



SCHLEIFRING

Schleifring North America, LLC

Anti-Corruption Policy

Revision 1, Dated 22 August 22 2022

1.1 Anti-Corruption Policy

Schleifring Group is an international company with manufacturing facilities in several countries around the world. Schleifring North America, LLC (SNA) is fully committed to act in a legal, ethical and environmentally responsible manner. This commitment is central to our culture and business activities.

The Board of Directors has a zero tolerance of violation of law, of our practiced values and of our corporate rules. We encourage our employees to feel obliged to put into practice 'world-class' corporate and socially responsible behavior. Today and in the future, these are the conditions for our international success. The Board of Directors and the Management team are committed to compliance with all applicable international anti-corruption laws, regulations, and guidelines.

The U.S. Foreign Corrupt Practices Act ("FCPA"), the United Kingdom Bribery Act and the Anti-Kickback Act of 1986 (41 U.S.C. 51-58) are among the most stringent anti-corruption laws in the world and cover SNA's international activities in many cases. Every other country where SNA might conduct business has some form of anti-corruption law in place. These laws generally prohibit payment or offers of even small amounts to government officials. Penalties for violating anti-corruption laws can be severe. Corporate violations can result in multimillion-dollar fines, and individuals can be personally responsible for significant fines or imprisonment for violating anti-corruption laws. In addition, SNA would deem non-compliance with applicable anti-corruption laws to be a breach of this Policy and our *Code* resulting in employee discipline, up to and including termination.

DEFINITIONS

The following terms defined herein are provided for context and clarity and should be applied when associated with this Policy to help in understanding the requirements.

Anti-Corruption -- Anti-corruption laws generally prohibit offering or accepting anything of value to secure an improper advantage to obtain or retain business. In other words, anti-corruption laws prohibit bribery. While it may be common sense that bribery is illegal, defining what is and is not a bribe may be more complicated. For instance, a gift or payment in one country might be considered a legitimate and customary business practice, while in another country that same conduct would be an illegal bribe.

- *FCPA – Foreign Corrupt Practices Act* -- The Foreign Corrupt Practices Act of 1977, as amended, 15 U.S.C. §§ 78dd-1, et seq. ("FCPA"), was enacted for the purpose of making it unlawful for certain classes of persons and entities to make payments to foreign government officials to assist in obtaining or retaining business. Specifically, the anti-bribery provisions of the FCPA prohibit the willful use of the mails or any means of instrumentality of interstate commerce corruptly in furtherance of any offer, payment, promise to pay, or authorization of the payment of money or anything of value to any person, while knowing that all or a portion of such money or thing of value will be offered, given or promised, directly or indirectly, to a foreign official to influence the foreign official in his or her official capacity, induce the foreign official to do or omit to do an act in violation of his or

her lawful duty, or to secure any improper advantage in order to assist in obtaining or retaining business for or with, or directing business to, any person.

- *Kickback* --“Kickback” means any money, fee, commission, credit, gift, gratuity, thing of value, or compensation of any kind which is provided, directly or indirectly, to any prime contractor, prime contractor employee, subcontractor, or subcontractor employee for the purpose of improperly obtaining or rewarding favorable treatment in connection with a prime contractor in connection with a subcontract relating to a prime contract.
- *Extortion* -- The crime of obtaining money or some other thing of value by the abuse of one’s office of authority.
- *Bribery* -- Money or favor given or promised in order to influence the judgement or conduct of a person in a position of trust.
- *Anything of Value* -- Money or anything that has value to the recipient, such as gifts, favors, travel expenses, charitable donations, or political contributions.
- *Government* -- Any agency, instrumentality, department, ministry, or other body of any U.S or non-U.S. national, state, or local government, or any public international organization, including any governmental committee or commission and regulatory agency, and any U.S or non-U.S. government-owned or government-controlled business, corporation, company, or society, or any U.S or non-U.S. political party.
- *Government Official(s)* –
 - * Official (elected, appointed, career, or member), employee, or other Third-Party of a Government;
 - * Official, employee, or other Third-Party of a public international organization (e.g., Red Cross, United Nations, World Bank, European Union, World Trade Organization, World Customs Organization, North Atlantic Treaty Organization);
 - * Individual acting for or on behalf of a Government, even though he or she may not be an employee of such Government (such as an uncompensated honorary official or a member of a royal family);
 - * Official of a political party or candidate for political office inside or outside the U.S.; and,
 - * Individual who is considered a Government Official under applicable local law.

Note: An employee of a government-owned or government-controlled business is considered a “Government Official” and is subject to the same restrictions under this Policy as an official, employee or Third-Party of a Government. If you have any question as to whether a person (e.g., potential or current customer or vendor) is considered a “Government Official” under this Policy, please contact Senior Management.

- *Non-U.S. Person* -- Any person who is not a U.S. Person. A U.S. Person is defined as a U.S. Citizen, a permanent resident alien (green card holder) or a “Protected Individual” as that term is defined 8 U.S.C. 1324b(a)(3) and any corporation, partnership, or other organization organized under the laws of the United States.

PROCEDURE

Anti-corruption compliance is a priority for a number of reasons beyond these potential penalties. First, any form of corrupt business conduct is in direct conflict with the business ethics of SNA. Second, corruption can compromise national and international security interests because illegal or off-book payments can support drug trafficking, the proliferation of weapons, funding of criminal or terrorist organizations, and other conduct that impairs our national and international security interests.

Complying with anti-corruption laws in multiple jurisdictions can be complicated but following one simple rule will help ensure compliance in every situation: If you suspect or identify a potential corruption risk, immediately notify the SNA President. SNA will provide the appropriate professional resources to support you and help ensure full legal compliance.

SNA Representatives must adhere to the following mandatory compliance directives. Non-compliance with these directives would be considered a breach of this Policy and may result in employee discipline or termination of the relationship with SNA (non-employees).

Bribery Prohibited

SNA prohibits offering, giving, or accepting anything of value with the intent to obtain or retain business for an improper advantage. This applies to U.S. and foreign government officials, as well as commercial parties. No “official” or “commercial” bribery is permitted. SNA Representatives shall not offer, give or receive anything of value if that conduct could be perceived as making or taking a bribe. Indirect misconduct, such as offering or accepting a bribe through a third-party intermediary or “turning a blind eye” to illegal or improper conduct, is a violation of anti-corruption laws as well as this Policy. Requests or demands for a bribe or other payment might take the form of a personal threat to the health or safety of a person. If you have any questions or concerns about whether offering, giving, or receiving anything of value might be a violation of this Policy, you must consult the President or your manager before proceeding. If a demand for a bribe or payment request is made, you must notify the SNA President as soon as possible. If you are not able to notify the SNA President in advance of making a payment, you must notify him/her as soon as possible after making the payment and document any transactions in accordance with the provisions of this Policy.

Business Courtesies

A business courtesy is a gift (anything of value) provided to a business counterparty, to include among other things meals, refreshments, entertainment, and admission to sporting events. In certain situations, the exchange of limited, non-cash business courtesies may be appropriate. SNA does not seek to improperly influence the decisions of its business counterparties or government officials by offering business courtesies, and SNA requires that the decisions of directors, officers, and employees at SNA not be affected by having received a business courtesy.

SNA prohibits the solicitation, directly or indirectly, for its benefit or for the benefit of another person, of any gift, favor, or other gratuity or thing of value from a person or organization with which SNA does business or that seeks to do business with SNA. Soliciting a gift, favor, or other gratuity or thing of value is strictly prohibited regardless of the nature or value of the item or service.

SNA and its employees may not accept business courtesies that constitute, or could be reasonably perceived as constituting, unfair business inducements or that could violate law, regulation, or policies of SNA or its customers or could reflect negatively on SNA's reputation.

There are strict laws and regulations on offering gifts or anything else of value apply to activities involving US Government employees, and employees of U.S. Government prime contractors and subcontractors – consult *SNA's Code of Ethics & Standards of Conduct*.

All SNA employees are required to consult with Senior Management prior to offering or accepting any entertainment, meals, gifts, and travel expenses used to promote or discuss company business.

Charitable Donations

Charitable donations outside the United States can create significant anti-corruption risks if the donation directly or indirectly benefits a foreign government official or is a means of benefiting a private person.

Political Contributions

Political contributions from SNA are prohibited. Politically related contributions both inside and outside the United States may be illegal under applicable anti-corruption laws and present a particularly sensitive aspect of anti-corruption compliance. Accordingly, SNA Representatives are not permitted to commit SNA funds or SNA resources to a source that would directly or indirectly benefit any political party, party officer, candidate for political office, or persons closely related to them. SNA employees who receive requests for these types of political contributions or resources must immediately notify Senior Management.

Facilitation Payments

A Representative is prohibited from making any "facilitation" or "grease" payment, which is a payment made to a foreign government employee or official to facilitate or expedite a ministerial act or something that a government official was supposed to do anyway, such as processing a shipment, paperwork, or permit. Examples of services for which foreign government employees or officials may expect or request facilitation payments include: (a) obtaining customs clearance, permits, licenses or other official documents; (b) processing governmental papers (e.g., visas or work orders); (c) scheduling inspections associated with contract performance or inspections related to the transit of goods across country; and (d) loading and unloading cargo. While true facilitation payments are not illegal under the United States Foreign Corrupt Practice Act (FCPA), they are illegal in many countries. You must contact Senior Management immediately if you receive a request to make this type of payment. In rare instances,

such payments may be authorized by Legal Counsel and in that event, will need to be accurately accounted for in company financial records.

Understand Local Laws

SNA Representatives must be familiar with local anti-corruption laws prior to conducting business in a specific country. Each country has a unique set of anti-corruption laws, although most have a common prohibition on any type of offer or payment to a government official or commercial business prospect. Transparency International provides a valuable introductory resource that summarizes the anti-corruption laws of each country: <http://www.oas.org/juridico/english/Treaties/b-58.html>. In addition, Senior Management will make resources immediately available to assist you with identifying, understanding, and complying with local anti-corruption laws.

Due Diligence

It is important that third-party due diligence encompass third parties contracted in both sales and supply channels. Contact Procurement/Contracts/Legal for assistance in determining third parties. Though sales intermediaries (such as agents or distributors) may be more frequently abused than suppliers to relay corrupt payments, suppliers can likewise be used corruptly. As such, the request for a compliance check must be completed for all Non-U.S. Person third parties prior to engagement.

Mandatory Screening

As a U.S.-based company, SNA is prohibited from employing or doing business with certain individuals, companies, and countries. For instance, certain individuals or companies may be on U.S.-blocked party lists or create specific anti-corruption restrictions. For this reason, it is necessary for every Non-U.S. Person third party (individual or company) to be formally screened before being engaged by SNA.

- * Those contracting with SNA (suppliers, subcontractors, vendors, clients, joint ventures, partners, etc.).
- * Those acting on behalf of SNA (contractor, agents, consultants, representatives).
- * Mandatory Screening shall be performed before the party can be hired, consulted, or engaged.

Recordkeeping

SNA Representatives must submit a written record (receipts, invoices, etc.) for any payments, gifts, entertainment, travel, or other expenses provided to a private party or a government entity, government official, political party, or political party officer. These records must include reasonable detail to accurately reflect the nature of the transaction. Regardless of the type of transaction, all books and records must be complete and accurate. SNA Representatives must never consent to the creation of false or misleading documents, including documents containing any misrepresentation or omission of payments.

SNA's Accounts Payable Department shall maintain best practice standards to ensure such expenses are authorized, properly recorded, and conform to generally accepted accounting principles. No record of payments, gifts, entertainment, or other such expenses can be kept "off book." Examples of violations of this section include vague accounts such as "slush funds," "petty cash," "off-the-books" accounts, or payments to intermediaries without adequate justification and clear recordkeeping.

Anti-Corruption Reporting

If a SNA Representative becomes aware of or suspects any activity that is potentially a bribe or other corrupt act, the Representative must immediately contact Senior Management. SNA will not tolerate retaliation against any SNA Representative who in good faith reports an issue or concern regarding compliance.

Senior Management is available to all SNA Representatives. If an SNA Representative has any questions or concerns about any SNA anti-corruption related issues, please contact Senior Management.

Foreign Corrupt Practices Act (FCPA)

The FCPA makes it unlawful to make payments to foreign government officials to assist in obtaining or retaining business. Therefore, no company director, officer, shareholder, employee, agent, consultant, teaming partner, or joint venture partner (hereafter Company Representatives) has authority to violate the FCPA or any applicable anti-corruption law.

The FCPA prohibits Company Representatives from corruptly paying, offering to pay, or giving anything of value to any Foreign Official in order to influence the Foreign Official in his or her official capacity, to induce the Foreign Official to do, or omit to do, an act in violation of his or her lawful duty, or to secure any improper advantage in order to assist in obtaining or retaining business for, or with, or directing business to, any person.

All Company Representatives are obligated to keep books, records, and accounts that accurately and fairly reflect all transactions and disposition of Company assets.

Anti-Kickback Act of 1986

It is an SNA policy to fully comply with the Anti-Kickback Act of 1986 (41 U.S.C. 51-58) which prohibits offering, providing, attempting to provide, soliciting, accepting, or attempting to accept kickbacks in connection with U.S Government contracts and subcontracts and maintain "arm's length" in all procurement transactions. Senior Management shall ensure that mandatory Anti-Kickback Act clauses are cited and incorporated into all subcontracts, purchase orders and other contractual awards issued by SNA as required by FAR 52.203-7(c)(5). In part, the Act prohibits any person from:

- Providing, attempting to provide, or offering to provide any kickback;
- Soliciting, accepting, or attempting to accept any kickback; or
- Including, directly or indirectly, the amount of any kickback in the contract price charged by a subcontractor to a prime contractor or a higher tier

subcontractor or in the contract price charged by a prime contractor to the United States.

A kickback need not be completed to fall within the ambit of the law. Even attempts to provide or receive a kickback are prohibited.

Each procurement decision must be awarded solely on the basis of quality, delivery, service, and/or price, and not on the promise of future business or the recognition of past business during the selection process.

Conflicts of Law

The expansion of laws prohibiting “official” and “commercial” bribery in countries where SNA operates means that SNA Representatives will encounter situations where local law appears to be inconsistent with the U.S. or other applicable national laws. If any potential conflict of law occurs, you must contact Senior Management to ensure that SNA takes the necessary steps to remain in full compliance with all applicable laws.

Audits and Reviews

Compliance with this Policy will be subject to an annual audit or review conducted by internal or other resources. Audits or reviews will examine compliance with applicable anti-corruption laws and mandatory directives set forth in this Policy.

REFERENCE

SNA Code of Ethics & Standards of Conduct

Foreign Corruption Practices Act “FCPA” of 1977

<https://www.justice.gov/criminal-fraud/foreign-corrupt-practices-act>

United Kingdom Bribery Act of 2010

<https://www.loc.gov/law/help/uk-bribery-act.php>

Anti-Kickback Act of 1986

<https://www.justice.gov/jm/criminal-resource-manual-927-anti-kickback-act-1986>

Federal Acquisition Regulations

<https://www.acquisition.gov/browse/index/far>

REVISION HISTORY

Revision	Description of Change	Reason for Change	Update POC	Date
00	Original Policy			08/14/22