

# Tellabs Global Anti-Corruption Policy

## Objective:

During the course of business, it is common for Tellabs representatives to interact with government officials as well as third party agents, consultants, distributors and resellers. Tellabs employees must comply with all applicable anti-bribery laws including the United States Foreign Corrupt Practices Act (“FCPA”), as well as similar laws in other countries enacted as a result of the Organization for Economic Co-operation and Development Convention on Combating Bribery of Foreign Public Officials in International Business Transactions, during these interactions. All Tellabs employees, as well as any party working on Tellabs’s behalf, must never offer, promise to make or make payment or provide anything else of value directly or indirectly to government officials for the purpose of influencing the placement of contracts, obtaining a business advantage or securing political or business concessions.

## Defined Terms:

*Anything of Value:* Includes cash, gifts, gratuities, travel, meals, entertainment and offers of employment. Also may include event sponsorships, consultant contracts, and charitable contributions made at the request of, or for the benefit of, a government employee, their family, or other relations, even if made to a bona fide charity.

*Facilitation Payment:* Small, unofficial payment made with the purpose of expediting or facilitating the performance by a public official for a routine governmental action.

*Government Officials:* Broadly, includes anyone working at or on behalf of a government entity (as defined below), as well as any candidate for political office, political party official or employee, or a political party. A government official also includes an officer, director, or employee of a non-governmental institution whose employees are treated, because of their status or other reasons, as government officials under applicable local or U.S. federal law.

*Government Entity:* Includes national, state or local governments or government departments, bodies, agencies, as well as “public international organizations” and political parties. “Public international organizations” include any organization with two or more governments as members, such as the World Bank. “Government entity” also includes “government instrumentalities” which includes government-owned or controlled commercial enterprises, regardless of whether there is whole or partial government ownership or control.

## Policy Statements:

### General Practice

Tellabs prohibits payments, offers of payment, as well as giving anything of value directly or indirectly to officials or representatives of foreign or domestic governments for the purpose of influencing the placement of contracts, obtaining a business advantage,

securing political or business concessions or inducing a government employee to perform a routine duty or service. Prohibited payments include:

- Payments securing an improper advantage, including a decision to select Tellabs to provide any products or services, or to provide Tellabs with more preferential terms, including, but not limited to, providing any confidential, proprietary or competitor information that may provide Tellabs an improper advantage;
- Payments to influence any act or decision of a government employee in his or her official capacity;
- Payments to induce a government employee to perform or fail to perform any act;
- Payments inducing a government employee 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; and
- Payments inducing a government employee to perform a routine duty or service, commonly referred to as “facilitating payments” unless pre-approved in writing by the Law Department and properly recorded on Tellabs books as facilitating payments.

### Third Parties (including Agents, Consultants, Distributors and Resellers)

Arrangements for the services of an independent or unrelated person or firm that provides entree or liaison to further our business interests in areas of the world where we do not have an established presence may be allowed if the following conditions are met:

- Arrangements are undertaken in accordance with the International Sales Partner Agreement Procedure, including the requirement of an independent background check;
- Arrangements are properly conceived as to reasonable (at market rates) commissions or fees to be paid under the particular circumstances;
- Arrangements are clearly documented on official business records;
- Arrangements are implemented in writing for commensurate services, properly rendered and are legitimate and in compliance with Tellabs policies;
- Arrangements are monitored on a continuing basis for compliance with this Policy, including follow-up independent background checks periodically.

All commission or fee contracts (including but not limited to commission agreements, retainer agreements and success fee agreements) must receive the prior written approval of the Law Department and the appropriate Regional Vice President making the sale. Commission contracts which are likely to, or in fact do, result in aggregate commissions or fees over the term of the contract in excess of 10% of the value of the underlying sales agreement or \$1,000,000 are to be entered into or maintained, only upon the prior

written approval of the Law Department, the appropriate Regional Vice President and the Executive Vice President of Global Sales.

Additionally, if deemed appropriate by Tellabs's Law Department, commission or fee contracts are to be approved by an opinion of reputable counsel, retained by Tellabs in the country in which such third party is a resident or will be performing services. The opinion must affirm that the contract is legal and proper, and the form of payment (particularly if it is to be made outside such country) is allowable under all laws in regards to taxation or exchange controls.

Employees must consult with local counsel (but only with assistance from Tellabs's Law Department) regarding, and should follow, any local public disclosure and governmental filing requirements in connection with entering into and payments relating to commission or fee contracts.

### Recordkeeping

All Tellabs accounts, invoices, memoranda and other documents and records must be prepared and maintained with strict accuracy and completeness. No accounts may be kept "off-book" in order to facilitate or conceal improper payments. All assets, liabilities, revenues and expenses must be recorded, using the proper general ledger accounts, in the regular books of Tellabs. All accounting records, expense reports, invoices, vouchers and other business records must be accurately and fully complete, properly retained and reliably reported and recorded.

### Red Flags

The following is a list of sample situations that may raise concerns under various anti-bribery and anti-corruption laws; this list is not intended to be exhaustive. Employees must be familiar with these situations. If employees encounter any of these red flags during the course of business, they must report them promptly through normal reporting relationships, to any member of local management, or the Corporate Compliance Officer or the Law Department for review.

1. Any persons or third-parties who are or may represent, distribute, or supply Tellabs (or its customers/clients through Tellabs) who:
  - engage in, or have been accused of engaging in, improper business practices;
  - have a familial or other relationship that could improperly influence the decision of a customer or government employee;
  - approach Tellabs employees at or near the time of a contract or procurement decision and explain that he or she has a special arrangement with a government employee, client, or potential client;
  - insist upon receiving a commission or fee payment before the announcement of a contract or procurement decision;
  - demand an extraordinarily high commission or fee for services (above market rates);
  - request cash payment or payment "off-books" and/or refuses to sign a formal commission or fee agreement with Tellabs;
  - request that payment for services be made to a country or geographic location different from where the third party resides or conducts business;
  - emphasize his/her/its "connections";
  - request additional commission or fees in order to "facilitate" services;
  - demand lavish entertainment, gifts or travel before commencing contract negotiations or other services;
  - request a donation from a customer or a party in a position to influence any potential business advantage obtained or retained by Tellabs;
  - request a payment to "overlook" potential violations of law;
  - request employment of a friend or relative;
  - request that Tellabs make a payment to a numbered account instead of an account with a third party's name;
  - refuse to make representations and warranties to Tellabs regarding his/her/its interest in the underlying transaction or how any funds paid by Tellabs to him/her/it will be used; or
  - have a reputation for paying bribes or who have a reputation for having a special relationship with foreign government officials.
2. Lack of transparency supporting documentation or inconsistent documentation for vendors' expenses, particularly law firms, consultants and travel agents.
3. Invoices which appear to be non-standard or customized; invoices with higher than normal prices or fees or which have inadequate matching or prices to particular goods or services.
4. Comments suggesting a particular manner of conducting business is "the way business is done here".
5. Large amount of petty cash transactions.
6. Use of side letters.
7. Use of a consultant which does not appear to possess capability to perform stated services.
8. Use of a consultant whose office location does not "make sense" in light of service offerings.
9. Recommendation by a customer or government employee, to use a particular consultant or distributor.
10. Any request that a commission or other fee payment be made in a third country or to another name or company different from the one earning the commission.
11. Any commission or fee payment that appears large in relation to the services provided.
12. Any request to use a specific sales representative, agent, intermediary, consultant, distributor, or supplier that is not typically used by or known to Tellabs.



If you have questions or concerns regarding any of the above situations, or any other circumstances that seem unusual, you must consult with the Law Department.

### Reporting

If an employee becomes aware of any conduct that he/she believes may violate this Policy, the employees must report the activity. The employee may report the activity through normal reporting relationships (e.g., Ethics Hotline or EthicsPoint), any member of local management, the Corporate Compliance Officer or the Law Department.

### Monitoring and Auditing

Tellabs will periodically monitor and audit compliance with this Policy through scheduled, as well as random, anti-corruption audits. Certain employees (selected by role) will be required to execute periodic certifications of compliance with the Policy, as well as attend and successfully complete training related to anti-corruption.

### Consequences/Penalties

Employees must adhere to this Policy. Violations may result in criminal and civil exposure for Tellabs and each employee involved, including imprisonment and other severe penalties. By law, fines imposed on individuals for violations of the FCPA cannot be paid by Tellabs and must be paid by the individual committing the violation. In addition to penalties that may be imposed by the laws of the countries where we operate, Tellabs will discipline employee violations, up to and including termination.

### References

Refer to Integrity Policy, International Sales Partner Agreement Policy, Political and Charitable Contributions Policy and Records Retention Policy for additional information regarding specific prohibited payments and records management.

### Roles and Responsibilities:

Employees are responsible for reading, understanding, and complying with the statements in this policy.

Employees are responsible for reporting instances or activities that may violate this Policy.

Employees are responsible for executing periodic certifications of policy compliance, as well as attending, and successfully completing, training related to anti-corruption legislation.

The appropriate Regional Vice President and the Law Department are responsible for preapproving in writing commission or fee contracts to be paid to a person or firm who effectively arranges business on behalf of Tellabs.

The Executive Vice President of Global Sales, the appropriate Regional Vice President and the Law Department are responsible for pre-approving in writing any commission or fees to be paid to a person or firm who effectively arranges business on behalf of Tellabs in excess of 10% of the value of the underlying sales agreement or \$1,000,000.

Internal Audit is responsible for auditing and monitoring compliance with this Policy through scheduled, as well as random, anti-corruption compliance audits.

The Law Department and Corporate Compliance Officer are responsible for providing advice and guidance to employees with regard to anti-corruption laws and regulations and assisting employees who are responsible for ensuring that Tellabs enters into appropriate written commission or fee agreements with third parties.

Any exceptions to this Policy must be approved in writing by the Corporate Compliance Officer.

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