

Trade Compliance Policy

Updated February 2020

Policy Statement

Fagioli and its subsidiaries depend on the ability to successfully import and export products around the world. Fagioli is committed to complying with all applicable import and export laws, regulations, and policies. Fagioli will work with global government agencies and act in accordance with our Code of Conduct as well as our values of Integrity, Respect and Commitment.

It is Fagioli express policy to fully comply with all applicable (UN, EU, US and other) Export Controls and Sanctions (trade & financial embargoes).

This commitment extends from senior management to all employees involved in the import and export of Fagioli items. We cannot afford to jeopardize our ability to serve our customers around the world.

Failure to comply with import and export laws and regulations may result in severe penalties to Fagioli and/or its employees such as adverse publicity, delay or seizure of shipments, loss of import and export privileges, civil and criminal penalties, and employees may be subject to disciplinary action up to and including termination of employment.

1 STATEMENT OF CORPORATE POLICY

Import Process Flow

Fagioli will fully comply with all applicable import laws and regulations when importing product into any country. An import is defined as the act of bringing or causing any goods to be brought into a customs territory. Each country's import processes and requirements may differ.

Fagioli will maintain and comply with the Trade Compliance Control Program (TCCP) and will maintain all records required to comply with such program. The company will also comply with all legal requirements necessary when participating in the special import programs.

Export Process Flow

Fagioli will fully comply with all applicable export laws and regulations when exporting from any country. An export is defined as sending or transporting goods abroad out of a customs territory.

Export and re-export restrictions and license requirements are based on a number of factors, including the technological sophistication of the item to be shipped, the country of destination, the identity of the end-user, and the intended end-use. Export laws also apply to the following situations:

- Communication by telephone, facsimile, mail, courier, or computer technology to any person or site in another country;
- Domestic releases of technology or source code to a foreign national (i.e., a foreign citizen who is not a citizen or permanent resident alien of the United States); and
- Oral and visual exchanges of information with foreign nationals – in meetings, plant visits, product demonstrations, trade shows, and the like.

2. ELEMENTS OF TRADE COMPLIANCE

Screening of Parties and Orders

Fagioli exercises its due diligence in reviewing and accepting orders to identify any suspicious activity involving our products or personnel.

It is Fagioli's policy to screen all parties to the transaction in order to avoid inadvertent shipments to restricted parties or destinations as defined by the governments of any countries in which the company has export operations.

All Fagioli transaction partners are screened against the Denied Parties List and the Entities of Proliferation Concern list maintained by the United States Commerce Department. Additionally, they are screened against the lists of embargoed (US and UN) or sanctioned countries and the list of Specially Designated Nationals and Other Blocked Persons maintained by the United States Treasury, Office of Foreign Assets Control, as well as varying foreign country Denied Parties Lists.

Preferential Trade Agreements

Fagioli will use reasonable care when qualifying products for Preferential Trade Agreements and completing the respective Certificate of Origin. One of the requirements for eligibility for reduced/duty free treatment of merchandise under these Preferential Trade Agreements is the presentation of a properly completed preferential Certificate of Origin. These preferential Certificates of Origin must be used to certify that merchandise exported from one participant territory into any other participant territory qualifies as an originating good for purposes of preferential tariff treatment under the Preferential Trade Agreement.

Post Importation Adjustments

Fagioli will ensure that imports are properly filed according to the local Customs regulations and within the timeframe allowed. Post importation adjustments, if done in a timely manner, may allow the importer to adjust the declared value in accordance with the World Trade Organization and local regulations.

Country of Origin Requirements

Fagioli will work with its supply chain to require suppliers to follow all origin requirements for import shipments into any country as well as ensure Fagioli equipment is marked in accordance with the World Trade Organization rules of origin. Every article of foreign origin imported into a territory, unless accepted by law, is required to be marked with the name of the country of origin of the article at the time of importation. This marking should indicate to an ultimate importer the country of origin in English, and the importer should be able to find the marking easily and read it without strain. Failure to properly mark equipment will result in financial penalties, as well as delays in clearing shipments through Customs.

Classification

Fagioli will exercise reasonable care when classifying its equipment for import and export. Classification is a very detailed process requiring familiarity with both the specific make-up and function of individual Fagioli equipment and Harmonized System (HS). The HS, which has been adopted by the vast World Customs Organization member countries, divides classification into 21 sections, covering 99 chapters, which are organized based on the nature of the product, its composition, its use, and other criteria. The HS classification is governed by six General Rules of Interpretation. To ensure accurate classification of merchandise, careful consideration must be given to the General Rules of Interpretation, Section Notes, Chapter Notes, Explanatory Notes and administrative rulings issued by the local customs authorities and case law. This HS classification is used for duty assessment and statistical purposes for the World Customs Organization member countries.

Both the HS and export control numbers by product will be maintained in Fagioli ERP system and reviewed periodically through audits to maintain accuracy. Updates will be made as required. The expectation is that all countries globally follow the methodology set forth by the Equipment Logistics department.

Quantity

Fagioli will ensure accurate quantities of imported and exported equipment are reported to the appropriate Government bureau.

The Harmonized Tariff Schedule of the European Union as well as the foreign HS establishes the units of measurement to be used to report quantities on entries. In addition, overages and shortages must be reported to local Customs, if identified.

Customs Valuation

Fagioli will use reasonable care in declaring accurate and complete values for all imports and exports. Fagioli will take steps to ensure that the complete transaction value, including any additions to the price actually paid or payable, is reported to Customs in accordance with applicable laws and regulations. Due to the difficulty involved in identifying all elements of the price paid or payable at time of import, Fagioli will promptly notify Customs of any value discrepancies discovered subsequent to import entry filing such as quantity changes, packaging costs incurred, etc.

Because valuation is one of the primary areas of focus by Customs worldwide, it is essential that Fagioli personnel have a strong understanding of valuation principles, and keep abreast of changes in

interpretation. The Equipment Logistics department must be kept informed of all contracts entered into, as well as be notified of any instance.

Fagioli uses transfer pricing guidelines to determine global pricing guidelines. The latest copy of the Global Transfer Pricing Policy can be obtained by contacting Fagioli's Financial Department.

All imported or exported equipment must have a value assigned for duty assessment and statistical purposes. For most of the world, the proper value is determined by reference to a codified version of the World Customs Organization Valuation Code. Under this authority, six potential methods are provided for appraising imported goods:

- Transaction value of the imported merchandise
- Transaction value of identical merchandise
- Transaction value of similar merchandise
- Deductive value of the imported merchandise
- Computed value of the imported merchandise
- Fall-back method

Transaction Value

The primary means of valuing goods is based on its transaction value. Transaction value, which is defined as the "price actually paid or payable" for goods, is used by Fagioli for all exports and imports from related and unrelated vendors. The price paid or payable is generally based on a FOB (Free On Board) port of export value; for much of the remainder of the world, however, that price is based on a CIF (Cost, Insurance and Freight) value. Globally, it is Fagioli's policy to declare the correct Customs value based on the Incoterm in effect and not based on specific customer requests.

If not already included in that price, the law requires certain additions be made to the price paid or payable in order to arrive at the transaction value. Those additions include:

- Packing costs incurred by the importer;
- Selling commissions incurred by the importer;
- The value of any assist;
- Any royalty or license fee related to the merchandise that the importer is required to pay directly or indirectly as a condition of the sale; and
- The proceeds of any subsequent resale, disposal, or use of imported merchandise that accrue, directly or indirectly, to the exporter.

Commercial Invoice

Fagioli will ensure a valid commercial invoice is submitted for each import and export. The commercial invoice is a document prepared by the exporter which contains the description, value and country of origin of the merchandise being imported. A commercial invoice prepared by the exporter, shipper or his agent is required for an entry into any country. The commercial invoice must contain certain pieces of information in order for Customs and the broker to be able to determine the classification of the merchandise. Any inaccurate or misleading statement of fact in a required document may result in delays in release, detention of goods, increased review by import specialists or penalties against the importer or exporter.



Import Tariff and Tax Payments

Fagioli will pay the accurate amount due with regards to duties, taxes, and additional fees at time of import. This includes determining if an import is subject to additional duties. Fagioli will take steps to ensure strict compliance with procedural and documentary requirements for all duty payments to prevent any monetary penalties by local Customs authorities.

Recordkeeping

Fagioli will maintain required records of all import/export transactions in accordance with local government regulations and the Company's Record Retention Policy, whichever allows for the maximum time period of retention. These records will be made available upon request to the government agency without cost. These records can be stored in hard copy or electronic form, if permitted, as long as legible printed copies can be produced upon demand.

Each Fagioli facility shall maintain import and export records in accordance with the Fagioli Record Retention Schedule and their local regulations.

Training

Fagioli will provide ongoing training to all employees involved in import and export transactions to ensure awareness of current regulations and Fagioli policy.

Auditing

Fagioli will conduct internal audits or reviews to determine the level of compliance with regulations and requirements. Audits and reviews may also be conducted as conditions warrant at each location by either internal auditors or the Equipment Logistics department.

Customs Powers of Attorney

All Customs power-of-attorney forms are processed through Fagioli's Equipment Logistics department. It is the responsibility of the Equipment Logistics department to decide which Customs brokers will receive a power of attorney and when a power of attorney may be revoked.

Hand Carry of Commercial Products

Fagioli will ensure employees abide by local laws and regulations when hand carrying products on international trips. Personal transportation of commercial products is discouraged, yet it is sometimes necessary for Fagioli employees traveling from one country to another to carry such products along with their personal baggage. In the event that commercial products are hand carried, it is extremely important that these goods be properly exported and subsequently entered into the domestic commerce of the importing country. Commercial products are defined as anything brought into a country for non-personal use. This does not include laptops or other items for personal use. If a hand carry is required and approved, please contact the GTC department for appropriate documentation and process to follow.

Internal Notification of Potential Non-Compliance

In accordance with our Code of Conduct, all employees are required to promptly report all known or suspected violations of applicable laws, our Code of Conduct, or any of our Company's policies. If an employee becomes aware of or suspects any actual or potential violation of applicable import or export



regulations, the employee should report those concerns to the Equipment Logistics department, the Compliance Officer or the Legal Department. Please consult the Code of Conduct for more information on reporting.

Customs Agency Inquiries/Audits Communication and Escalation Process

Import and export authorities around the world use a variety of methods when communicating with the trade community. Should any Fagioli employee be contacted by such authorities seeking information on Fagioli's import or export practices, please consult the Government Investigations policy in the Code of Conduct. In accordance with that policy and in order to ensure Fagioli maintains a consistent message and appropriately manages risk, the following contacts must be notified of the customs agency communication: (1) Fagioli's Equipment Logistics department; (2) Local senior leadership; and (3) Corporate legal Department. Nothing in this policy is intended or will be interpreted to prevent employees from providing information to a government entity, regulator or inspector or from otherwise participating in a government investigation as such conduct is protected under whistleblower or other similar protections of applicable law.