



Practical Guidelines for Complying with the Anti-Bribery and Anti-Corruption Policy

The following are guidelines to help employees of Source Photonics, Inc. (“Source” or the “Company”) understand and comply with the Company’s Anti-Bribery and Anti-Corruption Policy.

WHAT TO DO

- Never offer, promise, pay or give -- or authorize anyone else to offer, promise, pay or give -- anything of value to a government official or employee of a customer to obtain or retain business, or otherwise to obtain an improper advantage.
- Never provide a gratuity or other payment to government officials or employees to expedite a routine administrative action without prior written approval from the Chief Executive Officer.
- Never contribute Company funds or other Company assets for political purposes, either inside or outside the United States, without the prior written approval of Chief Executive Officer.
- Never offer a gift, contribution, or entertainment unless it is authorized by Company policies concerning gifts or travel and entertainment and it will not create any appearance of impropriety.
- Ensure that all individuals or entities that represent Source (e.g., consultants, agents, sales representatives, distributors, and contractors) comply with the Company’s Anti-Bribery and Anti-Corruption Policy, as well as any related laws, policies, or procedures.
- Carefully review the Anti-Bribery and Anti-Corruption Policy, Code of Conduct, and Employee Handbook.
- When in doubt, ask Chief Executive Officer before acting.

WHAT TO WATCH OUT FOR AND REPORT TO Chief Executive Officer

- Information about existing or potential third-party representatives that suggests:
 - improper or suspicious business practices;
 - reputation for bribery; or
 - family or other relationship that could improperly influence the decision of a customer or government official.
- Any demand to receive a commission or other payment before proceeding with a particular business transaction or announcing an award decision.
- Any suggestion to direct Source business through a specific representative or partner due to a “special relationship.”
- Any request to make a payment in a country or to an individual/entity not related to the transaction.
- Any commission that is disproportionate to the services provided.

EXAMPLES OF WHAT TO DO IN SPECIFIC SITUATIONS

Situation #1: An employee of a state-owned telecommunications company agrees to buy a product from Source, but insists that Source use a specific third party company for installation of the product.

What to do: A customer insisting that a specific third party vendor be used is a “red flag” that will require you to do some additional due diligence. The customer could be using a vendor with a “special relationship” to accept a kick-back related to the contract. Or, this could be a legitimate request based on facts, such as that the vendor is cheaper than his competitors, has special expertise, or is familiar with customer’s organization and can therefore work more efficiently on the project. In any case, before moving forward you should gather as much information as possible about the vendor, and the customer’s reasons for choosing that vendor, and present that information to the Chief Executive Officer for approval before executing the contract.

Situation #2: An employee of a foreign government suggests that Source pay for him and his colleagues to travel to a conference related to Source’s technology because the foreign government will not pay for such trips.

What to do: The Company must always be careful when paying for anything for government officials, even legitimate travel relating to business. In this situation, if this is something that the Company wants to do from a business perspective, you will need to gather, and present to the Chief Executive Officer for clearance, details

establishing that the travel represents a bona fide business expenditure directly related to the Company's business. Relevant details would include facts demonstrating:

- The conference is directly related to Source's business with the customer.
- There is not a readily available, less expensive and/or more efficient way for the customer to get the relevant information.
- The travel itinerary is tailored to the conference, and does not involve extravagant accommodations or entertainment, or any side trips.
- No unnecessary customer employees, family members, or friends will participate.
- The trip does not violate any of the customer's internal policies or the local law.

Situation #3: A sales manager employed by a customer company suggests that Source make a charitable donation to a particular non-profit organization, on which the customer company's CEO serves as a member of the board of directors, in order to induce the CEO to agree to proceed with a proposed business transaction.

What to do: If you are ever asked to make any payments to any third parties in connection with a deal, this is a big "red flag," and you need to perform additional due diligence and get approval from the Chief Executive Officer before going forward. As with the other situations, you should gather as many relevant facts as possible to help the compliance officer make a decision (e.g., facts about the charity, the CEO's involvement in the charity, and the customer's policies towards these types of donations).

You should be aware that even if the CEO is a true philanthropist and this is not just a scheme for providing him with a kick-back, the Company may choose to not make the donation in order to avoid the mere appearance of impropriety. In such a situation, you may be able to provide assistance to the charity in other ways that don't involve providing it with something of value that could potentially be transmitted to the CEO. Examples could be volunteering your time to help the organization, or mentoring youth associated with the organization.

Situation #4: In the midst of contract negotiations, a decision-maker at a state-owned customer tells you that his son, a recent college graduate who is having a hard time finding a job, is applying for an opening at the Company.

What to do: Though the young college graduate might be a perfect candidate for an opening at Source, hiring the son of a customer that works for a government-

owned company could be construed as a corrupt scheme to provide something of value to a government official in exchange for business. So it is important that you inform both the Chief Executive Officer and human resources about this issue. If the Company does decide to hire the son based solely on his qualifications, it will be very important that there is no connection between the potential deal with the government owned customer and the decision to hire the son.