

Ethan Allen Interiors Inc. Foreign Corrupt Practices Act (“FCPA”) International Anti-Bribery Policy

Policy

Ethan Allen Global, Inc. (“Ethan Allen”) is fully committed to complying with the most stringent ethical and legal standards applicable to the conduct of business not only within the United States, but also in every country throughout the world in which it operates. The Foreign Corrupt Practice Act (the “FCPA”) is among the laws, rules and regulations which governs Ethan Allen’s conduct worldwide.

The Foreign Corrupt Practices Act of 1977, as amended, 15 U.S.C. §§ 78dd-1, et seq., is a United States law which makes it unlawful for American businesses with operations overseas to make certain payments or provide things of value to foreign officials as a means of obtaining or retaining business. Ethan Allen does not tolerate the violation of any laws, rules or regulations, and specifically prohibits its employees, representatives, vendors and agents from making any type of payment or provision of a thing of value which may be construed as a bribe or offer to bribe as means of obtaining or retaining business.

ANY ACT WHICH VIOLATES ANY PROVISION OF FCPA, OR GIVES AN APPEARANCE OF IMPROPRIETY IN THIS REGARD, WHETHER IN BREACH OF FCPA OR OTHERWISE, IS EXPLICITLY PROHIBITED.

Understanding The FCPA: Anti-Bribery Provisions

Insofar as applicable to this policy statement, the FCPA prohibits any U.S. business or person (i.e. an Ethan Allen director, officer, employee, contractor or agent, collectively, an “Associate”) from:

- Offering anything of value (which includes, without limitation, payments of money, vacations, meals, gifts, gratuities, use of equipment or facilities, irregular discounts, entertainment – even if the kind of payments are customary or accepted business practices in the foreign country);
- Directly or indirectly; to a
- Public Official (broad definition below); for the
- Purpose of Obtaining or Retaining Business or Securing an Improper Advantage (Corrupt Intent);
- With a corrupt motive.

It is important to note, the definition of a Public Official is very broad and includes not only elected or appointed officials, consultants to or any employee of a government-owned or controlled company, but also the family members of each.

As Ethan Allen is listed on the New York stock exchange, every Ethan Allen Associate, regardless of where located or position held, is subject to FCPA. Application of FCPA is not limited to actions in the US only – it is applied anywhere worldwide. In addition, every contractor, subcontractor or agent hired by Ethan Allen is subject to FCPA, and Ethan Allen is liable for the actions of its subcontractors and agents.

Understanding The FCPA: Broad Interpretation

The FCPA explicitly prohibits payments or giving anything of value to any person while knowing that all or a portion of such money or thing of value will be offered, given or promised, directly or indirectly, to a foreign public official.

Knowledge is present when a person knows that an event is certain or likely to occur. By way of example, if the company knows of a probability that money is flowing through a distributor to a foreign public official, the company and its personnel can be liable for violating the FCPA.

Understanding The FCPA: Books And Records Provisions

The FCPA not only prohibits the payments set forth above, but also requires U.S. businesses to:

- Make and keep books, records and accounts which accurately and fairly reflect transactions and the distribution of the company's assets. All payments, gifts, gratuities or things of value given to foreign public officials or foreign state employees must be properly and accurately recorded in the company's books and records.
- Devise and maintain a system of internal accounting controls sufficient to provide reasonable assurances that transactions are taken in accordance with management's directives and are properly recorded.

Understanding The FCPA: Enforcement, Fines And Penalties

Penalties for violations of the FCPA are both civil and criminal. Under the anti-bribery provisions, in addition to being required to disgorge profits which resulted from prohibited acts, a company may be

fined civilly by the Securities and Exchange Commission (“SEC”), be subject criminal prosecution through the Department of Justice (“DOJ”), and also be subject to debarment/blacklisting. Any Associate in violation the FCPA may be fined or imprisoned. Further, there are both monetary fines and criminal sanctions for violating the books and records provisions of the FCPA.

Examples of Risks: Government Customers

The following are risks of which you should be aware.

- Difficulty of determining which customers are government-owned or government-controlled.
- Changing ownership of customers requires regular attention, updating and information.
- Even partial or minority ownership by a government entity or official is sufficient to qualify a customer’s employees as “foreign public officials”.
- Payments, gifts, or entertaining regulators or officials to facilitate routine regulatory issues or clearance are prohibited by the FCPA.

All Associates Are Required To Bring Any Concerns Regarding the FCPA Forward To The Executive Vice President-Operations Or The General Counsel. Warnings Signs Of Potential FCPA Anti-Bribery Violations Include:

- Country’s background and reputation for corruption;
- Reputation of a distributor;
- Distributor’s relationships with the government;
- Absence of due diligence;
- Significant commission payments;
- Significant marketing expenses;
- Lack of pricing transparency;
- Being told “not to ask” or “that’s how things are done here”;
- Payments to third parties or third countries;
- Inflated invoices or unusual rebates;
- Unexplained or large commissions, bonuses, fees or expense reports;
- Form of payment;
- Off-books accounts or “slush funds”;
- Unusual payments;
- Invoices that lack detail;

- Anything that looks or feels “not quite right”;
- Ethan Allen purchasing person refusing to complete a procurement or insisting on using an existing or specific supplier.

Ethan Allen customarily does not enter into any long term contracts or commitments with its suppliers and maintains flexibility to take its business elsewhere should a supplier fall short of our expectations. We believe that our business relationships are grounded on a foundation of integrity, honesty and fairness. We develop relationships with carefully selected suppliers who are committed to responsible business practices which are, and shall continue to be in full compliance with the FCPA and all other laws, rules and regulations governing ethical business practices.

If you are in doubt regard to business practices which may Violate the FCPA, please contact the office of the general counsel prior to taking any action.