



ANTI-BRIBERY POLICY

POLICY STATEMENT

Bribery is a corrupt and illegal activity that distorts markets, impoverishes nations and violates the core principles of Canadian Bank Note Company, Limited and its subsidiaries (the “Company”).

Employees, officers and directors of the Company (collectively “Employees”) as well as agents, consultants, lobbyists, distributors and resellers of the Company (collectively the “Representatives”) are absolutely prohibited from engaging in bribery, or any related corrupt activity. They are similarly prohibited from accepting bribes and must comply with the Company’s Conflict of Interest Policy.

Any contravention of this prohibition will justify discipline up to and including immediate dismissal of the offending Employee and in the case of a Representative, the termination of the Company’s relationship with the Representative. Appropriate steps will also be taken to ensure that our brokers, carriers and shippers do not engage in bribery and other corrupt activities.

A breach of this Policy will cause the Company serious and perhaps irreparable damage as well as jeopardize the personal reputations and liberty of those involved.

A contract that cannot be obtained without bribery or corruption is a contract the Company does not want and cannot afford to be associated with.

Every Employee and Representative must be vigilant to ensure that their actions, the actions of their co-workers and the actions of the Representatives do not contravene the absolute prohibition of bribery and corruption. Employees and Representatives must also be vigilant against activities which could be perceived as being corrupt and/or associated with bribery as the perception of corruption can lead to consequences just as severe as actual corruption.

Employees and Representatives that becomes aware of any circumstances where this Policy has, or may have been, breached must immediately report the circumstances to the Vice-President Corporate Affairs or to the Chief Executive Officer.

WHAT IS BRIBERY?

Bribery is the act of directly or indirectly giving, offering or agreeing to give or offer a loan, reward, advantage or benefit of any kind to a domestic or foreign public official or to an employee of an enterprise or to any person for the benefit of the public official, or employee of the enterprise:

- (a) as consideration for an act or omission by the public official or employee in connection with the performance of the duties or functions of the public official or employee of the enterprise: or
- (b) to induce the public official or employee of the enterprise to use his or her position to influence any acts or decisions of the government, organization or enterprise for which the public official or employee performs duties or functions or over which the public official or the employee of the enterprise has significant influence.

Under the laws of Canada, the United States and the countries we do business in, it is a criminal offence to bribe a public official. In some countries such as the United Kingdom, commercial bribery is also a criminal offence. Care must be taken not to fall into this very broad definition.

Most jurisdictions, including Canada, recognize that reasonable levels of hospitality and token gifts that are provided to public officials or employees of enterprises do not constitute bribery. On the other hand lavish gifts or hospitality may indeed constitute bribery and in some jurisdictions no gifts or hospitality for public officials are permissible. For that reason the Company has adopted its Gifts, Hospitality, Donations and Sponsorships Policy that must be strictly adhered to avoid allegations of bribery.

WHO IS A DOMESTIC PUBLIC OFFICIAL?

A domestic public official is any elected official, appointed official, officer or employee of a statutory body, municipal, provincial or federal government or any of their departments, agencies or instrumentalities including a government or Crown owned or controlled organization located in the Company's home country.

WHO IS A FOREIGN PUBLIC OFFICIAL?

Most laws prohibiting international bribery and corruption contain a very broad definition of "foreign public official". In general it means:

- any officer or employee of a foreign government or any of its departments, agencies or instrumentalities including government or crown owned or controlled companies or state enterprises;
- any person acting in an official capacity for or on behalf of a foreign government or government entity (such as an honorary consul);

- any person employed by or appointed to a public international organization (such as the World Bank, the European Community, the International Finance Corporation, the International Monetary Fund and the Inter-American Development Bank);
- any foreign political party or party official, or any candidate for foreign political office;
- consultants who hold government appointments or positions;
- political party officials; and
- members of the royal family in countries that are monarchies.

WHO IS AN EMPLOYEE OF AN ENTERPRISE?

For the purpose of this Policy an employee of an enterprise is an employee, officer, director agent or consultant who provides services to any company, partnership, sole proprietor, association or other entity with which the Company has or wishes to have a commercial relationship.

WHAT IS A DIRECT BENEFIT?

A direct benefit includes anything of value that is given or offered to the public official or employee of an enterprise in his or her personal capacity. This may take the form of cash or equivalents, services, hospitality, guarantees of personal obligations or anything else that benefits the public official.

WHAT IS AN INDIRECT BENEFIT?

Indirect benefits include benefits to the family, favourite charity, club or to any other person or entity that the public official or employee of an enterprises could reasonably regard as a favour or helpful to his or her interests.

IS LACK OF KNOWLEDGE A DEFENCE?

No, in most cases it is not. True absence of knowledge may be a defence but wilful blindness to the likelihood that a bribe will be paid is enough to establish criminal liability. Wilful blindness is the deliberate failure to inform oneself when a reasonable person would be suspicious.

WHY ARE REPRESENTATIVES THE COMPANY'S RESPONSIBILITY?

The Company cannot turn a blind eye to what our Representatives may do on our behalf as their actions are deemed to be the actions of the Company. In order to avoid becoming tainted by bribery or corruption we must diligently investigate and monitor the activities of our Representatives and their reputations for transparency and integrity. Their remuneration must be reasonable in the circumstances, must be paid in a transparent way and they must be contractually bound to observe the relevant portions of this Policy and all applicable laws.

ARE GIFTS, HOSPITALITY, DONATIONS OR SPONSORSHIPS BRIBES?

They can be. There have been successful prosecutions for excessive gifts and hospitality and even charitable donations in several jurisdictions. However reasonable gifts, hospitality, donations and sponsorships may be perfectly legitimate and can have important influence on the Company's reputation. Accordingly Employees and Representatives are required to abide by the Company's Gifts, Hospitality, Donations and Sponsorships Policy.

ARE FACILITATION PAYMENTS CONSIDERED BRIBES?

Yes. Facilitation payments, sometimes called "grease money", are small bribes and are prohibited by this Policy and the laws of most countries.

Generally the term "facilitation payment" describes small payments of money or other low value consideration given to a public official to accelerate, or as a reward for accelerating, the pace at which that public official does his or her work with a corresponding benefit for the payor or his or her employer.

The foreign anti-corruption laws of the United States and a limited number of other countries do not criminalize facilitation payments to foreign public officials however the local laws in all countries consider facilitation payments to be bribes and subject payors and payees to prosecution. In 2013 Canada amended its law to treat facilitation payments as a criminal offence like any other bribe.

Bribery charges will often result in immediate arrest and detention. If the charges are brought in a foreign country detention will be in the foreign territory until the matter is finally resolved. Bribery convictions normally carry severe sentences which are served in the foreign territory's prison system.

Employees and Representatives breach this Policy if they pay facilitation payments unless the payments are *immediately* necessary to preserve life or health. In such a case the defence of necessity may apply if a bribery charge is laid in connection with such a payment.

In any case facilitation payments including those made to prevent an immediate threat to life or health must be immediately reported to the Company's Legal Department and in every case they must be accurately recorded in detail in the Company's financial records.

HOW DOES THIS POLICY APPLY TO CUSTOMER VISITS?

The Company permits payment of reasonable expenses (but not *per diems*, see below) to allow current and prospective customers to visit the Company's facilities provided that such visits are in connection with:

- the performance of a term of a contract; or are
- for the purpose of demonstrating the Company's capabilities to prospective customers; or are

- for the purpose of attending Company sponsored multi-customer events such as conferences, educational seminars and round-table discussions provided that the predominant reason for attendance of the customer at the event is to exchange ideas on business related issues.

The key point is the expenses must be reasonable. The Company has established a Gifts, Hospitality, Donations and Sponsorships Policy which is available on the Company website. In every case the hosting business unit must determine whether the payment of the visiting public official's expenses is permitted under the Company's domestic laws as well as the visitor's home territory before committing to host, or providing any gift to, the public official. The Legal Department should be consulted to determine what laws apply in particular circumstances.

IS THE PAYMENT OF *PER DIEMS* PERMITTED?

No. The Company will not pay a "per diem" to visiting public officials without the prior written approval of the Vice-President Corporate Affairs. Approval will generally be denied as *per diems* generally represent a prohibited direct benefit to the public official. In limited circumstances reasonable *per diems* may be approved provided that they are generally required by the government policies of the official's home country and provided that the visiting public official's superiors have been advised of and have approved the proposed *per diem*.

HOW DOES THIS POLICY APPLY TO THE ENGAGEMENT OF FOREIGN CONSULTANTS?

Selection criteria will be based upon the Company's Representative Selection Policy. All Representatives will be required to sign written engagement agreements with appropriate warranties and representation related to anti-bribery and anti-corruption. Final approval of the appointment of the Company's Representatives rests with the Vice-President Corporate Affairs or the Chief Executive Officer.

HOW DOES THIS POLICY APPLY TO PAYMENTS TO REPRESENTATIVES?

An important control in ensuring compliance with this Policy is the close monitoring of the amounts and means of any payment to a Representative. Commissions or other compensation will only be paid to Representatives in compliance with the then-current approvals process. Commission payments will include, at a minimum, sign-offs from each individual or department named in the latest version of the electronic approval document.

Payments for expenses incurred by Representatives must be approved by the business head and the Vice-President Corporate Affairs.

Commission payments to Representatives will only be paid by:

- cheque payable to the Representative mailed to the Representative's usual place of business or home address; or

- wire transfer to a bank account in the name of the Representative maintained in the jurisdiction where the Representative resides, maintains his or her usual place of business or where the Representative's services were performed.

HOW DOES THIS POLICY APPLY TO OUR CUSTOMS BROKERS, SHIPPERS AND OTHER SERVICE PROVIDERS WHO OBTAIN PERMITS OR CLEARANCES FROM GOVERNMENT ORGANIZATIONS ON OUR BEHALF?

Every Employee who is responsible for engaging the services of any such service provider must require that the service provider give the Company reasonable assurance in writing that the service provider does not engage in bribery and has an anti-bribery policy and appropriate procedures to prevent bribery from occurring within its organization. Employees who have any concerns in this regard should refer the matter to the Legal Department.

WILL EMPLOYEES RECEIVE ANY TRAINING ON THIS POLICY?

All Employees who have any role in the obtaining or retaining domestic or foreign business and any Employees who are required to travel internationally are required to annually take the current anti-corruption training course. From time to time the Company will organize specialized live training for key employees who are involved in the obtaining or retaining of business for the Company.

Approved by Ron Arends
President & CEO
April 24th, 2015