

## PROHIBITED BUSINESS PRACTICES POLICY

It is the policy of The Lubrizol Corporation (“Lubrizol”) and its subsidiaries and majority-owned joint ventures (collectively, the “Lubrizol Companies”) to strictly comply with all laws and regulations that apply to their activities and operations, or that may give rise to the risk of liability for the Lubrizol Companies, for Berkshire Hathaway Inc. (“Berkshire”), or for persons employed by any of them.

This Prohibited Business Practices Policy (“Policy”) applies to all officers, directors and employees of the Lubrizol Companies (each, a “Lubrizol Person”, and collectively, “Lubrizol Personnel”). This Policy also applies to an agent, consultant, advisor, lobbyist, representative, reseller, distributor, customs or import broker, freight forwarder, contractor or other entity when it is conducting business on behalf of or for the benefit of any Lubrizol Company (an “Intermediary”), and for the purposes of this Sections 1 – IV of Policy, Intermediaries are required to behave in the same way as Lubrizol Personnel. Each Lubrizol Person shall comply with this Policy, strictly abide by all applicable laws and regulations, and exercise great care not to take or authorize any actions that may create even the appearance of illegal conduct or other impropriety. Lubrizol Personnel who violate this Policy shall be subject to appropriate disciplinary action up to and including termination. **The Lubrizol Companies will not undertake, authorize or tolerate any business practice that does not comply with this Policy.**

### I. COMPLIANCE WITH APPLICABLE LAWS IS REQUIRED

This Policy (1) identifies certain specific laws and regulations that may apply to a Lubrizol Company’s operations, and (2) sets forth the minimum standards that must be followed to ensure compliance with those laws and regulations. The applicable laws and regulations include not only federal, state and local laws and regulations of the United States, such as the U.S. Foreign Corrupt Practices Act of 1977, as amended (“FCPA”), but also laws and regulations of any other country in which a Lubrizol Company does business, such as the United Kingdom’s Bribery Act of 2010 and the Brazil Clean Company Act of 2014. Because the FCPA is the anti-corruption law that most broadly affects the Lubrizol Companies, the Policy uses that statute as a framework. However, the Policy uses the term “government official” in most places where the FCPA uses the term “foreign official,” to make it clear that the Policy applies to interactions with all government officials worldwide, and that adherence to the principles and procedures set forth within this Policy should ensure compliance with all nations’ anti-bribery and anti-corruption laws.

This Policy is not exhaustive, and there may be additional laws and regulations that apply to a Lubrizol Company’s operations that are not discussed here. Even if a particular law or regulation is not discussed here, each Lubrizol Company shall ensure compliance with that law or regulation and adopt additional policies as necessary to address compliance with the law or regulation.

Any Lubrizol Person who has a concern about whether particular conduct might be illegal or involve any unethical or improper act or violate this Policy must promptly report his or her concern. Lubrizol has designated its Director of Ethics and Compliance to receive and investigate such reports and to implement this Policy. Lubrizol Personnel may also report their concerns to their supervisors or managers. If permitted by local law, anonymous reports can be made via the

Berkshire Ethics and Compliance Hotline (800-261-8651) or Berkshire’s web reporting site, which is located at [www.brk-hotline.com](http://www.brk-hotline.com).

If in doubt as to the lawfulness or propriety of particular conduct, a report of the matter should be made so that the issue can be investigated. Lubrizol prohibits retaliation of any kind for making such a report in good faith, even if it turns out that the conduct being reported is not illegal or improper.

## **II. PROHIBITED OFFERS OR PAYMENTS**

The purpose of this Policy is to set forth Lubrizol’s position against bribery and corruption and to describe the minimum procedures that must be followed to ensure compliance with the Policy and anti-bribery and anti-corruption laws.

Each Lubrizol Company must strictly comply with the FCPA and all other applicable anti-bribery and anti-corruption laws. The FCPA prohibits bribes, kickbacks and favors provided to government officials to obtain an improper business advantage or benefit, such as the awarding of business or a government contract, obtaining a tax benefit or reduction of VAT or corporate income taxes, or obtaining a permit or license.

***Prohibited Purposes.*** To ensure compliance with the FCPA, no Lubrizol Company or Lubrizol Person may corruptly provide, authorize, promise or offer to provide anything of value to a government official for any of the following purposes:

- Influencing the official;
- Securing any improper business advantage;
- Affecting any official decision; or
- Helping a Lubrizol Company obtain or retain business or direct business to any other person or company.

Similarly, no Lubrizol Company or Lubrizol Person may *authorize* a third party to corruptly provide or offer or promise to provide anything of value to a government official for any of the purposes listed above.

***“Corrupt” Payments.*** The FCPA prohibits providing, promising or offering to provide, or authorizing the provision of anything of value to a government official if done “corruptly.” This means that the payer has an intent or desire to improperly influence the recipient and to get something in return, *i.e.*, a *quid pro quo*. The word “corruptly” is used in the FCPA to make clear that the offer, payment, promise or gift must be intended to induce the official to misuse his or her official position in order to assist the giver in obtaining a business advantage.

***Government Officials.*** The prohibition of improper payments found in the FCPA applies to more than just individuals actively serving in governments. Under the FCPA, a government official is:

- Any officer or employee of a government or any department, agency, or instrumentality of a government;
- Any elected official;

- Any officer or employee of a public international organization such as the United Nations or World Bank;
- Any individual acting in an official capacity for or on behalf of a government agency, department, instrumentality or of a public international organization;
- Any officer or employee of a company owned or controlled by a government, including, for example, a state owned oil company or state owned hospital;
- An employee of a political party;
- Candidates for political office; and
- Any member of a royal family who may lack formal authority but who may otherwise be influential, including by owning or managing state-owned or controlled companies.

It is important to note that employees of state owned or controlled entities (whether partially or completely state owned or controlled) are considered government officials under the FCPA regardless of their rank, nationality or classification under local law. Some individuals, who may not be considered government officials in their own country, are considered government officials under the FCPA. In addition, a company may be under government control even if it is publicly traded, and even if some of its stock is not owned by the government. In some countries, government control of publicly traded companies is common. Similarly, in some countries, entities like oil companies and hospitals are state owned, which makes all of their employees, regardless of their rank, nationality or classification under local law, government officials under the FCPA. This Policy prohibits corruptly providing, authorizing, promising or offering to provide anything of value to employees or agents of state owned or controlled companies for any of the prohibited purposes described above, even if those companies are engaged in purely commercial businesses.

For purposes of this Policy, close family members of government officials (*i.e.*, brother, sister, mother, father, husband, wife or child) are treated as government officials to whom a Lubrizol Company or Lubrizol Person shall not corruptly provide, promise or offer to provide, or authorize the provision of anything of value. Similarly, the Policy's prohibitions also apply with regard to former government officials in cases where the former government official retains some sort of quasi-official status.

***Anything of Value.*** The term "anything of value" is construed very broadly under the FCPA and includes far more than just monetary gifts. Each of the following, among other things, could constitute a "thing of value":

- Monetary gifts in any form (whether cash, check, wire, etc.) and amount;
- Other types of gifts, including personal gifts;
- Meals (including drinks);
- Entertainment, such as golf outings or sporting events;
- Travel, whether domestic or foreign;
- Flights on private or Lubrizol Company provided aircraft;
- Excessive discounts on products or services;
- Excessive commissions;
- Sales at less than market value;
- Purchases at above market rates;
- Art;

- Vehicles;
- Contractual rights;
- Donations to charity; and
- Scholarships.

The term also applies to intangible benefits such as contributions to an official's favorite charity, offers of employment for an official's friends or family, assisting an official's family member or friend in gaining admittance or a scholarship to a school, or other kinds of help or assistance to officials or their friends and family.

***Nominal Gifts and Entertainment.*** There are circumstances under which providing inexpensive items to a government official may be permissible under the FCPA. For instance, providing gifts of nominal value such as pens or mugs with a Lubrizol Company logo, without any intent to influence the official, is not unlawful. Before providing even nominal gifts or entertainment to a government official, Lubrizol Personnel must obtain the written approval of Lubrizol's Director of Ethics and Compliance or his or her local designee. Some countries prohibit providing anything of value to government officials, even gifts or entertainment of nominal value. In those countries, this Policy prohibits providing gifts or entertainment of any kind to government officials. Where permitted by local law, gifts or entertainment to government officials may be made under this Policy only when they are (1) made to promote general goodwill and not as a *quid pro quo* for any official action, (2) of very modest value (in determining whether the value is modest, the value of all previous gifts or entertainment for the same official in the same year should be added together), (3) not in the form of cash, (4) customary in type and value in the country where made, (5) given openly and not secretly, (6) not intended to improperly influence the government official, (7) accurately reflected in the applicable Lubrizol Company's books and records; and (8) made after receiving the necessary approval under Lubrizol's Code of Ethics.

***Willful Blindness Is Not A Defense.*** The FCPA imposes liability on companies and individuals, even if they have no actual knowledge of an improper payment to a government official, in circumstances where they should have known that an Intermediary intended to make, or was likely to make, an improper payment. Accordingly, Lubrizol Companies and Lubrizol Personnel must not be willfully blind to facts which suggest improper payments, gifts, or promises or offers of payments or gifts of anything of value to a government official. Liability for an FCPA violation cannot be avoided by attempting to ignore or "not see" the warning signs or indications of improper conduct. Lubrizol Personnel who suspect or see indications that corrupt payments or offers of payment might be under consideration or might have been made by or on behalf of a Lubrizol Company must not "look the other way" or ignore the indications or "red flags". For instance, if a Lubrizol Person becomes aware that a sales agent may intend to provide, or may have improperly provided, money to a government official, he or she must immediately report that concern. Similarly, each Lubrizol Person should be alert to and promptly report concerns that other Lubrizol Personnel may be involved in, or intend, such payments.

***Bona Fide and Reasonable Business Expenses.*** The FCPA permits paying bona fide and reasonable travel and lodging expenses for government officials in certain circumstances as specified herein. To ensure compliance with the FCPA, this Policy permits paying such expenses only upon the advance written approval of Lubrizol's Director of Ethics and Compliance and only where to do so would be legal under local law and where the official's government or government entity is aware of, and approves of in writing, the expenditures contemplated. Such expenses must

only be approved where they are (1) directly related to the promotion, demonstration or explanation of Lubrizol's products or services, the execution or performance of a contract, or other legitimate educational programs directly related to Lubrizol business; (2) not intended to improperly influence the official, and (3) in compliance with the requirements of this Policy. Such expenses must be **reasonable (not lavish) and** limited to travel and lodging expenses that were incurred for an official's direct travel to and from the location of the Lubrizol Company event or location. The expenses paid must not include expenses for any "side trip" taken to other cities or countries. Lodging expenses should include only reasonable accommodation costs, including reasonable expenditures for meals, actually incurred in or incidental to lodging in business-class hotels, and only during the period of the particular meeting, facility visit, seminar, or event, or en route to such activities. Where such expenses are approved, any payment must be made to the third party provider (for instance, an airline or hotel) rather than to the government official whenever practicable, and any such payments must be supported by receipts and be properly documented and recorded in the applicable Lubrizol Company's books and records. Under no circumstances shall per diem payments or allowances be provided to a government official, nor shall a Lubrizol Company pay for any portion of travel or lodging expenses incurred by a spouse or other family member of a government official.

***Facilitating Payments.*** Facilitation payments are small unofficial payments made to expedite or secure a routine government action. They are permitted under the FCPA but other countries have more restrictive laws. As a matter of policy, Lubrizol prohibits all facilitation payments. All requests for facilitation payments or other bribes must be reported to the corporate ethics office.

***Political Contributions.*** Any political contribution made must be consistent with local law and in compliance with the FCPA, and cannot be made to obtain an improper business advantage, such as the awarding of business or a government contract, obtaining a tax benefit or reduction of VAT or corporate income taxes, obtaining a permit or license, or expediting action on permits, tax benefits or the importation of goods. No political contribution should be made outside the United States without (1) the receipt of a written legal advice by local counsel concerning the legality of the contribution under local law, (2) the receipt of written legal advice from U.S. counsel concerning the legality of the contribution under the FCPA, and (3) prior written approval of Lubrizol's Director of Ethics and Compliance.

***Charitable and Educational Contributions.*** Any charitable or educational contribution, including expenses for travel, lodging, and meals, must be consistent with local law and in compliance with the FCPA and cannot be made to obtain or retain business, direct business to another person or entity, or to obtain an improper advantage.

***The FCPA's Accounting and Internal Control Provisions.*** The FCPA imposes strict accounting and recordkeeping requirements on Berkshire and its majority-owned subsidiaries, including all Lubrizol Companies. These accounting provisions have two primary components, the books and records provision and the internal controls provision.

***Books and Records.*** The accounting provisions require Berkshire and its subsidiaries to maintain books and records which accurately and in reasonable detail fairly reflect transactions and the disposition of assets. This requirement extends not only to the general ledgers but also to all documents that describe business transactions and dispositions of assets such as invoices,

receipts, expense reports, purchase orders and shipping documents. False, misleading or incomplete entries in Lubrizol Company records are prohibited. This Policy also prohibits the maintenance of undisclosed or unrecorded funds or accounts. Because the books and records provision does not include a materiality requirement, any false record, no matter what the amount, can give rise to an FCPA violation. Therefore, all Lubrizol Personnel must take responsibility for compliance with the books and records requirements of the FCPA. No Lubrizol Person should assume that accurate books and records is the responsibility of just those in finance and accounting.

***Internal Controls.*** The internal controls provision of the FCPA requires Berkshire and its subsidiaries to devise and maintain a system of internal accounting controls sufficient to provide reasonable assurances that: (1) transactions are executed in accordance with management's general or specific authorization; (2) transactions are recorded as necessary to: (a) permit preparation of financial statements in conformity with generally accepted accounting principles or any other criteria applicable to such statements and (b) maintain accountability of assets; (3) access to assets is permitted only in accordance with management's general or specific authorization; and (4) the recorded accountability for assets is compared with the existing assets at reasonable intervals and appropriate action is taken with respect to any differences. It is the policy of each Lubrizol Company that all transactions will be recorded in a timely, consistent and accurate manner in terms of amount, accounting period, purpose and accounting classification. Furthermore, each Lubrizol Company must abide by the following rules.

- Each transaction or disposition of assets by a Lubrizol Company must have proper authorization. Receipts must be obtained and kept for any travel, gifts or entertainment provided to a government official in accordance with Lubrizol's travel and expense policy. A request for reimbursement for business-related expenses must be accompanied by supporting documentation setting forth: (a) a description of the expenditure; (b) its purpose; (c) identification of the recipient of the funds; (d) the amount of money spent; and (e) the manner of payment. These records will be periodically monitored for compliance with this Policy.
- No secret or unrecorded fund or asset of a Lubrizol Company shall be created or maintained, and no accounting balances shall be created or maintained that do not have documentary support, are fictitious in whole or in part, or have no reasonable basis in fact.
- No checks of a Lubrizol Company may be written to "cash," to "bearer," or to third-party designees of a party entitled to payment. Other than documented petty cash transactions, no cash transactions may be made, unless such transaction is evidenced by a receipt bearing the signature of the recipient and the recipient is a party with whom the Lubrizol Company has a written contract.
- All petty cash accounts must be maintained with strict controls to ensure that no cash is dispensed without the proper approvals. Approval must be subject to the recipient's demonstration that the funds are to be expended only for a proper purpose. The use of cash should be limited to the extent possible, and all uses of cash must be appropriately documented with receipts from the Lubrizol Company personnel receiving and dispensing the cash. Documentation supporting a petty cash transaction must include: (a) the business purpose for the use of the cash as

well as the date; (b) the amount paid; (c) the name of the person dispensing the cash; and (d) the name of the person receiving the cash as well as the name of the ultimate recipient of the cash, if different.

- Payments to Intermediaries should be made only in the country where the Intermediary provides the services or in the country, if different, in which the Intermediary has its headquarters. The practice of making payments to accounts in countries other than the location of the services or the Intermediary's headquarters is not permissible unless the Intermediary provides a valid business purpose and proper supporting documentation and the transactions are authorized by Lubrizol's Director of Ethics and Compliance.
- Access to systems of accounting or financial records shall not be given to individuals without proper authorization. Destruction or removal of a Lubrizol Company's records may be undertaken only in compliance with Lubrizol's record retention policies.

Any Lubrizol Person who has reason to believe that a violation of the foregoing rules may have occurred at any Lubrizol Company (including that a payment to a government official was mischaracterized in a Lubrizol Company's books and records) must promptly report that concern to his or her supervisor, to Lubrizol's Director of Ethics and Compliance or through the Berkshire Ethics & Compliance Hotline or the Berkshire web reporting site.

***Penalties.*** A violation of the FCPA can result in serious consequences for a Lubrizol Company and for the individuals involved. Criminal penalties for individuals include fines up to \$250,000 per violation and imprisonment of up to five years for anti-bribery violations and fines up to \$5,000,000 per violation and imprisonment of up to twenty years for violations of the accounting provisions. Individual officers, directors and employees may be prosecuted even if the company for which they work is not. Fines assessed against individuals may not be reimbursed by a Lubrizol Company.

The FCPA criminal provisions establish that companies may be fined up to \$2,000,000 for an anti-bribery violation and up to \$25,000,000 for each violation of the accounting provisions. Under alternative sentencing provisions, these fines can be even higher. The FCPA also authorizes civil penalties of up to \$10,000 against any company or person that violates the FCPA, although that sum also can increase substantially depending upon the circumstances.

***All Improper Payments Prohibited.*** While the FCPA applies to bribes and kickbacks paid to government officials, improper payments to other persons may violate other U.S. laws or the local law of the country in which such payments are made. This Policy expressly prohibits Lubrizol Personnel from providing, authorizing, promising or offering to provide bribes or kickbacks to any person under any circumstances in order to improperly influence their actions or gain some improper business advantage, whether the recipient is domestic or foreign and whether or not the recipient is a government official. For example, Lubrizol Personnel must not offer or pay anything of value to managers, employees or agents of customers or prospective customers to improperly induce them to award business to or continue business with a Lubrizol Company, to improperly influence their actions or to obtain any other improper business advantage. Lubrizol Personnel

must exercise care when providing meals, gifts or other business courtesies. Providing business courtesies in a commercial setting to create goodwill may be permissible, but providing or offering business courtesies with the intent or expectation of obtaining more favorable business terms or opportunities than would otherwise be available is prohibited. Lubrizol Companies and Lubrizol Personnel are prohibited from directly or indirectly engaging in commercial bribery. They must also not receive such payments from any person or company in return for providing an improper business advantage such as awarding Lubrizol Company business to or continuing business with such person or company.

### **III. PROHIBITED TRANSACTIONS WITH CERTAIN COUNTRIES/REGIONS AND PERSONS**

Compliance with economic and trade sanctions and embargo programs requires careful monitoring of, and sometimes prohibitions on, transactions involving target countries and regimes and target individuals, entities, vessels, and aircraft (for example, terrorists, proliferators of weapons of mass destruction and narcotics traffickers). Violations can result in criminal penalties of up to 30 years in jail, a \$10 million fine, or both, and civil penalties in the amount of the greater of \$302,584 or twice the value of the transaction involved, up to \$1,503,470 per violation. Any identified conflict between local law and the trade restrictions described below will be addressed by Lubrizol's Legal Division.

*Transactions with Cuba, Iran, North Korea, Syria, and the Crimea Region of Ukraine.*  
As of the date of issuance of this Policy, the U.S. has instituted comprehensive embargoes or sanctions programs against the following countries and geographical regions:

- Cuba;
- Iran;
- North Korea;
- Syria; and
- The Crimea Region of Ukraine.

These embargoes prohibit persons from engaging in trade, commercial, or financial transactions involving the above countries/regions. Some non-exhaustive examples of dealings that may be restricted include:

- Imports into the U.S., and, in some cases, into other countries, of goods, technology, software, or services from, or originating in, the embargoed country/region;
- Exports from the U.S. or, in some cases, from other countries, of goods, technology, software, or services, either directly or through intermediaries, to the embargoed country/region;
- Investments in the embargoed country/region;
- Brokering the sale of goods, technology or services to or from the embargoed country/region, even if the transaction is done entirely outside of the U.S.;
- Providing insurance or reinsurance to businesses or property of the embargoed country/region or its nationals, or for imports from, or exports to, the embargoed country or its nationals;
- Trans-shipment of goods through the embargoed country/region; and



- Other transactions in which a financial institution or other person acting on behalf of the embargoed country/region has any interest.

To ensure compliance with the foregoing laws, **no Lubrizol Company may engage in any transaction or conduct that is known to directly or indirectly involve Cuba, Iran, North Korea, Syria, or the Crimea Region of Ukraine, without the express prior authorization of Lubrizol's Legal Division and the Chief Financial Officer of Berkshire or his or her designee.**

*Transactions with Venezuela.* Due to ongoing and increasing concerns of the U.S. government regarding political and social developments in Venezuela, the U.S. State Department, among other federal agencies, has developed and implemented sanctions that relate to the Venezuelan government, state-owned entities, specific industries, and identified individuals and entities (“Sanctioned Venezuelan Persons”). Lubrizol will not make sales to any Sanctioned Venezuelan Persons and will specifically instruct its distributors to make no such sales. In addition, Lubrizol will require that any distributor having Venezuela in its territory identify all individuals and entities located in Venezuela to which that distributor sells Lubrizol products, and will screen all such individuals and entities to confirm that none is a Sanctioned Venezuelan Person.

**Russian Sectoral Sanctions.** U.S. Executive Order 13662 authorizes sectoral sanctions, pursuant to which the U.S. Office of Foreign Assets Control of the Department of the Treasury (“OFAC”) has designated entities determined to be operating in three designated sectors of the Russian economy (defense, energy, and financial services) for inclusion on the Sectoral Sanctions Identification List (“SSI List”). These sanctions highlight the need to check that Russian customers of a Lubrizol Company are not on a government entities list that restricts them in the areas of the sectoral sanctions. While any sector might become relevant to Lubrizol’s business, the sectoral regulations dealing with oil exploration most closely touch upon Lubrizol’s business. OFAC specifically prohibits persons from providing goods, services or technology in support of oil exploration or production projects of three types: deep water, Arctic offshore or shale extraction. After the sectoral sanctions on Russia were initially imposed, they were expanded to cover oil exploration or production activity anywhere in the world if a Russian sanctioned person holds either (a) a 33% or greater ownership interest (rather than the 50% typically applied), or (b) a majority of the voting interests. No Lubrizol Company may engage in any transactions or conduct that is known to directly or indirectly involve any portions of the Russian sectoral sanctions without the express prior authorization of Lubrizol’s Legal Division and the Chief Financial Officer of Berkshire or his or her designee.

*Transactions with Certain Blocked Individuals, Entities and Groups.* The U.S. has also instituted economic and trade sanctions programs prohibiting unlicensed transactions, of almost any nature, with designated individuals, entities, vessels, and aircraft. The U.S. Government identifies such individuals, entities, vessels, and aircraft by putting their names on various sanctions lists. The largest and most restrictive of these lists is the list of “Specially Designated Nationals and Blocked Persons” (the “SDN List”) maintained by OFAC. Other lists include the Entity List, the Denied Persons List, and the Unverified List, each as maintained by the U.S. Commerce Department’s Bureau of Industry and Security.<sup>1</sup>

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<sup>1</sup> BIS offers a consolidated search engine for the various U.S. restricted parties lists at [https://2016.export.gov/ecr/eg\\_main\\_023148.asp](https://2016.export.gov/ecr/eg_main_023148.asp)

The SDN List includes persons and entities that have engaged in conduct that is inimical to U.S. national security and foreign policy interests, such as “Transnational Criminal Organizations,” “Narcotics Traffickers,” “Terrorist Organizations” and “Proliferators of Weapons of Mass Destruction.” Others on the list include persons and entities from the embargoed countries, as well as others from certain specified countries or regions, including, but not limited to, the Balkans, Belarus, Central African Republic, the Democratic Republic of the Congo, Iraq, Lebanon, Libya, Russia, Somalia, Sudan, Ukraine, Venezuela, Yemen, and Zimbabwe.

The SDN List is updated frequently (sometimes, as much as several times a week) and available on the internet at: <http://www.treas.gov/offices/enforcement/ofac/sdn/index.shtml>.<sup>2</sup>

In addition to being forbidden from entering into transactions with SDNs, U.S. persons who come into possession or control of any property in which an SDN has any interest must place such property in a blocked account and report it to OFAC within 10 business days. For example, blocking requirements also apply to all Cuban individuals and entities, the Governments of Cuba, Iran, and Syria, certain North Korean government agencies, and all Iranian financial institutions.

No Lubrizol Company or Lubrizol Personnel may engage in any transactions, or conduct any activities with, any person, entity, vessel, or aircraft on the SDN List (or who is otherwise blocked), whether directly, or indirectly, and any prospective dealings with persons on, or suspected to be on, the SDN List must be immediately reported to Lubrizol’s Legal Division. Before entering into any transaction, a Lubrizol Company must conduct applicable screening of all parties (including vendors and customers) thereto against the SDN and other related lists, including the SSI List, to identify any problematic interests therein. All lists can be found on the Consolidated Screening List available at [www.export.gov](http://www.export.gov).

Screening will be performed on the entities or individuals with which transactions are conducted. OFAC considers any entity that is owned 50% or more by a combination of SDNs, other blocked persons, or certain other listed persons to be blocked/sanctioned.

**Facilitation.** No Lubrizol Company or Lubrizol Personnel will facilitate any transaction with any embargoed country or individual, to include any SDN, without an appropriate license or other authorization having been issued. “Facilitation” is any action by a Lubrizol Company or a Lubrizol Person that assists or supports trading activity with a sanctioned target by any person, with certain narrow exceptions (e.g., activities of a purely clerical nature, or of a reporting nature that does not further trade or financial transactions).

**Disclosure of Iran-Related Activities.** Section 13 of the U.S. Securities Exchange Act of 1934 requires that certain issuers registered with the Securities and Exchange Commission (“SEC”), including Berkshire, disclose in their public filings and in separate reports to the SEC if the issuer or any of its affiliates has knowingly engaged in certain specified activities related to Iran. For these issuers, quarterly and annual reports must include disclosure on all of the reportable activities that occurred during the period covered by the report (e.g., for an annual report, during

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<sup>2</sup> The OFAC website also offers a search engine for the SDN List at <http://sdnsearch.ofac.treas.gov/>.

the fiscal year). Disclosure is required regarding the activities of each of Berkshire's subsidiaries, which are considered affiliates under the law.

A broad range of activities is reportable, including those relating to Iran's energy sector, military capabilities, suppression of human rights, or involving certain financial transactions, or Iranian SDNs. Reportable activities include, among others:

- Certain activities relating to Iran's petroleum industry, such as providing insurance or reinsurance contributing to Iran's ability to import refined petroleum products;
- Certain activities contributing materially to Iran's ability to acquire or develop destabilizing numbers and types of advanced conventional weapons or weapons of mass destruction; and
- Certain activities supporting Iran's acquisition or use of goods or technologies that are likely to be used to commit human rights abuses against the people of Iran.

In addition, the law requires that issuers disclose any transactions or dealings with any person or entity designated as a global terrorist or proliferator of weapons of mass destruction on the SDN List (whether or not relating to Iran).

The report must include detailed information such as the nature and extent of the activity, gross revenues and net profits (if any) attributable to the activity, and whether the company intends to continue the activity. Such information is made available to the public and may result in an investigation or imposition of sanctions by the U.S. Government.

If any Lubrizol Person has reason to believe that any potentially reportable activity has occurred, he or she must promptly report the matter to Lubrizol's Legal Division, so that a determination may be made as to whether the activity is of the type required to be disclosed under U.S. law. Because there is no materiality threshold for transactions subject to the disclosure requirement, it is important that Lubrizol's Legal Division be made aware of any and all such activities, even those that may seem minor or incidental.

***Ongoing Compliance.*** As anti-terrorism and foreign policy programs evolve and related rules change, the nature and extent of permitted and prohibited activities could change; for instance, additional countries or persons could become subject to embargoes or sanctions programs, or existing embargoes could be lifted or sanctions programs relaxed. Also, additional or different requirements may be applicable to Lubrizol Companies that are doing business outside of the U.S. Lubrizol will monitor applicable sanctions programs and other trade restrictions to ensure that its policies remain current. Lubrizol Personnel must consult with Lubrizol's Legal Division to confirm compliance with applicable requirements before actively pursuing or entering into any contractual or business relationship with persons or involving countries implicating potential embargoes or sanctions programs.

#### **IV. OTHER RESTRICTED TRANSACTIONS**

***U.S. Anti-Boycott Laws.*** U.S. anti-boycott laws prohibit U.S. companies and their "controlled in fact" foreign affiliates, to the extent U.S. commerce is involved, from participating in foreign boycotts that the U.S. does not endorse. Moreover, if a boycott-related request is

received, it must be reported to the U.S. Commerce Department within 30 days of the end of the calendar quarter in which it was received. Participating in an unsanctioned foreign boycott can also have negative tax consequences.

Although the anti-boycott laws apply to all non-U.S. sanctioned boycotts imposed by foreign countries, the Arab League's boycott of Israel is the principal foreign economic boycott covered. While the Treasury Department has identified Iraq, Kuwait, Lebanon, Libya, Qatar, Saudi Arabia, Syria, United Arab Emirates, and Yemen as boycotting countries, other countries may be sources of boycott requests as well.

Each Lubrizol Company must comply fully with all U.S. anti-boycott laws. No Lubrizol Company or Lubrizol Personnel may take any action that, directly or indirectly, supports the boycott of Israel or any other foreign boycott not sanctioned by the U.S. Any Lubrizol Person with concerns about whether a transaction implicates U.S. anti-boycott rules, or the boycott or anti-boycott laws of any other country, should consult with Lubrizol's Legal Division and not proceed with the transaction until authorized. Moreover, if a Lubrizol Person receives a boycott-related request, he or she must promptly notify Lubrizol's Legal Division.

***Export and Import Compliance.*** Through various statutes and regulations including, but not limited to, the International Traffic in Arms Regulations, the Export Administration Regulations, and the Importation of Arms, Ammunition and U.S. Customs laws and regulations (collectively, "U.S. Import and Export Control Laws"), the U.S. Government controls the import (permanent and temporary) into, and the export (temporary and permanent) directly from the U.S., or indirectly from or through a foreign country, of products, software and technology/technical data to foreign persons/nationals. In addition, the U.S. Import and Export Control Laws include registration requirements for U.S. manufacturers (including processors) and brokers of certain military-oriented products, even if those companies do not export from the U.S. The U.S. Import and Export Control Laws prohibit exports/re-exports of all covered items and deemed exports of covered technology/technical data and software, as well as the provision of defense services and the provision of certain brokering services (even by companies organized abroad) without an applicable export license or approval having been issued or an applicable exemption or exception being available. Each Lubrizol Company and Lubrizol Person must comply fully with the U.S. Import and Export Control Laws.

## **V. RETENTION OF THIRD PARTY SERVICES**

Lubrizol's Legal Division will conduct appropriate due diligence documented in writing concerning Intermediaries in accordance with the policy entitled Review of Business Partners. The due diligence to be conducted shall include, at a minimum, an evaluation of the third party's owners and management to determine if any qualify as foreign officials under the FCPA, and a documented evaluation of the third party's character, qualifications, experience, reputation for integrity, and proven ability to provide the service for which it is being retained. Factors against retention of a third party include, but are not limited to, any unusual requests for compensation and any unusual payment, shipment or destination terms, as well as the discovery of any facts, circumstances or "red flags" that might suggest that use of the Intermediary might create an increased FCPA or trade compliance risk. It is the responsibility of each Lubrizol Person engaging or sponsoring the engagement of an Intermediary to contact Lubrizol's Legal Division to ensure

the appropriate due diligence has been completed. The following are examples of some common red flags that are associated with an increased FCPA or trade compliance risk:

- The transaction involves a country known for an increased risk of corruption.
- A reference check reveals flaws in the Intermediary's background.
- Due diligence reveals that the Intermediary is a shell company or that there is something else unorthodox about the Intermediary's structure.
- The Intermediary is not clearly qualified or lacks the necessary experience to perform the functions for which it has been hired.
- The Intermediary is recommended by a government official.
- The Intermediary has a close personal family or business relationship with a government official or relative of a government official or makes large or frequent political contributions to government officials.
- The Intermediary charges above market amounts for its services.
- The Intermediary suggests that a particular amount of money may be necessary to obtain business or to close a certain deal.
- The Intermediary requests reimbursement of extraordinary, poorly documented or last-minute expenses.
- The Intermediary objects to FCPA representations, warranties and covenants and related anti-corruption language in agreements with the Lubrizol company.
- The Intermediary objects to signing FCPA compliance certifications.
- The Intermediary refuses to disclose its ownership, including any beneficial or other indirect owners, principals or employees, or requests that the identity of its owners, principals or employees not be disclosed.
- The Intermediary requests a large contingency or success fee.

Sales intermediaries are required to sign written agreements with anti-corruption and trade compliance contract terms, including audit rights, and to complete periodic compliance certifications, in accordance with the Business Partner Review policy. Other intermediaries in high-risk countries (such as logistics providers and government-facing contractors) are required to certify in writing or electronically through completion of ethics training their commitment to comply with anti-corruption laws and regulations, in accordance with the Business Partner Review Policy.

## **VI. MERGERS AND ACQUISITIONS DUE DILIGENCE**

When a merger or acquisition is finalized, the Prohibited Business Practices Policy and any additional Lubrizol policies will be communicated as quickly as is practicable to the newly acquired business. Compliance training covering the anti-corruption laws and trade regulations will be conducted as soon as possible in accordance with this Policy.

## **VII. IMPLEMENTATION AND TRAINING**

***Communication/Distribution.*** Each senior manager of a Lubrizol Company is responsible for communication and distribution of this Policy to Lubrizol Persons reporting to him or her, and other Lubrizol Personnel who manage the risk areas discussed in this document, including each Lubrizol Person who is likely to communicate, interact or have business dealings with government

officials or manage persons likely to communicate, interact or have business dealings with government officials. This Policy shall be posted on Lubrizol's intranet site, The Channel, and on [www.lubrizol.com](http://www.lubrizol.com), and shall be available to all Lubrizol Personnel and Intermediaries.

**Training.** Review and explanation of this Policy shall be made a part of mandatory compliance training. The following Lubrizol Personnel are required to complete the compliance training: (i) all senior managers and their direct reports; (ii) each Lubrizol Person who is likely to communicate, interact or have business dealings with government officials or manage persons likely to communicate, interact or have business dealings with government officials; (iii) Lubrizol Personnel whose activities impact trade compliance; and (4) all other executive, managerial and professional employees. The compliance training must be completed at least once every two (2) years. In addition, all Intermediaries will receive training on the anti-corruption laws and other key topics, in a form approved by Lubrizol's Director of Ethics and Compliance, before they are engaged and on a periodic basis thereafter. Where appropriate, the training will be conducted in the audience's native language; otherwise, training will be provided in English with translation as necessary.

**Cooperation.** Any inquiry from the internal or independent auditors of Berkshire or of a Lubrizol Company must be responded to fully, accurately and promptly. When requested, every employee is required to cooperate with any effort by Berkshire or a Lubrizol Company, or outside counsel hired by Berkshire or a Lubrizol Company, to investigate whether a violation of this Policy or any related policy has occurred. Such cooperation includes providing information that is requested and participating in interviews, investigations and audits when requested. Any Lubrizol Person who is asked to participate in an ethics or legal investigation is expected to cooperate fully and to answer all questions truthfully and to the best of his or her ability.

**Disciplinary Action/Enforcement.** Each senior manager of a Lubrizol Company is responsible for the enforcement of and compliance with this Policy within his or her area of responsibility. Because Lubrizol is committed to compliance with the law and this policy, **the failure of any Lubrizol Person to comply with this Policy will result in disciplinary action up to, and including, termination.**

Disciplinary action may also be taken against the manager of a Lubrizol Person who violates this Policy should the manager have failed to properly supervise the Lubrizol Person or have known that the Lubrizol Person was engaging in behavior which violated the Policy and failed to stop or prevent such behavior.