



OMEGA FLEX, INC. AND ITS SUBSIDIARIES
Anti-Bribery and Trade Compliance Policy
Effective January 1, 2024

Omega Flex, Inc. has adopted this Anti-Bribery and Trade Compliance Policy (this "**Policy**") on behalf of itself and its subsidiaries (collectively "**we**", "**us**", "**our**", "**Omega Flex**" or "**the Company**"). The purpose of this Policy is to formally express Omega Flex's commitment to compliance and the expectations that we have for our officers, directors and employees ("**Personnel**") and business partners with respect to anti-bribery and trade compliance laws.

In summary, this Policy prohibits the payment of anything of value to any private person, government official (U.S. or non-U.S.), or any organization, for an improper purpose. This Policy also lays out a more detailed explanation of anti-bribery laws, and what is required of all Personnel and business partners. This Policy also addresses the application of import/export regulations and sanctions laws.

1. WHY HAVE THIS POLICY?

Omega Flex is formally adopting this policy to demonstrate the commitment of our Board of Directors and executive management team to anti-bribery and trade compliance and to set clear expectations for Personnel and business partners on fulfilling this commitment.

We recognize that creating a strong culture of compliance throughout Omega Flex is not only consistent with our corporate purpose, but is a strict requirement of U.S. law, as well as the laws of other countries where we conduct business or may conduct business in the future. The sale of products should take place on the basis of price, quality and service, and never with corrupt practices, dealings with sanctioned parties, or circumvention of import/export controls.

The United States and various other jurisdictions have laws (collectively, the "**Anti-Bribery Laws**") that prohibit individuals and companies from:

- making or offering payments to government and quasi-government officials to obtain or retain business, or secure any improper advantage, and
- bribing or making other improper payments to any person or organization even where that person is not a government official.

Some of the key Anti-Bribery Laws that this Policy is designed to address are the United States Foreign Corrupt Practices Act and the United Kingdom Bribery Act of 2010. It is our Policy to follow the Anti-Bribery Laws of any country in which we do business.

Under U.S. customs laws, which are principally enforced by U.S. Customs and Border Protection, and similar customs laws in other countries, we as an importer of record are responsible for exercising reasonable care over our import activities. In general, this means that we must develop, implement and maintain effective internal controls to ensure that reasonable care is exercised in planning for imports and preparing and presenting data to customs agencies. More specifically, we are required to properly enter, classify and determine the value of imported merchandise and to provide any other information necessary to enable applicable customs agencies to properly assess duties, collect accurate statistics, and determine whether other applicable legal requirements, if any, have been met. The provision of accurate and complete

information is critical for customs agencies to fix the final classification and appraisal of the imported merchandise and otherwise determine its admissibility into the importing country.

Export controls are restrictions on transactions involving specific types of items (e.g., goods, software, technology) that may have problematic or otherwise sensitive end-uses, as a result of which such items may be considered to be "controlled." Export controls may prohibit, restrict or impose licensing requirements on the transfer of controlled items, including not only for physical goods but also intangible items (i.e., software and technical data or information). Export controls may apply to exports, re-exports, or even in-country transfers of items (e.g., to non-U.S. citizens working or residing in the U.S.). Licenses may be required based on the nature and classification of the item, its destination and routing (including but not limited to embargoed countries and other countries with more robust restrictions), the parties involved, the end-uses, and other details of a specific transaction. Even non-controlled items may be restricted under export controls where sanctioned countries/territories, restricted parties, or prohibited end-uses/users are involved.

U.S. export controls jurisdiction is particularly broad and may apply even where a particular shipment or other transaction does not touch the territory of the United States, as they may apply based on the presence of U.S. origin items or content. The principal U.S. export controls regulations are found in the Export Administration Regulations enforced by the U.S. Commerce Department's Bureau of Industry and Security and the International Traffic in Arms Regulations enforced by the U.S. State Department's Directorate of Defense Trade Controls. The export controls of most other jurisdictions focus upon exports being made from the territory in question (e.g., EU export controls restrict exports from EU territory, but do not restrict exports of EU-origin items from a third non-EU country). We must remain vigilant that all shipments are in compliance with U.S. and other applicable export controls prior to shipment to avoid the risk of potential violations.

All Omega Flex employees, officers and directors are prohibited from participating in dealings with countries, entities, and individuals targeted by US sanctions ("**Sanctioned Parties**"). Sanctions are measures that can prohibit or restrict a range of activities, including, for example, dealings with sanctioned parties (including parties owned or controlled by sanctioned parties); the supply to or purchase of certain items from sanctioned territories, the provision of services to sanctioned territories and other transactions or activities involving sanctioned territories. The nature and extent of sanctions vary depending on various factors, such as which jurisdiction is imposing the sanctions as well as the intended target and the intended objective. Governments impose sanctions for a variety of reasons, including as a foreign policy tool and to protect national security interests. Given the overlap in different sanctions regimes, in practice, one transaction may be restricted by multiple sanctions regimes. Depending on the sanctions measures in question, it may be necessary for us to cease certain activities or request and obtain licenses, or for our Personnel to be recused from being involved in certain types transactions or activities.

As a general matter, the U.S. Government is currently (as of the date of this Policy) the only key jurisdiction relevant to Omega Flex that imposes broad embargoes prohibiting virtually all business with entire countries or territories absent an applicable exemption, authorization, or license. The countries and territories that are currently (as of the date of this Policy) subject to these broad U.S. embargoes, which are enforced by the U.S. Treasury Department's Office of Foreign Assets Control, are: **Crimea, Cuba, Donetsk People's Republic, Iran, Luhansk People's Republic, North Korea and Syria**. The U.S. Government has also imposed a number of sanctions against entities and persons in other countries that are not subject to a broad embargo, including but not limited to **Russia, Belarus, and Venezuela**. Omega Flex is committed to complying with the export controls and sanctions laws of the United States and all applicable jurisdictions.

Personnel are required to comply with all applicable sanctions, including those of the United States, at all times. If a transaction appears to be connected to a Sanctioned Party, Personnel are to stop all dealings and consult the Law Department immediately.

2. WHO MUST COMPLY WITH THIS POLICY?

This Policy applies to all of the following persons (collectively, "**you**" or "**your**"):

- all of our officers, directors, and employees (collectively, "**Personnel**"); and
- all of our agents, contractors, consultants, distributors, joint venture partners, freight forwarders, customs brokers and other third-party representatives that, on behalf of Omega Flex, conduct business outside of the U.S. or interact with Government Officials or are likely to conduct business outside of the U.S. or interact with Government Officials (collectively, "**Business Partners**").

3. WHAT DOES THIS POLICY REQUIRE?

A. **No Improper Payments**

1) *Government Officials*

a) Direct Payments

You may not, directly or indirectly, give, offer, promise, or authorize giving Things of Value to a Government Official for an Improper Purpose. Promising or offering a Thing of Value is a violation of this Policy even if you do not actually give a Thing of Value to the Government Official. Similarly, you may not use any third party to give, offer, promise, or authorize giving Things of Value to a Government Official for an Improper Purpose.

Gifts, meals, entertainment, travel, or lodging for any Government Official are generally not permitted. A gift of nominal value may be permitted under limited circumstances if it is not given for an Improper Purpose. You should seek prior guidance from our Law Department before giving any such gift.

"Facilitation payments" (small sums paid to facilitate or speed-up the completion of non-discretionary acts of government officials - e.g., processing of visas, permits, licensing) are prohibited under the majority of Anti-Bribery Laws globally and are prohibited under this Policy, unless granted prior written approval by our General Counsel.

It is never a defense under this Policy or the Anti-Bribery Laws that giving a Thing of Value for Improper Purposes is common or widely accepted in the country in question.

- A "**Thing of Value**" does not mean only cash. For example, a Thing of Value also includes: gifts, travel, meals, lodging or gift cards, charitable or political donations, business, employment or investment opportunities, or any other thing, service, or opportunity that the receiving party would consider valuable and would accept as a condition to treat you or us differently than if they had not received the Thing of Value.
- A "**Government Official**" is a person who falls in any of the following categories:

- officers, officeholders, full or part-time employees and representatives of any (1) national, state, regional, provincial, city, county or other local governments, (2) independent agencies of any government, (3) state-owned or state-controlled businesses, (4) the military, or (5) public educational, scientific or research institutions; or
- political parties, party officials, and candidates for public office.

Government Official also includes all employees (regardless of location) of public international organizations, such as the World Bank, the African and Asian Development Banks, the European Union, the International Monetary Fund, the United Nations, the Organization of American States, the Arab Bank, and the League of Arab States.

This definition also generally includes anyone acting on behalf of a Government Official and any family member of a Government Official.

- **"Improper Purpose"** means that the Thing of Value is given with the purpose of:
 - obtaining or retaining business; or
 - securing an improper advantage for our business.

Some examples of Improper Purposes include: obtaining through an improper or illegal payment a license or zoning approval, influencing our applicable tax rate in a new country, and obtaining other special treatment from a government agency that is not readily available to all.

b) Through Charitable Donations

You may only give, offer, promise, or authorize donations to charitable organizations for legitimate philanthropic reasons and not in exchange for specific favorable treatment in our favor. It may be appropriate to donate to a community with the hope of generating generalized goodwill toward us in that community, but it would be improper to donate to the favorite charity of a Government Official from whom we are seeking to obtain a permit or license with the hope of gaining approval for such permit or license. All charitable donations and political contributions by Omega Flex require the prior written approval of our Chair, CEO, President or General Counsel.

2) *Commercial Bribery*

Bribery involving commercial (non-governmental) parties is also prohibited by this Policy. To this end, you may not give or receive a bribe, kickback, or improper payment to or from any person or organization – regardless of whether that person or organization is a Government Official – for the purpose of obtaining or retaining business or other improper business advantage. However, this Policy does not prohibit customary giving or receiving of modest gifts, meals, or entertainment to persons in the private sector that are not given or received with the intent to obtain or retain business or gain other improper business advantage.

The purpose of business entertainment and gifts in a commercial setting is to create goodwill and sound working relationships, not to gain unfair advantage with customers. No gift or entertainment should be offered, given, provided or accepted by any Omega Flex employee, family member of an employee or agent unless it: (1) is not a cash gift, (2) is consistent with customary business practices, (3) is not excessive in value,

(4) cannot be construed as a bribe or payoff and (5) does not violate any laws or regulations. Please discuss with your supervisor or the Law Department any gifts or proposed gifts which you are not certain are appropriate.

B. Adequate Documentation and Records of Payments to Third Parties

1) Reporting Payments

Omega Flex Personnel will fully and accurately report all payments made by or on our behalf to the Omega Flex Finance Department. You may not report any false or artificial information or omit reporting of any payments made on our behalf. Personal funds may not be used to accomplish what is otherwise prohibited by this Policy.

2) Accurate Record-Keeping, Accounting, Payment Practices

All of the Company's books, records, accounts and financial statements must be maintained in reasonable detail, must appropriately reflect the Company's transactions and must conform both to applicable legal requirements and to the Company's system of internal controls. Unrecorded or "off the books" funds or assets should not be maintained. Records should always be maintained according to the Company's record retention policies. In accordance with those policies, in the event of litigation or governmental investigation please consult the Company's Law Department.

4. HOW ARE WE IMPLEMENTING THIS POLICY?

For purposes of implementing this Policy, our Law Department, in consultation with other Omega Flex departments, will develop appropriate procedures for each of the topics set forth below, which procedures may be updated from time to time with the approval of our General Counsel.

A. Training

We have a duty to ensure that our Personnel and, depending on the risk level, Business Partners acting on behalf of Omega Flex, understand the requirements of this Policy. For this reason, the Law Department will conduct periodic training on this Policy and the requirements of all applicable Anti-Bribery and Trade Laws to appropriate Personnel and Business Partners as needed.

B. Due Diligence for Business Partners

The Law Department will work with other Omega Flex departments to carry out appropriate due diligence on our Business Partners. The due diligence procedures will help us to identify whether our Business Partners:

- present any Red Flags (See Exhibit 1), or
- are related to Government Officials
- are Sanctioned Parties.

C. *Certifications*

To assist us in making sure our Business Partners are aware of our expectations for compliance with Anti-Bribery Laws, the Law Department will work with other Omega Flex departments to obtain from our Business Partners initial or periodic certifications of compliance, depending on the risk level of each Business Partner.

D. *Contract Clauses*

Written agreements with Business Partners must be approved by the Law Department and contain anti-bribery clauses.

E. *Financial Controls*

The Finance Department is tasked with maintaining reasonable procedures designed to ensure that payments to third parties are appropriately authorized and are accurately reported in our books and records with adequate supporting details to identify the nature, purpose, and recipient of such payments. All Personnel are required to assist the Finance Department in fulfilling that important task.

5. WHAT HAPPENS IF THERE IS A VIOLATION OR SUSPECTED VIOLATION OF THIS POLICY?

A. *Obligation to Report Inappropriate Conduct, Non-Retaliation, and Confidentiality*

If you become aware of, or reasonably suspect a violation of this Policy or the Anti-Bribery and Trade Laws by our Personnel or Business Partners, then you must promptly report the matter to your manager, to the human resources department, to the Law Department, or to the President or the Chief Financial Officer. When in doubt, employees are encouraged to speak with supervisors or other appropriate personnel about any conduct that raises concerns. A report may also be made confidentially (including anonymously) by calling our compliance hotline at (610) 280-4172 or toll free at (866) 876-7837, or by submitting the report through the compliance page on the Omega Flex website at <https://www.omegaflexcorp.com/compliance/>. The Law Department will escalate these communications to other executive management, our Board of Directors, and to outside counsel or to outside authorities and regulators, as appropriate.

We strictly prohibit retaliation against our employees who either make good faith reports or who participate in the investigation of a report of suspected misconduct. Any employee who engages in retaliation will be subject to disciplinary action, which may include termination of employment. We will take measures to protect the confidentiality of any reporting person, subject to applicable law, regulation, or legal proceedings and our need to investigate the allegations that have been raised.

B. *Disciplinary Action or Termination by Omega Flex*

Failing to abide by this Policy will result in appropriate corrective action by us. For our Personnel, appropriate corrective action may include disciplinary action, up to and including termination of employment and forfeiture of your benefits. For Business Partners, appropriate corrective action may include termination of our Business Partner relationship and any agreement.

C. Penalties Under Anti-Bribery and Trade Laws

Failure to abide by this Policy and Anti-Bribery and Trade Laws may also result in criminal and civil liability for you (as an individual), Omega Flex (as a company), and our Business Partners. Additionally, we may be disqualified from U.S. (or non-U.S.) government contracts, export licenses, and other government financing and insurance programs.

6. ADOPTION AND REVISION TRACKING

Action	Approval of Board of Directors	Approval of General Counsel	Effective Date
Policy Adoption	December 6, 2023	December 6, 2023	January 1, 2024

EXHIBIT 1

Anti-Bribery, Export Control and Sanctions "Red Flags"

If Red Flags or significant compliance issues are identified during the due diligence process or at any time during our relationship with a Business Partner we must not proceed or continue to do business with such Business Partner until the risks have been discussed fully and resolved in consultation with our General Counsel.

If Red Flags are identified, we may take one or more of the following actions:

- obtain evidence that the Business Partner has received anti-bribery training;
- carry out expanded due diligence on such Business Partner;
- obtain periodic Certifications from such Business Partner;
- if we have entered into a contract with the Business Partner, conduct an audit of the Business Partner pursuant to our audit rights included in their contract with us;
- decide not to proceed or continue to do business with the Business Partner.

Anti-Bribery Red Flags

The following represents a non-exhaustive list of examples of anti-bribery Red Flags that may arise when dealing with a Business Partner:

- Transactions or activities in high-risk jurisdictions involving interaction with government officials.
- Seeking a payment to an account outside the country where the recipient does business.
- Partial ownership of the Business Partner by a Government Official or their family member or others with ties to a Government Official.
- Government Official suggests hiring a particular advisor to help obtain a government contract that is within the domain of that Government Official.
- Relationship to a Government Official who is in a position to grant a business advantage or is involved in a business in which the Government Official owns an interest.
- A reputation for bribery (e.g., the Business Partner is included in certain typical non-compliance lists such as the Specially Designated Nationals And Blocked Persons List published by the United States Office of Foreign Assets Control).
- Refusal to promise to abide by the Anti-Bribery Laws or to warrant that it has not paid or will not pay bribes.
- Seeking a commission that is excessive, paid in cash, or is otherwise irregular, or unreasonably large discounts to third-party distributors.

- Vague invoices lacking itemized detail of work performed, or "consulting agreements" with only vaguely defined services.
- Request to prepare false invoices or any other type of false documentation.
- Request that identity not be disclosed to a Government Official.
- Repeated refusal to identify owners, partners, or principals.
- Information suggesting that a donation to a specific charity at the request of a Government Official, or where the charity is linked to a Government Official, is needed to generate or facilitate governmental action.
- Diversion of cash payments to a special account or "off the books" account.
- Expenses that cannot be explained or defended as commercially reasonable.
- Poor financial controls over disbursements and/or poor bookkeeping.
- Justification for hiring new Business Partner is ability to obtain preferential treatment from a Government Official.
- Hiring of Business Partner is suggested to perform tasks that require no special knowledge or skills and could have been performed directly by our employees.
- Substantial or extravagant entertainment of Government Officials.
- Sponsored travel for Government Officials or their family members where there is no clear and legitimate business purpose.
- Government Officials or their family members are on the payroll.

Export Control Red Flags

The following represents a non-exhaustive list of examples of export control Red Flags when dealing with a Business Partner:

- The customer or its address is similar to one of the parties found on the U.S. Bureau of Industry and Security's list of denied persons or the U.S. Office of Foreign Assets Control's Specially Designated Persons ("**SDN**") list.
- The customer or purchasing agent is reluctant to offer information related to the end-use of purchased products.
- The product's capabilities do not fit the buyer's line of business, such as an order for sophisticated computers for a small bakery.
- The product ordered is incompatible with the technical level of the country to which it is being shipped, such as semiconductor manufacturing equipment being shipped to a country that has no electronics industry.
- The customer is willing to pay cash for a very expensive product when the terms of sale would normally call for financing or provides payments in excess of the product's market value.
- The customer has little or no business background.

- The customer is unfamiliar with the product's performance characteristics or the products are incompatible with the proposed end-use, but the customer still wants the product.
- Delivery dates are vague, or deliveries are planned for out of the way destinations.
- A freight forwarding firm is listed as the product's final destination.
- The final consignee does not have any apparent connection with the customer.
- The shipping route is abnormal for the product and destination.
- The products are to be shipped to countries other than the country of the customer.
- When questioned, the buyer is evasive and especially unclear about whether the purchased product is for domestic use, for export, or for re-export.
- It is recommended to review these "red flags" during an initial assessment of a customer and throughout the transaction and/or customer relationship. The U.S. Bureau of Industry and Security has also published guidance to "Know Your Customer" which is accessible at <https://www.bis.doc.gov/index.php/all-articles/23-compliance-a-training/47-know-your-customer-guidance>.

Sanctions Red Flags

The following represents a non-exhaustive list of examples of sanctions Red Flags when dealing with a Business Partner:

- The customer is overly secretive or evasive about why they are conducting the transactions.
- The customer is unwilling to explain where funds for the transaction are originating or the source of funds is unusual.
- The transaction is inconsistent with the socio-economic profile of the customer.
- The customer refuses to provide information, data or necessary documents typical of a transaction.
- The customer provides fake documentation.
- The customer actively avoids personal contact with Omega Flex.
- The customer uses contact information that is not easily found on the internet.
- The customer's name, address, or key personnel (i.e. owner, CEO, President, board member, officer, etc.) are listed as or closely resemble an entity or individual on the SDN list.
- The customer is located in or does business with a high risk country (i.e., embargoed countries, Russia, Belarus, Venezuela, etc.).