

# COMPLIANCE QUARTERLY



## Mission B.E.A.R.

*“Have the integrity,  
to do the right thing  
in the right way.”*

### I. Need to Know

- Important Reminders
- Time-Sensitive Matters
- Toray Flow-Downs

#### Reporting Misconduct: If You See Something, Say Something

Sanctions laws and export controls impose an affirmative obligation on Zoltek employees to identify and prevent violations of the law. Should you suspect that a non-compliance may have occurred, including apparent acts of fraud or incidents of misconduct in violation of our Code of Conduct principles, the issue should be **immediately reported to HR or Global Compliance. Employees may also utilize Zoltek’s anonymous Whistleblower Reporting System** by using any one of the following dedicated e-mail boxes:

[compliance.support@zoltek.com](mailto:compliance.support@zoltek.com)  
[cumplimiento.legal@zoltek.com](mailto:cumplimiento.legal@zoltek.com)  
[visszaeles.bejelentes@zoltek.hu](mailto:visszaeles.bejelentes@zoltek.hu)

#### Introducing Securimate: Zoltek teams with Steele Compliance Solutions to implement new 3<sup>rd</sup> Party Risk Management solution

US Sanction regulations require companies to have continuous 3rd party monitoring capabilities. To meet this and other regulator

expectations, Zoltek has partnered with Steele Compliance Solutions to implement Securimate, Steele’s industry leading 3<sup>rd</sup> party compliance case management system. The Securimate platform replaces our current screening tool, Visual Compliance, while also enabling enhanced screening and due diligence capabilities. In addition to the screening software subscription, Securimate offers investigative services. This will allow the Global Compliance Team to perform enhanced due-diligence, and order various due diligence reports, if the initial 3rd party screening indicates red flags.

Zoltek’s Global Compliance team kicked off implementation in July 2020 and are coordinating closely with the business to optimize Securimate’s features to support and where possible, improve upon, existing customer / vendor set-up and monitoring processes.

#### Toray HQ Initiative: B.E.A.R Awareness Month

As a promotion of Mission B.E.A.R, Toray has requested all subsidiary companies to designate one month during Q3 to dedicate to implementing compliance improvements.

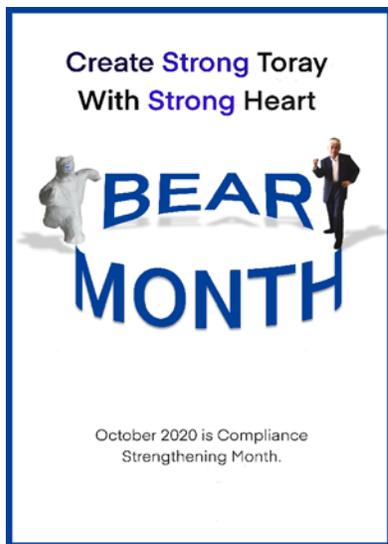
Zoltek is pleased to participate fully in this important campaign and has identified two major initiatives set to launch later this month into early November.

These initiatives are:

- 1) New Compliance e-Learning Program, and
- 2) Employee “Culture & Perceptions” Survey.

Details on both initiatives is provided in the paragraphs which follow.

To demonstrate Toray’s commitment to an ethical workplace, Toray President Mr. Nikkaku delivered a special video message to all Toray group employees. In this video, linked below, Mr. Nikkaku talks about the link between compliance and business and his personal experiences leading him to make **Strong Heart (Integrity)** a foundation of our corporate culture. Please watch the video message that you can access [here](#).



### B.E.A.R Awareness Month Compliance Activity

To better understand President Mr. Nikkaku’s video message and the concept of the B.E.A.R slogan: “Have the integrity, to do the right thing in the right way”, Toray developed materials to support team discussion on ethics matters. The video linked [here](#), talks about two examples of the real or perceived dilemmas that employees typically face when trying to “do the right thing in the right way, and act with integrity (strong heart).”

We encourage Zoltek teams to listen to the following cases, think and engage in discussions on how team

members would handle the situations presented in this compliance exercise.

### Employee “Perceptions” Survey coming soon

Global Compliance and HR are finalizing plans to conduct an all-employee Culture & Perceptions survey to be rolled out early November. Measuring and improving Zoltek’s “culture of compliance” is one of the fundamental commitments set forth in our Settlement Agreement with OFAC. The survey, which can be completed in under 10 minutes, will be managed by Ethisphere – our 3<sup>rd</sup> party service provider – which will assure anonymity and process integrity. This initial, baseline survey will collect employee perceptions across several categories, including level of comfort in speaking up, and to what extent employees feel supported throughout the organization. Survey results – which will be segregated by specific demographics – will be organized and shared with employees and managers alike. Utilizing an extensive benchmarking database, Ethisphere will assist in the development of specific action plans aimed at improving employee perceptions over time. The survey will be re-administered in late 2021 to measure and assess our progress. The employee survey process is a critical element in improving our culture of compliance. Everyone’s participation is very much encouraged and appreciated.

### New Compliance e-Learning Program ready to launch

Zoltek’s Global Compliance team is introducing a new Compliance e-Learning Program with a roll out in this month. The program provides essential knowledge and awareness across several legal and regulatory areas relevant to Zoltek operations along with a focus on ethical conduct with the addition of Business Ethics. The Zoltek compliance e-Learning curriculum include courses in topics such as Anti-Bribery & FCPA, Business Ethics, Conflicts of Interest, Cyber Security, Data Privacy & GDPR, Sanctions Compliance etc.

Completing the assigned e-Learning will be an annual requirement for all employees. For our inaugural roll out, everyone received their specific assignments at the same time and everyone will have 45 days to complete their assigned training. Training content is available in Hungarian, English, and Spanish.

### Compliance objectives now part of Annual Review process

In our last newsletter, we announced that a new compliance & ethics performance measure was in work and would be

rolled out for this years’ review process. In the coming weeks you will receive a communication from HR sharing specifics on the new measure and the weighting changes being implemented. We want to emphasize the importance Zoltek places on this topic which includes everyone’s obligation to observe and follow our Corporate Guiding Principles of fairness and integrity. Implementing methods to incentivize compliance is not only an industry best practice, it is also considered by regulators to be an essential component of an effective corporate compliance program. Please access the link below to review and refamiliarize yourself with these Principles [“Corporate Guiding Principles”](#).

**II. RECENT ACTIVITIES & ACCOMPLISHMENTS**

**2<sup>nd</sup> annual Sanctions Compliance Program**

**Certification provided to OFAC on schedule**

Per the December 2018 Settlement Agreement with OFAC, Zoltek is required to certify annually that the provisions and controls set forth in our Sanctions Compliance Program are in place and operational. In June, Zoltek provided the 2<sup>nd</sup> of five certifications to OFAC on schedule.

All Zoltek employees must understand and follow the procedures contained in our Sanctions Compliance Program. If you have not already done so, or as a refresher, please take the time to familiarize yourself with the document linked [here](#). After reviewing, feel free to contact Global Compliance should you have questions or need assistance understanding your responsibilities in the context of your job role.

**New Global Data Privacy Policy released**

On August 1<sup>st</sup>, 2020, Global Compliance issued a new global Privacy Policy. The policy “Notice of Privacy Practices & Data Processing Standards” (GCP-001) linked [here](#), establishes the framework and identifies core team participants – Compliance along with HR and IT – that will lead privacy program improvements. The policy also establishes a new “Data Breach Response” procedure to ensure readiness should an escape occur.

Issuing the Privacy Policy is a significant step for Zoltek in order to establish a GDPR-compliant approach to the transfer of personal data between

our global operations. While the privacy policy was mainly designed to ensure compliance with the GDPR, it also creates a framework for future procedures that may be necessary to establish compliance with other stringent data privacy regulations.

**Global Compliance welcomes new team member**

We are pleased to welcome Andres (Andy) Ayala – Trade Compliance Analyst – who joined the Global Compliance team on July 27th, 2020. Andy’s primary duties include export-licensing activities and he will be the main contact regarding other trade compliance tasks such as product ECCN classification requests. Andy is also responsible for performing compliance screening of Zoltek’s third parties as well as conducting other due diligence activities.

In addition, Andy has a strong background in logistics and transportation which brings new talent to Zoltek’s growing Global Compliance organization. Please join us in welcoming Andy to Zoltek.

**III. LOOK-AHEAD – next 1-3 months**

What	When
Toray update to Ethics & Compliance Code of Conduct	Late Oct to early Nov
Employee Culture & Perception Survey	November

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