



GLOBAL ANTICORRUPTION POLICY

PURPOSE

Advanced Drainage Systems, Inc. ("ADS" or the "Company") is committed to conducting business fairly, honorably, with integrity, and in compliance with all applicable laws at all times.

The laws of most every country in the world outlaw bribery. These laws are broadly worded and make the payment, offer of a payment, or receipt of a bribe, kickback or other corrupt payment a crime that can have severe civil and criminal consequences for ADS and its employees as individuals. Many laws specifically prohibit bribery of government officials, including the U.S. Foreign Corrupt Practices Act (the "FCPA"). Countries are increasingly enforcing these laws despite what was "customary" in the past. Penalties for ADS and our employees can be severe, including significant fines and possibly even jail time.

The purpose of this Global Anticorruption Policy (this "Policy") is to establish standards for all employees, officers and directors of ADS and its subsidiaries (collectively "ADS") with respect to the FCPA and anticorruption laws of other countries in which we do business.¹ This policy's goal is to protect ADS and our employees, managers, and officers, from the severely damaging financial and criminal consequences that can result from engaging in corrupt business practices.

SCOPE

This Policy applies to all employees, officers and directors of ADS Companies worldwide.

Likewise, this Policy applies to agents, consultants, business partners and any other individuals or entities doing business on behalf of an ADS Company.

This Policy should be read in conjunction with ADS' Code of Business Conduct and Ethics. If you have any questions or are uncertain about any given situation, you should seek further guidance from your manager or seek guidance by contacting your supervisor, ADS' reporting Hotline at 888-234-4790 (you may remain anonymous), or via the internet at: www.ads-pipe.alertline.com (you may remain anonymous).

POLICY

BRIBES, KICKBACKS OR OTHER CORRUPT PAYMENTS.

Bribery, in any form or context, to anyone, anywhere in the world is prohibited.

¹ ADS is committed to working with its joint venture business partners to implement the high standards for ethical business practices outlined in this policy and ensuring that employees are trained on what is expected of them.

This prohibition applies:

- Worldwide, without exception.
- Without regard to regional customs, local practices or competitive conditions.
- To the indirect payment of any such bribe, kickback or other corrupt payment that may be carried out through third parties, such as representatives, consultants, brokers, contractors, suppliers, joint ventures or affiliates, or any other intermediary or agent acting on behalf of ADS.

For purposes of this Policy, whether the other party in connection with any bribe, kickback or other corrupt payment works in the public or private sector is irrelevant.

No employee will be penalized for any delay or loss of business resulting from his or her refusal to make a corrupt payment.

WHAT IS PROHIBITED: WHAT IS A BRIBE?

The idea of a bribe is construed very **broadly** under anti-corruption laws. It includes a corrupt offer, promise, payment, or gift (including the authorization of an offer, promise, payment, or gift) of not only money but “anything of value,” including, but not limited to, gifts, stored-value cards, gift certificates, meals, entertainment (for example, concert, theater, sports, or other events), lodging, tuition, job offers, charitable donations, and travel.

Once a commitment to make a corrupt payment has been made, a violation has occurred. The offer does not have to be accepted, and the bribe does not have to change hands. The offered “bribe” also need not succeed in its purpose.

Indirect “payments” also suffice. For example, corruptly promising to construct a building in a Government Official’s honor or contribute toward her favorite charity, even if the building is never built or the contribution never made, would be a promise of payment, and a violation.

A kickback is a particular kind of bribe. It is the unethical or illegal return of part of a payment already made as part of a legitimate business transaction. For example, an unethical supplier might agree to pay a purchasing manager some amount of money in exchange for the award of a supply contract by that manager.

WHAT IS NOT PROHIBITED: WHAT IS NOT A BRIBE?

Expenditures for modest, reasonable and bona fide (i.e. promotional) gifts, meals or entertainment incurred by, or for the benefit of, a Government Official or other business person are allowed as long as such expenditures directly relate to the promotion, demonstration or explanation of a company’s products or services.

In general, the more lavish the gifts, meals or entertainment the more likely that it would be interpreted as a bribe. Lavish gifts can come in the form of a single, large expenditure or the cumulative amount of a number of smaller expenditures.

TAKING EXTRA PRECAUTIONS WITH A GOVERNMENT OR PUBLIC OFFICIAL.

Anti-corruption policies tend to focus on transactions with Government Officials because they are higher risk. For this reason it is important for you to recognize whom a Government Official is so that you can take extra precautions when interacting with a Government Official.

The definition of a Government Official is much broader than simply someone employed by a government. It includes anyone elected or appointed, domestic or foreign. A Government Official can be:

- A person employed by any department, agency, military branch, court or legislature of a government.
- A person employed by state-owned or controlled business, including nationalized utilities, energy companies, banks, sovereign wealth funds, hospitals, transportation facilities, or social service agencies.
- A tribal chief or elder or a member of a royal family.
- A person employed by a public international organization, such as the European Union, United Nations, World Bank and other development banks.
- A private individual that has the ability to influence how contracts are awarded or other government decisions or one working on behalf of a government or state-owned or controlled business.
- A political party, including candidates and party officials.

THIRD PARTIES: OUR BUSINESS PARTNERS.

When forming relationships with third parties², it is important to understand that third parties acting on our behalf or otherwise associated with us create the same legal risk of liability as ADS employees under anti-corruption laws. It is not necessary to be absolutely sure that a third party has or will make a corrupt payment to benefit ADS. Deliberate ignorance or conscious disregard of the facts can constitute “knowledge” of a payment and result in criminal and civil liability for ADS.³

You cannot turn a “blind eye” to circumstances that suggest a third party will engage in corruption on ADS’ behalf.

For this reason, it is important to conduct due diligence on such parties, and not disregard or ignore facts which indicate that a corrupt payment may occur. The purpose of due diligence is to ensure, to the extent possible, that ADS Companies retain only reputable and honest agents, representatives and partners.

A NOTE ON FACILITATION PAYMENTS.

You may have heard of “facilitation payments” as being different from bribes. Facilitation payments are payments of small amounts (in addition to any official fee) made to secure or expedite the performance of routine non-discretionary government action by non-U.S. clerical level government officials. Examples of situations in which facilitation payments are made may include obtaining routine permits to do business, processing visas and work orders, obtaining mail or telephone services, or expediting shipments through customs (assuming all legal requirements for obtaining these have been satisfied).

In general, ADS prohibits facilitation payments.

The only exception is a circumstance involving an imminent and credible threat to the health, safety, or well being of an individual. For example, a payment to prevent a facility from being dynamited threatens imminent physical harm. This type of situation is more akin to extortion, threatening life, liberty or health and safety of employees, rather than a solicitation of bribes. In such an emergency, the payment must be promptly reported.

² The term “third party” includes distributors, sales agents, dealers, joint venture partners, agents, customs clearance agents, consultants, and any other person acting for or on behalf of ADS.

³ Many of the FCPA enforcement cases brought by the DOJ and SEC involve violations committed by third party intermediaries and joint venture partners.

NO "OFF THE BOOKS" PAYMENTS: BOOKS AND RECORDS

Consistent with the Company's accounting practices and procedures, "off the books" payments or falsification of any books or records to cover up any improper payments are prohibited. This prohibition applies regardless of amount and includes the falsification of books and records to conceal bribery or any other improper payments.

COMPLIANCE WITH THIS POLICY

Compliance with this Policy is mandatory and is vital to the business interests of ADS. As an ADS employee, it is your responsibility to:

- Learn and apply the requirements of this Policy to your job responsibilities and activities;
- Maintain accurate books and records, adhere to audit requirements and establish, and maintain appropriate spending controls;
- Monitor strict compliance with this Policy by all third party business partners;
- Maintain evidence of compliance (e.g., saving all receipts and statements monthly); and
- Cooperate fully in any audit or investigation related to any possible Policy violations.

Anyone who violates this Policy, conceals or destroys evidence of anyone else's violation, or refuses to cooperate with an investigation will be subject to discipline, up to and including termination of employment.

MANAGER AND SUPERVISOR RESPONSIBILITIES

If you are a manager or supervisor, you are expected to not only comply with this Policy, but also to encourage others to comply and to foster a zero tolerance policy towards corruption.

- Take affirmative steps to ensure that associates know and understand this Policy;
- Take affirmative steps to prevent violations and report any suspicious activity;
- Ensure that any employee who reports a suspected violation is protected from retaliation; and
- Maintain a consistent and strong ethical and anticorruption tone from the top and an atmosphere that encourages others to speak up.

RED FLAGS: WHAT YOU SHOULD LOOK FOR.

The most important thing you can do to help prevent an anti-corruption violation is be aware of the early warning signs of improper or illegal payments. Certain situations are hallmarks of trouble to come:

- People or entities with a questionable reputation.
- Family connections that could influence a decision (e.g. a spouse who works in the government).
- Agents recommended by a Government Official
- Countries known to have a high risk for corruption (see Transparency International's Corruption Perceptions Index on their website at <https://www.transparency.org/en/cpi>).
- People who suggest they have a "special connection" with a Government Official
- Unusual financial arrangements (e.g. requests to be paid in advance, in cash, to a shell company).
- Requests for political or charitable contributions.
- "Shell" companies without adequate staff or facilities.
- Information that is inconsistent, vague, false or incorrect, such as on an invoice.

If you come across any of the above, you will need to closely examine the situation and circumstances. Take proactive steps to resolve the circumstances in a way that protects both you and ADS from violating the law.

Penalties

Violations of ADS' expectations for legal and ethical conduct can have significant repercussions, up to and including losing your job. Violations of the FCPA can have severe civil and criminal consequences for both ADS and our employees, managers, and executives, including the following penalties:

FCPA Penalties			
		Individuals	Corporations
Criminal	Anti-Bribery Violation	Up to 5 years imprisonment, up to \$250,000 fine or twice the pecuniary gain	\$2 million fine or twice the pecuniary gain
	Violation in Keeping Accurate Books and Records ("Covering-up" a bribe)	Up to 20 years imprisonment, and a \$5 million fine.	Criminal fine up to \$25 million.
Civil	Anti-Bribery Violation	Up to \$26,262 per violation (may not be paid by employer).	Up to \$26,262 per violation.

	Violation in Keeping Accurate Books and Records ("Covering-up" a bribe)	Greater of gross amount of pecuniary gain or a specified dollar limitation ranging from \$11,823 to \$236,451.	Greater of gross amount of pecuniary gain or a specified dollar limitation ranging from \$118,225 to \$1,182,251.
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Questions, Reporting, and Non-Retaliation

QUESTIONS AND REPORTING

You have an obligation to ADS and your colleagues to help maintain our high ethical business standards. If you have questions or are concerned about any aspect of our business and this Policy, you may contact:

- **Your supervisor.**
- **ADS' Compliance Manager at compliance@ads-pipe.com.**
- **ADS' reporting Hotline at 888-234-4790 (you may remain anonymous).**
- **Via the internet at: www.ads-pipe.alertline.com (you may remain anonymous).**

ADS IS COMMITTED TO NON-RETALIATION.

ADS will not impose sanctions or permit retribution against a person who promptly reports information of violations, or participates in an investigation of a suspected violation, and who has not him or herself engaged in such conduct. **Any employee who reports a potential violation or raises a compliance concern in good faith is doing the right thing and may do so without fear of retaliation.**

ADS will take prompt disciplinary action against any employee who retaliates against you, up to and including termination of employment.

FREQUENTLY ASKED QUESTIONS

IS IT ACCEPTABLE TO PROVIDE A FAVOR OR GIFTS TO SOMEONE INSTEAD OF CASH IN EXCHANGE FOR GETTING THEM TO AGREE TO DO SOMETHING FOR AN ADS COMPANY?

No. Bribery, kickbacks and other forms of corrupt payments can take many forms and are not just the payment of money. This can include things like:

- **Providing a job to a relative of the beneficiary of the bribe.**
- **Promising a job after retirement from a government position.**
- **Excessive and lavish gifts.**

Make sure that gifts, entertainment and travel provided to government officials, as well as employees of private sector companies, cannot be considered as bribes or other corrupt payments.

WHAT ABOUT CHARITABLE CONTRIBUTIONS? CAN THESE BE CONSIDERED IMPROPER?

Charitable contributions or sponsorships might be viewed as vehicles for obtaining bribes or other corrupt payments. For example, a corrupt official may say that before ADS can be considered for awards of business we must agree to contribute to a charity of the official's choosing. Any requests for a charitable contribution in return for a business benefit should be immediately reported.

IS IT ACCEPTABLE TO PROVIDE A CUSTOMER WITH AN INVOICE THAT SHOWS AN AMOUNT HIGHER OR LOWER

THAN THE AMOUNT ACTUALLY CHARGED?

No. All invoices we issue customers must reflect the actual price at which the invoiced products are sold. This is true regardless of the reason given by the customer for requesting a false invoice.

HOW SHOULD I RESPOND TO DEMANDS FOR A CORRUPT PAYMENT OR AN OFFER OF ONE?

Despite the Company's reputation, our Code of Conduct and Ethics, and our best intentions, some of us may encounter situations where a prospective customer or official is expecting a bribe or is offering us a kickback. Beyond refusing the demand or offer, you should always feel free to seek help internally. In addition, whenever you receive an improper request it should be immediately reported so that ADS can protect itself and you.

APPENDIX: EXAMPLES TO ILLUSTRATE ADS' GLOBAL ANTICORRUPTION POLICY

The following examples are set forth to provide guidance to employees on the Policy set forth above.

Scenario: A government inspector has discovered a number of small safety violations at a Company facility. He threatens to shut down our facility unless you pay him a fine on the spot.

Analysis: You should politely refuse, such as by explaining such payments are not within your area of responsibility, and report this immediately. While we certainly wish to avoid unnecessary bureaucratic difficulties, paying money to a government inspector on the spot is improper and likely illegal.

Scenario: A representative for a distributor states that the representative will enter the distributor into a long-term supply agreement with a government procurement office, but only if ADS agrees to "rebate" a portion of the purchase price to the representative. What do you do?

Analysis: When presented with out of the ordinary requests pertaining to payments, routings of goods, etc., use reasonable care to be sure such requests are legitimate, and are not in furtherance of any improper scheme. For example, rebates for a portion of the purchase price (assuming the net price still makes good business sense) should be paid to an account owned by the distributor, and not to the private account of a representative or other third party.

Scenario: ADS is seeking to purchase land for a new facility. The local government owns the land. A real estate broker informs you that, for a commission equal to 25% of the transaction value, he will arrange for the sale of the land through his "connections" with the local government. Do you pay the commission?

Analysis: No. Because of the large amount of the commission, and our knowledge that the broker has close government connections, there are sufficient "red flags" to suggest that this transaction may be improper. You should immediately report the suspicious request to ensure ADS can take appropriate action.

Scenario: In attempting to depart a country experiencing civil unrest, you are detained by a local customs official who demands the payment of a "processing fee" of US\$20 to permit you to clear customs.

Analysis: In this case, because you are faced with imminent danger, you may pay the fee, provided you immediately report the payment to ADS and properly record the payment.

Scenario: A customer asks you to issue two invoices for products sold - one invoice reflecting the actual price, and another invoice reflecting a higher price. The customer will pay the first invoice, and will use the second invoice to justify charging a higher price to its end-user. Is this acceptable?

Analysis: No. You may never issue a false invoice. By issuing a second invoice at a higher price, ADS may be helping a customer engage in misrepresentation or fraud. This could expose ADS to liability, even if it was the customer who used the false invoice. (The same holds true if a customer requests ADS to issue a duplicate invoice reflecting a lower price. If, for example, the customer uses the false duplicate invoice to lower its customs duties, ADS may be legally liable for helping that customer evade those duties.) This request should be immediately reported to ADS.

Scenario: A large shipment of the Company's product en route to an important customer is held up in customs because the containers aren't properly marked as noted on the shipping papers. Because of the delay, we risk missing our delivery date. Our third-party transporter tells you he can convince customs officials to overlook the inconsistency for a small fee. Is this a good idea?

Analysis: No. As an ADS employee you are prohibited from making this type of payment, and using the transporter to make the payment is the same as making it yourself. We must never ask another party to do something on our behalf that we are prohibited from doing ourselves.

Scenario: You want to hire a consultant to assist in soliciting business. The consultant requests a \$100,000 up-front "logistics" fee and a 25% commission on any contracts. The consultant has no particular business experience with the Company's products, but is well-known as someone "who gets things done." Should you enter into this business arrangement?

Analysis: Not without undertaking additional due diligence and closely examining the circumstances. Although the arrangement is not illegal on its face, there are red flags in this arrangement that, if left unchecked, will put ADS and you at risk of violating the FCPA or other anticorruption laws. Be sensitive to unusual up-front payments and/or commissions for third parties, particularly those who will be dealing directly with government entities and who are really selling "access". You may be deemed to act knowingly for purposes of an FCPA analysis by consciously disregarding facts about third parties that indicate a probability that a corrupt payment will occur.

Adopted: February 2017

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