

**COMPLIANCE WITH UNITED STATES
ANTIBOYCOTT LAWS**

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A. SUMMARY

The United States has laws that prohibit or penalize conduct considered to support certain international economic boycotts. These laws forbid actions supporting such boycotts and require certain reporting. Carrier Enterprise, LLC (Carrier Enterprise) will comply fully with all applicable U.S. Government antiboycott laws and regulations.

B. APPLICABILITY

This Policy applies to Carrier Enterprise and its subsidiaries.

C. POLICY

1. Background

The United States has laws that prohibit or penalize conduct considered to support certain international economic boycotts. Boycott-related conduct that is prohibited or penalized includes refusing to do business with blacklisted parties or boycotted countries, furnishing information about relationships with others and discriminating against or refusing to hire a person based on religion or nationality. These laws also require reporting of requests to take actions supporting unsanctioned boycotts. The principal target of these laws is the boycott of Israel by certain Arab countries. Severe penalties may be imposed for violations of these anti-boycott laws, even if the persons involved are not aware that their conduct constitutes a violation.

2. Policy

It is the policy of Carrier Enterprise to comply fully with all applicable U.S. Government antiboycott laws and regulations, including adherence to reporting requirements and refraining from any prohibited boycott activity or agreement.

4. Distribution

This Policy and Carrier Enterprise implementing Procedure for Compliance with United States Antiboycott Laws and Regulations shall be distributed to all employees of Carrier Enterprise and its subsidiaries whose duties relate to international trade, finance and other business transactions, including export sales, service agreements and foreign projects. Included are employees whose duties relate to marketing, customer service, engineering, purchasing, legal, finance, shipping, recruiting, and contracting. Employees are responsible for ensuring that their own conduct, as well as the conduct of those who report to them, fully complies with this Policy and the implementing procedures.

5. Implementation Steps

It is of the utmost importance that the following steps are followed:

- a) The CEO shall be contacted immediately upon receipt of every request which may be directly or indirectly boycott-related as soon as it is received.
- b) Such request shall be submitted to CEO immediately upon receipt of the same using the "Carrier Enterprise Internal Transmittal Form for Boycott Request," a copy of which is Exhibit 1 to this Policy.
- c) **DO NOT COMPLY WITH ANY BOYCOTT REQUEST IN ANY MANNER UNLESS APPROVED BY THE OFFICE OF THE CARRIER ENTERPRISE CEO**, who shall consult with the appropriate legal advisers and who shall seek approval of the Board in advance of giving approval.
- e) All public statements concerning the Arab Boycott of Israel require the prior approval of the Carrier Enterprise CEO, who shall seek approval of the Board of any such public statements.

D. PROCEDURES

1. Identifying Boycott Requests to be Reported

- a) **Commerce Department** The U.S. Department of Commerce regulations prohibit refusing to do business in a boycotted country or with a boycotted firm or national, discriminating based on race, religion, sex or national origin, furnishing discriminatory information regarding a person's associations or involvements with organizations supporting a boycotted country, furnishing information on business relationships in a boycotted country, or with a boycotted firm or national, and paying, honoring, confirming or otherwise implementing letters of credit containing any prohibited boycott-related conditions.

The following activities, even though they may not have been specifically requested and are not related to a particular transaction, are examples of prohibited and/or reportable activity:

- (i) Providing a negative certificate of origin (for example: "These goods are not of Israeli origin");
- (ii) Using a blacklist or whitelist (following a practice of not doing business with certain suppliers or agreeing to do business with a specified list of suppliers only);

- (iii) Enforcing the boycott-based selections of another party;
- (iv) Agreeing to comply with local boycott laws;
- (v) Discriminating on the basis of religion, nationality or sex in hiring or selecting employees for a project in a boycotting country;
- (vi) Supplying information concerning whether a person or firm is listed on a blacklist;
- (vii) Accepting as a means of payment a letter of credit containing boycott language;
- (viii) Failing to report receipt of boycott requests, regardless of action taken;
- (ix) Certifying that an insurer is not blacklisted or that the insurer has a local office in the Arab country to which the goods are to be exported; or
- (x) Agreeing not to use the Star of David, Israeli symbols, or the Israeli flag on packaging of goods.

b) Internal Revenue Service

Certain U.S. Treasury Department regulations are designed to penalize any U.S. corporation if that corporation or any of its U.S. or non-U.S. subsidiaries participate in a boycott as defined by the law. At the present time, the tax-related boycott regulations apply chiefly to activities in the following countries: Bahrain, Iraq, Kuwait, Lebanon, Libya, Oman, Qatar, Saudi Arabia, Syria, United Arab Emirates, and the Republic of Yemen.

A U.S. parent corporation or any of its subsidiaries will be considered to have participated in, or cooperated with, an international boycott, if any of the companies agree, directly or indirectly, as a condition of doing business with a boycotting country, or with a company or a national of such country: (a) to refrain from doing business with or in a country which is the object of the boycott or with the government, companies or nationals of that country, (b) to refrain from doing business with any United States company or person engaged in trade in a country which is the object of a boycott or which is engaged in trade with the government, companies or nationals of that country, (c) to refrain from doing business with any company whose ownership or management is made up, all or in part of individuals of a particular nationality, race or religion or to remove (or refrain from selecting) corporate directors who are individuals of a particular nationality, race or religion; or (d) to refrain from shipping or

insuring the product on a carrier owned, leased or operated by a person who does not participate in or cooperate with an international boycott.

b) Internal Revenue Service (continued)

Examples:

The following activities, even though they may not have been specifically requested, are examples of what is deemed to constitute participation in or cooperation with a boycott:

- (i) signing a contract containing a clause requiring the company not to obtain any of the goods from any company on a boycott list (blacklist);
- (ii) signing a contract which provides that the company will comply with the laws or administrative practices of a boycotting country;
- (iii) signing a contract containing a clause that the company will not hire Israelis;
- (iv) signing a contract which contains a clause that the goods will not be shipped on vessels blacklisted by a boycotting country or that the goods must be shipped on a vessel which is eligible to enter the ports of a boycotting country, or that the insurer of the goods has a duly qualified agent in the boycotting country;
- (v) being the beneficiary of a letter of credit which contains any boycott clause;
- (vi) having an oral agreement with another party to observe the boycott;
- (vii) honoring insurance contracts or shipping documents containing prohibited boycott language; or
- (viii) undertaking any action with the intent to circumvent or evade the prohibitions.

The above lists, and the specific wording in the examples, are by no means all-inclusive, but are merely intended as an indication of some of the activities covered by the regulations.

Both the Commerce and Treasury regulations contain a number of extremely technical exceptions. Also, there are limited

circumstances in which the anti-boycott provisions do not apply to overseas units. The CEO in consultation with appropriate legal advisers will provide advice on these matters.

EXHIBIT 1

Carrier Enterprise Internal Transmittal Form For Boycott Request ^{1/}

1. Name of reporting unit _____
2. Date boycott request received _____
3. Country of the party making the request ^{2/} _____
4. Type of document ^{3/} containing request (check which)

☐ Letter of Credit
☐ Purchase Order/Contract/Shipping Instruction
☐ Bid Invitation/Tender/Proposal
☐ Questionnaire
☐ Other written request
☐ Oral request
5. Action proposed to be taken in response to request: ^{4/}

☐ Comply
☐ Not comply
☐ Other
6. Transactional data:

Brief description of commodities or data involved in transaction to which boycott request pertains

Quantity of commodity _____

Value of commodity/data in U.S. \$ _____

^{1/} Complete and transmit this form immediately after receipt of every boycott request. Use a separate form for each request received.

^{2/} If a party in a different country has directed that the request be made, indicate both the directing and requesting countries.

^{3/} Attach two copies of the document page containing request. If the request cannot be fully understood without additional pages or materials, include these as well. Provide translations of relevant materials that are not in English.

^{4/} Do not comply with any boycott request in any manner unless approved by unit CEO, after consultation with the appropriate legal advisers. If the proposed response is "Comply" or "Other", attach the proposed response.

Typed Name

Telephone Number