



## **MacLean-Fogg Anti-Corruption Policy**

EFFECTIVE DATE: October 1, 2017

OWNER: General Counsel

### **OUR STANDARD:**

Our position is clear: MacLean-Fogg is committed to conducting business in accordance with the highest ethical standards and prohibits all forms of bribery and corruption.

### **1. PURPOSE**

MacLean-Fogg Company, including all of its subsidiaries and divisions (collectively, “MacLean-Fogg” or the “Company”) is committed to doing business with integrity and in full compliance with all laws. The long-term success of the Company depends on our ability to deliver innovative engineered solutions to our clients at a fair price, on time and with world class quality, while being responsible corporate citizens. Accordingly, MacLean-Fogg will conduct business in compliance with all applicable laws and regulations, including the U.S. Foreign Corrupt Practices Act (“FCPA”), the Canadian Corruption of Foreign Public Officials Act (“CFPOA”), the U.K. Bribery Act (“UKBA”), and similar anti-bribery and anti-corruption laws and regulations enacted by other countries where we do business (collectively “Anti-Corruption Laws”).

This Anti-Corruption Policy (“Policy”) prohibits bribery of domestic and foreign government officials as well as private sector (commercial) bribery, including offering, promising, authorizing or providing anything of value to any customer, business partner, vendor or other third party in order to induce or reward the improper performance of any activity connected with our business.

A violation of Anti-Corruption Laws can lead to severe civil and criminal penalties, including jail time for participants, as well as reputational harm to the MacLean-Fogg brand. A violation of this Policy or the Company’s Code of Business Conduct could result in disciplinary actions, including but not limited to, termination of employment.

### **2. SCOPE**

This Policy is applicable to all of the Company’s operations worldwide. This Policy applies to all of the Company’s directors, officers, and employees (“Employees”), as well as to all agents, consultants, joint venture partners, distributors and any other third-party representatives (“Third Parties”) that conduct business for or on behalf of the Company.



### 3. POLICY

#### A. Generally

Employees and Third Parties working on the Company's behalf are prohibited from giving, paying, promising, offering, authorizing, or otherwise attempting the payment of **anything of value**, directly or indirectly (through a third party) to anyone (government official or private person/entity) to improperly influence that person to help the Company secure an improper business advantage. "Anything of value" may include, but is not limited to, the following:

- Business opportunities;
- Cash, cash equivalents (e.g., gift cards) or loans;
- Payments for improper gifts, meals, travel and entertainment (see below);
- Favors, including offers of employment or internships;
- Donations to a charity affiliated with or sponsored by a third party; or
- Political contributions.

Prohibited payments can take many different shapes and forms, but they typically involve a "quid pro quo" – this is, the payment will be offered or paid in exchange for some improper advantage or benefit. Prohibited payments include, but are not limited to, those designed to:

- Induce the recipient to award a contract to the Company (even if in the end the Company is not awarded the contract);
- Obtain advantageous treatment (e.g., on tax, customs, permits, or licenses) that would not otherwise be available to the Company; or
- Circumvent or cause non-enforcement of laws or regulations applicable to the Company.

Similarly, Employees and Third Parties working on MacLean-Fogg's behalf are prohibited from soliciting or receiving any form of bribe, gift or kickback in connection with Company business. Note that an offer alone (even without acceptance) can constitute a bribe and that personal funds cannot be used to make payments that are inconsistent with this Policy.

#### B. Government Officials

While the Company's prohibitions on bribery extend to dealings with anyone, public or private, interactions with government officials present heightened corruption risk. For



purposes of this policy, the term “government official” is interpreted broadly and includes:

- Any holder of an elected or appointed political or governmental office;
- Any government employee or anyone acting in an official capacity (that is, acting under a delegation of authority from a government to carry out government responsibilities);
- Any political party, party official, or candidate for political office;
- Any member of a royal family;
- Any official or employee of a public international organization such as the World Bank or World Trade Organization, or any department or agency of those types of organizations;
- Any official, representative or employee of a company that is under even partial ownership or control by a government, including employees of state-owned or -controlled companies (e.g., seemingly private entities with some level of government ownership or influence); and
- The close relatives of any government official (such as spouses, dependents or immediate family).

It is crucial that we avoid even the appearance of an improper interaction with government officials. It may not be clear whether an entity is in fact state-owned or -controlled, and it is important to keep in mind that persons who are not classified as “officials” under local law may still be considered government officials under applicable Anti-Corruption Laws.

### **C. Gifts, Meals, Travel and Entertainment.**

It is never permissible to provide gifts, meals, travel or entertainment in order to improperly influence anyone, particularly a government official, in exchange for any improper favor or benefit. In addition, **gifts of cash or cash equivalents, such as gift cards, are never permissible.**

While non-cash gifts, meals, travel, entertainment and other promotional expenditures (collectively, “Hospitality”) are all things of value that can, if provided for an improper purpose, qualify as bribery, the Company may provide reasonable Hospitality to create a legitimate opportunity to discuss business, so long as it is not intended that the expenditure itself will motivate a party to give the Company any type of advantage.

For example, the Company may spend reasonable amounts of money on bona fide Hospitality that is (i) directly related to the promotion, demonstration or explanation of the Company’s products or services, which includes the discussion of business matters, or (ii) incurred in the course of executing or performing a contract. Thus, under appropriate



circumstances, acceptable expenditures can include the provision of inexpensive gifts (such as Company-branded promotional items or modest tokens of respect and regard relating to existing and new business relationships), reasonable meals and entertainment, and standard Company-sponsored travel (for example, a visit to the Company's headquarters and/or manufacturing facilities).

Generally, Hospitality is permissible, provided that:

- There is no expectation that it is being given in exchange for any return favor or business advantage (quid pro quo);
- It is infrequent, modest, and reasonable in amount under the circumstances;
- It conforms with applicable law, local custom and business practice;
- It does not give the appearance of creating an obligation for the recipient;
- It is openly incurred (that is, no effort is made to conceal) and documented accurately in the Company's books and records in accordance with all applicable Company policies;
- Where possible, it is paid directly to service providers and not to recipients themselves, and if not possible, then reimbursement made only on the basis of original receipts;
- It is not provided to spouses, children, or other close relatives of current or prospective clients or government officials (unless specifically approved in advance by MacLean-Fogg's Chief Compliance Officer or General Counsel);
- It cannot be construed as a bribe or payoff, or result in embarrassment to the Company in any way; **and**
- It was not solicited by the recipient.

We must be especially careful to ensure that Hospitality expenditures do not cross the line into bribery, particularly where government officials are concerned. Therefore, **MacLean-Fogg Employees and Third Parties must always seek the prior written approval of the Company's Chief Compliance Officer or General Counsel before providing any Hospitality to a government official.**

Whether a particular gift could be perceived as a bribe depends on the timing and context surrounding the gifting, including the past, present or future business or administrative matters that are within the recipient's realm of influence. For example, tickets to a local sporting event may be appropriate as part of a promotion of our product and services but may be inappropriate if provided during a government inspection where the Company is awaiting approval of a license.



#### **D. Facilitating Payments.**

MacLean-Fogg's prohibition on bribery applies to all improper payments regardless of size or purpose, including "facilitating" (or expediting) payments. Facilitating payments are small payments made to a government official to facilitate or expedite the performance of "routine" or "non-discretionary" actions such as obtaining an ordinary or ministerial license or business permit, processing government papers such as visas, customs clearance, providing postal or utility services, or loading or unloading cargo.

Although there is a narrow exception for facilitating payments under the FCPA, such payments are prohibited under the laws of most countries. Therefore, to ensure compliance with all applicable Anti-Corruption Laws, MacLean-Fogg prohibits any and all kinds of facilitating payments, except for very limited circumstances where prior written approval is obtained from the Company's Chief Compliance Officer or General Counsel or where an individual's personal safety is at issue, such as when a payment must be made immediately to ensure safe passage out of a particular situation or geography. Employees should make whatever payment is necessary to protect their personal safety or the safety of others, and then, as soon as practicable, report the amount of the payment and the circumstances giving rise to the payment in writing to the Company's Chief Compliance Officer.

#### **E. Political and Charitable Contributions.**

It is never permissible to provide a political or charitable contribution in exchange for any favor or benefit. A common scheme employed by corrupt individuals is to direct companies to make political contributions or charitable contributions, thereby disguising the payment of a bribe. In addition to U.S. laws pertaining to contributions to U.S. government officials, the FCPA prohibits corrupt payments to non-U.S. political parties and candidates. In many countries, local laws prohibit payments to political parties altogether.

Requests by third parties for a contribution to a specific organization or person is a "red flag" for a potential corruption issue. The existence of any such red flags must be promptly reported to the Company's Chief Compliance Officer. As a rule, MacLean-Fogg does not make charitable or political contributions except as expressly approved in writing by our Chief Executive Officer and/or Board of Directors.

#### **F. Hiring or Engaging Government Officials**

It is never permissible to hire or engage a government official, or his or her immediate family members, to improperly influence the official, or in exchange for any improper favor



or benefit. The Company may hire or engage government officials, or their immediate family members, to perform services that have a legitimate business purpose. **No government official, or relative of a government official, however, may be hired or otherwise engaged to perform services for the Company without the prior written approval of the Company's Chief Compliance Officer or General Counsel.**

### G. Third Party Relationships.

Applicable Anti-Corruption Laws prohibit corrupt payments made directly by the Company or indirectly through a Third Party, such as an agent, consultant, distributor, or joint venture partner acting for or on behalf of the Company. This includes subcontractors or consultants hired by Third Parties to perform work on behalf of the Company. Because these Third Parties act on our behalf, the Company may in certain circumstances be held liable for their misconduct. Put simply, a Third Party cannot, and should not, take actions that the Company could not take itself.

Accordingly, the following rules apply to all Third Party relationships:

- Third Parties may not do things that are prohibited by this Policy or other Company policies;
- Third Parties are not authorized to make any payments to government officials on the Company's behalf without express, prior written approval of the Company's Chief Compliance Officer or General Counsel, and any payments to a government entity must be supported by an official government receipt;
- Employees who are responsible for Third Party relationships ("Relationship Owners") are required to understand and document the Third Party's qualifications to perform the work for which they are engaged, to have a good grasp of and continuously monitor the Third Party's activities, and to ensure that their actions are consistent with this Policy;
- Relationship Owners are responsible for communicating the Company's expectations to the Company's Third Parties;
- Commissions, compensation, reimbursement and other payments to Third Parties must be customary and reasonable in relation to the services provided and must be properly reflected in the Company's books of account and financial statements; and
- Payments to Third Parties may not be in cash without the prior written approval from the Company's Chief Compliance Officer.



### **i. Third Party Risk Factors**

Under the FCPA, the U.S. Department of Justice has identified certain circumstances that signal corruption risks or suggest a reason to know of an illegal payment by a Third Party. Such circumstances are commonly referred to as “red flags.” The presence of red flags suggests a need for greater scrutiny and safeguards against potential violations. Red flags do not necessarily mean that the relationship cannot go forward.

Red Flags that warrant further investigation when selecting or working with Third Parties are varied and numerous. The following are a few examples:

- The transaction involves a country known for corrupt payments;
- The Third Party has a close family, personal or professional relationship with a government official or relative of an official;
- The Third Party objects to anti-bribery representations in Company agreements;
- The Third Party’s majority shareholders, director or officers are government officials;
- The only qualification the Third Party brings is influence over clients or government officials or a former affiliation with a government entity;
- The Third Party lacks transparency in its accounting records;
- The Third Party requests unusual contract terms or payment arrangements that raise local law issues, such as payment in cash, payment in another country’s currency, or payment in a third country;
- The Third Party is suggested by a government official, particularly one with discretionary authority over the business at issue;
- Due diligence reveals that the Third Party is a shell company or has some other unorthodox corporate structure;
- The Third Party requires that his or her identity or, if the Third Party is an entity, the identity of the entity’s owners, principals or employees, not be disclosed; or
- The Third Party’s commission or fee exceeds the “going rate”.

In general, any fact that puts into question whether the Third Party is providing a necessary service at a reasonable market price is a red flag. Any Relationship Owner who loses confidence that a Third Party will act consistent with the Company’s standards, or who observes “red flags” indicating potentially inappropriate behavior, must report his or her concerns to the Company’s Chief Compliance Officer or General Counsel for further action.



## ii. Third Party Due Diligence

The Company should never enter into any relationship with a Third Party that will interact with government officials for or on behalf of the Company without an inquiry into the Third Party's background, qualifications and reputation. Examples of Third Parties that interact regularly with government officials include freight forwarders, customs brokers, service providers who process visas and other immigration forms, and some sales agents and distributors.

Employees must inform the Company's Chief Compliance Officer once they have identified a Third Party that may interact with government officials on the Company's behalf or is otherwise a foreign (non-U.S.) person or entity. The Chief Compliance Officer will determine what level of due diligence is required of any Third Party, including, without limitation, completion of a due diligence questionnaire. Any issues raised during this due diligence review must be addressed to the satisfaction of the Company's Chief Compliance Officer or General Counsel. **Note that payments to any new Third Party that is either (i) a foreign individual / entity or (ii) could reasonably be expected to interact with any government officials on the Company's behalf (such as some distributors) should not be made (and invoices should not be processed) until the Third Party has been approved by the Company's Chief Compliance Officer.**

Once an agent or consultant has been retained by the Company, the individual's activities and expenses must be monitored and documented by the Relationship Owner to ensure continued compliance with the applicable Anti-Corruption Laws and this Policy.

## H. Record-Keeping and Auditing

**All expenditures must be accurately and completely described and properly accounted for in the Company's books and records.** Employees must be careful to abide by the Company's accounting and/or compliance policies and procedures (including, without limitation, MacLean-Fogg's Travel and Expense Policy), should authorize payment of only legitimate invoices for work actually performed, and never authorize payment of expenses that are unusual, excessive, inadequately described, insufficiently documented or that otherwise raise questions of legitimacy.

The Company will periodically conduct compliance audits to help ensure the Company's continued compliance with applicable Anti-Corruption Laws and this Policy. It is the duty of all employees and Third Parties to cooperate with – and never interfere with or obstruct – such audit activities or other Company investigations.



Company auditors are expected to act independently, and to liaise with the Company's General Counsel and Chief Compliance Officer as necessary to clarify any questions related to the application of this Policy.

### I. Certifications

Full compliance of the Company's policies, including this Policy, is expected of all Employees and Third Parties. Each Employee will be responsible for maintaining compliance with these policies within his or her area of responsibility, and officers, directors, and certain employees will be required to certify annually in writing that they have read and will comply with MacLean-Fogg's Code of Business Conduct and this Policy and complete related training courses.

### J. Reporting Violations and Non-Retaliation

**All Employees and Third Parties are required to promptly report any knowledge or suspicion of a potential violation of this Policy or any Anti-Corruption Laws.** If you need to report a potential violation or have any questions or concerns about Company policies, applicable laws or regulations, or any past or proposed behavior, contact the Company's Chief Compliance Officer and/or General Counsel, or use MacLean-Fogg's Ethics Point compliance helpline at <http://www.macleanfogg.com/ethicspoint/> or the toll-free numbers found on the website.

Be aware that MacLean-Fogg forbids retribution of any kind against Employees who in good faith report potential or actual violations of policy or law. Every Employee has the right to address ethical concerns in good faith without fear of punishment or harassment from co-workers, supervisors, or senior management. MacLean-Fogg highly values commitment to the Company's ethical and professional standards. All communications will be treated with courtesy and discretion. The Company will honor requests for anonymity, except where disclosure is compelled by law.

## 4. CONSEQUENCES

Potential violations of MacLean-Fogg's policies and/or Anti-Corruption Laws will be investigated and, if necessary, remediated. Individuals who violate these policies will be subject to discipline, up to and including termination. **Failure to report a known or suspected violation of this Policy constitutes an independent violation of this Policy and the MacLean-Fogg Code of Business Conduct that is subject to discipline, up to and including termination of employment.**

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