



POLICY

No.: D-02  
Date: May 2016

Section: **Compliance**  
Unit: **All Units**

*Supersedes*  
No.:

Subject: **Foreign Corrupt Practices Act/Anti-Corruption Policy**

Date:

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**Element Solutions Inc**  
**Foreign Corrupt Practices Act/Anti-Corruption Policy**

**1. Introduction.**

1.1 Maintaining Integrity. Element Solutions Inc, including its subsidiaries, units and other affiliates (collectively, the "Company") is committed to maintaining the highest standards of ethical business conduct. We operate in a wide range of legal and business environments, many of which are highly competitive and pose challenges to our ability to conduct our business operations with integrity. Throughout its operations, the Company seeks to avoid the appearance of impropriety in the actions of its directors, officers, employees, and third parties acting on behalf of the Company including agents, suppliers, contractors and distributors, sales agents and consultants (hereinafter collectively referred to as "Company Representatives". It is critical that you act in a manner that reflects the Company's ethical standards and is in full compliance with the requirements and intent of this Foreign Corrupt Practices Act/Anti-Corruption Policy (the "Policy").

This Policy supports our commitment to integrity, and explains the specific requirements and prohibitions applicable to our operations under the provisions of the US Foreign Corrupt Practices Act ("FCPA") and similar global anti-corruption legislation (hereinafter collectively referred to as "global anti-corruption laws"). This Policy contains information intended to prevent corruption and bribery from occurring in the Company's activities and to foster compliance. The Company strictly prohibits all forms of bribery and corruption, regardless of local customs, and will take all necessary steps to ensure that it does not occur in our business activities.

Under the FCPA, it is illegal for US persons, including US companies and their subsidiaries, officers, directors, employees and Company Representatives, to bribe foreign public officials. This law directly affects everyday business interactions between the Company and foreign governments and government-owned or government-controlled entities. Aside from the FCPA, the Company also may be subject to other global anti-corruption laws, in addition to being subject to the local laws of the countries in which we conduct business. Some of these global anti-corruption laws also prohibit bribery of private individuals. This Policy generally sets forth the expectations and requirements for compliance with those laws. To determine whether such laws are applicable, please consult with the Company's Corporate Legal Department.

Violations of these global anti-corruption laws can also result in violations of other US and international laws as well, such as anti-money laundering laws, mail and wire fraud and conspiracy. The penalties for violating the FCPA and other global anti-corruption laws can be severe. In addition to being subject to Company disciplinary policies, individuals who violate the FCPA may also be subject to imprisonment and fines.

1.2 Applicability. This Policy is applicable to all of our worldwide operations. This Policy applies to all of our directors, officers, employees and Company Representatives. This Policy should be read in conjunction with the Company's Business Conduct and Ethics Policy and other general management policies.

1.3 Expectations. We will not offer, make, promise or authorize payments to any foreign officials, directly or indirectly, that would violate the FCPA, similar laws, or our core ethical values. In addition, we will not offer, make, promise or authorize payments to any private individual where such payment could reasonably be expected to encourage the recipient to violate his or her duty of loyalty or trust to their employer or otherwise. The Company will not condone or authorize the offering, making or authorizing of any such payments. No one will suffer adverse consequences for refusing to pay bribes, or refusing to pay Company Representatives who pay bribes, even if that may result in our losing business.

We expect that Company management at all levels will administer and enforce this Policy, and will manage the employees under their supervision in accordance with this Policy. The failure of any Company manager to properly manage employees under his or her supervision in accordance with this Policy is itself a violation of this Policy. Further, a manager's performance in this regard will be evaluated when evaluating his or her overall performance. The Company will provide mandatory training to all of its employees regarding this Policy and it is each manager's responsibility to support and foster this training.

## **2. Prohibited Payments.**

Company officers, directors, employees and Company Representatives are prohibited from directly or indirectly making, promising, authorizing or offering anything of value to a foreign official on behalf of the Company to secure an improper advantage, obtain or retain business, or direct business to any other person or entity. That prohibition includes payments to third-parties if you know or under the circumstances should know that the third-party will use any part of the payment for bribes. Company employees and Company Representatives are also prohibited from directly or indirectly making, promising, authorizing or offering anything of value to a private individual on behalf of the Company to secure an improper advantage or to cause the recipient to violate his or her duty of loyalty or trust to their employer or otherwise.

## **3. Definitions.**

3.1 Cash and Non-Cash Payments: "Anything of Value." Payments that violate this Policy may arise in a variety of settings and include a broad range of payments beyond a cash bribe or kickback. This Policy prohibits giving "anything of value" for an improper purpose. This Policy is broad and can include, for example, the following:

- gifts;
- travel, meals, lodging, entertainment, gift cards;
- loans, non-arm's length transactions;
- charitable donations; and
- employment opportunities or internships

It does not matter if the payment involves Company or personal funds. In essence, this Policy prohibits you from offering, promising or giving anything of value to a Foreign Official or private citizen to obtain any improper advantage or to cause the recipient to violate their duty of loyalty or trust. You also cannot use a Company Representative to circumvent this prohibition. It is a violation of this Policy to make payments to a Company Representative while knowing or having reasonable suspicion that all or part of that payment will be used to make a prohibited payment. You need to be mindful of "red flags" such as:

- cash requests;
- payments without a stated legitimate purpose;
- an unusual extension of credit;
- extraordinary commissions;
- payments to an account in another country; or
- making payment to another party other than the key personnel listed in the contract.

It is not possible to avoid the requirements of this Policy by turning a blind eye to potentially improper payments. You should immediately consult the Corporate Legal Department if you suspect unethical action by our Company Representatives.

3.2 Foreign Official. This Policy broadly defines a Foreign Official to cover a very broad range of non-U.S. persons and includes:

- officers or employees of a non-U.S. government or any department, agency or instrumentality thereof;
- officers or employees of a company or business owned in whole or in part by a non-U.S. government ("state owned or controlled enterprises");
- officers or employees of a public international organization (such as the United Nations, World Bank, the Africa Development Bank or the European Union);
- foreign (non-U.S.) political parties or officials;
- candidates for political office;
- members of royal families that have government duties; and
- consultants, advisors, contractors or agents that act on behalf of any of the above people

The term also includes spouses or other immediate family members of Foreign Officials. When doing business in certain countries, it may not be obvious that a person is a Foreign Official or acting in an official capacity. Any employee of the Company who has a family relationship with a Foreign Official must reveal that relationship to the Company in writing.

#### **4. Guidelines and Required Pre-Approvals.**

This guide outlines our Company policy for certain payments and/or benefits to Foreign Officials and private individuals.

##### 4.1 Cash Payments.

- Cash payments for gifts, travel and other expenses. Employees and Company Representatives are prohibited from giving cash or cash equivalent gifts to Foreign Officials or private individuals (e.g., gift

cards, checks) or making direct payments to the Foreign Official or private individual for travel and other expenses.

- **Per diems.** The use of per diems is discouraged. It is possible that a Foreign Official may ask for per diems while visiting the Company's facilities or traveling for activities sponsored by the Company. In such instances, the Company may cover reasonable travel-related expenses, purchased directly by the Company, in lieu of per diems. In rare circumstances, where per diems are required by the foreign government, advance approval must be obtained from the Corporate Legal Department; the per diem rate will be determined based on the average cost of accommodation for the specified location. Under no circumstance will the Company cover both the travel expenses and per diem. Refer to the Section 4.7 and the **Expenditure Pre-Approval form** for approvals and required supporting documentation.

4.2 **Facilitating Payments.** Facilitating payments are payments made, whether directly or indirectly, to expedite an administrative process, a "routine government action" that involves non-discretionary acts. For example, payments made to expedite customs clearance or product registration. Company employees and representatives are prohibited from providing facilitating payments, regardless of the amount. Any direct or indirect request for a facilitating payment or other inappropriate payment should be refused, and the Company's Corporate Legal Department should be alerted immediately.

4.3 **Foreign Political Contributions.** Under no circumstances will the Company's funds be used for contributions to non-U.S. based political parties or for the election campaigns of foreign government officials.

4.4 **Gifts and Entertainment.** We recognize that providing gifts and entertainment is a culturally accepted business practice. Nevertheless, care must be given in any decision to provide gifts or entertainment for Foreign Officials or to customer or supplier personnel. Payments for gifts and entertainment are prohibited if done to influence official action, to induce the individual to perform his or her work duties improperly, or to secure an improper advantage.

Examples of permissible gifts may include promotional items with the Company logo, meals of nominal value provided to all participants at a Company-sponsored training, etc. Gifts or entertainment may be provided as long as

- the gift or entertainment does not conflict with any policy of the customer or supplier, or the laws of the USA or the applicable foreign country,
- the gift or entertainment is of a type and value that is ordinary and customary in a business context,
- the gift or entertainment is not of a nature or value that could reasonably be expected to cause the recipient to violate any duty of loyalty or of trust that the recipient has to the customer or supplier, or that could reasonably be expected to secure an improper advantage from a Foreign Official, obtain or retain business, or direct business to any other person or entity, and
- the market value of the gift is less than \$100 per person per occasion for a maximum of two times per year, and the cumulative value of the gifts is less than \$500.

Refer to Section 4.7 and the **Expenditure Pre-Approval form** for approvals and required supporting documentation. If all four of the foregoing conditions are not met, or if the recipient of the gift or entertainment is a Foreign Official, then the gift or entertainment should not be provided unless advance approval of the Company's Corporate Legal Department is obtained. If there is any doubt regarding the appropriateness of a gift, the Company's Legal Department should be consulted in advance.

4.5 Sponsored Travel. In limited circumstances, the Company may provide travel, lodging and related expenses in connection with meetings with the Company employees or Company Representatives related to promotion of a product or performance of a contract, visiting the Company's facilities, and trips related to events, trainings or conferences sponsored by the Company.

- The Company will only allow for travel based on the dates and locations listed in the agenda. The Foreign Official or private individual is responsible for any additional costs related to extension of stay or indirect routes.
- The Company will not sponsor travel expenses for spouses or other immediate family members of Foreign Officials or of customer or supplier personnel.
- In addition to airfare, accommodation, meals and ground transportation will be provided to the extent reasonable. Reimbursable accommodation costs will include standard room rate and incidentals such as laundry and telephone costs. Reimbursable ground transportation will include airport transportation and local travel from the hotel to the Company facilities.

Any requests of travel from a foreign agency must be made on official letterhead from the agency. If the trip is initiated by the Company (e.g., pursuant to a contract or for promotional purposes), an official invitation letter including the details of the trip should be provided. Furthermore, Company employees and Company Representatives should provide transparency letters to the supervisors of officials traveling; such letters would describe the nature and purpose of the trip and costs that will be covered by the Company. Refer to Section 4.7 and the **Expenditure Pre-Approval form** for approvals and required supporting documentation.

If all of the foregoing conditions are not met, travel should not be sponsored unless advance approval is obtained from the Company's Corporate Legal Department.

4.6 Donations, Charitable Contribution and Other Payments. Payments such as donations or charitable contributions *may* be permitted by the FCPA and other similar laws. However, you should be mindful of the requirements and spirit of this Policy and avoid any appearance of impropriety. Before making any payment, contribution or other exchange of value, you should discuss your intentions with your immediate supervisor. If there is any concern about compliance with the FCPA or applicable local law, the Corporate Legal Department must be notified promptly.

Adequate due diligence and evaluation of risk factors must be performed. Examples of risk factors may include the following:

- Charity is owned by, or otherwise connected to, a Foreign Official
- Charitable contribution requested by a Foreign Official
- Request for using a specified vendor to provide in-kind contributions
- Purpose of providing the charitable gift is appropriate

Refer to Section 4.7 and the **Expenditure Pre-Approval form** for approvals and required supporting documentation. Additionally, periodic reports or receipts describing the use of the Company's contributions must be obtained.

4.7 Request and Approval Process. Approval must be obtained from the Company's Business Unit head **AND** the Corporate Legal Department **BEFORE** offering or providing gifts, entertainment, or anything else of value, directly or indirectly, to a Foreign Official.

There may be exceptions, but these exceptions are narrow and must be carefully considered. As a result, if a director, officer, employee or Company Representative is considering whether a payment to a Foreign Official can be made, advice and approval from the Company's Corporate Legal Department must be obtained **BEFORE** any such payment is made. Similarly, if there is any concern raised regarding a potential payment to a private individual, advice and approval of the Company's Corporate Legal Department should be obtained **BEFORE** any such payment is made.

Refer to the following appendices for the request, approval and documentation requirements for transactions benefitting Foreign Officials:

- **Appendix 1: Expenditure Pre-Approval Form** for seeking approval of expenditures relating to Foreign Officials and summary of required supporting documentation. Employees should provide detailed descriptions of the nature of expense, beneficiaries and estimated costs.
- **Appendix 2: Financial Authorization Matrix** for the required approvals based on the type of expenditure.

## 5. **Record Keeping.**

The FCPA requires the Company to maintain reasonably detailed books and records and accounting controls to accurately and fairly reflect transactions and dispositions of assets. Keeping detailed, accurate descriptions of all payments and expenses is crucial for compliance with the FCPA. It is your responsibility to make certain that you have fully disclosed the information to support accurate record keeping, including the facts necessary for a reviewer to fully understand the actual nature of a transaction. In particular, all expenses involving Foreign Officials must be recorded accurately, providing the purpose, beneficiary and amount of the expenditure. There is no exception for "immaterial" payments. There can be no undisclosed or unrecorded payments to Foreign Officials, whether directly or indirectly, for any purpose. The use of personal funds to avoid being reflected in the Company's books and records is prohibited. False or artificial entries are not to be made in the Company's books and records for any reason. No employee may sign or submit, or permit others to sign or submit on behalf of the Company, any document or statement that the employee knows or has reason to believe is false or misleading. For example,

- **Employee Expense Reports.** All Company personnel are required to prepare and submit accurate expense reports which contain a full and complete description of any expenses incurred in the course of business, including, without limitation, any gifts or entertainment provided.
- **Company Representative Invoices.** Invoices from Company Representatives must include detailed descriptions of expenses along with supporting documentation.

Before reimbursing Company employees and Company Representatives, the Accounting Department will be responsible for:

- Reviewing and consolidating all the required supporting documents (i.e., pre-approval records described in Section 4.7 and actual receipts).

- Maintaining a listing of all payments or benefits provided to Foreign Officials, either by Company employees or Company Representatives. Refer to **Appendix 3: Government Payments Tracking Report**. This tracker should be updated each month and distributed to the Corporate Legal Department, CFO and Controller; in addition, any exceptions to the Policy must be clearly listed in the tracker.

5.1 Cash Payments. Cash payments of any kind to a third-party, other than documented petty cash disbursements or other valid and approved payments, are prohibited. Company checks must not be written to "cash," "bearer" or anyone other than the party entitled to payment *except* to replenish properly used petty cash funds, as approved by your supervisor.

## 6. **Your Responsibilities.**

6.1 Employees. Employees must be familiar with, and perform their duties according to the requirements set out in this Policy. It is your responsibility to understand and follow this Policy. You should always feel free to ask questions. Employees who violate this Policy are subject to disciplinary action, up to and including dismissal. Violations also could result in criminal and civil charges against you, with significant penalties and imprisonment if convicted. The Company also could face civil litigation and serious harm to our reputation as a result of violations. There is no sales quota, production target or other goal that justifies violating this Policy, the FCPA or any other law. Strict compliance with this Policy and the law is of greater value to the Company than any opportunity that may be delayed or lost as a result of compliance.

6.2 Company Representatives. We expect everyone working with the Company or on its behalf, including our representatives, suppliers, agents, business partners, licensees, consultants and independent contractors, to comply with this Policy and principles embodied in it. All of those Company Representatives must fully comply with the FCPA, all other applicable laws, and this Policy. We must screen all Company Representatives, particularly when dealing in countries with high corruption rates, and remain diligent to identify situations that expose the Company to a risk of corrupt practices. In addition to consequences of noncompliance under applicable law (e.g., fines and imprisonment), Company Representatives who violate this Policy may be subject to termination of all commercial relationships with the Company.

We expect that Company personnel will conduct reasonable due diligence on Company Representatives before such representatives are allowed to form a relationship with the Company. The Company employee who is responsible for initially creating the relationship with the representative shall conduct such due diligence before establishing a relationship with the representative. Company personnel who regularly interact with Company Representatives should also conduct due diligence regarding the representative. The due diligence should be such that it provides the Company with a reasonable assurance that the representative will act in compliance with applicable laws and Company policies and will positively support the Company's good reputation. Refer to our **Third Party Due Diligence and Contracting Guidelines**.

6.3 Questions. If you have any questions relating to this Policy, please contact your immediate supervisor. If you are not comfortable doing that, please reach out to the Company's Corporate Legal Department.

When in doubt, or if you feel uncomfortable or see something strange, ask for guidance. We have provided support so that you can do the right thing not only for the Company, but for yourself and your peace of mind.

6.4 Notice; Reporting. Any employee who suspects that this Policy may have been violated must immediately notify his or her supervisor, the Company's Legal Department or the Company's Compliance Hotline. The hotline is operated by an independent firm with multi-language support, which allows employees to make anonymous and confidential calls. Any person who, in good faith, reports suspected legal, ethical or Policy violations will not suffer any adverse consequence for doing so. "Good faith" means that you fully disclose the relevant facts and give an honest and full report. When in doubt about the appropriateness of any conduct, the Company requires that you seek additional guidance before taking any action. You can expect that your inquiry will be treated seriously and professionally, and you will not be subject to any retaliation.

6.5 Duty to Cooperate. In addition to periodic training provided to you, the Company may at times undertake a more detailed review of certain transactions. As part of these reviews, the Company requires all employees and Company Representatives to cooperate with the Company, outside legal counsel, outside auditors or other similar parties. The Company views failure to cooperate in an internal review as a breach of your obligations to us.

6.6 Certification. We will require certifications of compliance with this Policy from employees, Company Representatives whose duties likely involve any of the areas covered by this Policy.

Version	2.0
Date	May-2016 (original version dated July-2014)
Owner	Legal Department



## Acknowledgment & Certification

I, \_\_\_\_\_, have received and read a copy of Element Solutions Inc's Foreign Corrupt Practices Act/Anti-Corruption Policy and understand and agree to comply with its terms. I understand that the Company expressly reserves the right to change, modify or delete the provisions of this Policy which will be posted on the Company's website, and I will be expected to comply with such revisions.

Name: \_\_\_\_\_ Date: \_\_\_\_\_

Signature \_\_\_\_\_

**Third Party Certification**  
**CORRUPT PRACTICES CERTIFICATION**

The undersigned certifies that:

- (a) the undersigned has read and understands the Foreign Corrupt Practices Act/Anti-Corruption Policy ("*Policy*") of Element Solutions Inc ("*ESI*");
- (b) in connection with providing work for ESI, the undersigned and any person or entity employed or retained by it or on its behalf (a "*Representative*") (i) has been, and continues to be in full compliance with the Policy and all applicable anti-corruption laws ("*Applicable Laws*"); (ii) has not, and will not, pay, offer, or promise to pay, or authorize the payment, directly or indirectly, any monies or anything of value to any governmental official, government employee, political party, or candidate for political office for the purpose of influencing any act or decision of such person or of the government to obtain or retain business, direct business to another person, or otherwise gain an improper advantage; and (iii) has not, and will not, pay, offer, or promise to pay, or authorize the payment, directly or indirectly, any monies or anything of value to any private individual that could reasonably be expected to cause the recipient to violate his or her duty of loyalty or of trust; and
- (c) after due inquiry of its Representatives, neither the undersigned nor any Representative is an official of any government, or related by blood or marriage to any governmental official.

The undersigned understands and agrees that:

- (1) if the undersigned or any of its Representatives has violated the Policy or any Applicable Laws, ESI may immediately terminate its agreement and relationship with the undersigned without further obligation or liability whatsoever; and
- (2) the undersigned will not hire an agent, subcontractor or consultant who will be expected to provide services to ESI without ESI's prior written consent.
- (3) ESI may audit the undersigned's books and records and conduct other internal review to verify compliance with the Policy and Applicable Laws. The undersigned and its Representatives will fully cooperate with ESI's personnel and outside advisors in connection with that effort. If that effort uncovers any noncompliance, the undersigned will immediately reimburse ESI for the cost of such audit or review and take all necessary corrective action to remedy the situation.

The undersigned will immediately advise ESI's Legal Department in writing if the undersigned learns of, has reason to know of, or suspects any violation of the Policy and/or any Applicable Laws involving ESI.

The undersigned hereby certifies that he/she is an officer with responsibility for assuring that the undersigned complies with Applicable Laws.

Signature: \_\_\_\_\_  
Print Name: \_\_\_\_\_  
Company: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_, 20\_\_\_\_

**Appendix 1: Expenditure Involving Foreign Officials  
Request and Pre-Approval Form**

<b>Date of Request:</b>	_____
<b>Date of Approval:</b>	_____

<b>STEP 1: REQUESTOR</b>			
<b>Name</b>	<b>Title</b>	<b>Business Unit</b>	<b>Office</b>

<b>STEP 2: EXPENDITURE DETAILS (Provide details for all that apply)</b>					
<b>Type</b>	<b>Details</b>	<b>No. of officials</b>	<b>Cost per official</b>	<b>Estimated Expense</b>	<b>Actual Expense</b>
<b>Cash (e.g., per diem, facilitating payment)</b> Include: Per-person amount, purpose			\$	\$	\$
<b>Gift</b> Include: Type of gift, vendor name			\$	\$	\$
<b>Meals and Entertainment</b> Include: type of meals (breakfast, lunch, dinner, snack), name of			\$	\$	\$
<b>Airfare</b> Include: Trip route, airline, airline class, spouse/family travel			\$	\$	\$
<b>Lodging and other travel costs</b> Include: Name of hotel, number of days, room type, room cost, number of			\$	\$	\$
<b>Political Contribution</b> Include: Name of politician, political			\$	\$	\$
<b>Charitable Contribution</b> Include: Nature of contribution, vendor used, included in budget, etc.			\$	\$	\$
<b>Other Expenditures</b>			\$	\$	\$

<b>STEP 3: NATURE OF EXPENDITURE</b>	
Recipient (Name(s) of Foreign Official, Title, Agency, Location)	
Frequency of benefits (number of times and value) provided to the recipient(s) in the last 12 months	
Business Relationship with the Foreign Official(s)	

Business Purpose for the payment/ benefit	
Date(s) of Proposed Expenditure	
Was the payment/benefit initiated or requested by a Foreign Official?	
Method of Payment (Direct payment to Official via cash, check or wire transfer; expense reimbursement from employees or agent; vendor payment; petty cash, etc.)	
If applicable, rationale for vendor used to provide benefit to official	

**STEP 4: SUPPORTING DOCUMENTATION (attach the following documents for approval)**

- Proposals and/or request letters from Foreign Agency for charitable contributions, events, travel
- Invitation letters and transparency letters for sponsored travel
- Due diligence, if applicable, on recipient and vendor
- Itineraries, cost estimates and event agenda for pre-approval; invoices and receipts from hotel, airline, restaurant, taxi, gift shop, etc. after transaction has occurred
- Signed receipt from Foreign Official as confirmation of payment and/or contribution

**STEP 5: APPROVALS**

<b>Requestor</b>	<b>Level 1-Approver</b> Department Head	<b>Level 2-Approver</b> Legal Department	Accounts Payable (Post- transaction)
SIGN	SIGN	SIGN	SIGN
Name Date	Name Date	Name Date	Name Date

## Appendix 2: Financial Authorization Matrix for Expenditure Involving Foreign Officials

Payment Type	Criteria (value / purpose)	Approvals	
		Level-1: Department Head	Level-2: Corporate Legal
Cash payments (e.g., per diem, facilitating payments)	All	✓	✓
Gift and Entertainment	(a) up to \$100 per official per occasion (b) frequency up to 2 times/ \$100 per official in the past 12 months (c) Cumulative value of event less than \$500 for all recipients	✓	✓
	<i>*For meals associated with travel, see other travel costs</i>	✓	✓
Airfare	(a) length of stay limited to event dates (no side trips, extra days) (b) no travel-costs for spouse / family travel	✓	✓
Lodging and other travel costs	(a) accommodation at reasonable hotels near Company facility/event (e.g., no suite, resorts) (b) dates of stay consistent with agenda/event	✓	✓
Political Contributions	All	✓	✓
Donations or Charitable Contributions	(a) Contributions consistent with budgeted costs pre-approved in the beginning of the year (b) Due diligence has been adequately performed on the beneficiary (foreign agency) and vendor	✓	✓
	<i>*Corporate Legal Department must be consulted promptly for non-budgeted contributions or if due diligence has not been performed</i>	✓	✓
Other Expenditures	<i>*Corporate Legal Department must be consulted promptly for any payments greater than the limits specified above</i>	✓	✓

