MARUBENI EUROPE PLC

Anti-Corruption Policy

Contents

Policy Statement from the Managing Director

Marubeni Europe plc (the "Company") has a policy of zero tolerance in relation to **corruption**, wherever and in whatever form it is encountered.

"Corruption" covers a wide range of illegal and undesirable activity and the objective of this Policy is to maximise employees' understanding of the issues involved and to put in place practices and procedures to minimise the risk of any breach of the related laws.

We should not breach the laws that guard against corruption because:

(a) infringements are criminal offences and can lead to imprisonment and fines for the individuals involved; and

(b) infringements reflect badly on the Company and may reduce the confidence of our trading partners and generally lower the Company's reputation in the business community.

Moreover, it is in keeping both with our duty to be good corporate citizens and also with the requirements stated in the Business Conduct Policy, that "management and employees must comply with the highest standards of business and ethical conduct in all dealings with customers, suppliers, government officials and the wider community."

Compliance with the Company's Policies is a condition of your employment and any breach may be subject to disciplinary action. Accordingly, in addition to the criminal penalties mentioned above and detailed in the following Sections, breach of this Policy may, depending on the circumstances, be regarded as gross misconduct justifying immediate dismissal in accordance with the terms of your employment.

It is worth noting that this vitally important area of compliance is increasingly in the spotlight due to the coming into force of the Bribery Act in 2011 and the continued high profile enforcement by the Department of Justice of the Foreign Corrupt Practices Act in the US (the "FCPA"). Against this backdrop of growing global anti-corruption enforcement, Marubeni Corporation became the subject of an investigation by the U.S. Department of Justice (DOJ), suspected of having violated the FCPA in relation to an LNG project in the Federal of Nigeria. The investigation mainly concerned Marubeni Corporation's conduct in 1990's. It reached a settlement and entered into a Deferred Prosecution Agreement with the DOJ in January 2012.

It is necessary for the Marubeni Group to further strengthen its compliance structure so as to avoid becoming the subject of a corruption investigation again in the future, although the Company has strengthened its compliance structure to take into account the Bribery Act 2010. As part of this effort, Marubeni Corporation established Marubeni Group Global Anti-Corruption Policy in May 2013, and the Company has established the Rules on Offering and Receiving Gifts and Entertainment and the Rules to Prevent Bribery and the Acceptance of Bribes. We are required to fully understand the Policies, the Rules and their structures to prevent any of us engaging in bribery or accepting bribes in our daily business operations irrespective of whether intentionally or unintentionally.

The Compliance Committee and the members of EURLGAL are available to discuss with you any aspect of this Policy.

Naoya Iwashita
Managing Director

1. Introduction

This Policy applies to all the Company's offices and branch offices.

The main body of this Policy, Sections 2 to 7, highlights the main areas of risk under the broad heading of Corruption.

In Annex 1 there is a practical list of DO's and DON'Ts in relation to bribery.

The main body of the Policy and Annex 1 apply to all of the Company's staff, wherever they are located.

Annexes 2 to 4 set out additional information and requirements for the Company's staff in the French, German and Italian offices.

2. Proceeds of Crime Act

2.1 Introduction

The Proceeds of Crime Act ("POCA") is generally known to relate to the offence of money laundering. However, we mention it now at the very beginning of this Policy, as well as later in the money laundering section (Section 4), because POCA has general effect and overrides all the other legislation and offences that are dealt with in the other Sections of this Policy.

2.2 Criminal conduct

Under POCA it is a criminal offence to acquire, use or have possession of **criminal property**. As noted above, there are also other offences – see Section 4 in relation to these.

"Criminal property" is described as being the proceeds or the benefit from any **criminal conduct**. There is no minimum value – if there has been criminal conduct, then proceeds of any value could be classified as being criminal property.

"Criminal conduct" is conduct that is an offence in the UK or, if activity takes place outside of the UK, it would be an offence if that activity had in fact been carried out in the UK. As you can see, this is a very wide definition. (It would be a defence if the alleged offender could establish that he/she knew that the conduct was not in fact criminal conduct in the country that it occurred.[1] There are also other defences – please see Section 4.)

So if the Company derives any benefit from any criminal conduct, that benefit is "criminal property". Accordingly if, for example, a person associated with the Company offers a bribe and as a result the Company is awarded a contract, the benefits accrued under that contract will be criminal property and, unless the Company can make out one of the defences, it will have committed an offence under POCA (in addition, potentially, to a bribery offence – see Section 3).

2.3 Criminal punishment

The POCA offences apply to individuals and to businesses. The maximum penalty is 14 years' imprisonment, an unlimited fine or both.

2.4 Reporting

One of the other defences is that a person makes a report to the Serious Organised Crime Agency as soon as possible.

It is the Company's policy that such reports should be made by the Company's Compliance Officer[2].

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[1] As an example – without this defence, a Spanish bullfighter would commit an offence under POCA if he/she were to use the proceeds from his/her fighting to buy an asset in the UK, because bullfighting is illegal in the UK. However, assuming he/she understood that bullfighting was legal in Spain, he/she would be able to raise the defence.

[2] Page 3 of the Business Conduct Policy sets out that the Compliance Committee is headed by the Chief Financial Officer in his/her capacity as the "Compliance Officer" and additionally consists of the General Manager of each BA Team and the General Manager of each Business Group (page 3).

Accordingly, should you have any suspicion whatsoever that a criminal act may be committed (or may have been committed) you should immediately report it. For the procedure to make such a report, please see paragraph 4.5 of this Policy.

If the criminal act is not reported (and if no defence is available), then the Company and the individuals concerned may be subject to punishment as explained in paragraph 2.3, and also the Company would be likely to have to pay over all the proceeds that it receives under the arrangement so there would be absolutely no benefit to the Company whatsoever in entering into arrangement that have been illegally procured or that are tainted by illegality.

2.5 Summary

If the Company is likely to be under an obligation to report criminal conduct under POCA, then a failure to report may lead to criminal penalties, even if there is no reporting obligation under the legislation that governs the specific crime.

So, for example, while there is no obligation under the relevant legislation to report bribery to the relevant external authorities, if an act of bribery has been committed and the Company somehow profits from that act, there will be an obligation to report under POCA, and failure to report is likely to be a criminal offence.

If you wish to discuss whether particular conduct may amount to criminal conduct, you should feel free to contact EURLGAL.

3. Bribery

3.1 Introduction

This Section of the Policy:

(a) explains what bribery is - paragraph 3.2;

(b) details the bribery offences - paragraphs 3.3 to 3.8 and paragraph 3.11;

(c) details the sole defence - paragraph 3.9;

(d) specifies the penalties - paragraph 3.12; and

(e) discusses three well-publicised and potentially difficult areas that are impacted by the bribery legislation – facilitation payments, gifts/hospitality and donations – paragraphs 3.13 to 3.15.

In addition, particular attention should be given to paragraph 3.10, which explains the wide-ranging applicability of the bribery legislation, given its reach beyond the UK.

3.2 What is bribery?

Bribery is the giving or receiving of a **financial or other advantage** (see paragraph 3.14) in connection with the **improper performance** (see paragraph 3.6) of a position of trust or a function that is expected to be performed impartially or in good faith.

It is the Company's policy not to offer or accept a bribe in any circumstances.

An actual payment does not actually have to be made and bribery does not necessarily have to involve any cash - in certain circumstances bribery could be the giving of a gift, extravagant entertainment or lavish treatment during a business trip (see paragraph 3.14).

The bribery offences are summarised in paragraph 3.3. The basic points should be easy enough to understand, although you will see that the exact nature of the offences can be very detailed and that the scope of the offences is far reaching.

If you are considering a particular structure or transaction and you wish to discuss whether any particular offer or conduct may amount to a bribery offence, you should feel free to contact EURLGAL.

Also, helpful guidance is given in Appendix A of a guidance document published by the Ministry of Justice (the "Guidance Document"), which also contains 11 case studies:

http://www.justice.gov.uk/guidance/docs/bribery-act-2010-guidance.pdf

If any Company employee receives a request from another party to make a payment which is not required under the terms of any contract or statutory procedure, and the request appears to be an attempt to seek payment of a bribe, such request must be refused and immediately reported to a member of the Compliance Committee[3]. Such a requirement to make a report also arises where our Business Partner[4] receives a request for bribery from another party in the course of the business in which the Company is involved or where another Company employee or an employee of our Business Partner has committed an act which may amount to a bribery offence. These

[3] See footnote 2.

[4] Defined in Clause 2.1 of the Prevention of Bribery Rules.

are set out in Clause 3.3 of the Rules to Prevent Bribery and the Acceptance of Bribes (the "Prevention of Bribery Rules").

3.3 What are the bribery offences?

There are four main bribery offences:

(a) a person bribing another person – let us call this the "bribing offence" - see paragraph 3.4;

(b) a person accepting a bribe from another person – the "accepting offence" - see paragraph 3.5;

(c) a person bribing a foreign public official with the intention of influencing that official in his/her official capacity – the "foreign public official offence" - see paragraph 3.7; and

(d) a commercial organisation failing to prevent its employees (or other associated persons) from committing bribery – the "failing to prevent offence" - see paragraph 3.8.

The references in (a) to (c) above to a "person" include not only individuals but also companies, partnerships and other corporate entities.

Where any of (a) to (c) above are committed by a company, partnership or other corporate entity, it is possible that the senior officers of that entity could also be committing an offence (see paragraph 3.11).

3.4 Bribing another person

This includes promising or offering to make a bribe and it can be in either the public or the private sector.

The key aspects are that:

(a) there must be a financial advantage;

(b) the financial advantage must be related to the "improper performance" of a function or activity (see paragraph 3.6); and

(c) that function or activity must not be carried out in a private or personal capacity.

Note that the person to whom the offer is made does not have to be the same person that performs the function or activity.

Also, it does not matter whether the offer is communicated directly or through a third party.

Consider the following example: A company director (A) wants to win a tender offered by company E. A instructs a subordinate colleague (B) to contact an employee of E (D) and offer to D to make a payment to any relative of D (eg an uncle, C) in return for E ensuring that company D awards A and B's company with the commercial contract. The offer of payment to C would be an offer of a bribe.

3.5 Accepting a bribe from another person

This includes requesting a bribe or agreeing to accept a bribe and again it can be in either the public or the private sector.

This is effectively the mirror image of the "bribing offence" (see paragraph 3.4) and accordingly the same key aspects referred to in (a) to (c) of paragraph 3.4 equally apply here.

Again the person accepting the offer of a bribe does not have to be the same person that performs the function or activity. Also it does not matter if the acceptance is communicated directly or through a third party.

So, in the example given in paragraph 3.4, D would commit an offence if he/she accepted the offer of a payment to D's relative C in relation to D's company awarding a contract to A.

3.6 Further points in relation to paragraphs 3.4 and 3.5

"Function or activity", as referred to in paragraph 3.4(b), has a wide meaning and is any function of a public nature or any activity connected to a business or any activity performed in the course of a person's employment or on behalf of other persons. The person performing the function or activity must be expected to perform it in good faith or impartially or must be in a position of trust.

"Improper performance" - a function is performed improperly if the person fails to perform it in good faith or impartially or if he/she breaches the position of trust.

The function or activity does not need to have any connection with the UK or be performed in the UK.

In determining whether a function has been performed improperly, one has to consider UK standards – even if any act or omission to act takes place outside of the UK. Accordingly, any local customs or practices are not relevant (unless those customs or practices are actually written in to and accepted under the local laws).

Note that in the example given in paragraph 3.5, it does not matter whether A understands that the award of the contract by C's company in such circumstances would be an improper performance of C's function.

3.7 Bribing a foreign public official

This is where an advantage is given or offered by a person to a **foreign public official** in his/her professional capacity with the intention of:

(a) influencing the official; and

(b) obtaining or retaining business or an advantage in the conduct of business.

If the above two components exist, an offence will have been committed even if the official has not acted improperly.

A "foreign public official" is a very wide description that includes any legislative, administrative and judicial position held outside of the UK and also positions with public international organisations.

As with the "bribing offence" and the "accepting offence", it does not matter whether the offer or acceptance is communicated directly or through a third party, or whether the advantage is for the official or another person at the official's request or consent.

It is for the payer to demonstrate that any advantage given or offered is legitimate. Accordingly, no employee should offer any such advantage or grant any benefit to any public official, whether foreign or not, without obtaining the prior approval under the relevant internal Rules, such as the Duties and Authority, the Rules on Offering and Receiving Gifts and Entertainment (the "Entertainment Rules") and the Prevention of Bribery Rules.

Obvious examples would include offering to make a payment to a government officer to ensure that an import or export license is awarded or turn a blind eye to a health safety issue. Please also see the examples in paragraph 3.14.

3.8 Failure of a commercial organisation to prevent bribery

A **commercial organisation** commits an offence if a **person associated** with it "bribes" another person and the bribe is intended to obtain or retain business or an advantage in the conduct of business for that commercial organisation.

A "commercial organisation" is any organisation incorporated in the UK (or partnership formed in the UK) or any other organisation that is incorporated outside of the UK (or partnership formed outside of the UK) but carries on a business or part of a business in the UK.

A "person associated" is a person who **performs services** for or on behalf of the commercial organisation. So, for example, an employee, agent or subsidiary could be a "person associated" and the person can therefore be a company, partnership or other corporate entity.

A "person associated" bribes another person if it is or would be guilty of either the "bribing offence" or the "foreign public official offence", as described in paragraphs 3.4 or 3.7 (but not the "accepting offence" described in paragraph 3.5).

A person who "performs services" is very widely defined and can be an individual or a company, partnership or other corporate entity. Typically a person who "performs services" would have been contracted to do so by the Company, for example an agent. However, it does not matter in what the capacity the person performs the services - the Company could be liable even if it has not requested that the person carries out the offending activity. Potentially therefore the Company could commit this offence not just in respect of activities carried out by its employees, but by activities carried out by its agents or, depending on the circumstances, contract parties and, exceptionally, third parties. Accordingly, the Company established a system to enable careful evaluation of potential agents – see Clause 5 of the Prevention of Bribery Rules.

In any event, when considering the appointment of a counterparty to perform services, the Company should carefully evaluate whether the counterparty would be a "person associated" with the Company, and as a result the Company could incur liability in respect of the counterparty's actions.

3.9 Defence

If a person commits any of the "bribery offence", "the accepting offence" or "the foreign public official offence", then there is no defence.

However, there is a defence available to the commercial organisation in relation to the "failing to prevent offence" - the commercial organisation would have to prove that it had adequate procedures in place to prevent such persons engaging in such contact.

The Company considers that it has taken, and it shall continue to take, adequate measures to prevent any of the bribery offences being committed by or on behalf of the Company. Included in these procedures are the procedures set out in the Entertainment Rules and the Prevention of Bribery Rules .

3.10 Geographical scope

Probably the most important point to note is the extra-territorial scope of the UK bribery legislation.

(a) The "bribery offence", "the accepting offence" or "the foreign public official offence" will be committed if:

(i) the relevant acts are carried out in the UK; or

(ii) if the relevant acts are carried out by a person with a close connection with the UK, even if they are actually carried out outside of the UK.

A person has a "close connection with the UK" if, for example, (if an individual) he/she is a British citizen or is ordinarily resident in the UK or (if a company) is incorporated or (if a partnership) is formed in the UK.

(b) The "failing to prevent offence" has an even wider geographical scope – an offence will be committed by a commercial organisation formed or carrying on a business in the UK even in respect of acts of bribery committed by a person that does not have a "close connection with the UK".

The Company's branch offices come within the definition of a commercial organisation and would therefore be liable under UK law for acts of bribery committed anywhere in the world by anybody **performing services** for it.

You must therefore choose your service providers carefully and closely monitor their activities. All such arrangements should be evidenced by a written contract that should include relevant anti-bribery wording prepared or approved by EURLGAL.

3.11 "Senior officer offence"

If the Company were to commit any of the "bribing offence", the "accepting offence" or the "foreign public official offence", then if that offence was committed with the consent or **connivance** of a senior officer of the Company, that officer would also commit an offence if he/she had a "close connection with the UK".

"Connivance" can be taken to mean positive or tacit agreement.

3.12 Penalties

The greatest damage that would be caused to the Company if any employee, officer, agent or connected person committed any of the bribery offences (or any other offence mentioned in this Policy) is likely to be the damage to the Company's reputation.

Quite apart from that, the criminal penalties for breach are severe – the most severe being a maximum of 10 years punishment for:

(a) an individual who is guilty of any of the "bribing offence", the "accepting offence" or the "foreign public official offence"; and/or

(b) a senior officer guilty of the "senior officer offence" described in paragraph 3.11.

In addition, a senior officer guilty of the "senior officer offence", if he/she is a director, could also be disqualified from acting as a director for up to 15 years.

Furthermore, a commercial organisation, such as the Company, that commits any of the offences is liable to a fine.

3.13 Facilitation payments

It should be noted that unlike certain other jurisdictions (such as the US), under UK law the making of **facilitation payments** is unlawful (and has been since 2002).

A "facilitation payment" is the payment of what may be only a small amount of money to incentivise or persuade a person to carry out his/her function in a certain way or, for example, quicker than might normally be the case.

Accordingly a person offering to make a facilitation payment could commit the "bribing offence" or "foreign public official offence".

The importance of not offering or making of such payments has been highlighted by the Organisation for Economic Co-operation and Development:

http://www.oecd.org/dataoecd/11/40/44176910.pdf

To illustrate how easy it could be to unwittingly breach this requirement, consider the following low-level example - an offer to a telephone company operative to make a payment, in addition to the normal fee paid to the operative's company, to incentivise him/her to allow the offeror to "jump the queue" in relation to the installation of a new telephone line.

It is worth looking at the first case study in the Guidance Document on page 33 for a further illustration:

http://www.justice.gov.uk/guidance/docs/bribery-act-2010-guidance.pdf .

It is the Company's policy not to offer or accept any facilitation payments.

3.14 Gifts and Hospitality

Reasonable and proportionate hospitality and promotional or other similar business expenditure designed to improve the image of the Company or establish better relationships are of course absolutely fine. For the purposes of this paragraph 3.14 we shall call all such gifts, expenditure and activities "hospitality".

It is also noted that the giving of a ceremonial gift at a festival or at another special time is not uncommon.

The considerations relevant when deciding whether to give or accept hospitality are the same - it is important to ensure that the giving or offering of hospitality (or the acceptance of hospitality) is not capable of being construed as offering a bribe (or accepting a bribe).

If hospitality was offered to a person with the intention of seeking a business advantage, the hospitality could be construed as a bribe (see paragraphs 3.4 and 3.7).

Relationship building with clients or service providers is likely to be an acceptable objective for hospitality. A useful distinction might therefore be drawn between, say, providing tickets to an event which the client would attend with you and/or your staff (or, where you are the recipient, where you would attend with the offeror) as against providing (or receiving) hospitality where there is no possibility of interaction or relationship building with the client (or the offeror).

Be assured that for an offence to be committed, the hospitality would need to be regarded as being "a financial or other advantage" and there would need to be a sufficient connection between the advantage and the intention to influence and secure business.

When you are dealing with public officials, the matter is even more delicate. For example if a delegation of officials is due to make a site visit in relation to their proposed exercise of a discretion or performance of a function such issuing a permit, is it acceptable for you to make a contribution towards the travel costs of those officials?

It is important that we avoid potential conflicts of interest and do not give any opportunity for our motives to be questioned. Accordingly, you must not offer any gift or hospitality of any kind, no matter how small, to public officials (whether foreign or local) without obtaining the prior approval of the CFO under the Entertainment Rules.

When considering either offering or accepting a gift or making or accepting an offer of hospitality, you and the Person with Decision-making Authority[5] should carefully consider how a third party might perceive the offer (although it is not necessarily important how the officials themselves perceive the offer, but how it would be perceived by UK standards (see paragraph 3.6)). If there would be any grounds for thinking that the offer could be construed as being a bribe you should not make or accept the offer. Where you are the recipient of an offer that you think is dubious, you should immediately report the matter to the CFO and return it.

It is worth looking at examples set out in the Guidance Document – in paragraph 31 on page 14 and the fourth case study on page 36:

http://www.justice.gov.uk/guidance/docs/bribery-act-2010-guidance.pdf.

3.15 Charitable or political donations

Similar problems to those explained in paragraph 3.14 could arise in relation to the making of charitable or political donations.

Accordingly, no political or charitable donations may be made by or on behalf of the Company unless approved in advance in accordance with Clause 12 of the Prevention of Bribery Rules.

3.16 Conclusion

It must be emphasised that the only safe course of action for employees is not to become involved in offering or accepting any inducements in the course of the Company's business and, if any employee is requested to make any such advantage or payment or is offered an advantage or payment, this should be reported to the Compliance Committee in accordance with Clause 3.3 of the Prevention of Bribery Rules. Where payments are made or other benefits are given to or received from third parties, employees must keep appropriate financial records to enable the Company to show the proper business reason.

[5] Defined in Clause 2.1 of the Entertainment Rules.

4. Money laundering

4.1 What is money laundering?

Money laundering is the process of making "dirty" money or other assets that stem from a criminal offence look clean – turning the proceeds of crime into funds which appear to come from a legitimate source through investment or by financing property or other transactions. The aim is to make it difficult to trace the ultimate provenance of those proceeds back to the crime.

A typical money laundering process involves three stages – each of which is a criminal act:

(a) Placement – cash proceeds are deposited into a bank account or used to buy property or other assets;

(b) Layering – the proceeds are disguised by a series of transactions such as buying and reselling assets; and

(c) Integration – criminal money is invested, giving rise to a legitimate income - for example rental payments from a property or dividends from a company.

4.2 Recognising suspicious transactions

Whilst it is impossible to give a comprehensive description of the way in which money laundering may arise, the following are examples of situations that might give rises to suspicions:

(a) a customer willing to pay above market value for products, or to sell assets at an under-value, for no good reason;

(b) a customer introduced by a third party based in a country where production or trafficking of drugs is known to be prevalent;

(c) use of offshore companies for no good reason;

(d) insisting on an unnecessarily complex transaction structure; or

(e) a purchaser being prepared to proceed without the usual due diligence.

4.3 Summary of criminal offences

The main offences relating to money laundering for entities such as the Company that are not in the regulated sector (as compared to banks for example) are concealing, assisting and acquisition:

(a) Concealing – it is an offence to conceal, disguise, convert or transfer criminal property or to remove it from the UK;

(b) Assisting – it is an offence to enter into or become concerned in an arrangement knowing or suspecting that it facilitates the acquisition, retention, use or control of criminal property by another person; and

(c) Acquisition – it is an offence for a person to acquire, use or have possession of criminal property. There is a defence where a person has acquired property for adequate consideration. However, if the value of the consideration is significantly less than the value of the property, this defence is not available.

For the meaning of "criminal property", see paragraph 2.2.

There is an additional offence, the "failing to disclose offence", that only a member of the Compliance Committee (or more likely, the Compliance Officer him/herself) could commit – after having received information relating to a suspicion of money laundering, failing to have made the relevant disclosure (to the Serious Organised Crime Agency (SOCA).

4.4 Criminal conduct

Money laundering concerns the proceeds of criminal conduct. As is explained in Section 2:

(a) money laundering includes conduct which is an offence in any part of the UK or would be an offence if it occurred in the UK;

(b) money laundering is a very widely defined, covering the proceeds of any criminal offence (including, for example, tax evasion) and conduct that takes place overseas; and

(c) there is a limited exception for certain conduct overseas which is not criminal in the place where it has been committed.

Note that the criminal conduct could be committed by the person who is money laundering or by another person.

4.5 Duty of employees to report suspicious transactions

Should you be in any doubt with regard to the nature of the transaction you are being requested to enter into (or that you have entered into) or where you actually suspect money laundering, you should report your concerns to a member of the Compliance Committee without delay. This is called an **authorised disclosure**.

Once you have made an authorised disclosure, you must:

(a) not inform anyone outside the Company of the suspicion or that the suspicion has been notified internally; and

(b) await further instructions from the Compliance Officer before taking any further action in relation to the related transaction.

If further action is taken without such instruction having been received, you could be at risk of committing an offence.

The Compliance Officer will determine whether or not to make a formal disclosure to the appropriate police authorities or SOCA.

If the Compliance Officer does make a formal disclosure, no further action should be taken in relation to the transaction until either SOCA has given its consent or the time limits set by the legislation have expired. This interim period could be uncomfortable, particularly if the counterparty is asking about the delay, but this is unavoidable and the Compliance Committee will provide you with continued guidance.

4.6 Penalties

The penalties for the offences referred to in paragraph 4.3(a) to (c) carry maximum terms of imprisonment of 14 years and unlimited fines. The maximum penalty for the "failing to disclose offence" is 5 years' imprisonment, an unlimited fine or both.

4.7 Defences

In addition to the two defences already mentioned in paragraphs 4.3(c) and 4.4(c), the following defences are available to employees in relation to the money laundering offences summarised in paragraph 4.3:

(a) not knowing or suspecting that property is criminal property;

(b) making an authorised disclosure and obtaining appropriate consent before carrying out the prohibited act or transaction;

(c) making an authorised disclosure during the carrying out of the prohibited act or transaction provided you did not at the outset know of or suspect money laundering and you made the disclosure on your own initiative as soon as practicable after you first knew or suspected that the proceeds of criminal conduct were involved;

(d) making an authorised disclosure after the transaction, provided that the employee had good reason not to disclose earlier; and

(e) having a reasonable excuse not to have made a disclosure – this should only be relied upon as a last resort.

4.8 No acceptance of cash payment of €15,000 or more

In order to avoid having to adopt significantly more onerous customer identification practices than those currently carried out, the Company has a policy not to accept any cash payment (meaning any notes, coins or travellers' cheques) of €15,000 or more (or of an equivalent amount in any other currency). Accordingly, any request from a customer to make a cash payment of €15,000 or more should immediately be referred to a member of the Compliance Committee.

4.9 Funding terrorism

Please note that there are various criminal offences relating to terrorism. For our purposes, the most relevant of these are likely to be the provisions that relate to the funding of terrorism.

Employees should carefully choose the parties that the Company proposes to do business with. Moreover, employees have to consider whether there is any concern as to how, for example, a party who purchases products from us may use the purchased products or how a party who sells products to us would use the proceeds from the sale. The Company's Export and Import Policy provides more details.

5. Insider Dealing

5.1 What is insider dealing?

Insider dealing involves the misuse of confidential ("inside") information in the context of dealing in **securities** and is a criminal offence.

An "insider" for these purposes is essentially someone who has non-public information about certain securities or a particular company which he/she has acquired from an inside source (such as an employee or shareholder of the relevant company).

The most common example of "securities" is shares. However the definition covers various types of other transferable financial instruments such as warrants, options, futures and contracts for difference.

Although the principal criminal offences of insider dealing can only be committed by individuals, the Company wishes to minimise the risk of any employee breaching the insider dealing laws, for the employee's own sake and so as not to damage the reputation of the Company.

5.2 Criminal offences

There are three main offences falling under the insider dealing umbrella:

(a) Dealing - it is an offence for an insider to deal in price-affected securities when in possession of inside information;

(b) Encouraging - an insider is guilty of an offence if he/she encourages another person to deal in price-affected securities when in possession of inside information; and

(c) Disclosure - an insider is guilty of an offence if he/she discloses inside information otherwise than in the proper performance of his/her employment, office or profession.

The insider dealing offence only relates to securities listed or dealt in on a stock exchange and where the dealing is carried out through a broker or other intermediary.

5.3 Territorial scope

An offence is only committed if the relevant behaviour took part in the UK.

5.4 Penalties

Each of the offences in paragraph 5.2(a) to (c) is punishable by imprisonment for up to 7 years, a fine or both.

Such prohibited conduct could also result in civil penalties for individuals and corporations for market abuse (see Section 6).

5.5 Defences

There are certain defences available to the insider dealing offences, for example, if the individual has a reasonable belief that the information had been disclosed widely enough to ensure that no one taking part in the dealing would be prejudiced by not having the information, or if no profit was expected to result from the dealing solely due to the fact that the information was price-sensitive information. However, in practice it is likely that it would be difficult to make out these defences.

6. Market Abuse

6.1 What is market abuse?

In short, market abuse extends the insider dealings laws (that relate to securities) to the commodities and energy markets. Note that the insider dealing offence relating to securities, detailed in Section 5, concerns only individuals, not companies.

The market abuse regime is intended to protect financial investors from being taken advantage of by those who have non-public information or the ability to distort markets or prices.

Market abuse is a civil offence (compared to insider dealing, which is a criminal offence – see Section 5)[6].

The market abuse regime applies to anyone, whether a company or a person, and whether or not regulated by the Financial Services Authority. The relevant behaviour can be either "on-market" or "off-market" and can be either via an exchange or "over-the-counter".

Even if you are not personally active for the Company in the areas listed above the market abuse regime is still potentially relevant to you. This is because the shares of Marubeni Corporation are publicly traded and also various other Company employees and employees of Marubeni group companies are active in the areas specified above. In addition, market abuse will be particularly relevant if you are transacting with a listed company.

There are two market abuse offences – the main offence of the actual market abuse itself (see paragraph 6.2) and the secondary offence of encouraging market abuse (see paragraph 6.3).

It is possible that both the primary offence and the secondary offence could be committed in relation to the same set of facts (see the example in paragraph 6.3).

6.2 The primary offence of market abuse

The primary offence relates to certain **prohibited behaviour** which occurs in relation to **qualifying investments** that are traded on a **prescribed market**.

A "qualifying investment" includes investments in securities[7], various swaps, derivatives or options.

A "prescribed market" is any market or exchange that is included in a particular list that is updated from time to time, that currently includes The London Stock Exchange plc, PLUS Markets plc, Liffe Administration and Management, The London Metal Exchange Limited and ICE Futures Europe.

There are seven categories of "prohibited behaviour", as detailed below:

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[6] However, note that in addition to insider dealing, criminal penalties can be applied in respect of making misleading statements, market manipulation and misleading the Financial Services Authority. As with insider dealing, the maximum penalty is 7 years' imprisonment. However, unlike insider dealing, these other three offences can be committed by companies, who would be liable to a fine and if the offence is committed with the consent or connivance of a director, that director would be at risk of imprisonment.

[7] The definition of "securities" for the purposes of the market abuse regime is actually wider than for insider dealing, as referred to in Section 5.

(a) Insider dealing – where an insider (see the description in paragraph 5.1) deals or attempts to deal in a qualifying investment or a **related investment** on the basis of inside information (so whereas Section 5 deals with the criminal offence of insider dealing in relation to securities, this Section 6 deals with the civil offence of insider dealing in relation to qualifying investments other than securities) – for example buying shares on your employer's account in a listed company to whom your employer is about to make an offer to acquire (a "related investment" is an investment whose price or value depends on the value of a qualifying investment);

(b) Improper disclosure of inside information – where an insider discloses inside information to another person, outside of the proper performance of the insider's employment – for example mentioning to a friend that the Company is about to take a potentially market-moving position on the future price of sugar;

(c) Misuse of information – this is behaviour that, while not amounting to insider dealing or the improper disclosure of inside information, is based on information that is not generally available to those using the market and is likely to be regarded, by a regular user of the market, as below the expected standards of behaviour – for example placing a bet at a bookmakers on the share price of a company in advance of a profit warning – this would not be insider dealing as described in either Section 5 or paragraph 6.2(a) because betting of that type is not a "qualifying investment" but it would be a "misuse of information";

(d) Manipulating transactions – other than for legitimate reasons, transactions are entered into that are likely to give a false or misleading impression as to the supply, demand or price of a qualifying investment;

(e) Manipulating devices – effecting transactions, employing fictitious devices or other deception or connivance – this could include promoting a particular investment after having made the investment personally and without disclosing your conflict of interest;

(f) Dissemination – the dissemination of information that is likely to give a false or misleading impression of the qualifying investment by a person who knew (or should have known) that the information was false – for example buying shares in Marubeni Corporation and then putting out false or misleading information that is likely to make the share price go higher; and

(g) Misleading behaviour and market distortion – this is behaviour that, while not amounting to manipulating transactions, manipulating devices or dissemination, is either likely to:

(i) give a regular user of a market a false impression as to the supply, demand or price of a qualifying investment; or

(ii) be regarded by a regular user of the market as behaviour that is likely to distort the market in such an investment.

An example could be the movement of an empty cargo ship, intending to create a false impression as to the demand for a particular commodity.

6.3 The secondary offence of requiring or encouraging market abuse

This offence is committed if a person ("A") takes action which requires or encourages another person to engage in behaviour that would constitute market abuse if A had carried out that behaviour.

So, using the example from paragraph 6.2(a), in the situation where a director instructed a junior colleague to buy shares on their employer's account in a listed company to whom the employer is about to make an offer to acquire, the director could be guilty of the secondary offence and both the junior colleague and the employer could be guilty of the primary offence.

A person can be guilty of the secondary offence of encouraging market abuse, even if the behaviour that would constitute the primary offence has not been taken (so for example if the junior colleague did not actually procure that the employer bought the shares) or even if the first person does not actually benefit (so for example the shares were acquired but they did not go up in value).

6.4 Territorial scope

The described behaviour can amount to market abuse if it occurs in the UK or, even where it occurs outside of the UK, relates to qualifying investments traded on a prescribed market situated or operating in the UK.

So, the actions of an employee in a branch office of the Company or in Marubeni Corporation's headquarters in Tokyo could amount to market abuse if the behaviour related to, for example, a metal traded on the London Metals Exchange.

Also it should be noted that while behaviour occurring in the UK in respect of a foreign market could amount to a market abuse offence under the UK laws, it could also amount to an offence in the laws of that foreign market.

6.5 Penalties

Because this Section 6 deals with the civil offence of market abuse, imprisonment is not a possible penalty for market abuse. However, as noted above, the same action that would constitute civil market abuse could also, if relating to securities, be insider dealing (a criminal offence which can be punished by imprisonment).[8]

The fines that can be levied for market abuse are unlimited.

In addition, the available penalties include the following:

(a) an injunction could be obtained to prevent the market abuse from taking place or continuing; and

(b) the offender could be ordered to pay compensation to the victims of the market abuse.

6.6 Defences

If the person can establish that he/ she reasonably believed that his/her behaviour did not amount to market abuse or that all reasonable steps were taken to avoid engaging in market abuse, no penalty will be imposed.

There are various other defences but these largely relate to persons who are employed in the regulated sector and are unlikely to be available to employees of the Company.

[8] However, note that in addition to insider dealing, criminal penalties can be applied in respect of making misleading statements, market manipulation and misleading the Financial Services Authority.

7. Fraud

7.1 Introduction

Conduct that is not an offence under any of the above Sections could be an offence under the Fraud Act.

Under this Act both individuals and companies can be liable. The Act deals with three types of fraud and in each case, to be liable, it has to be shown that the defendant:

- acted dishonestly; and
- intended to make a gain for himself or another person, or cause a loss to another person.

The three offences are:

(a) False representation – making a false statement. An example could be knowingly making false statements during the negotiation of a sale of an asset or company or in negotiating to receive a loan (even if the sale or loan does not complete).

(b) Failure to disclose information – a person who is under a legal duty to disclose information fails to disclose that information. Legal duties can arise in many circumstances, for example the duties that arise under a contract. An example would be the knowing failure to disclose relevant information in relation to a credit insurance claim or a borrower failing to disclose certain adverse events to a lender.

(c) Abuse of position – where a person occupies a position in which he/she is expected to safeguard the financial interests of another person. The person does not necessarily have to be in a position of seniority – an employee who sells his/her own goods in the name of his/her employer to personally profit could be liable of this offence.

To avoid any possibility of committing any of the offences, employees should ensure they act fairly and honestly at all times when dealing with third parties when representing the Company.

Also, if you discover that you have made a false representation or you have omitted to disclose relevant information, you should correct this error at the earliest opportunity, to avoid the possibility of liability under any of the above.

7.2 Penalties

Each of the above offences is punishable by imprisonment for up to 10 years, a fine or both.

If the offence is committed by a company, with the consent or connivance of a director, that director could also be liable.

In addition, a person convicted of the offence could be liable to pay compensation for the loss that has been caused by the offence.

Annex 1 - Do's and Don'ts

DO understand that the Company operates a policy of zero tolerance towards corruption and that the Managing Director supports this policy and is fully committed to enforcing it and ensuring that staff carry out business fairly, honestly and openly.

DO remember that the most detrimental effect to the Company of any corrupt practice is likely to be the damage to the Company's reputation, and not the level of fines and/or other penalties that may be imposed as a result. That said,

DO be aware that the breach of this policy may be a serious criminal offence and that the maximum prison sentence for the more serious breaches was increased under the Bribery Act from 7 years to 10 years, and

DO note that compliance with the Company's policies is a condition of your employment and any breach may be subject to disciplinary action. Breach may, depending on the circumstances, be regarded as gross misconduct justifying immediate dismissal.

DO carefully read the Company's Business Conduct Policy and the other parts of the Compliance Programme.

DO feel free to ask any questions that you may have.

DO feel able to discuss any proposed structure or transaction with EURLGAL.

DO read the Ministry of Justice's "Guidance Document":
http://www.justice.gov.uk/guidance/docs/bribery-act-2010-guidance.pdf .

DO immediately report any suspicions you may have of any suspected violations of the Company's Compliance Programme to a member of the Compliance Committee, or instead

DO feel entitled to contact any of those other persons listed in Section 23 of the Company's Business Conduct Policy.

DON'T convey your suspicions to anyone else, just to those referred to above.

DON'T feel afraid of raising your concerns, but

DON'T approach or accuse any individuals directly, and

DON'T try to investigate the matter yourself.

DO carefully consider any request to make a payment which is not required under the terms of any contract or statutory procedure.

DON'T allow any of your Business Partners to make a prohibited payment on behalf of the Company.

DO	before entering into a transaction with a Business Partner, conduct due diligence as provided for in the Prevention of Bribery Rules, because the Company could be liable as a result of their activities.
DO	ensure that all arrangements and appointments are evidenced by a written contract.
DO	include in all such written contracts relevant anti-bribery wording prepared or approved by EURLGAL.
DO	carry out relevant and adequate due diligence on the activities and compliance of any potential acquisition target.
DO	respect the laws and regulations of each country that you operate in, but given the extra-territorial effect of the Bribery Act and the Foreign Corrupt Practices Act,
DO	remember that it is irrelevant whether an act takes place in the UK, the EU or anywhere else, it is still covered by the UK legislation.
DO	bear in mind that other business contacts may not have the same level of knowledge or sophistication as you, or the same level of administrative support and so do not rely solely on their judgment and do not assume that conduct proposed by them is necessarily appropriate or permissible.
DON'T	make any political or charitable donations in the name of or on behalf of the Company without the prior approval of the Company's board of directors.
DON'T	make or receive a facilitation payment, no matter how small or trivial it may seem.
DO	carefully consider how the offer or acceptance of any gift, entertainment or other benefit ("hospitality") could be construed by an unconnected third party.
DON'T	offer any hospitality, no matter how small, to public officials (whether foreign or local) without obtaining the prior approval of the CFO under the Entertainment Rules.
DON'T	accept or offer any disproportionate or lavish hospitality.
DON'T	offer hospitality in the form of entertaining or tickets without someone from the Company also attending with your guests.
DON'T	accept hospitality in the form of entertaining or tickets without someone from the offeror company also attending with you.
DO	make and keep appropriate financial records in sufficient detail to enable the Company to show the proper business reason for the making or receiving of payments or other benefits.

Annex 2 - France

1. Introduction

Criminal law in France is governed by national laws and principally the Criminal Code. However, there are many offences that are punishable by specialised laws. For example, money laundering is punishable under the Monetary and Financial Code, and waste of corporate assets is governed by the Commercial Code.

The French Criminal Code expressly provides for the punishment of both natural and legal persons. Legal persons are criminally liable for offences committed on their account by a representative, either as perpetrator or accomplice. The fact that a legal person is held liable does not exclude criminal liability of any individual who is a perpetrator or accomplice to the same act. Depending on the nature of the violation, specific penalties for legal entities may be ordered, such as shutting down the business, confiscating company property, publishing the court's decision in the press, disbarment (prohibition on bidding for public procurement contracts) etc.

French criminal law principles require intent to commit a felony or misdemeanour in order for criminal liability to lie, including in respect of bribery and money laundering offences. However, recklessness, negligence or mere failure to meet an obligation of due care or caution imposed by a statute or regulation may suffice to establish intent in respect of laws imposing regulations to protect health or ensure safety.

2. Geographical Scope

French criminal law applies to all persons having committed a criminal offence within the territory of the French Republic, as well as when any one of the constituent elements of the crime is committed in France. For example, the fact that monies originating from criminal activities outside France transit a French account will generally be sufficient for French criminal law to apply.

In certain circumstances, the applicability of French criminal law may be broader: an example is when French law is applicable in relation to the offence of corrupting foreign public officials. French courts may in this case apply French law to acts committed by a person who has acted as an accomplice, regardless of the person's nationality and the place where he/she has acted as an accomplice.

3. Accessory, Aiding and Abetting

Under French criminal law, the accomplice to a felony or a misdemeanour is the person who knowingly, by aiding and abetting, facilitates its preparation or commission. Any person who, by means of a gift, promise, threat, order, or an abuse of authority or powers, provokes the commission of an offence or gives instructions to commit it, is also an accomplice. An accomplice may be subject to the same punishment as the perpetrator.

4. Concealment/Receipt of stolen goods

Under French law, concealment/receipt of stolen goods is defined as the act of dissimulating, holding or transferring a thing or acting as an intermediary to pass it, knowing that this thing is the product of a felony or misdemeanour. Concealment also exists where a person, knowingly and by any means, benefits from the proceeds of a felony or misdemeanour.

Penalties

Concealment is punishable by up to five years imprisonment and/or a fine. Fines against a legal person (e.g. corporation) may be up to five times that imposed on individuals.

In France, the multiplication of charges and therefore convictions is possible where the facts support such charges and convictions. For example, in one well-known case a defendant was simultaneously convicted for committing money laundering, for being an accomplice to money laundering and for concealment for having in a series of acts perpetrated money laundering, instigated a money laundering offence committed by a third party and concealed the proceeds of the latter.

5. Bribery – also see Section 3 in the main body of the Policy

There are a number of criminal offences set out in the French Criminal Code relating to bribery and corruption, namely "bribery of public officers", "bribery of private parties" and "bribery of foreign public officers". A clear distinction is made under French law between public officers and private parties since granting benefits to a French official is punishable even when the public officer or servant of a public body performs a task that falls within his/her duties.

Also under French law, it is not necessary that the offer of an advantage precedes the act. Corruption may occur even if the rewarded act or omission has already been carried out.

Influence trafficking of public officials: Under French law, influence trafficking of public officials is a separate offence closely related to corruption. This offence is intended to cover situations where a person seeks to use a relationship with an intermediary in order to obtain from another person the performance or omission of an act.

Penalties

French law severely punishes corruption and bribery. For individuals, corruption is punishable by up to five or ten years' imprisonment and/or a fine. Additional punishment may include suspension of civil rights, the prohibition of exercising a public or professional function, the withholding of monies received through the act of corruption and the publication of the court's decision.

For legal persons punishment may include a fine of up to five times that imposed on individuals as well as numerous other sanctions, including a prohibition on bidding for public procurement contracts.

In addition to criminal penalties, acts of corruption may expose the guilty party to civil damages claims from victims of corruption.

6. Money Laundering – also see Section 4 in the main body of the Policy

In France, the criminal offence of money laundering requires that the person actually knew of the fraudulent or criminal origin of the assets.

Under French law there are no defences to the criminal offence of money laundering.

Money laundering reports are made with TRACFIN, which is a division of the Ministry of Finance. A list of persons authorised to make reports is deposited with TRACFIN. In an emergency, a report may be filed by any concerned person, provided the report is later confirmed by an authorised person.

Penalties

This offence is punishable by up to five years imprisonment and/or a fine.

Fines against a legal person may be up to five times that for an individual.

Other sanctions against corporations are possible, such as disbarment. Further, under aggravated circumstances (such as offences committed by a criminal organization or on regular basis), the term of imprisonment and/or the amount of a fine may be doubled. Alternatively, a fine can be levied either against an individual or a corporate entity on up to half of value of the laundered assets.

7. Insider Dealing – also see Section 5 in the main body of the Policy

Anyone who has "inside information" can be held liable for insider dealing.

"Inside information" is information of a precise nature that has not been made public and that, if made public, would be likely to have a significant effect on the share price of a company listed on NYSE-Euronext Paris or on the prices of financial instruments.

Insider dealing with respect to shares traded on multilateral trading facilities, i.e. a non-regulated organized market (the Alternext market or NYSE-Euronext) could also be subject to administrative sanctions in France.

Insider dealing may be penalised in France if the relevant behaviour took part in France (even if the relevant financial instrument is listed in another European Union Member State).

Penalties

Administrative fines for insider misconduct that may be imposed by the French market authority (AMF) can reach €100M or ten times the amount of any profit realised.

The French Commercial Code also provides criminal penalties for individuals and legal entities that commit insider dealing offences. Criminal offences may be punishable by imprisonment for up to 2 years and/or a fine. Alternatively, a fine could be levied up to 10 times the value of the profits realised.

8. Market Abuse – also see Section 6 in the main body of the Policy

Market abuse includes a number of dealings by which the price-setting mechanisms of the markets are influenced in an attempt to make unjustified gains.

The prohibited behaviour is very similar to the offences mentioned in Section 6.2 of the main body of this Policy.

Penalties

The penalties are the same as for insider trading.

9. Other felonies and misdemeanours

French law contains numerous and extensive criminal law punishments. Conduct that is not an offence under any of the abovementioned offences may therefore be punishable under criminal law or commercial law. The following are examples:

- Abuse of authority (*Abus d'autorité*)

Abuse of authority is the use of authorized powers by a public officeholder in relation to his/her official duties in order to prevent the application of law. Abuse of authority is punished by up to ten years imprisonment and/or a fine. Under French law, any person receiving the proceeds of the misdemeanour of abuse of authority may be punished for concealment.

- Abuse of trust (*Abus de confiance*)

A person in a position of trust (whether a public officeholder, private officer etc.) is

punishable under French law if he/she, to the detriment of another, embezzles funds or uses goods received and accepted by him/her and which he/she promised e.g. to return or make a specific use of. Abuse of trust is punishable by three years imprisonment and/or a fine.

- Waste of corporate assets (*Abus de biens sociaux*)

Any corporate officer or director can be punished for losses sustained by a corporation if that officer or director has knowingly used the corporate assets in a manner contrary to the interests of the corporation, for his/her own benefit or for the benefit of a corporation in which he/she has direct or indirect interest. Such felony is punishable by up to five years' imprisonment and/or a fine.

Additional sanctions may be ordered under abuse of authority, abuse of trust and waste of corporate assets such as prohibition from exercising professional activities.

- Deception (*Tromperie*)

Under French law, the misdemeanour of deception exists where a person, whether or not party to a contract, deceives a party to a contract in any way whatsoever whether that person commits deception directly or through third parties. Deception may be related, amongst others, to the nature, origin or composition of goods as well as their fitness for use, inherent risks, and cautions to be taken.

For individuals, deception is punishable by up to two years' imprisonment and a fine. Under particular circumstances, penalties may be doubled. That is the case, for instance, for products dangerous to human or animal health. Fines against a legal person (e.g. corporation) may be up to five times that for an individual.

- Tampering (*Falsification*)

The misdemeanour of tampering may exist where for example falsified food products for human or animal consumption are produced, manufactured, distributed or offered, regardless of whether any contract is entered into.

The same penalties that apply to deception also apply to tampering.

Annex 3 - Germany

1. Introduction

Criminal law is primarily governed by national rules and regulations. German criminal law is hence governed by the legal provisions of Germany. At the same time, the laws of the European Union have to be observed as well.

The main legal bases of the Anti-Corruption Policy are the regulations of the German Criminal Code (StGB) as well as the Administrative Offences Act (OWiG), the Regulation of Taxation (AO) and the Securities Trading Act (WpHG).

The German Criminal Justice System only provides for the punishment of individuals. Although Germany does not have a defined body of "corporate criminal law" as such, the provisions of criminal law, administrative offences law, tax law and competition law often provide for a wide range of serious sanctions that can be applied to corporations.

2. Geographical Scope

Generally, German criminal law covers all acts and omissions committed on German territory. In certain circumstances, the applicability of German criminal law may even be broader.

If you require further information about the scope of German criminal law, you should contact EURLGAL.

3. Accessory, Aiding and Abetting

On the basis of the German Criminal Code accessory and aiding and abetting a criminal offence is an offence as well.

A person charged with aiding and abetting or accessory is usually not present when the crime itself is committed, but he/she has knowledge of the crime before or after the fact, and may assist in its commission through advice, actions or financial support.

To illustrate how easy it could be to risk a punitive action, consider the following example – A is working as an employee in a bank and encourages B to rob this bank. After B commits the robbery, C agrees to let him/her store the stolen money at his/her house. C can be charged with aiding and abetting to the robbery while A is acting as an instigator.

Another example – A, sales manager of a company, decides to bribe the buyer (B) of the company (C) to get into business with C. B agrees with A's quote which is, however, too dear. The behaviour of B can be considered as embezzlement and bribery. The behaviour of A can be considered not only as bribery, but also as aiding and abetting B's embezzlement.

Penalties

The abettor shall be punished in accordance with the penalty for a principal. The sentence for the accessory shall be based on the penalty for a principal, but shall be mitigated.

4. Bribery – also see Section 3 in the main body of the Policy

Bribery means offering, promising, granting, accepting any advantage to or from any public officer, private employee or agent of business with the intention of influencing them or being influenced in the exercise of their duty. A clear distinction has to be made between the private and the public sector in Germany. This is because granting benefits to a German public official is a criminal act even when the benefits were granted for the legal discharge of

any duty of the official and the bribery takes place in Germany.

Another major point to consider in this context is the ban on tax deductibility of bribes. In the past the bribes could be written off against tax law. As of 1999, this is not tolerated in Germany and can be qualified as a tax evasion, which is a criminal act.

Penalties

Apart from the great damage done to the company's reputation, the criminal penalties for bribery are severe – the maximum being a 5 years prison sentence.

5. Money Laundering – also see Section 4 in the main body of the Policy

In Germany you can also be prosecuted for committing this offence recklessly. "Acting in a reckless manner" means that the offender proceeds to do something despite the obvious source of the money/assets, which he/she chooses to ignore out of particular ignorance or gross carelessness. In these circumstances the personal knowledge and abilities of the offender have to be considered.

Penalties

Money laundering as a principal offender carries a maximum term of 10 years imprisonment. In case the offender acts recklessly the system allows a choice between imprisonment for a maximum of 2 years or payment of a fine.

6. Insider Dealing – also see Section 5 in the main body of the Policy

Anyone who has "insider information" can be held criminally liable for insider dealing, not only directors or employees.

In addition, the disclosure of inside information ("disclose") and recommending a security to a third party ("encourage") are each criminal acts if committed by a "primary insider" (members of the Management Board, members of the Supervisory Board, personally liable shareholders or other participants in the company's capital). If other persons "disclose" or "encourage" they run the risk of an administrative fine.

Penalties

Each one of the offences committed by "primary insiders" is punishable with imprisonment for up to 5 years or payment of a fine. The administrative offence is punishable by payment of a fine.

7. Market Abuse – also see Section 6 in the main body of the Policy

Market abuse includes a number of dealings by which the price-setting mechanisms of the markets are influenced in an attempt to make unjustified gains.

The prohibited behaviour is very similar to the offences mentioned in the main body of the Policy (see paragraph 6.2 of the main body of the Policy).

Market abuse is a criminal offence in Germany, if the market price is influenced by the offence committed. Otherwise (if there is no effect on the market price) the behaviour constitutes an administrative offence.

Penalties

The criminal penalties for market abuse carry maximum terms of 5 years imprisonment or payment of a fine. The administrative offence is punishable by payment of a fine.

8. Embezzlement

In Germany one may also be held liable for embezzlement. Embezzlement is defined as theft/larceny of assets (money or property) by a person in a position of trust or responsibility over those assets. Thereby the offender has to cause detriment to the person, whose property interests he/she was responsible for. Embezzlement typically occurs in the employment and corporate settings.

Anyone who abuses power accorded to him/her by statute, by commission of a public authority or legal transaction to dispose of assets of another or to obligate another is liable to be punished for this breach of trust. The same punishment is due to anyone who violates the duty to safeguard the property interests of another incumbent upon him/her by reason of statute, commission of a public authority, legal transaction or fiduciary relationship.

To illustrate how easy it could be to risk a punitive action, consider the following low-level example – while working as a bank manager, A alters customer deposit receipts and account information, then siphons bank money into his/her own pocket. Another example for embezzlement in connection with bribery – A, sales manager of a company, decides to bribe the buyer (B) of the company (C) to get into business with C. B agrees with A's quote which is, however, too dear. The behaviour of B can be considered as embezzlement and bribery. The behaviour of A can be considered not only as bribery, but also as aiding and abetting B's embezzlement.

If you require further information on your fiduciary duties for the property interests of your employer, you should contact EURLEGAL.

Penalties

The penalties for embezzlement carry a maximum term of 5 years imprisonment or payment of a fine.

9. Breaching a duty of supervision

The owners, the members of the Executive Board, the Managing Directors, the authorised officers and the operations managers of a company that operates in Germany are liable to a fine under the German Administrative Offences Act if they fail to take supervisory measures necessary to avoid any punishable breach of legal duties and obligations within the company that may be directed at the owner and which could have been avoided with proper supervision.

Please consider the following example – an employee of company A bribes the purchasing manager of company B to do business with company A. The General Manager of company A may be punished if the offence committed by his/her employee could have been avoided if he/she, as an executive employee of company A, had made greater compliance efforts.

The Penalties

The administrative offence is punishable by payment of a fine.

Annex 4 - Italy

1. Introduction

Anti-corruption issues are governed by national rules as well as the laws of the European Union.

The main legal bases are the Criminal Code and other special laws and regulations, such as the Anti-Money-Laundering Act (Legislative Decree No 231/2007) and the Finance Code (or T.U.F., Legislative Decree No 195/1998).

2. Geographical Scope

Italian criminal laws apply to all acts and omissions occurring in Italy (irrespective of whether they are committed by Italian citizens or foreigners). They may also apply to insider dealing or to bribery and corruption concerning foreign public officials or employees if committed abroad.

3. Accessory, Aiding and Abetting

The Italian rules on accessory, aiding and abetting are similar to those existing in Germany (see Annex 4). This means that anyone aiding or instigating others to commit a crime is also punishable.

4. Bribery - also see Section 3 in the main body of the Policy

Under Italian criminal law bribery is only a crime when a public officer or a public employee, is involved - more precisely, when payment or other undue reward or advantage is offered to a public officer/employee in order to influence him/her in the exercise of his/her duties, as well as when the public officer/employee extracts or requires money or other assets by use of his/her position.

Italian law also considers it a crime when a bribe is required by or offered to a private person or an entity entrusted with the carrying on of a public service or utility (*incaricato di pubblico servizio*). These rules also apply when the public officer/employee or the *incaricato di pubblico servizio* is a foreigner.

The person receiving or making the offer need not be the public officer/employee or *incaricato di pubblico servizio* - he/she may also be an intermediary.

If, on the contrary, no public officer/employee or *incaricato di pubblico servizio* is involved, then the bribery crime is not committed. However, depending on the actual facts of the case, a different crime may have been committed. In addition, a request for or offer of payment addressed or required by a private individual could amount to a civil law liability.

Therefore, any Company employee receiving a request from any party to make a payment which is not required under the terms of any contract or statutory provision, or which may otherwise appear to be of doubtful justification, should immediately report to a member of the Compliance Committee.

Penalties

The maximum penalties vary from 3 to 12 years' imprisonment.

(Please note in respect of Bribery and the other Sections of this Annex 5 that the maximum penalties indicated by law may be increased by the Judge depending on the facts of a particular case. Also, additional sanctions may apply such as confiscation of the amounts involved in or gained from the crime and being excluded from participating in tenders to

obtain contracts from the Government.)

5. Money Laundering - also see Section 4 in the main body of the Policy

From 21 December 2011 no cash payment of more than €1,000 can be given or received: all payments for higher amounts should be made by non-transferable cheque, credit card or bank transfer. Paying or receiving such cash amounts is unlawful, but not a crime. Therefore, every request for cash payment, to be made or received, for an amount higher than €1,000 should be reported without delay to a member of the Compliance Committee.

Penalties

Penalties for money laundering, in general, are imprisonment up to 12 years plus a fine.

The penalty for paying or receiving cash amounts in excess of €1,000 is a fine, calculated as a percentage of the amount involved.

6. Insider Dealing - also see Section 5 in the main body of the Policy

Insider dealing is a crime under Italian law and the maximum penalty is 6 years' imprisonment plus a fine.

7. Market Abuse - also see Section 6 in the main body of the Policy

Market abuse is a crime under Italian law and the related penalties are the same as for insider dealing (Section 6).

8. Fraud - also see Section 7 in the main body of the Policy

Under Italian law the general crime of "fraud" (*truffa*) is the behaviour of a person or an entity who, by means of dishonest acts and inducing others into error, gains an advantage while damaging others.

The definition is very general and broad, covering any kind of conduct. Therefore it may apply to any sector or business.

Like the Fraud Act (see paragraph 7.1 of the main body of the Policy) Italian law requires that the conduct is intentional and willing.

Penalties

The maximum penalties are 3 or 5 years' imprisonment, depending on the conduct, plus a fine.

9. Embezzlement

The Italian rules on embezzlement are similar to those existing in Germany (see Annex 4). It is a crime for a person in a position of trust, responsibility or control to appropriate other people's money or goods.

Penalties

Up to 3 years' imprisonment plus a fine.