

**MARUBENI INTERNATIONAL (EUROPE) GMBH**

Policy No.904

**ANTI-CORRUPTION POLICY**

GM in charge: General Manager of DSSBA Team
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## Policy Statement from the President

Marubeni International (Europe) GmbH (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 activities and the objective of this Policy is to maximise understanding of the issues involved and to put in place practices and procedures to minimise the risk of any breach of the related laws.

This vitally important area of compliance has been in the spotlight due to a number of legislative developments.

In July 2011, the UK Bribery Act 2010 (“**Bribery Act**”) came into force, creating a new offence which can be committed by commercial organisations which fail to prevent persons associated with them from bribing another person on their behalf.

In September 2017, the UK Criminal Finances Act 2017 came into force which makes a company criminally liable if it fails to prevent facilitation of tax evasion by either a member of its staff or other associated persons, even where the business was not involved in the act or was unaware of it.

The UK Government has expanded the scope of corporate criminal liability further to make it easier to pursue large organisations for economic crimes. The Economic Crime and Corporate Transparency Act 2023 contains a new corporate criminal offence of failing to prevent fraud.

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 our commitment that we must comply with the highest standards of business and ethical conduct in all dealings with customers, suppliers, government officials and the wider community.

All members of staff are expected to read this Policy carefully. The Compliance Committee and the members of the Legal Team of Marubeni Europe plc (“**EURLGAL**”) are available to discuss with you any aspect of this Policy.

Terumasa Watanabe  
President

## **1. Introduction**

This Policy applies to members of staff of the Company wherever located. Although this Policy is based on the UK law, it is important that no one in any Marubeni organisation commits any form of corruption related offence. In addition, the Company has a UK permanent establishment. This means it may be liable under UK legislation such as Bribery Act 2010 or Criminal Finances Act 2017 for any relevant offences committed by its staff.

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 (non-exhaustive) list of DOs and DON'Ts in relation to corruption.

Annex 2 sets out additional information and requirements under the relevant legislation in Germany.

## 2. Proceeds of Crime Act

### 2.1 Introduction

The Proceeds of Crime Act 2002 (“**POCA**”) is generally known to relate to the offence of money laundering. However, it is mentioned 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 were carried out in the UK. As you can see, this is a very wide definition.

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 may 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 defences is that a person makes a report to the National Crime Agency (“**NCA**”) as soon as possible.

It is the Company’s policy that such reports should be made by the Company’s Compliance Officer.

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 Section 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 Section 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 this Policy:

- (a) explains what bribery is - Section 3.2;
- (b) details the bribery offences - Sections 3.3 to 3.8 and Section 3.11;
- (c) details the sole defence - Section 3.9;
- (d) specifies the penalties - Section 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 – Sections 3.13 to 3.15.

In addition, particular attention should be given to Section 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 Section 3.14) in connection with the “improper performance” (see Section 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 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 Section 3.14).

The bribery offences are summarised in Section 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:

#### [The Bribery Act 2010 - Guidance](#)

If you receive a request or offer from another party to make a payment which is not required under the terms of any contract or statutory procedure, and the request or offer appears to be an attempt to seek payment of a bribe, you must refuse such request or offer and immediately report to the Compliance Officer. Such a requirement to make a report also arises where the Company’s business partner (such as agent, contractor or joint venture partner) receives a request or offer for bribery from another party in the course of the business in which the Company is involved or where an employee or other member of staff or a business partner of the Company has committed an act which may amount to a bribery offence.

#### 3.3. What are the bribery offences?

There are four main bribery offences:

- (a) a person bribing another person – the “bribing offence” - see Section 3.4;



- (b) a person accepting a bribe from another person – the “accepting offence” - see Section 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 Section 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 Section 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 Section 3.11).

In addition, please note that if a senior manager of the Company acting within the actual or apparent scope of their authority commits an offence, the Company could also be guilty of the offence.

#### 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 (or other) advantage;
- (b) the financial advantage must be related to the “improper performance” of a function or activity (see Section 3.6); and
- (c) that function will involve any public function or any activity connected with a business, or any activity performed in the course of a person’s employment.

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 X wants to win a tender offered by company B Ltd. X instructs a subordinate colleague Y to contact Z, an employee of B Ltd, and offer to Z to make a payment to Z’s daughter in return for Z ensuring that X’s company will be awarded the commercial contract.

#### 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 Section 3.4) and accordingly the same key aspects referred to in (a) to (c) of Section 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 Section 3.4, Z would commit an offence if Z accepted the offer of payment to Z’s daughter in relation to Z’s company awarding a contract to X’s company.

### 3.6. *Further points in relation to Sections 3.4 and 3.5*

“**Function or activity**”, as referred to in Section 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. Note that this also applies to employees of all functions and roles.

“**Improper performance**” - a function is performed improperly if the person fails to perform it in good faith or impartially or if the person 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 into and accepted under the local laws).

Note that in the example given in Section 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, promised 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 those relating to offering and receiving gifts and entertainment and prevention of bribery.

Obvious examples would include offering to make a payment to a government officer to ensure that an import or export license is awarded or overlook a health or safety issue. Please see also the examples in Section 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**” with a commercial organisation 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” with a commercial organisation and the person can therefore be a company, partnership or other corporate entity.

A “person associated” with a commercial organisation bribes another person if it is or would be guilty of either the “bribing offence” or the “foreign public official offence”, as described in Sections 3.4 or 3.7 (but not the “accepting offence” described in Section 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/or third parties. Accordingly, the Company established a system to enable careful evaluation of potential agents.

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 conduct.

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 Company’s rules relating to offering and receiving gifts and entertainment and prevention of bribery.

### 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) the person 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 (if any) would 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. Further a parent company could also be captured in certain circumstances.

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 (in the case that the relevant offence is committed overseas, then only if the officer 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 Section 3.11.

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

Furthermore, a commercial entity such as the Company can be convicted for failure to prevent bribery with the penalty being an unlimited 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 their function in a certain way, for example quicker than would 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:

[https://www.oecd.org/daf/anti-bribery/ConvCombatBribery\\_ENG.pdf](https://www.oecd.org/daf/anti-bribery/ConvCombatBribery_ENG.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's operative to make a payment, in addition to the normal fee paid to the operative's company, to incentivise the operative 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:

[The Bribery Act 2010 - Guidance](#)

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 Section 3.14 all such gifts, expenditure and activities shall be called "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 Sections 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 as issuing a permit, is it acceptable for you to make a contribution towards the travel costs of those officials?

It is important that each member of staff should avoid potential conflicts of interest and do not give any opportunity for the Company's 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 CFAO under the relevant rules of the Company.

When considering either offering or accepting a gift or making or accepting an offer of hospitality, you and the person with decision-making authority 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 Section 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 CFAO 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:

[The Bribery Act 2010 - Guidance](#)

*3.15. Charitable or political donations*

Similar problems to those explained in Section 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 the relevant internal rules on prevention of bribery.

*3.16. Conclusion*

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

## **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 rise 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 Section 2.2.

There is an additional offence, the “failing to disclose offence”, that only the Compliance Officer could commit – after having received information relating to a suspicion of money laundering, failing to have made the relevant disclosure to NCA.

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

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

#### 4.5. *Duty of 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 the Compliance Officer 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 NCA.

If the Compliance Officer does make a formal disclosure, no further action should be taken in relation to the transaction until either NCA 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 Officer will provide you with continued guidance.

#### 4.6. *Penalties*

The penalties for the offences referred to in Section 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 Sections 4.3(c) and 4.4(b), the following defences are available in relation to the money laundering offences summarised in Section 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*

The Company's policy is not to accept any cash payment (meaning any notes, coins or travellers' cheques). Accordingly, any request from a customer to make a cash payment should immediately be referred to the Compliance Officer.

#### 4.9. *Funding terrorism*

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

You should carefully choose the parties that the Company proposes to do business with. Moreover, you have to consider whether there is any concern as to how, for example, a party who purchases products from the Company may use the purchased products or how a party who sells products to the Company would use the proceeds from the sale. The Company's regulations on export and import provide more details.

## 5. Insider Dealing

### 5.1. *What is insider dealing?*

“**Insider dealing**” has a different meaning depending on the context in which it is used:

- Under the Criminal Justice Act 1993 (“**CJA 1993**”), when in possession of inside information, dealing or encouraging another to deal in price-affected securities in relation to that information or disclosing inside information otherwise than in the proper performance of a person's employment, office or profession (Section 52, CJA 1993).
- Under Article 8 of the UK Market Abuse Regulation (“**UK MAR**”), when in possession of inside information, acquiring or disposing of, directly or indirectly, financial instruments to which that information relates. Detailed information is provided in the next Section.

### 5.2. *Criminal offences under CJA 1993*

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 the insider 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 the insider discloses inside information other than in the proper performance of their 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 Section 5.2(a) to (c) is punishable by imprisonment for up to 10 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 under UK MAR?*

UK MAR sets out a regulatory framework on market abuse, as well as measures to prevent market abuse to ensure the integrity of the UK financial markets and enhance investor protection and confidence in those markets. It contains prohibitions on the following:

- (a) Insider dealing - trading of financial instruments based on non-public information.
- (b) Unlawful disclosure of inside information - improperly sharing inside information with those not entitled to receive it.
- (c) Market manipulation - practices that give false or misleading signals about financial information.

### *6.2. Territorial scope*

UK MAR applies directly to financial instruments traded on UK-regulated markets. UK MAR has extraterritorial reach, allowing authorities to address misconduct occurring outside the UK if it impacts the integrity of UK financial markets.

### *6.3. Penalties*

The FCA has authority to impose fines for market abuse violations. These can be significant and are calculated based on the severity and impact of the breach. The FCA can impose restrictions on entity's ability to participate in financial markets, limiting or prohibiting certain activities.

### *6.4. Defences*

Individuals or entities accused of breaching the UK MAR may present certain defences, for example, if the individual or entity can demonstrate that their conduct was in line with legitimate market practices and was not intended to manipulate or abuse the market, they may present this as a defence.

## 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 2006.

Under this Act both individuals and companies can be liable. The Act deals with three general 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 the defendant or another person, or cause a loss to another person.

The three general 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 the person 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 their own goods but in the name of their employer to personally profit could be liable of this offence.

Under the Economic Crime and Corporate Transparency Act 2023 (“ECCTA”), which will take effect on a tentative date following the publication of the UK Government’s guidance, a large organisation may be liable for failure to prevent fraud if its “associated person” commits a fraud offence with an intention to benefit (directly or indirectly) the organisation, and there is no defence. This offence generally mirrors “Failure to prevent bribery by commercial organisations” as discussed in Section 3.8.

The key elements of this offence are as follows:

A “**large organisation**” can be a company or partnership that has at least two of the following criteria in the financial year that precedes the year of the offence:

- (i) more than 250 employees;
- (ii) more than £36 million turnover; and
- (iii) more than £18 million in total assets. The Company will likely be considered a “large organisation” based on this definition.

An “**associated person**” can be an employee, agent or subsidiary or a person who performs services for or on behalf of a company. This is broader than the definition of “associated person” under the Bribery Act (which covers “a person who performs services for, or on behalf of, the commercial organisation”).

As it is a strict liability offence, there is no requirement that a company’s management instructed or knew about the fraud offences by its associated persons. It only requires that

a fraud offence has been committed by an associated person with an intention to benefit the company, which is lower than the level of intent required in the failure to prevent bribery offence (i.e., to obtain or retain business or a business advantage for the organisation).

The ECCTA provides a list of “fraud offences”, including common law offences (such as cheating the public revenue and conspiracy to defraud) and statutory offences under various statutes including the Theft Act 1968, Companies Act 2006, Fraud Act 2006 and Bribery Act (such as false accounting, fraudulent trading, fraud and bribing). It is also a fraud offence to aid, abet, counsel, or procure any of the above offences.

The geographical scope of this offence is wide as it applies to fraud offences occurring under the laws of England, Wales, Scotland and Northern Ireland or targeting victims in the UK. It does not matter if the organisation or its associated persons are not based in the UK.

In terms of defence, the organisation will not be liable if it is a victim of the fraud offence, or if, at the time of the offence, it has reasonable procedures for preventing associated persons from committing fraud offences, or it is not reasonably expected to have such preventive procedures.

#### *7.2. The position of the Company*

All forms of fraud are strictly prohibited. Such acts would damage the Company’s reputation and expose the Company, and its staff and representatives, to the risks of significant losses, fines and imprisonment.

The Company aims to ensure the Company’s policies and procedures are proportionate to the risks the Company may face.

#### *7.3. Your responsibilities*

Before hiring employees or engaging agents, subsidiaries or other third-party service providers, the Company needs to carefully consider whether they would be “associated persons” who could potentially pose risks of fraud and incur liability to the Company.

The Company’s zero-tolerance approach to fraud must be communicated to employees, agents, subsidiaries and any other persons who perform services for or on behalf of the Company, such as contractors and consultants, at the outset of the Company’s relationship with them and as appropriate thereafter. They must avoid any activity that might lead to (or suggest) a breach of the Company’s policies and procedures, including committing a fraud offence. If you are unsure whether a particular act constitutes a fraud offence, please contact EURLGAL as soon as reasonably practicable.

Contracts with the Company’s staff, agents, subsidiaries and other third-party service providers must also reflect the Company’s commitment to zero tolerance of fraud.

To avoid any possibility of committing any of the offences, employees, agents, subsidiaries and other third-party service providers should ensure they have read and understood and comply with this Policy, including acting 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.

#### *7.4. Raising concerns*

If you discover or suspect fraud, whether by another member of staff, an agent, a subsidiary or a third party who represents the Company, one of the service providers or anyone else,

please report your concerns without delay. For the procedure to make such a report, please see Section 4.5 of this Policy.

#### 7.5. *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 (except for failure to prevent fraud).

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 DOs and DON'Ts

- DO** understand that the Company operates a policy of zero tolerance towards corruption and that the President 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 or engagement and any breach may be subject to disciplinary action. Breach may, depending on the circumstances, be regarded as gross misconduct justifying immediate dismissal and/or termination of contract.
- 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": [The Bribery Act 2010 - Guidance](#)
- 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.
- 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 or agreement with a business partner, agent or other service provider, conduct due diligence as provided for in the relevant internal policies, 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 and anti-fraud 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 US 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 CFAO under the relevant internal rules on gifts and entertainment.
- 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 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. Germany is also signatory to several international treaties on anti-corruption.

The main legal bases of the Anti-Corruption Policy are the regulations of the German Criminal Code (StGB), the Act on Regulatory Offences (OWiG), the Fiscal Code (AO), the Securities Trading Act (WpHG) and the European Market Abuse Regulation (MAR).

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, regulatory 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. For example, the place where the offence was committed does not matter if a German public official is bribed or the perpetrator or the victim is German.

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

### 3. Accessory, Aiding and Abetting

Under the German Criminal Code, acting as accessory to, and aiding and abetting a criminal offence are offences as well.

A person charged with aiding and abetting is usually not present when the crime itself is committed, but the person 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 B store the stolen money at C’s house. C can be charged with aiding and abetting to the robbery while A is acting as an instigator.

Another example – A, a sales manager, offers a bribe to B, a buyer from company C, to secure a business deal with company C. B agrees with A's quote, even though the quoted price is excessively high. B's behaviour can be considered as both embezzlement and accepting a bribe. A's actions can be regarded 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 – see also Section 3 in the main body of this Policy

Bribery means offering, promising, granting, or – vice versa – demanding, allowing to be promised or accepting any benefit to or from any public official, private employee or agent of business with the intention of influencing them or being influenced in the exercise of their duty. Public officials can be domestic or foreign.

In the private sector, bribery generally occurs when an employee or agent of a business demands or accepts benefits in exchange for unfair preference in domestic or foreign competition or for performing an act that is contrary to their duty towards their company.

In the public sector, the rules against bribery are more stringent. The mere offering or acceptance of a bribe by a public official is considered an offence, regardless of whether a breach of duty or law has taken place. Granting benefits to a German or European public official is a criminal offence even when the benefits were granted for the legal discharge of any duty of the official.

Even socially accepted advantages of low value may incur criminal liability. 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 CFAO under the relevant rules of the Company.

#### *Penalties*

Besides significantly harming a company's reputation, the legal consequences of bribery are serious. Individuals involved can face up to 10 years in prison. Other sanctions may include being barred from a profession or negative entry in the commercial central register. Further, individuals may be subject to civil liability.

Under German law, there is no corporate criminal liability. However, companies may be subject to administrative sanctions, such as fines, disgorgement and seizure of assets. They may also be disqualified for public procurement procedures and any corruption offenders will be listed in the new federal competition register.

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

Money laundering generally refers to any act aiming to conceal the origin, existence or purpose of assets gained from any criminal activities to make them appear legitimate. There must be an object derived from a criminal act, which also includes receivables and investments in companies and other assets. In Germany, you can be prosecuted for committing this offence intentionally or recklessly. "Acting in a reckless manner" means that the offender proceeds to do something despite the obvious source of the money/assets, which the offender chooses to ignore out of particular ignorance or gross carelessness. In these circumstances the personal knowledge and abilities of the offender must be considered. Attempts are also punishable as an offence.

#### *Penalties*

Money laundering as a principal offender carries a maximum term of 10 years' imprisonment. In case the offender acts recklessly, the punishment will be either imprisonment for a maximum of 2 years or payment of a fine. Other sanctions include confiscation of objects related to the offence (such as proceeds of crime) or disgorgement.

### **6. Insider Dealing and Unlawful Disclosure of Inside Information – see also Section 5 in the main body of this Policy**

Anyone who gains knowledge of "insider information" can be held criminally liable for insider dealing with financial instruments, not only directors or employees. Persons outside the company are also subject to the insider dealing rules.

In addition to engaging in insider dealing, recommending a security to a third party based on that insider information is prohibited as is the unlawful disclosure of inside information. Even the attempt to engage in any of these three forms of insider dealing is a criminal offence.

If it is grossly negligent to fail to recognise that the relevant information is classified as an inside information, this still constitutes regulatory offence.

#### *Penalties*

Each one of the offences is punishable with imprisonment for up to 10 years. The regulatory offence is punishable by payment of a fine.

### **7. Market Manipulation – see also Section 6 in the main body of this Policy**

Market manipulation refers to manipulative action that may influence the market price of financial instruments. Market manipulation, as well as attempts to engage in market manipulation, are prohibited.

The prohibited behaviour is very similar to the offences mentioned in the main body of this Policy (see Section 6.1 of the main body of this Policy). Its precise form is described in the European Market Abuse Regulation (MAR).

Market manipulation 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 a regulatory offence.

#### *Penalties*

The criminal penalties for market manipulation carry maximum terms of 5 years' imprisonment. The regulatory offence is punishable by payment of a fine.

### **8. Fraud – see also Section 7 in the main body of this Policy**

Under German law, fraud is committed when a person deceives a victim (by an act or omission) causing the victim to act in error to their own detriment with an intent to obtain an unlawful pecuniary benefit for the “fraudster” or a third party. Deception can be in the forms of using false pretences or distorting or suppressing facts.

#### *Penalties*

The maximum penalty for fraud is 10 years' imprisonment.

### **9. Embezzlement**

In Germany one may also be held liable for embezzlement. Embezzlement is defined as theft or intentional misappropriation of assets (money or other 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 the offender was responsible for. Embezzlement typically occurs in the employment and corporate settings.

To illustrate how easy it could be to be in breach, 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 A's own pocket. Another example for embezzlement in connection with bribery. A sales manager of a company, X, decides to bribe the buyer Y of the company C to get into business with C. Y agrees with X's quote which is much higher than market rate. The behaviour of Y can be considered as embezzlement and bribery. The behaviour of X can be considered not only as bribery, but also as aiding and abetting Y's embezzlement.

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

#### *Penalties*

The penalty for embezzlement carries a maximum term of 10 years' imprisonment.

## **10. 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 Regulatory Offences Act if they fail to take supervisory measures necessary to avoid any punishable breach of legal duties and obligations within the company that are directed at the owner and which could have been avoided or made considerably more difficult 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 the employee could have been avoided if the General Manager, as an executive employee of company A, had made appropriate compliance efforts.

### *Penalties*

The regulatory offence is punishable by payment of a fine.