



CALIX, INC. ANTI-BRIBERY COMPLIANCE POLICY

1.0 INTRODUCTION AND PURPOSE STATEMENT

The Foreign Corrupt Practices Act (“FCPA”) is a US federal law that applies to both individuals and businesses. All Calix, Inc. (“Calix”) business around the world falls within the scope of the FCPA. Violations of the FCPA subject offending parties to severe criminal and civil penalties.

The Bribery Act 2010 (UK Act) is an Act of the Parliament of the United Kingdom that applies to both individuals and businesses. Due to Calix’s presence in the UK, all Calix business around the world falls within the scope of the UK Act. Violations of the UK Act subject the offending parties to severe criminal penalties.

Calix is committed to full compliance with both the letter and the spirit of all applicable anti-bribery laws and regulations, including the FCPA and UK Act (collectively, “the Acts”). The purpose of this policy (“Policy”) is to alert employees, officers, directors, agents resellers and contractors of Calix and its subsidiaries (“Calix Representatives”) to the requirements of the Acts and to establish best practices and recordkeeping procedures that assure that all transactions undertaken by Calix and its Calix Representatives, both internationally and domestically, are in compliance with the Acts.

2.0 THE ACTS IN SUMMARY

The Acts specifically prohibit Calix, and individuals acting on Calix’s behalf, from offering, promising, or giving “anything of value,” or providing an “advantage” to another person or entity with the intent of inducing that person or entity to take any improper action or rewarding that person for taking an improper action. Stated simply, the Acts strictly prohibit the payment of bribes, kickbacks or other inducements. Receiving a bribe can also violate the Acts.

The Acts prohibit both direct and indirect offers and payments. Therefore, Calix and Calix Representatives are potentially liable for any actions made through an agent, consultant, or other third-party intermediary with the knowledge or belief that it will violate the Acts. “Knowledge” includes a conscious disregard for or deliberate ignorance of facts that indicate a high probability that the payment or offer will occur. In other words, Calix cannot use another party to do indirectly anything which it cannot do directly.

Calix can also be liable if it fails to prevent a bribe. Therefore, it is important that Calix take strong steps to ensure that all Calix Representatives comply with this Policy.

This Policy is not limited to “foreign officials.” This Policy applies to offers and payments to any individual or entity: there is no difference between bribing a public official, private citizen, government agency or private corporation. The terms “anything of value” and “advantage” are also interpreted very liberally, and can include items such as travel, entertainment, or lavish meals.

The Acts require U.S. companies to maintain books and records that accurately and fairly reflect international corporate transactions and require that companies establish a system of internal accounting controls to provide reasonable assurance to management of the type of financial transactions undertaken by the company. Under the accounting standards provisions of the Acts, even payments that are legal under the Acts must be properly recorded in the accounts and records of the company. Recording of such payments in any way that would conceal their true nature constitutes an independent violation of the Acts’ accounting standards.

Statutory penalties for violation of the Acts include unlimited fines per violation for companies, and unlimited fines and imprisonment for up to fifteen years per violation for individuals.

3.0 THE CALIX POLICY AND PROCEDURES

To ensure that Calix remains in compliance with the Acts, all Calix Representatives must comply with this Policy, and the procedural guidelines below.

3.1 Scope. This Policy applies to all Calix Representatives. It is designed to help them recognize situations and payments that might raise legal issues under the Acts. It is important that each Calix Representative with responsibilities that might give rise to potential liabilities resulting from the Acts be aware of this Policy, comply with its procedures, and work closely with Calix’s Legal and Finance Departments to ensure compliance (See Section 4.2).

3.2 Responsibilities. Each Calix Representative is responsible for recognizing, avoiding, and reporting any situation involving practices that may be illegal under the Acts. Calix Representatives are further responsible for complying with this Policy and its record-keeping procedures. All managers are responsible for communicating this Policy to Calix Representatives under their supervision. To ensure compliance with this Policy, Calix Representatives involved in retaining agents and consultants are also required to have such agents and consultants comply with this Policy.

3.3 Prohibited Payments and requests. No Calix Representative shall offer, promise, or give anything of value or any advantage to any other person or entity with the intent or knowledge that such action may induce that person or entity to take any improper action. This prohibition applies to the use of corporate as well as personal funds or assets. It also applies to indirect contributions, payments, or gifts made through any consultants, agents, advisors, suppliers, customers, or other third parties. No Calix Representative shall use Calix assets to make any charitable or political contributions unless approved in advance by the Calix Legal Department, and Calix Representatives shall take care that any personal charitable or political contributions are not made for purposes that would be improper under this Policy. No Calix employee shall request, agree to receive, or accept an advantage intending that a relevant function or activity should be performed improperly.

3.4 Permitted Payments. Certain payments to foreign officials or entities may not be prohibited by the Acts. However, it can be extremely difficult to distinguish between payments that are legal and illegal under the Acts. Consequently, any proposed payment to a foreign official or entity must be approved by the Calix Legal or Finance Department before any such payment is made and it must be accurately reported as a business expense.

3.5 General Policies. Calix Representatives are to conduct Calix business in compliance with the written laws of the US, UK, and of all countries in which Calix does business. In particular, no Calix Representative shall:

3.5.1 use Calix funds or assets for any unlawful, improper or unethical purpose;

3.5.2 establish any undisclosed or unrecorded funds or assets of Calix for any purpose;

3.5.3 make any false, inflated, or artificial entries in the books and records of Calix for any reason, or engage in any arrangement that results in such entries;

3.5.4 falsify any accounting document relating to any transaction, or otherwise take any action with respect to such a document that may obscure or disguise the true nature of the underlying transaction;

3.5.5 approve a payment on behalf of Calix without adequate supporting documentation or with the intention or understanding that any part of such payment is to be used for any purpose other than that described by the documents supporting the payment; or

3.5.6 fail to comply with generally accepted accounting principles and established internal audit controls and procedures.

3.6 In Case of Doubt. If a Calix Representative has any doubt as to the legality under the Acts or this Policy of any planned payment to any individual or entity, or the accuracy of financial reporting with respect to any transaction, the Calix Representative should immediately contact and discuss the matter with the Calix Legal or Finance Departments prior to making any such payment or recording such financial information.

3.7 Duty to Report Potential or Actual Violations. Any Calix Representative who suspects that a violation of the Acts is about to occur, shall immediately report the facts supporting that suspicion to his or her manager, to Calix's General Counsel, or anonymously via the online or phone methods used to report concerns regarding violations of the Calix Code of Business Conduct and Ethics. Any Calix manager receiving such a report shall immediately report it to Calix's General Counsel. If any Calix Representative believes that an actual violation of this Policy has occurred, he or she shall immediately report the violation via the reporting methods detailed in the Calix Whistleblower Policy, which is accessible via www.calix.com.

3.8 Certification. All Calix Representatives shall certify that they have reviewed and understand this Policy and will comply with it. New Calix employees shall make such certification as part of their orientation process.

3.9 Consequences of Noncompliance. In addition to those penalties which may be assessed by governmental authorities against individuals who violate the Acts, Calix shall take strong disciplinary action, up to and including termination of employment, against any Calix Representative who violates this Policy.

4.0 RETENTION OF INTERNATIONAL AGENTS OR CONSULTANTS

4.1 Due Diligence. Calix Representatives shall perform careful due diligence before retaining any foreign agents or consultants, or any agents or consultants retained in the US to provide services outside of the country. The level of due diligence to be performed may increase, depending upon the nature of the proposed relationship, the amount of compensation proposed, the location of the agent and other factors. At a minimum, the due diligence should include a search of the databases available from the U.S. Departments of State, Treasury and Commerce, to ensure that the organization and its principals are not listed as debarred, denied, or specially designated nationals. The results of this due diligence should be reviewed with the Calix Legal Department prior to formally retaining such agent or consultant. The Legal Department must also review and approve all contracts with such entities before they are signed.

4.2 Certification. If such an agent or consultant is retained, the Calix Representative supervising the agent or consultant shall obtain a signed agreement by which the consultant or agent agrees to comply with the Acts. If such agents or consultants are engaged by Calix for more than one year, they may be asked to re-certify their compliance with this Policy.

4.3 Red Flags. Calix Representatives should be aware of certain “Red Flags” which may indicate a questionable transaction with an agent or consultant, such as:

- 4.3.1 requests for unusual payments or financial arrangements, such as: payments to a numbered bank account, payments to accounts in countries other than where the agent or consultant is located or the business is to be performed, or cash payments;
- 4.3.2 unusually high commission rates or seemingly inflated invoices;
- 4.3.3 a history of or reputation for corruption in the country;
- 4.3.4 a lack of transparency in expense and accounting records; or
- 4.3.5 a close relationship between the agent or consultant and the foreign government or contracting individual.

5.0 CONCLUSION

This Policy contains general guidelines for conducting Calix business consistent with the requirements of the Acts. If you have any questions about this Policy, please contact your supervisor or Calix’s General Counsel or Chief Financial Officer. Calix expects all Calix Representatives to comply with this Policy. Calix reserves the right to reasonably amend or supplement this Policy, without prior notice, at any time.