

ANTI-BRIBERY & CORRUPTION POLICY

SERIES OF 2020

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**ANTI-BRIBERY &
CORRUPTION
STATEMENT**

RECITALS

TACTICS SOG INDUSTRIES, INC. is committed to conducting its business ethically and in compliance with all applicable laws and regulations within the Philippines, including the U.S. Foreign Corrupt Practices Act (FCPA), the United Kingdom Bribery Act (UKBA) and similar laws in other countries that prohibit improper payments to obtain a business advantage.

This document describes TACTICS's Policy prohibiting bribery and other improper payments in the conduct of its business operations and employee responsibilities for ensuring implementation of the Policy. Questions about the Policy or its applicability to particular circumstances should be directed to assigned Anti-Bribery and Anti-Corruption Compliance Officer of Tactics .

1. OBJECTIVE

This entry aims to provide information and guidelines to all employees of Tactics SOG Industries Inc. of its Policy Against Bribery and Corruption.

2. SCOPE

This entry covers all employees of TACTICS SOG INDUSTRIES, INC.

3. GOVERNANCE

3.1. The designated Anti-Bribery and Corruption Compliance Officer shall spearhead the information dissemination of this Policy Against Bribery and Corruption shall ensure implementation of all the provisions stated herein.

3.2. The Division Manager (DM) shall cooperate and monitor that contents of this Policy Statement are being observed by all employees under his/her Division.

3.3. The Board of Directors has overall responsibility for ensuring this policy complies with our legal and ethical obligations, and that all those under our control comply with it.

4. GUIDELINES

4.1. This Policy Against Bribery and Corruption is designed to impose guidelines in the conduct of business by the employees of Tactics SOG Industries, Inc.

4.2. The Anti-Bribery and Corruption Compliance Officer must thoroughly ensure that all employees are aware of this policy and each employee is furnished with a copy of Policy Against Bribery and Corruption immediately upon entry in whatever disposition to the company.

4.3. When an employee is reported to have committed a violation, a due process including a detailed investigation shall be conducted prior to any disciplinary actions or penalties to be meted by such employee.

4.4. Depending on the graveness of the offense, a special Administrative Hearing shall be carried out to give the accused an ample opportunity to explain his side before a panel of senior officers of Tactics SOG Industries, Inc.

4.5. Penalties of any violation of this Policy shall be based on the Schedule of Penalties as Stated in the Code of Discipline of Tactics SOG Industries, Inc.

DEFINITION OF TERMS

Agent

Any individual acting as an agent, paid by the company, acting on the company's behalf in negotiating with Third Parties.

Bribery/Corruption

Bribery occurs when one person offers, pays, seeks or accepts a payment, gift, favor, or a financial or other advantage from another to influence a business outcome improperly, to induce or reward improper conduct or to gain any commercial, contractual, regulatory or personal advantage. It can be direct or indirect through Third Parties.

Company

All subsidiaries and affiliated companies.

Conflict of Interest

Occurs when an individual or organization is involved in multiple interests, one of which could possibly corrupt, or be perceived to corrupt, the motivation for an act in another.

Donation

A Donation is a voluntary contribution in the form of monetary or non-monetary gifts to a fund or cause for which no return service or payment is expected or made. Contributions to industry associations or fees for memberships in organizations that serve business interests are not necessarily considered Donations.

Employee

For the purposes of this policy this includes all individuals working at all levels and grades, including senior managers, officers, directors, employees (whether permanent, fixed-term or temporary), consultants, contractors, trainees, seconded staff, home-workers, casual workers and agency staff, volunteers, interns, agents, sponsors, or any other person associated with us, or any of our subsidiaries or joint ventures or their employees, wherever they are located.

Facilitation Payments

A form of Bribery in which small payments are made with the purpose of expediting or facilitating the performance by a Public Official of a routine governmental action and not to obtain or retain business or any other undue advantage. Facilitation payments are typically demanded by low level and low-income Public Officials in exchange for providing services to which one is legally entitled without such payments.

Gifts, Invitations & Hospitality

Invitations given or received to social functions, sporting events, meals and entertainment, gifts or customary tokens of appreciation.

Intermediary

Includes but is not limited to Agents, distributors, consultants, sales representatives, implementation partners, sales partners.

Kickback

A bribe to obtain an undue advantage, where a portion of the undue advantage is 'kicked backed' to the person who gave, or is supposed to give, the undue advantage.

Public Official

Officials or employees of any government or other public body, agency or legal entity, at any level, including officers or employees of state-owned enterprises and officers or employees of enterprises which are mandated by a public body or a state-owned enterprise to administrate public functions.

Sponsorship

Sponsorship is about partnering with external organizations to deliver mutual benefits through an exchange of monies, products, services, content or other intellectual property.

Third Party

Any individual or organization you come into contact with during the course of your work for us. This includes actual and potential customers, suppliers, business contacts, Intermediaries, government and public bodies, including their advisors, representatives and officials, politicians and political parties.

Introduction

It is our policy to conduct all of our business in a lawful, honest and ethical manner. Whoever we may deal with, and wherever we may operate, we are committed to doing so with integrity. As part of this commitment, all forms of bribery and corruption are unacceptable and will not be tolerated. We must not, and we must ensure that any third party acting on our behalf does not, act corruptly in our dealings with any other person.

This anti-bribery and corruption policy set out Tactics SOG Industries, Inc. policies to prevent acts of bribery and corruption. These policies and procedures have been designed to comply with legislation governing bribery and corruption on a global basis.

This policy provides guidance on the standards of behavior to which we must all adhere and most of these reflect the common sense and good business practices that we all work to in any event. This policy is designed to help you to identify when something is prohibited so that bribery and corruption is avoided, and provide you with help and guidance if you are unsure about whether there is a problem and you need further advice.

To whom this policy applies?

The fundamental standards of integrity under which we operate do not vary depending on where we work or who we are dealing with. This policy applies to all Tactics SOG Industries, Inc.'s officers, employees (full and part time) and temporary workers (such as consultants or contractors) (together referred to as "employees" in this document) across the group no matter where they are located or what they do. It is the responsibility of each of us to ensure that we comply with these standards in our daily working lives. This policy sets out a single standard that all employees must comply with, regardless of whether local law or practices might permit something to the contrary.

Part of Tactics SOG Industries, Inc.'s commitment to prevent bribery and corruption is to ensure that the people acting on our behalf also do so in compliance with effective anti-bribery and corruption policies. Accordingly, where we engage third parties such as agents, distributors or joint venture partners, we have obligations to complete sufficient due diligence when entering into arrangements to ensure that they are not acting corruptly, and to periodically monitor their performance to ensure ongoing compliance. In short, if we can't do it, neither can they.

Failure to comply with this policy, whether or not this is intentional, may lead to disciplinary action (up to and including dismissal), and criminal liability for the individual involved (up to and including imprisonment). Employees will be required to confirm that they have read and understood the policy and that they comply with its terms as part of their ongoing employment assessment processes. In addition,

relevant employees will be required to attend training to support the guidance in this policy.

Avoiding bribery in practice

Bribery involves the following:

- when a financial or other advantage is offered, given or promised to another person with the intention to induce or reward them or another person to perform their responsibilities or duties improperly (it does not have to be the person to whom the bribe is offered that acts improperly); or
- when a financial or other advantage is requested, agreed to be received or accepted by another person with the intention of inducing or rewarding them or another person to perform their responsibilities or duties inappropriately (it does not have to be the person who receives the bribe that acts improperly).

It does not matter whether the bribe is:

- given or received directly or through a third party (such as someone acting on Tactics' behalf, for example an agent, distributor, supplier, joint venture partner or other intermediary); or
- for the benefit of the recipient or some other person.

Bribes can take many forms, for example:

- money (or cash equivalent such as shares);
- unreasonable gifts, entertainment or hospitality;
- kickbacks;
- unwarranted rebates or excessive commissions (e.g. to sales agents or marketing agents);
- unwarranted allowances or expenses;
- "facilitation" payments/payments made to perform their normal job more quickly and/or prioritize a particular customer;
- political/charitable contributions;
- uncompensated use of company services or facilities;
- other reward or benefits; or
- anything else of value.

This policy applies to both the public and private sectors. Dealing with public officials poses a particular high risk in relation to bribery and corruption and specific guidance when dealing with public officials is set out below.

A breach of bribery laws can result in fines for both the company and the individual involved and, in some jurisdictions, could also result in imprisonment.

How do I know if something is a bribe?

In most circumstances, common sense will determine when a bribe is being offered. However, here are some questions you should ask yourself if in doubt:

- am I being asked to pay something or provide any other benefit over and above the cost of the services being performed, for an example an excessive commission, a lavish gift, a kickback or make a contribution to a charity or political organization?
- am I being asked to make a payment for services to someone other than the service provider?
- are the hospitality or gifts I am giving or receiving reasonable and justified? Would I be embarrassed to disclose them?
- when a payment or other benefit is being offered or received, do I know or suspect it is to induce or reward favorable treatment, to undermine an impartial decision-making process or to persuade someone to do something that would not be in the proper performance of their job?

POLICIES & PROCEDURES

General prohibition

All forms of bribery and corruption are prohibited. We will not tolerate any act of bribery or corruption. Any breach of this policy or local law could result in disciplinary action being taken and ultimately could result in dismissal.

A bribe does not actually have to take place - just promising to give a bribe or agreeing to receive one is prohibited. Bribery is prohibited when dealing with any person whether they are in the public or private sector and the provisions of this policy are of general application. However, many countries have specific controls regarding dealing with public officials and this policy includes specific requirements in these circumstances.

Gifts, hospitality and expenses

Giving or receiving gifts or hospitality is often an important part of maintaining and developing business relationships. However, all gifts and hospitality should be for a genuine purpose, reasonable, given in the ordinary course of business and should comply with Tactics' Hospitality and Expenses Policy and local laws.

Lavish or unreasonable gifts or hospitality, whether these are given or received, are unacceptable as they can create the impression that we are trying to obtain or receive favorable business treatment by providing individuals with personal benefits. In addition, gifts and hospitality can themselves be a bribe.

Be careful to avoid even the appearance that the giving or accepting of gifts or hospitality might influence the decisions you take on behalf of Tactics.

Facilitation payments

Facilitation payments are any payments, no matter how small, given to an official to increase the speed at which they do their job. For example, this could include speeding up customs clearance.

All facilitation payments are generally prohibited. However, your safety is our primary concern and we understand that there may be circumstances in which you have no alternative but to make a facilitation payment in order to protect against loss of life, limb or liberty. Any request for a facilitation payment should be reported to your local anti-bribery and corruption officer.

Agent, distributors, suppliers and joint venture partners

Tactics could be liable for the acts of people that act on our behalf. This includes agents, distributors, suppliers and joint venture partners (together referred to as "third parties"). As such we are committed to promoting compliance with effective anti-bribery and corruption policies by all third parties acting on behalf of Tactics.

All third parties should be made aware of the terms of the Tactics Third Party Code of Conduct and of their obligations to comply with it. All arrangements with third parties should be subject to clear contractual terms including specific provisions requiring them to comply with minimum standards and procedures in relation to bribery and corruption. Appropriate wording to be included in contracts should be reviewed by the legal consultants.

You must not engage any third party who you know or reasonably suspect of engaging in bribery.

Appropriate due diligence should be undertaken before any third parties are engaged. The appropriate level of due diligence will vary depending on the circumstances and you should use your judgement on a case by case basis.

Questions you should be asking yourself include:

- who are they - have I seen documents evidencing that they are who they say they are?
- who else have they worked with - do they have references?
- are they well established with a good reputation or are they more obscure so that I need to do more to find out about them?
- do they operate in a territory where bribery is prevalent?
- are they happy to sign a contract agreeing to comply with anti-bribery procedures? Do they have their own anti-bribery program?
- have I done basic searches such a Google searches, business directory searches, etc?
- are there inconsistencies between the provider of the services and the person I am paying?
- are commissions/payments in line with generally accepted market practice?

Some high-risk transactions will require further due diligence which may require independent investigation. Employees will be provided with helpful guidance and checklists where appropriate to support the due diligence process.

Entering into any joint venture arrangement without prior approval from Legal Consultants is prohibited.

All payments and commissions to third parties must:

- be made in accordance with the Tactics' Authority Framework and the local policies relevant in your business as set by your line manager;
- be made via bank transfer through the accounts payable system and be fully accounted for;
- must be in line with generally accepted rates and business practice for the service in question and should not be unjustifiably excessive or unsupportable; and
- must be made in accordance with the terms of the contract with the person or company providing the services.

If you have any concerns that arrangements with a third party are not in accordance with this policy, you should ask our anti-bribery and corruption officer for help.

Dealing with public officials

Although this policy applies to both public and private sectors, dealing with public officials poses a particularly high risk in relation to bribery due to the strict rules and regulations in many countries.

Public officials include those in government departments, but also employees of government owned or controlled commercial enterprises, international organizations, political parties and political candidates.

The provision of money or anything else of value, no matter how small, to any public official for the purpose of influencing them in their official capacity is prohibited.

The prior approval of our local anti-bribery and corruption officer is required in relation to:

- any payment in respect of fees, salary or commission (this does not include official fees);
- gifts and hospitality; and
- making charitable contributions in connection with dealings with a public official.

In addition, many public officials have their own rules regarding the acceptance of gifts and hospitality, etc., and we must respect these rules where applicable.

In accordance with the Tactics SOG Industries, Inc.'s Code of Ethics and Business Conduct, political donations by or on behalf of Tactics are prohibited.

Compliance with the policy

It is the responsibility of our anti-bribery and corruption officer to ensure compliance with this policy in each business. Ultimate responsibility for compliance with this policy throughout the company is taken by the Company's Compliance Officer. However, each of us has an obligation to act with integrity and to ensure that we understand and comply with the policy. Ongoing compliance will be monitored and reported by Internal Audit.

Training

Training will be provided to relevant employees throughout the company to support them in complying with their responsibilities. If you are not selected for training but believe that it is relevant for you then please ask your local Admin Officer for further information. In addition, all employees will be required to confirm that they have understood and complied with the policy annually.

RED FLAGS

The following is a list of possible red flags that may arise during the course of your work for us and which may raise concerns under various anti-bribery and anti-corruption laws. The list is not intended to be exhaustive and is for illustrative purposes only.

If you encounter any of these red flags while working for us, you must report them promptly to your immediate manager

- a. you become aware that a Third-Party engages in, or has been accused of engaging in, improper business practices;
- b. if the Third-Party refuses to divulge adequate information during due diligence procedure;
- c. you learn that a Third Party has a reputation for paying bribes, or requiring that bribes are paid to them, or has a reputation for having a 'special relationship' with foreign Public Officials;
- d. a Third Party insists on receiving a commission or fee payment before committing to sign up to a contract with us, or carrying out a government function or process for us;
- e. a Third-Party requests payment in cash and/or refuses to sign a formal commission or fee agreement, or to provide an invoice or receipt for a payment made;
- f. a Third-Party request that payment is made to a country or geographic location different from where the Third Party resides or conducts business;
- g. a Third Party requests an unexpected additional fee or commission to 'facilitate' a service;
- h. a Third Party demands lavish Gifts, Invitations or Hospitality before commencing or continuing contractual negotiations or provision of services;
- i. a Third-Party request that a payment is made to 'overlook' potential legal violations;
- j. a Third-Party request that you provide employment or some other advantage to a friend or relative;
- k. a Third-Party request that you make a political contribution or donation to the party or charity of their choice before agreeing to undertake a business relationship with the Company
- l. you receive an invoice from a Third Party that appears to be non-standard or customized;
- m. a Third-Party refuse to put terms agreed in writing;
- n. you notice that we have been invoiced for a commission or fee payment that appears large given the service stated to have been provided;
- o. a Third Party requests or requires the use of an Agent, intermediary, consultant, distributor or supplier that is not typically used by or known to us; or
- p. you are offered an unusually generous gift or offered lavish hospitality by a Third Party.