



Standard Operational Procedures

Statement of Corporate Commitment to Ethics and Global Logistics Compliance

As part of BICO Drilling Tools, Inc.'s (BICO) commitment to excellence in all aspects of the services we provide to our valued customers, and to our obligations as part of the U. S. trade community, we are committed to compliance with all export controls in the countries in which we operate or conduct business as well as all regulations concerning corruption. This includes, but is not limited to, the following U.S. and EU regulations:

- The U.S. Foreign Corrupt Practices Act (FCPA)
- The U.K. Anti-Bribery Act of 2010
- Export Administration Act (EAA) of 1979, as amended
- International Emergency Economic Powers Act, as amended (IEEPA)
- Arms Export Control Act (AECA)
- The Trading with the Enemy Act (TWEC)
- Tariff Act of 1930 (19 U.S.C. Chap 4)
- Customs Modernization Act 1993 ("Mod Act") 19 U.S.C. §§ 1508-10
- Title VI of the NAFTA Implementation Act (2003)
- Harmonized Tariff Act of the US
- Trade Act of 2002
- EU Council Regulation Nos. 428/2009

It is BICO's policy to fully comply with the United States FCPA and all U.S. import and export policies and regulations. Further, it is BICO's policy to always stay within the laws, rules and regulations of the countries, states or other jurisdictions in which we operate or conduct business and to cooperate fully with relevant public authorities and regulatory bodies.

FCPA Policy

Under no circumstances will any action be taken that is in violation of the FCPA by any individual operating on behalf of BICO.

1. All employees of BICO Drilling Tools, Inc. must adhere to provisions of the Foreign Corrupt Practices Act (FCPA).
 - a. The Guide to the U.S. Foreign Corrupt Practices Act is attached to this policy.
2. Specifically, each BICO employee must ensure that that no commissions, or any other money or thing of value has been or will be paid, offered, given, promised, or authorized by any



associated BICO Drilling Tools employee or BICO Drilling Tools itself, directly or indirectly, to any Public Official for the purposes of:

- a. Influencing any act, inaction or decision of, such persons in their official capacity; or
- b. Securing any improper advantage from such persons; or
- c. Inducing any such persons to use their influence with a Government (defined below) to affect or influence any act or decision of such Government; in order to assist the Company in any aspect of its business.
- d. Further, BICO and its authorized representatives, and any associated person of the representative shall make and keep books, records, and accounts in reasonable detail, accurately and fairly reflect the transactions and dispositions of the transactions between BICO and its representatives. The term "reasonable detail" means such level of detail as would satisfy prudent officials in the conduct of their own affairs.

For purposes of this certification, the terms set forth below shall have the following meaning:

1. "Associated Persons" means the Representative and any owner (including any principal, shareholder, or other person or entity having a direct or indirect financial interest), officer, director, partner, principal, employee, or any other person or entity, directly or indirectly, controlling, controlled by, or under common control with, the Representative.
2. "Public Official" means any officer or employee of a Government (including employees of national oil companies) or of a Public International Organization (defined below), or any person acting in an official capacity for or on behalf of any Government or Public International Organization, or any non-US political party or official thereof, or any candidate for a non-US political office.
3. "Government" means any non-US government or any agency, department, instrumentality or other entity of such government. The term "Government" shall also mean any Public International Organization.
4. "Public International Organization" means any public international organization covered by the FCPA, including international financial institutions such as the World Bank Group, the International Bank for Reconstruction & Development (IBRD), the European Bank for Reconstruction & Development (EBRD), and the Asian Development Bank.

Ethics Policy

BICO Drilling Tools, Inc. has a number of fundamental principles and values which it believes are important to uphold. The trust and respect of its staff, customers, agents, vendors and other stake holders are assets that cannot be bought and are the foundation of our success. These fundamental elements require that all business be conducted in adherence with the principles and values documented herein. The impact of wrongdoings and unethical behavior upon BICO would be substantial.

Every customer has a right to expect that BICO maintains proper standards and everyone at BICO has a duty to maintain these standards through everything they say or do. All owners, officers, employees and agents of BICO will adhere to the highest ethical and business practices. All actions of the owners,



officers, employees and agents of BICO will be in compliance with the law, including the United States Foreign Corrupt Practices Act.

This Ethics Policy is supported by the President of BICO and shall be reviewed from time to time. The policy covers the main issues that may be encountered at work, and sets out standards of professionalism and integrity to be maintained by individuals working at or on behalf of BICO worldwide.

Business Principles

An ethics policy cannot cover every circumstance where a BICO employee or agent, may need to consider his/her conduct. If there is ever any doubt regarding ANY ethical matter, BICO Executive Management should be contacted for advice immediately and before proceeding.

Our key Business Principles are outlined as follows:

1. Our policy is to always work within the requirements of the U.S. Foreign Corrupt Practices Act
2. Our policy is to stay within the laws of each country we operate or conduct business in.
3. Discrimination or harassment of any kind will not be tolerated.
4. The legal and moral rights of others will be taken into account in our business transactions.
5. We will maintain a safe and healthy environment for people to work in.
6. We will not knowingly make misrepresentations.
7. No bribes can be given or received.
8. Conflicts of interest must be avoided and in all cases must be reported.
9. Employees are encouraged to report any suspected wrongdoings.

Ethics in the Marketplace

Customers will be treated with respect and competition will be fair and ethical.

Collaboration with competitors to establish or maintain prices or to unlawfully restrain trade will not be allowed.

Customers will be given factual information about prices, schedules, services and other terms of business. Agents, suppliers, vendors, advisors and representatives will be treated fairly, honestly and in accordance with agreed terms.

From time to time, customers, suppliers, advisors or representatives may divulge confidential information to employees. It is our duty to respect these confidences.

Any complaints from customer, suppliers, subcontractors, advisors or representatives will be dealt with promptly and fairly.

BICO's President and Executive Management will ensure that contracts or arrangements agreed to with customers and suppliers are consistent with the values and principles outlined herein and that they do not reflect badly on the reputation of BICO.



Bribes and other Payments to Influence Business Transactions

The giving or receiving of any such payment is not allowed. No bribes of any sort may be paid to or accepted from customers, vendors, suppliers, politicians, government advisors or representatives by either a BICO employee, contractor or agent on behalf of BICO. As bribes are strictly prohibited, it is not permitted to establish accounts or internal budgets for the purposes of facilitating bribes or influencing transactions (slush funds).

Export Compliance Policy

As part of BICO's commitment to excellence in all aspects of the services and equipment we provide to our valued customers, and to our obligations as part of the U. S. exporting community, we are committed to compliance with all export controls in the Export Administration Act (EAA) including, but not limited to, the Export Administration Regulations (EAR), Office of Foreign Asset Control (OFAC) Regulations, and International Traffic in Arms Regulations (ITAR).

The export of certain items, technologies, software and services is regulated for reasons of national security, foreign policy, prevention of the spread of weapons of mass destruction and for competitive trade reasons. Prior written authorization (a "license") from one or more U.S. government agency will be required to carry out certain exports and activities involving specified commodities or technologies or certain countries and individuals, if an exemption or exclusion is not available.

Export control laws restrict the shipment, transmission or transfer of certain items, software, technology and services from the U.S. to foreign countries, as well as "deemed exports," which are releases of controlled technology and software source code to foreign nationals located in the U.S.

Although BICO's Positive Displacement Motors (PDM's) do not generally require an export license, except to persons or entities on one of the Denied Parties Lists or to a sanctioned country or geographical area, other products may be restricted. Sanctioned countries include North Korea, Syria, Iran, Cuba, and Crimea Region of Ukraine. Failure to comply with these laws exposes BICO to severe criminal and civil penalties (fines and prison sentences) as well as administrative sanctions.

Export compliance is the responsibility of all BICO employees. BICO is committed to export compliance by ensuring that compliance is an important aspect of our corporate culture and that the requirements and disciplines to comply are integrated into our daily business processes. It is BICO's commitment that all staff members and contract personnel, as applicable, will be trained in the requirements, policies, and procedures to ensure compliance and to prevent even inadvertent violations. Under no circumstances will exports be made, nor shall assistance be given to exports made contrary to U.S. export regulations by any individual operating on behalf of BICO. This includes, but is not limited to the following:

- Re-export of any commodity, technology or software unless appropriate authorization has been obtained, including foreign-produced items that are the direct product of U.S. technology and software, and that are subject to national security controls under the Export Administration Act;
- Any activities that are in violation of the United States policies which seek to control nuclear proliferation, missile technology, and chemical and biological weapons;
- Sell or ship any product contrary to United States export laws nor shall these laws be compromised for commercial gain;



- Facilitate or arrange the transport to or for any individual or firm appearing on the Denied Persons List or to any firms owned by or associated with the individuals of firms therein listed;
- Facilitate or arrange the transport contrary to the restrictions set forth for any individual or party noted on any Restricted Parties List;
- Noncompliance with General Prohibitions set forth in the U.S. Export Administration Regulations.
- All employees, and contractors, as applicable, should remember that violations of the Export Administration Regulations can result in severe penalties. BICO is committed to the adherence of the all laws and regulations and require all employees and contractors to support that commitment.

If you have any questions or concerns regarding any of the policies established herein, please contact your area manager or BICO Drilling Tool’s Compliance Manager, April Valentine at avalentine@bicodrilling.com or 281.590.6966.

Sincerely,

Sam Claytor
President
BICO Drilling Tools, Inc.

I hereby acknowledge that I have received and fully understand my responsibilities with regard to BICO Drilling Tool’s Ethics and Export Compliance policies. Further, I agree to comply with all aspects of the policy as outlined herein and in the associated documentation.

Name: _____

Signature: _____

Date: _____