

This policy applies to National Coatings & Supplies, Inc. and its subsidiaries (individually and collectively, the “Company”).

<b>Policy &amp; Procedures</b>  <b>Anti-Corruption Policy</b>	Policy Number	<b>HR-0104</b>
	Issuing Authority	Human Resources
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## 1.0 PURPOSE & SCOPE

The Company is committed to promoting high standards of ethical business conduct and compliance with all applicable laws, rules, and regulations. The purpose of this policy is to document the importance of complying with applicable laws, rules and regulations regarding interaction with foreign government officials.

## 2.0 POLICY

The Company is committed to promoting high standards of ethical business conduct and compliance with all applicable laws, rules, and regulations. As part of this commitment, it is the Company’s policy to comply with any and all applicable provisions of the U.S. Foreign Corrupt Practices Act of 1977, as amended (“FCPA”), the U.K. Bribery Act of 2010 (“Bribery Act”), other anti-bribery laws, and local laws. All Company employees, including individuals employed by or acting on behalf of Company or its subsidiaries, are required to comply with the FCPA, the Bribery Act, other anti-bribery laws, this Policy, and any procedures developed by the Company to implement this Policy.

The FCPA imposes severe criminal penalties for any violation. A company can be fined up to \$2 million per violation, or twice the amount of the benefit it sought to obtain, whichever is greater. Individuals can be imprisoned for up to 5 years and fined up to \$100,000 per violation. The Company cannot pay fines imposed on individuals. In addition, the FCPA provides for the imposition of civil penalties on individuals of up to \$10,000 per violation. Under the Bribery Act, an individual can be fined an unlimited amount and imprisoned for up to 10 years.

## 3.0 PROCEDURE

All Company officers, employees, agents or representatives are prohibited from, either directly or indirectly: (1) offering, requesting or receiving a bribe from any individual or entity, whether public or private; and (2) giving, offering, or authorizing the offer or giving of anything of value (such as money, goods or a service) in order to obtain or retain business, direct business to any person, receive an improper advantage, or influence any act or decision of, any of the following:

- any government official or employee (including state-owned enterprises);
- any person or firm employed by or acting for or on behalf of any government;
- any political party (or party official) or candidate for political office (or party position);
- any officer or employee of public international organizations (e.g., United Nations); or

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- any family member or other representative of any of the above.

All Company officers, employees, and agents must also require sales representatives, agents, distributors, dealers, consultants, and any other person or firm acting on behalf of Company to refrain from the foregoing, to represent Company in accordance with this Policy, and to be aware of and obey the FCPA, the Bribery Act, and the applicable laws of other countries related to matters covered by this Policy.

Prohibited conduct includes:

- offering, paying, requesting or receiving a bribe;
- an offer or promise to make a payment or gift;
- payments or gifts to third-parties, such as distributors or consultants, where the Company employee knows or believes there is a high likelihood that at least a portion of the payments or gifts will be offered by the third-party to a government official, or the circumstances indicate there is a high likelihood of such payments or gifts;
- payments to third-parties, including charities, hospitals, and relief funds, made at the direction of or for the benefit of a government official;
- acts “in furtherance of” an improper payment, such as arranging for funds to be available for the improper payment;
- payments to retain assets, such as an “under the table” payment to a tax official to settle a tax claim; and
- “facilitating payments”, or payments made for the purpose of facilitating or expediting routine, lawful services or non-discretionary administrative actions.

#### **GIFTS, ENTERTAINMENT & PROMOTIONAL EXPENDITURES**

All gifts to, entertainment of, and expenses related to promotional activities with government officials require prior written authorization of the Legal Department.

All improper payments, gifts, entertainment, or promotional expenses, regardless of their value, are prohibited. Gifts to government officials and employees of cash or items readily converted to cash (such as traveler’s checks, gift cards, or gambling chips at a casino) are prohibited under all circumstances.

#### **TRAVEL & LODGING**

Travel and lodging expenses that are modest, reasonable and necessary under the circumstances, and that directly relate to the promotion, demonstration, or explanation of Company’s products or services, may be

[Please refer to the electronic version of this Policy to ensure that you are accessing the most current information.](#)

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paid for government officials. In every case, the Company employee or officer should obtain advance written approval from the Legal Department for such expenses, and such expenses must not be contrary to the law of the foreign country. Payment for travel and expenses for spouses, family, or other guests of the officials and stipends or spending money are prohibited. All expenses must be properly and accurately recorded in the books and records and backed by receipts.

### **POLITICAL & CHARITABLE CONTRIBUTIONS**

Any contribution of Company funds or other assets for political or charitable purposes must be approved in advance by the Legal Department. This does not prevent employees from taking part in political activities or making charitable contributions on their own behalf. However, officers and employees of Company must never give or offer, directly or indirectly, monies or anything of value (including goods or services) to any political party, party official, candidate for political office, or charitable organization of any country to influence or reward any governmental act or decision or to obtain any improper advantage. Even where not intended for an improper purpose, political contributions by the Company to U.S. federal, state, or local candidates may be prohibited or regulated under U.S. election laws. In addition, contributions by the Company to candidates in other countries may be prohibited or regulated by local law.

### **RED FLAGS**

The following types of activities may involve FCPA violations. If you encounter one, please discuss with the Legal Department before taking further action.

- payment is being made in a country with a widespread history of corruption – e.g., China, Russia, certain Middle Eastern, Eastern European, South American, African and Asian countries.
- unusual payment patterns or financial arrangements, including payments to third parties or payments made to bank accounts outside the country;
- representative refuses to make FCPA-related certification;
- use of a shell or holding company that obscures ownership without credible explanation;
- a business reference who declines to respond to questions or who provides an evasive response;
- accusations of improper business practices or bribes (credible rumors or media reports, etc.);
- family or business relationship with the government or a government official;
- refusal to disclose officers, directors, owners, partners, or other principals;

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- statements that a particular amount of money is needed to “get the business,” “make the necessary arrangements,” or comparable expressions;
- requests to receive commission or other payment before the award decision or other up-front payments;
- unusually high commissions, agents’ fees or payments for goods or services;
- unusually high discounts for transactions involving representatives or other third party intermediaries;
- lack of transparency in expenses and accounting records;
- apparent lack of qualifications or resources on the part of the representative to perform the services offered;
- the representative or joint venture partner has been recommended by an official of the potential governmental customer;
- requests for payment or reimbursement of exorbitant travel and entertainment expenses or gifts for foreign officials;
- requests to be able to make agreements without Company’s approval;
- requests that agreements or communications be kept secret;
- lack of standard invoices, including invoices that lack detail as to services performed, or other substantiation;
- checks drawn to “cash” or requests for payment in cash.

#### **REPRESENTATIVES, PARTNERS, CONSULTANTS, DISTRIBUTORS, AGENTS AND OTHER THIRD PARTIES**

Before hiring a representative (including a product representative, partner, consultant, distributor, agent, or other third party) outside of the U.S., each Company Business Unit, with the assistance of the Legal Department, must conduct appropriate due diligence before initiating a relationship with any such representative, which typically will include considering such factors as the representative’s qualifications for the position or task at issue, whether the representative has personal or professional ties to the government, the number and reputation of the representative’s clientele, its reputation with local bankers, clients, and other business associates, the reasonableness of its compensation, the absence of secret partners, and the existence of any “red flags.”

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Contracts with representatives outside of the U.S. must be in writing and must contain certain provisions approved by the Legal Department.

Existing representatives must be monitored by each Company Business Unit with the assistance of the Legal Department to ensure that such representative has not and will not engage in any improper conduct. The Company must terminate contracts with any third party who is unwilling or unable to represent the Company in a manner consistent with this Policy.

#### **BOOKS AND RECORDS**

The Company will maintain a system of financial and other internal controls and procedures designed to detect and prevent violations of the FCPA and other anti-bribery laws. All payments must be clearly and accurately reflected in the financial records and reports of the Company. All employees are responsible for following Company’s procedures for carrying out and reporting business transactions, including receipt of appropriate authorizations and following internal auditing controls. Company employees must maintain accurate records of all transactions and particularly those which relate in any way, directly or indirectly, to government officials.

#### **REPORTING BREACHES OF THIS POLICY**

If you are aware of a suspected or actual violation of this Policy by others, you have a responsibility to report it to your Company Business Unit president, the Legal Department and the VP-Human Resources. You should do so without fear of any form of retaliation for any report of a possible violation of the Policy made in good faith. We will take prompt disciplinary action against any employee who retaliates against you, up to and including termination of employment. Please note, however, that any report of a possible violation must be made in good faith. If you make a report of a possible violation without a good faith belief that a violation of the Policy may have occurred, then you will not be protected against retaliation, and may be subject to disciplinary action.

#### **CERTIFICATION AND ENFORCEMENT**

From time to time, Company personnel may be required to complete FCPA training and sign a certification acknowledging commitment to, full understanding of, and compliance with this Policy. The acknowledgment statement shall be included in the personnel file of each such employee. Any Company personnel who violates this Policy or who fails to make or falsifies any certification required under this Policy may be subject to disciplinary action, up to and including termination of employment or of the business relationship.