



Global Anti-Corruption Policy

ADTRAN's Commitment to Global Compliance

ADTRAN and its worldwide subsidiaries (collectively, "ADTRAN") are committed to complying with the anti-corruption laws in all countries in which ADTRAN operates. This includes, but is not limited to, laws in the United States such as the Federal False Claims Law, the United States Foreign Corrupt Practices Act (the "FCPA"), and international laws such as anti-corruption laws enacted in each country where ADTRAN conducts business, including the Canadian Corruption of Foreign Officials Act and the United Kingdom Bribery Bill 2010 and anti-bribery legislation enacted by each signing country in accordance with the Organization for Economic Co-operation and Development Convention on Combating Bribery of Foreign Public Officials in International Business Transactions (the "OECD Convention").

ADTRAN requires the adherence of all its employees, distributors, sales representatives and consultants worldwide to the FCPA, as well as other anti-corruption laws. While the FCPA is a United States statute, it does apply to ADTRAN's business activities outside the United States. ADTRAN will also continue to address ethical and legal obligations in countries outside the United States which are subject to anti-corruption laws such as the OECD Convention.

As ADTRAN continues its effort to maintain the highest possible standards in its ongoing compliance programs, the support not only of every employee, but also of every distributor, sales representative, and consultant is critical to achieving our goal. With the support of all employees, ADTRAN will continue its corporate success while achieving the highest standard of ethical and legal conduct worldwide.

This Policy is applicable to all ADTRAN employees, board members and any other individual or entity acting for or on behalf of ADTRAN, anywhere in the world.

ADTRAN prohibits all improper payments of any nature including payments to third parties, Government Officials and/or customers anywhere in the world.

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All ADTRAN representatives must not make, offer to make, or promise to make payments (regardless of whether the payment is actually made) or give anything of value directly or indirectly to any third party, including any Government Official to assist ADTRAN in obtaining or retaining an improper business advantage, whether or not any benefit is received.

Prohibited payments include:

- Payments securing an improper advantage, including a decision to select ADTRAN to provide any products or services, or to provide ADTRAN with more preferential terms, including, but not limited to, providing any confidential, proprietary or competitor information that may provide ADTRAN an improper advantage;
- Payments to influence any act or decision of a Government Official, customer, or prospective customer in his or her official capacity;
- Payments to influence the Government Official, customer, or prospective customer to abuse his or her power for private gain;



- Payments to induce a Government Official, customer, or prospective customer to perform or fail to perform any act;
- Payments inducing a Government Official, customer, or prospective customer to use his or her influence with a government or government instrumentality to affect or influence any act or decision of a government or instrumentality;
- Any facilitation payments (see Section 8, "Facilitation Payments") made without the approval of the Director of Internal Audit ;
- Any improper gifts or entertainment provided to any regulatory, customs, or otherwise similarly situated Government Official, customer, or prospective customer;
- Any travel expenses of any regulatory, customs, or otherwise similarly situated Government Official unless expressly preapproved by the Director of Internal Audit for legitimate business needs, such as regulatory inspections of ADTRAN's facilities; and
- Any political contribution by ADTRAN without the approval of the Chief Executive Officer.

As a United States issuer of securities, ADTRAN must make and keep books, records, and accounts that in reasonable detail, accurately and fairly reflect ADTRAN's transactions and assets, and it must maintain an adequate system of internal accounting controls. All accounts must be recorded in ADTRAN books to help ensure compliance. All expenditures, gifts, educational items, hospitality, charitable donations, educational grants and any other payments must be accurately and reliably reported and recorded. All accounting records, expense reports, invoices, vouchers, and other business records must be accurately and fully completed, properly retained, and reliably reported and recorded. Undisclosed or unrecorded funds, accounts, assets or payments must not be established or retained for any purpose. Circumventing or evading or attempting to circumvent or evade ADTRAN's internal accounting controls is prohibited.

If local laws, codes of conduct, or other regulations in a particular country or region are more restrictive on this subject, or require governmental approval of the transaction, then any ADTRAN Affiliate or representative, including any distributors, sales representatives, agents, intermediaries, or consultants, operating in that country or region must fully comply with the more restrictive requirements.

Examples of Compliance Issues. The following is a non-exhaustive list of sample situations that raise concerns under various anti-bribery and anti-corruption laws. It is your responsibility to be aware of such situations, and you should report them promptly to the Director of Internal Audit for review:

- a. Any person or firm who represents, is being considered to represent, distribute, or supply for ADTRAN (or its customers/clients through ADTRAN) who:
 - engages in, or has been accused of engaging in, improper business practices;



- has a familial or other relationship that could improperly influence the decision of a customer or Government Official, customer, or prospective customer;
 - approaches ADTRAN employees at or near the time of contract or procurement decision, including tenders, and explains that he or she has a special arrangement with a Government Official, customer, or prospective customer, client, or potential client;
 - insists upon receiving a commission payment before the announcement of a contract or procurement decision;
 - demands an extraordinarily high commission or fee for services;
 - requests or accepts cash payment or payment not recorded in ADTRAN books;
 - is offered or accepts anything of value not recorded in ADTRAN'S books to influence their purchasing or business decision;
 - emphasizes his/her/its "connections";
 - requests additional commission or fees in order to "facilitate" services;
 - demands lavish entertainment, gifts or travel before commencing contract negotiations or other services;
 - requests a consultancy agreement separate from or tied to a distributorship agreement;
 - requests a donation from a customer or a party in a position to influence any potential business advantage obtained or retained by ADTRAN;
 - requests a payment to "overlook" potential violations of law; or requests for employment of a friend or relative as an improper incentive.
- b. Lack of transparency, supporting documentation or inconsistent documentation for vendors expenses, particularly law firms, consultants and travel agents.
- c. Large amount of petty cash transactions
- d. Use of side letters
- e. Use of consultant which does not appear to possess capability to perform stated services
- f. Use of consultant whose office location does not make sense in light of service offerings
- g. Recommendation by a customer, or Government Official, to use a particular consultant or distributor



- h. Any request that a commission or other payment be made in a third country or to another name or company different from the one earning the commission
- i. Any commission, payment, or distributor sale price/discount, that appears large in relation to the services provided
- j. Any request to use a specific sales representative, agent, intermediary, consultant, distributor, or supplier that is not typically used by or known to ADTRAN

This is not an exhaustive list of compliance issues. Whenever you are in doubt, you should first consult with your Senior Vice President or the Director of Internal Audit pursuant to the reporting guidelines below.

Reporting Responsibility

If you are aware of any conduct that you believe may violate this Policy, you have a responsibility to report it. You may report such conduct through your normal reporting relationships to your Senior Vice President or ADTRAN's Director of Internal Audit or via email at compliance@adtran.com.

All such reports will be treated as confidential and be used only for the purpose of addressing the specific problem reported. Such reports will be shared by ADTRAN management and other authorized individuals only on a need-to-know basis. ADTRAN employees acting in good faith will not be subject to reprisals for reporting information about potential violations.

Auditing and Monitoring

ADTRAN will periodically audit and monitor compliance with this Policy through scheduled, as well as random, anti-corruption compliance assessments and other monitoring initiatives employed by the Director of Internal Audit or other third parties engaged by ADTRAN. ADTRAN employees will be required to execute periodic certifications of Policy compliance.

Penalties and Consequences

Each ADTRAN employee is responsible and accountable for adhering to this Policy. Violations of this Policy can result in criminal and civil exposure for ADTRAN and each ADTRAN employee involved, including imprisonment and other severe penalties. For example, by law, fines imposed on individuals for violations of the FCPA cannot be paid by ADTRAN and must be paid by the individual committing the violation. Many countries also have local laws which impose various fines and/or criminal sanctions. In addition to penalties that may be imposed by the laws of the countries where we operate, violations of this Policy may be punished with discipline, up to and including termination, of the ADTRAN employee and referral for prosecution.

Policy Definitions

- **Anything of value:** Includes cash, gifts, travel expenses, offers of employment, and business meals. Anything of value may also include event sponsorships, consultant contracts, fellowship support, research grants, and charitable contributions made at the request of, or for the benefit of, a Government Official, his or her family, or other relations, even if made to a legitimate charity.



- **Affiliate:** Each company in which ADTRAN has a direct or indirect ownership interest.
- **Facilitation Payment:** A payment made outside of the ordinary course of business to secure performance of an action by a Government Official. Common payments such as passport, visa, and Clear Card expedite fees, etc. based on published fee schedules, are not considered facilitation payments.
- **Government Entities:** For the purposes of this Policy, Government Entities refers to government-owned or controlled commercial enterprises, institutions, agencies, departments, instrumentalities and other public entities (regardless if it is whole or partial ownership or control).
- **Government Official:** For the purposes of this Policy, the term Government Official should be interpreted broadly. It includes (1) officers and employees of Government Entities, (2) officers and employees of non-governmental organizations, and (3) any person with the responsibility to allocate or influence expenditures of government funds.
- **Payments:** Any and all compensation or remuneration, including but not limited to payments and reimbursements for personal or professional services, meals, travel, grants, sponsorships, research grants, clinical studies, professional meetings, product training, research funding, product development services, in-kind services (e.g., use of aircraft), advertising, promotion, and marketing expenses or support, and royalties or other payments for transfer of documented intellectual property.