



## ERCO Worldwide LP Anti-Corruption Policy

**Effective Date:** April 9, 2021  
**Last Review Date:** April 9, 2021  
**Next Review Date:** June 1, 2023, or sooner if required by law  
**Approved by:** Board of Directors

### Purpose and Scope

ERCO Worldwide LP (together with its divisions, partnerships, affiliates and subsidiaries, including any and all internal governance bodies, "ERCO") strives to be a good corporate citizen and to maintain its reputation for the highest ethical standards. ERCO seeks to conduct all aspects of its business in an open, honest and legal manner; it does not seek any improper influence, nor will it tolerate even the appearance of impropriety in the actions of its Representatives.

The purpose of this Anti-Corruption Policy (as amended from time to time, the "**Policy**") is to (a) reiterate ERCO's commitment to ethical and lawful business conduct everywhere ERCO operates, (b) set out ERCO's and its Representatives' responsibilities in upholding ERCO's policy on bribery and corruption, and (c) provide guidance to ERCO's Representatives on how to recognize and deal with bribery and corruption issues.

This Policy applies to all employees, officers, directors, contractors and Agents of ERCO ("**Representatives**"). For greater certainty, the term "contractors" includes ERCO's consultants, suppliers, vendors, service providers and any others who act in any capacity on behalf of ERCO or any of its Representatives.

All Representatives must familiarize themselves with this Policy in order to comply fully with applicable Anti-Corruption Laws and to not knowingly or unknowingly compromise ERCO's corporate values or violate the law. Where ambiguity or uncertainty exists, please contact ERCO's CLO or your immediate supervisor for advice and direction.

### Overview

All interaction and communications between Representatives and Government Officials are to be conducted in the highest ethical manner and must not compromise the integrity or reputation of any Government Official, ERCO or its Representatives.

No one acting on behalf of ERCO may use Improper Payments in conducting ERCO's business.

ERCO is committed to maintaining proper internal accounting controls and making and keeping books, records and accounts that, in reasonable detail, accurately and fairly reflect any and all transactions with Government Officials.



If a Representative is asked to make a payment on ERCO's behalf, the Representative should always be aware of what the payment is for, whether the amount is proportionate to the goods or services provided, whether the circumstances indicate that the payment is reasonable, and whether the payment is properly documented.

Violation of Anti-Corruption Laws can result in severe civil penalties for both the individual Representative and ERCO, and individual criminal penalties including imprisonment. In addition, a violation may result in other legal and adverse consequences, including legal actions or investigations, suspension or debarment from government contracts, revocation or suspension of export license privileges, and long-term damage to ERCO's reputation both in Canada and abroad. Therefore, all Representatives must comply with applicable Anti-Corruption Laws wherever ERCO does business.

When ERCO does business with a government entity, additional laws and regulations related to government contracting apply. When entering into contracts with a government, ERCO must administer these contracts and deliver its products and services in a manner that complies with applicable contracting laws and regulations.

Lobbying activity on behalf of the interests of ERCO is permissible, but highly regulated by law. Representatives who communicate with Government Officials or Politicians on issues that affect ERCO should contact the CLO to ensure that such activities fully comply with applicable law and that ERCO's lobbying efforts are coordinated.

### Definitions

"**Anti-Corruption Laws**" means the Canadian Act, the U.S. Act, and similar laws of any foreign state.

"**Agent**" means a person, a corporation or another entity retained by ERCO to represent its business interests or act on its behalf in a particular country.

"**Bribe**" means

- (a) any inducement, payment, reward, or authorization of the payment of anything of value;
- (b) offered, promised or given directly or indirectly to (a) a Government Official; (b) any person for the benefit of a Government Official; or (c) to any person knowing that all or a portion of such thing of value will be offered, given or promised, directly or indirectly, to any Government Official;
- (c) for the purpose of (or as consideration for):
  - (i) influencing any act or decision of such Government Official in his or her official capacity;



- (ii) inducing such Government Official, to do or omit to do an act in violation of the lawful duty of such official;
- (iii) securing any improper commercial, contractual, regulatory, business or personal advantage; or
- (iv) inducing such official to use his or her influence with a foreign government or instrumentality thereof to affect or influence any act or decision of such government or instrumentality;
- (v) obtain or retain an advantage in the course of business or a business advantage that places ERCO or other person in a better position than it would otherwise have been in had the bribery or corruption not taken place.

"**Canadian Act**" means Canada's *Corruption of Foreign Public Officials Act*.

"**CFO**" means ERCO's Chief Financial Officer.

"**CLO**" means ERCO's Director, Legal.

"**Extortion**" means to directly or indirectly demand or accept a Bribe, Facilitating Payment or Kickback or other payment by threat of force, intimidation or exercise of authority.

"**Facilitating Payment**" means an occasional small, unofficial payment, promise to pay, or authorization of a payment made solely to expedite or secure the performance of routine government actions that does not involve obtaining, retaining or directing business. Examples include, but are not limited to:

- (a) obtaining licenses, permits and other official documents to qualify to do business in any country;
- (b) secure processing of governmental papers, such as visas and work permits or papers such as work orders or customs documents to process legally transmitted goods;
- (c) providing or obtaining police protection, telephone service, utilities, and mail services;
- (d) loading or unloading cargo, inspection of goods and protecting perishable goods from deteriorating;
- (e) inducing minor government functionaries (government employees without discretionary authority over a project or transaction) to complete their jobs in the manner required and where the situation does not involve the securing of business; or



- (f) actions of a similar nature.

**"Government Official"** means any elected or appointed official or any employee of the legislative, administrative or judicial branches of the government of Canada, the United States, Chile or any other country, from the local to the national level. For greater certainty, the term includes:

- (a) a person who performs public duties or functions for a governmental entity, including a person employed by a board, commission, agency, corporation or other body or authority;
- (b) employees and officers of a public international organization that is formed by two or more states or governments, or by two or more such public international organizations, such as the United Nations, the Red Cross, and the World Bank; and
- (c) business people who work for a state-owned or state controlled company also constitute government officials.

**"Improper Payment"** means a Bribe, Kickback or Facilitating Payment.

**"Kickback"** means the payment, promise to pay, or the authorization of the payment of a portion of contract consideration to an employee or agent of a contracting party by another contracting party, directly or by use of other techniques such as the improper utilization of sub contracts, purchase orders, consulting agreements or gifts to channel payments to Government Officials principals, employees or other representatives of another contracting party, or to their relatives or business associates.

**"local"** means belonging to or characteristic of a particular location within a country.

**"Political Contribution"** means a contribution of money, goods or services to support a Politician or a political campaign or initiative.

**"Politician"** means a political candidate, a political party, any official of a political party, any employee or agent of any politician, and any person acting on behalf of a political campaign or initiative.

**"Representative"** means any employee, officer, director, contractor and Agent of ERCO. For greater certainty, the term "contractor" includes ERCO's consultants, suppliers, vendors, service providers and any others who act in any capacity on behalf of ERCO or any Representatives.

**"U.S. Act"** means the United States' *Foreign Corrupt Practices Act*.



### Doing Business with Government Officials

It is not necessarily illegal to do business with a Government Official, a relative of a Government Official, a private company or other business entity owned by a Government Official or his or her relative, or with a business which employs a Government Official; however, to do so requires a great deal of caution. Such business should only be done at arms' length, free from any Improper Payments or any intent to influence the actions of the Government Official in his or her official capacity or for the benefit of the Government Official in any way, and with the prior review and approval of the CFO or the CLO.

The same caution must be taken with respect to the hiring of a Government Official, or a relative of a Government Official, as such an action may be considered to be a Bribe, and raise serious ethical and political concerns. In addition, a Representative should not enter into a contract or agreement on behalf of ERCO with any business in which a Government Official holds a significant interest without the prior approval of the CFO or the CLO.

State-owned enterprises play a significant role in a variety of different sectors of the global economy, and it is not always clear whether a business is state-owned. In the case of doubt, Representatives should contact the Legal or the Finance department to help determine if ERCO is dealing with a Government Official of a state-owned enterprise.

### Improper Payments

ERCO and its Representatives shall not, either directly or through an intermediary:

- (a) demand, solicit or accept, or an Improper Payment, with the expectation or hope that an advantage in business will be received or to reward a business advantage already given, or;
- (b) promise, offer or pay, or authorize the promise, payment or making of an offer to pay an Improper Payment to a Government Official or Politician;
- (c) offer, solicit, promise, give or accept a gift or hospitality unless permitted by the Gift and Hospitality Standards set out below;
- (d) offer, promise or give a Political Contribution unless authorized by the Political Contribution Standards set out below;
- (e) engage in any act of Extortion, or submit to any act of Extortion unless subjected to the immediate threat of personal safety; or
- (f) threaten or retaliate against another person who has refused to engage in an activity prohibited by this Policy or who has raised concerns under this Policy.

In particular, ERCO, its Representatives and Agents shall not, either directly or through an intermediary pay or offer anything of value to a Government Official, in order to influence any act within the recipient's official capacity, or to induce the recipient to violate its, his or her lawful



duty, or to induce the recipient to use its, his or her influence with any level of government to affect or influence any act or decision of such government for the purpose of obtaining, retaining or directing business, or any undue advantage.

### **Facilitating Payments**

Facilitating Payments are considered Improper Payments for the purposes of this Policy and shall not be made by ERCO or its Representatives, either directly or through an intermediary.

There is a narrow exception allowing for Facilitating Payments made in exigent circumstances, that is when life, safety, or health is at risk. The protection of property is generally not an exigent circumstance. Where possible, the making of such a Facilitating Payment in exigent circumstances should be reviewed with the CFO or the CLO prior to such a payment being made, but at least as soon as possible after the payment is made. Such Facilitating Payments should be accurately recorded and identified in expense reports.

### **Gift and Hospitality Standards**

#### **Gifts, Entertainment and Travel Expenses for Government Officials**

The offer and acceptance of entertainment, gifts and favours must at all times be in compliance with the policies of the recipient's employer, with ERCO's Code of Conduct, and with this Policy.

Gifts to Government Officials or other organizations in which a Government Official is or might be involved may potentially violate Anti-Corruption Laws and may be considered bribery. Therefore, Representatives may not give or accept gifts, hospitality/entertaining, or anything of value without the prior approval of the CFO or the CLO, unless all of the following conditions are satisfied:

- (a) the value is no more than \$50 Canadian dollars (e.g., promotional items such as pens of nominal value, notepads, diaries, calendars and hats or clothing with a logo);
- (b) it does not violate local laws (including the applicable Anti-Corruption Laws) or local norms;
- (c) the gift or hospitality may not be in the form of cash or cash equivalents (such as vouchers or gift certificates);
- (d) it is done infrequently; and
- (e) it is not being done for an improper purpose and would have no appearance of impropriety (for example, to obtain or retain business or cause the official to take action or inaction in an official capacity, or thank the official for any action/inaction).



In determining whether to provide approval, the CFO or the CLO will consider factors such as:

- (a) whether the gift could be construed as related to a request for official action;
- (b) the value of the gift;
- (c) whether the gift is given as a courtesy or token of regard;
- (d) whether the gift would be in accordance with the laws and customs of the applicable country;
- (e) whether there is a pattern of providing frequent gifts to the same person or organization; and
- (f) if the recipient is an organization, its relationship to any Government Official, or Politician.

The Canadian Act and U.S. Act permit ERCO to only reimburse Government Officials for reasonable and *bona fide* travel and lodging expenses which are directly related to the:

- (a) promotion, demonstration, or explanation of products or services; or
- (b) execution or performance of a contract with a Government State or related organization.

ERCO will pay these expenses directly, if possible, rather than reimburse the Government Official, and it is advisable to notify the relevant government that such expenses will be paid by ERCO. Often a country's laws will mandate the payment of travel *per diems*. This practice is acceptable so long as the *per diems* reasonably reflect the expenses not reimbursed by ERCO. Be mindful that local laws might prohibit or regulate the reimbursement of travel and lodging expenses. Therefore, Representatives should not agree to reimburse the travel and lodging expenses of Government Officials without the approval of the CFO or the CLO.

#### Gifts and Hospitality to Others

Representatives are responsible for ensuring any gift or hospitality complies with this Policy and for obtaining any necessary approvals as follows. Gifts or hospitality to or from anyone (other than government agencies and officials which is covered above) require prior written approval where the value of the gift or hospitality per person exceeds certain thresholds, as set out in the table below:

Value	Approval Required
Up to \$100 Canadian dollars (e.g., promotional items such as pens of nominal value, notepads, diaries, calendars and hats or clothing with a logo)	No approval required provided it otherwise meets the requirements of this Policy and ERCO's Code of Conduct



Between \$100 and \$200 Canadian	Written pre-approval of your supervisor.
\$200 Canadian or more (or a total value of \$500 or more in any calendar year)	Written pre-approval of your supervisor and the CLO

### **Recording Gifts and Hospitality**

In all cases, expenditures relating to gifts or entertainment for Government Officials must be properly and accurately recorded in ERCO's books and records. In all cases any cheque request or business expense report should document: (i) the purpose of the payment; (ii) the identity of those receiving the benefit of the payment; (iii) and the amounts involved, and be properly and accurately recorded in ERCO's books and records.

### **Political Contribution Standards**

In accordance with ERCO's Delegation of Authority Policy, ERCO does not make Political Contributions to Politicians or to political parties, political campaigns or initiatives. As such, all requests from ERCO that relate to political contributions must be pre-approved by the Board of Directors, and no Political Contributions may be made unless ERCO has received a satisfactory opinion of legal counsel. No Political Contributions may be used as a subterfuge for bribery.

### **"Red Flags"**

The following is a list of "red flags" that may indicate the possible existence of bribery or other corrupt practices, and should be kept in mind by all persons subject to this Policy:

- (a) use of an agent or consultant with a poor reputation or with links to Government Officials or Politicians;
- (b) unusually large commission payments or commission payments where the agent or consultant does not appear to have provided significant services;
- (c) cash payments or requests for cash payments;
- (d) payments without adequate paper trails or compliance with normal internal controls;
- (e) bids for construction or other services where the bid amounts are significantly in excess of prevailing levels;
- (f) unusual bonuses for which there is little support;
- (g) payments to be made to third party countries or to offshore accounts;
- (h) failure to follow standard contracting practices;





- (i) unexplained preferences for certain contractors;
- (j) invoices in excess of contract amounts, or undocumented or inadequately documented change orders;
- (k) requests by Government Officials that contributions be made to charitable or third party organizations.

### **Agents, Consultants and Intermediaries in Foreign Countries**

The following protocols apply to Agents, consultants and other intermediaries who (i) assist ERCO in preparing bids, obtaining business or negotiating contracts in any foreign country (i.e. any country outside Canada, the United States and Chile) or (2) interacts with such foreign countries, including providing assistance regarding taxes, permits, or other government activities.

#### *Due Diligence*

Prior to ERCO retaining an Agent, ERCO's legal counsel shall research and document in writing the reputation, background and past performance of the prospective Agent as appropriate in the following areas:

- (a) management information;
- (b) ownership information;
- (c) affiliations;
- (d) qualifications;
- (e) financial information;
- (f) reputation;
- (g) references;
- (h) local law; and
- (i) compensation.

The Representative who is proposing retention of the Agent shall confirm who introduced the Agent to ERCO and provide an explanation of why the Agent was selected. The Representative and his or her supervisor shall certify that the Agent has been personally interviewed and that there is no reason to believe that the Agent has violated this Policy or will violate this Policy regarding future activities on behalf of ERCO.



### *The Agent's Contract*

After having obtained approval of CLO, ERCO shall only retain an Agent using a written agreement that contains the following provisions:

- (a) A precise definition of the scope of the Agent's duties, the territory in which the services will be performed, and the compensation of the Agent.
- (b) The Agent shall acknowledge that it, he or she understands the provisions of this Policy and agrees to comply with its terms and applicable laws.
- (c) The Agent shall acknowledge that ERCO may disclose the contents of the agreement to third parties including government agencies.
- (d) The Agent shall provide representations and warranties that neither it, nor any of its owners, directors, officers, principals or key employees are Government Officials and that it will promptly inform ERCO of any changes in that regard.
- (e) ERCO expressly states that its choice of Agent was made after considering factors that support a belief that the applicable law and this Policy would not be violated.
- (f) Assignment of the entire agreement or any rights, duties or obligations under the agreement by the Agent is prohibited without ERCO's prior written consent.
- (g) Payment shall be by cheque made out in the Agent's name or by wire transfer to a bank account that is registered in the name of the Agent, and located in the country in which the Agent performed the services unless there is an acceptable explanation for other arrangements.
- (h) Travel, entertainment and other miscellaneous expenses shall not be incurred by the Agent without ERCO's prior written approval, and all requests for reimbursement must be supported by documentation acceptable to ERCO. Detailed records of all approved expenses shall be kept.
- (i) The agreement shall provide for automatic termination without further compensation in the event an Agent has made, attempted to make, makes, attempts to make, or proposes to make, an Improper Payment.
- (j) ERCO has the right to audit the Agent's compliance with the agreement, including the detailed expenses and invoices of the Agent.

### *Managing The Agent*

ERCO will take measures reasonably within its power to ensure that:



- (a) any payment made to any Agent represents no more than the amount outlined in the written agreement with the Agent and is an appropriate remuneration for legitimate services rendered by such Agent;
- (b) no part of any such payment is passed on by the Agent as an Improper Payment or otherwise in contravention of applicable law or this Policy;
- (c) it maintains a record of the names and contract terms for all Agents who are retained by it in connection with transactions with Government Officials; and
- (d) the activities of the Agent are monitored to ensure that there is no breach of applicable law or this Policy.

#### **Training Officials**

In very limited circumstances ERCO may provide training for Government Officials. Training should only be provided to Government Officials with the approval of the CFO or CLO.

#### **Record Keeping, Accounting & Auditing**

ERCO shall keep and maintain accurate books and records. All payments made to or by ERCO Representatives must be fairly, accurately and properly recorded and reported and must properly and fairly record the transactions to which they relate. Recording such payments in any way which would conceal their true nature or which is contrary to applicable accounting standards is not permitted. ERCO complies with standard accounting practices and policies and is required to make and keep books, records and accounts which accurately and fairly reflect all business transactions, assets and liabilities. There must be no "off the books" or secret accounts.

The Canadian Act and U.S. Act prohibit knowingly falsifying a company's books and records or knowingly circumventing or failing to implement accounting controls which, in reasonable detail, accurately and fairly reflect its foreign and domestic transactions. In particular, the following procedures shall be followed in making and keeping ERCO's book, records and accounts:

- (a) ERCO shall make and keep books, records, and accounts that conform to the highest professional standards of accuracy and consistency and that, in reasonable detail, accurately and fairly reflect ERCO's domestic and foreign transactions and the disposition of its assets;
- (b) all financial transactions must be properly and fairly recorded in ERCO's books of account and must be made available for inspection by ERCO's internal and external auditors;
- (c) neither ERCO nor any of its Representatives or Agents shall do any of the following for the purpose of bribing a Government Official in order to obtain or retain an advantage in the course of business or for the purpose of hiding an Improper Payment:



- (i) establish or maintain accounts which do not appear in any of the books and records that they are required to keep in accordance with applicable accounting and auditing standards;
  - (ii) make transactions that are not recorded in those books and records or that are inadequately identified in them;
  - (iii) record non-existent expenditures in those books and records;
  - (iv) enter liabilities with incorrect identification of their object in those books and records;
  - (v) knowingly use false documents; or
  - (vi) intentionally destroy accounting books and records earlier than permitted by law; and
- (d) ERCO shall devise and maintain a system of internal accounting controls sufficient to provide reasonable assurances that transactions are executed in accordance with management's general or specific authorization and that access to assets is permitted only in accordance with management's general or specific authorization.

The requirements set forth above are applicable to all joint ventures which ERCO controls in fact or in which ERCO's ownership interest is 50% or more.

If Representatives have any doubt regarding how to act according to these principles when they are involved in the making and keeping of ERCO's books, records and accounts, they must consult the CFO or the CLO.

#### **Compliance, Training and Reporting**

Failure to comply with this Policy may result in severe consequences, which may include internal discipline and termination of employment. In cases where the conduct violates applicable laws, rules and regulations, the Corporation may also refer the matter to appropriate regulatory authorities, which could result in penalties, fines and imprisonment.

Representatives involved in international operations or dealings with Government Officials must have a basic knowledge of applicable Anti-Corruption Laws. ERCO requires training on this Policy for relevant Representatives, including periodic refresher training to ensure their continued understanding and compliance with this Policy.

If any Representative finds that adherence to this Policy would cause a substantial, adverse effect on operations or result in a risk to life, safety or health, or whenever a Representative becomes concerned that a payment might be viewed as improper, that fact must be reported to CLO, who will determine whether an exception may lawfully be authorized and appropriate in the circumstances.



If a Representative has questions about these laws and regulations, has any suspicions or concerns regarding payments, observed or suspected wrongdoing, or other conduct to which this Policy applies, or becomes aware of any action in conflict with this Policy that has been solicited by any person, they must report those concerns to their immediate supervisor, the CLO, or under ERCO's Reporting and Whistleblower Policy.

Persons who become aware of concerns or circumstances that warrant or require reporting under this Policy are sometimes worried about repercussions. ERCO encourages openness and will support anyone who raises genuine concerns in good faith, even if they turn out to be mistaken. No person will suffer any penalty or other adverse consequences for refusing to engage in Improper Payments or other conduct prohibited by this Policy or for reporting possible wrongdoing, even if ERCO loses business or otherwise suffers a disadvantage. Retaliation by anyone as a consequence of a Representative making a good faith report of a possible violation of the law or this Policy is strictly prohibited and will result in disciplinary action, up to and including termination.

#### **Related Policies**

This policy is one of a series of related policies addressing the business conduct of Representatives, including ERCO's [Code of Conduct](#) and ERCO's [Reporting and Whistleblower Policy](#).

#### **Revisions**

The Board of Directors will review and revise this Policy from time to time to reflect changes in legal or regulatory obligations. Any revised version of this Policy will be posted, and each Representative is encouraged to refer back to it on a regular basis. Any changes to this Policy must be approved by the Board of Directors and will be effective from the time they are posted.