superior, the Corporate Secretary or a member of the NEO Legal Department. It is NEO's policy that employees will not suffer retaliation for good faith reporting of potential compliance concerns (see the Company's Whistleblower Reporting and Non-Retaliation policy).

Additionally, NEO employees may report issues related to, or potential violations of, this policy on line [www.neo.ethicspoint.com](http://www.neo.ethicspoint.com) or by phone at the local phone number available for the various countries accessible at [www.neo.ethicspoint.com](http://www.neo.ethicspoint.com). Where allowed by law, these reports may be made anonymously on a 24/7/365 basis.

#### **H. PUNISHMENT**

Penalties for violations of anti-corruption and anti-bribery regulations can be severe and vary by country. Companies may be subject to multi-million dollar fines. Additionally, individuals may be subject to fines as well as imprisonment.

**Fines are not covered by Directors and Officers Insurance, and fines imposed on individuals for such violations may not be paid by their employer.** NEO takes its obligations to comply with these regulations very seriously. Accordingly, NEO Parties who fail to follow NEO's policy and procedures, whether expressly stated in this Policy or otherwise, may be subject to adverse action, including, where warranted, dismissal.

**I. ACKNOWLEDGEMENT**

Employees shall certify in writing that they have read and intend to comply with the procedures set forth in this Policy. See Annex A.

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Any questions concerning the anti-corruption and anti-bribery laws, or this policy should be addressed to the Corporate Secretary or a member of the NEO Legal Department.

This Policy may be amended from time to time.

Effective Date:            November 7, 2017

**ANNEX A**

**ACKNOWLEDGEMENT AND CERTIFICATION OF THE**

**NEO PERFORMANCE MATERIALS**

**ANTI-CORRUPTION / ANTI-BRIBERY POLICY**

I acknowledge and certify that I have:

- i) read and understand the Neo Performance Materials Anti-Corruption / Anti-Bribery Policy and agree to abide by its provisions and;
- ii) properly reported any known or suspected violations of the Neo Performance Materials Anti-Corruption / Anti-Bribery Policy.

Signature: \_\_\_\_\_

Name (Please Print): \_\_\_\_\_

NEO Location: \_\_\_\_\_

Date: \_\_\_\_\_