

**Compass Diversified Holdings**  
**Compass Group Diversified Holdings, LLC**  
**and**  
**Compass Group Management LLC**  
**Anti-Corruption Policy**

**I. OVERVIEW**

**A. Purpose**

The Anti-Corruption Policy (“Policy”) explains the prohibition on bribery and corruption at Compass Diversified Holdings, Compass Group Diversified Holdings, LLC and Compass Group Management LLC (collectively, “CODI”). The Policy also helps CODI employees and others understand what types of conduct could be viewed as corrupt. If you have any questions about the Policy, please consult Carrie Ryan, General Counsel. When in doubt, please seek guidance.

**B. Scope**

The Policy applies to all directors, officers and employees worldwide of CODI and its subsidiaries (unless covered by an individual Anti-Corruption Policy), as well as all affiliates, distributors, agents, consultants, joint venture partners, and all other representatives and third parties who conduct business on behalf of CODI and its subsidiaries.

The Policy is subject to applicable laws of the jurisdictions in which CODI and the persons and entities covered by the Policy operate. If at any time any such law provides a standard stricter than the corresponding standard set forth in the Policy (including a lesser value of permissible gifts, hospitality or travel expenses under Section II of the Policy), such law shall govern.

**II. POLICY**

**A. Anti-Bribery**

**1. Introduction**

The Anti-Corruption Policy prohibits offering, giving, or promising a bribe—or anything that could be perceived as a bribe—to anyone. Similarly, this Policy also prohibits requesting or receiving a bribe from anyone—or anything that could be perceived as a bribe—in connection with their work for CODI at any time for any reason. Furthermore, the Policy prohibits requesting anyone else to engage in bribery on CODI's behalf. Thus, no one may offer, give, promise, request or receive, directly or indirectly, a bribe in an effort to obtain or retain business, or secure an improper business advantage or to direct business to another for CODI at any time.

Failure to comply with this Policy may result in civil and criminal penalties for CODI and the individuals involved, including possible debarment from government contracts, and such failure is grounds for disciplinary action, up to and including termination.

CODI is committed to strict compliance with all provisions of the U.S. Foreign Corrupt Practices Act ("FCPA") and the U.K. Bribery Act ("UKBA") and expects all of its directors, officers, employees, affiliates, distributors, agents, consultants, joint venture partners, and all

other representatives and third parties who conduct business on CODI's behalf to comply with these laws, regardless of their location. No such person may offer, pay, promise to pay, authorize the payment of, give, request, agree to receive, or accept bribes in connection with CODI business in either the public or private sector.

**2. Bribery of a Government Official<sup>1</sup>**

Anti-corruption laws, including the FCPA and the UKBA, prohibit CODI and its directors, officers, employees, agents, and business partners from giving, offering or promising anything of value to a government official for the purpose of obtaining or retaining any business or any other advantage.

The following terms and concepts are essential to understanding the scope of the prohibition against bribing government officials:

**a. Giving, Offering, or Promising**

CODI cannot do indirectly what it cannot do directly. Improper payments made on CODI's behalf by third parties such as affiliates, distributors, agents, consultants, joint venture partners, and other representatives and third parties who conduct business on CODI's behalf also violate this Policy and can violate anti-bribery laws. An example of an impermissible indirect activity would be a payment made through an agent under circumstances indicating that the payment would be passed along to a recipient for prohibited purposes.

Even the mere belief by CODI personnel that a payment is being made to a government official, or circumstances where a reasonable person ought to have known of the substantial likelihood that the payment was improper, can be sufficient to cause a violation of anti-bribery laws.

**b. Government Official**

The term “government official” is construed broadly and includes:

- 1) Officers and employees of a government or any department or agency thereof, including anyone who holds a military, law enforcement, legislative, administrative or judicial position of any kind, whether appointed or elected;
- 2) Anyone who exercises a public function or acts in an official capacity for or on behalf of a country or territory (or any subdivision of a country or territory, such as local governments) or any public agency of that country or territory (or subdivision);
- 3) Officers, employees, and anyone who exercises a public function for or acts in an official capacity for or on behalf of a *government instrumentality* (explained below); and
- 4) Officers, employees, and anyone who acts in an official capacity for or on behalf of a public international organization (*e.g.*, the

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<sup>1</sup> Although this Policy discusses in some detail the prohibitions surrounding government officials, it is important to remember that this Policy also extends to private sector parties and entities. The UKBA, as well as other laws in the U.S. and elsewhere, forbids the offering or payment of bribes to private sector parties and entities.

International Red Cross, United Nations, World Health Organization, International Olympic Committee, World Bank).

Government officials and instrumentalities are not always easy to identify. For example, state-owned or controlled enterprises such as military organizations, law enforcement bodies, public hospitals and universities, and even some businesses that are wholly or partially owned by the government, are considered government instrumentalities and their employees are considered government officials. Government officials may also include individuals in unpaid or honorary government positions, including committees, panels, commissions, or other advisory positions. Even administrative-level employees, such as executive assistants employed by government instrumentalities, are considered government officials for the purpose of this Policy. Also, under the FCPA, providing or promising anything of value to spouses or family members of government officials may be viewed as a potential indicator of a bribe to such government officials.

#### **c. Anything of Value**

The term “anything of value” includes not only cash, but also gifts, business hospitality (including meals and entertainment), travel, accommodations and anything else of tangible or intangible value in the mind of the recipient. This may also include event sponsorships and charitable contributions made at the request of, or benefiting, a government official (or his or her family or relations), even if made to a legitimate charity.

#### **d. Offer or Promise**

An offer or promise of an improper payment can violate anti-bribery laws, even if the payment is not actually made.

#### **e. Business Advantage**

A *business advantage* can include not only obtaining or retaining business but also, obtaining a necessary permit or license through bribery, obtaining a reduction in taxes to which CODI would not otherwise be lawfully entitled, or getting the government to “look the other way” regarding non-compliance with rules.

#### **f. Need Guidance?**

Determining who is a government official, what constitutes a business advantage, and the like can be complicated. Contact Carrie Ryan, General Counsel, if you need guidance on whether an individual should be considered a government official. When in doubt, please seek guidance.

### **3. Other Acts of Bribery**

It is important to note that the UKBA’s anti-bribery provisions encompass a broader scope of conduct than the FCPA. The UKBA consists of four separate criminal offences. Essentially, these four offences are:

#### **a. Offering, promising or giving a bribe**

This offense occurs when the briber offers, promises or gives a financial or other advantage to another person. This other person need not be a foreign public official. In other words, this offence also includes private, commercial bribery.

### **b. Requesting, agreeing to receive or accepting a bribe**

This offence is the corollary to the offence in Item a. above, but whereas the offence in Item a. above targets the briber, this offence targets the recipient.

### **c. Bribing a foreign public official to obtain or retain business**

Unlike the offences in Items a. and b. above, this covers only the crime of bribing a foreign public official.

### **d. Failing to prevent bribery**

For a relevant commercial organisation, failing to prevent bribery by a person acting on the organisation's behalf, including employees, agents, and subsidiaries (the "corporate offence"). This offence is a strict liability offence, holding a company responsible when a person makes or attempts a bribe for the benefit of the company. However, the company will not be held responsible if it has "adequate procedures" in place designed to prevent persons associated with it from committing bribery. The "adequate procedures" defense is not available to a company where the negligent conduct that led to the failure to prevent bribery was attributable, in whole or in part, to a director, manager or secretary of the company, or to an equivalent person. The size of a company and its available resources will be factors in determining what procedures are "adequate."

If you have any doubt about whether particular conduct violates any of these provisions, contact Carrie Ryan, General Counsel, for clarification.

## **B. Third Parties**

### **1. Introduction**

All proposed relationships with third parties, including but not limited to distributors, agents, consultants, joint venture partners, and other representatives and third parties who conduct business on CODI's behalf, must be made in accordance with this Policy and the Company's Code of Ethics, after a thorough and documented due diligence review and approval coordinated by Carrie Ryan, General Counsel.

### **2. Knowledge of Illegal Third-Party Payments**

It is unlawful to make a payment to a third party while knowing that all or a portion of the payment will go directly or indirectly to a foreign official. If any CODI personnel has reason to believe a third party may be making illegal payments, or if circumstances are such that such CODI personnel should have known that the third party was acting improperly, then such CODI personnel could be deemed to have "knowledge" of such action and CODI could be held liable for the third party's violations. For example, if a third party's fee appears too high for the work performed, or if commissions are requested in cash, or if payment is to be made indirectly to others, then further investigation may be necessary.

### **3. Heightened Due Diligence Requirements**

Relationships involving government instrumentalities as customers or end users entail more significant anti-corruption risks and should receive heightened due diligence review. CODI personnel must keep records of all payments to agents and/or third parties in reasonable detail to fairly reflect the transactions.

#### **4. Contract Requirements**

All third parties must be informed of the requirements of this Policy and must contractually agree to comply with this Policy and all applicable anti-bribery laws, including the FCPA and UKBA. Contracts with third parties should be prepared and approved by Carrie Ryan, General Counsel. To the extent applicable and possible, such contracts should include:

- a. Anti-corruption representations, warranties and covenants relating to compliance with the FCPA, the UKBA and anti-corruption laws of the countries where CODI does business;
- b. The right to conduct audits of books and records of the third party to ensure compliance with such representations, warranties and covenants; and
- c. The right to terminate the contract with the third party as a result of any violation of anti-corruption laws or the representations, warranties and covenants of the contract related to such matters.

#### **C. Gifts, Hospitality, and Travel**

##### **1. Introduction**

Certain expenses, including gifts, business hospitality (including meals and entertainment), travel expenses, charitable contributions, educational or employment opportunities, and/or assumption or forgiveness of debt may be considered “bribes,” if offered, given, promised, requested or received in order to obtain an improper business advantage.

CODI personnel and other representatives and third parties who conduct business on CODI's behalf may not make, or offer to make, payments or give gifts, business hospitality, meals, travel, or employment to any government official, as described in this Policy, or to the spouse or family member of a government official, in a manner that would violate this Policy. Further, CODI personnel and other representatives and third parties who conduct business on CODI's behalf must not provide or receive these items to or from private sector parties in a manner that would violate the Company's Code of Ethics, including the conflicts of interest provisions of the Code of Ethics.

##### **2. Gifts**

Gifts to government officials are permitted only if they are given to demonstrate esteem or gratitude, are of nominal value, are legal and customary in the country in which they are given, and are given openly to the government official. All gifts to government officials must be pre-approved in writing by Ryan Faulkingham, Chief Financial Officer. Gifts received from or provided to a private sector party must be in compliance with the Company's Code of Ethics.

##### **3. Business Hospitality**

Hospitality (including meals and entertainment) provided to a government official is acceptable only if it has a valid business purpose and is of nominal value. Entertainment must provide an opportunity to address business issues, must not be lavish, cannot be requested too frequently for the government official, and should not be provided if it might otherwise prove embarrassing for CODI. Any hospitality provided to a government official must be pre-approved in writing by Ryan Faulkingham, Chief Financial Officer.

Hospitality received from or provided to a private sector party is acceptable if the meals or entertainment given or received comply with the Company's Code of Ethics, and do not influence, or appear to influence, business decisions.

#### **4. Travel**

Travel expenses, including transportation and lodging, for government officials may be provided only if they are (i) directly related to the promotion of CODI products or related to the execution of a contract, or (ii) lawful under the written laws and regulations of the country of the government official. Expenses beyond what is reasonably necessary for the business purpose, including lavish accommodations, first-class airfare, or expenses for spouses and children, are not permitted. All travel expenses, including transportation and lodging, provided to a government official, must be pre-approved in writing by Ryan Faulkingham, Chief Financial Officer.

Travel expenses paid by or for a private sector party are acceptable if the travel or vacation accommodations or expenses of any kind comply with the Company's Code of Ethics, and do not influence, or appear to influence, business decisions.

#### **5. Accounting**

All employees must promptly and accurately account for all expenditures made to, for the benefit of, or on behalf of a government official on CODI books and records. All gifts, business hospitality, and travel expenses must be accurately recorded and documented with receipts. To the extent possible, all expenses should be paid directly to the vendor of the services and not to the government official. Carrie Ryan and Ryan Faulkingham are available to provide guidance on gifts and hospitality issues. When in doubt, please seek guidance.

### **III. REPORTING MISCONDUCT**

Employees are responsible for reporting any conduct that they suspect violates the letter or spirit of the Anti-Corruption Policy. This includes consulting with the Company's General Counsel, or submitting concerns to the Company via its Financial Concern Hotline at: [www.compassdiversifiedholdings.com](http://www.compassdiversifiedholdings.com) by clicking on the Corporate Governance link and then clicking the Financial Concern Hotline link.

CODI directors and officers and certain employees who are subject to the CODI Code of Ethics and become aware of, or suspect, violations of the Policy are obligated to report directly to CODI's Nominating and Corporate Governance Committee. Please see Section III of the Company's Code of Ethics.

CODI promotes an "Open Door Policy" and prohibits retaliation, in any form, against anyone who, in good faith, reports violations or suspected violations of the Anti-Corruption Policy, any other CODI policy, or any applicable law, or who assists in the investigation of a reported violation.

### **IV. QUESTIONS**

If you have any questions regarding the Policy, please contact Carrie Ryan, General Counsel or Ryan Faulkingham, Chief Financial Officer.

### **V. INTERNAL USE**

The Policy is intended solely for the internal use by CODI and does not constitute an admission, by or on behalf of any person, as to any fact, circumstance, or legal conclusion.

Adopted as of the 29th day of October 2014.

**CERTIFICATION**

I certify that I have received, read and understand CODI's Anti-Corruption Policy. I will comply with CODI's Anti-Corruption Policy as long as I am employed by or providing services to CODI or one of its affiliates. I understand my obligation to raise any concerns or questions and to immediately report any suspected violations of this Policy.

By: \_\_\_\_\_

Name: \_\_\_\_\_

Date: \_\_\_\_\_

Position  
/Title: \_\_\_\_\_