

SAE Power Company	Anti-Fraud Policy	Procedure: Revision:	HR-103 02
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1. **Purpose**

The purpose of this Anti-Fraud Policy is to reiterate requirements of SAE Power Company (together with its affiliates, “SAE” or the “Company”) relating to the prohibition, recognition, reporting and investigation of suspected fraud, corruption, misappropriation and other similar irregularities by employees or third parties.

2. **Scope**

This Policy is applicable to every employee of SAE, including managers, officers and directors. Neither agents, consultants nor any other third party can be used to engage in practices on behalf of the Company which violates this Policy. This Policy is intended to supplement all applicable laws, rules, and other corporate policies, including the Code. It is not intended to supplant any local laws.

This Policy shall be distributed to each new employee, officer and director of the Company upon commencement of his or her employment or other relationship with the Company. Additional distributions will be made as deemed necessary. Each employee, officer and director shall certify that he or she has received, read and understood the Policy and will comply with its terms. The Company reserves the right to amend, alter or terminate this Policy at any time for any reason.

3. **Reference Documents**

3.1 SAE Quality Manual

3.2 **HR-101** Code of Business Conduct and Ethics

3.3 QP-061 Purchasing Categories

4. **Terms and Definitions**

4.1 The term “fraud”, as used in this Policy, refers generally to any intentional act committed to secure an unfair or unlawful gain including, but not limited to corruption, misappropriation, theft and other similar irregularities that reflect actual or potential:

- 4.1.1 misrepresentation in SAE’s financial statements or any public disclosures;
- 4.1.2 misappropriation or theft of SAE’s assets, such as money, equipment or supplies;
- 4.1.3 unlawfully obtained revenue and assets, or unlawful avoidance of costs and expenses; commercial bribery or bribery of a government official or other violation of anti-corruption laws; or

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- 4.1.4 improper payment schemes such as employees or directors of SAE seeking or accepting from, paying or offering to, suppliers or business partners, kickbacks or gifts intended to, or which may appear to, influence business judgment.

5. **Policy Requirements**

- 5.1 SAE expects all employees to take all reasonable steps to prevent the occurrence of fraud and to identify and report instances of known or suspected fraud ("Fraud Concerns") committed by and or against SAE, whether by SAE employees or third parties.
- 5.2 SAE has established the following Formal Reporting Channels for employees to report Fraud Concerns, depending upon the level of the person suspected of fraud:
- 5.2.1 Supervisor
 - 5.2.2 Manager
 - 5.2.3 Corporate Controller
 - 5.2.4 Director of Operations
 - 5.2.5 Chief Financial Officer
 - 5.2.6 President
 - 5.2.7 Independent Auditors, KPMG, or outside counsel
- 5.3 A Fraud Concern may also be reported anonymously by fax to (480) 988-6213.
- 5.4 If appropriate, SAE may report information regarding the reported Fraud Concern and the result of any investigation carried out to law enforcement, regulatory authorities or insurers.
- 5.5 Fraud Concerns that involve any of the following matters must be reported through one of the Formal Reporting Channels described above:
- 5.5.1 Alleged bribery of a government official or other alleged violation of anti-corruption laws;
 - 5.5.2 Known or suspected fraud by any employee or third party that involves any cost or loss to SAE; or
 - 5.5.3 An event or series of events indicative of a deterioration in the overall internal control environment at SAE, including a known or suspected incident or repeated incidents which indicate significant or systemic non-compliance with applicable regulatory requirements.
- 5.6 Every reasonable effort will be made to ensure the confidentiality of the reported Fraud Concern and the identity of those providing information to the extent consistent with the need to conduct an appropriate, fair and thorough investigation. If you prefer to report a

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Fraud Concern anonymously, you must provide enough information about the incident or situation to allow SAE to investigate properly.

5.7 SAE will not tolerate retaliatory action against any individual for reporting, in good faith, concerns regarding known or suspected fraud.

5.8 Any employee or director found to have been involved in fraudulent activity or other misconduct or to have failed to report a known or suspected instance of fraud will be subject to disciplinary action up to and including termination.

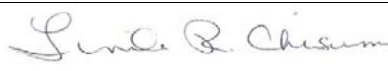
5.9 Any business related to an SAE contractor or supplier found to have been involved in fraudulent activity or other misconduct or to have failed to report a known or suspected instance of fraud will be subject to termination. Furthermore, such conduct may also be a violation of the law and may result in civil or criminal penalties for the employee, director and/or SAE.

5.10 Any specific questions concerning this document should be directed to Company managers or the Chief Financial Officer.

Revision History

Date	Revision	Description of Changes	Prepared by
Apr-17 2020	01	Initiate document GQP-028	L. Chisum
Jan-29 2021	02	Change numbering to HR series and add change for referenced document shown in green	L. Chisum

Approval

Title	Name	Signature	Date (mm/dd/yyyy)
CFO	Linda Chisum		4/19/2020
CFO	Linda Chisum		1/29/2021