

# STRACON Group Holding Inc. Anti-bribery and Anti-corruption Policy



## Purpose

The purposes of this Anti-Bribery and Anti-Corruption Policy (the “Policy”) is to reiterate STRACON Group Holding Inc. and its subsidiaries’ (the Company and, collectively with its subsidiaries, “STRACON”) commitment to full compliance by STRACON and its directors, officers, employees, consultants, contractors and agents with Canada’s Corruption of Foreign Public Officials Act (“CFPOA”), the U.S. Foreign Corrupt Practices Act (“FCPA”), and anti-bribery or anti-corruption laws of other countries in which STRACON does or intends to do business. These laws can result in serious and adverse enforcement proceedings, including criminal charges, against STRACON and individuals directly involved if violated.

## Application

This Policy is applicable to STRACON’s directors, officers, employees (permanent and temporary), contractors, consultants and agents (collectively, “STRACON Personnel”).

## Policy

### **1.0 Bribes, kickbacks or other corrupt payments**

#### **1.1 Definitions**

- a. “Bribery” can generally be described as the offer or receipt of any payment, gifts, excessive entertainment, fee, or other advantage or consideration to or from any person as an inducement to do something, to refrain from doing something, or to influence a decision.
- b. “Corruption” is the misuse of public power for private profit, or the misuse of entrusted power for private gain.
- c. “Facilitation Payments” are payments of small amounts made to secure or expedite the performance of routine non-discretionary government action by clerical level government officials e.g. obtaining routine permits, processing visas, or expediting shipments through customs (assuming all legal requirements for obtaining these have been satisfied.). A Facilitation Payment does not include acts that are within an official’s discretion or that would constitute misuse of an official’s office e.g. paying an inspector to ignore the fact that the company does not have a valid permit to operate the factory.
- d. 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.
- e. “Third Party” means a representative, consultant, broker, contractor, supplier or any other intermediary or agent acting on behalf of STRACON.

## 1.2 Improper Payment Activity

STRACON Personnel are strictly prohibited from paying, offering, giving, soliciting, promising, receiving or authorizing:

- Any form of bribe, kickback or other corrupt payment, or anything of value;
- To or from any person or organization, including foreign government officials, a foreign political party (or official thereof), or private companies and employees of those private companies;
- Directly or indirectly through or to a Third Party; and for the purposes of (i.e., in exchange for):
  - Causing the person to act or fail to act in violation of a legal duty;
  - Causing the person to abuse or misuse their position; or
  - Securing an improper advantage, contract or concession.

This prohibition without exception and without regard to regional customs, local practices or competitive conditions.

## 1.3 Reasonable Expenditures (Hospitality)

You may provide reasonable and bona fide travel and lodging expenses to any person or organization, including a foreign official, provided that such expenses are directly related to the promotion, demonstration, or explanation of STRACON's products, or are related to STRACON's execution or performance of a contract with such organization or agency.

## 1.4 Third Parties

This Policy prohibits corrupt offers, promises and payments made through Third Parties. Therefore, it is important to conduct due diligence on such partners or agents, and not disregard or ignore facts which indicate a probability that a corrupt payment may occur. The purposes of due diligence is to ensure to the extent possible, that STRACON retains only reputable and honest Third Parties. In addition, contracts with Third Parties should, to the extent possible, include provisions to mitigate against the risk of potential illicit payments.

## 1.5 Facilitation Payments

While Canada and the U.S. laws allow for the payment of Facilitation Payments (provided they are properly reported in STRACON's financial records), such payments are illegal under the local laws of many other countries. STRACON prohibits the payment of Facilitation Payments, except with the prior approval of your divisional controller or supervisor (or, if prior approval is not reasonably possible given the circumstances, as soon as possible following such payment).

## **1.6 Records and Books**

Because of the Canadian and U.S. laws' requirement that any such payments be properly recorded in STRACON's books and records, you must also report any Facilitation Payment to your regional controller. If not properly recorded, even an approved Facilitation Payment allowed under the law can result in liability to STRACON.

## **2.0 No waiver**

There is no permitted deviation or waiver from this Policy.

## **3.0 Handling of Report Violations and Disciplinary Actions**

3.1 If you reasonably believe that a violation of this Policy has occurred or may occur, you should immediately contact your supervisor or the Corporate Secretary of the Company, or the General Counsel within the Company's Peruvian branch and refrain from attempting to personally conduct investigations or interviews. If the notice is to the supervisor, then the supervisor must immediately notify the Corporate Secretary or the General Counsel.

3.2 The Corporate Secretary and the General Counsel will investigate all reports received and will treat all information confidentially.

3.3 If it is determined that a violation of the Policy has occurred, disciplinary action will be taken, and depending on the nature and severity of the violation, such action may include termination of employment or contract. Certain violations may also require STRACON to refer the matter to criminal or civil authorities for investigation or prosecution.

3.4 Any STRACON Personnel, who directs or approves of conduct in violation of this Policy, or who has knowledge of such conduct and does not promptly report it, is also subject to disciplinary action, up to and including termination from employment or contract.

## **4.0 Administration and Interpretation**

4.1 Policy Modifications. This Policy is subject to ongoing review and evaluation, and modifications will be made as deemed necessary to respond to circumstances and evolving needs of STRACON. You are responsible for regularly reviewing its terms and conditions.

4.2 Administration and Interpretation. STRACON's Corporate Secretary is responsible for the administration and interpretation of this Policy. All questions regarding this Policy are to be referred to the Corporate Secretary.

## **5.0 Interaction with other Corporate Policies**

This Policy supplements STRACON's Code of Business Conduct & Ethics and other STRACON policies applicable to STRACON's operations world-wide.

## **6.0 References**

For reference:

- ▼ The CFPOA can be found at: <http://www.justice.gc.ca/eng/dept-min/pub/cfpoa-lcape/index.html>
- ▼ The FCPA can be found at <http://www.justice.gov/criminal/fraud/fcpa/lcape/index.html>



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