



THIRD PARTY DUE DILIGENCE POLICY AND PROCEDURES

Purpose

The objective of ADS' Third Party Due Diligence Policy and Procedures (the "Policy") is to promote compliance by ADS and ADS' third party business partners ("Third Parties")¹ with ADS' Code of Business Conduct and Ethics, ADS' Global Anticorruption Policy, the U.S. Foreign Corrupt Practices Act, the United Kingdom Bribery Act, the OECD Anti-Bribery Convention and all other applicable laws, including local anticorruption laws where ADS conducts business. This Policy applies to all ADS businesses, directors, officers, and employees.

Before entering into a relationship or renewing an existing relationship with a Third Party, the sponsoring party must comply with requirements set forth herein. The specific due diligence requirements will vary depending on the risks associated with the Third Party.

Scope

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

Roles & Responsibilities

Chief Compliance Officer

The Chief Compliance Officer ("CCO") is responsible for overseeing the due diligence review process. The CCO shall consult with other stakeholders, as necessary, to ensure compliance with this Policy and to resolve any issues identified by the Compliance Manager.

Compliance Manager

The Compliance Manager administers the due diligence process and is responsible for reviewing and analyzing information provided by a Third Party, the Business Sponsor and any other relevant party.

The Compliance Manager may adopt procedures needed to implement this Policy, coordinate with Operational Departments to carry out those procedures (such as Export, Procurement, Sales, Customer Service, the Credit Department, Engineering and/or Accounts Payable), and request additional information or documents from a prospective Third Party, as necessary.

The Compliance Manager will identify the appropriate level of due diligence by assessing the risk level (utilizing Third Party Review Criteria) and the presence of any Red Flags, as defined herein. If deemed necessary under the appropriate level of due diligence, the Compliance Manager may coordinate with the Business Sponsor to provide and collect a Third Party Due Diligence Questionnaire, customized, if necessary, to reflect unique circumstances, from the Third Party.

The Compliance Manager will have responsibility for final approval, rejection, or requests for further information from a Third Party. If necessary, the Compliance Manager may consult with other stakeholders, outside counsel or the CCO to resolve a specific Due Diligence Review.

Business Sponsor

The Business Sponsor is responsible for coordinating with the Compliance Manager to meet the requirements of this Policy. If requested by the Compliance Manager, the Business Sponsor will provide a statement of the business case for a relationship with a Third Party, including details such as: business need, reasonableness of proposed compensation and comparison with the market, capabilities of the proposed Third Party, reason for selection, and description of the relationship formed to date. The Business

¹The 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.

Sponsor will also be responsible for distributing and collecting the Third Party Due Diligence Questionnaire, when applicable, to/from the potential Third Party to obtain the information necessary to conduct a thorough due diligence review.

Operational Departments

Operational Departments, such as Export, Procurement, Sales, Customer Service, the Credit Department, Accounts Payable, Engineering, and/or others, are responsible for supporting the Compliance Manager's administration of the due diligence process. This may include, as necessary, implementing policies and procedures to ensure that the due diligence process is followed.

Due Diligence Process

Step 1 – Determination of Due Diligence Level: Using the Third Party Review Criteria and Red Flag list, the Compliance Manager will set standards to determine if a due diligence review is required and, if so, the appropriate level. Depending on the nature of the risk, a due diligence review may be conducted either prospectively or retrospectively on a Third Party. At a minimum, Basic Due Diligence will be conducted on any Third Party identified as posing an elevated corruption risk based on the standards set by the Compliance Manager.

Step 2 – Due Diligence Review: The Compliance Manager, in consultation with the Business Sponsor, Operational Departments, and any other relevant stakeholder, will be responsible for reviewing and analyzing any information provided by the Third Party or discovered during the due diligence review process.

Step 3 – Risk Mitigation: If a heightened level of risk is discovered, the Compliance Manager may require additional due diligence information or risk mitigation steps. The Compliance Manager may elevate the decision to the CCO, as necessary.

Step 4 – Final Decision: Based on the results of the appropriate level of due diligence review, the Compliance Manager may approve (with or without conditions) or reject the Third Party and must communicate the decision to the Business Sponsor and all other appropriate stakeholders.

No Third Party will be approved until all Red Flags have been resolved and the risk of corruption has been adequately mitigated.

Step 5 – Documentation: The Compliance Manager shall be responsible for maintaining an electronic file containing all information gathered or materials created as part of the due diligence process. That file must be retained in accordance with ADS' official document retention policy or for five years (whichever is longer).

Levels of Due Diligence Review

The appropriate level of due diligence, as determined by the Compliance Manager, will depend on the particular facts and circumstances and the existence of any elevated corruption risks or Red Flags, which must be investigated and resolved. The appropriate level may change as more information is discovered:

Level 1 – Basic Due Diligence

Level 2 – Enhanced Due Diligence

Level 3 – Focused Due Diligence

Level 4 – Comprehensive Due Diligence

Level 1 – Basic Due Diligence

Basic Due Diligence consists of an anticorruption database screening and is conducted on all Third Parties determined to pose an elevated corruption risk to ADS, as guided by the Third Party Review Criteria and any identified Red Flags. At the direction of the Compliance Manager, Operational Departments must ensure that a Basic Due Diligence screening is performed when necessary and documented in ADS' system.

Level 2 – Enhanced Due Diligence

An Enhanced Due Diligence Review may include any or all of the following requirements:

- Completion of a Third Party Due Diligence Questionnaire
- Receipt of ADS' Third Party Code of Conduct by the Third Party
- Inclusion of anticorruption provisions committing the Third Party to compliance with ADS' Third Party Code of Conduct in any agreements formed with the Third Party
- Screening of the entity and each owner through ADS' open source intelligence database that includes media information, public domain records and Government databases such as:
 - Adverse media references
 - Criminal prosecutions of the company or its owners/shareholders/managers
 - Politically Exposed Persons (“PEPs”) and close associations
 - Regulatory enforcement checks for entries related to prohibited persons or entities, terrorism, corruption, organized crime, white collar crime, or arms trafficking.
- Completion of a summary Due Diligence Memo documenting the final decision of the Compliance Manager, including: analysis performed, any deviations from the standard process, and individuals involved in the process.
- Statement of the business case as provided by the Business Sponsor
- Due Diligence File created by the Compliance Manager and stored according to ADS' Record Retention Policy.

Level 3 – Focused Due Diligence

A Focused Due Diligence Review may include any or all the following requirements:

- If the Third Party has an existing relationship with ADS, review of payment records, invoices and selected transactions.
 - The due diligence investigation may include on-site visits and inspections by ADS personnel (or a due diligence investigator or other agent acting on ADS' behalf).
- Verification of the Third Party's beneficial ownership and screening of each owner through ADS' open source intelligence database, this may require the involvement of an outside investigator.
- Follow-up questionnaire asking the Third Party to respond to any identified corruption concerns.
- Verification of the Third Party's beneficial ownership and screening of each owner through ADS' open source intelligence database, this may require the involvement of an outside investigator.

Level 4 – Comprehensive Due Diligence

In exceptional situations where the due diligence process involves a Third Party with multiple Red Flags that cannot easily be investigated and/or resolved, the Compliance Manager must elevate the investigation to the CCO.

A Comprehensive Due Diligence Review may include, as necessitated by the circumstances and in response to the specific Red Flags identified, any or all of the following:

- Targeted investigation conducted by ADS or by an independent due diligence investigative company that may include:
 - Company profile with information on:
 - Business registrations,
 - Ownership/shareholders,
 - Management structure, and
 - Government affiliations of any owner/shareholder or manager.
 - Data related to the owners/shareholders/managers including any or all of the following:
 - Family members and their connection to the government
 - Educational and professional credentials
 - Links to other companies to include information on owners/shareholders/managers who are linked to other companies in similar industries
 - Family members of owners/shareholders/managers who are with other companies in similar industries.

- Interviews with the proposed Third Party.
- Additional financial investigation of bank accounts and transactions.
- Investigative interviews in local country of individuals and businesses with knowledge of the Third Party's business practices and reputation for ethical conduct.
- An advice of counsel memorandum from a neutral in-house or outside counsel evaluating the risk of anticorruption violations from a relationship with the Third Party and concluding that the risks are not significant enough to refuse to enter into or renew a contract with the Third Party.

Third Party Review Criteria

ADS will consider the following criteria in evaluating the corruption risks arising from its relationship with a Third Party to determine the appropriate level of Due Diligence Review:

- Level of involvement, monetarily or operationally, ADS will have with the Third Party.
- Presence or absence of red flags.
- Operation in a country with a Corruption Perception Index below 60 as listed by Transparency International's Corruption Perception Index (see Appendix A).
- Competence of the proposed Third Party to provide goods or services with ADS (such as his, her or its qualifications, expertise and resources).
- Business justification for the initial or continued retention of the proposed Third Party.
- Accuracy and completeness of the information provided by the proposed Third Party.
- Ability of each party to comply with all applicable laws governing ADS' relationship with the proposed Third Party.
- Ability of the Business Sponsor, in combination with any other compliance measures, to ensure adequate and continuing compliance oversight of the proposed Third Party.
- Extent to which ADS' written agreements with the proposed Third Party requires that the proposed Third Party:
 - Complies with domestic and extraterritorial anti-boycott laws, anti-bribery laws, export/re-export controls and economic sanctions as well as with ADS' policies which address the foregoing laws,
 - Complies with clear contractual limits regarding the countries in which, and from which, the proposed Third Party may deal with government officials or customers on behalf of ADS,
 - Compels any subcontractors or business partners to abide by substantially equivalent contractual terms and conditions (to the extent that they assist with the provision of goods or services to or on behalf of ADS),
 - Maintains accurate and complete accounting and financial accounts, books and records,
 - Permits ADS to audit those accounts, books, records and related internal controls, and
 - Cooperates and successfully completes any compliance review renewal or updates processes adopted by ADS under this policy.

Third Party Red Flags

This Policy is designed to identify and resolve potential “Red Flags” indicating a potential risk of corruption and bribery in its relationships with Third Parties. ADS is committed to investigating Red Flags and resolving them through a variety of techniques, including reviewing additional information, conducting further inquiries, analyzing information, and developing a sufficient record of information and analysis to support resolution of specific Red Flags. The goal of this process is to mitigate any risk that a Red Flag will later prove to have been an indicator for corrupt activities.

Some examples of Red Flags are set forth below. This list is neither exhaustive nor intended to restrict the due diligence review.



Ties to Government

- Family or business ties to government officials or employees.
- Large or frequent political contributions.
- A government official or employee recommended the Third Party.
- References to political or charitable donations as a way of influencing official action.
- Large sales to government agencies with unusually high unit price and low frequency.



Questionable Circumstances

- Refusal to cooperate with the due diligence investigator or refusal to make representations and warranties.
- The Third Party is not in compliance with local law.
- Suspicious statements such as needing money to “get the business” or “make the necessary arrangements.”
- Submitting invoices or requests payment with suspicious entries or under suspicious circumstances.
- Bankruptcies, default on obligations, civil suits alleging fraud, property seizures, criminal or regulatory issues.



Unusual Compensation

- Requests for a commission or other payment substantially above the market rate or requests a substantial up-front payment.
- Requests for payments in cash or in checks payable to cash or bearer.
- Requests that payment be made through a third party or in a third country.
- Refusal to properly document expenses.



Poor Reputation

- Reputation for unethical conduct.
- The country in which the Third Party is based, or where the business with ADS will be conducted, has a reputation for corruption.



Insufficient Capabilities

- The Third Party is not expected to perform substantial work.
- The Third Party lacks the staff, facilities, or expertise to perform substantial work.
- The Third Party lacks relevant industry/technical experience.

Contractual Provisions

ADS' Terms and Conditions of Sale include provisions to mitigate potential corruption or bribery risk. Additional anticorruption provisions may be added to contracts with any Third Party to mitigate risks identified during the Due Diligence Process, such as: anticorruption representations and warranties, specific risk-based certifications to confirm representations made during the Due Diligence review, audit rights, termination rights, payment terms, and additional provisions which may be required based on the specific circumstances. Any additional contract terms must be approved by the Legal Department, in consultation with the Compliance Manager.

Ongoing Monitoring

ADS will use reasonable efforts to perform ongoing monitoring of its Third Parties via a variety of processes that may include exercising audit rights, refreshed due diligence screening, and Third Party Code of Conduct certifications. ADS may conduct additional due diligence reviews and analysis as necessary to mitigate ongoing risks and intervene to reduce ADS' overall risks.

Policy Flexibility

The Compliance Manager may waive specific requirements of this Policy in appropriate circumstances. (An example of when a waiver might be appropriate is where a specific Policy requirement cannot be satisfied and there is an immediate need to retain or renew a Third Party relationship because of an unforeseeable financial risk of material significance.) Such decisions may be made in consultation with outside counsel and/or the CCO.

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.

Appendix A: Geographic Corruption Risks

The below listed countries rank 60 or below on Transparency International's Corruption Perception Index. Conducting business within any of these countries indicates an elevated risk of corruption.

Country	Score	Country	Score	Country	Score
Slovenia	60	Zambia	38	Timor-Leste	28
Spain	58	Benin	37	Cameroon	27
Czech Republic	56	China	37	Iran	27
Korea (South)	56	Colombia	37	Nepal	27
Malta	56	Liberia	37	Nicaragua	27
Cape Verde	55	Sri Lanka	37	Paraguay	27
Costa Rica	55	Albania	36	Ukraine	27
Latvia	55	Algeria	36	Comoros	26
Seychelles	55	Egypt	36	Nigeria	26
Rwanda	54	Indonesia	36	Tajikistan	26
Jordan	53	Morocco	36	Bangladesh	25
Mauritius	53	Peru	36	Guinea	25
Namibia	53	Suriname	36	Kenya	25
Georgia	52	Armenia	35	Laos	25
Saudi Arabia	52	Mali	35	Papua New Guinea	25
Bahrain	51	Mexico	35	Uganda	25
Croatia	51	Philippines	35	Central African Republic	24
Hungary	51	Bolivia	34	Congo Republic	23
Slovakia	51	Djibouti	34	Chad	22
Malaysia	50	Gabon	34	Democratic Republic of the Congo	22
Kuwait	49	Niger	34	Myanmar	22
Cuba	47	Dominican Republic	33	Burundi	21
Ghana	47	Ethiopia	33	Cambodia	21
Greece	46	Kosovo	33	Zimbabwe	21
Romania	46	Moldova	33	Uzbekistan	19
Oman	45	Argentina	32	Eritrea	18
Italy	44	Belarus	32	Syria	18
Lesotho	44	Cote d'Ivoire	32	Turkmenistan	18
Montenegro	44	Ecuador	32	Yemen	18
Senegal	44	Togo	32	Haiti	17
South Africa	44	Honduras	31	Guinea-Bissau	17
Sao Tome & Principe	42	Malawi	31	Venezuela	17
The FYR of Macedonia	42	Malawi	31	Venezuela	17
Turkey	42	Mauritania	31	Iraq	16
Bulgaria	41	Mozambique	31	Libya	16
Jamaica	41	Vietnam	31	Angola	15
Serbia	40	Pakistan	30	South Sudan	15
El Salvador	39	Tanzania	30	Sudan	12
Mongolia	39	Azerbaijan	29	Afghanistan	11
Panama	39	Guyana	29	Korea (North)	8
Trinidad and Tobago	39	Burkina Faso	38	Somalia	8
Bosnia & Herzegovina	38	India	38		
Brazil	38	Thailand	38		
Burkina Faso	38	Tunisia	38		
India	38	Burkina Faso	38		
Thailand	38	India	38		
Tunisia	38	Thailand	38		
		Tunisia	38		



ADS THIRD PARTY DUE DILIGENCE QUESTIONNAIRE (TEMPLATE. MAY BE REVISED BASED ON CIRCUMSTANCES.)

Introduction

The questions listed below constitute preliminary due diligence for the proposed business between Advanced Drainage Systems, Inc. (“ADS”) and _____ (“Third Party”), located at _____. ADS must complete its due diligence review before entering into any agreement with any third party business partner. Further questions may be added as a result of the due diligence.

Please complete the questions below by providing responses to each question. If a question is not applicable, please so indicate. Requests for information “including” specific examples shall in all cases herein mean “including, without limitation.” Unless otherwise indicated, a request for information is a request for all such information for the last 5 years from the date that this questionnaire is delivered.

Please feel free to use one or more separate sheets of paper to answer each question completely. This questionnaire should be completed for the entity with which ADS will be directly contracting and such entity’s Key Personnel. (Please refer to the definition of “Key Personnel” before completing the questionnaire.)

Terms & Definitions

“Anti-Bribery Law” or “Anticorruption Law” means and includes the FCPA, the UK Anti-Bribery Act of 2010, and any other applicable law which prohibits corruption or payments of money and other things of value to Government Officials.

“Close Family Member” means the individual’s spouse; the individual’s and the spouse’s grandparents, parents, siblings, and children; and the spouses of any of these people.

“FCPA” refers to the U.S. Foreign Corrupt Practices Act of 1977.

“Government Official” means any officer or employee of a country’s government or any department, agency, or instrumentality thereof, or of a public international organization, or any person acting in an official capacity for or on behalf of any such government or department, agency or instrumentality, or for or on behalf of any such public international organization.

“Government Entity” means any agency, department, other entity controlled by the government, including state-owned enterprises, or a public international organization.

“You” or “Your” refers to the person signing this questionnaire.

“Key Personnel” are those that will be involved with setting up or conducting business with ADS. This includes any individual (if known at this time) with ultimate decision-making or approval authority.

Please feel free to use separate paper(s) to answer each question completely.

Questions

Background

Please provide Third Party’s name, address, and corporate registration number or other government licensure number. (Please attach a copy of the government registration document.)

State the name and respective percentage(s) of all Third Party owners and their address(es), including indirect, intermediate and/ or ultimate beneficial owner(s) of Third Party. If the ultimate beneficial owner is a business entity, please provide the name(s) of the beneficial owner(s) of such business entities. If shareholders own the entity, please list the name of any major shareholder (owns >5%) or any shareholder that is involved with operating the business.

List the names and titles of Key Personnel of Third Party who will be involved in the proposed business with ADS.

Relationship to Government Officials

Are any owners or Close Family Member of an owner of Third Party a current or former Government Official in any country? If so, please identify the Government Official, the government position(s) currently or formerly held, and the ownership interest held.

Are any Key Personnel, or is a Close Family Member of any Key Personnel, a current or former Government Official of any country? If so, please identify the Government Official, the government position(s) currently or formerly held, and the ownership interest held.

Does any government, directly, indirectly or through a state-owned or state-controlled enterprise, hold any current ownership interest in Third Party or any company or entity you identified in response to Question 2 above? If so, provide: (a) the name of the government or state-owned or state-controlled enterprise; (b) the ownership interest; (c) any board position held by a representative of the government or state-owned or state-controlled enterprise; and (d) any management position held by a representative of the government or state-owned or state-controlled enterprise.

Interactions with Governments

Does Third Party regularly conduct business with the government of any country, such as to obtain licenses, operating permits or as a supplier or vendor? If so, please describe the nature of the business conducted.

Do You expect that You or any Key Personnel will have contact on behalf of ADS with any Government Official or Government Entity or with any member of a political party in any country? If so, please identify each such Government Official, Government Entity or political party and explain the reason(s) for such contact(s).

Third Party Intermediaries

If Third Party will be utilizing any third party (agents, consultants, representatives, etc.) directly related to its business with ADS, please provide the following: (a) the individual and/or entity name, (b) whether the person is a current official or employee in the government of any country; (c) whether the person was employed within the last five years by the government of any country; and (d) the responsibilities and duties of the person in such government position.

Does Third Party employ agents to conduct business with any Government Entities, such as to obtain licenses, operating permits or as a supplier or vendor? If so, please provide each such agent's name and address.

Prior Business Operations and Due Diligence

Has Third Party been the subject of a prior anticorruption due diligence review in the last five years? If so, explain in detail: (a) which company; (b) the nature of the relationship with the company; (c) the requirements of the due diligence review; and (d) the results of the due diligence review.

General Political and Anticorruption Questions

Has anyone associated with Third Party ever been involved in, accused of, or adjudicated for violating any anti-bribery or anticorruption law? If so, please explain the events, accusations, and outcome.

Does Third Party have a Code of Conduct, Anticorruption Policy or other similar program? If so, please provide a summary of the program and copies of any related documents used to ensure compliance with Anticorruption Laws.

Does Third Party plan to participate and comply with ADS' expectations for conducting business legally and ethically in accordance with its Third Party Code of Conduct (which was provided to you with this Questionnaire)?

Certification

I personally answered and reviewed for accuracy my responses on behalf of Third Party to each of the questions in this Questionnaire. I hereby declare that the information provided is accurate and complete to the best of my knowledge and belief.

To Be Signed by (please print name and title):

Name: _____ Title: _____

Signature: _____ Title: _____