

# Brahim's



**BRAHIM'S SATS FOOD SERVICES SDN BHD**  
**ANTI-BRIBERY AND ANTI-CORRUPTION POLICY**

## INTRODUCTION

### 1.1 The Shareholders:-

- (i) Brahim's SATS Investment Holdings Sdn Bhd; and
- (ii) Malaysia Airlines Berhad

are fully committed to conducting business with integrity, consistent with the highest ethical standards, and in compliance with all applicable laws and regulatory requirements for the prevention of corruption and bribery.

- 1.2 Corrupt practices may subject Brahim's SATS Food Services Sdn Bhd ("**Company**") as well as the relevant individuals involved, to potential criminal and civil liabilities. Corrupt practices may also adversely affect the reputation of the Company as well as the confidence held by stakeholders, including our shareholders, customers and business partners in our commitment to act professionally, fairly and with integrity in all our business dealings and relationships.
- 1.3 This Anti-Bribery and Anti-Corruption Policy ("**Policy**") applies to all employees, officers and directors of the Company ("**Employees**") as the Company firmly believes that the proper actions and conduct of the Company and all Employees are essential to maintaining these standards. In addition, employees, officers and directors of the Company's representatives, vendors, contractors, agents, and any other entity that performs services for or on behalf of the Company (collectively, "**Associated Persons**") are expected to comply with this Policy or comply with applicable laws relating to matters set out in this Policy.
- 1.4 This Policy should be read in conjunction with Brahim's SATS Food Services Code of Business Ethics and Integrity Policy – Chapter 1 (each as may be amended from time to time).
- 1.5 This Policy does not and cannot reasonably cover every situation that you may face in the course of your employment with the Company. If you are in any doubt as to how you should apply any of the provisions of this Policy, you are strongly encouraged to seek guidance from your supervising officer, the CEO/GM of the Company or any Director of the Company, the Legal Department or, where appropriate, the Company Senior Management team.

## 2 STATEMENT OF POLICY

- 2.1 Employees and Associated Persons may not, directly or indirectly, (i) offer; (ii) promise; (iii) agree to pay; (iv) authorize payment of; (v) pay; (vi) give; (vii) accept; or (viii) solicit, bribes, kickbacks, a financial advantage, or any other benefit, whether in cash or in kind, tangible or intangible ("**Items of Value**") to or from any third party in order to secure or reward an improper benefit or improper performance of a function or activity directly enjoyed for the personal gain and/or benefit of any Employees and Associated Persons, or without the written authorization of the Company. Such actions are deemed prohibited payments or offers.
- 2.2 Examples of Items of Value include gifts, meals, entertainment, airline tickets or discounts, travel vouchers, offers of employment or charitable contributions. Prohibited payments can also include so-called "facilitation payments," which are routine payments typically made to Government Officials to expedite or secure a service or routine action.

- 2.3 Prohibited payments or offers are not permitted at all times, whether or not they are given to a Government Official<sup>1</sup> or an employee of a non- governmental business or entity, and regardless of whether they are given by another person or entity on behalf of the Company or the Employee.
- 2.4 The giving or receiving of prohibited payments or offers in any form and for any corrupt purpose is an offence under applicable laws, including without limitation the Malaysian Anti-Corruption Commission Act 2009 (MACC Act) and/or the Malaysian Penal Code, whether or not the benefit or effect of such prohibited payment or offers is enjoyed by the person giving or receiving the same or by some other person. The bribery offence may be established notwithstanding that the person was not able to complete the corrupt act requested or to put the corrupt intention into action.
- 2.5 Employees and Associated Persons should avoid any conduct that creates even the appearance of improper activity or conduct.
- 2.6 Violations can have severe consequences for the Company, the Employees and Associated Persons, including criminal and civil penalties. Any Employee found to have engaged in prohibited conduct or ignored suspicious activity may face disciplinary action, including termination of employment or contract and/or referral to appropriate law enforcement authorities.

### **3 REPORTING ACTUAL OR SUSPECTED WRONGDOING**

- 3.1 Any Employee or Associated Person who is asked to provide or is offered Items of Value in a manner that is prohibited by this Policy or suspects that another Employee, Associated Person or anyone else is engaging in conduct that this Policy prohibits, must either report the matter to their supervising officer or report such incidences to the Company's Human Resource Department immediately.
- 3.2 In all circumstances, immediate reporting is essential. Prompt reporting and resolution of corruption or bribery issues can help to ensure that our businesses act in accordance with this Policy and all applicable laws.
- 3.3 Any report of a suspicious conduct will be treated as confidential. No Employee or Associated Person acting in good faith will suffer adverse consequences for reporting or for refusing to engage in prohibited conduct, even if such refusal results in loss of business to the Company.
- 3.4 The Company will not tolerate any retribution or retaliation against anyone who has, in good faith (i) sought advice regarding any conduct that may be implicated by this Policy; (ii) reported a good faith suspicion of a violation of this Policy; or (iii) refused to participate in conduct that may violate this Policy.

### **4 ANTI-CORRUPTION AND ANTI-BRIBERY LAWS – RISK OF CRIMINAL SANCTIONS**

- 4.1 Employees and Associated Persons must comply with applicable laws in Malaysia and applicable laws in the countries where the Company and Associated Persons operate, , including local anti-corruption and anti-bribery laws of these countries. The laws that may apply to the Company include but not limited to the Malaysian Anti-Corruption Commission Act 2009 and the Malaysian Penal Code (as referred to under paragraph 2.4

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<sup>1</sup> "Government Official" includes any elected or appointed official of a national or local governmental entity of any country; representatives or employees of a government agency at any level, including customs, immigration and transportation workers; military personnel; representatives of political parties; candidates for political office; representatives of public international organizations (e.g., the United Nations, the World Bank, the International Monetary Fund); employees of state-owned or controlled entities (e.g., airlines, banks, hospitals, petroleum or other energy companies and postal services); and any entity hired by a government agency or instrumentality for any purpose (e.g., consultants, marketing or advertising agencies).

of the policy) and any other applicable Malaysian Anti-Corruption and Anti-Bribery legislations (collectively, "**Malaysian ABC legislation**"), the Prevention of Corruption Act, Chapter 241 (Singapore) ("**PCA**"), the U.K. Bribery Act 2010 ("**UKBA**"), the U.S. Foreign Corrupt Practices Act ("**FCPA**"), as well as local anti-corruption and anti-bribery laws of other countries. A brief summary of the Malaysian ABC legislation, PCA, UKBA and FCPA are set out in Appendix 1.

- 4.2 Under these laws, the Company and Employees may be subject to criminal liability if an Employee or an Associated Person, directly or indirectly, offers or pays, or authorizes payment of, Items of Value in exchange for some improper advantage for himself, the Company, or any other party, whether those acts involve Government Officials or otherwise. This covers improperly providing meals, entertainment, gifts, employment and charitable donations, as well as direct cash payments. Note that "turning a blind eye" to, or ignoring, suspicious actions on the part of Employees or Associated Persons may in itself expose one to criminal liability. Please refer to Appendix 2 for a list of "red flags" to pay special attention to.
- 4.3 It is also possible that the improper acts of third party agents or representatives can result in criminal liability for the entities for whom those representatives and agents work. Regardless of local custom or practice, it is not permissible to engage in or to condone conduct that is, or would appear to be, a violation of the laws.

## 5 GUIDANCE ON GIFTS, MEALS, TRAVEL AND ENTERTAINMENT

- 5.1 Employees including their spouse, children or any other relatives and Associated Persons are should not accept gifts or give gifts, in cash or kind, from/to any member of the public, company or organisation, or representative of a company or organisation arising from their employment with the Company unless it is for a justifiable and legitimate business purpose in which case the guidance set out in paragraph 5.4 below shall be followed. This does not include gifts exchanged between relatives or personal friends. Employment related gifts refer to payments or any gift in-kind such as, but not limited to, favours and preferential terms arising from their employment with the Company. This is to avoid the appearance of improper activity.
- 5.2 All offers of gifts must comply with the guidelines and procedures specified in the Company's Gift and Entertainment Policy.
- 5.3 Employees are prohibited from soliciting, demanding and accepting tips from the travelling public, customers, consignees or agents.
- 5.4 Some basic rules should be followed when giving a gift, or providing meals, entertainment or travel for legitimate business purpose:
- (a) Do not give cash or any other cash equivalent.
  - (b) Gifts, meals, entertainment and travel should have a justifiable and legitimate business purpose and pre-approved by the CEO of the Company.
  - (c) Gifts, meals, entertainment and travel should be of a reasonable value and should not be lavish, extravagant or out of line with country or industry norms.
  - (d) Gifts, meals, entertainment and travel should be given openly, and Employees should never attempt to hide such activities or the circumstances surrounding the activities from anyone.
  - (e) An Employee should be present at all meals and entertainment activities and Employees should exercise good judgment in choosing entertainment that does not jeopardize the reputation or interests of the Company, its employees or customers.
  - (f) The Company should pay for the meals, entertainment and/or travel for only those invitees whose participation is directly related to and necessary for the Company's legitimate business purposes.
  - (g) The Company should not provide money to the invitees to make their own meal, entertainment or travel arrangements.

(h) If travel is provided to a counterparty or potential counterparty, there should be no side trips unrelated to the promotion of the Company's products or services.

5.5 Providing gifts, meals, entertainment or travel to Government Officials in particular should be treated with extra care so as to avoid the appearance that the activity was meant to obtain special treatment by someone in a position of public trust. The guidelines set out above must be strictly complied with.

5.6 Employees and Associated Persons should not solicit or accept Items of Value as an inducement to perform a service or function, or in exchange for favorable treatment. Where any party that has, or that is seeking to have, a business relationship with the Company, offers you with an Item of Value, you must report this to the Human Resources Department regardless if you accept the Item of Value or otherwise.

5.7 If you have any question or doubt about whether a gift, meal, entertainment or travel expense is appropriate, seek guidance from Human Resources Department before you incur the expense.

## **6 CHARITABLE AND POLITICAL CONTRIBUTIONS**

6.1 The Company is proud of its strong commitment to the communities in which it operates around the world. While charitable contributions are encouraged, all contributions must be made in accordance with our high ethical standards and in compliance with all applicable laws.

6.2 As leaders in their communities, Government Officials, current or prospective business partners and vendors are often involved in charitable organizations and may request charitable contributions from the Company, Employees or Associated Persons. Sometimes the request coincides with the Company's business interests. Other requests may not be directly related to our business, but would benefit the broader community. In any case, Employees should ensure that the contribution is not an indirect way of conferring a personal benefit on a Government Official or related party, and that the contribution is not in exchange for a purchasing or other decision affecting Company's interests.

6.3 Employees and Associated Persons should not make payments, whether in cash or in kind, to political candidates, political officials or political parties for the purpose of obtaining, retaining or directing business to the Company or any other entity. In-kind contributions include participation in political campaigns during paid working hours and the use of administrative support, company facilities, equipment and supplies.

6.4 If a current or prospective business partner, customer, Government Official, charitable organization, political candidate or party official promises or offers any benefit, or makes any threat, in connection with a charitable or political contribution request, the request should be denied and you should immediately report the incident to your supervising officer.

## **7 HIRING DECISIONS**

7.1 In some cases, a current or prospective business partner, vendor, customer or Government Official may attempt to influence the hiring process by asking an Employee to help find a job for a relative or friend, or suggest that a relative or friend be offered an internship or similar position within the Company. In other cases, they may seek employment for themselves in anticipation of leaving a current position.

7.2 Employees must take special care to ensure that hiring decisions should not be part of any decision related to the Company's business transactions. Offers of employment should not be given in exchange for or to reward any benefit received by the Company, and Employees should not offer employment in order to seek any advantage in any

business negotiation. All decisions on hiring and internship placements should be based on the qualifications, quality and experience of the candidate and the needs of the Company.

- 7.3 If anyone offers to give a benefit to the Company in exchange for the Company's hiring of a suggested person, or if they threaten to take adverse action if the suggested person is not hired, the suggested person cannot not be hired. In such cases, you should report the incident to the Human Resources Department.

## **8 WORKING WITH ASSOCIATED PERSONS**

- 8.1 Associated Persons are important to our operations in many ways. Relevant laws however, make it clear that activities and conduct of an Associated Person can create liability for the Company. Employees may not circumvent this Policy by using an Associated Person to do what the Company could not do itself.

- 8.2 It is therefore vital that Employees pay close attention to the Company's relationships with Associated Persons. Each Associated Person should be carefully selected and evaluated before being retained by the Company, and Associated Persons should be selected solely on the basis of merit.

- 8.3 If a potential Associated Person or Associated Person exhibits one or more of the "red flags" described in Appendix 2, either before entering into a business relationship, or while that relationship is ongoing, the Employee must raise those issues with a supervising officer for further review and due diligence.

- 8.4 In addition, the following guidelines for contracting with Associated Persons should be followed in order to reduce risks that an Associated Person will engage in improper conduct on behalf of the Company:

- (a) Do not enter into any oral agreements or arrangements with an Associated Person. Written contracts with Associated Persons must accurately reflect the substance of the agreement, and include the quantity or service provided and the price, compensation, commission schedule, "success" fees and/or bonuses.
- (b) Particular attention should be paid to nonstandard terms in transactions – such as side agreements and prepayments, or delayed billing arrangements – as these can be used to hide improprieties or circumvent prohibited transactions.

- 8.5 Contracts with Associated Persons must incorporate the appropriate anti-corruption / anti-bribery provisions. Suggested provisions are included in Appendix 3. Any material deviations from the provisions in Appendix 3 should be approved by the Company Legal Department and the CEO of the Company.

## **9 INTERNAL FINANCIAL CONTROLS**

- 9.1 The Company and Employees should record all financial transactions according to the Company's financial and internal control policies and procedures.

- 9.2 Payments and other compensation to third parties should be accurately recorded in the Company's corporate books, records, and accounts in a timely manner and in reasonable detail. This includes all commissions, service or consulting fees, expenditures for gifts, meals, travel and entertainment, and expenses for promotional activities. Proper reporting should include clear notation regarding the nature of each expense, identification of all recipients and/or participants, the necessary approvals received for the expense and the accounts payable voucher.

- 9.3 No undisclosed or unrecorded accounts of the Company may be established for any purpose. False, misleading, incomplete, inaccurate, or artificial entries in the books, records, or accounts of the Company are prohibited.
- 9.4 Personal funds should not be used to accomplish what is otherwise prohibited by this Policy.

## 10 **MONITORING**

- 10.1 To ensure this Policy is followed correctly, an independent auditor, hired by the Shareholders and/or the Company, may conduct unannounced audits. These audits may include the review of agreements with Associated Persons, the review of transaction files and financial records, and random interviews with supervisory and other personnel. Full cooperation with those audits is required of all Employees.
- 10.2 This Policy is subject to regular review by the Company and it may be revised periodically to reflect changes in the Company's procedures.

**APPENDIX 1  
RELEVANT LAWS**

**Malaysian Anti-Corruption Commission Act 2009**

**Section 16 – Offence of accepting gratification by any person**

Any person who corruptly solicits or receives or gives any gratification for himself or for any other person as an inducement doing or forbearing to do anything in respect of any matter commits an offence.

**Section 17 – Offence of giving or accepting gratification by an agent**

Any person being an agent corruptly accepts or obtains or gives or offers any gratification as an inducement for doing or forbearing to do any act in relation to his principal's affairs commits an offence.

**Section 18 – Offence of intending to deceive principal by an agent**

Any person commits an offence if he gives to an agent or being an agent uses with intent to deceive his principal's any receipt, account or other document which contains any statement which is false in material particulars with intend to misled the principal.

**Section 20 – Offence procuring withdrawal of tender**

Any person with intent to obtain from any public body a contract for performing any work offers any gratification to any person who has made a tender for the contract as an inducement for his withdrawing the tender or anyone solicits or accepts any gratification as an inducement for his withdrawing a tender made by him for such contract, commits an offence under this Act.

**Section 21 – Bribery of officer of public body**

Any person who offers to an officer of the public body or being an officer of the public body solicits or accepts any gratification as a reward for:

- (i) The officer voting or abstaining from voting at any meeting of the public body in favour or against any measure , resolution or question submitted to the public body;
- (ii) The officer performing or abstaining from performing or aiding in procuring, expediting, delaying, hindering or preventing the performance of any official act;
- (iii) The officer aiding in procuring or preventing the passing of any vote or the granting of any contract or advantage in favour of any person; or
- (iv) The officer showing or forbearing to show any favour or disfavour in his capacity as such officer, commits an offence.

**Section 23 – Offence of using office or position for gratification**

Any officer of the public body commits an offence when he uses his office or position for gratification when he makes any decision or takes any action whether for himself, his relative or associate in relation to any matter in which such officer or any relative or his associate , has interest whether directly or indirectly.



### Penalty for Offences

Under Section 24 of MACC Act 2009, any person who commits an offence under sections 16, 17, 18, 20, 21 and 23 shall on conviction be liable to either imprisonment for a term not exceeding 20 years and/or a fine of not less than five times the sum or value of the gratification which is the subject matter of the offence.

### Malaysian Penal Code

Section 161 - Public servant taking a gratification, other than legal remuneration, in respect of an official act

Whoever, being or expecting to be a public servant, accepts or obtains, or agrees to accept or attempts to obtain, from any person, for himself or for any other person, any gratification whatever, other than legal remuneration, as a motive or reward for doing or forbearing to do any official act, or for showing or forbearing to show, in the exercise of his official functions, favour or disfavour to any person, or for rendering or attempting to render any service or disservice to any person, with the Government, or with any member of the Cabinet or of Parliament or of a State Executive Council or Legislative Assembly, or with any public servant, as such, shall be punished with imprisonment for a term which may extend to three years or with fine or with both.

Section 162 - Taking a gratification in order, by corrupt or illegal means, to influence a public servant

Whoever accepts or obtains, or agrees to accept or attempts to obtain, from any person, for himself or for any other person, any gratification whatever, as a motive or reward for inducing, by corrupt or illegal means, any public servant to do or to forbear to do any official act, or in the exercise of the official functions of such public servant to show favour or disfavour to any person, or to render or attempt to render any service or disservice to any person with the Government, or with any member of the Cabinet or of Parliament or of a State Executive Council or Legislative Assembly, or with any public servant, as such, shall be punished with imprisonment for a term which may extend to three years or with fine or with both.

Section 163 - Taking a gratification, for the exercise of personal influence with a public servant

Whoever accepts or obtains, or agrees to accept or attempts to obtain, from any person, for himself or for any other person, any gratification whatever, as a motive or reward for inducing, by the exercise of personal influence, any public servant to do or to forbear to do any official act, or in the exercise of the official functions of such public servant to show favour or disfavour to any person, or to render or attempt to render any service or disservice to any person with the Government, or with any member of the Cabinet or of Parliament or of a State Executive Council or Legislative Assembly, or with any public servant, as such, shall be punished with imprisonment for a term which may extend to one year or with fine or with both.

#### Section 164 - Punishment for abetment by public servant of the offences above defined

Whoever, being a public servant, in respect of whom either of the offences defined in sections 162 and 163 is committed, abets the offence, shall be punished with imprisonment for a term which may extend to three years or with fine or with both.

#### Section 165 - Public servant obtaining any valuable thing, without consideration, from person concerned in any proceeding or business transacted by such public servant

Whoever, being a public servant, accepts or obtains, or agrees to accept or attempts to obtain, for himself or for any other person, any valuable thing, without consideration, or for a consideration which he knows to be inadequate, from any person whom he knows to have been, or to be, or to be likely to be concerned in any proceeding or business transacted, or about to be transacted, by such public servant, or having any connection with the official functions of himself or of any public servant to whom he is subordinate, or from any person whom he knows to be interested in or related to the person so concerned, shall be punished with imprisonment for a term which may extend to two years or with fine or with both.

#### **The Prevention of Corruption Act (Singapore)**

The Prevention of Corruption Act makes it a crime for any person, by himself or together with any other person:

- (a) corruptly solicit or receive, or agree to receive for himself, or for any other person; or
- (b) corruptly give, promise or offer to any person whether for the benefit of that person or of another person,

any gratification as an inducement to or reward for:

- (i) any person doing or forbearing to do anything in respect of any matter or transaction whatsoever, actual or proposed; or
- (ii) any member, officer or servant of a public body doing or forbearing to do anything in respect of any matter or transaction whatsoever, actual or proposed, in which such public body is concerned.

The punishment for such offences includes a fine not exceeding \$100,000 or imprisonment for a term not exceeding 5 years or to both.

#### **The Bribery Act (UK)**

The Bribery Act makes it a criminal offence to bribe, or to offer or authorize a bribe to, another person (including a foreign official) or to be the recipient of a bribe. The Bribery Act expressly prohibits the following conduct:

- (a) offering, promising, or giving a financial or other advantage to another person intending the advantage to induce a person to perform improperly a relevant function or activity, or to reward a person for the improper performance of such a function or activity ("Case 1");
- (b) offering, promising, or giving a financial or other advantage to another person knowing or believing that the acceptance of the advantage would itself constitute the improper performance of a relevant function or activity ("Case 2");

- (c) requesting, agreeing to receive or accepting a financial or other advantage intending that in consequence a relevant function or activity should be performed improperly ("Case 3");
- (d) requesting, agreeing to receive or accepting a financial or other advantage where such request, agreement or acceptance itself constitutes the improper performance of a relevant function or activity ("Case 4");
- (e) requesting, agreeing to receive or accepting a financial or other advantage as a reward for the improper performance of a relevant function or activity ("Case 5"); and
- (f) in anticipation of or in consequence of the relevant person requesting, agreeing to receive or accepting a financial or other advantage, a relevant function or activity is performed improperly by the relevant person or by another person at the relevant person's request or with the relevant person's assent or acquiescence ("Case 6").

The Bribery Act also makes it a criminal offence for a corporate entity to fail to prevent bribery if a person associated with that entity bribes another person intending to obtain or retain business for the entity, or to obtain or retain an advantage in the conduct of business for the entity.

Individuals and corporations that do not reside in the UK may nevertheless be subject to the provisions of the Bribery Act if part of the bribery act had taken place in the UK.

All offences under the Bribery Act are punishable by unlimited fines for companies and individuals and, for individuals, up to ten years' imprisonment.

#### **The Foreign Corrupt Practices Act ("FCPA") (US)**

Broadly, the FCPA makes it an offence for (i) US persons and entities to, wherever in the world, bribe foreign officials; or (ii) non-US persons and entities who, while in the United States, bribe foreign officials. The FCPA does not deal with bribery of persons that are not foreign officials.

A person bribes a foreign official if he corruptly makes use of mails or any means or instrumentality of interstate commerce or does any other act in furtherance of an offer, payment, promise to pay, or authorization of the payment of any money, or offer, gift, promise to give, or authorization of the giving of anything of value to:

- (a) any foreign official for the purposes of:
  - (A) (i) influencing any act or decision of such foreign official in his official capacity, (ii) inducing such foreign official to do or omit to do any act in violation of the lawful duty of such official, or (iii) securing any improper advantage; or
  - (B) inducing such foreign official to use his influence with a foreign government or instrumentality thereof to affect or influence any act or decision of such government or instrumentality,

in order to assist such person in obtaining or retaining business for or with, or directing business to, any person.
- (b) foreign political party or official thereof or any candidate for foreign political office for purposes of:
  - (A) (i) influencing any act or decision of such party, official, or candidate in its or his official capacity, (ii) inducing such party, official, or candidate to do or omit to do an act in violation of the lawful duty of such party, official, or candidate, or (iii) securing any improper advantage; or

- (B) inducing such party, official, or candidate to use its or his influence with a foreign government or instrumentality thereof to affect or influence any act or decision of such government or instrumentality,

in order to assist such person in obtaining or retaining business for or with, or directing business to, any person.

- (c) any person, while knowing that all or a portion of such money or thing of value will be offered, given, or promised, directly or indirectly, to any foreign official, to any foreign political party or official thereof, or to any candidate for foreign political office, for purposes of:

- (A) (i) influencing any act or decision of such foreign official, political party, party official, or candidate in his or its official capacity, (ii) inducing such foreign official, political party, party official, or candidate to do or omit to do any act in violation of the lawful duty of such foreign official, political party, party official, or candidate, or (iii) securing any improper advantage; or

- (B) inducing such foreign official, political party, party official, or candidate to use his or its influence with a foreign government or instrumentality thereof to affect or influence any act or decision of such government or instrumentality,

in order to assist such person in obtaining or retaining business for or with, or directing business to, any person.

A "foreign official" for the purposes of FCPA liability means any officer or employee of a foreign government or any department, agency or instrumentality thereof, or of a public international organization, or any person acting in an official capacity for or on behalf of such government or department, agency, or instrumentality, or for or on behalf of any such public international organization.

The FCPA prohibits such payments, promises or offers when they are made directly or indirectly through agents, partners, representatives, distributors or other authorized parties.

The FCPA is a criminal statute. A fine for a single violation may cost a company up to US\$2 million in fines and violations are often aggregated. Individuals may be sent to prison for up to five years and subject to fines up to US\$100,000 per violation.

## APPENDIX 2

### "RED FLAGS" FOR CORRUPTION / BRIBERY

While every transaction and/or counterparty should be evaluated on its specific facts, there are several "red flags" in relation to third parties (*i.e.* potential or current counterparties or potential or current Associated Person) that may signify a heightened risk of corruption or bribery. Some "red flags" include the following:

1. The third party has a reputation for accepting or demanding bribes, and/or has requested to make or receive a bribe.
2. The third party has been subject of previous enforcement action(s) for corruption-related offenses.
3. The third party's report of its business structure is unusual, incomplete, or overly complex with a lack of transparency.
4. The third party provides incomplete, false, or misleading business contact information.
5. The third party requests unusual payments or financial arrangements (*e.g.* requests to accept payments in cash or through a third party or to pay in another account; requests the Company to complete unnecessary, inaccurate or unexplained invoices, or has a pattern of over-invoicing or incorrect invoicing, or overpayments and requests for refunds.
6. The third party requests a split of purchases to avoid procurement thresholds.
7. The third party proposes unnecessary change orders to increase contract values after award of the contract.
8. The third party is vague or elusive about source of funds for the transaction or activity.
9. The third party has large sums of cash or currency available for the transaction or business activity with no corresponding business that generates the high revenue stream.
10. The third party seeks to make or receive payment from or to a foreign country account other than the location of the party's business or the service performed.
11. An unnecessary middleman or local is involved in the contract or negotiations, and his addition has no obvious value to the performance of the contract.
12. The third party engages questionable subcontractors or local agents.
13. The third party requests that the Company not report or disclose a particular activity or transaction.
14. The third party threatens to withhold services unless payments to individuals are made in addition to contractually agreed payments.
15. A Government Official insists on a specific person or company to contract with.
16. The third party refuses to agree to the contractual provisions set out in Appendix 3.
17. The third party's business is not listed in standard industry directories, or is unknown to people knowledgeable about the industry.
18. The third party insists that its identity remain confidential or refuses to divulge the identity of its owners or principals.
19. The third party does not have offices or staff, or frequently moves locations.

## APPENDIX 3

### CLAUSES TO BE INCLUDED IN CONTRACTS WITH ASSOCIATED PERSONS

#### 1. Anti-Bribery and Anti-Corruption

1.1 The **[Counterparty]** undertakes, represents and warrants that:

1.1.1 the **[Counterparty]**, the **[Counterparty]**'s personnel and any other person responsible for providing and performing the **[obligations in the contract]** are in compliance with all anti-corruption and anti-bribery laws, and will remain in compliance with all such laws during the term of this Agreement; and

1.1.2 without prejudice to the generality of Clause 1.1.1, each of the **[Counterparty]**, **[Counterparty]**'s personnel and any other person responsible for providing and performing the **[obligations in the contract]** has not made, authorized or offered to make payments, gifts or other transfers of value, directly or indirectly, to any government official or private person in order to (i) improperly influence any act, decision or failure to act by that official or person; (ii) improperly induce that official or person to use his influence with a government or business entity to affect any act or decision by such government or entity; or (iii) secure any improper advantage.

1.2 The **[Counterparty]** agrees that should it learn or have reason to know of any payment, gift or other transfer of value, directly or indirectly, to any government official or private person that would violate any anti-corruption or anti-bribery law, it shall immediately disclose such activity to the **[Company]** and **[Company]** shall have the right to immediately terminate this Agreement by giving written notice to the **[Counterparty]**.

1.3 The **[Company]** shall have the right to terminate this Agreement if the **[Counterparty]** breaches this Clause 1.