



A Berkshire Hathaway Company

# LSPI's Ethical and Legal Conduct Code





## To my fellow employees:

**For over forty years, LiquidPower Specialty Products Inc. (LSPI) has had a strong commitment to operate our business at the highest standards of safety, collaboration, commitment and integrity. While our business is dynamic and may evolve, we remain constant in our commitment to our core values.**

### Safety

We care for and protect our environment, our communities, our partners and each other.

### Collaboration

We work as a team that respects, supports and challenges each other.

### Commitment

We hold ourselves accountable and inspire each other to deliver continuous improvement and results.

### Integrity

We will uphold the highest levels of business ethics, honesty and personal integrity in all that we do.

Each of us consciously chooses how to behave and conduct business with customers, suppliers and industry peers, every day. Our individual behaviors and actions reflect on our company as a whole and directly impact our reputation, and success, as an employer and global business partner.

LSPI understands that being a global business brings about complexities, particularly as we conduct business amid diverse cultures and business practices. While we cannot eliminate the complexities of being a global business, my ambition is that every employee is empowered with the tools, knowledge and contacts to ensure they can navigate any ethical dilemma with confidence.

LSPI is a wholly owned subsidiary of Berkshire Hathaway Inc., therefore LSPI employees must also comply with the Berkshire Code of Business Conduct and Ethics. LSPI has aligned our Code with Berkshire's so that when you comply with the LSPI Code you are also complying with Berkshire's Code.

A handwritten signature in black ink, appearing to read 'MWB', written in a cursive, stylized font.

Michael W. Brown  
Chief Executive Officer

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# HONESTY AND INTEGRITY AT LSPI

LSPI is committed to doing the right things the right way, with honesty and integrity as guiding principles. By acting with honesty and integrity, LSPI builds the strong and enduring relationships that are critical to its long term success.

## **What does it mean to act honestly?**

Acting honestly requires an intention to be truthful, accurate and straightforward in all communications. It prohibits stealing, cheating, fraud, or deception to gain a business advantage.

## **What does it mean to act with integrity?**

Acting with integrity requires making decisions based on values. It requires doing the right thing, even if no one is looking, and speaking up when something does not look right.

## **The Rule of Reciprocity**

A basic principle embedded in our commitment to honesty and integrity is simply to treat others as you would like them to treat you.



## EVERYDAY ETHICS

The requirement to act with honesty and integrity applies to any situation that you encounter in your work for LSPI. It is not limited to the specific topics discussed on the following pages. You are expected to exercise good judgment in all situations and to ask for help if you do not know what to do. See the Ethics Resources on page 25 for more details on available resources.



# A SHARED COMMITMENT

**LSPI expects every person who is working on its behalf to share its commitment to honesty and integrity. This Code applies to all directors, officers and employees of LSPI. This Code also applies to any agent, consultant, representative, reseller, distributor, joint venture partner, customs/import broker, freight forwarder, contractors and others working on behalf of LSPI.**

## Expectations of employees

Every employee is expected to:

- Read and understand the Code as well as related policies and procedures;
- Meet the same standards of performance regardless of where the employee is working, including ensuring that outside employment does not interfere with quality of work;
- Comply with applicable laws;
- Follow the Code even if it requires more than the law requires;
- Raise questions if guidance is needed; and
- Raise concerns if problems are suspected.

Employees are also required to comply with the LSPI Prohibited Business Practices Policy, which provides details on two key compliance topics that also are addressed in the Code – complying with the anti-bribery laws and complying with trade regulations. The Prohibited Business Practices Policy is available for review on the Ethics page on the LSPI intranet site.

## Additional expectations of leaders

Leaders at LSPI have additional responsibilities. They are expected to:

- Be examples of the highest standards of ethical and legal business conduct;
- Create a work environment in which ethical and legal behavior is expected and rewarded;
- Encourage discussion of ethics questions and concerns;
- Consult with a local ethics leader or the corporate ethics office when dealing with a possible violation of law, policy, or the Code; and
- Take appropriate action when it is determined that a violation has occurred.

## Expectations of business partners

Any advisor, agent, attorney, consultant, contractor, distributor, or other representative of LSPI is expected to conduct its activities in accordance with the highest standards when acting on LSPI's behalf. Failure by a business partner to act in a manner consistent with the Code may be illegal and jeopardizes its business with LSPI.



## EVERYDAY ETHICS

If you have a question on a topic that is covered by the Code and the Prohibited Business Practices Policy, start by reviewing the Code. The Code is intended to help you understand the basic requirements, and it indicates when you need to consult the Prohibited Business Practices Policy for additional details.



# FOSTERING AN INCLUSIVE AND RESPECTFUL WORKPLACE

## **Dignity and respect**

At LSPI, every employee is required to treat others with dignity and respect. This requirement applies when dealing with customers, suppliers, third parties, and with one another. Professionalism in conduct and words is required at all times.

## **Diversity and inclusion**

LSPI believes that much of the success of its enterprise is due to enhancing a diverse and inclusive workforce. LSPI is committed to practices that advance equal employment opportunity for qualified individuals without regard to race, color, religion, sex, gender identity, national origin, age, marital status, military service, disability, sexual orientation, genetic information, citizenship, or social or economic status. Discrimination in violation of applicable law is never tolerated.

## **Human rights**

LSPI supports fundamental human rights for all people and only employs individuals who apply to work willingly and are legally of age to perform the work. LSPI does not tolerate child labor, human trafficking, slavery, or other forced labor at its facilities.

## **LSPI's commitment to transparency in its supply chain**

LSPI is committed to ensuring that its supply chain reflects LSPI's values and respect for human rights. LSPI informs its suppliers and distributors that they must have a work environment that is free from illegal discrimination and from child labor, human trafficking, slavery, or other forced labor. LSPI does not tolerate a supplier that fails to meet these requirements.



## EVERYDAY ETHICS

If you have a concern about an employee relations topic, you have many resources available to you. Your supervisor or your HR partner should be considered first. Your local ethics leader and the corporate ethics office are also available to you. You also may use the hotline numbers or web based reporting system listed on the Resources page.

# USING TECHNOLOGY RESPECTFULLY AND RESPONSIBLY

## Appropriate use of technology

The appropriate use of technology is part of LSPI's commitment to honesty and integrity. An LSPI-issued device or a personal device in the workplace must never be used to view, gather, store, or distribute offensive, threatening, abusive, pornographic, sexually suggestive, discriminatory, or harassing content.

## Information systems security

Technology must be used responsibly by our employees.

Responsible use means:

- Keeping computers, tablets, and mobile devices safe and secure;
- Using safe email and internet practices, including encryption when sending sensitive information out of the company via email;
- Not clicking on hyperlinks from suspicious sources or opening suspicious files; and
- Making sure computers and mobile devices are always current with software/security updates issued by LSPI.

LSPI's network is protected with technology designed to prevent the intrusion of viruses, the introduction of malware and use of unauthorized equipment. It is never appropriate to disable or circumvent these systems.

## Monitoring

Monitoring is used to audit compliance. LSPI monitors all activity that occurs on an LSPI issued device or LSPI network. LSPI reserves the right to block offensive, illegal, or non-business related sites and to intercept and review the entire content of any messages or data transmitted, stored on or deleted from its devices and systems. Communications made while using LSPI's information systems are not private.



## EVERYDAY ETHICS

Think security with everything you do. You are our company's best defense against threats to our information systems.



# CONTINUOUSLY IMPROVING SAFETY

Safety is a core value. LSPI is committed to protecting its employees, customers, and the communities in which it operates. LSPI's goal is to prevent all accidents and injuries by being highly reliable in all aspects of its operations. This means staying focused on the identification, assessment and management of risk. It requires a steadfast commitment to safety rules, which become embedded in the culture through training and daily work practices. It also compels the elimination of unsafe working conditions through a continuous review, evaluation, and improvement of equipment, operations and procedures.

## Everyone shares responsibility for safety

LSPI's commitment to safety extends to every person who works at or visits its facilities. Employees are expected to embrace this commitment to safety by:

- Using safe work practices at all times even if they believe there is no danger of harm to themselves or others;
- Completing all required safety training;
- Making sure contractors and visitors to LSPI's facilities receive safety training if required, and understand and follow LSPI's safety rules;
- Paying attention to surroundings and looking out for co-workers;
- Not taking short cuts; and
- Asking questions if any requirement is not clear.

Employees are responsible for immediately reporting any unsafe act, condition or practice to local safety personnel and may do so without fear of retaliation.



## EVERYDAY ETHICS

Don't take any chances with safety. If you see someone who is violating a safety rule:

- You must tell the person to stop the activity immediately, if feasible to do so; and
- You must notify local safety personnel so the situation can be addressed and future problems can be prevented.



# MINIMIZING IMPACT ON THE ENVIRONMENT

LSPI is committed to the highest environmental standards. As part of that commitment, LSPI conducts its business in accordance with our guiding principles, and integrates well-founded health, safety, environmental and security management practices into its daily operations. LSPI also strives to minimize waste and the impact of its operations on the environment.

## Everyone shares responsibility for the environment

Employees are expected to support LSPI's commitment to the environment by:

- Complying with policies related to the proper identification and disposal of waste;
- Immediately reporting leaks, spills and releases so they can be corrected promptly and prevented in the future;
- Providing correct and complete information for environmental permits and other regulatory requirements; and
- Being mindful of risks and understanding that every employee has the ability and obligation to elevate problems to management.

## Sustainability

Just as we help make our customers' operations better, we have a responsibility to our employees, the communities in which we operate, and other stakeholders to help create a better, more sustainable world for all of us.



## EVERYDAY ETHICS

The keys to continuous improvement are the contributions and commitment of each employee. Even if you do not work in a manufacturing facility, you can support LSPI's commitment to the environment by participating in company-sponsored recycling programs and by finding ways to eliminate waste and conserve resources in the work you do for LSPI each day.



# PROTECTING LSPI'S ASSETS

LSPI assets are the result of many years of hard work and dedication by employees throughout the world. These assets are critical to LSPI's long term success. LSPI's assets include manufacturing and research facilities, offices, office supplies, computer equipment, parts, raw materials and finished goods. They also include intellectual property, trade secrets and documents created by employees in the course of their work for LSPI.

Every employee is responsible for protecting LSPI assets from loss by:

- Using them properly and for their intended purposes;
- Keeping them safe and secure;
- Reporting unusual or suspicious situations; and
- Following LSPI policies on proper use and storage of company information, including the LSPI Records Management Policy.

## LSPI documents

A document created for LSPI is a company asset, whether or not it contains confidential information. LSPI documents, including articles or policies posted on the LSPI intranet site, may not be used or taken for any activity outside of LSPI without permission.



## EVERYDAY ETHICS

While you are permitted to occasionally take care of a personal matter at work, you may not allow these activities to interfere with your obligations to LSPI. The time for which you are being paid by LSPI should be spent on LSPI endeavors.

## Theft

Theft of LSPI assets is a serious matter and is not tolerated. Here are but a few examples of theft:

- Falsifying a time sheet;
- Claiming reimbursement of a personal expense;
- Taking LSPI records for personal use by transferring them to a thumb drive or by sending them to a personal email account without permission; and
- Taking equipment without permission, even if it is old or used

## Confidential or proprietary information

LSPI is committed to protecting the inventions and discoveries that allow it to provide superior products and services to our customers and to maintain its competitive advantage. Protecting these assets is critical.

Every person who works with, or has access to, confidential or proprietary LSPI information is responsible for:

- Protecting the information from unauthorized disclosure;
- Limiting access to those who have a need to know the information;
- Obtaining authorization and ensuring that a secrecy agreement is in place before disclosing information to a third party;
- Storing information in secure locations; and
- Encrypting the information and marking it as confidential if it is moved off of the LSPI network or shared with third parties.

**Taking or copying confidential or proprietary information belonging to LSPI for any use that does not directly benefit LSPI, including for personal use or for sharing with any third party, is strictly prohibited and may result in legal action. LSPI regularly monitors computer activity for unauthorized removal of LSPI documents and information.**

## Conducting business in public

When you are in a public area, or where others can hear you, use good judgment. Don't talk about company business, particularly if it involves a confidential matter. You never know who might be listening.



# EVERYDAY ETHICS

Through your work for LSPI, you may learn of a business opportunity of possible interest to LSPI. This information is considered an LSPI asset. Advance approval from the corporate ethics office is required before you may act on it privately or through outside employment.

You also may not use material, non-public information that you have learned in the course of your work for LSPI to engage in stock trading. Questions about insider trading should be referred to the General Counsel.

# RESPECTING THE INTELLECTUAL PROPERTY RIGHTS OF OTHERS

LSPI is committed to respecting the valid intellectual property rights of others, including trademarks, patents, and copyrights. This commitment means every employee is responsible for:

- Ensuring LSPI complies with secrecy agreements signed with third parties;
- Treating confidential information and intellectual property belonging to LSPI's business partners exactly as LSPI's confidential information;
- Complying with and informing supervisors of any confidentiality or non-compete obligations to a former employer; and
- Obtaining written permission to use a third party's intellectual property.

Just as a document created for LSPI is an asset that belongs to LSPI, a document created for a former employer belongs to the former employer and may not be used for LSPI without permission.

Any question about using another's intellectual property should be directed to the General Counsel.

## Misdirected email

I think someone accidentally sent me an email that contains their confidential information. What should I do?

The appropriate action is to delete the email right away and let the sender know that you have taken this action. If the email was sent to you by a competitor, you also need to let the General Counsel know of the contact.



## EVERYDAY ETHICS

A logo is considered intellectual property. You may not use a logo of another party in any manner without the logo owner's permission.

Also be aware that most content on the internet is copyrighted. This includes, for example, articles, charts, graphs and marketing information on another's website. You must obtain the owner's permission before copying the content.



# CREATING ACCURATE AND COMPLETE RECORDS

All business records must contain complete, timely and accurate information. Maintaining accurate books and records is essential to ensuring that LSPI's parent company, Berkshire Hathaway Inc., can meet its public reporting obligations. Even outside of the public reporting obligations, a failure to create accurate books and records can expose LSPI and Berkshire Hathaway to legal penalties and loss of trust with business partners that depend on LSPI to provide accurate and reliable information.

Additionally, at LSPI, we manage our business records in accordance with our company's Records Management Policy. You must not knowingly destroy, alter, or falsify records in order to affect any pending or potential litigation, arbitration, internal, governmental, civil or criminal investigation or proceeding.

## Customer and vendor records

All transactions must be reflected accurately in LSPI's books and records. Before products are shipped and services are rendered, the details of each customer or vendor and the terms of each transaction must be properly recorded in LSPI's financial systems. See Trade Regulations and Sanctions on page 14 for more information about the need to screen customers and vendors prior to doing business.

## Payments to third parties

To ensure that payments to third parties are made for legitimate business purposes and that business records accurately and fairly reflect the purpose of the payments, employees must ensure that:

- All disbursements to third parties are supported with invoices that provide complete and accurate descriptions of goods, services, and applicable charges; and
- If LSPI is reimbursing expenses incurred by a third party, the invoices are accompanied by detailed receipts or other written evidence of the expenses.



## EVERYDAY ETHICS

The following are examples of a failure to create accurate records and are serious violations of the Code:

- Putting another person's signature on a document without their permission;
- Manipulating a photograph or test results to hide a problem;
- Setting up a distributor as a customer to avoid the third party intermediary review process;
- Recording sales in an inappropriate accounting period to accelerate revenue recognition; and
- Misrepresenting the creation date of a document.



# AVOIDING CONFLICTS OF INTEREST

In business matters, LSPI expects that every employee will act solely in the best interest of LSPI. A conflict of interest arises when a personal interest or outside endeavor interferes with this obligation.

An actual or potential conflict of interest must be disclosed to the corporate ethics office as soon as it arises. Below are a few situations where a conflict could occur.

## Outside employment

Outside employment includes having a side business activity, holding political office or serving on a board of a business or a governmental or civic organization, whether or not payment is received for the activity.

Outside employment does not automatically amount to a conflict of interest, but it must be kept strictly separate from LSPI and must be pre-approved by your supervisor. Due to the potential for conflicts, prior approval of the corporate ethics office is required before an employee may accept a position with any of the following:

- A supplier;
- A customer;
- A competitor;
- Another company in the chemical industry; or
- A company engaged in a business related to materials produced by LSPI.

Additionally, an employee may not act as a consulting or testifying expert witness unless approved in advance by the General Counsel.



## EVERYDAY ETHICS

You must keep your outside employment separate from LSPI by:

- Not using work hours or assets, such as LSPI email, copy machines or computers, for your outside employment;
- Not promoting products or services from your outside employment to LSPI or LSPI employees, customer, or suppliers; and
- Not using your LSPI position to promote your outside employment.

## Ownership of another business

An employee may not own, directly or indirectly, a financial interest in any business that does, or seeks to do, business with LSPI, or is in competition with LSPI, unless approved in advance by the corporate ethics office. A “financial interest” means having a significant personal stake in the success of the business.

## Purchasing decision/supplier relations

Purchasing decisions must always be based on need, price, quality, service and supply capabilities. It is never appropriate to make a purchasing decision that is motivated by a personal interest, to solicit personal favors from a supplier, or to pressure another employee to make a purchasing decision motivated by a personal interest.

## Family and friends

Employees are expected to make objective business decisions at all times and to avoid even the appearance that a romantic relationship or a close personal friendship is influencing or resulting in preferential treatment. A supervisor may not have a romantic relationship with an employee who reports through his or her management chain, even when the relationship is voluntary and welcome. The supervisor is required to report the relationship to the corporate ethics office.

## Appearance matters

Remember, you are required to avoid the appearance of a conflict of interest, not just an actual conflict of interest. If it might look to an outsider that a personal interest is affecting your decisions, it's a problem and it must be reported, even if you believe you are capable of making an unbiased decision.



# EVERYDAY ETHICS

You need to inform the corporate ethics office if you are involved in interactions with a customer or supplier that employs, or is owned by, a family member or friend. This disclosure is required, even if the family member or friend is not involved in any business dealings with LSPI. If it is determined that you have a personal relationship that compromises or appears to compromise your ability to act without bias with respect to a customer or vendor, your responsibilities will be modified to address the risk of any conflict of interest.

You also need to inform the corporate ethics office if you have a family member or friend who works for or owns a competitor, so potential problems can be discussed.

Being an “owner” for these purposes does not include owning publicly traded stock.



# TRADE AND SANCTIONS COMPLIANCE

Because of the countries or industries within which LSPI operates and our exposure to foreign government officials, traditional local practices or other reasons, LSPI has implemented a more robust and detailed anti-corruption compliance policy that provides employees with additional guidance, more detailed policies relating to limits on gifts and entertainment and also on third-party due diligence requirements. We also have a detailed framework for requiring documented approvals in the area of third-party due diligence, gifts and entertainment, and anti-corruption compliance as well as certifications of compliance from relevant managers, employees and third-party agents, consultants or intermediaries.

## Export laws

Trade embargoes and economic sanctions prohibit or restrict business activities with certain countries, entities and persons. Under these laws, LSPI must screen vendors and customers against lists of blocked parties before any transactions may occur.

Other export laws impose restrictions on the shipment or transfer of controlled items and technologies outside of the U.S. They also require LSPI to determine that the products that it sells are being used for appropriate purposes.

The export laws control the transfer of information as well as goods. The transfer of information outside of the U.S., or to a non-U.S. person, is an export and must comply with U.S. export laws.

## Anti-boycott regulations

These laws prohibit participating in or cooperating with certain international boycotts. A boycott occurs when one person, group or country refuses to do business with certain other people, groups or countries. You must report all requests for boycott support to LSPI's General Counsel or Chief Financial Officer.



## Customs regulations

These laws apply when goods are being imported into a country. They require proper classification, valuation and labeling of LSPI products, among other requirements.

For a current list of countries that are subject to U.S. trade embargoes and sanctions, or for other information related to trade regulations, please contact LSPI's General Counsel for assistance.

## Economic and Trade Sanctions

LSPI and its employees must strictly comply with all applicable economic and trade sanctions and embargo programs under U.S. law, United Nations resolutions and foreign laws and regulations. Compliance requires careful monitoring of, and sometimes prohibitions on, transactions involving target countries and regimes and target individuals, and entities.

## LSPI's Prohibited Business Practices Policy

This Policy, which is located on the Ethics page on the LSPI intranet site and at [www.LiquidPower.com](http://www.LiquidPower.com), contains additional details about trade regulations and economic and trade sanctions. If you are involved in the screening of customers, the reviewing of orders, or the shipment of products, you must read and understand the Prohibited Business Practices Policy as well as the Code. Questions may be referred to LSPI's General Counsel.

## Travel to Embargoed Countries

The U.S. has instituted comprehensive embargoes against the following countries/geographical regions: Cuba, Iran, North Korea, Syria, and the Crimea Region of Ukraine, which prohibit, with certain exceptions, U.S. persons from engaging in trade, commercial, or financial transactions involving these countries/regions. In addition, due to a de facto embargo on dealings with Venezuela, it is been regarded as an embargoed country. As a result, no Berkshire or Berkshire subsidiary employee or representative may travel for business to these embargoed countries listed above without the prior written approval of the Compliance Officer of the Berkshire subsidiary. If such travel is approved, it may be undertaken only in accordance with any conditions of the approval. Furthermore, regardless of whether the travel is for business or for personal reasons, no Berkshire or Berkshire subsidiary employee may carry Berkshire or Berkshire subsidiary issued devices into those countries (i.e., laptops, mobile phones, tablets or other mobile devices, etc.), and no employee's personal mobile device carried on such travel may include any application(s) that allow access to any Berkshire or Berkshire subsidiary's email system or network.



# EVERYDAY ETHICS

LSPI may not engage a third party to do anything that LSPI is prohibited from doing itself. If you become aware that a customer or distributor is reselling product to a person, firm or country that is subject to economic or trade sanction, you must notify LSPI's General Counsel immediately.

# COMPLYING WITH THE ANTI-BRIBERY LAWS

LSPI is committed to complying with anti-bribery laws that apply wherever its business is conducted. These laws prohibit the offering, promising, authorizing, giving, soliciting or receiving of any form of bribe or kickback.

A bribe is anything of value (such as money, a gift or a favor) offered with an intent to improperly obtain or maintain a business advantage. A kickback is a reward paid by one party to another in return for making or fostering a particular business arrangement.

The anti-bribery laws penalize a failure to maintain accurate books and records, as well as illegal offers and payments. For this reason, receipts must be obtained for all expenses and all gifts and entertainment must be accurately reflected on an expense report or other appropriate report.

Specific guidance is provided below on complying with anti-bribery laws as they relate to government officials.

## Officials in the U.S.

Gifts, meals, or entertainment, even those of nominal value, may not be offered to any U.S. federal government official or employee. For U.S. state or other nonfederal officials, prior approval of the corporate ethics office is required before offering any gifts or entertainment.

## LSPI's Prohibited Business Practices Policy

The LSPI policy, which is located on the Ethics page on the LSPI intranet site, contains additional details about gifts and entertainment involving government officials. If you are involved in the giving or approving of gifts and entertainment, you must read and understand the Prohibited Business Practices Policy as well as the Code.

Questions may be referred to the corporate ethics office or the General Counsel.



## EVERYDAY ETHICS

An offer of employment can be challenged under the antibribery laws, if it appears it has been made to gain an unfair business advantage. If you receive a request from a government official to hire a family member or friend, you must contact the corporate ethics office immediately for guidance.

# OFFERING AND ACCEPTING ONLY APPROPRIATE GIFTS AND ENTERTAINMENT

At LSPI, the standard in offering and receiving gifts and entertainment is moderation and discretion. The guidance provided below is intended to explain how this principle should be applied.

## Gifts

A gift is anything given as a result of a business relationship for which the recipient does not pay fair market value. A gift may take many forms, including:

- Goods;
- Services;
- Discounts or sponsorships generally not available to others; and
- Prizes won at a conference or trade show.

A gift may be offered or accepted if it: (1) is consistent with customary business practices; (2) is not excessive in value; (3) cannot be construed as a bribe or kickback; (4) is not cash or a cash equivalent; and (5) does not violate any laws. No benefit should ever be received from or offered to another party if it might compromise – or even appear to compromise – a business decision. Guidance on appropriate gifts and entertainment is provided below.

If a gift having an excessive value is offered, but local customers or other circumstances make it very difficult or offensive to not accept it, acceptance of the gift must be reported to the corporate ethics office.

This guidance does not apply to anything given by LSPI to an employee – or to charitable donations made by LSPI, which are permitted if they are tax deductible. Any questions about employee recognition and rewards should be referred to the human resources division. Any questions regarding charitable donations should be referred to the LSPI Vice President, Finance.

## No Cash

Under no circumstances may gifts of cash be offered or accepted. This includes a cash award for contributing an article to a publication or making a presentation at a conference. Cash equivalents like gift cards also are prohibited.



## EVERYDAY ETHICS

May I accept a gift having a value of US \$99?

There is no specific monetary threshold for determining whether a gift may be accepted. To answer this question, you need to consider the five criteria listed on this page for evaluating gifts. If the gift makes you uncomfortable, or might cause you to feel obligated, it does not meet the criteria and should be declined.

## Entertainment

Entertainment is an activity or event that is attended by both the offerer and the recipient in connection with a business relationship. Examples include a meal, a concert, or a round of golf.

Entertainment may be offered and/or accepted if it has a legitimate business purpose and is reasonable and appropriate for the occasion. Good judgment must be exercised, and the entertainment may not be extravagant or sexually oriented.

## Tickets

Occasionally, tickets are offered with no expectation that the offerer will interact with the recipient at the activity or event. If tickets are offered under these circumstances, they may be accepted if they meet the criteria of a gift. In any case, tickets should be evaluated based on their fair market value, not their face value.

## Travel

Travel expenses may be offered and/or accepted when they are: (1) in connection with a business meeting, conference or similar event; (2) not extravagant; and (3) pre-approved by the corporate ethics office.

## Solicitation

Gifts and entertainment may not be solicited by LSPI or any LSPI employee. If another party requests a gift or entertainment for any purpose, approval of the corporate office is required before it may be given.

## Government officials

Additional requirements apply when offering gifts or entertainment to a government official, which would include an employee of a state-owned or controlled enterprise. These requirements are discussed in the next section related to complying with the anti-bribery laws.

## No bribery, ever.

No gift, entertainment or travel may be offered or accepted if it could be construed as a bribe or kickback. This is a matter of policy and also a compliance priority as discussed in the Code.



# EVERYDAY ETHICS

An important factor in determining if a gift is a bribe is the intent with which the gift is offered. A bribe is given in the hope of improper influence or benefit. An appropriate gift is given without the expectation of something in return. The value of a gift is an important factor because a corrupt intent can be inferred from a gift having an excessive value. For this reason only gifts not excessive in value and consistent with customary business practices may be given or received.



## **Officials in countries other than the U.S.**

The following requirements apply to the offering of gifts and entertainment to non-U.S. government officials:

### **Pre-approval requirement**

Offering gifts or entertainment to a non U.S. government official for legitimate business purposes may sometimes be permitted if legal under local law, reasonable in value and customary in the trade, and if the gift or entertainment would not cause, or appear to cause, the government official to be obligated to make any particular decision.

However, to avoid even the appearance of impropriety, approval must be obtained from the corporate ethics office before offering anything of value to a non-U.S. government official, including gifts, entertainment, travel, or lodging.

### **Employees of state-owned or controlled enterprises**

In many countries, businesses are owned in whole or in part by the government. All employees of these businesses are considered government officials for purposes of the Code and are subject to the pre-approval requirement stated above.

### **Local guidance documents**

The corporate ethics office may issue guidance relating to gifts and entertainment of non-U.S. government officials in a specific country or region, which may permit regional management to issue approvals for gifts and entertainment with a value below certain thresholds.

These documents are available on the Ethics page on the LSPI intranet site.

### **Facilitation payments**

Facilitation payments are small unofficial payments made to expedite or secure a routine government action. They are permitted under the U.S. Foreign Corrupt Practices Act (FCPA) but other countries have more restrictive laws. As a matter of policy, LSPI prohibits all facilitation payments. Any person or entity performing work for LSPI or representing LSPI outside of the U.S. is expected to be familiar with and comply with the laws of the country in which they conduct their business. Any exception to this policy must be approved in advance by the corporate ethics office.

### **Political contributions**

LSPI will not make contributions to political parties, candidates or public officials, except as permitted by law. Any contribution by LSPI to a party, candidate or public official must be approved in advance by the corporate ethics office.

### **Donations**

Berkshire and its subsidiaries should perform and document appropriate risk-based due diligence prior to making a charitable or educational contribution outside of the U.S. to determine if “red flags” exist which might increase the anti-corruption compliance risk associated with making the contribution.

A background image showing three business professionals in a meeting. A man in a white shirt and tie is on the left, a man in a grey suit is in the center, and a woman in a blue blazer is on the right. They are gathered around a table with a laptop and a small potted plant.

# COMPETING FAIRLY AND ETHICALLY

Competition laws around the world are designed to promote fair and robust competition. LSPI is committed to complying with these laws and to making its own independent decisions about what products and services to offer, where and how to offer and produce them, and how much to charge for them.

The competition laws are very technical. For this reason, specific questions should be directed to the General Counsel. Below are some fundamental principles to keep in mind.

## Dealing with competitors

In order to avoid any suggestion of an improper agreement, competitively sensitive information may not be discussed with a competitor (either directly or through an intermediary) without prior approval by the General Counsel. Competitively sensitive information includes information about prices, costs, profits, output, capacity, marketing strategies, customers, terms of sale and the like.

## Dealing with customers, distributors and suppliers

Certain types of agreements with customers, distributors and suppliers also may raise serious competition law issues. Some examples include:

- Restricting resale prices;
- Pressuring one customer to change its prices or practices based on feedback provided by another customer; or
- Tying product sales (selling one product on the condition that the customer buy a second product it does not want).

A white checkmark inside a blue circle, indicating a tip or important note.

## EVERYDAY ETHICS

Be careful when your customer or supplier is also a competitor. In the absence of an agreement that limits information sharing, you should assume that any competitively sensitive information you disclose in connection with supply or purchasing discussions will become known by persons who work in areas of the business that compete with LSPI.

Supply or purchasing discussions must not become a conduit for exchanging information with a competitor. If there is competitively sensitive information that you believe must be disclosed to or received from a customer or supplier that is also a competitor, contact the General Counsel for assistance.

# GATHERING AND USING COMPETITIVE INTELLIGENCE

Gathering and using competitive intelligence appropriately is part of LSPI's commitment to honesty and integrity. Competitive intelligence includes documents as well as samples.

It is permissible to ask customers and suppliers if there is any information about competitors, or competitive samples, which they are free to share with LSPI. However, when making the request, it is important to state that LSPI may not accept any information that would violate any secrecy obligation of the provider.

The following practices are never permitted:

- Theft;
- Eavesdropping;
- Impersonating another;
- Hacking into another's computer;
- Secretly recording a conversation;
- Allowing or encouraging another party to breach a secrecy obligation or company policy; or
- Using any other surreptitious means to gain competitive intelligence.

## Circumstances requiring special caution

If the person offering the intelligence asks for compensation, or indicates that a favor or benefit will be expected in exchange for the intelligence, the intelligence must be refused.

In addition, if the intelligence is marked "confidential," or is of a type that typically would not be made available to others without a secrecy agreement, the intelligence may not be accepted unless the offeror clearly and unequivocally states in writing that he or she is free to legally share the information. If intelligence is accepted in this situation, it must be reviewed by the General Counsel before it is used, copied or distributed.

## Mergers and Acquisitions Due Diligence

LSPI shall conduct a thorough mergers and acquisitions due diligence on compliance and ethics in each potential deal that it considers, so that LSPI can better value the target company, identify problems before the acquisition, consider potential voluntary disclosure of issues, and meet the expectations of government authorities for an effective compliance program.

Such due diligence, should establish whether a target company is following the rules as they should be.



## EVERYDAY ETHICS

It is impossible to identify every situation where you might have the opportunity to collect competitive intelligence. If in doubt, don't take any chances. You should decline the intelligence if you are not comfortable that it is appropriate to accept it.



# FINAL THOUGHTS

## **A simple test for ethical decision making**

The Code addresses many specific situations that you may encounter in your work for LSPI.

However, it is impossible to include every topic. If you are facing an issue, and you are not certain whether your actions are proper, a simple way to test them is to ask yourself the following questions:

- What would my supervisor or co-worker think of my actions?
- Would I behave differently if I knew my actions would be reported in the news?
- Am I treating others as I would like to be treated?

If the threat of public scrutiny makes you uncomfortable, then your conscience is saying something important. Pay attention. You are likely struggling with something that could tarnish a reputation – yours, or LSPI's or Berkshire Hathaway's.

## **Speaking up**

The Code affirms our shared commitment in conducting LSPI's business with honesty and integrity. If you have questions or concerns, or if you believe the Code has been violated, it is your responsibility to speak up.

You will not be disciplined, lose your job or be retaliated against in any way for asking questions or voicing concerns, as long as you are acting in good faith. Good faith does not mean that you have to be right – but it does mean that you believe you are providing truthful information.

## **Consequences of not following the Code**

There are consequences for not following the Code. If you violate the Code, you are subject to disciplinary action up to and including the termination of your employment. Additionally, both you and LSPI may be exposed to civil and/or criminal liability.

## **Cooperation**

If you are asked to participate in an investigation to determine whether a violation of any compliance policy of Berkshire or any Berkshire subsidiary has occurred, you are expected to cooperate fully, with any effort by Berkshire or outside counsel hired by Berkshire, and answer all questions truthfully and to the best of your ability. Such cooperation includes providing information that is requested and participating in interviews, investigations and audits when requested. Knowingly making a false allegation or statement or otherwise interfering with an ethics investigation is itself a major violation of the Code and may lead to termination of your employment.

**Notes:**

# LSPI ETHICS CODE ACKNOWLEDGMENT

## Required Acknowledgment

Please read, sign and return to LSPI's Ethics and Compliance Director.

I acknowledge that I have received and read a copy of LSPI's Ethical and Legal Conduct Code, and that I will act with honesty and integrity in all of my business activities and comply with the Code. I know that if I have questions concerning the Code, I should direct my questions to my supervisor, my local ethics leader, the corporate ethics office or LSPI's General Counsel. I understand my responsibilities, which are to raise questions and concerns, report any suspected violations of the Code and cooperate with investigations.

I also acknowledge that I am expected to follow the Berkshire Hathaway Inc. Code of Business Conduct and Ethics. This document can be found online at [www.berkshirehathaway.com/govern/ethics.pdf](http://www.berkshirehathaway.com/govern/ethics.pdf), or can be provided by the LSPI Ethics and Compliance Director.

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Name (Please Print)

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Signature

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Location

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Date



# ETHICS RESOURCES

## Have a Question or a Concern? Let Us Help.

If you are faced with an ethical dilemma, LSPI encourages you to contact your supervisor, your local ethics leader, the corporate ethics office, or LSPI's General Counsel right away. Your question or concern will be taken seriously and treated confidentially, without fear of retaliation.

Your LSPI Local Ethics Leader is: \_\_\_\_\_

### LSPI Ethics Reporting

LSPI Ethics and Compliance Director

Email: [Ethics@LiquidPower.com](mailto:Ethics@LiquidPower.com)

Phone: 713.339.8738

### Berkshire Hathaway Ethics Reporting

Berkshire Hathaway Ethics Hotline:

1.800.261.8651

Berkshire Hathaway Web-based Reporting:

[www.brk-hotline.com](http://www.brk-hotline.com)

LSPI also follows the Berkshire Hathaway Inc. Code of Business Conduct and Ethics. This document can be found online at [www.berkshirehathaway.com/govern/ethics.pdf](http://www.berkshirehathaway.com/govern/ethics.pdf), or can be provided by the LSPI Ethics and Compliance Director.



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