

# OLYMPIC STEEL

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## Anti-Corruption Policy Including the U.S. Foreign Corrupt Practices Act (FCPA)

### Introduction

Olympic Steel, Inc. is committed to conducting its business ethically and in compliance with all applicable laws and regulations, including the U.S. Foreign Corrupt Practices Act (FCPA) and other laws that prohibit improper payments to obtain a business advantage.

This document describes Olympic Steel's policy prohibiting the offering or receipt of bribes and other improper payments in the conduct of Olympic Steel's 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 the Internal Audit Manager.

### Overview

Olympic Steel strictly prohibits bribery or other improper payments in any of its business operations. This prohibition applies to all business activities, anywhere in the world, whether they involve government officials, vendors, customers or other third parties. A bribe or other improper payment to secure a business advantage is never acceptable and can expose individuals and Olympic Steel to possible criminal prosecution, reputational harm or other serious consequences.

This Policy applies to all employees at Olympic Steel, including officers and agents or other intermediaries acting on Olympic Steel's behalf. Each officer and employee of Olympic Steel has a personal responsibility and obligation to conduct Olympic Steel's business activities ethically and in compliance with the law. Failure to do so may result in disciplinary action, up to and including termination of employment.

Improper payments prohibited by this policy include bribes, kickbacks, excessive gifts, entertainment, travel or any other payment made or offered to obtain a business advantage. These payments should not be confused with reasonable and limited expenditures for gifts, business entertainment and other legitimate activities directly related to the conduct of Olympic Steel's business.

### Compliance with U.S. Foreign Corrupt Practices Act

The prohibition on bribery and other improper payments applies to all business activities, anywhere in the world, whether they involve government officials or are commercial transactions, but is particularly important when dealing with government officials. The U.S. Foreign Corrupt Practices Act, and similar laws in other countries, strictly prohibits improper payments to gain a business advantage and imposes severe penalties on employees and Olympic Steel for violations. The following summary is intended to provide personnel engaged in international

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activities a basic familiarity with applicable rules so that inadvertent violations can be avoided and potential issues recognized in time to be properly addressed.

## Overview of the FCPA

The FCPA is a criminal statute that prohibits improper payments to foreign government officials to influence performance of their official duties. It makes it unlawful for any U.S. company, its officers, employees or agents, to offer, promise, pay or authorize the payment of “anything of value” to any “foreign official” – a term that is broadly defined – to help the company obtain or keep business or secure some other “improper business advantage.” This prohibition applies whether the offer or payment is made directly or through another person. In addition to prohibiting improper payments to foreign officials, the FCPA requires public U.S. companies and their controlled affiliates to keep accurate books and records of the transactions in which they engage and to maintain a system of internal controls that, among other things, can prevent “slush funds” and “off-the-books” accounts or funds that might be used to facilitate or conceal questionable foreign payments. FCPA accounting requirements apply to all business activities, not just those involving foreign officials.

The penalties for violating the FCPA are severe. For a company, potential sanctions range from multimillion-dollar fines and “disgorgement” of any business profits from an improper payment to loss of export privileges or eligibility to compete for U.S. government contracts. These sanctions are in addition to potential reputational damage and investigation and defense costs, which may arise even without a formal government prosecution. The penalties for individuals can be even more severe, including substantial fines and imprisonment.

## Common Questions About the FCPA

### To whom does the FCPA bribery prohibition apply?

The FCPA prohibition applies to improper payments made by a “U.S. person” anywhere in the world, whether or not there is any other connection to the United States. The term U.S. person includes both U.S. companies and individuals who are citizens or permanent residents of the United States. Foreign nationals also may be prosecuted for causing, directly or through a third person, any act in the U.S. in furtherance of a corrupt payment.

### What does the FCPA prohibit?

The FCPA makes it unlawful to bribe or give anything of value to a foreign official to gain an “improper business advantage,” even in countries where such practices may be considered “the way of doing business.” An improper business advantage may involve efforts to obtain or retain business, as in the awarding of a government contract, but also can involve regulatory actions such as licensing or approvals. Examples of prohibited regulatory bribery include paying a foreign official to ignore an applicable customs requirement or to accelerate a tax refund. The FCPA bribery prohibition has been interpreted very broadly. A violation can occur even if an improper payment is only offered or promised and not actually made, or not accepted, it is made but fails

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to achieve the desired result, or the result benefits someone other than the giver (for example, directing business to a third party). Also, it does not matter that the foreign official may have suggested or demanded the bribe, or that a company feels that it is already entitled to the government action. While certain limited exceptions may apply, these should never be relied upon without first seeking expert guidance.

### **Who is a “foreign official”?**

A “foreign official” under the FCPA can be essentially anyone who exercises governmental authority or acts on behalf of a foreign government. This includes any officer or employee of a foreign government department or agency, whether in the executive, legislative or judicial branch of government, and whether at the national, state or local level. Officials and employees of government-owned or controlled enterprises also are covered, as are private citizens who act in an official governmental capacity. The FCPA prohibition also applies to political parties and candidates, and to officials of public international organizations such as the United Nations. Foreign official status is not always apparent. In countries where the government owns or controls daily commerce, hospitals, clinics, educational institutions, utilities and transportation, even low-level employees may be considered “foreign officials.” In some instances, individuals may not consider themselves officials or be treated as such by their own governments, but nevertheless exercise authority that would make them a “foreign official” for purposes of the FCPA. Under this policy, Olympic Steel officers, employees and agents engaged in international activities are responsible for inquiring whether a proposed activity could involve a foreign official or an entity owned or controlled by a foreign government, and should consult with Internal Audit when questions about status arise.

### **What types of payments are prohibited?**

The FCPA prohibits offering, promising or giving “anything of value” to a foreign official to gain an improper business advantage. In addition to cash payments, “anything of value” may include:

- Gifts,
- Hospitality, entertainment, tickets or other business promotional activities;
- Covering or reimbursing an official’s expenses;
- Offers of employment or other benefits to a family member or friend of a foreign official;
- Political party and candidate contributions;
- Charitable contributions and sponsorships.

Other less obvious items provided to a foreign official can also violate the FCPA. Examples include in-kind contributions, investment opportunities, stock options or positions in joint ventures, and favorable or steered subcontracts. The prohibition applies whether an item would benefit the official directly or another person, such as a family member, friend or business associate.

### **Are there any exceptions?**

The FCPA does not prohibit reasonable promotional or other business activities, including legitimate charitable contributions or sponsorships. Special care is required, however, when

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foreign officials may be involved, to avoid any appearance that benefits are being offered to improperly influence the performance of official duties.

### **Are items considered “de minimis” appropriate?**

The Policy recognizes that giving or exchanging gifts of minimal value in order to build goodwill and sound working relationships (but not any special advantage) may require that employees offer token gifts or entertainments to foreign counterparts who may, in certain instances, function as government officials. In order to maintain compliance with the FCPA, employees may provide token gifts of minimal value (generally under \$100 and not disproportionate to local custom) to foreign officials only when such offerings are permissible under local laws and in keeping with the custom or practice of the foreign official’s country. As stated below, each Olympic Steel employee or representative must maintain a log of any business courtesies or gifts of any amount or value provided to or received from a foreign official.

Though the FCPA has no exception for providing de minimis gifts or hospitality (e.g. cups of coffee, taxi fare, company promotional items) to a foreign official, in practice, the government does not bring enforcement actions in such cases. Employees must understand that they violate the FCPA if they have a “corrupt intent”.

### **Can Olympic Steel be held responsible for improper payments by third parties?**

Yes. The FCPA applies whether a bribe is made directly or through an agent, consultant or other intermediary. Under the law, Olympic Steel and individual officials or employees may be held liable for improper payments by an agent or other intermediary if there is actual knowledge or reason to know that a bribe will be paid. Willful ignorance – which includes not making reasonable inquiry when there are suspicious circumstances – is not a defense, and it also does not matter whether the intermediary is itself subject to the FCPA. All employees therefore must be alert to potential “red flags” in transactions with third parties.

### **Are there special accounting and recordkeeping requirements?**

Under the FCPA, Olympic Steel and its affiliates must keep accurate books and records that reflect transactions and asset dispositions in reasonable detail, supported by a proper system of internal accounting controls. These requirements are implemented through Olympic Steel’s standard accounting rules and procedures, which all personnel are required to follow without exception.

Special care must be exercised when transactions may involve payments to foreign officials. Off-the-books accounts should never be used. Facilitation or other payments to foreign officials should be promptly reported and properly recorded, with respect to purpose, amount and other relevant factors. Requests for false invoices or payment of expenses that are unusual, excessive or inadequately described must be rejected and promptly reported. Misleading, incomplete or false entries in Olympic Steel’s books and records are never acceptable.

### **Do other countries have similar anti-bribery laws?**

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Yes. Many countries now have laws similar to the FCPA that prohibit bribery of foreign officials by their citizens and companies, which can include local subsidiaries and affiliates of a foreign-based company. These laws are comparable to the FCPA, but can differ in important respects – such as the treatment of facilitation payments. In addition, virtually all countries have domestic laws that prohibit bribery of their public officials. Olympic Steel requires all employees and agents to comply in all respects with applicable foreign laws and regulations. The laws that apply to particular international business activities include those of the country in which the activities occur, as well as others that (like the FCPA) govern the international operations of national companies and citizens.

## **Working with Agents and Other Third Parties**

Olympic Steel, from time to time, may engage the services of an agent, consultant or other intermediary to support its business activities, or may participate with business partners in a joint venture or other business structure. These relationships are important to Olympic Steel and provide valuable contributions in many areas of business, but can also pose compliance challenges and thus require appropriate measures to prevent bribery. This policy applies in all material respects to business conducted with or through an agent, consultant, joint venture or other business partner. Employees who manage, supervise and/or oversee the activities of a third party working with Olympic Steel are responsible for ensuring that such persons or entities understand and fully comply with this policy, through appropriate measures.

Personnel working with agents and any other third parties should pay particular attention to unusual or suspicious circumstances that may indicate possible legal or ethics concerns, commonly referred to as “red flags.” The presence of red flags in a relationship or transaction requires greater scrutiny and implementation of safeguards to prevent and detect improper conduct. Appointment of an agent or other third party ordinarily requires prior approval by appropriate levels of management, description of the nature and scope of services provided in a written contract, and appropriate contractual safeguards against potential violations of law or Olympic Steel policy.

## **Employee Responsibilities**

This policy imposes on all personnel specific responsibilities and obligations that will be enforced through standard disciplinary measures and properly reflected in personnel evaluations. All officers, employees and agents are responsible for understanding and complying with the policy, as it relates to their jobs. Every employee has an obligation to:

- Be familiar with applicable aspects of the policy and communicate them to subordinates;
- Ask questions if the policy or action required to take in a particular situation is unclear;
- Properly manage and monitor business activities conducted through third-parties;
- Be alert to indications or evidence of possible wrongdoing; and
- Promptly report violations or suspected violations through appropriate channels (as detailed below).

Company managers have a particular responsibility to ensure that subordinates, including agents, receive proper training, and to monitor for compliance with the policy.

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## **Annual Certification**

The Company's anti-corruption policies, standards, and procedures will be communicated to all directors, officers, applicable employees, and, where necessary and appropriate, agents and business partners. At a minimum, this will include an annual certification process whereby the employee acknowledges he or she has read and understands the policy and agrees to comply with the requirements of the policy statement. In addition, periodic training may be offered should any policy clarifications be necessary.

## **Reporting Possible Violations**

Any employee who has reason to believe that a violation of this policy has occurred, or may occur, must promptly report this information to his or her supervisor, the next level of supervision or the Internal Audit Manager.

Alternatively, information may be reported in confidence by calling the Whistleblower Hotline at 888-883-1499. Retaliation in any form against an employee who has, in good faith, reported a violation or possible violation of this policy is strictly prohibited. Employees who violate this policy will be subject to disciplinary action, up to and including dismissal. Violations can also result in prosecution by law enforcement authorities and serious criminal and civil penalties.

## **Contact Information**

### **Whistleblower Hotline by TeleSentry Hotline Services**

888-883-1499

### **Audit Committee Chairman**

Michael Rippey  
1011 Warrenville Road, Suite 600  
Lisle, IL 60532  
Phone: 630-824-1971

### **Internal Audit Manager**

5096 Richmond Road  
Bedford Heights, OH 44146  
Phone: 440-658-2633

## **Policy Review**

Olympic Steel will review its anti-corruption compliance standards and procedures, including internal controls, ethics, and compliance programs, no less than annually, and update them as appropriate. Reviews will take into account relevant developments in the field and evolving international and industry standards, and adaptations will be made as necessary to ensure continued effectiveness.

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