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TURBINE TECHNICS, INC. STANDARD OF CONDUCT AND COMPLIANCE PROGRAM

I. INTRODUCTION

Turbine Technics, Inc. (TTI) is committed to establishing and maintaining an effective Standard of Conduct and Compliance Program. Our Program is one of the key components of our commitment to the highest standards of ethical practice.

The purpose of our Compliance Program is to prevent and detect violations of law or company policy. As we recognize, however, the implementation of such a program cannot guarantee that improper employee conduct will be entirely eliminated. Nonetheless, it is Turbine Technics expectation that employees will comply with our Standard Code of Conduct and Compliance Program ("the Code"), and the policies established in support of the Code.

In the event that Turbine Technics becomes aware of potential violations of law or company policy, the company will, where appropriate, investigate the matter and take disciplinary action and implement corrective measures to prevent future violations.

Turbine Technics has described below the fundamental elements of our Standard of Conduct and Comprehensive Compliance Program. We have tailored our Compliance Program to fit the unique environment and size of Turbine Technics. As a distributor of turbine engine parts and in light of the size of our company, we will rely on existing business units to share responsibility for implementing and maintaining our Compliance Program.

This document is a description of our Compliance Program. A Compliance Program is dynamic, involving not only multiple policies, procedures, and programmatic activities, but also the commitment of senior management, and the support of all employees, contractors, and agents to make the program effective. We regularly review and enhance our Compliance Program to meet our evolving compliance needs.

II. OVERVIEW OF COMPLIANCE PROGRAM

1. Written Standards

Turbine Technics Code of Conduct is our statement of ethical and compliance principles that guide our daily operations. The Code establishes that we expect management, employees, independent dealers, distributors and agents of the company to act in accordance with law and applicable company policy.



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The Code articulates our fundamental principles, values and framework for action within our organization.

There are several potential risk areas which are relevant to Turbine Technics and include the following:

- (i) data integrity pertaining to government reimbursement practices
- (ii) kickbacks and other illegal remuneration
- (iii) improper payments

A specific annual dollar limit has been imposed on promotional materials, items or activities provided by an employee of Turbine Technics.

2. Leadership and Structure

- **Compliance Officer.** Turbine Technics has designated Jill Simon, Controller, as its Compliance Officer. Ms. Simon serves as the focal point for compliance activities. We are committed to ensuring that Ms. Simon, as Compliance Officer, has the ability to effectuate change within the organization as necessary and to exercise independent judgment. Ms. Simon is charged with the responsibility for developing, operating and monitoring the Compliance Program.
- **Compliance Committee.** Turbine Technics has established an Executive Compliance Committee to advise the Compliance Officer and assist in the implementation of the Corporate Compliance Program.

3. Education and Training

A critical element of our Compliance Program is the education and training of relevant personnel on their legal and ethical obligations. Turbine Technics is committed to effectively communicating our standards and procedures to all affected personnel. Moreover, Turbine Technics will regularly review and update its training programs, as well as identify additional areas of training on an “as needed” basis.

4. Internal Lines of Communication

Turbine Technics is committed to fostering dialogue between management and employees. Our goal is that all employees, when seeking answers to questions or reporting potential instances of compliance violations, should know whom to turn to for a meaningful response and should be able to do so without fear of retribution. To that end, we have adopted open-door policies, as well as confidentiality and non-



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retaliation policies in order to further encourage open lines of communication regarding potential violations.

5. Auditing and Monitoring

Turbine Technics Compliance Program includes efforts to monitor, audit, and evaluate compliance with the company's compliance policies and procedures, including efforts to monitor the activities of salesforce personnel. We note that the extent and frequency of our compliance monitoring and auditing, varies according to a variety of factors, including new requirements, changes in business practices, and other considerations. We will utilize ongoing assessment of compliance programs to identify new and emerging risk areas and address these risks.

6. Responding to Past and Potential Violations

Turbine Technics' Compliance Program includes clear disciplinary and other policies that set out the consequences for violation of the law or company policy. Although each situation is considered on a case-by-case basis, we will consistently undertake appropriate disciplinary action to address inappropriate conduct and deter future violations.

7. Corrective Action Procedures

A compliance program increases the likelihood of preventing, or at least identifying unlawful and unethical behavior. As such, our Compliance Program requires the company to respond promptly to potential violations of law or company policy, take appropriate disciplinary action, assess whether the violation is in part due to gaps in our policies, practices, or internal controls, and take action to prevent future violations.



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***TURBINE TECHNICS, INC.
DECLARATION OF COMPLIANCE***

As part of our continued efforts in the area of compliance, we have developed a Comprehensive Compliance Program that is reasonably designed to prevent and detect violations. Turbine Technics' Comprehensive Compliance Program is designed in accordance with a voluntary ethical code.

Government standards on compliance programs recognize that no program can completely prevent individual employees from improper conduct. Recognizing that compliance is a dynamic concept, Turbine Technics continuously reviews and updates its Comprehensive Compliance Program to improve it. As a result, the Program periodically incorporates changes in policy and approach that require the subsequent development of new and upgraded systems and processes.

Turbine Technics has developed a Comprehensive Compliance Program that we believe meets the compliance goals. The description of our Comprehensive Compliance Program, provided above, reflects the plan we have implemented. To our knowledge, we are, in all material respects, in compliance with our Comprehensive Compliance Program and applicable law.

A copy of this document may be obtained by calling (561) 394-5818.

Last updated: January 25, 2016

Signed



Jill Simon, Controller & Compliance Officer



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IMPROPER PAYMENTS ELIMINATION AND RECOVERY COMPLIANCE GUIDELINES

I. Definitions

Business Courtesy means any thing, favor, or benefit provided free of charge or at a charge less than fair market value. A business courtesy may be a tangible or intangible benefit, including, but not limited to, such items as nonmonetary gifts, meals, drinks, entertainment, hospitality, recreation, door prizes, transportation, discounts, tickets, passes, sporting events, side excursions or outings, promotional items, or use of a donor's time, materials, or equipment.

Intermediary means;

- (i) An individual not employed by the Company, or
- (ii) An entity not owned by the Company, which provides services or engages in business activities for the Company and may interact with others, including Government Officials, on behalf of the Company. Some examples include agents, representatives, distributors, channel partners, sponsors, advisors, consultants, contractors, subcontractors, suppliers, and other service providers.

Government Official means;

- (i) Any person employed by or acting officially for the government (at any level – local, state/region/territory, national or federal).
- (ii) Any person employed by or acting officially for a public international organization, such as the United Nations or World Bank.
- (iii) Any person acting in a capacity for a political party or as a party official.
- (iv) Any candidate for political office.
- (v) Employees of government-owned or controlled (partial or full) enterprise including employees of state owned design houses, design institutes, joint ventures, and end users.

Political Party means,

A public association formed for the purposes of individuals' participation in the society's political life through formation and expression of their political will, participation in social and political actions, in elections and referendums, as well as for the purposes to represent individuals' interests at State authorities and bodies of local governments, including official persons or a candidates of a Political Party, as well as those persons' relatives, close ones, personal friends and affiliated persons.

Non-commercial Organization means,

An organization which does not have profit-making as its main activity or purpose and which does not distribute profits between individuals or entities. A non-commercial organization includes a consumer



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cooperative, public association or religious organization, charity and other funds, as well as an institution, which is established by a proprietor to perform managerial, socio-cultural or other functions of a non-commercial nature.

II. General Requirements

A business courtesy may only be offered, given or received if all of the following conditions are met:

- (i) The business courtesy must be reasonable (under US \$100) in amount and offered or given in an open and transparent manner so that it cannot be reasonably perceived as an attempt to gain an unfair business advantage.
- (ii) The business courtesy must be offered only in connection with the promotion, demonstration or explanation of Company products or services or generalized goodwill purposes.
- (iii) Under no circumstances may a business courtesy be offered or given where the purpose is to wrongfully influence Government Officials to misuse their official positions or influence their official acts.
- (iv) The giving and acceptance of the business courtesy must be legal and permissible under local law and government regulations.
- (v) The business courtesy must be permissible under the Company policy, authorized at an appropriate Company management level and be promptly and properly reflected on the books and records of the Company.
- (vi) Venues and activities that include "adult entertainment" are prohibited, even if employees and/or other participants pay personally for the related costs and do not seek reimbursement.
- (vii) These guidelines regarding approvals or reimbursement limits serve legal and compliance goals beyond budgetary goals. Employees may not exceed Company limits by making personal payments or declining to seek reimbursement for amounts in excess of these limits.

III. Approvals

No Pre-Approval Required for Business Courtesies of "Nominal Value".

- (i) Business Courtesies given with the Company logo (valued less than US \$100), per individual recipient.
- (ii) Promotional items bearing the Company's logo, and customary or seasonal gifts (e.g., congratulatory flowers or fruit baskets) that are distributed to most customers.
- (iii) Business Courtesies given or received in excess of US \$100 that are made generally available to the organization on a non-selective basis versus Business Courtesies received that are kept



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for the benefit of an individual or a discrete group of individuals within the organization (example: "generally available" and "non-selective" Business Courtesies would include a gift basket that is placed in a public spot for anyone to enjoy, whereas a Business Courtesy "for the benefit of an individual or discrete group of individuals" would include receipt of four tickets to a sporting event that are only distributed to individuals on a selective basis, such as small department or a manager's direct reports).

Pre-Approval Required: The following Business Courtesies Require Pre-Approval through the Business Courtesies Approval Form:

- (i) Business Courtesies with a value of US \$100 or more per individual recipient.
- (ii) Business Courtesies that, in the aggregate, amount to US \$500 or more over the course of six months per individual recipient. Frequent Business Courtesies and the timing may be subjected to additional scrutiny.
- (iii) Chartered or Private Travel Arrangements.
- (iv) Inclusion of Family Members of Business Associates or Government Officials.
- (v) Any Business Courtesies to Government Officials (even if the threshold amount fits the "No Pre-Approval Required" category).
- (vi) Personal Courtesies (not reimbursable by the Company) provided to personal friends including those who are Government Officials.
- (vii) Facilitation Payments of any type.
- (viii) Charitable or Political Contributions to any person, entity or Non-Commercial Organization affiliated with or working on behalf of Government Officials or Political Parties (even if the threshold amount fits the "No Pre-Approval Required" category).

In general, all employees, contractors, and agents should refrain from offering or giving anything of value that is inappropriate, or directly or indirectly promises or offer values to a customer, government employee to gain improper advantage or to improperly influence a decision. If there are any concerns regarding Business Courtesies ask the Compliance Officer prior to proceeding.

Obey any and all applicable laws that relate to this policy.

IV. Business Courtesies to Government Officials

Token business courtesies may be provided to Government Officials to foster goodwill. For example, seasonal gifts for the New Year and other annual holidays may be given to Government Officials provided that such business courtesies are distributed to most customers, are customary in the host



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country, and are of nominal value. Business courtesies may not be provided to Government Officials or to officials who are actively considering matters that will affect the Company (such as a business opportunity or a discretionary regulatory approval), and as a general rule, travel and entertainment may not be given if they would influence, or even appear to influence, a decision or action of a Government Official.

In addition to our General Requirements and Approvals, the following guidelines apply to Business Courtesies for Government Officials:

- (i) Travel and entertainment expenses must be reasonable in value and appropriate under the circumstances.
- (ii) Never give travel per diems or any cash allowances or cash equivalents that a Government Official can spend at-will during trips or other entertainment outings.
- (iii) Special travel or entertainment may not be provided to targeted Government Officials or to officials who are actively considering matters that will affect the Company (such as a business opportunity or a discretionary regulatory approval).
- (iv) Book travel arrangements through the Company travel resources and ensure that all travel costs are paid directly to the vendor (e.g., the hotel or the airline or booking agency).
- (v) Ensure that the expenditure is:
 - a. Pre-approved, and
 - b. Properly documented in the Company's books and records by appropriately and accurately identifying the expenditure, describing its purpose, and transmitting all receipts to the appropriate department.

As a rule, business courtesies may not be given to Government Officials if they would influence, or even appear to influence, a decision or action of a Government Official. To ensure that business courtesies to Government Officials are not viewed as improper inducements, the following protocols must be followed:

- (i) Only business courtesies of Nominal Value are permitted.
- (ii) Never give cash, gift certificates, or cash equivalents as a business courtesy.

Acceptable business courtesies to Government Officials include:

- (i) Inexpensive mementos
- (ii) Promotional items bearing the Company's logo, customary or seasonal gifts (e.g., congratulatory flowers or fruit baskets) that are customary under local culture and are distributed to most customers.
- (iii) Modest travel and entertainment such as reasonable and customary airfare, lodging expenses that have a legitimate business purpose, non-lavish meals involving substantial business



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discussions, and tickets to sporting events where an invitee is accompanied by, and discusses legitimate business matters with, a Company employee.

These business courtesies may be offered only where the entertainment is provided to promote general goodwill or as a means for the Company to discuss legitimate business matters with an invitee – that is, when the business courtesy is not in exchange for any particular official action. Employees must be mindful of the total value of the courtesies being offered when arranging Side Excursions during business trips. The following guidelines should be kept in mind:

- (i) The Employee should accompany the Government Official during the Side Excursion for the purpose of discussing business.
- (ii) The Side Excursion should be modest or of Nominal Value, such as a routine soccer or football match, an afternoon of golf, a meal at a modest restaurant.
- (iii) All other General Requirements have been followed and Approvals have been obtained

V. Other Considerations

Chartered Air Transportation

As a general matter, employees may not provide private jets or helicopters when arranging travel as a business courtesy. When private travel arrangements appear warranted because of security issues, a lack of reasonable alternatives, or other circumstances, employees must obtain approval before incurring the expense. In instances where chartered air transportation is believed to be the most cost-effective method of travel, pre-approval requests must be accompanied by cost analysis verifying this conclusion.

Inclusion of Family Members

While the inclusion of family members will be impermissible in many cases, each situation is different, and resolution will depend on the nature of the event, the location of the event, and other factors. Given the nuances that may arise, employees must request pre-approval before offering or providing business courtesies of any amount to relatives or family members of a Government Official or other business partner.

A legitimate exception to this requirement would be small or family-run business enterprises where the principals or Board members of the business partner are closely related to each other as a matter of course.

Personal Courtesies: Friends Who Are Government Officials



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Substantial issues may arise under various anti-bribery laws when an employee provides gifts, travel, or entertainment to a friend who is a Government Official, particularly where the recipient may conduct business with, or review governmental approvals for, the Company. While the Company is sensitive to the fact that personal friendships with Government Officials may exist outside of the professional relationship, in light of the substantial risks that may emerge, employees should seek permission to provide Personal Courtesies when specific situations arise before offering or making a Personal Courtesy to a Government Official or their family members.

Political Parties and Charitable Organizations related to Political Parties and Government Officials

While there are appropriate mechanisms for our employees support political agendas and platforms, as a rule, any political contributions made with corporate funds are subject to disclosure to federal and local governmental authorities. Such is true even when the contributions are made to individuals and/or Non-Commercial Organizations that are not Political Parties or candidates for public office themselves, but merely working on behalf of a Political Party or candidate for public office. While it is true that a candidate for public office may not yet qualify as a "Government Official," if elected, that candidate will become a Government Official, and a strong inference can be drawn that the contributions made during a political campaign were done in order to improperly influence the Government Official when in office. To err on the side of caution, all contributions intended to benefit a Political Party, a candidate for public office, or a Non-Commercial Organization which is favored by a candidate for public office or a Government Official must be approved in advance at the corporate level.

VI. Documenting Expenses

Any appearance of impropriety must be avoided when providing business courtesies to Government Officials. As a result, the intent and business purpose of these expenses must be clearly stated when submitting applicable pre-approval forms or other expense reports. In addition, after incurring an expense, all receipts must be promptly submitted. In all cases, Company documentation must accurately and completely describe the relevant facts. When documenting expenses, the following must be identified clearly:

- (i) The date the Business Courtesy was, or will be, provided.
- (ii) A clear description of the nature of the expense and the business purpose.
- (iii) Identify if the Recipient is a Government Official, a Political Party or Non-Commercial Organization
- (iv) The name and title of the Recipient(s) of the Business Courtesy (include Government Title and agency if a Government Official).
- (v) The location of the activity, including vendor names for entertainment and travel expenses.



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- (vi) The name and business location of the Company employee who paid, or will pay, the expense.
- (vii) The names of all other Company employees or agents participating in or authorizing the activity.

VII. Facilitation Payments

Under Turbine Technics Policies, facilitation payments are prohibited, unless the employee obtains prior written approval using the Business Courtesies Approval Form. Facilitation payments are small payments made to Government Officials to expedite or secure performance of routine and nondiscretionary governmental action. As a general rule, facilitation payments may not be given if they would influence, or even appear to influence, a decision or action of a Government Official. Facilitation payments should be approved only if they are intended to get a low-level Governmental Official to perform an action that they should perform as part of their normal duties but nonetheless are reluctant or unwilling to perform or to get such Governmental Official to perform such action sooner than they otherwise would.

The following guidelines apply to all facilitation payments (Pre-Approval still required):

- (i) Facilitation payments must not exceed \$100. Remember that, if the intent is to improperly influence the official, then it does not matter how small the payment or gift is.
- (ii) The payment must involve a low-level Governmental Official.
- (iii) A payment is improper if the official may not take the action at all if payment is not made or if payment is made to increase the chances that he will take the desired action.
- (iv) Payment is prohibited if the official has any choice in whether to take the action (i.e., the action has a discretionary element).
- (v) A payment is improper if it is made as an incentive to dissuade the official from performing a task he is otherwise required to perform.
- (vi) Payment is improper if the action would violate the official's duties.
- (vii) Payment is improper if it is made for the purpose of having the official use his influence on someone else in the government or in the private sector.

VIII. Can You Distinguish a "Gift" from a "Bribe"? Who's Responsible for Drawing the Line?

The difference between a gift and a bribe is simple to define - it is in the intent of the person or organization doing the giving. In the business world, gifts are generally given when the purpose is to please another by enriching the life of the recipient in a small way by offering a "token of appreciation."



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The key word to focus on is “token” – a token is something of nominal value, and is more symbolic of appreciation than anything else. Typically, a token of appreciation, or a gift of nominal value, does not create a sense of obligation on the part of the recipient.

A bribe, on the other hand, is offered with the intent to create an obligation on the part of the recipient. Rather than enrich the life of the recipient, it imposes an obligation to do something in return. While a bribe initially creates the appearance of enrichment (because something of value is given), that enrichment is short lived at best. When an individual accepts a bribe, that person is indebted to the giver, thus diminishing the value of the purported “gift” and diminishing the person as well. The moral cost of accepting a bribe will inevitably outweigh the material reward. The recipient of a bribe is at risk. Obligations are created and the payback to the giver will invariably exceed the benefit received. The test of gift versus bribe is simple. Is there an explicit or implied expectation of something (of value) in return and/or would a reasonable person, knowing the details of the transaction presume such an expectation/obligation to exist. If so, then it is a bribe. In the corporate environment, the responsibility for drawing the line rests in three places:

- (i) With the giver of the bribe - what are the intended consequences and who does that intent serve?
- (ii) Within the organization employing the person being bribed - what are the explicit rules and are they clear enough and restrictive enough to protect the employee from inadvertently being compromised?
- (iii) With the recipient him/her self - is the individual exercising due care and reasonable judgment to avoid being placed under an improper obligation or creating the appearances of it?

Learn to look for red flags and escalate potential compliance concerns to the Compliance Officer immediately.

IX. Reporting Ethics Issues or Other Concerns

If anyone believes a Turbine Technics employee’s conduct or actions may be improper or unethical, they are encouraged to report the concern to our Compliance team by emailing jsimon@turbine-technics.com. Reports can also be made anonymously by documenting a summary of the questionable actions and placing it in the mailbox of the Compliance Officer.

Turbine Technics will cooperate with regulatory authorities, including but not limited to inquiries, audits, reviews or investigations related to the any business conducted through Turbine Technics. You must



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inform Turbine Technics promptly if you are contacted by a regulatory authority regarding the business you are conducting.

X. Conclusion

Any violation of this policy can result in discipline up to and including termination, as well as severe civil and criminal penalties, under the laws of more than one country. All countries prohibit the bribery of their own public officials, and many also prohibit the bribery of officials of other countries. Turbine Technics, Inc. prohibits improper payments in all of our activities, both with governments and in the private sector. Corruption, extortion, fraud, and embezzlement, in any form, are prohibited. Fair business standards in advertising, sales, and competition must be followed at all times. All accounting and financial records must meet the highest standards of accuracy and completeness.

Bribery, kickbacks and similar payments are forbidden. Turbine Technics, Inc. does not pay nor receive bribes, kickbacks or similar payments. We do business on the merits of our services, not based on any form of bribery or any other corrupt or unethical business practice. We are responsible for overseeing the conduct of subcontractors and ensuring that U.S. and local laws are not violated.