

## **Anti-corruption guidelines**

### **Guidelines regarding intermediaries, distributors and merchants**

1. September 2017

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## **1. Purpose**

Arbonia AG (hereinafter "Arbonia") does not tolerate (i) the bribing of customers with the purpose of landing purchase orders for Arbonia, (ii) the bribing of office holders with the purpose of making them bring about decisions or approvals required by Arbonia.

The prohibition of bribing customers and office holders also applies to intermediaries. Arbonia shall ensure that the selected intermediaries do not engage in the bribing of customers and office holders. These guidelines are to introduce to the group company employees the rules to be observed from a Compliance point of view when dealing with intermediaries. The attached documents "Checklist intermediaries" and "Self-declaration intermediaries" for legal and natural persons are parts of the guidelines.

These guidelines also govern in which cases a so-called "Business Partner Check" must be obtained from merchants and distributors (cf. para. 8).

For the sake of clarity, only the masculine form has been used in certain cases in the text below. This of course also implies the feminine form.

## **2. Scope of application**

The guidelines regarding intermediaries, distributors and merchants apply to all employees of Arbonia.

## **3. Code of conduct**

These guidelines are based on the Arbonia Code of Conduct and the associated Group Guidelines and supplements these documents regarding the dealing with intermediaries, distributors and merchants.

## **4. Definitions**

### **4.1 Intermediaries**

"Intermediaries" (from Latin, "being in-between") are brokers, real estate and other agents etc. They are contracted by Arbonia to contact potential customers and to broker purchase orders. However, intermediaries are also consultants who, by order of Arbonia, obtain official approvals.

### **4.2 Reasonable commission**

The intermediary receives a commission, resp., remuneration for his broker and/or consulting activities. This commission, resp., remuneration must be appropriate in relation to the intermediary's performance. It must be guaranteed under any circumstances that the amount of the commission, resp., remuneration does not enable the intermediary to use part of it as bribe money.

### 4.3 Corruption Perceptions Index (CPI)

The Corruption Perceptions Index (hereinafter "CPI") informs about corrupt behaviour in the public sector of 175 countries. The annual CPI is created by Transparency International, an organisation that has committed itself to fighting corruption, and contains all countries subject to an increased risk of corrupt behaviour in ascending order. I.e., countries with a low risk of corrupt behaviour can be found on top of the list, and countries with a high risk of corrupt behaviour in the bottom part. The latest CPI can be called up on the following website: <http://www.transparency.org/research/cpi/overview>.

Within the framework of the present guidelines, the CPI serves to facilitate determining if additional issues regarding an intermediary have to be clarified or not. The country in which the intermediary provides his services to Arbonia (hereinafter: "Target Country") is decisive. If the Target Country is listed before Italy in the latest CPI (or if Italy is the Target Country), filling out the "Checklist Intermediary" or obtaining the Business Partner Check is not necessary. If the Target Country is listed after Italy in the latest CPI, both aforementioned documents must be filled out, resp., obtained.

### 4.4 Distributors and merchants

Distributors and merchants are responsible for distributing Arbonia products to retailers or end customers.

### 4.5 Business Partner Check

A Business Partner Check is a compliance report which Arbonia Legal calls up online at an economic data provider. The Business Partner Check provides information regarding all compliance-relevant issues (e.g. allegations of bribery, criminal proceedings, convictions etc.) of the respective business partner.

## 5. Rules regarding the dealing with intermediaries

- a) Arbonia must not contract an intermediary who shows signs of potential corrupt behaviour.
- b) A written agreement must be signed with the intermediary.
- c) The agreement with the intermediary must contain a clause which allows Arbonia to cancel the agreement with immediate effect for good cause if the intermediary is substantially accused of corrupt behaviour.
- d) The commission, resp., remuneration paid to the intermediary must be appropriate in relation to the his performance.
- e) The commission, resp., remuneration must be transferred to an account that is in the name of the intermediary and that is kept by a bank in the intermediary's residing country. Cash payments are prohibited.
- f) If the country in which the intermediary provides his services to Arbonia (Target Country) is listed after Italy in the latest CPI, then
  - (i) the "Checklist Intermediary" must be filled out;
  - (ii) a "Business Partner Check" must be obtained by Arbonia Legal; and
  - (iii) the intermediary must sign the "Self-declaration".
- g) In case the Business Partner Check reveals information about corrupt behaviour, it is prohibited to engage in business relationships with the respective intermediary.
- h) The documents listed in b), e) and f) are to be archived.

## **6. Approval procedures regarding intermediaries**

- a) Agreements with intermediaries are to be approved in line with the specifications set forth by the individual Divisions/Business Units, if the intermediary provides his services to Arbonia in a country (Target Country) that is listed before Italy in the latest CPI (or if Italy is the Target Country).
- b) Agreements with intermediaries are to be approved by the respective Head of Division if the country in which the intermediary provides his services to Arbonia (Target Country) is listed after Italy in the latest CPI. The Head of Division signs the "Checklist Intermediary".
- c) Agreements with intermediaries that provide for commissions of more than 10% of the net purchase order volume generated by the intermediary, must be approved by the Group Management. This rule applies to all countries.

## **7. Interim arrangement regarding intermediaries**

- a) Existing agreements with intermediaries who provide their services to Arbonia in a country (Target Country) that is listed after Italy in the latest CPI, are to be subjected to a Business Partner Check.
- b) Existing agreements with intermediaries that provide for commissions of more than 10% of the net purchase order volume generated by the intermediary, must be approved retrospectively by the Group Management. This rule applies to all countries.
- c) The specifications mentioned in this paragraph must be implemented within one year of these guidelines coming into force.

## **8. Rules regarding the dealing with distributors and merchants**

- a) Arbonia must not contract any distributors or merchants who show signs of potential corrupt behaviour, or any other form of unlawful behaviour.
- b) Every 5 years, each Business Unit obtains a Business Partner Check for the three largest distributors in terms of sales, who are working for Arbonia in a country (Target Country) after Italy in the latest CPI. The Business Partner Check is obtained for the first time in the year of the present guidelines coming into force, resp., prior to entering in business relations with a new distributor or merchant.

## **9. Audit**

Internal audit shall check compliance with the provisions of these guidelines.

## **10. Information**

Information in connection with present instructions shall be obtained from the Head of Legal & Compliance.

## **11. Effective date**

These guidelines come into force as of 1 September.

Arbon, 12 July 2017

Arbonia AG

Alexander von Witzleben  
Chairman of the Board of Directors /  
Interim CEO

Andrea Wickart  
Head of Legal & Compliance /  
General Secretary

## Checklist Intermediaries

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If the country in which the intermediary provides his services to Arbonia (Target Country) is listed after Italy in the latest CPI [cf. Guidelines, para. 4.3 and 5 lit. f)], then (i) the present checklist must be filled out, (ii) a Business Partner Check must be obtained from Arbonia Legal, and (iii) the intermediary must sign the Self-Declaration. The filled out checklist, together with the Business Partner Check, allows the internal approval authority (cf. Guidelines, para. 6) to determine whether the provisions for entering into a business relationship with the intermediary have been fulfilled (cf. Guidelines, para. 5). This checklist must be filled out before entering into an agreement with the intermediary.

### 1. General information

Name/First name or Company name:

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Address:

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Contact person:

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### 2. Does the Business Partner Check reveal information about corrupt behaviour by the intermediary?

- No.
- Yes     Entering into a business relationship is prohibited.
- Yes, however, the information and allegations were entirely refuted, resp., were not confirmed in a court procedure. In this case, entering into a business relationship is allowed.

*In case the Business Partner Check reveals information about corrupt behaviour, it is prohibited to engage in business relationships with the respective intermediary [cf. Guidelines, para. 5 a)]. The Business Partner Check can be obtained at Arbonia Legal.*

## Checklist Intermediaries

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### 3. Is a written agreement concluded with the intermediary?

- Yes.
- No      Entering into a business relationship is prohibited.

*It is mandatory to conclude a written agreement with the intermediary [cf. Guidelines, para 5 b)]. A copy of the agreement must be kept safe together with this checklist.*

### 4. Does the agreement entitle Arbonia to cancel the agreement with immediate effect in case of substantial corruption allegations?

- Yes.
- No      Entering into a business relationship is prohibited.

*The agreement must allow Arbonia to cancel the agreement with immediate effect for good cause if the intermediary is substantially accused of corrupt behaviour [cf. Guidelines, para. 5 c)].*

### 5. Is the budgeted commission, resp., remuneration appropriate in relation to the intermediary's performance?

- Yes.
- No      Entering into a business relationship is prohibited.

*The commission, resp., remuneration must be appropriate in relation to the intermediary's performance. It must be guaranteed under any circumstances that the amount of the commission, resp., remuneration does not enable the intermediary to use part of it as bribe money [cf. Guidelines, para. 4.2 and 5 d)].*



## Checklist Intermediaries

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### 6. Does the budgeted commission amount to more than 10% of the net purchase order volume generated by the intermediary?

No.

Yes.

*Agreements that provide for commissions of more than 10% of the net purchase order volume generated by the intermediary, must be approved by the Group Management. This rule applies to all countries [cf. Guidelines, para. 6 d)].*

### 7. How is the agreed commission, resp., remuneration paid?

The commission, resp., remuneration is transferred to an account that is in the name of the intermediary and that is kept by a bank in the intermediary's residing country.

The payment is made to a third party account.  
Entering into a business relationship is prohibited.

The commission, resp., remuneration is transferred to a bank that is not located in the intermediary's residing country.  
Entering into a business relationship is prohibited.

The payment is made in cash.  
Entering into a business relationship is prohibited.

*The commission, resp., remuneration must be transferred to an account that is in the name of the intermediary and that is kept by a bank in the intermediary's residing country [cf. Guidelines, para. 5 e)].*

### 8. Has the intermediary signed the Self-Declaration?

Yes.

No. Entering into a business relationship is prohibited.

*The intermediary must sign the Self-Declaration to confirm that he abides by the applicable law and the international anti-corruption standards [Guidelines, para. 5 f)].*

## Checklist Intermediaries

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The undersigned confirm that the rules regarding the dealing with intermediaries (see Guidelines, para. 5) and the approval procedure (see Guidelines, para. 6) are complied with.

\_\_\_\_\_  
Place / Date

\_\_\_\_\_  
Place/ Date

Internal applicant :

Approved by:

\_\_\_\_\_  
(Signature)

\_\_\_\_\_  
(Signature)

\_\_\_\_\_  
(First name/ Surname/ Function)

\_\_\_\_\_  
(First name/ Function)

Accompanying documents:

- Agreement with intermediary
- Business Partner Check
- Self-declaration signed by the intermediary
- \_\_\_\_\_
- \_\_\_\_\_
- \_\_\_\_\_

## Self-Declaration Intermediaries (legal person)

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The signing company (hereinafter "Company") is interested in entering into a business relationship with one of the group companies of Arbonia AG (hereinafter "Arbonia"). Arbonia attaches great importance to the fact that its business partners abide by the applicable law and the international anti-corruption standards.

Against this background, the Group declares as follows:

1. Within the framework of business relationships with Arbonia, the Company will abide without exceptions by all applicable laws and international anti-corruption standards.
2. The Company shall neither promise or offer any bribery payments or other illegal payments, either directly or indirectly, to any company employees, officials, family members or friends of business partners, political functionaries, customers, etc., nor make or accept such payments.
3. The Company shall not offer, promise, make, demand or accept, either directly or indirectly, any gratuities, gifts or any other benefits of monetary value, where the intent of the tenderer is to use this benefit to influence specific corporate or official decisions in connection with the sale of Arbonia products or the provision of services to Arbonia.
4. The Company confirms that no government official (or anyone close to them) or customers of Arbonia has any direct or indirect investment in the Company.
5. To the best of the Company's knowledge, no representative of the Company and/or the Company itself, or possibly any third party consulted by the Company, is or has been involved in any legal proceedings relating to corruption.
6. The Company shall inform Arbonia immediately in writing if any evidence of corruption arises within its own operating activities.
7. The Company shall only call upon third parties to provide contractual services after obtaining previous written consent from Arbonia and shall oblige them to the same extent vis-a-vis Arbonia that the Company itself is obliged vis-a-vis Arbonia.
8. The Company confirms that all the information provided in this Self-Assessment is true and correct.
  
9. The Company acknowledges that should any false statements have been made in this Self-Assessment, Arbonia reserves the right to claim for any direct or indirect damages that may arise as a result and to dissolve any contractual relationship anytime with immediate effect.

10. The Company acknowledges that should substantial corruption allegations be raised against the Company, Arbonia reserves the right to dissolve any contractual relationship anytime with immediate effect.

Place/Date: \_\_\_\_\_

The company:

Company name: \_\_\_\_\_

Address: \_\_\_\_\_  
\_\_\_\_\_

Signature: \_\_\_\_\_

Name: \_\_\_\_\_

First name: \_\_\_\_\_

Function: \_\_\_\_\_

Signature: \_\_\_\_\_

Name: \_\_\_\_\_

First name: \_\_\_\_\_

Function: \_\_\_\_\_

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## **Self-Declaration Intermediaries (natural person)**

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The signatory (hereinafter "Signatory") is interested in entering into a business relationship with one of the group companies of Arbonia AG (hereinafter "Arbonia"). Arbonia attaches great importance to the fact that its business partners abide by the applicable law and the international anti-corruption standards.

Against this background, the Signatory declares as follows:

1. Within the framework of business relationships with Arbonia, the Signatory will abide without exceptions by all applicable laws and international anti-corruption standards.
2. The Signatory shall neither promise or offer any bribery payments or other illegal payments, either directly or indirectly, to any company employees, officials, family members or friends of business partners, political functionaries, customers, etc., nor make or accept such payments.
3. The Signatory shall not offer, promise, make, demand or accept, either directly or indirectly, any gratuities, gifts or any other benefits of monetary value, where the intent of the tenderer is to use this benefit to influence specific corporate or official decisions in connection with the sale of Arbonia products or the provision of services to Arbonia.
4. The signatory commits to inform Arbonia in writing if he has close or family contacts to government representatives (or persons close to them) or to Arbonia customers.
5. The Signatory confirms that he has never been involved in a corruption case.
6. The Signatory shall inform Arbonia immediately in writing if any evidence of corruption arises within its own operating activities.
7. The Signatory shall only call upon third parties to provide contractual services after obtaining previous written consent from Arbonia and shall oblige them to the same extent vis-a-vis Arbonia that he himself is obliged vis-a-vis Arbonia.
8. The Signatory confirms that all the information provided in this Self-Assessment is true and correct.
9. The Signatory acknowledges that should any false statements have been made in this Self-Assessment, Arbonia reserves the right to claim for any direct or indirect damages that may arise as a result and to dissolve the business relationship with immediate effect.
  
10. The Signatory acknowledges that should substantial corruption allegations be raised against the Signatory, Arbonia reserves the right to dissolve any contractual relationship anytime with immediate effect.

Place/Date: \_\_\_\_\_

The Signatory:

Signature: \_\_\_\_\_

Name: \_\_\_\_\_

First name: \_\_\_\_\_