

## SOCIETY POLICY

### THE CONDUCT OF INTERNATIONAL BUSINESS

#### I. PREFACE

- A. Article C2.1.1 of the Constitution lists, among others, the following purposes of the Society: "Promote the art, science and practice of mechanical and multidisciplinary engineering and allied sciences to diverse communities through the world"; "Broaden the usefulness of the engineering profession in cooperation with other engineering and technical societies."; and "Promote a high level of ethical practice". A variety of Society activities directed toward realization of these purposes are carried out through inter- and multi-society committees with ASME representation.
- B. By-Law B3.3.1 provides:
- "Any member who has been found guilty of a charge of violating the Constitution, By-Laws or Code of Ethics of the Society, may be expelled by the affirmative vote of seven members of the Board of Governors after being given the opportunity to be heard."
- C. By-Law B4.1.5 provides, in part:
- "Any Officer of the Society or member of any sector, board, committee, or other unit of the Society appointed or elected by the Board of Governors or by any unit of the Society may be removed or suspended from such office or membership by the Board of Governors for cause."
- D. By-Law B4.1.9 provides, in part:
- "Any action required or permitted to be taken by the Board of Governors or any special committee thereof may be taken without a meeting if all members of the Board or the committee consent in writing to the adoption of a resolution authorizing the action. The resolution and the written consent thereto shall be filed with the minutes of the proceedings of the Board or the committee."
- E. By-Law B4.4.1 provides:
- "All funds received shall be directed to the office of the Assistant Treasurer for proper recording and deposit in authorized bank accounts."
- F. By-Law B5.8.5 provides:
- "No officer or other member of the Society acting under B5.8.1 through B5.8.4 shall espouse, support or endorse any position on behalf of the Society, or otherwise bind the Society in any manner, except (a) in accordance with Society Policies; or (b) to the extent previously approved by the Board of Governors."

## II. PURPOSE

- A. To address how the Society expects all its own personnel (officers, volunteers and employees), wherever located, and independent representatives (e.g., local agents or consultants) of ASME and any representatives acting on behalf of ASME will comply with all applicable laws and regulations and will maintain the highest ethical standards in conducting its international business.
- B. To abide by the Foreign Corrupt Practices Act of 1977 (FCPA), which prohibits corrupt payments to foreign officials for the purpose of obtaining or keeping business.
- C. For purposes of this policy, the term “*foreign government*” includes any non-U.S. government, international governmental organization, entity owned or controlled by any non-U.S. government or international governmental organization, non-U.S. political party or party official; the term “*foreign government official*” means any employee, representative or agent of any unit or instrumentality of any government at any level; and candidate or prospective candidate for public office; and the term “*thing of value*” means any item that has more than nominal value.

## III. POLICY

- A. Society personnel or representatives shall not promise, offer, authorize the giving of, or give cash or any other thing of value (whether directly or through intermediaries) to any foreign government official to obtain, retain or direct business or secure any other improper advantage. ASME’s personnel and representatives need to take special care to avoid making any payment or offering any other valuable item that is, or may be perceived to be, improper or illegal under applicable law.
- B. Society personnel and representatives shall not pay any cash to a third party unless such payment is clearly, completely and accurately documented as a cash disbursement with an appropriate explanation. Society personnel and representatives shall not write any check to “cash” or “bearer,” and Society personnel and representatives shall not pay anyone who does not have a written contract with ASME or who does not have some other documented business relationship with ASME. Society personnel and representatives shall not make any payment outside the country of the principal place of business of the recipient without the prior written approval of ASME’s Assistant Treasurer.
- C. Society personnel shall not retain any representative (including any agent or consultant) unless such representative has first been provided with a copy of this Society Policy and has acknowledged in writing that he or she understands and will comply with this policy at all times.
- D. Society personnel and representatives shall not make any political contribution or loan to any foreign government or foreign government official. If any Society personnel or representative desires to make a personal political contribution or loan to any foreign

government or foreign government official, the purpose, amount, timing, and method of such contribution or loan shall be approved in advance by ASME's Assistant Treasurer.

- E. Society personnel and representatives shall have the proper authorizations for each business transaction or payment by ASME. Society personnel and representatives shall not create, have or keep any secret, private, or unreported fund or account for ASME. Society personnel and representatives shall not create, have or keep any third-party account for ASME except in the name of ASME.

#### **IV. PROCEDURE**

- A. Issues related to this policy concerning employees of ASME are covered in ASME's Employee Handbook.
- B. Society personnel and representatives shall document any offer to reimburse the expenses of any foreign government official. In any such case, the amount and purpose of the reimbursement must be reasonable and must relate directly to the promotion, demonstration, or explanation of products or services of ASME with a government, government agency, or government-owned or government-controlled enterprise. Where appropriate, Society personnel or representatives shall consult with ASME's General Counsel to determine the propriety of any such proposed reimbursement before making any offer.
- C. In specific cases, Society personnel or representatives may make certain facilitating payments to government officials if approved in advance by ASME's Assistant Treasurer. "Facilitating payments" are small payments to a government official needed to expedite or obtain routine and non-discretionary governmental action, such as to obtain official documents or certificates, customs clearances, or postal, telecommunications or utility services. For avoidance of doubt, a "facilitating payment" does not include any payment, regardless of amount, made to secure or retain business for ASME.
- D. Society personnel and representatives shall record each transaction or payment in ASME's books and records in a clear, complete and accurate manner as to its amount, date, purpose, accounting period and classification, including any other information required to convey a clear, complete and accurate explanation for auditing purposes. Society personnel and representatives shall not make any false or misleading statements or entries in ASME's books and records.
- E. Society personnel and representatives shall respond promptly, clearly, completely and accurately to any inquiry from ASME's internal or independent auditors or General Counsel and shall not withhold or conceal any information that may be material for a clear, complete, and accurate response to such an inquiry.
- F. If any Society personnel or representative is approached by any foreign government or foreign government official, customer or supplier representative or any other person and is asked, directly or indirectly, to make a questionable payment or gift, such approach shall be promptly and fully reported to ASME's Assistant Treasurer. In no case

should any such questionable payment or gift be made by ASME personnel or representative without prior approval by the Assistant Treasurer.

- G. If any Society personnel or representative fails to comply with this policy or any other applicable policies of ASME, they may be subject to disciplinary action, including, where appropriate, immediate termination of membership or employment.
- H. Society personnel or representative may be subject to individual civil or criminal legal penalties. In such cases, ASME reserves the right to withhold or deny indemnification or other responsibility for such individual penalties in accordance with applicable law.
- I. If any Society personnel or representative has a question about this policy or wishes to report any request, activity or conduct that appears to violate these policies, such questions or reports should be directed to ASME's General Counsel.

Responsibility: Committee on Finance and Investment

Adopted: April 19, 2013