

Anti-Bribery and Corruptions

Compliance Guideline of the

comforte Group of Companies (“comforte”)

This guideline has been released pursuant to item No. 3 “Anti Bribery and Corruption” of the Code of Conduct of comforte.

I. Corruption is prohibited worldwide

comforte is committed to conducting business in an ethical and honest manner, to implement and enforce systems that ensure that corruption is prevented. We do not tolerate corruption. We are committed to acting fairly and with integrity in all business dealings and relationships, in whichever region we operate. Corruption is damaging to our reputation and to our business success as well as it undermines our culture and our core values. Any act of corruption may result in disciplinary action up to termination of the respective employment agreement, and criminal charges.

It is worldwide prohibited to grant benefits of any kind whatsoever intended to influence decisions in an inadmissible manner. This applies in particular to benefits granted to officials and holders of political office. This principle is respected worldwide and can be found in statutory regulations in almost every country, although each country has its own anti-corruption legislation. This global consensus underlines that corruption is not a trivial offense or even a necessity for conducting business relations. On the contrary, corruption is a very serious crime.

The granting of any kind of undue advantage for example with the intention of “buying” the decision of a state authority is prohibited. Public officials are for example civil servants, people working for state-owned companies, university professors or person in public employment. The definition of a “public official” may differ from country to country. If you have any doubt whether a person is a public official, please contact the Compliance Team.

Our **Compliance Team** can be reached under the following email:

compliance@comforte.com

In many countries (including Germany, the UK, the USA and China) the practice of targeted benefits between business partners is also a punishable offense. Under these laws, offering, requesting, promising or accepting the promise of, granting or accepting a benefit intended to unduly influence an individual's own behavior or that of a business partner is prohibited.

II. Forms of Corruption

Bribery is defined as an improper influence on someone by offering, promising, giving or accepting any advantage as inducement for an action or decision. In addition to payments of money an advantage can be an invitation, a gift, a benefit, a favour, an opportunity or the disclosure of information or any other act that is of value to the person being bribed.

The following examples illustrate some situations where corruption may occur.

1. Contracting external advisors and agents

Agents such as consultants or intermediaries are sometimes required or used, particularly when conducting business abroad in order to mediate, negotiate or conclude business transactions. They are often contracted because of their field knowledge and close contacts with ministries and / or other state authorities. There is, however, the danger that these agents could use a part of the remuneration paid by comforte to induce third parties to enter into a contract with comforte.

a) “Red Flags”

Co-operations with external advisors or agents should be avoided if any of the following “red flags” are raised:

- Excessive commissions to advisors or agents
- Contracts with advisors that include only vaguely described services
- Advisors who are normally in a different line of business than that for which they have been engaged
- Business partners related to or closely associated with foreign officials
- Business partners who became part of the transaction at the express request or insistence of a foreign official
- Business partners who are merely a shell company incorporated in an offshore jurisdiction
- Business partners requesting payments to offshore bank accounts.

b) How should you react?

- Refuse any requests for cash payments
- Inform the Compliance Team about your suspicion
- Ensure that the contracts are always concluded in writing. If in doubt, ask a legal expert to check the contract before you sign it
- Are there any reservations regarding the integrity of the third party? Document your integrity check.
- Ask the Compliance Team to conduct further checks (Business Partner Due Diligence)

1. Kickback Payments

Kickbacks are a special form of bribery. A kickback is an illegal payment intended as compensation for preferential treatment or any other type of improper services received. The kickback may be money, a gift, credit, or anything of value. Paying or receiving kickbacks is a corrupt practice that interferes with an employee's or a public official's ability to make unbiased decisions.

Kickbacks can take many different forms, but they usually feature some sort of collusion between two parties with an ignorant third party being the victim. For example, the bookkeeper for a business or government office might approve an invoice for services, knowing that the bill is inflated. The seller of the services might then pay the bookkeeper part of the difference (or some other kind of reward). Usually, the payment is not made transparent to the third party.

Example:

comforte is participating in a tender for a major project. The purchaser has hired a consultant in the process. The consultant claims that if he receives 10 percent of the contractual sum from comforte, he will ensure that comforte wins the tender.

a) “Red Flags”

These are some common kickback warning signs. They do not necessarily mean that anything illegal is going on, but the more of them there are, the greater the likelihood of a kickback scheme.

- No competitive bidding process (or lower bids are ignored)
- Lack of appropriate supervision during the purchasing process
- Higher-than-average prices for goods or services
- Recommendation to use a vendor that others avoid
- A vendor with frequent legal or regulatory problems
- Employees are too friendly with vendors
- Management pressures staff to use a particular vendor
- Vendors are in an industry where kickbacks are common
- Employees continue to use vendors that provide poor products or services
- Delivery dates are repeatedly missed, but employees continue to use the vendor

b) How should you react?

- Decline the offer
- Inform the management and the Compliance Team of the incident
- End all business relations with this intermediary
- Document the incident in your record.

2. Favoritism

Favoritism is often linked to corruption. This involves a person using their position of power to obtain an advantage for a family member or an acquaintance.

Example: As an employee of comforte you are negotiating a large purchase order by a business partner. One day the business partner’s employee responsible for order management offers to arrange for the order to be placed with comforte. However, in return he asks you to fix an apprenticeship for his nephew without going through the regular application process.

How should you react?

- Decline the offer
- Inform your superior and contact the Compliance Team for support
- Document the incident in your records
- Continue contract negotiations with a different employee or escalate the incident.

3. Facilitation payments

Facilitation payments are payments to officials with the goal to facilitate or expedite governmental transactions to which comforte is in general entitled. Even if these payments are allowed or in common in some countries comforte generally prohibits these payments.

Example:

Urgently required hardware parts have been held up in customs clearance for quite some time. A customs official has informed you that the only way to avoid further delays is to give him a cash payment.

How should you react?

- Reject all suggestions of this nature
- Make clear that no cash payments will be made and that payments are only made to the authorities if an official receipt is issued
- Ask for the official's name and insist on speaking to his superior
- Leave your negotiating partner in no doubt that his proposal is a criminal offense and unacceptable for comforte
- Immediately report all incidents to the Compliance Team
- Document the incident in your records
- Terminate all contact with the official / intermediary or terminate business relations with the intermediary.

4. Gifts and Invitations

Gifts and invitations can be important in developing and maintaining business contacts, but they should not be a reward for contracting or concluding contracts. In many countries it is customary for guests to give officials, holders of political office or business partners small, personal gifts.

Benefits granted to officials and holders of political office are particularly susceptible to being considered a form of corruption. In most countries, more stringent criminal law regulations apply to dealings with officials than with business partners or private persons, mainly to ensure the impartiality of the administration. It is therefore advisable to exercise particular caution when dealing with authorities and / or their representatives and to take a very restrictive approach to granting benefits.

Detailed rules and recommendations can be found in the Gifts and Invitation Guideline.

5. Sponsoring and donations

comforte supports organizations and events through sponsorship and donations. Donations are important measures which express how we perceive our social responsibility. But donations can also be used for bribery purposes.

Example:

You are responsible for a project's budget. Once the project is underway, a high ranking government official approaches you and asks you to make a donation to his private foundation. He adds that providing a donation would significantly facilitate the project's progress.

How should you react?

- Refuse this request
- Document the incident and inform your superior and the Compliance Team
- In the follow-up period, check whether any inexplicable difficulties arise on the part of the government during further implementation of the project

III. Whistleblowing Reports

If one of our employees encounters irregularities in the course of his/her work, he/she can make a Whistleblowing Report. The first point of contact for such a Whistlesblowing Report is normally a superior manager. In addition thereto the Compliance Team is also available for questions and clarifications around the topic corruption.

Detailed rules and recommendations can be found in the Whistleblowing Guideline.

IV. What you should avoid

Here is some advice what you should avoid with regard to corruption:

- Do not mix private interests with the interests of comforte
- Do not give or accept monetary gifts
- Do not give or accept any kind of benefit if it gives the impression that you are only doing so to receive or make a consideration in return
- Do not grant benefits to officials or holders of political office without obtaining prior permission from the Compliance Team
- Avoid granting / receiving regular benefits to / from the same person
- Never transfer payments without having received a verifiable invoice

When concluding contracts with advisors avoid performance-related fees that are based on a percentage of the order volume and have no cap.

V. Rules of sound business behavior

comforte advises to follow the following rules in order to avoid any suspicion of corruption:

- Always conduct business in a transparent manner so that third parties can understand your decisions
- Always ensure that the services rendered are commensurate with compensation
- Before you accept or grant a benefit, check whether it is socially acceptable (e.g. courtesy gifts)
- If in doubt, always consult the Compliance Team in advance
- Always check whether you would still consider your decision to be right if comforte had to justify it in public
- Your business partner's account to be used for making the payment must be located in the country of residence or where the business is located or in the country where the services are rendered
- The business relationship must always be based on a written contract with a detailed description of the services to be rendered

It should be noted that following these rules does not completely exclude risks under criminal law or the examination of individual cases. It is extremely important to avoid any semblance of wrongdoing right from the outset.