DXP ENTERPRISES, INC. AND SUBSIDIARIES
ANTI-CORRUPTION POLICY AND PROCEDURES

ANTI-CORRUPTION POLICY

It is the policy of DXP Enterprises, Inc. and all of its direct and indirect subsidiaries ("DXP" or the "Company") to conduct its worldwide operations ethically and in compliance with U.S. and applicable foreign laws. The DXP Anti-Corruption Compliance Policy and Procedures (the "Anti-Corruption Policy") are aimed at ensuring that result. The Anti-Corruption Policy applies to all Company officers, directors, employees, agents, employees of any affiliate, subsidiary, or other entity controlled by the Company, temporary agency personnel, non-employee agents acting on the Company's behalf, and contract-basis personnel, wherever located (collectively "Company Personnel").

All Company Personnel are expected to comply with all U.S. and other applicable laws in all countries in which the Company does business, as well as maintain the highest ethical standards of business conduct. Specific to this Anti-Corruption Policy, the Company will not authorize, involve itself in, or tolerate any business practice that does not comply with this Anti-Corruption Policy.

PURPOSE

The Anti-Corruption Policy sets forth the ethical standards of conduct and practices that must be followed with respect to certain kinds of activity, particularly the offering or giving of anything of value, including but not limited to money, entertainment, travel, gifts, meals, charitable contributions and political contributions regulated by the U.S. Foreign Corrupt Practices Act ("FCPA") and other anti-bribery and recordkeeping laws that are applicable to the Company and all Company Personnel. The FCPA and the laws of many other countries criminalize giving things of value to Government Officials in order to obtain or retain business or otherwise secure an improper advantage. Some anti-bribery laws also criminalize giving things of value to private citizens in order to obtain an improper business advantage. Under many of these laws, including the FCPA, companies and individuals can be charged with a crime even if the payment was made outside of the country in which the Company or individual is based.

SCOPE AND APPLICABILITY

The Anti-Corruption Policy covers all transactions conducted by the Company and Company Personnel anywhere in the world. Despite the international focus of this anti-Corruption Policy, they apply equally to Company Personnel who never leave the U.S. on Company business, as well as those stationed in foreign countries. Compliance with the Anti-Corruption Policy is mandatory, and non- compliance may be expected to result in discipline up to and including termination.

EXPECTATIONS FOR ALL COMPANY PERSONNEL

All Company Personnel are expected to (1) read, understand and comply with the Anti-Corruption Policy and applicable law in all business dealings throughout the world, and (2) act with the utmost level of integrity and avoid even the appearance of impropriety.

Seek guidance if you are in doubt about a particular course of conduct. The Company has a variety of resources available to assist you—your direct management, corporate-level executive management, DXP's Conduct Helpline, and the Company's General Counsel.

If selected for training, Company Personnel are expected to attend such training, not less than once every two years, and more often if requested by the Company. Training attendance and participation is mandatory.

REPORTING REQUIREMENTS

Company Personnel are expected to raise any concerns and to report all activity by Company Personnel which may be a violation of U.S. or applicable foreign laws or which may fail to comply with the Anti-Corruption Policy to the Company's General Counsel or to DXP's Conduct Helpline. Reports may be made confidentially and may be made anonymously except when not allowed by the applicable local laws of some countries. There will be no retribution of any kind for reports made in good faith.

The DXP Conduct Helpline may be reached by calling 1-888-307-4708 or on the internet at http://dxpe.ethicspoint.com.

EXPECTATIONS FOR COMPANY MANAGERS

In addition to the expectations discussed above, all Company Personnel who supervise others are expected to promote a culture of compliance by setting ethical examples. As a Company manager, you must:

- ensure that all Company Personnel who you supervise understand their obligations under the Anti-Corruption Policy;
- create an environment that enables and encourages Company Personnel to comply with this anti-Corruption Policy and to raise concerns;
- never request—directly or implicitly—that Company Personnel achieve business results at the expense of ethical or legal obligations under the Anti-Corruption Policy or the law;
- stop violations of the Guidelines and law by Company Personnel who you supervise;
- advise the General Counsel of any suspected or actual violations; and
- respond, as appropriate, to questions and concerns related to the Anti-Corruption Policy, or refer Company Personnel to the Company's General Counsel.

KEY CONCEPTS AND DEFINITIONS

Company Personnel: DXP officers, directors, employees, agents, employees of any affiliate, subsidiary, or other entity controlled by the Company, temporary agency personnel, non-employee agents acting on the Company's behalf, and contract-basis personnel, wherever located.

General Counsel: The DXP employee(s) with responsibility for day-to-day administration and oversight of the Anti-Corruption Policy, including responding to inquiries from Company Personnel about anti-corruption compliance. At the current time, you may contact Tracy Pawlak, Vice President of Human Resources, and/or Kent Yee, Chief Financial Officer. They can be reached at 713-996-4700 or by email at tracy.pawlak@dxpe.com or kent.yee@dxpe.com.

Covered Recipient (also referred to herein at times as Recipient): Any individual or political party, including (i) Government Official; (ii) official of a political party; (iii) candidate for political office; (iv) child, spouse, or other close relative of a Government Official; or (v) any other person if you know or have reason to know that person will make, offer, or promise a Payment or Gift in violation of relevant anti-corruption laws and regulations, including the U.S. FCPA, in connection with Company business activity.

Gift: A Gift is anything promised, offered or given, regardless of its value.

Government Official: Any officer, agent, or employee of (i) a government, department, agency, or instrumentality including wholly- or majority- state- owned or controlled enterprises; (ii) any public international organization, such as the United Nations or the World Bank; or (iii) any person acting in an official capacity for or on behalf of any such government or department, agency, instrumentality or public international organization, even if that person is not him or herself employed directly by the government or public international organization.

Payment: A Payment is the direct or indirect giving of, offering to give, or promising to give a thing of value, whether in the form of cash, commercial paper (*e.g.*, checks of any kind, promissory notes, or other paper creating or representing an obligation to transfer a thing of value, etc.), in-kind transfers, employment opportunities, donations, Gifts, entertainment, or anything else that could be considered a thing of value to the Recipient.

Penalties: Employees who violate this anti-Corruption Policy are subject to disciplinary employment action, up to and including suspension or termination. In addition to penalties for employees, the Company has the right to terminate contracts with consultants, representatives, independent contractors, or any other Transaction Partners who are unwilling or unable to represent or work with the Company in a manner consistent with this Anti-Corruption Policy.

Red Flag: A Red Flag is any set of facts that indicate the possibility of a violation, or any fact or circumstance that increases the likelihood of a violation, of the Anti-Corruption Policy, the FCPA or another country's anti-corruption laws by or in any way relating to Company Personnel and/or Transaction Partners. Examples of Red Flags are provided at pages 16-17 of this Anti-Corruption Policy.

Transaction Partner: A Transaction Partner is any joint venture partner, affiliate, distributor, agent, consultant, or any other third party engaged to act on DXP's behalf in commercial matters outside of the U.S. or with respect to transactions with Government Officials. Transaction Partners do not include vendors providing the Company with commodities of a modest value or routine office services.

THE FOREIGN CORRUPT PRACTICES ACT

ANTI-BRIBERY PROVISIONS

The FCPA prohibits offering, promising, making, or authorizing payments or anything of value, either directly or indirectly, to any non-U.S. Government Official, political party or political candidate, or employee of a public international organization to obtain or maintain business or any other improper advantage when the offer, payment or gift is intended to:

- influence a desired action;
- induce an act in violation of a lawful duty;
- cause a person to refrain from acting in violation of a lawful duty;
- secure any improper advantage; or
- influence the decision of a government or government instrumentality.

The term "anything of value," as used in the FCPA, is very broad and includes Payments and Gifts (as both terms are defined in the **Key Concepts and Definitions Section** of this anti-Corruption Policy). Under the FCPA, there is no monetary threshold. Payments or Gifts of any amount could be considered bribes that are prohibited under the FCPA.

The term "Government Official" is also broad. Under the FCPA, a "Government Official" could be, among other things, an employee of a government agency or legislative body; an employee of a government-owned or controlled company; a candidate for political office; or an employee of a public international organization, such as the United Nations or World Bank. In addition to the FCPA, other state and federal laws also prohibit providing value to private citizens to secure an improper advantage. Therefore, this Anti-Corruption Policy applies to Government Officials and other Covered Recipients (as both terms are defined in the **Key Concepts and Definitions Section** of this Anti-Corruption Policy). It is your responsibility to understand whether those with whom you interact are

Government Officials or other Covered Recipients. When in doubt, contact the General Counsel.

In sum, Company Personnel may not offer anything to a Government Official or Covered Recipient in return for favorable business treatment. Company Personnel must obtain prior approval as required in this Anti-Corruption Policy before offering or providing anything of value to a Government Official or Covered Recipient.

ACCOUNTING PROVISIONS

The FCPA prohibits the falsification of books and records required to be maintained by public companies and the making of any false or misleading statements or omissions of material facts to accountants or auditors in connection with the preparation of required filings.

DXP is a U.S. publicly traded corporation and is subject to the SEC's accounting rules. It is the Company's policy to require that the Company keep accurate books and records and implement and maintain internal accounting controls based upon sound accounting principles. All Payments and Gifts must be timely and accurately recorded in the Company's books and records. All entries must include reasonable detail so that the accounting records fairly reflect the transactions. At a minimum, all financial transactions must:

- occur only with appropriate Company authorization;
- be recorded in accordance with generally accepted accounting principles; and
- be periodically reviewed to identify and correct any accounting discrepancies, errors, and omissions.

All Payments and Gifts of any kind, including meals, entertainment, travel and lodging extended to anyone by Company Personnel must be properly recorded in DXP's books and records consistent with this Anti-Corruption Policy, and include the following details:

- the names and positions of the Government Official/Covered Recipient(s);
- the name(s) and position(s) of the Company Personnel involved;
- a description of what was provided;

- the value of the item provided; and
- a description of the Company's products or services being promoted, demonstrated, or explained, or the contractual provision pursuant to which the item is being provided.

DXP will not tolerate false, misleading, and inaccurate entries in the Company's books and records. Company Personnel who falsify DXP's accounting records or otherwise fail to comply with the requirements set out in this Anti-Corruption Policy will be subject to disciplinary action, up to and including termination.

THE U.K. BRIBERY ACT

The UK Bribery Act (the "Bribery Act") is another anti-corruption law that may be applicable to DXP business activity and Company Personnel. The Bribery Act prohibits directly or indirectly offering, promising or giving a financial or other advantage to another person intending that person to improperly perform a function or activity, or while knowing or believing that acceptance itself constitutes the improper performance of a function or activity. When the intended recipient is a Government Official, a person is guilty of bribery if they directly or indirectly offer, promise or give a financial or other advantage in order to obtain or retain business or gain a business advantage. The intent can be to influence the Government Official to either omit to exercise a function or to use their influence either within or outside the scope of their official capacity. The Bribery Act also imposes liability on the recipient of a bribe and imposes liability for a company's failure to prevent Bribery by anyone providing services for or on behalf of the company unless the company can demonstrate that it had adequate procedures in place to prevent such people from committing Bribery. This Anti- Corruption Policy is an important part of DXP's procedures to prevent bribery by persons providing services on its behalf.

POTENTIALLY PERMISSIBLE PAYMENTS

In limited circumstances, it may be permissible to provide a Payment or Gift to a Government Official or Covered Recipient. Payments that are **expressly** lawful under the **written** laws and regulations of the Government Official's country may be allowable. Reasonable and bona fide expenditures made to or on behalf of Government Officials or other Covered Recipients that are directly related to either (1) the promotion, demonstration, or explanation of goods or services or

(2) a contractual obligation may be allowable. However, potentially permissible Payments are very limited. Company Personnel may **never** entertain or give anything of value to a Government Official or Covered Recipient other than for an allowable purpose under this Anti-Corruption Policy—no matter how small the value of the Payment or Gift. Accordingly, Company Personnel must strictly adhere to the Anti-Corruption Policy when providing any Payment or Gift to a Government Official or Covered Recipient.

Company Personnel must obtain approval as required in this Anti-Corruption Policy before making any Payment requiring pre-approval to a Government Official or other Covered Recipient, and must ensure that all Payments made are accurately recorded in the Company's books and records.

RESPONSIBILITY FOR THIRD PARTIES

DXP may be liable for Payments made by third parties (*e.g.*, agents, consultants, distributors, or subcontractors) to Government Officials or other Covered Recipients. Company Personnel may not provide Payments or Gifts to Government Officials or Covered Recipients indirectly through third parties. In coordination with and under the direction of the General Counsel, Company Personnel must conduct due diligence on all third parties prior to engaging them, in accordance with this Anti-Corruption Policy. Company Personnel may not engage a third party if there is any reason to suspect that the third party may attempt to make a Payment to a Government Official or other Covered Recipient. All third parties engaged by DXP must first agree to abide by this Anti-Corruption Policy.

PENALTIES

Individuals who violate the FCPA may be subject to criminal liability. Violations are punishable by a fine, imprisonment for up to five years per violation, or both. Civil penalties also may be assessed. An individual's violations may also subject the Company to significant fines and other penalties. The U.S. Government has imposed multi-million dollar fines on companies for violating the FCPA and that is expected to continue. Other countries may impose additional penalties on companies for violating their anti-corruption laws. DXP may impose additional Penalties (as that term is defined in the **Key Concepts and Definitions Section** of this Anti-Corruption Policy) on any individual who violates the FCPA or this Anti-Corruption Policy, up to and including termination.

ETHICAL BUSINESS STANDARDS: BEST PRACTICES

GENERAL CONSIDERATIONS

Company Personnel must at all times obey the laws of the U.S. and other countries in which the Company has business activities. Company Personnel must conduct DXP's business ethically and carefully to minimize the risk of inadvertent breaches of applicable laws, avoid even the appearance of impropriety, and preserve and promote DXP's reputation. In addition, certain compliance best practices should be followed.

BUSINESS COURTESIES

Business courtesies, such as meals, gifts, and entertainment, can violate anti-corruption laws when provided to inappropriately influence an individual. Business courtesies should never be offered under circumstances that might reasonably be viewed as creating the appearance of impropriety. To avoid impropriety, all such courtesies should be directly related to business discussions, the demonstration, promotion or explanation of the Company's goods or services, or a contractual obligation involving the Company's goods or services (such as, reasonable and bona fide expenditures made in connection with a contractual obligation to train on DXP products). Company Personnel, other than prior authorized sales representatives, shall not use their own funds (*i.e.*, ones for which they will not seek reimbursement from the Company) to provide business courtesies. No Payment should be made for business courtesies if the Payment is unlawful under U.S. or other applicable law or is inconsistent with any relevant contractual language. Company Personnel are required to determine in advance whether a potential business courtesy is permissible under the host country's law or by the Recipient's employer. Company Personnel should seek assistance from the General Counsel, as needed, in making that determination.

MEALS

Provided the legitimate business purpose requirement is met and the Payment is otherwise permissible under the written laws of the country in which it is to be made, Company Personnel may provide certain business meals to individuals without written pre-approval.

- To provide a meal to a Government Official, official of a political party; candidate for political office; or child, spouse, or other close relative of a Government Official without the prior approval of the General Counsel, such business meal must be valued at less than U.S. $100 per person and may NOT be provided to the same individual more than four (4) times per year.

- To provide a meal to any other individual covered by this Anti-Corruption Policy, such business meal must be valued at less than U.S. $250 per person and may not be provided to the same individual more than four (4) times per year.

- Company Personnel must obtain approval from the General Counsel for business meals having a value greater than specified in the point immediately above and/or exceeding the 4 times frequency requirement. Prior approval can be achieved by completing **Appendix A.**

GIFTS

In limited circumstances, Company Personnel may give gifts. Generally, the gift must be small and must be connected to the promotion of the Company's products or services, connected to meeting a contractual obligation (such as a training session) or a small token gift consistent with local custom such as a minimal holiday season gift. All gifts must be provided pursuant to this anti- Corruption Policy. All gifts must be clearly and accurately reflected in expense reports, and otherwise in the Company's books and records.

Under this Anti-Corruption Policy, Company Personnel are permitted to give Company-branded items and other modest gift items.

- To provide a gift to a Government Official or Covered Recipient, without the prior approval of the General Counsel, such gift must be valued at less than U.S. $100 per person and may not be provided to the same individual more than four (4) times per year.

- To provide a gift to any other individual covered by this Anti-Corruption Policy, such gift must be valued at less than U.S. $250 per person and may not be provided to the same individual more than four (4) times per year.

- Prior approval can be achieved by completing **Appendix A.**

Other than giving modest items in reasonably limited quantity and frequency as stated above, it is impermissible to provide gifts unless Company Personnel shall have first:

- determined that the proposed gift is permitted under applicable Company policies and procedures;
- submitted, when required, a written request to the General Counsel seeking permission to make the gift; and
- received written approval, when required, from the General Counsel. Approval will be provided after it is determined that the gift is permissible under applicable laws and regulations.

In general, gifts to a Government Official or other Covered Recipient will only be permitted where:

- the gift is made as a courtesy or token of regard or esteem, or in return for hospitality and the cost of the item is reasonable and is in line with local customs, such as giving a moderately valued moon cake during Chinese Mid-Autumn Festival or moderately-valued gift hampers at holidays in other parts of the world;
- the gift bears the Company's name or logo and/or is of nominal value;
- the ceremonial value of the item exceeds its intrinsic value; and
- the gift is given openly rather than secretly.

ENTERTAINMENT

In many countries, it is illegal to provide entertainment for Government Officials and other Covered Recipients. In general, the payment of entertainment expenses on behalf of Government Officials and other Covered Recipients will be permitted only if:

- The Payment is permissible under the written laws of the country in which the Payment will be made.
- The amount of the expenditure is reasonable, and not lavish or excessive. A good measure of reasonableness is the balance between the business purpose for which expenses are paid and the entertainment and leisure

activities provided. (For example, a half-day meeting does not justify four days of golf in the Caribbean).

- The expenditure has a legitimate business purpose. Any entertainment expenditure must be connected to the promotion of the Company's products or services or fulfilling a contractual obligation and must not be extended to the same person more than four (4) times per year.

TRAVEL AND LODGING

PRE-APPROVAL REQUIRED

The Company may make Payments for Government Official's or other Covered Recipients' travel and/or lodging provided the legitimate business purpose requirement is met and the Payment is otherwise permissible under the written laws of the country in which it is to be made. The General Counsel's written pre-approval is required before travel and/or lodging may be provided to a Government Official or other Covered Recipient. Prior approval can be achieved by completing **Appendix B.**

REASONABLE AND BONA FIDE

All travel and lodging expenses must be reasonable and bona fide expenses that are directly related to the demonstration, promotion, or explanation of the Company's facilities, goods, or services or for the execution or performance of a Company contract.

Reasonable and bona fide travel and/or lodging expenses are limited to expenses for a direct itinerary from the Government Official's or Covered Recipient's point of origin to the Company facility, training location, etc. The Company shall not pay for side trips (*e.g.*, a weekend trip to Disneyland or other tourist attraction). Moreover, under no circumstances shall the Company provide travel and lodging for the spouse, child, close family member, or other companion of a Government Official or other Covered Recipient.

OTHER REQUIREMENTS AND RESTRICTIONS

Company Personnel shall not use their own funds (*i.e.*, ones for which they will not seek reimbursement from the Company) to provide travel and lodging

(including upgrades) for Government Officials, Covered Recipients, or their spouses, children, family members, or other companions.

If the General Counsel approves the travel and/or lodging (and associated business courtesies), appropriate Company Personnel must send the Government Official's or Covered Recipient's employer a letter setting forth the business purpose and financial arrangements for the trip. Company Personnel must send a copy of the letter to the General Counsel.

SPECIFIC RESTRICTIONS

- Selection of Invitee: Company Personnel should not extend any travel invitation to a Government Official or any other Covered Recipient unless he or she has requested that the individual's employer—rather than the Company—select the individuals who will be provided the travel and lodging.

- Class of Travel and/or Lodging: All travel and lodging provided by the Company must be reasonable. The Government Official or Covered Recipient must provide the Company with written support from his or her employer for anything other than economy class travel and/or accommodations of more than a modest value.

- Business Courtesies Provided in Conjunction with Travel and/or Lodging: All business courtesies provided in connection with travel and/or lodging must separately comply with the requirements in the paragraph above regarding business courtesies. However, any such business courtesy provided in conjunction with travel shall require the written, pre-approval of the General Counsel, regardless of its value.

- Per Diems: Per diem payments or cash distributions for Recipients to pay for their expenses are not permitted without specific written authorization from the General Counsel.

- Payments for Expenses: The Government Official's or Covered Recipient's expenses must be paid directly by the Company to the provider (such as the airline carrier) and not to the Government Official or Covered Recipient (not even as reimbursement).

OTHER PAYMENTS

FACILITATING PAYMENTS

Under the FCPA, facilitating payments (low-value payments made to low-level government officials to expedite a routine, non-discretionary function) may be permitted, but other laws criminalize such payments. The Company specifically prohibits Company Personnel from making such payments. If any such payment is made in contravention of this Anti-Corruption Policy, the General Counsel must be informed, and all records, reports, and documents related to permitted Facilitating Payments, must be maintained in accordance with the Company's record retention policies.

EXTRAORDINARY CIRCUMSTANCES

The Company recognizes that Company Personnel operating outside of the U.S. or U.K. might sometimes confront situations in which seemingly non-routine payments are demanded, without advance notice or disclosure, by Government Officials, Covered Recipients, quasi-government officials or persons claiming to exercise official authority, where health or physical harm appears imminent, or where Company Personnel believe they or others may be in danger if payment is not made, or where Company Personnel believe that their property might be arbitrarily confiscated, damaged or otherwise compromised if the demanded payment is not made. The Company recognizes that Payments may be necessary in these circumstances ("Extraordinary Circumstances"), such as the following:

- You are stopped by police, military or paramilitary personnel, or militia (uniformed or not) at designated or other checkpoints or other places and Payment is demanded as a condition of passage of persons or property;

- You are stopped at the airport by customs or passport control personnel or military personnel (uniformed or not) and Payment is demanded for entry or exit of persons or property; or

- You are asked by persons claiming to be security personnel, immigration control, or health inspectors to pay for (or to avoid) an allegedly required inoculation or other similar procedure.

In any such case, after such a Payment is made and immediately once the danger has passed and it is reasonable to do so, the Payment must be reported to the

General Counsel so that it can be addressed and recorded appropriately in the Company's books and records.

POLITICAL CONTRIBUTIONS

Company Personnel shall not use either DXP funds or their own funds to make direct or indirect Payments or Gifts, whether in the form of money or any other thing of value, to a political party or member of a political party on the Company's behalf without the General Counsel's prior written approval.

CHARITABLE CONTRIBUTIONS

Company Personnel shall not use DXP funds to make charitable contributions, whether in the form of money or any other thing of value, without the General Counsel's prior approval, for any charities not based in the United States.

- To ensure compliance with applicable laws, due diligence must be conducted on the intended Recipient of a contribution.

DUE DILIGENCE ON TRANSACTION PARTNERS

Before engaging any Transaction Partner (defined above in **Key Concepts and Definitions**) engaged to conduct work *outside of the United States or Canada*, Company Personnel shall conduct the appropriate level of due diligence to evaluate potential compliance risks to ensure that DXP only enters business relationships with reputable, qualified individuals and firms. Before retaining any Transaction Partner (including any distributor or sales agent), Company Personnel must follow the due diligence steps proscribed by the General Counsel and secure the General Counsel's approval. Steps may include the completion of **Appendix C**, the Transaction Partner Checklist to be completed by Company Personnel, **Appendix D**, the Due Diligence Questionnaire to be completed by the proposed Transaction Partner, and **Appendix E,** the Anti-Corruption Compliance Certification.

PAYMENTS TO TRANSACTION PARTNERS

Unless specifically authorized by this Anti-Corruption Policy or the General Counsel, no Payment to any Transaction Partner shall be made or delivered:

- in cash (other than documented petty cash disbursements), without the prior written approval of the General Counsel;
- with corporate checks payable to "cash," "bearer," or third-party designees of the party entitled to payment; or
- to an individual, entity, or account outside the Recipient's country of residency/country where work is performed.

Company Personnel will ensure that accounting records (including expense reports) contain sufficient detail so that the purpose of the payment is clear and the transaction is accurately recorded.

- *Contract language*. The Company must execute a written contract with all Transaction Partners, services or goods providers (including third-party agents), or other representatives with the exception of vendors providing the Company with commodities of a modest value or routine office services. The contract must include provisions contained in **Appendix F** hereto or as otherwise authorized by the General Counsel, indicating that the Transaction Partner or provider will comply with the FCPA and will agree to other anti-corruption compliance obligations. With only limited exceptions as determined by the General Counsel, no Transaction Partner shall act on the Company's behalf until a written agreement is in place with that Transaction Partner.

- *Local Law*. The Company must comply with all anti-corruption laws of the countries in which the Company operates, in addition to the FCPA.

SPOT AND REVIEW RED FLAGS

If you obtain information that leads you to believe or be concerned that a possible violation of the Anti-Corruption Policy, the FCPA, or another country's anti-corruption laws by or in any way relating to Company Personnel and/or Transaction Partners could occur or has occurred (such information referred to as Red Flags), you must notify the General Counsel. Red Flags are apparent facts indicating that additional information is necessary. Not all Red Flags are ultimately found to be problematic, but all Red Flags should be reported to the General Counsel. Red Flags may include the following (the below list is not inclusive but is intended to provide examples only):

- a request for payment in advance or prior to an award of a concession, contract or other business;
- a request for large contingency or “success” fees;
- a request for reimbursement of extraordinary, poorly-documented, or last minute expenses;
- a request for payment in cash, to a numbered account, or to an account in the name of a different person;
- a request for payment in a different country, especially if it is a country with little banking transparency;
- the Transaction Partner has a family member in a government position, or is a Covered Recipient, particularly if the family member is or could be in a position to direct business to the Company;
- a refusal by any Transaction Partner to disclose its owners, partners, or principals, where such owners, partners or principals, individually or as a block, hold a controlling interest in the third party or otherwise have the ability in fact to exercise control over the management, operation or policy of the third party;
- the use of a shell or holding company that obscures ownership without a credible explanation;
- the Transaction Partner’s business seems understaffed, ill-equipped, inexperienced, inconveniently located, or otherwise not capable of undertaking its proposed relationship with the Company;
- the Transaction Partner is insolvent or has significant financial difficulties that would reasonably be expected to impact the venture;
- the Transaction Partner displays ignorance of or indifference to local laws and regulations;
- a business or banking reference of the Transaction Partner unreasonably refuses to answer questions, or provides problematic answers; or
- the Transaction Partner is the subject of credible rumors or media reports impacting upon the Transaction Partner’s ethics.

This list of Red Flags is not all-inclusive. If any information causes you to believe that a violation may occur or has occurred, you must advise the Company's General Counsel or Ethics Hotline immediately of such information.

PROCEDURE: MONITORING COMPLIANCE

The Company will periodically conduct internal or external audits or other reviews of this Anti-Corruption Policy and these Procedures to determine whether they are effectively reducing the risk of violations and detecting potential violations when they occur. The General Counsel, with advice from the Chief Executive Officer, external auditors, and/or outside legal counsel, will determine if internal or external audits are necessary, and will be responsible for the scope and oversight of such audits.

The Company requires certain Company Personnel and Transaction Partners to annually, certify their compliance with the Anti-Corruption Policy and applicable laws. The compliance certificate for Company Personnel is attached as **Appendix G**.

Other steps as appropriate may be taken to review the Company's compliance with the FCPA and other applicable laws. Particular steps the Company may authorize or undertake include the following:

- random reviews of the Company's (and affiliates') books and records related to transactions with Government Officials or other Covered Recipients;
- requiring Transaction Partners to certify compliance on an annual basis (**Appendix B**).
- the provision of updated training and administration of compliance evaluations to Company Personnel responsible for compliance; and
- interviews with Company Personnel responsible for relationships with any Transaction Partners that act on the Company's behalf.

All audit and review reports and findings will be maintained by the General Counsel for at least five (5) years from the date the audit or review is completed. Any audit and review reports and other materials will be presented to Company management and the DXP Board of Directors as appropriate. On the basis of that review:

- Responsibility will be delegated to appropriate Company Personnel to take prompt steps to implement any further audit recommendations as necessary.
- Appropriate steps will be taken to address compliance issues revealed through the audit or review.
- The performance of any Company Personnel involved in compliance matters will be assessed. Based on that assessment, Company management may take appropriate steps—including rewarding or penalizing certain personnel—to address individuals' job performance with respect to compliance, as well as individuals' overall commitment to compliance.
- Company management will monitor the implementation of changes made pursuant to the audit findings and reports, including making changes to the Company's audit procedures based on recommendations and other findings from the audit.

* * * * * * * * * * * * * * * *

If any questions or concerns about this Anti-Corruption Policy arise, Company Personnel should contact their supervisor, or the General Counsel.

APPENDIX A

REQUEST FOR PRE-APPROVAL TO PROVIDE ENTERTAINMENT/GIFTS TO EXTERNAL PARTIES

Requestor: _____

Phone Number:_____Email Address:_____

1. Description of request (including the names, titles, and company affiliations of the recipients and the business justification):

_____

_____

_____

_____

_____

_____

2. Proposed date of the Entertainment/Gift: _____

3. Estimated amount for Entertainment/Gift (total and per person): $_____

4. Are any of the recipients Public Officials or Covered Recipients?

☐Yes ☐No

If yes, describe below if he/she is in a position to influence decision-making or business affairs of his/her organization in relation to the specific business negotiation or services the Company is currently conducting or is trying to conduct in the future:

_____

_____

_____

5. Is there any possibility that the Entertainment/Gifts could be deemed as excessive (in light of the position of the other party or socially-accepted norms, or are not offered or given to the same party repeatedly within a short period)?

☐Yes ☐No

If yes, please describe:_____

6. Is the Payment permissible under the written laws of the country in which the Payment is made/legalities that apply to the recipient?

☐Yes ☐No

If no, please describe:_____

7. Describe all other Gifts, Entertainment or Sponsored Travel provided to the Recipient in the last year, including value of such Payments:

_____

_____

_____

_____

IF THE RECIPIENT(S) IS A PUBLIC OFFICIAL OR COVERED RECIPIENT, COMPLETE THE QUESTIONS BELOW:

A. Does the aggregate amount of Entertainment/Gifts in the last year for the same person exceed $400?

☐Yes ☐No

If yes, please describe:_____

B. Are the Entertainment/Gifts being offered at time when it may influence the other party in carrying out his/her duties (including, but not limited to, the time within the period from notice of a public bid to the completion of the bid or within 3 months before or after the bid and a time when a DXP application for a permit/license is pending for review by the other party)?

☐Yes ☐No

If yes, please describe:_____

For Gifts:

C. Is the gift made as a courtesy or token of regard or esteem, or in return for hospitality?

☐Yes ☐No

If no, please describe:_____

D. Is the gift in line with local customs?

☐Yes ☐No

If no, please describe:_____

E. Does the gift bear the Company's name or logo?

☐Yes ☐No

If no, please describe:_____

F. Is the gift of nominal value?

☐Yes ☐No

If no, please describe:_____

G. Does the ceremonial value of the item exceed its intrinsic value?

☐Yes ☐No

If no, please describe:_____

H. Will the gift be given openly rather than secretly?

☐Yes ☐No

If no, please describe:_____

I. Is the amount to be spent reasonable, and not lavish or excessive?

☐Yes ☐No

If no, please describe:_____

J. Does the Entertainment have a legitimate business purpose?

☐Yes ☐No

If no, please describe:_____

Declaration:
The undersigned has reviewed the DXP Anti-Corruption Policy, and has no reason to know or suspect that the Entertainment/Gift proposed will violate the Anti-Corruption Policy or the anti-corruption laws discussed therein. The undersigned declares that all information contained within this form is true and correct to the best of her/her knowledge, and the undersigned knows of no other material information about the request not provided herein or attached to this request.

NAME (Signature) _____
NAME (Printed) _____
Date: _____

APPROVED BY:

_____
Signature/ General Counsel or CFO

_____
Date

_____
Printed Name

APPENDIX B
REQUEST FOR APPROVAL OF SPONSORED TRAVEL

Requestor: _____

Phone Number:_____Email Address:_____

1. Description of request (including the names, titles, and company affiliations of the recipients and the business justification):

_____

_____

_____

_____

_____

2. Proposed date(s) of the Sponsored Travel:

_____
(please attach a proposed itinerary)

3. Estimated amount for Sponsored Travel (total and per person): $_____

4. Describe expenses that DXP will be covering (airfare, (including class of travel) local travel, hotel, per diem, etc.):

_____

_____

_____

_____

_____

5. Are any of the recipients Public Officials or Covered Recipients? If so, describe below if he/she is in a position to influence the decision-making or business affairs of his/her organization in relation to the specific business negotiation or services the Company is currently conducting or is trying to conduct in the future:

_____

_____

_____

6. Is the Sponsored Travel, and each proposed expense, necessary and unavoidable to achieve the purpose of the invitation?

☐Yes ☐No

If no, please describe:_____

7. Is the invitation limited to the number of people and days necessary to achieve the purpose of the invitation?

☐Yes ☐No

If no, please describe:_____

8. Is there any possibility of the invitation being deemed excessive (luxurious in the light of the position of the other party or socially-accepted norms, or is made to the same party repeatedly within a short period)?

☐Yes ☐No

If yes, please describe:_____

9. Does the invitation involve the offer of cash?

☐Yes ☐No

If yes, please describe:_____

10. Is the most economic method of transportation used?

☐Yes ☐No

If no, has the relevant government or agency provided written support for different arrangements? (attach)

☐Yes ☐No

11. Is the Company providing any necessary tickets with payment to the service provider?

☐Yes ☐No

If no, please describe:_____

12. Is the Company providing accommodations with payment to the service provider?

☐Yes ☐No

If no, please describe:_____

13. Are accommodation or transportation expenses being paid for an overnight sightseeing tour (excluding transportation expenses for a city tour/day sightseeing)?

☐Yes ☐No

If yes, please describe:_____

14. Is the Sponsored Travel being offered at time when it may influence the other party in carrying out his/her duties (including, but not limited to, the time within the period from notice of a public bid to the completion of the bid or within 3 months before or after the bid and a time when an DXP application for a permit/license is pending for review by the other party)?

☐Yes ☐No

If yes, please describe:_____

15. Will the relevant government or agency be requested to select the recipients?

☐Yes ☐No

If no, please describe:_____

Declaration:
The undersigned has reviewed the DXP Anti-Corruption Policy, and has no reason to know or suspect that the Sponsored Travel proposed will violate the Anti-Corruption Policy or the anti-corruption laws discussed therein. The undersigned declares that all information contained within this form is true and correct to the best of her/her knowledge, and the undersigned knows of no other material information about the request not provided herein or attached to this request.

NAME (Signature) _____
NAME (Printed) _____
Date: _____

APPROVED BY:

_____
Signature/General Counsel or CFO

_____
Date

_____
Printed Name

APPENDIX C
TRANSACTION PARTNERS CHECKLIST[1]

1. Name of proposed Transaction Partner: _____

2. Proposed Scope of Work:

_____
_____
_____

3. Proposed compensation and basis for compensation:

_____
_____
_____

4. Is this proposed Transaction Partner a bank or other regulated financial institution, a lawyer, or accountant, which are well-known and reputable and domiciled and regulated in a low-risk jurisdiction (score of 6 or above in Transparency International's Corruption Perception Index)?

☐ Yes ☐ No

If yes, skip to Declaration and return form to General Counsel.

5. Verify the following by checking the appropriate box(es):

☐ The fee is not unreasonably high compared with normal compensation or the market rate of the country for the service.

☐ The fee is not paid on a contingent-fee basis that is unwarranted in the light of the services to be provided.

☐ The payment is not remitted to a third country or a third party other than the agent, etc. itself.

6. Country(ies) of Proposed Operation:

_____
_____
_____
_____

7. Is any shareholder, officer or person in charge of the Proposed Transaction Partner a Public Official, or Covered Recipient?

☐ Yes ☐ No

[1] To be completed by Company Personnel managing the Company's relationship with the prospective Transaction Partner

If yes, please describe:_____

_____

_____

8. Does the proposed Transaction Partner claim to have connections with a certain public office, organization, or individual (Public Official or Covered Recipient)?

☐Yes ☐No

If yes, please describe:_____

_____

_____

9. Did any Public Official or Covered Recipient request or require the hiring of this proposed Transaction Partner?

☐Yes ☐No

If yes, please describe:_____

_____

_____

10. What information was gathered in the course of due diligence? (Examples include biographical data of the person in charge, media report / Internet, information collected from proposed Transaction Partner, interview with the person in charge, third party background check.)

_____
_____
_____

11. State the specific reason/background for retaining the proposed Transaction Partner:

_____
_____
_____

12. Verify that you have reviewed the reputation of the proposed Transaction Partner in terms of corporate ethics and compliance by checking the box(es) below. (Confirm credibility based on the existence/non-existence of code of conduct, standards of conduct and other rules and standards for the company and its officers and employees, and the contents of those rules and standards.)

☐ a. Confirmed through its website, brochures, etc.

☐ b. Confirmed through relevant documents submitted by the agent, etc.

☐ c. Confirmed by referring to other trusted companies for credibility, as no code of standards, etc. has been established by the agent, etc.

Details: _____

☐ d. Other _____

13. Does the proposed contract with the proposed Transaction Partner contain DXP's standard anti-corruption language?

☐Yes ☐No

If NO, explain any changes made and why those changes were made:

_____
_____
_____

14. Do you have any reason to suspect that the proposed Transaction Partner has or will participate in Bribery?

☐Yes ☐No

IF YES, please explain:

_____
_____
_____

15. Do you have any reason to suspect that the Company's use of the proposed Transaction Partner could give the perception of Bribery?

☐Yes ☐No

IF YES, please explain:

_____
_____
_____

Declaration:
The undersigned has reviewed the DXP's Anti-Corruption Policy, and has no reason to know or suspect that the proposed Transaction Partner has or would violate the Anti-Corruption Policy or the anti- corruption laws discussed therein. The undersigned declares that all information contained within this form is true and correct to the best of her/her knowledge, and the undersigned knows of no other material information about the request not provided herein or attached to this request.

NAME (Signature): _____
NAME (Printed): _____
Date: _____

APPROVED BY:

_____
Signature/ General Counsel or CFO

_____
Date

_____
Printed Name

APPENDIX D
DUE DILIGENCE QUESTIONNAIRE

DXP is committed to compliance with anti-corruption laws worldwide, and expects our Transaction Partners to share in that commitment. Please complete the following questionnaire, and return it to your DXP contact along with any additional documentation requested. If you have any questions, please contact the DXP General Counsel.

Name of proposed Transaction Partner:_____

Any other names under which you operate:_____

Principal place of business:_____

Website:_____

Name, title, and email address of person completing this form:

_____

_____

_____

Business structure of proposed Transaction Partner (individual, corporation, government entity, etc.):

_____

_____

(Please attach documents demonstrating ability to conduct business in countries of proposed operations.)

How many years has the proposed business partner been in business: _____

Number of employees:_____

Proposed scope of work for DXP:

_____

_____

_____

_____

Will you interact with Public Officials or Covered Recipients[2] on behalf of DXP? (if Yes, please describe.)

_____

_____

_____

Proposed countries where work will be performed:

_____

_____

Any other countries where you conduct or have conducted business:

_____

_____

Proposed compensation:

_____

_____

_____

_____

List the officers, managers and key employees (including those who would be performing work on DXP's behalf):

Name	**Title**	**Country of Citizenship**

[2]For the purpose of this questionnaire, **Public Official** means any officer, agent, or employee of (i) a government, department, agency, or instrumentality including wholly- or majority- state-owned or controlled enterprises; or (ii) any public international organization, such as the United Nations or the World Bank; or any person acting in an official capacity for or on behalf of any such government or department, agency, instrumentality or public international organization, even if that person is not herself employed directly by the government or public international organization. **Covered Recipient** means any (i) political party; (ii) official of a political party; (iii) candidate for political office; (iv) child, spouse, or other close relative of a Public Official; or (v) any other person if you know or have reason to know that person will make, offer, or promise a Payment or Gift in violation of relevant anti-corruption laws and regulations, including the U.S. Foreign Corrupt Practices Act.

List the Board of Directors:

Name	Title	Country of Citizenship

List each individual or entity having a financial or ownership interest:

Name	Title	Country of Citizenship

Are any of the individuals listed above Public Officials or Covered Recipients?

☐Yes ☐No

If Yes, provide the name of the individual, and explain why that individual is properly classified as a Public Official/Covered Recipient, their responsibilities and dates of service.

_____

_____

_____

_____

Are any of the individuals listed above former Public Officials or Covered Recipients?

☐Yes ☐No

If Yes, provide the name of the individual, and explain why that individual is properly classified as a former Public Official/Covered Recipient, their responsibilities and dates of service.

_____

_____

_____

_____

Has anyone listed above or the proposed Transaction Partner itself ever been charged or convicted of violating any anti-corruption laws, rules or regulations in any country? (If so, please describe.)

☐Yes ☐No

_____

_____

_____

_____

Do you contract (or do you anticipate contracting) with any other individuals or entities to provide services on its behalf related to the proposed scope of work for DXP? (If yes, please describe.)

☐Yes ☐No

_____

_____

_____

_____

Provide the name(s) and address(es) of the bank account(s) where you would receive payment from DXP, including the name on the account and all signatories for each account. If the account is not in the

territory where the proposed Transaction Partner proposes to conduct business, please provide an explanation of the discrepancy:

_____

_____

_____

_____

Does your company have anti-corruption policies and procedures? (If so, please attach.)

☐Yes ☐No

Do you do business in any of the following countries:

☐Burma ☐ Cuba ☐ Iran ☐ North Korea

☐Sudan ☐ Syria ☐ Libya

If so, provide details regarding the business conducted.

_____

_____

_____

_____

Is there any other information that DXP should consider?

_____

_____

_____

On behalf of the proposed Transaction Partner listed above, I hereby certify that the information provided in this Due Diligence Questionnaire is true, accurate, and complete. I will immediately advise DXP of any changed circumstances that would make this questionnaire no longer true, accurate, and complete. I also certify that completion of this questionnaire does not give the proposed Transaction Partner any authorization to act on behalf of DXP, does not create a contractual relationship between DXP and the proposed Transaction Partner, and does not create an expectation that such a relationship may ever exist.

NAME (Signature): _____
NAME (Printed): _____
Date: _____

APPENDIX E
ANTI-CORRUPTION COMPLIANCE CERTIFICATION

DXP is committed to compliance with anti-corruption laws, and expects that our Transaction Partners share in that commitment. Please complete the certification below, and return it to your DXP contact. If you have any questions about this certification, please contact the DXP Compliance Officer.

I, _____, on behalf of _____ ("Transaction Partner") hereby certify as follows:

Transaction Partner has not (if previously engaged), and will not, offer or provide (directly or indirectly), or authorize the offer or providing of, anything of value to any individual or political party with the intent of influencing them for the purpose of obtaining or retaining business, gaining a business advantage, or as a reward for improper behavior.

Transaction Partner is aware of general anti-corruption principles and has complied (if previously engaged) and will comply with all applicable anti-corruption laws including, but not limited to, the U.S. Foreign Corrupt Practices Act.

Transaction Partner has not, and will not make any Facilitating Payments.[3]

Transaction Partner will take appropriate steps to ensure that all individuals associated with the Transaction Partner (including, but not limited to, employees, officers, directors, agents, and owners) who will perform work related to DXP's business are instructed on applicable anti-corruption laws. Transaction Partner will also take appropriate steps to prevent and detect non-compliance with the applicable anti-corruption laws.

Unless specifically authorized to do so in writing, Transaction Partner has not (if previously engaged) and will not offer or provide gifts, meals, travel, entertainment, charitable contributions, political contributions or anything else of value to any individual or political party on behalf of DXP.

Transaction Partner has (if previously engaged) and will maintain accurate and reasonably detailed books and financial records that reflect all activities related to DXP's business.

If Transaction Partner becomes aware of any non-compliance with applicable anti-corruption laws by Transaction Partner or its associated person related to DXP's business, Transaction Partner will contact the DXP General Counsel.

Transaction Partner or Proposed Transaction Partner understands that completion of this certification does not give any authorization to act on behalf of DXP, does not create a contractual relationship with DXP, and does not create an expectation that such a relationship may ever exist.

NAME (Signature): _____
NAME (Printed): _____
Date: _____

[3] Facilitating Payments are low-value payments made to low-level government officials to expedite a routine, non-discretionary function

APPENDIX F

DXP'S STANDARD ANTI-CORRUPTION PROVISION

Compliance with Laws and Proper Business Practices

1. The Contractor [or as otherwise appropriate defined, depending on whether the provisions are being incorporated into a sales representative, joint venture partner or other third party business relationship] shall comply with, and render all necessary assistance to the Company to ensure that the Company is in compliance with all governmental laws, ordinances, directives, rules and regulations applicable in connection with any of the Contractor's obligations under this Contract.

2. The Contractor will not, and nor will any of its officers, employees, representatives or agents ("**Associated Parties**"), directly or indirectly, either in private business dealings or in dealings with the public sector, offer, give or agree to offer or give (either itself or in agreement with others) any payment, gift or other advantage with respect to any matters which are the subject of this Contract which (i) would violate any applicable anti-corruption laws or regulations (including, without limitation, the US Foreign Corrupt Practices Act) (ii) is intended to, or does, influence any person to act or reward any person for acting in breach of an expectation of good faith, impartiality or trust, or which it would otherwise be improper for the recipient to accept, or (iii) is made to or for a public official with the intention of influencing them to allow the Company or Contractor to obtain or retain an advantage in the conduct of business, ("**Corrupt Act**").

3. The Contractor further agrees and undertakes: (i) not to seek to, directly or indirectly, improperly or corruptly influence or attempt to influence a Government Official (defined as any officer, agent, or employee of (a) a government, department, agency, or instrumentality including wholly- or majority-state-owned or controlled enterprises; (b) any public international organization, such as the United Nations or the World Bank; or (c) any person acting in an official capacity for or on behalf of any such government or department, agency, instrumentality or public international organization, even if that person is not him or herself employed directly by the government or public international organization), or any individual to act to the advantage of either of the Company or the Contractor or otherwise to perform their duties improperly, and not to use any of the proceeds of any payments made under this Contract, directly or indirectly, for this purpose or otherwise for the purpose of or in connection with any Corrupt Act; and (ii) to notify the Company immediately if, at any time, it becomes aware that any of the representations set out in this Agreement are no longer correct.

4. The Contractor shall take reasonable steps to ensure that its Associated Parties, and any sub-contractors or suppliers providing goods or services in connection with the Contractor's provision of services to the Company under this Contract, will comply with the principles set out in this Agreement. Notwithstanding the foregoing, this Contract is personal to the Contractor, and the Contractor may not subcontract, assign, or otherwise delegate any of its rights, responsibilities or obligations under this Contract to any representatives, agents, sub-contractors or other third parties or entities (collectively, "**Sub-contractors**") or otherwise retain any Sub-contractors in connection with this Contract without, in each case, the prior written approval from the Company, such consent to be given at the Company's sole and absolute discretion.

5. During the term of this Contract, the Contractor shall (i) properly and accurately record in its books and records all transactions which relate in any way to this Contract or to services provided by the Contractor under it ("**transaction records**"), and (ii) upon request by the Company, the Contractor will make available copies of the transaction records, and/or any other such information as the Company may reasonably require, including personnel, to the Company or auditors appointed by the Company, in order to monitor the Contractor's compliance with its obligations under this Agreement.

6. If the Company in good faith has reasonable concern that a breach the Compliance with Laws and Proper Business Practices Articles has occurred or could occur, the Company may immediately terminate the Contractor without notice or penalty.

APPENDIX G

ANTI-CORRUPTION COMPLIANCE CERTIFICATION

I, _____, certify that, except as detailed below or previously reported to the General Counsel or DXP's Conduct Helpline, I know of no violations of DXP's Anti-Corruption Policy, the FCPA, or another country's anti-corruption laws by any Company Personnel or Transaction Partner. I have read, understand, and will comply with DXP's Anti-Corruption Policy. Should I obtain information about a known or suspected violation of the Anti-Corruption Policy, the FCPA, or another country's anti-corruption laws by any Company Personnel or Transaction Partner, I will report such a violation as directed in the Anti-Corruption Policy.

Signature: _____

Printed Name: _____

Title: _____

Date: _____

Below are all instances of which I am aware, if any, of actual or suspected violations of the Anti-Corruption Policy, the FCPA, or another country's anti-corruption laws:

_____
_____
_____
_____
_____
_____
_____
_____
_____
_____
_____
_____
_____
_____
_____
_____
_____
_____
_____
_____