



CORPORATE POLICY

THIRD PARTY SCREENING AND DUE DILIGENCE POLICY

This policy contains the following sections:

- 1.0 Policy
- 2.0 Background
- 3.0 Responsibilities
- 4.0 Local Procedures
- 5.0 Policy Changes
- Exhibit A Screening Transaction Parties – Procedural Direction
- Exhibit B Credit Checks – Procedural Direction

1.0. Policy

It is the policy of ATS Automation Tooling Systems Inc. (“**ATS**”) and all of its operating divisions and subsidiaries, whether directly or indirectly owned (collectively, the “**Company**”) to strictly observe all the relevant laws of all jurisdictions in which the Company has locations or conducts business.

A “**Third Party**” (also referred to as “**transaction party**”) means a physical or legal entity that is not directly or indirectly owned by ATS, but that interacts or could interact with ATS in a relationship governed by contract, commercial agreement, or other legal relationship, and includes, without limitation, customers, distributors, agents, resellers, suppliers, and consultants.

Third Party Due Diligence means assessing:

- (i) a Third Party’s identity and its beneficial ownership;
- (ii) the nature and purpose of a Third Party’s business; and
- (iii) the risk associated with doing business with that Third Party,

to ensure that a proposed transaction does not violate applicable laws and does not pose material risk to ATS financially or reputationally.

This *ATS Third Party Screening and Due Diligence Policy* is intended to be followed in conjunction with other associated ATS policies, such as the *ATS Export Compliance Policy* and the *Anti-Bribery and Anti-Corruption Policy*, and includes the requirement for each of its operating divisions and subsidiaries to do the following before entering into any binding agreement with any prospective Third Party:

- (1) For all prospective Third Parties (including customers): Screen each proposed Third Party, in accordance with the Procedural Direction set out in Exhibit A; and
- (2) For all customers: Undergo a credit rating process for each proposed customer, in accordance with the Procedural Direction set out in Exhibit B.



Automation
Systems

NUMBER:
ISSUE DATE: May *** 2022
REVISION: 1
PAGE NUMBER: 2 of 9
PREPARED BY: Corporate Compliance
APPROVED BY: GC : CFO

CORPORATE POLICY

2.0. Background

This policy (“**Policy**”) has been prepared to clarify requirements for employees and officers of the Company when pursuing and conducting any transaction. ATS has also developed Procedural Directions, which are attached to the Policy as Exhibit A and Exhibit B, to provide more detailed guidance pursuant to this Policy. For purposes of this Policy, the term “**employees**” includes all permanent and temporary employees, contractors, and agents or other individuals or entities representing the Company.

3.0 Responsibilities

3.1 Employees

All employees must fully comply with the provisions of this Policy.

3.2 Managers

Each manager is required to ensure that all employees under his or her control understand and comply with this Policy, and to ensure that employees involved in executing the subject matter of this Policy receive appropriate training.

3.3 Reporting

Any employee who knows of or suspects a violation of this Policy or any applicable laws or regulations, whether intentional or accidental, is required to report the matter. Employees can report to the Vice President, Legal and Global Compliance, his or her designee, or, if the employee wishes to remain anonymous, the employee can report using the ATS “Report It” help line, which can be accessed through the ATS global portal. ATS will review all reports of actual or suspected violations.

THE COMPANY WILL NOT RETALIATE AGAINST ANY EMPLOYEE WHO REPORTS AN ACTUAL OR SUSPECTED VIOLATION IN GOOD FAITH, EVEN IF THE REPORTED INCIDENT IS ULTIMATELY DETERMINED NOT TO BE A VIOLATION OF APPLICABLE LAW OR THIS POLICY.

All questions regarding export or sanctions compliance, or this Policy, or any question concerning the legitimacy of any transaction, should be immediately referred to:

Corporate Compliance
trade compliance@atsautomation.com

4.0 Local Procedures



**Automation
Systems**

NUMBER:
ISSUE DATE: May *** 2022
REVISION: 1
PAGE NUMBER: 3 of 9
PREPARED BY: Corporate Compliance
APPROVED BY: GC : CFO

CORPORATE POLICY

Each operating segment and division of the Company has a responsibility and mandate to operate in compliance with local and all other applicable export and sanctions laws and regulations. Local procedures will vary depending on the size and nature of the applicable business but should be consistent with this Policy.

5.0 Policy Changes

As with all corporate policies of ATS, this Policy is subject to amendment, replacement, or revocation at any time without notice.

Record of Change

Revision Number	Issue Date	Description of Change
0	May 2022	New Policy.



Automation
Systems

NUMBER:
ISSUE DATE: May *** 2022
REVISION: 1
PAGE NUMBER: 4 of 9
PREPARED BY: Corporate Compliance
APPROVED BY: GC : CFO

CORPORATE POLICY

EXHIBIT A

Third Party Screening – Procedural Direction

As part of its commitment to compliance with all applicable laws, ATS has established an Export Compliance Policy which provides Operational Directions (Exhibit A to the Export Compliance Policy) that include the requirement for Transaction Review (Section 5) and for Defining and Assessing the Third Party (Section 6), and which involves the need to screen Third Parties (also called “transaction parties”).

Screening of every Third Party involved in a transaction must be completed in accordance with the Export Compliance Policy prior to the execution of any binding agreement with such Third Party.

To be clear, most business we seek to conduct with most partners and in most locations will be permissible. Screening will help us confirm that.

However, there are some transactions and Third Parties (transaction parties) that, either because of prohibitions under applicable law, or associated financial or reputation risks, ATS will not pursue.

The Procedural Direction below is to help ATS employees understand when transactions are prohibited and when a transaction may proceed. This Procedural Direction does not cover every possible situation, and so if you have any questions, please contact Corporate Compliance at:

tradecompliance@atsautomation.com

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Instructions. The starting point in reviewing a Third Party is to conduct a World-Check (“WC”) screen. WC is a subscription service that maintains and updates lists and other information related to restricted parties around the world.

Each operating division is responsible for ensuring that it has an adequate number of WC licenses to conduct the required screening described in this Policy. To obtain the license(s) for the use of the WC service, please contact Corporate Compliance.

ATS employees who have responsibility for conducting screening of Third Parties, as well as those involved in international transactions, will receive training on using WC and on the international trade laws applicable to ATS. (Note that there are also trade compliance requirements related to the origin of any product and/or its components being shipped. That review is handled in accordance with the Export Compliance Policy, and is separate from the WC screening.)

Every Third Party involved in the potential transaction must be screened on WC. For example, if a proposed transaction involves shipment of a product from Italy to China, the name of each freight



Automation
Systems

NUMBER:
ISSUE DATE: May *** 2022
REVISION: 1
PAGE NUMBER: 5 of 9
PREPARED BY: Corporate Compliance
APPROVED BY: GC : CFO

CORPORATE POLICY

forwarder, broker, agent, customer, financial partner, and / or any other party to the transaction must be screened. This includes if the transaction involves parties through which the product will be shipped to its final destination or end use, *i.e.*, transit shipments. Those transit parties and end users must be screened as well.

Reviewing World-Check Results:

No Match. If the transaction does not involve any country subject to trade restrictions, and if no party to the transaction is a match against any WC list, the transaction can proceed. ALL RECORDS RELATED TO THE REVIEW MUST BE MAINTAINED IN COMPANY COMPLIANCE FILES OR BY WC DIGITAL RECORDS RETENTION METHODS. See “Saving World-Check Results” below for further details.

Possible Match. Sometimes the WC result will indicate a possible match, for example, if a Third Party has the same or a similar name as an entity listed on a restricted parties list. If this happens, you may not proceed with the transaction until you confirm that the party is not in fact the same party as that on the list. This is usually done by obtaining additional information, such as the address, date of birth in the case of an individual, or other such identifying information for the possible match. Internet research can also help to inform your match results.

If it is determined that there is no match, the transaction can proceed as if there were no match at the outset. ALL RECORDS RELATED TO THE REVIEW MUST BE MAINTAINED IN COMPANY COMPLIANCE FILES OR BY WC DIGITAL RECORDS RETENTION METHODS. See “Saving World-Check Results” below for further details.

If it is determined there is a match, the review should proceed as though an Actual Match was identified at the outset (see below).

Actual Match. If there is an actual match, it is necessary to work through the following steps to determine if the transaction can proceed. ALL RECORDS RELATED TO THE REVIEW AND THE FOLLOWING STEPS MUST BE MAINTAINED IN COMPANY COMPLIANCE FILES OR BY WC DIGITAL RECORDS RETENTION METHODS. See “Saving World-Check Results” below for further details.

STEP 1:

For every ATS operating division:

- 1.a. Does the proposed transaction involve, or is any party to the transaction located in, Iran, North Korea, Syria, or the Crimea Region?

IF YES, the transaction is **PROHIBITED** absent written approval as described in **STEP 5** below.



CORPORATE POLICY

IF NO, go to **STEP 1.b.**

- 1.b. If the proposed transaction involves Cuba or Venezuela, including any entity or individual located in Cuba or Venezuela, would any US entity or US citizen or lawful permanent resident, wherever located, be involved in supporting, assisting, or otherwise facilitating the proposed transaction?**

IF YES, the transaction is **PROHIBITED** absent written approval as described in **STEP 5** below.

IF NO, go to **STEP 1.c.**

- 1.c. If the proposed transaction involves Cuba or Venezuela, including any entity or individual located in Cuba or Venezuela, would any US-origin item, including any export-controlled US-origin component, be involved in the transaction?**

IF YES, the transaction is **PROHIBITED** absent written approval as described in **STEP 5** below.

IF NO, go to **STEP 1.d.**

- 1.d. Does the WC result yield a confirmed match on the WC Sanctions list (identified by WC as data set category "S" in the result)?**

IF YES, the transaction is **PROHIBITED** absent written approval as described in **STEP 5** below.

IF NO, go to **STEP 1.e.**

- 1.e. Does the WC result yield a confirmed match referencing involvement of a Politically Exposed Person (identified by WC as data set category "PEP" in the result)?**

IF YES, the transaction must be reviewed and cleared in accordance with the SOE Inquiry outlined in Annex A of the Export Compliance Policy: *Procedure for Review of Transactions with Customers that are Government Entities or State-Owned Entities.*

IF NO, go to **STEP 1.f.**

- 1.f. Does the WC result yield a confirmed match referencing involvement of any proposed transaction party in any current and/or ongoing criminal action – designated in the WC**



Automation
Systems

NUMBER:
ISSUE DATE: May *** 2022
REVISION: 1
PAGE NUMBER: 7 of 9
PREPARED BY: Corporate Compliance
APPROVED BY: GC : CFO

CORPORATE POLICY

result with the word “CRIME” or “TERRORISM” of any kind, or indicated to be on any restricted party “LIST” maintained by Canada, US, UK, or EU?

IF YES, the transaction is **PROHIBITED** absent written approval as described in **STEP 5** below.

IF NO, go to **STEP 3** unless the ATS operating division is based in or located in the United States, in which case go to **STEP 2**.

STEP 2:

For any ATS operating division based in the United States: Does the transaction involve, or is any party to the transaction located in, Cuba or Venezuela?

IF YES, the transaction is **PROHIBITED** absent written approval as described in **STEP 5** below.

IF NO, go to **STEP 3**.

STEP 3:

Does the WC result yield a confirmed match referencing involvement in legal or regulatory action (which may be identified in WC within any of the following data set categories: Law Enforcement (“LE”), Regulatory Enforcement (“RE”), Other Bodies (“OB”) or Special Interest Categories (“SIC”))?

IF YES, go to **STEP 4**.

IF NO, **OK TO PROCEED**.

STEP 4:

What is the status of the legal or regulatory action that has been identified in the WC result?

IF (i) the legal or regulatory action was resolved more than 3 years from the date the WC results were published, *and* (ii) there is no additional reference to any further action, it is **OK TO PROCEED WITH THE WRITTEN APPROVAL** of the President, Vice President, General Manager or Managing Director of the relevant ATS operating division (any of which is, as the case may be, the “Operational Lead”). **The approval, the name of the Operational Lead, and the reasons for approval must be recorded where indicated with the World-Check search results.** If such approval cannot be obtained, this transaction is **PROHIBITED** absent written approval as described in **STEP 5** below.

HOWEVER, IF the legal or regulatory action is continuing or was resolved within the last 3 years, it is **OK TO PROCEED ONLY AFTER PROVIDING** to Corporate Compliance both of the following:



Automation
Systems

NUMBER:
ISSUE DATE: May *** 2022
REVISION: 1
PAGE NUMBER: 8 of 9
PREPARED BY: Corporate Compliance
APPROVED BY: GC : CFO

CORPORATE POLICY

(i) written assurance from the proposed Third Party that it has taken action to effectively address the conduct that resulted in the legal or regulatory action at issue; and (ii) written assurance from the Operational Lead that the conduct that was subject to the action would not be relevant to, or impact (legally, financially, or reputationally), ATS's business, whether with the Third Party or otherwise. If such assurances cannot be obtained, this transaction is **PROHIBITED** absent written approval as described in **STEP 5** below.

STEP 5:

Appeal. Any **PROHIBITED** transaction may be appealed to Corporate Compliance. The appeal must provide adequate information and support for the position that the transaction should be permitted. This may include, depending on the circumstances, legal analysis of why a particular transaction is permissible, detail about the commercial benefit to ATS, and any other information required by Corporate Compliance to properly assess the proposed transaction. The request for appeal must be approved in writing by the Operational Lead before it will be reviewed by Corporate Compliance. Corporate Compliance will provide a decision on the appeal in writing and no transaction subject to appeal may proceed until that written decision is provided.

Saving World-Check Results:

Every Third Party with which an operating division does business must have a corresponding WC screen result that complies with this Policy.

Screens conducted through WC which are intended to support a transaction that will proceed to a binding contract must be saved in WC in the group(s) assigned to your operating division.

Each such screen must also include the ability through WC to “**ENABLE ONGOING SCREENING**” on no less than a weekly basis in order to maintain the currency of the saved screen result.

Where screening results are approved to proceed pursuant to STEP 4 above (in the case of a legal or regulatory action that has been resolved more than three years prior), the approval, the name of the Operational Lead, and the reasons for approval must be recorded where indicated with the World-Check search results.

All records related to the review and the results must be maintained in company compliance files or by WC digital records retention methods, as described above, and in accordance with the ATS Data and Records Retention Policy.



Automation
Systems

NUMBER:
ISSUE DATE: May *** 2022
REVISION: 1
PAGE NUMBER: 9 of 9
PREPARED BY: Corporate Compliance
APPROVED BY: GC : CFO

CORPORATE POLICY

EXHIBIT B

Customer Credit Ratings – Procedural Direction

It is the exclusive responsibility of the Corporate Treasury department to:

- (i) Maintain a master database of credit ratings (the “Credit Ratings Database”) assigned to ATS customers;
- (ii) Assign a credit rating to any prospective ATS customer; and
- (iii) Update the Credit Ratings Database with new or revised credit ratings as they are assigned.

No transaction may proceed with a customer to which a credit rating has not been assigned. Prior to the execution of any binding agreement with a potential customer, each ATS operating division must engage in the following process with Corporate Treasury in order to assess the credit risk associated with that potential customer:

1. Once a prospective customer is identified, it must be determined if a credit rating has been previously assigned. An operating division may:
 - a. Contact either the divisional Controller or the finance representative of the operating division, or Corporate Treasury directly, to initiate the process; or
 - b. May request to have independent access to the Credit Ratings Database for its own reference.
2. If a credit rating has already been assigned within the last 12 months, this rating can be used by the operating division to assess whether the transaction should proceed.
3. If the prospective customer has not been previously assigned a credit rating, or has a credit rating older than 12 months, the full legal name and address must be provided to Corporate Treasury so that they may perform a credit analysis, and assign one of four credit ratings: Good, Fair, Poor, or Not Rated. This credit rating should be used as part of an overall framework to assess the risk in proceeding with this customer.