

Anti-Corruption Policy

This policy is designed to help Daktronics employees:

- Make decisions aligned with Daktronics' values of honesty and integrity
- Safeguard Daktronics' reputation
- Protect employees and Daktronics from criminal liability
- Comply with all anti-corruption laws applicable to Daktronics

This document will help you understand our anti-corruption policy and the consequences of violating it. It also provides tools and resources to help you avoid illegal business transactions, and tells you where to go if you need help.

Key Takeaways

1. When in doubt, seek guidance.
2. If you see something, say something. If you observe behavior that concerns you or that may represent a violation of this policy, raise the issue promptly with your supervisor, local controller, or with Legal.
3. Daktronics has a "zero tolerance" position for any violation of this policy.

4. You will never be penalized for refusing to pay bribes.
5. If anyone asks you to take action in violation of this policy, you should politely decline the request and explain that such requests violate corporate policy. Promptly notify Legal of the request.

6. Obtain appropriate approvals.
7. Complete mandatory and recommended training programs.
8. Perform due diligence on third parties.

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Overview

Making a payment or giving a gift for the purposes of obtaining or retaining business, promoting Daktronics' interest, or for any competitive business advantage is unlawful for Daktronics and its worldwide subsidiaries under the US Foreign Corrupt Practices Act, the U.K. Bribery Act, and similar anti-corruption laws worldwide.

**Beyond and above legal requirements,
it is Daktronics' commitment and policy to:**

conduct business **without** engaging in **bribery** or corrupt practices, use **good judgment** and make decisions with **high integrity**, maintain **accurate and transparent records** of our transactions, and **avoid** the appearance of **impropriety**.

Policy Scope

This policy applies to all of us at Daktronics around the world, and to all Daktronics business relationships and transactions. We all must take steps to ensure business partners such as consultants, resellers, and subcontractors comply with this policy.

Daktronics maintains a "zero tolerance" position with respect to violations of this policy. A violation of this policy may result in employee discipline, up to and potentially including termination of employment. Depending on the violation, Daktronics may also be obligated to report the violation to appropriate authorities.

Escalation Process

If you have questions or concerns about any business transactions, contact legal@daktronics.com.

CAUTION

In most cases, both individuals and corporations can be held accountable for monetary damages and criminal penalties.

Example

A consultant hired by an end user approaches Daktronics with an offer to give Daktronics a solid recommendation and to get us face-time with decision-makers in exchange for a commission.

Daktronics cannot enter into a consultancy agreement in this case, or agree to pay any commission, because the consultant has been hired by the end user and this creates the appearance of impropriety.

Anti-Corruption Policy

It is Daktronics' policy not to offer or make any bribe or kickback under any circumstances, directly or indirectly through resellers, consultants, or any other partners of Daktronics. All employees are expected to conduct business within both the spirit and letter of this policy.

No sale of equipment or other business should be conducted where there is reason to believe that improper transactions are involved. Consideration should be given to the appearance which a transaction would have if subjected to review by an independent third party.

What is a Bribe?

A bribe is offering to or actually making a payment or giving a gift for the purpose of:

- obtaining or retaining business
- promoting Daktronics' interests
- refraining from taking negative action against Daktronics
- generally, any competitive business advantage

What is a Kickback?

A kickback is essentially the same as a bribe, but it occurs after the completion of an action taken on behalf of Daktronics.

Kickbacks are often given to individuals or entities who are not direct purchasers.

Example

An employee promises to give season tickets to a consultant if Daktronics is awarded a project.

This is a kickback and therefore a corrupt payment under this policy and applicable laws.

CAUTION

High-Risk Factors

- Projects for government entities
- Sole-sourced projects
- Paying a party that has an existing relationship with the end user
- Commissions exceeding market rate
- Gifts or travel for government officials or their families.

Factors to Consider

Gifts should be **Infrequent, Reasonable**, and made only as a **Goodwill Gesture**. To determine if a gift meets the IRGG rule, consider the absolute value, frequency, context, and purpose of the gift.

When in doubt, ask your supervisor or Legal for advice. It's also encouraged to get approval from the company or agency of the representative to whom you want to extend a gift or accommodation.

The more lavish the hospitality or expenditure, beyond what is reasonable, the more likely the inference that it is intended to encourage or reward improper performance or influence of the receiving party.

Absolute Value/Cash Equivalent

An item of minimal value is less problematic than a more expensive gift. Also, an item that is the functional equivalent of cash (like gift cards) is the same as gifting cash. While there is no minimum amount allowed, Daktronics has determined that cash should never be given, and expenses are "reasonable" if under USD \$100 unless approved by Legal, a Vice President, or an officer of Daktronics.

Frequency

Even if the value of any single gift is less than USD \$100, if the gift is given frequently, it can cause issues. Furthermore, giving multiple different gifts at the same time or within a short window of time should be valued in the aggregate.

Context

The overall circumstances of the situation, including the identity of the recipient and timing of the gift, may affect whether an expense will create an issue.

Purpose

Even if it is a minimal expense, if the purpose of the expense is not permissible under the law, the expense cannot be incurred. Expenses to influence a decision in Daktronics' favor are not permissible.

Tip

Rule of Thumb: IRGG

**INFREQUENT
REASONABLE
GOODWILL GESTURE**

Example

A salesperson wants to build a relationship with a prominent consultant and knows this individual enjoys skydiving. The salesperson would like to take a skydiving trip with the consultant.

If the consultant is currently working on a project Daktronics is pursuing, or if the consultant worked on a project which Daktronics was recently awarded, the timing and lavishness of this gift would give the appearance of impropriety.

Government Officials

A government official is any person acting in any official capacity on behalf of any government entity, or any other person that may be under the influence of the government.

This includes any employee, officer, director, agent, consultant or board member of any body or branch of national, regional, provincial, state, or local government; whether legislative, executive, or judicial; or of any international organization, political party, chamber of commerce, trade association, labor union, or candidate for political office.

If it is unclear whether a person is a government official, assume he or she is a government official for the purposes of this policy.

Tips

Meals

Treating government officials to drinks or a meal after a day of meetings or in conjunction with a visit regarding a project is likely permissible so long as it meets the IRGG test (infrequent, reasonable, goodwill gesture).

Travel and Entertainment

Hosting government officials at an event and reimbursing them for travel is permissible if the agency is in the market for the products we sell and the event has similar products on display and the official is accompanied by a Daktronics representative.

Gift-Giving

Modest promotional items may be permissible provided they meet the IRGG test and are the type of items we commonly give to suppliers and partners. Seasonal gifts of low value, like candy or fruit, may also be permissible. However, gifts are not permissible to any person or entity, government official or private individual, who makes decisions regarding actions to be taken regarding Daktronics (except travel and meal expenses as provided above).

Facilitation Payments

Payments or favors to a government official beyond what is required by law to obtain a permit, license, custom clearance, or other necessary approval, are not permissible.

Financial Contributions

Political contributions, lobbying arrangements, and sponsorships are not permissible if they do not meet the IRGG standard. Such expenditures are governed by [DP-00031](#).

Government Officials (Part 2)

If an activity will require governmental permits, inspection, or clearance, plan well in advance to avoid getting into a tight spot.

Steer clear of offers to “fast track” a process or approval.

Tip

During an inspection, you should treat the government official with courtesy, but should not offer the official anything of value or any advantage before, during, or after the inspection. Such an offer, even if it is very small and customary, could be interpreted as an effort to influence the official's conclusions with respect to the inspection.

Examples

Daktronics is being audited or investigated by a governmental agency. Daktronics has been highly cooperative and the relationships with the audit/investigation team are amicable. One of the team members mentions he has a daughter-in-law who could really use a job and if Daktronics could see their way to finding a position for her, that would be looked upon favorably.

Even if the daughter-in-law is highly qualified and otherwise a good fit, Daktronics should refrain from hiring her under the circumstances.

The head of the local tax authority requests free use of a temporary display for an event he's hosting.

Daktronics should decline to provide such display at no cost or any cost below market, because the tax authority is a government official and this event has no business purpose.

A newly appointed expatriate is unable to transfer her family to her new host country without a work permit. The local immigration authorities refuse to issue such permit unless an unofficial employment “surcharge” is paid. A delay in the employee being able to transfer in a timely manner causes significant difficulties both on a personal and professional level for the employee.

The “surcharge” should **not** be paid, and Legal should be contacted to determine legitimate ways to facilitate.

Nongovernmental Recipients

Nongovernmental recipients may include prospective customers, existing customers, consultants, integrators, suppliers, service partners, investors, or other (nongovernmental) third parties that have an interest in our industry (“third-party”).

Gifts, travel, dining, and other accommodations for nongovernmental recipients must still meet the IRGG test and must not be given in return for a favorable decision or action on behalf of Daktronics. However, for nongovernmental recipients, there may be more flexibility in gift-giving if we are only building relationships and there is not a current or upcoming business decision.

When offering to reimburse for travel or accommodations, or making a gift to a nongovernmental recipient, such gifts or expenses should be for purposes of building relationships and helping the recipient better understand Daktronics offerings.

Permissible

- Hosting a third party at events where our equipment is on display
- Travel accommodations for a third party to take a factory tour
- Hosting events or meals where the third party can meet a team of Daktronics professionals

Discouraged

- Giving gifts that do not have a Daktronics logo or branding
- Gifts, meals, or entertainment that exceed USD \$100/person (Must seek prior approval from a VP, Legal, or officer)

Not Permissible

- Cash or cash equivalents for the benefit of an individual (outside the sales agreement)
- Travel, gifts, entertainment, or accommodations for family members or friends of a third party
- Massage parlors, strip clubs, or other entertainment that is not in line with our company philosophy and Code of Conduct
- Purchasing event tickets for a third party with no participation by a Daktronics representative
- Travel, hotel, or other accommodations where neither a Daktronics representative nor equipment are present

Nongovernmental Recipients (Part 2)

Example

A representative from a professional sports team, who is also on the decision-making team for a stadium renovation, asks Daktronics to pick up the travel costs for himself, his wife, and their high-school daughter to fly to New York. Daktronics is flying him out anyway to see the MetLife Stadium displays, and his family wants to visit local universities.

While Daktronics would cover the representative's expenses, we would not cover the travel expenses for his family members.

CAUTION

Gift-giving may be customary or acceptable in local practices, or you may feel like "everyone else is doing it," but if the gift or accommodation is not permitted by this policy, it's likely not legal.

This policy not only protects Daktronics, it protects you as an individual.

Hiring Third Parties

Daktronics can be held liable for bribes paid by third parties acting on Daktronics' behalf or bribes paid by employees or other persons performing services for Daktronics. You should never authorize or request any employees or third parties to pay bribes to anyone or receive bribes from anyone.

Nor can you overlook any activities that you suspect might conflict with this policy. You should raise the matter promptly with Legal.

Evaluating Third Parties

You should take particular care when evaluating a third party who may act on behalf of Daktronics, especially if that person will be interacting with government officials. You must not hire an employee, third-party agent, or consultant if you have reasonable grounds to believe that the person may attempt to bribe anyone.

Third parties engaged by Daktronics should receive a copy of this policy and be informed that they are obliged to comply with it.

Examples of Third Parties

- Agents, representatives, consultants, or other intermediaries
- Persons who introduce business to Daktronics
- Contractors and service providers
- Public relations or marketing advisors or consultants
- Sales and marketing firms
- Suppliers performing services for Daktronics other than simply acting as a seller of goods

All consultants and resellers must pass the due diligence criteria, available in [DD2699118](#) and [DD2589796](#). If you have questions about due diligence criteria, contact legal@daktronics.com.

CAUTION

If any of the following circumstances exist, further due diligence is required and Legal must be notified.

- Request for commission or fee amounts disproportionate to the market or the services provided
- Request to transfer money to a personal bank account or an account belonging to a company other than third party's
- Third party offering to perform consulting work, but not otherwise experienced in the industry
- Third party related or has special relationship with the customer or any of its employees
- Third party is reluctant to share requested information or otherwise does not act with transparency
- Customer requires us to work with (and pay) a particular third party

Business & Financial Records

All transactions, including commission payments, expenses, meals and entertainment, gifts, penalties, surcharges, taxes, etc. must be recorded and properly classified in the proper accounting period and in the appropriate account. Failure to maintain accurate books and records carries its own set of penalties.

Prohibited Practices

- Never falsify any document.
- Do not misrepresent the true nature of any transaction.
- Never enable another person's efforts to evade or avoid taxes or local currency laws.

Payments should generally be made only to the firm that actually provided the goods or services. Payments should be made in the supplier's home country, where it does business, or where the goods were sold or services provided.

Ensuring accurate and complete business and financial records is everyone's responsibility, not just a role for accounting and finance personnel. Accurate recordkeeping and reporting reflects on Daktronics' reputation and credibility, and ensures Daktronics meets its legal and regulatory obligations.

Example

Daktronics' long-time consulting partner in Saudi Arabia has just earned a commission on a large stadium project. The consultant has explained to Daktronics that the consultant company's bank account has been frozen. They've requested that Daktronics issue the commission to the personal bank account of one of the consultant company's principals, or a sister company of the consultant company.

Daktronics may not issue the funds to either the principal's personal bank account or the sister company account, even if we receive written consent and instruction from the consultant company to do so.