



POLICIES & PROCEDURES MANUAL

GLOBAL ANTI-BRIBERY / ANTI-CORRUPTION POLICY

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We are committed to conducting business with integrity and in accordance with the highest ethical standards and strictly prohibits all forms of bribery and corruption. This policy is applicable to all Spraying Systems Co. global locations and countries in which business is conducted, in compliance of 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.

This policy strictly 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.

Violation of this policy and all applicable laws can lead to severe civil and criminal penalties, including imprisonment, and will result in disciplinary action, including but not limited to, termination of employment.

General Policy Overview

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 another 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 not limited to the following:

- Business opportunities
- Cash, cash equivalents (i.e., gift cards), or loans;
- Payments for improper gifts, meals, travel and entertainment;
- 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 forms, but typically involve a “quid pro quo” arrangement where the “payment” is offered in exchange for some improper advantage or benefit.

Prohibited payments include, but are not limited to:

- Induce the recipient to award a contract to the Company (even if the Company is not awarded the contract);
- Obtain advantageous treatment (i.e., 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.



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All employees and third parties working on the Company's behalf are prohibited from soliciting or receiving any form of bribe, gift, or kickback in connection with the business. An offer alone (even with acceptance) can constitute a bribe and personal funds cannot be used to make payments that are inconsistent of this policy.

Government Officials

While this policy prohibits bribery extended to dealings with all persons, public or private, interactions with government officials presents heightened corruption risk.

Government Officials are defined and includes, but may not be limited to:

- Any holder of an elected or appointed political or governmental office;
- Any government employee or persons acting in an official capacity (acting under a delegation of authority from a government to carry out 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, World Trade Organization, or any department or agency of such type of organization;
- Any official, representative, or employee of a company that is under ownership, partial ownership, or control by a government, including employees of state-owned or controlled companies (i.e., seemingly private entities with some level of government ownership or influence); and
- Close relatives of any government official, such as spouses, dependents, or immediate family.

Avoidance is crucial to prevent appearance of impropriety with government officials. Due to the unclear possibility that an entity may be government owned or controlled, it is important to be aware that persons who are not classified as "officials" under local laws may still be considered government officials under applicable Anti-Bribery and/or Anti-Corruption Laws.

Gifts, Meals, Travel, and Entertainment

It is never permissible to provide gifts meals, travel, or entertainment in order to improperly influence anyone, particularly government officials, 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 are all things of value qualify as bribery if provided for an improper purpose, 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 an advantage.





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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 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 related to existing and new business relationships), reasonable meals and entertainment, and standard Company-sponsored travel (such as visiting the Company's headquarters and/or manufacturing facilities).

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 applicable 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, without effort of concealment, 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 Spraying Systems Co.'s Board of Directors);
- It cannot be construed as a bribe or payoff, or result in an embarrassment to the Company in any way; and
- It was not solicited by the recipient.

Prior written approval is required should an employee or third-party representative plan to provide permissible hospitality. Failure to request and receive approval prior to providing Hospitality may be subject to disciplinary action up to, and including, termination of employment.

Timing and context surrounding gifting, including past, present, or future business or administrative matters may be a factor in determining whether it may be perceived as a bribe. 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 waiting for approval of a license.

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 non-U.S. political parties and candidates, the FCPA prohibits corrupt payments to non-U.S. political parties and candidates. In many countries, local laws prohibit payments to political parties altogether.





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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, Spraying Systems Co. does not make charitable or political contributions except as expressly approved in writing by a member of the Board of Directors.

Hiring or Engaging Government Officials

It is never permissible to hire or engage a government official, or their 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 Board of Directors.

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, that is 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 the Company’s behalf, the Company may, in certain circumstances, be held liable for their misconduct. A Third Party cannot, and should not, take actions that the Company could take itself.

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 Board of Directors, and any payments to a governmental entity must be supported by an official government receipt;
- Employees who are responsible for Third Party relationships 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 ensure that their actions are consistent with this Policy;
- Those who are responsible for Third Party relationships 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 accounting and financial statements; and
- Payments to Third Parties may not be in cash. Any circumstance preventing non-cash payments must be reviewed for approval and properly documented showing the reason for this exception.





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Corruption Risks / Red Flag Risk Factors

Under the FCPA, the U.S. Dept. 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”. Red flags do not necessarily mean the relationship cannot go forward but may call for greater scrutiny and safeguards against potential violations.

Red Flags that warrant further investigation when selecting or working with Third Parties are varied. Some examples include, but are not limited to:

- 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 representation in Company agreements;
- 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 cash payment, payment in another country’s currency, or payment in a third country;
- Due diligence reveals that the Third-Party is a shell company or has some other unorthodox corporate structure;
- 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. If the designated relationship owner loses confidence that a Third-Party will act consistent with the Company’s standards or observes “red flags” indicating potentially inappropriate behavior, the relationship owner must report their concerns to the Company’s Chief Compliance Officer, Human Resources, senior management, or a member of the Board of Directors for further action and legal counsel review.

If an employee or relationship owner identifies if a Third Party may interact with a government official on the Company’s behalf or is otherwise a foreign (non-U.S.) person or entity, they must immediately report the issue for review. The Company’s Chief Compliance Officer, Human Resources, senior management, or Company’s Board of Directors, with the aid of legal counsel, 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 review must be addressed and resolved to the satisfaction of legal counsel’s direction.

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, applicable accounting and financial records, to ensure continued compliance with the applicable Anti-Corruption Laws and this Policy.



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Record-Keeping and Auditing

All expenditures must be accurately and completely described and properly accounted for in the Company's records and financial statements. Employees must be careful to authorize payment, in accordance with the Company's compliance, expense, and accounting policies, of only legitimate invoices for work actually performed, and never authorize payment of expenses that are unusual, excessive, inadequately described, insufficiently documented, or otherwise raise questions of legitimacy.

Company auditors are expected to act independently, and to work with the Company's designated officials and legal counsel as necessary to clarify any questions related to the application of this Policy.

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 to the Company's Chief Compliance Officer, Human Resources, senior management, or a member of the Board of Directors.

Spraying Systems Co. strictly 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. The Company values commitment to ethical and professional standards, and all communications will be treated with courtesy and discretion. The Company will honor requests for anonymity, except where disclosure is compelled by law.

Potential violations of this Policy and/or Anti-Corruption laws will be fully investigated. Individuals found in violation of these policies or laws will be subject to disciplinary action up to and including termination of employment. Should a violation cause harm to the Company financially, damage in reputation, or future business dealings, legal action may be taken.

Failure to report a known or suspected violation of this policy constitutes an independent violation that is subject to investigation and disciplinary action.

