

Bourns Reminder of the United States Anti-Boycott Regulations March 28, 2024

The United States Anti-Boycott Act of 2018, a subpart of the Export Control Reform Act of 2018 and its implementing regulations, establish rules that discourage, and in certain circumstances prohibit, United States persons¹ from taking certain actions in furtherance or support of a boycott maintained by a foreign country against a country friendly to the United States (an unsanctioned foreign boycott).

Under this Anti-Boycott Act of 2018, Bourns, Inc. and its domestic and foreign affiliates (meaning all Bourns' companies, collectively "Bourns") are barred from participating in boycotts of United States allies if those boycotts are promoted or imposed by foreign countries.

Additionally, Bourns must report to the United States Bureau of Industry and Security the receipt of the request to furnish information to a third party that will help such third party to participate in the unsanctioned foreign boycott as required by Section 760.5 of the in the Export Administration Regulations ("EAR").

Violation of this Anti-Boycott Act of 2018, including a failure to report third-party requests for information needed for such third party to participate in the unsanctioned foreign boycott, carries up to \$300,000 penalty per violation and criminal sanctions, including up to a \$1 million fine.

Under a new 2024 bill, this prohibition would be expanded to apply to boycotts of U.S. friendly allies that are promoted or imposed by international governmental organizations ("IGOs").

Activities that may be prohibited under the Anti-Boycott Act of 2018 include but are not limited to:

- Refusals or agreements to refuse to do business with or in a boycotted country or with blacklisted companies that are U.S. friendly allies.
- Furnishing information or agreements to furnish information about business relationships with or in a boycotted country or with blacklisted companies that are friendly allies.
- Implementation of contracts containing prohibited boycott terms or conditions.
- Furnishing information or agreements to furnish information about the religion or national

¹ "U.S. person" is defined to include all individuals, including foreign nationals, who are resident in the United States, and corporations and unincorporated associations that are resident in the United States, including the permanent domestic establishments of foreign concerns. The term also applies to U.S. citizens residing abroad (except when they are employed by non-U.S. persons) and the "controlled in fact" foreign subsidiaries, affiliates or other permanent foreign establishments of domestic concerns. The test for "controlled in fact" is the authority or ability to establish the general policies or to control the day-to-day operations of the foreign subsidiary, affiliate, partnership, branch, office, or other permanent foreign establishment. Please see [Section 760.1 of the EAR](#) for further explanation and examples.

origin of a United States person.

- Taking actions with the intent to evade Part 760 of the EAR.

For information on which United States allies or foreign boycotts are subject to this Anti-Boycott Act of 2018, please contact international.trade@bourns.com. When in doubt whether a request may have been made by a third party in attempt to comply with an unsanctioned foreign boycott, please reach out to Bourns' International Trade department first before replying.

A few examples of requests which were ruled to be prohibited under the US Anti-Boycott Act of 2018 are below:

Prohibited Condition in a Contract:

"The Contractor shall comply in all respects with the requirements of the laws of the State of Bahrain relating to the boycott of Israel. Goods manufactured by companies blacklisted by the Arab Boycott of Israel Office may not be imported into the State of Bahrain and must not be supplied against this Contract. For information concerning the Boycott List, the Contractor can approach the nearest Arab Consulate."

Prohibited Boycott Conditions in a Questionnaire:

"What companies in whose capital are your shareholders?" Please state the name and nationality of each company and the percentage of share of their total capital."

Prohibited Condition in a Purchase Order:

"Supplies of our purchase order should never be consigned or shipped by steamers included on Israel Boycott list."

Currently, due to its war against Hamas, the most commonly encountered boycott is against Israel. For example, recently Malaysia prohibited import of products with any connection to Israel.

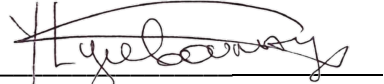
The other common boycotts, which can fall under the Anti-Boycott Act of 2018, are India-Pakistan, Ethiopia-Eritrea, China-Taiwan, Bahrain-Bangladesh, and Oman-Qatar-Saudi Arabia.

In most instances, a third party will ask if a Bourns product contains any material from boycotted country (such as Pakistan or Israel), was made in such boycotted country, or used transportation (like a ship or airline) under boycotted flag or ownership. This kind of request is illegal under the U.S. Anti-Boycott Act of 2018 and must be reported immediately to the Legal Department: Yuliya Lyubovnaya, Lisa Yumi Mitchell, David Roth or Mathias Martinez Mendez.

The response to such request should be:

"The US Anti-Boycott Act of 2018 does not permit me to respond to your request. Please familiarize yourself with the provisions of this law to make sure your company is not in violation."

Certain boycotts may evoke strong personal feelings. It is understandable. However, as each one of us is an employee, supplier, distributor, or partner of Bourns, we must comply with laws that apply to Bourns global company headquarters in the United States first and foremost. If you feel conflicted, please reach out to your local Human Resources Department or the Corporate Human Resources Department, or to international.trade@bourns.com if you are a supplier, distributor, or partner of Bourns, to discuss possible solutions that will safeguard both Bourns and you personally.



Yuliya Lyubovnaya
VP, General Counsel and Secretary
Empowered Official



Ruth Sutton
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