



| | |
|-------------------------------|--|
| Policy Type: Global | Date of Last Review: February 2023 |
| Scope: All Locations Globally | Effective Date of current version: November 2018 |
| Name: Anti-Bribery | Document Control Number: Global Policy 01 |

Purpose / Policy Statement

A. O. Smith Corporation and our worldwide affiliates conduct business with the highest level of ethical standards. This Policy promotes our commitment to ethical business in all operations around the world.

As a global company we must comply with the anti-bribery and anti-corruption laws and regulations of every country in which we operate¹. These laws prohibit paying bribes or other illegal payments to Government Officials. They also prohibit payment bribes or other illegal payments to private individuals or entities anywhere in the world.

This Policy will help you recognize and report potential anti-bribery issues. The Legal Department will then be able to effectively address these issues.

This Policy will not provide you with answers to every issue. If you are uncertain about whether this Policy applies you can seek advice from the Legal Department. If you have questions about the appropriateness of any conduct, you must immediately seek advice from the Legal Department.

Scope / Target Audience

This Policy applies to all employees, directors, officers and managers, in all of our operations globally. This Policy also applies to all Third Parties that we work with. Additionally, this Policy applies to our affiliates, direct or indirect subsidiaries and joint venture partners. Everyone is expected to become familiar with, and comply with, this Policy. Everyone is also expected to recognize and report potential bribery concerns.

You are required to review your respective business practices on a periodic basis. If any business practices are inconsistent with this Policy, you should work with the Legal Department to make the appropriate practice changes and ensure compliance.

Defined Terms

- **Bribery:** The corrupt solicitation, acceptance or transfer of value in exchange for official action.
-
- **Anything of Value:** A broad term that can include any item of monetary value, including, but not limited to, the following:
 - Cash or the equivalent (including gift cards or cryptocurrencies);
 - Benefits and favors (such as special access to a government agency);
 - Performance of services;
 - Gifts;
 - Contracts or other business opportunities;
 - Employment or consultancy opportunities;

¹ This includes the U.S. Foreign Corrupt Practices Act (“FCPA”), the U.K. Bribery Act (“UKBA”), the India Prevention of Corruption Act 1988, the anti-bribery laws of Canada, China, Mexico, Netherlands, Turkey and Vietnam, and other applicable anti-bribery statutes and implementing rules and regulations.

- Charitable donations;
 - Political contributions;
 - Medical, educational or living expenses;
 - Special discounts on our products;
 - Travel expenses including lodging, airfare, train or meal expenses; or
 - Entertainment, tourism or other meal expenses.
- **Government Official:** A person who works for or represents a government entity at any level. The definition is broad and can even include relatives and anyone that is acting on behalf of those listed below. If you are unsure whether you are dealing with a government official, please ask the Legal Department for guidance.

A Government Official may include:

- Any individual who is appointed or elected to a local, state, regional, federal or multi-national government;
 - Any department, agency or ministry of a government;
 - Any officer or employee of a public international organization such as the United Nations or the World Bank;
 - Any individual who holds a public position, employment or function;
 - Any individual acting in an official capacity for or on behalf of a government agency, department, ministry or public international organization;
 - A political party, political party official or any candidate for political office;
 - Any judge, arbitrator or other person referred by a court to render decisions;
 - Any officer or employee of a state-owned or state-controlled entity. This includes entities that perform a government function (such as air or seaport, utility, energy, water or power); or
 - Any member of a royal family. Even if individuals lack formal authority, they may otherwise be influential in advancing our business interests either through partially owning or managing state-owned or state-controlled companies.
- **Improper Advantage:** A benefit provided in a business context in exchange for paying or giving Anything of Value to a Government Official or private individual or entity. The exchange may be made directly or indirectly, for the purpose of:
 - Influencing or preventing a governmental action or any other action. This may be the awarding of a contract, imposition of a tax or fine or the cancellation of an existing contract or contractual obligation;
 - Obtaining a license, certification, permit or other authorization from a government entity or Government Official that we are not otherwise entitled to;
 - Obtaining confidential information about business opportunities, bids or the activities of competitors;
 - Influencing the award of a contract;
 - Influencing the termination of a contract that is disadvantageous to us; or,
 - Securing any other undue benefit.
 - **Third Party:** any individual or entity with whom we conduct business or who may act for or on our behalf. This includes, but is not limited to, advisors, agents, consultants, contractors, customers, dealers, distributors, intermediaries, joint venture partners, service providers, subcontractors, suppliers or vendors.

Policy Requirements

You, and any Third Parties we work with, are prohibited from engaging in any corrupt activity. We do not authorize or tolerate any business practice that does not comply with this Policy.

Appendix A includes examples of anti-bribery red flags and indicators of non-compliance. These examples may help you identify and recognize potential anti-bribery issues. If you witness or are aware of any potential issues it is your duty to report it to the Legal Department.

A. Prohibited and Restricted Payments

1. **Bribes:** You may not offer, promise, authorize or provide money or Anything of Value to secure an Improper Advantage. You may not directly or indirectly request a Third Party do this on your behalf.
2. **Facilitation Payments:** The Policy also prohibits the offer, promise, authorization, or payment of facilitating, expediting and grease payments, that are made to an **individual** rather than an agency (see Section B.1 below), to expedite or secure performance of routine governmental action. We prohibit these payments regardless of whether the intended recipient accepts them. Some facilitating, expediting or grease payments may not violate the FCPA. However, these payments often violate the laws of the countries where we do business. **We strictly prohibit facilitating or expediting payments.**
3. **Solicitation:** If someone, a Government Official or private individual asks you to pay a bribe or a facilitation payment, you must refuse the request and promptly report the conduct to the Legal Department.

B. Guidelines for Permissible Payments and Expenses

1. Published Expedite or rush service fees

If you are in a situation where the company needs to rush or expedite the performance of a service or application, it is ok to pay for a rush service fee as long as that fee is published and is **made to the agency and not to the individual**. This is not considered a facilitation payment because the service is available to anyone who wants to pay the fee and the payment is not made to an individual. An example is paying the published fast service fee for a passport application.

1. Gifts, Meals, and Entertainment Expenses

You must make business decisions objectively, without influence of gifts or favors. If you give or receive any gifts, meals, or entertainment involving Government Officials or any other Third Party, you must follow the applicable Regional A. O. Smith Gift and Entertainment policy in the region where you are located.

In addition, any gifts, meals and entertainment offered, provided, or received by you must:

- Not be provided to induce or influence the recipient to behave (or not behave) a particular way;
- Not include cash or a cash equivalent. This includes gift certificates, red packets or vouchers;
- Be of reasonable/modest value. They must be insignificant compared with average local salaries;
- Be provided on an infrequent basis;
- Be provided openly and transparently;

- Be fully documented and supported by receipts and corresponding paperwork (where necessary); and
- Be timely and accurately recorded in our books and records (where appropriate);
- The recipient must be made aware that there may be tax liability for accepting a gift, check with your local HR representative or legal department with any questions.

1. Travel, Education, and Related Payments and Expenses

We may receive requests to host Government Officials or other Third Parties. These requests may be for training, inspecting, operational meetings, project meetings or for other business-related reasons. The requests may be for hosting either at our facilities, or at Third Party sponsored events. Prior to agreeing to pay the travel expenses of any Government Official or other Third Party, please contact the Legal Department to ensure consistency with this Policy, with applicable regional policies including Regional Gift & Entertainment Policies, and with other applicable laws.

2. Promotions, Marketing, and Sponsorships

We use promotional, marketing and sponsorship activities to conduct business and to promote our brand. We may allow marketing, promotional and sponsorship expenses involving Government Officials or other Third Parties with appropriate approvals. If the promotion, marketing or sponsorship expense involves a Government Official receiving Anything of Value, you must follow this Policy. You must also follow the applicable Regional Gift and Entertainment Policy and consult the Legal Department by emailing EandC@aosmith.com.

Any promotional, marketing or sponsorship expenses must be directly related to the promotion of our products and services. You must properly document and record these expenses. If a Third Party pays the expenses, you must follow this Policy, and Global Policy 01A, “Policy on Engaging and Retaining Third Parties,” prior to reimbursement of any such expenses.

3. Political Contributions

We do not contribute to political parties, politicians or candidates. Even where political contributions are legal, any contributions by or on our behalf are prohibited. We sponsor the A. O. Smith Corporation Political Action Committee (“PAC”). However, this PAC is supported by voluntary employee contributions. A. O. Smith does not fund this PAC.

This Policy does not prevent you from participating in the political process in your home country, or where you are located. It does not prevent you from making personal political contributions.

4. Charitable Contributions/Donations

We support making charitable contributions to the communities where we do business. However, you must always take steps to verify that contributions are not an illegal payment. You must consider whether the contribution violates this Policy, the anti-bribery laws or any other applicable law or regulation.

We only make charitable contributions or donations to legitimate charities and only as authorized by applicable law. We prohibit charitable contributions or donations offered or given in order to receive improper or favorable treatment. We also prohibit charitable contributions or donations used to promote or fund illegal activities. Donations are permitted, as long as they are made either through the A. O. Smith Foundation, or they adhere to the following procedures:

- Complete **Appendix B: Donation Approval Form** and have it approved before making a donation. Email completed form to eandc@aosmith.com
- Do not provide donations to influence business decisions impacting us now or in the future.
- Document the donation in writing. This may be through a contract or a letter of request and confirmation.
- Document and Account for the donation in our books and records. Include all relevant supporting documentation.

We track and manage all donation activity. Donation activity is reported to the Senior Vice President of Human Resources and Public Affairs, and the Legal Department on a quarterly basis.

C. Policy Requirements for Conducting Business with Third Parties

We can be held liable for the actions of Third Parties on our behalf. This includes giving or accepting bribes related to the work our third parties do for us. We may also be liable if we do not try to prevent Third Parties from participating in bribery or related conduct. We may be liable whether or not we were actually aware of the alleged improper behavior.

You should not ask a Third Party to engage in or allow any conduct prohibited under this Policy. Never ignore suspicious behavior or disregard suspected violations of this Policy by Third Parties. **You must immediately report any actual or suspected inappropriate conduct.** This means you should immediately report a concern to your supervisor, to your HR representative, to your Facility Leader or to the Legal Department. If you would prefer to report anonymously, you can make a report to the Integrity Helpline at AOSIntegrity.com.

We only do business with reputable and qualified Third Parties. Any Third-Party conducting business with, for or on our behalf, must act with the highest level of business, professional and legal integrity. If you want to engage with any Third Party you must carefully review and follow A. O. Smith's Global Policy 01A, "Policy on Engaging and Retaining Third Parties." This review must take place before engaging the Third Party.

You must address any issues or Red Flags raised during the due diligence review to the satisfaction of the Legal Department. Issues should be addressed before formally entering into or continuing a relationship with a Third Party. See Appendix A for more information on Red Flags. Where necessary, based on risk, we will use the services of external vendors to research the ownership, expertise, experience and other qualifications of a Third Party.

We conduct due diligence efforts under the leadership of the Legal Department. The Due diligence process follows the rules, guidance and process described in **Global Policy 01A, "Policy on Engaging and Retaining Third Parties."** If you have any questions about the need for due diligence or about your role in the due diligence process, please contact the Legal Department by email at EandC@aosmith.com.

D. Local Requirements

In some countries, local policies exist to manage the day-to-day bribery risks of those locations. You can contact the Legal Department or your local Human Resources Department for a complete list of bribery-related policies that apply to you.

E. Policy Requirements for Merger, Acquisition and Joint Venture Activities

We are committed to understanding the reputation and integrity of any business in which we invest. Accordingly, we must complete reasonable, documented due diligence on entities we acquire and on potential joint venture business partners. The due diligence includes the management, officers and directors of such entities and partners. Our agreements with these entities must be in writing and must contain appropriate anti-bribery provisions. We will implement appropriate anti-bribery compliance controls at any acquired entities and in our joint ventures.

BOOKS, RECORDS AND ACCOUNTS

We make and keep accurate books, records and accounts in reasonable detail. These reflect all transactions involving our assets. Our management is responsible for making sure that everyone complies with the following anti-bribery requirements:

1. We prohibit the use of any funds or other assets, or the providing of any services, for any purpose which is unlawful.
2. We will not establish any undisclosed or unrecorded accounts, funds or assets for any purpose.
3. We will not make any false or artificial entries. We will not leave out significant information in any books or records for any reason. You shall not engage in any arrangement that results false, artificial, or incomplete books or records.
4. We will not approve any payment made with the intention or understanding that will be used for any purpose other than what is described by the document supporting the payment.
5. Anyone who has information or knowledge of any unrecorded account, fund or asset or any prohibited act must immediately report that information to our Controller or the integrity helpline (aosintegrity.com).

CERTIFICATION & TRAINING

We only hire reputable and qualified employees. We must conduct reasonable anti-bribery and anti-corruption due diligence prior to hiring an employee. We will require you to periodically certify compliance with this Policy and to complete anti-bribery training, as appropriate.

Violations

If you violate any applicable anti-bribery law, you may expose us and Third Parties involved to significant consequences.

If you violate this Policy, you may face both civil and criminal penalties. This may include fines and jail sentences for you, and for the Company. Additionally, you will be appropriately disciplined, up to and including termination of your employment.

If there is a conflict between this policy and other A. O. Smith policies, you must apply the more restrictive policy or procedure. Please notify the Legal Department if you come across this situation so that it can promptly address the conflict and advise you on what to do.

Policy Owner/Contact

The Corporate General Counsel of A. O. Smith Corporation is responsible for implementation of this policy.

Date of Next Review

A. O. Smith's General Counsel will direct periodic risk assessments and reviews of the Company's operations and the effectiveness of this Policy. This Policy and the corresponding

procedures are subject to audit by the Legal Department, the Company's internal audit function, and as directed by the board of directors. They are also subject to amendment, as determined by the Corporate General Counsel.

Related Policies

Engaging and Retaining Third Parties Policy [Global Policy 01A]

Conflicts of Interest [Global Policy 03]

NOTE: THIS POLICY MAY ONLY BE REVISED IF APPROVED BY THE CORPORATE GENERAL COUNSEL OF A. O. SMITH CORPORATION.

APPENDIX A

RED FLAGS AND EXAMPLES OF NON-COMPLIANCE WITH POLICY

The following are examples of the “Red Flags.” These activities may suggest non-compliance with this Policy or represent common areas of corruption-related compliance risks. **We do not intend list to be exhaustive.** If you are aware of the existence of any of these circumstances or are suspicious about such circumstances, you must immediately inform the Legal Department. If want to remain anonymous, you can report the concern through the A. O. Smith Integrity Helpline (aosintegrity.com)

- Transactions involving a country known for corrupt payments;
- Payments offered or made in cash;
- Extravagant gifts, travel or entertainment involving a Government Official;
- Offshore payments or payments made to countries traditionally known as tax havens;
- Payments or expenses without appropriate documentation;
- Over-invoicing or lack of standard invoices;
- Unusual credits granted to new customers;
- Managers of foreign operations who have been paid unusual bonuses;
- Unreasonably large discounts given to distributors;
- Employee or Third Party requests to structure a transaction to disguise material facts or to evade local laws;
- Third Party requests payment in a country other than the country in which it has its registered headquarters or senior management offices,;
- Third party requests payment in a country other than one in which it has a permanent establishment directly involved in the performance of the business for which it was retained;
- Third Party is not qualified or lacks the necessary experience and resources to perform the functions for which they have been hired or retained;
- Third Party “consulting agreements” that do not provide detail about services provided;
- Third Party was recently created, is a shell company incorporated in an offshore jurisdiction, or otherwise lacks any historical information;
- Third Party refuses to certify to anti-bribery compliance or objects to anti-bribery language in agreements with A. O. Smith;
- Third Party has current or previous cases of corruption or other legal violations;
- Third Parties recommended by a Government Official and/or that become part of a transaction because of a request or demand from a Government Official;
- Third Parties who have a personal or business relationship with a Government Official; or
- The payment arrangement with the Third Party is higher than a typical market value or unreasonably exceeds rates paid by A. O. Smith for similar services in other markets.

APPENDIX B

Donation Approval Form

INSTRUCTIONS: You must complete this form, and obtain the necessary approvals, before making any donation or charitable contribution (cash or product) on behalf of A. O. Smith (or any of its entities). This form is not required for donations made through the A. O. Smith Foundation.

| RECIPIENT INFORMATION | | | | | |
|---|--|------------------|------------------------------|---|--|
| Name of Recipient: | | Date of Request: | | | |
| Is the recipient registered or classified as a charity or nonprofit under local law? (Yes/No) | | | | | |
| Contact Person name: | | | | | |
| Description of requested donation (cash/product, amount/quantity): | | | | | |
| Purpose of donation: | | | | | |
| Has A. O. Smith made donations to the recipient in the past? (Yes/No) | | | If "Yes" Enter Amount: | | |
| | | | If "Yes" Enter Date: | | |
| 1. Will the donation go to an individual? (Yes/No) | | | | | |
| 2. Was the contribution requested by a customer or prospective customer of A. O. Smith or someone with decision making authority with respect to awarding business to A. O. Smith? (Yes/No) | | | | | |
| 3. Are there any pending business activities between A. O. Smith and the recipient? (Yes/No) | | | | | |
| 4. Are any of the above shaded fields left blank? (Yes/No) | | | | | |
| LEGAL APPROVAL | | | | | |
| Criteria to determine if Legal approval is required: | | | | Approval Required | |
| If the answer to any of the above questions, 1-4, is "Yes" | | | | Corporate General Counsel or Deputy General Counsel | |
| If a government official, employee of the government or a state-owned entity, or by any other government-related person requested the donation. | | | | Corporate General Counsel | |
| Legal Approver Name and Title: | | Signature: | | Date: | |
| BUSINESS APPROVAL | | | | | |
| Amount or Value of the Donation: (For cash use amount, for products use manufacturing cost, for others use Market Value) | | | | | |
| If the amount or value is: | | | Obtain approval from: | | |
| Less than 2,000 USD | | | Director or Plant Manager | | |
| Between 2,000 and 25,000 USD | | | Business Unit Leader | | |
| Between 25,000 and 1,000,000 USD | | | CFO or SVP- HR | | |
| Over \$1,000,000 USD | | | Chief Executive Officer | | |
| Business Approver Name and Title: | | Signature: | | Date: | |
| APPLICANT INFORMATION | | | | | |
| Name and Title: | | | | | |
| I have personally verified the accuracy of the above information and believe that the proposed donation or contribution does not violate any laws, company policies, or any policy of the recipient organization. | | | | | |
| Signature: | | | | | |

Completed Donation Approval Form and supporting documentation (contract, letter requesting a donation, or other support) must be sent to Human Resources and Finance for appropriate tracking, processing and record keeping. See Global Policy 01, Anti-Bribery, for more information.