

# Code of Business Conduct and Ethics

Version: FINAL v1.3  
Owner: Group Executive  
Approved by: Gavin Slark  
Effective from: August 2015

## Document Change History

Date	Version	Change	Author
3/8/15	Final v1	Version approved by CEO	Simon Owen
11/17	Final v1.1	Bi-annual Review and update	Simon Owen
1/2020	FINAL 1.2	Bi-annual Review and update	Simon Owen
11/2020	FINAL 1.3	Update after review by GRC	Simon Owen

---

## Contents

<b>1. Our commitment</b> .....	<b>2</b>
1.1 How the Code works.....	2
<b>2. Working at Grafton</b> .....	<b>3</b>
2.1 Fair employment .....	3
2.2 Diversity equality and inclusion.....	3
2.3 Discrimination and harassment.....	4
2.4 Drug-free workplace.....	4
2.5 Wellbeing .....	4
2.6 Workplace safety .....	4
2.7 Sustainability .....	4
2.8 Information security.....	4
2.9 Protecting Grafton's assets.....	4
2.10 Insider trading .....	5
2.11 Privacy of colleague information .....	5
2.12 Political and religious support .....	5
2.13 Preventing conflicts.....	5
2.14 Incompatible external activities.....	6
<b>3. Sound business practices and trade compliance</b> .....	<b>6</b>
3.1 Conduct with customers.....	6
3.2 Conduct with suppliers.....	6
3.3 Conduct involving intermediaries, gifts and entertainment .....	7
3.4 Fair competition with competitors and others .....	7
3.5 Payment of Taxes .....	8
3.6 Interaction with customs authorities.....	8
<b>4. Open and proactive communication</b> .....	<b>8</b>
<b>5. Putting the Code into practice</b> .....	<b>8</b>
5.1 Roles and responsibilities .....	8
5.2 How to raise concerns .....	9
<b>6. Contact</b> .....	<b>9</b>
<b>7. Other Relevant Group Policies</b> .....	<b>9</b>

## 1. Our commitment and values

Our commitment to compliance requires, above all, that all colleagues and directors respect and comply with the laws, rules and regulations in the countries where Grafton operates.

This Code of Business Conduct and Ethics (“Code”) extends beyond just legal compliance, however. It reflects Grafton’s responsibility as a market leader to uphold high standards of ethics and integrity.

The Code is consistent with our five core values:



Trustworthy & Responsible



Value our People



Be Brilliant for our Customers



Entrepreneurial and Empowering



Ambitious

### 1.1 How the Code works

This Code is relevant to every Grafton colleague. It is the basic foundation for how the Company operates. All Grafton colleagues and individual business units are required to comply with this Code and with the specific compliance programs established pursuant to this Code as well as guidance and procedures to implement the compliance programs at a local and business unit level (collectively, “Compliance Programs”). In the event of a discrepancy between the local Compliance Programs and this Code, this Code shall prevail.

Failure to comply with the Code may result in civil and criminal liability as well as disciplinary action, possibly including termination of employment.

It is the responsibility of every manager within Grafton to ensure that colleagues are fully aware of the Code and to take steps to promote and monitor adherence with our Compliance Programs. Managers are expected to conduct themselves in a manner that exemplifies the guidelines set forth in the Code.

# 3

---

Colleagues should apply the Code not only to the letter but also in spirit. If, for example, a colleague is confronted with a situation for which the Code does not provide guidance, the following questions can help the individual make the right decision:

- Was there an action taken that was not legal, ethical or fair?
- Would the situation embarrass or otherwise harm Grafton's reputation if it became public?
- As a customer, colleague, shareholder or other Grafton stakeholder, would you approve of the situation and the actions taken?
- Would you feel comfortable telling your family about the situation?

If you are unsure of how to apply the Code, please consult your immediate manager or your local HR function.

## 2. Working at Grafton

### 2.1 Fair employment

Grafton fosters a work environment that encourages colleagues to develop their talents and careers, exercise creativity and achieve superior performance.

The Group's policy is to comply fully with the relevant employment laws and regulations in the countries in which we operate.

Colleagues' personal political or religious beliefs are respected and will not be influenced or criticised. Colleagues and the Company will not engage in any political or religious activity other than personal acts of faith, as agreed with your line manager.

Wages, salaries and other benefits, within the Grafton Group are paid on time and pursuant to all agreements.

Grafton does not tolerate forced or involuntary labour of any form. The Company strictly forbids child labour and any form of forced or involuntary labour, and will not buy from suppliers who are known to use child labour or any form of forced or involuntary labour.

### 2.2 Diversity equality and inclusion

Grafton is committed to a diverse and inclusive workplace. The Company seeks to actively recruit, continually develop and retain talented people from diverse backgrounds and origins. All colleagues are to be treated with equal respect and will have an equal opportunity to contribute fully to the Company's success based on their individual skills, interests and abilities.

## **2.3 Discrimination and harassment**

Grafton colleagues will not discriminate against or harass any colleague or business associate. Grafton has a zero-tolerance policy against harassment and discriminatory practices based on age, ancestry, colour, marital status, medical condition, disability (both mental and physical), national origin, race, religion, political affiliation, sex, sexual orientation or gender identity, or any other factor as established by law. Employment-related decisions unduly based on any of these factors are improper.

## **2.4 Drug-free workplace**

Grafton maintains a healthy and productive workplace where using, selling and distributing illegal drugs, and being under the influence of alcohol and drugs whilst at work, is strictly prohibited.

## **2.5 Wellbeing**

Grafton is committed to providing a healthy workplace and supporting the wellbeing of our colleagues.

## **2.6 Workplace safety**

Safety in the workplace is a top priority and Grafton strives to minimise the risks of accidents or illness among all those working in or with the business, including colleagues and customers. Grafton is responsible for maintaining a safe work environment by implementing applicable health and safety policies, procedures and practices, consistent with relevant legislation, across the entire Group.

## **2.7 Sustainability**

The overall purpose of Grafton Group's sustainability strategy is "To build a sustainable future for everyone", and is focused on five key areas:

- Customer and Product - Providing our customers with ethical, sustainable, and high quality products.
- People - Creating the culture for everyone to thrive and be safe inside and outside our businesses.
- Resources - Reducing, reusing and recycling across our operations.
- Community - Making a positive contribution to the communities and customers we serve.
- Ethics - Ensuring every part of our business operates with integrity.

The strategy is aligned to the UN Sustainable Development Goals.

All colleagues are expected to act in line with the sustainability strategy.

## **2.8 Information security**

Each Grafton colleague is responsible for protecting confidential and sensitive information relating to Grafton, its suppliers and customers, its products and operations, including financial results, business and market strategies, business plans, business processes, technology and systems.

## **2.9 Protecting Grafton's assets**

Grafton has a wide range of assets, including physical assets, proprietary information and intellectual property and expects these assets to be used in an ethical and responsible manner. When necessary, Grafton will take

appropriate action to protect its assets, including business strategies and trade secrets, against loss, theft, damage or misuse.

No colleague shall make improper use of Company, customer or supplier resources or assets or permit others to do so.

The Company's communications system and infrastructure are made available to colleagues to be used for legitimate business purposes, as authorised by management. Use of systems and infrastructure (e.g. internet, email) for personal matters is permitted providing is not excessive or unlawful, does not impact on performance at work or put the business at risk, and does not breach any of the other aspects of the Group IT Acceptable Use Policy. In order to promote safety, prevent possible security violations and manage the communications system, Grafton has the right to monitor, in accordance with applicable law, the use of its electronic information system.

## **2.10 Insider trading**

Grafton complies with all applicable securities laws.

Colleagues may not purchase or sell Grafton shares while in possession of insider information about the Company or communicate such information to anyone outside Grafton. Insider information is information which is not in the public domain and which a reasonable investor would consider important.

Members of the Board of Directors of Grafton plc and Officers of the Company must report their holdings of Grafton shares and any changes in such holdings to the relevant supervisory authority. Any person on the Group's Insider Register cannot deal in Grafton shares without prior approval obtained through the Company Secretary.

## **2.11 Privacy of colleague information**

Grafton recognises and protects the privacy rights of its colleagues with respect to personal information, such as medical or personnel records. Such records cannot be disclosed, except when authorised directly by the colleague or when required or permitted by law.

## **2.12 Political and religious support**

Supporting political or religious organisations with Company funds or resources is strictly prohibited.

## **2.13 Preventing conflicts of interest**

As colleague of Grafton, an individual's professional loyalty is to the Company. All business related decisions must be made based on the best of interests of Grafton, rather than on any personal or other considerations or relationships.

Every colleague is expected to avoid any situation that could create actual or potential conflicts between the interest of the colleague or others and those of the Company.

A conflict of interest can arise in a number of situations. For example, if a colleague or a member of the colleague's family (or someone with whom the colleague has a close personal relationship):

- misuses his or her position with the Company in a way that results in personal gain;

- has a financial interest that can affect the colleague's judgment or influence a decision;
- gains personal enrichment through access to confidential information; or
- has personal interests in a Grafton supplier or customer company.

If a colleague is uncertain about whether a specific transaction, activity or relationship can create a conflict of interest you should discuss it with your immediate manager or your local HR function.

## **2.14 Incompatible external activities**

Engaging in incompatible external activities (such as accepting a remunerated position — part time or full time — outside of the Grafton Group, serving on the board of a non-Grafton company, etc.) requires the written approval of your Business CEO.

## **3 Sound business practices and trade compliance**

### **3.1 Conduct with customers**

Grafton strives to be a preferred supplier to all of its customers, current and potential, by offering superior service and through fair and honest competition.

In its advertising and marketing communication practices, Grafton adheres to the ethical standards applicable in the relevant markets.

Grafton respects the privacy of its customers and treats their proprietary information as confidential, in full accordance with its customer agreements, and relevant legislation.

In their dealings with customers and distribution partners, all Grafton colleagues are expected to make only those statements and commitments that can be honored and fulfilled.

Additional stricter rules may apply to negotiations, contract terms and business relations with government agencies and their officials, which, depending on specific regulation may differ from those that apply when dealing with commercial or private customers. Grafton conducts its business with government agencies in compliance with these rules and applicable regulation.

### **3.2 Conduct with suppliers**

Within its sphere of influence, Grafton strives to ensure that its suppliers follow the principles set out in this Code. In cases where non-compliance is discovered, Grafton will engage with its supplier and promptly take appropriate action which may consist of taking suitable measures to ensure that the issue will not be repeated or changing suppliers.

When choosing suppliers, the competitiveness of the company's offer is the most decisive factor. However, our aim is to give particular preference to suppliers that are in the forefront of environmental focus and work and that live up to the goals and values articulated in Grafton's Code of Business Conduct and Ethics as well as those policies setting out the Group's ethical practices.

Grafton will not purchase from suppliers that procure products for Grafton from countries subject to trade sanctions or if the supplier or its sources are listed in connection with a trade sanctions program, or other list of proscribed individuals or entities, relevant to the countries in which we operate.

### **3.3 Conduct involving intermediaries, gifts and entertainment**

Grafton does not tolerate bribery in any form. Grafton complies with all of the anti-bribery laws and regulations in the countries in which it conducts business.

Payments to distributors, advisers, consultants, suppliers and other parties must be based exclusively on the products or services contracted and not on improper or illegal premium payments or other considerations to facilitate the transaction.

Grafton colleagues may not offer, give or receive gifts, gratuities, entertainment or other benefits that could reasonably be believed to influence public or business decisions or to induce an improper performance of a public or business activity. Entertainment is permitted when directly related to the promotion, demonstration or explanation of a product or service, performance of a contract or other business purpose. Gifts of nominal value are permitted when given as a courtesy, token of regard or esteem, or in return for hospitality. Entertainment and gifts must be reasonable, customary and lawful in the country, and accurately recorded in Grafton's financial records.

Any entertainment or gifts offered or received by Grafton colleagues should be appropriate and not of a nature that would embarrass or otherwise harm Grafton's reputation if it became public knowledge.

Grafton colleagues will not request or accept any entertainment or gift from another that may influence their business activity or decisions. Colleagues should decline and return any gifts of more than nominal value and should only accept entertainment that is directly related to a business purpose.

Under no circumstance will Grafton offer or give anything of value, directly or indirectly through others, to foreign officials for the purpose of influencing any act or decision of such foreign official or gaining some other advantage. In this context, the term "foreign official" is defined broadly and includes government personnel, personnel of government instrumentalities and state-owned enterprises and political candidates and parties.

### **3.4 Fair competition with competitors and others**

Grafton seeks to be fully compliant with all the applicable antitrust and competition laws of the countries where it conducts business. All colleagues must avoid situations that can lead to unlawful and anticompetitive behaviour, including in dealings with competitors, suppliers, customers and affiliates. These include:

- Any collusion with competitors, including discussions with competitors on competitively sensitive topics such as pricing, costs and marketing strategies.
- Imposing unlawful restrictions on suppliers/distributors.
- If Grafton has very strong market power on any market, to the level where it is "dominant," avoiding any conduct that would constitute "abuse"/"monopolisation."



### **3.5 Payment of taxation**

Grafton recognizes its obligations to pay taxation and will not tolerate any form of tax fraud. This includes putting in place all reasonable procedures to prevent associated persons (including colleagues, agents and contractors) from facilitating tax evasion, including helping a third party (e.g. a customer or supplier) to evade tax.

### **3.6 Interaction with customs authorities**

Multiple customs laws and regulations impact the Company's everyday business. These laws and regulations are complex, and complying with them requires significant expertise.

Grafton seeks to conduct all import transactions in accordance with applicable customs laws. Grafton colleagues will not permit the export or import of any merchandise, samples, spares or replacement parts, by shipment, mail, courier or other means, except by company personnel designated with the authority to clear the import or export.

## **4 Open and proactive communication**

Grafton's goal is to be transparent, open and proactive in its communications with all of its stakeholders, while avoiding disclosing any sensitive information that could damage the Company's competitive position.

Grafton is committed to listening to the views of all colleagues and we have formal channels in place to enable the voice of colleagues to be heard by the Board of Directors.

As a publicly-listed company, Grafton is required to follow strict accounting principles and standards and to have appropriate internal controls and processes to ensure that accounting and financial reporting complies with legal, regulatory and listing requirements.

Grafton is committed to ensuring transparency in its financial reporting. It has a policy of full, fair and accurate disclosure to ensure that the market receives timely, comprehensive and understandable information on an impartial basis.

Comments about strategy, financial performance, acquisitions and disposals, and prospects to external parties may only be made by an official Grafton spokesperson.

## **5 Putting the Code into practice**

### **5.1 Roles and responsibilities**

This Code of Business Conduct and Ethics has been approved by the Grafton Board of Directors. The Grafton Group Management, under the direction of the CEO, is responsible for promoting the implementation of the Code across the Group.

Grafton is committed to maintaining its decentralised management structure. This ensures that the talent and experience of each colleague are utilised for the benefit of customers and shareholders. This also means that

day-to-day operational responsibilities belong to the individual business units that form the Grafton Group. The highest-ranking manager of each business unit is therefore responsible for setting up the communication channels, processes and local Compliance Programs needed to ensure compliance with this Code.

Finally, it is the responsibility of each Grafton colleague to understand and comply with the provisions of this Code.

## 5.2 How to raise concerns

Each colleague is encouraged and expected to report any incidents of non-compliance, with the assurance that there will be no retaliation or other negative consequences for persons acting in good faith.

If you suspect any violation of this Code, you are encouraged and expected to report the matter to your manager, their manager or Chief Executive of your business unit, or by contacting the confidential reporting service SpeakUp via the website: [www.graftonplc.ethicspoint.com](http://www.graftonplc.ethicspoint.com)

or, by calling: UK - 0800 069 8039; RoI - 1 800 903 301; Netherlands - 0800 0229332

## 6 Contact

In case of any questions regarding this Code or Grafton policy, please contact your immediate manager or your local HR function.

## 7 Other relevant group policies

The following Group Policies provide further details on our ethical practices:

- SpeakUp
- Equality Diversity and Inclusion
- Health and Safety
- Substance Abuse
- Environmental
- Information Security Policy
- IT Acceptable Use
- Data Protection
- Social Media
- Anti-Bribery and Corruption
- Competition Law Compliance
- Anti-Money Laundering
- Anti-Fraud and Theft

These are available on the Group Intranet and from your Business Unit HR Team.