



Gates Industrial Corporation plc Antiboycott Guidelines

What is antiboycott compliance and why must we comply?

U.S. antiboycott regulations prohibit Gates, individuals who work for Gates, and all of its affiliates from taking or knowingly agreeing to take certain actions with the intent to comply with, further or support an “unsanctioned foreign boycott.”

The primary effect of this regulation applies to the **Arab League boycott of Israel**. Known boycotting countries include Iraq, Kuwait, Lebanon, Libya, Qatar, Saudi Arabia, Syria, United Arab Emirates, and Yemen. However, antiboycott issues may also arise in activities involving other countries.

Offending language arises when a third party asks that Gates engage in prohibited conduct. Offending language is any request for information about Israel or the Israeli people. Prohibited conduct includes:

- **Refusal to Do Business:** Gates cannot refuse to do business with Israel
- **Discrimination:** Gates cannot discriminate against persons based on Israeli nationality
- **Certain Information:** Gates cannot furnish information identifying a person of Israeli nationality
- **Letters of Credit:** Gates cannot implement letters of credit containing offensive language.

The antiboycott regulations are complex in their application to specific situations. You must immediately contact the Director of Compliance if you receive any request for information or acknowledgement of information which may be considered antiboycott related.

How do you identify offending language?

Requests can come in many forms, can be written or oral, and may appear in purchase orders and contracts, letters of credit, shipping documents and the like. Examples of Boycott Requests can be found at <http://www.bis.doc.gov/index.php/enforcement/oac/7-enforcement/578-examples-of-boycott-requests>. The questions listed below are a sample of inquiries to use in assessing proposed transactions against conduct prohibited under the U.S. antiboycott laws:

- Is there a request to refuse to do business with Israel?
- Is there a request to discriminate against Israeli's?
- Is there a request to certify that the products are not of Israeli origin or contain any Israeli components?

FREQUENTLY ASKED QUESTIONS

Question: In which types of documents is it permissible for me to strike through or replace offending boycott language?

Answer: You may replace offending language in RFPs, letters of credit, certificate of origins, purchase orders, invoices, contract documents, or any other document that can be negotiated between you and the customer. In all cases though, you must report the communication to the Director of Compliance.

Question: If I receive a request for pricing from one of my regular customers, which contains a provision asking if Gates does business in Israel, what should I do?

Answer: You may strike through the offending language and send back to the customer.

Question: If I receive a letter of credit from a company with an antiboycott provision may I strike through the offending language?

Answer: Yes. You may replace the offending language and send the letter of credit back.

Question: I received a certificate of origin request from a company asking that I confirm that goods shipped by Gates were not of Israeli origin and did not contain Israeli materials. How should I reply?

Answer: Strike through the offending language, identify the correct country of origin of the goods and send the document back.

What should I do when I receive an oral or written boycott question?

- First, respond with the following:
 - As a matter of company policy and U.S. Law, I am unable to provide you with the information you requested. Please remove the phrase (offending language) and resend to me.
 - The response process is identical for both written and oral questions.
- Next, immediately report the communication to the Director of Compliance

What information do I need to provide to meet the reporting requirement?

When reporting antiboycott requests to the Director of Compliance, include the following information:

- Date and mode (oral or written) received
- Transaction value (if related to a transaction)
- Description and quantity of units/services
- Name of the Country making the request

Gates is required to submit a formal written report to BIS for any period in which a request is received to take any action or provide information in violation of the antiboycott regulations, even if such action is not taken. Failure to make a timely report is itself a violation of the regulations and company policies. Moreover, Gates is required to keep documents and records pertaining to antiboycott transactions for five years.

In addition to this guidance document, Gates provides antiboycott training available through online training.