

Improper Payments

- A. SUMMARY
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Exhibit 1 – Section Details

A. SUMMARY

Carrier Enterprise, LLC (Carrier Enterprise), its employees and representatives will comply with the U.S. Foreign Corrupt Practices Act and international laws that restrict payments to public officials, candidates and political parties outside the U.S. No improper payments will be made by or on behalf of Carrier Enterprise.

B. APPLICABILITY

This Policy applies to Carrier Enterprise and its subsidiaries worldwide.

C. POLICY

1. Carrier Enterprise, its employees and representatives will not offer, promise, authorize, make or condone any payment or benefit to a “foreign public official” (as defined in Exhibit 1) for the purpose of inducing the official to act or refrain from acting in relation to the performance of his/her official duties, if the official’s action or inaction may result in Carrier Enterprise obtaining or retaining business or cause Carrier Enterprise to gain an improper advantage in the conduct of business.
2. The funds and assets of Carrier Enterprise will not be used for illegal political contributions or for any other unlawful purpose or in any manner that is in conflict with this Policy or the Codes of Conduct. Otherwise legal political contributions or payments to employees of political parties are prohibited if the purpose of the contribution or payment is to obtain or retain business or to secure any improper advantage.
3. Carrier Enterprise will not make or be a party to any unlawful payment to employees or officials of any government, government agency or instrumentality, nor use or employ anyone to assist it in its marketing efforts if the use or employment would create an improper conflict of interest.
4. No undisclosed or unrecorded fund or asset of Carrier Enterprise shall be established for any purpose.
5. No false or artificial entries will knowingly be made in the books and records of Carrier Enterprise for any reason. No payment on behalf of Carrier Enterprise will be approved or made with the intention or understanding that any part of such payment is to be used for any purpose other than that described by the documents, books and records supporting that payment.
6. Carrier Enterprise will comply with U.S. Internal Revenue Service and foreign laws related to reporting cash receipts and monetary instruments.

D. PROCEDURES

See [Exhibit 1](#).

EXHIBIT 1

A. Introduction

The United States and its largest trading partners have adopted the multilateral “Convention on Combating Bribery of Foreign Public Officials in International Business Transactions” (“the Convention”). The Convention requires each country to enact laws prohibiting bribery in international business dealings and to mandate accounting protocols making it easier to detect corrupt activities.

In the United States, restrictions on improper payments have been in place since 1977, when the U.S. enacted the Foreign Corrupt Practices Act (“FCPA”). In 1998, the FCPA was amended to incorporate the requirements of the Convention.

Carrier Enterprise employees should be mindful that similar prohibitions are imposed by other countries in which Carrier Enterprise and its subsidiaries do business (e.g., in Latin America, the Inter-American Convention against Corruption).

B. Applicability

The FCPA and the Convention are broad and far-reaching. They apply to Carrier Enterprise and its subsidiaries and their directors, officers and employees. In addition, Carrier Enterprise may be accountable when a third party, such as a sales representative, or distributor violates the law. Donations to government-controlled or administered entities can also implicate the FCPA and Convention.

Carrier Enterprise and its U.S. personnel, wherever located, are subject to the FCPA. In addition, non-U.S. persons and Carrier Enterprise subsidiaries doing business outside the U.S. may be subject to the FCPA if they engage in acts “in furtherance” of a prohibited activity. Because the Convention requires foreign countries to adopt laws regulating the actions of their citizens and of individuals or corporations of any nationality that take place within or outside that country, all subsidiaries and their personnel may be subject to Convention and FCPA restrictions.

C. Foreign Public Officials

A “foreign public official” means any person who (1) holds an elected or appointed legislative, administrative, or judicial office in a national or local government organization; (2) exercises a public function, either for a government or private enterprise (e.g., an official of a nationalized airline or other company); (3) is an official or agent of a public international organization (e.g., World Bank, International Monetary Fund); (4) is an officer or agent of a political party; or (5) is a candidate for political office. This includes persons who are not employed by a government but are merely acting “for or on behalf of” a government, including private architects, engineers,

or consultants retained to assist with specific projects or contracts. The definition does not include, *per se*, relatives of foreign officials, royalty or former government officials; however, payments to these individuals can violate anticorruption laws and, therefore, must be approved in advance by the CEO in consultation with appropriate experts.

Note that the Convention and FCPA do not apply to payments made to public officials within an operating unit's home country (i.e., domestic public officials). However, these payments almost always are treated as bribes and are illegal in all jurisdictions. Carrier Enterprise will not make such payments. Carrier Enterprise employees should be mindful of any additional requirements imposed.

D. Improper Payments

The FCPA and the Convention prohibit making or promising to make any payment of money or giving any other benefit to a “foreign public official” (defined above) so that the official will act or refrain from acting in relation to the performance of his/her official duties, if the official’s action or inaction may result in “obtaining or retaining business,” or cause the payor to gain an “improper advantage” in the conduct of business (i.e., something to which the company clearly is not entitled).

“Obtaining or retaining business” and “improper advantage” include any governmental action that is discretionary and affects the company’s business. For example, payments to a foreign official to obtain his/her approval of a price increase are prohibited.

An actual payment of money or other benefit is not required to violate these laws—offering, promising, or authorizing an improper payment or other non-cash benefit is enough. The improper payment can be anything of value, such as purchase of a public official’s property or services at inflated prices, extravagant entertainment, or payments to a third party if the ultimate beneficiary of the payment will be a public official.

E. Reimbursement of *Bona Fide* Business Expenses

Expenses incurred on behalf of a foreign public official that are directly related to promoting, demonstrating, explaining, or certifying Carrier Enterprise’s products or services, or that are directly related to executing or performing a contract with a foreign government, may be proper. Thus, it is permissible to pay the expenses of foreign public officials who travel to the United States for plant tours, product demonstrations, business meetings, or to conduct certification or acceptance tests and the like. Reimbursed expenses may include the reasonable cost of an official’s transportation, meals, lodging and entertainment. However, before reimbursing a foreign public official’s expenses, it is important to ensure that such payments are permitted under the official’s local law and applicable guidelines. Caution must be exercised because excessive expenses can be construed as an improper payment. All reimbursed expenses must be accurately and properly recorded. Consult in advance with the CFO of Carrier Enterprise to ensure reimbursement of such expenses is proper.

F. Non-U.S. Sales Representatives

No improper payments will be made by or on behalf of Carrier Enterprise by third parties, including Carrier Enterprise's Non-U.S. Sales Representatives. All payments to Non-U.S. Sales representatives will be accurately and properly recorded. Carrier Enterprise has adopted a policy on the use of Non-U.S. Sales Representatives. This Policy describes detailed procedures for selecting, investigating, negotiating with, approving, contracting with and paying these representatives.

G. Annual Representation Letters

Promptly after the end of each Carrier Enterprise fiscal year, Carrier Enterprise's CEO's office will obtain and provide to its Board of Directors representation letters from all members of the board of directors of Carrier Enterprise subsidiaries. Letters likewise will be obtained from each manager, marketing officer, and other key employees of Carrier Enterprise and its units who would be most likely to have knowledge as to whether any improper payments have been made. For directors and employees over whom Carrier Enterprise has the power of removal, certification is a condition of employment. Refusal to certify by a director or officer over whom Carrier Enterprise does not have the power of removal will be investigated to provide reasonable assurance that the refusal is not based upon knowledge of improper payments.

Representations will cover the entire fiscal year of the entity and are to be prepared and signed as of the end of the calendar year. They will be forwarded in sufficient time to be received by the Board not later than ninety days after the end of the calendar year. Signed copies of the representation letters or their electronic equivalents will be retained by the company and furnished upon request to Carrier Enterprise's independent public auditors and/or its shareholders.

In responding to this requirement, the respondent must confirm that he or she has read and understood this Policy and, to the best of the respondent's knowledge and belief, there have been no violations of Carrier Enterprise's policies or payments to representatives. The respondent does not need to report any issues that have been documented and formally reported to the Board or the CEO's office.

H. Cash & Monetary Instrument Reporting

The U.S. Internal Revenue Code (as implemented by Title 26 C.F.R. 1-6050I) requires businesses to report cash and certain monetary instruments that total more than U.S. \$10,000 and are received in a single transaction or related transactions to be reported to the IRS on Form 8300. Questions will be referred to Carrier Enterprise's CFO.