

# **Procedure for Engagement and Contact with Government Officials - Prevention of Corruption**

## **Part A - General**

### **1. Plaza Centers Group - Applicability of the procedure**

Plaza Centers N.V. ("**the Company**" or "**Plaza Centers**") is a public company whose shares are traded on the London Stock Exchange, Warsaw Stock Exchange and on Tel Aviv Stock Exchange. This procedure shall apply to the Company's engagements and to the undertakings of companies under its effective control (hereinafter in addition to the Company: "**the Group Companies**" or "**the Plaza Group**").

"**Effective control**" shall be defined for the purpose of this procedure only as a company held by the Company, directly or indirectly, in which the Company holds more than 50% of the shares and / or an investee company in which the Company actually appoints the majority of its board of directors members (directly or indirectly), or where the Company has the right or power (directly or indirectly) to appoint the majority of its board of directors members. For the avoidance of doubt it is clarified that a company held by the Company at a significant rate (although less than 50%) that actually enables the Company to appoint most of its members of the board of directors shall be considered an investee company under the effective control of the Company.

### **2. Adoption of an enforcement plan to prevent embezzlement, fraud, bribery, corruption and offenses in connection with the Company's engagement with government officials.**

The Company's management has decided to adopt an enforcement plan to prevent embezzlement, fraud, bribery, corruption and book and records offenses (hereinafter together: "**acts of corruption**"), as part of the comprehensive enforcement plan of the Company.

### **3. The main points of the procedure**

The main elements of the procedure are as follows:

- 3.1. Adoption of a clear "zero tolerance" policy towards corruption, particularly with regard to the Plaza Group's engagements with government agencies.
- 3.2. Recognition that enforcement and compliance with the law start from the top: commitment and engagement of the Company's management to the realization and implementation of the program.
- 3.3. Appointment of designated organs and definition of their responsibility for the implementation, supervision and enforcement of the procedure.
- 3.4. Provision of effective protection to "whistle-blowers" (corruption exposing employees).

### **4. Definitions**

For the purposes of this program, the following items will have the meanings specified below:

- 4.1. **An outside party** - A person, company, or institution that provided, provides, or may provide or receive goods, services or advice to or from the Company or Group Companies, or performs or delivers any type of work for the Company.
- 4.2. **Carrying a Red flag** - An activity or event that creates a suspicion of behavior that is illegal and/or inconsistent with the Company's policy on prevention of corruption, including any of the acts and activities listed in **Appendix 1** of this compliance plan.

4.3. **Deception** - A deliberate misrepresentation of a person or group of external persons to the Company that causes or may cause damage to the Company in order to unlawfully obtain assets, money or services. This definition will also include activities dealing with bribery and corruption and false reporting.

4.4. **Embezzlement** - An act that constitutes a breach of trust, and is usually done for the purpose of obtaining a profit. The perpetrator is a person who misuses what he has been entrusted with by others or by the Company. This definition will also include activities dealing with bribery and corruption and false reporting.

4.5. **A gift** - The granting of any property in return for the provision of a service or other benefits not included in the stated consideration, including receipt of any payment or consideration without justification, benefit, any discount, loan, contribution, service and benefit, including an invitation to participate in an artistic or sporting event, or any equivalent thereof, whether in cash, by credit or in kind and whether directly or indirectly.

4.6. **Business associates** - Brokers and/or consultants and/or subcontractors and/or agents and/or suppliers and/or licensees and/or licensors and/or franchisees and/or business partners and/or joint promoters and/or any person or other entity with whom the Company has been associated or is considering to be directly or indirectly connected in business relations, but only in connection to transactions involving governmental entities.

4.7. **Government-related transactions** - Any negotiations, transactions, contracts and agreements, as well as the implementation of each of them, with a government entity or authority or with government officials/public servants.

**4.8. Government officials/civil servants:**

4.8.1. Any employee or representative of a governmental authority including representatives of municipal and/or local and/or regional authorities.

4.8.2. Any employee or representative of a political party (including any candidate for political office).

4.8.3. Any employee or representative of commercial entities controlled by the Government.

4.8.4. Any employee or representative of enterprises controlled or owned by the Government, including but not limited to non-profit organizations.

4.8.5. Any employee or representative of an international public organization (e.g. the United Nations, the World Bank, the European Union, the World Trade Organization, and NATO).

4.8.6. Any employee of a corporation that provides public service.

4.9. **Hotline** - phone / fax / mailbox / email number for anonymous reporting of suspected unethical behavior including embezzlement and fraud.

**5. Legislation regarding corruption**

5.2. The Plaza Group has activities outside the borders of The Netherlands in which it are subject to the domestic law of each country in which it operates, including in the field of embezzlement and fraud prevention. **Therefore, it is recommended that the companies in the Plaza Group be assisted by local legal counsel regarding the relevant law that applies in every jurisdiction in which each company operates.**

It should be clarified that international legislation in the field of preventing corruption is very extensive in some countries and claims authority even regarding events occurring outside those countries, but which are connected to those countries. Therefore, it is sometimes not sufficient to look at the local law in which an act is performed, but must consult with lawyers regarding the applicability of foreign laws, insofar as relevant.

5.3. Without derogating from the application of any law, where the enforcement plan sets a higher standard than that required by law, the standard specified in the enforcement plan below will prevail accordingly.

**6. The Company's zero tolerance policy towards corruption**

The Company has a policy of zero tolerance towards corruption (hereinafter: the "**Policy**"):

6.1. The Company (including its employees, officers and any person acting on its behalf and/or representing the Company) will not accept, offer or give bribes or incentives for any purpose, directly or through a third party.

For the purpose of this section, "Company employee" shall be deemed to be anyone employed by the Company as an employee or as an officer (including directors of the Company) or as an advisor or service provider, whether he is a private person or a corporation, and whether or not he or she has employer-employee relationship.

6.2. The Company shall not consciously enter into a business relationship with a person or legal entity that gives or receives bribes or incentives for any purpose, directly or through a third party. In the event that a person or legal entity with whom the Company has a business relationship is involved in an act of embezzlement, fraud, giving or receiving bribes or incentives for any purpose, directly or through a third party, the Company will immediately terminate the business relationship, subject to the provisions of law.

6.3. The Company shall comply all laws, regulations and contractual provisions which are connected to the fight against corruption.

6.4 The Company shall bring to the attention of any employee who has the authority to undertake on behalf of the Company (alone or together with others) and any business associate, the Company's zero tolerance policy towards corruption and will ask to sign to this effect, as stated in Part D below.

6.5. The Company will be strict in implementing, supervising and enforcing the above principles, which express zero tolerance to corruption, with regard to all its employees and business partners.

## **7. Prohibition of giving, receiving and producing favors and gifts**

7.1. Employees of the Company are prohibited from giving or receiving gifts and benefits to or from external entities with whom a business relationship or relationships existed, exists or shall exist within the framework of one's job, except as detailed in section 7.4 below.

7.2. An employee of the Company shall not take advantage of his position in order to request, receive, provide or otherwise derive, by himself or through others, any benefit or gift for himself, his family or any other party.

7.3. An employee of the Company who is in direct or indirect contact with an third party for the purpose of supplying goods, services or performing work shall not exploit his status for the purpose of private engagement or private engagement of a members of his family or any other entity with that third party, which is not within the framework of his employment, even in exchange for a full payment.

If prior to or during the Company's engagement with an third party a Company employee realizes that he has any direct or indirect connection with that third party, the employee shall immediately disclose the said connection to the Company's Compliance Officer and to the Audit Committee. If the Audit Committee approves the continuation of the engagement with the external entity, notwithstanding the connection of the Company employee with that entity, the Company employee will be prevented from making any decision in connection with such engagement without the prior written approval of the Audit Committee.

7.4. Without derogating from the above, the Company recognizes that in certain cases, the granting, replacement and acceptance of modest and symbolic gifts (i.e., gifts that reflect a local or historical culture) are matters of courtesy and politeness, custom and gestures of friendship. Acceptance or provision of modest, symbolic gifts will therefore not be interpreted as bribes or as an attempt to influence business decisions.

For the purposes of this section, a "symbolic gift" shall be considered a gift whose value does not exceed NIS 400.

7.5. In cases where the Group Company's employees are required to stay abroad on behalf of the Group Companies, the cost of their stay abroad will be funded by the Group Companies only, and funding of their stay abroad shall not be allowed by any third party. This will apply to all components of the cost of such stay abroad, including flights, traveling while abroad (internal flights, etc.), hotel accommodation, meals, and any other required costs. An

exception to this provision shall be made only in accordance with the prior written approval of the Audit Committee of the relevant company.

7.6. Notwithstanding the provisions of this Section 7 above, in the event that an employee of the Company wishes to grant or receive a gift or financing in a manner that is not permitted in accordance with the aforesaid, the employee shall confer with the Compliance Officer, and in the case of a Director in the Company with the Compliance Officer or the Chairman of the Audit Committee, as the case may be, each of which shall record their decision and the reasons for it in the Company's records.

## **8. Prohibition of political donations**

The Company may not make a contribution to a political body, organization or individual engaged in politics, including local authorities or anyone on their behalf or associated with them.

## **9. Prohibition of making relief/assistance payments**

The Company is prohibited from making facilitation (relief) payments. Facilitation Payments are small, unofficial payments to secure/expedite the execution of a necessary action which the payer has the right to receive in any case.

## **10. Zero tolerance towards disobedience**

Where a Group Company employee is found to be in violation of the Policy, the Group Company that employs him will be entitled to carry out his immediate dismissal in respect of a breach of his employment contract with the Group Company. Similarly, if a third party that is a party to a business relationship with a Group Company does not meet the Policy requirements, the Group Company may terminate that business relationship immediately.

As detailed below, the Company will add a provision to future agreements which enables it to terminate the business relationship under such circumstances in any engagement in the future. In agreements to which the Company is party on the date of approval of this procedure, where no such provision is currently included, if possible the Company shall send a written notice to the other party to the agreement for its approval to include such a provision in the agreement.

## **Part B - Designated organic appointments and definition of responsibility for implementation, supervision and enforcement of the Policy**

### **1. Appointment of the Compliance Officer**

The Company shall appoint an officer or employee as a compliance officer in the Company who will be entrusted with the implementation, management and enforcement of the program at all levels within the Company and in all business relationships of the Company. The Compliance Officer shall be subject to the Audit Committee of the board of directors and shall report to it, to the extent required.

### **2. The duties and powers of the Compliance Officer**

The Compliance Officer will be responsible for monitoring, implementing and assimilating the enforcement plan to prevent corruption, including:

2.1. To implement all the directives and decisions of the Audit Committee in relation to this Policy and compliance program.

2.2. To lead audit and verification activities among the Group companies to ensure implementation and compliance with the Policy.

2.3. To respond and act in accordance with this compliance plan, including a follow up plan to accompany the continuation of handling in case of "red flag" situations.

2.4. The Compliance Officer will encourage reporting by all employees, including confidential reporting by operating the hot line.

2.5. The Compliance Officer shall be responsible for ensuring that the Company is acting in accordance with the provisions of the laws applicable to it in the area of preventing corruption

Dismissal of a disclosing employee, damage to the conditions of his employment, interference with his promotion, interference to his participation in professional training and courses, and injury to benefits and payments made to him in connection with retirement from work. The Company's management shall inform its employees that a Compliance Officer has been appointed and the details thereof, so that if necessary the employee will be able to report directly to him on acts that may appear to be relevant.

2.7. Perform a thorough investigation of any alleged claim of failure to comply with the strict conditions of the Policy.

2.8. The Compliance Officer will monitor, by random sampling, the control procedures to reduce risk of corruption and will monitor the material risk centers in the Plaza Group. The audit committee shall approve a list of recommended actions by the Compliance Officer, within the framework of the sample examination, which shall be attached to this procedure as **Appendix 2.7**, and which shall be reviewed by the audit committee once a year.

2.9. In the event of suspicion of corruption in the Plaza Group, the Compliance Officer will conduct, subject to the approval of the audit committee, audit and investigations within the company, and will receive access to all files, records, email correspondence, contracts and engagements, whether internal or external, for this purpose.

2.10. The Compliance Officer will cooperate closely with the management of the Company in order to identify and locate any payment or receipt of suspicious or unrecognized payments by Group Companies.

2.11. The Compliance Officer will report once a year to the audit committee and to the board of directors on the manner in which the enforcement program was implemented during the past year, including actions taken by him to reduce the risks in this area of activity.

### **3. Responsibility of the Audit Committee of the Board of Directors**

The audit committee of the board of directors shall be responsible, inter alia, for the following matters:

3.1. The audit committee will be responsible for ensuring that an updated enforcement plan exists, which provides an appropriate response to any issues of corruption.

3.2. The audit committee shall consider the appropriateness of all measures and procedures taken with a view to implementing and enforcing the Policy and shall recommend to the board of directors and the Compliance Officer measures and improvements to existing measures and procedures.

3.3. Supervision of implementation of the enforcement plan, and allocation of resources required for its implementation.

3.4. The audit committee and the Compliance Officer shall hold periodic special meetings, at least once a year, on the implementation of the Policy and the compliance plan, and will also discuss the exposures that occurred in the Company regarding the risks of embezzlement and fraud.

3.5. The audit committee will be authorized to define the types of engagements or projects in the Plaza group that, because of the subject matter of which they relate or because of the amounts of money involved, are at high risk of a

situation involving red flags and therefore require a specific examination by the Compliance Officer, including prior to engagement with them (insofar as the audit committee deems fit to determine as aforesaid).

#### **4. Handling embezzlement and fraud events**

4.1. plaza Group employee who has discovered or suspects any action taken by another employee (including a supervisor or direct manager) or by a business associate of the Company or by any other third party, or a breach in work procedures that constitutes a violation of the Company's Policy or raises suspicion or encounters a red flag situation, he must report the matter immediately to his supervisor and/or the Compliance Officer.

4.2. The party to whom the reported action or event was reported will document in writing the facts and findings disclosed by the reporting person and shall forward such report to the Compliance Officer and the audit committee.

4.3. The audit committee shall ensure continued handling and enforcement by the appropriate entity, whether inside the Company or outside of it.

4.4. The person to whom the disclosure or event has been reported shall maintain absolute confidentiality with respect to the identity of the disclosers, as well as with regard to the subject matter and details of the matter.

#### **5. The Company's management obligation to cooperate fully with the Compliance Officer**

The Company's management will cooperate fully with the Compliance Officer in order to enable him to fulfill the duties imposed on him under this procedure. In particular, the Company will take steps to examine and control the following types of transactions:

5.1. The Company's management will bring to the attention of the Compliance Officer any commitment of the Company containing an undertaking to pay brokerage fees.

Notwithstanding the provisions of this Section 5.1, preliminary proposals made to the Company's management for potential engagements that involve a commitment to pay brokerage fees as part of the transaction will not require, at the initial stage, the update of the Compliance Officer. This is subject to the Company's management clarifying in writing to the other party that any future payment pursuant to the potential commitment will be contingent on receipt of full details of the identity of the entity to be paid the brokerage fees, so that in accordance with the Company's sole discretion (including the Compliance Officer), the Company will be certain that the commitment and the payment are not contrary to this procedure.

5.2. The Company's management will bring to the attention of the Compliance Officer any commitment entered into by the Company with a company incorporated in offshore countries. In addition, such a commitment will also be brought to the knowledge of the Company's Board of Directors, within the framework of the transaction approval process.

#### **6. The employees' obligation to cooperate fully with the Compliance Officer**

All employees of the Plaza Group will be instructed to cooperate fully with the Compliance Officer and to provide him with quick and full access to all files, records, email correspondence, contracts and external and/or internal contacts.

### **Part C - Registration, Book Management and Documentation**

#### **1. Detailed documentation of all transactions, assets and expenses**

The Company shall document and maintain records, bookkeeping and accounting actions which, with reasonable detail, accurately and fairly reflect the Company's transactions and assets, as well as maintain an appropriate internal accounting system.

Strict reporting of reliable and accurate record of all payments is required (such as expenses, gifts, business hospitality and any other payment). Complete and accurate registration, proper retention, and reliable reporting and documentation of all accounting records, reports, expenses, invoices, vouchers, and any other business records must be maintained.

The following are examples of prohibited registration of transactions (it should be emphasized that this is not an exhaustive list):

- 1.1. Creation of entries that are not a true description of the nature of a transfer or payment.
- 1.2. Creation or preservation of funds or assets of the Company that are not documented, such as in a "sludge fund", small undocumented fund or a "black box".
- 1.3. The establishment or maintenance of bank accounts that contain Company funds and which, despite this, are managed and held in the name of individuals.
- 1.4. Approval or payment on behalf of the Company, intentionally or with the understanding that any part thereof will be used for any purpose other than that described by the payment approval document.

## **2. Zero tolerance for "off-book" transactions**

2.1. Invoices will not be kept outside of books in a manner that may help or obscure inappropriate payments. All cash transactions will be recorded individually and accurately. Every transaction of the Company must pass appropriate internal approvals, including checking that the payment is compatible with the service provider / seller of the product.

Funds, accounts, assets and payments that are unknown or unrecorded will not be established or maintained for any purpose. Any attempt to circumvent or avoid internal audit by the Company is prohibited.

- 2.2. The Company's management shall report to the Compliance Officer on the cash transactions of the Company once per quarter.
- 2.3. Except for the matter of reimbursement of reasonable expenses to the Company's employees, in accordance with the Company's procedures approved by its authorized organs, a cash transaction in an amount exceeding \$1,000 will be presented for examination and approval by the Compliance Officer.

## **3. Documentation of documents related to the compliance program**

The Compliance Officer must document and maintain all records related to the assimilation, implementation and enforcement of the compliance program, including any examinations and handling any events that may arise.

## **4. External auditors**

The Compliance Officer shall inform the Company's external auditors of the existence of the procedure and of the Company's policy to prevent corruption. The Compliance Officer shall request the Company's external auditors to be informed of any expense, transaction or action that may be contrary to the Policy.

## **Part D - Implementation**

1. A copy of the enforcement plan will be posted on the Company's website.

## **2. Facing business associates**

2.1. The Company's zero tolerance policy towards embezzlement and fraud will be brought to the attention of all potential business associates during the first contractual relationship encounter between them and the Company. This type of messaging will be executed using one of the following:

(A) A general letter of notice as set out in **Annex 2** to this Plan, a copy of which shall be delivered to any potential or future business associate who shall be required to confirm the receipt thereof by means of a signature. In the event that it is not possible to obtain the signature of the business associate on a letter, the representative of the Company will complete in writing a protocol documenting the delivery of the letter to the business associate and shall transfer same to the Compliance Officer.

(B) Where, for any reason, it is not possible for the business associate to sign such letter prior to the formulation of the consents in the contract, specific provisions for the prevention of corruption as set forth in **Appendix 3** of this plan will be entered into the contract/agreement between the parties.

2.2. In a material engagement of a Group Company with a business associate in order to represent the Company vis-à-vis any governmental entity for any purpose, the Plaza Group will conduct a due diligence process in respect of that business member. The nature of this due diligence will depend on the available or obtainable information and the nature of the proposed business relationship and/or its characteristics and the exposure to risk of corruption. The due diligence process may include all or some of the following (all at the discretion of the Compliance Officer and/or the audit committee):

(A) Examination of whether publicly available information is available about that business associate via the Internet.

(B) Examination of whether criminal proceedings, investigations or convictions have been conducted against that potential business associate.

(C) Search and examine recommendations from other parties who have previously dealt with the potential business associate.

(D) Requiring that potential colleague to complete a form of due diligence to prevent corruption.

(E) Details of the business associate - a document detailing all the relevant details regarding the business associate, including incorporation/passport documents.

For the purposes of this section only, a "**material engagement**" of the Company shall be an agreement for which the total consideration transferred to the business associate is at least \$10,000.

2.3. Where the due diligence process raises fears or suspicion of inappropriate or unacceptable behavior of the potential business associate, the Compliance Officer shall refer the matter to the audit committee.

2.4. It should be clarified that the scope of the examination will also be affected by the identity of the country in which the engagement with the business associate is intended. Insofar as the engagement is intended to exist in a country where, in the opinion of the professional bodies in the Company, there is a history of corruption, the due diligence should be more extensive and it is preferable to receive recommendations from entities that acted together with the business associate in the past.

2.5. Throughout the Company's relationship with its business associates, the Company will continue to diligently monitor its business associates in order to avoid any red flag situations, potential misconduct, or behavior inconsistent with the Policy.

2.6. In the event that a red flag situation arises during an ongoing relationship with a business associate, the Company shall act in accordance with the provisions of this Policy, without imparting any meaning to the fact that there is already a signed agreement with the Plaza Group.

## **Part E - Group companies**

1. Following the formal adoption of the Policy by the Company, the Compliance Officer shall ensure, in coordination with the Company's management, the adoption of compliance procedures (or at least the material

principles thereof) in the Group Companies. The Compliance Officer will also serve as the Compliance Officer of all the Group Companies in which the Company has effective control (as defined above), except for companies that the audit committee determines, in view of the nature and scope of their operations, require a designated internal compliance officer.

In such cases, the Company will exert its power and influence in these companies in order to ascertain the appointment of a designated compliance officers for such companies of the group and the adoption of a parallel anti-corruption procedure in these companies.

2. The Compliance Officer will carry out meetings with the appropriate entities in the Group Companies once a year in order to update such entities regarding the changes and developments in the requirements and/or implementation of the Policy, and the recent incidents that occurred in the Plaza Group which require clarifications of the policy. The Compliance Officer will receive an update regarding any relevant cases discovered in the Plaza Group's companies during that period.

3. The Compliance Officer of each of the Plaza Group companies shall submit to the Company's Compliance Officer any internal procedure for preventing corruption in the same company. The audit committee will hold a discussion regarding the adequacy of the existing procedures in the Plaza Group companies.

4. Unless Plaza's Compliance Officer shall serve as compliance officer in a Group Company, the compliance officer in such Group Company shall report directly to the Company's Compliance Officer regarding any event or suspected corruption event, as defined above.

## Appendix 1

### Red flag situations

- Offering or receiving payment or benefit in kind, without a clear contractual obligation to do so.
- Providing or obtaining a payment or benefit in kind to or from any person or entity, without a standard receipt confirming such payment or benefit.
- Transfer or acceptance of any payment to or from a bank account that is not registered under the name of a party to the contract.
- Making or receiving any cash payment in an amount exceeding \$1,000.
- Providing exceptional credit to customers or business associates.
- Any agreement to pay any fee or commission that is contingent on the agent or supplier, where the payment or contingent commission for said agent or supplier has not been pre-approved by the Company in accordance with the procedures set forth in the compliance plan.
- Each proposed transaction that includes more than one agent.
- Any person or company representing or employed by the Company or those whose representation or employment is being considered by the Company and who has been charged with inappropriate business conduct.
- Any person or company representing or employed by the Company or those whose representation or employment is being considered by the Company, having family or other relationships within the Company that may improperly affect the decision of a government official.
- Any person or company representing or employed by the Company or those whose representation or employment is being considered by the Company, who insist on receiving payment of a commission prior to the declaration of a contract or a decision on procurement.
- Any commission or other payment paid to a third party that is considered to be disproportionate to the services provided. Any commission or other payment paid to a third party that exceeds the average commission level in the territory in question for that type of transaction.
- Any request by an administrator to use a specific agent, contractor or subcontractor who is not the usual agent, contractor or subcontractor utilized for that purpose, or who is not recognized by the Company.
- Any person or company that represents or which are considered for representation of the Company, and where there is a clear lack of skills or resources to perform the services in question or offered.
- Refusal by an agent or partner in a foreign joint venture to provide confirmation that they will not take action pursuant to an illegal offer, will not refrain from making a promise or payment to a foreign official and will not commit to not taking any step that would cause the Company to be in breach of this document.
- Any person or company that represents or which are considered for representation of the Company, which has been identified with a higher than average number of unrecognized transactions, and which appear under such headings as: " miscellaneous", "general", "other", "consultancy" , "entertainment" and so on.
- Any person or company that represent or which are considered for representation of the Company, which classify transactions as "auxiliary payments".
- Any person or company that represent or which are considered for representation of the Company, which issue payments as travel expenses, tuition or scholarships for family members of government officials.
- Any person or company that represent or which are considered for representation of the Company, involved in transactions whose timing suspiciously coincides with specific decisions of government officials.
- Any cash payment.
- When the business associate requests that a payment be made to third parties or to bank accounts in countries other than where the activity is performed and / or where the service is provided.
- An agreement that does not contain sections that prohibit bribery
- When the business associate refuses to sign instructions according to which he undertakes to act in accordance with the provisions of the Company's plan.
- When the business associate requests that his relationship with the Company be kept secret.
- When the business associate requests that the commission / compensation be deposited in several bank accounts.
- When the business associate has partners / subcontractors with whom he splits the commissions.
- When the business associate makes suspicious statements.
- When the business associate gives false reports about his past, background and experience.
- When the business associate wishes to deposit consideration for the account in a different name from that stated in the agreement.

- The Company's engagement in an agreement that includes the transfer of payments to accounts in countries that have a negative "record" in the context of corruption, as determined by the audit committee.
- The Company entered into an agreement with an offshore company.
- The Company's engagement in an agreement, where it is not clear by virtue of the agreement the type of service for which the payment was made.
- If there a commitment to confidentiality regarding the existence of the agreement.

The above is not an exhaustive list, but merely an indication of the types of actions or activities, whether carried out by a Company employee or a business associate, that arouses suspicion of actions that are contrary to the Company's Policy.

## Appendix 2

\* Must be attached as an addendum to a new agreement or sent as a notice to business associate acting under the provisions of an existing agreement.

### LETTER OF NOTIFICATION

**To:** *(name of potential Business Associate)*

Dear Sirs,

This is to notify you that \_\_\_\_\_ ("the Company") has a policy of zero tolerance for embezzlement, fraud, bribery and corruption, both for itself and for all of its business associates, suppliers, subcontractors and agents. The main principles of that policy are as follows:

- The Company shall not offer, give or receive bribes or inducements for any purpose, whether directly or through a third party.
- The Company shall not knowingly enter into business relationships with any person or entity who gives or receives bribes or inducements for any purpose, whether directly or through a third party.
- The Company shall comply with applicable laws, regulations and contract requirements relating to the fight against embezzlement, fraud, bribery and corruption, at a minimum. Moreover, in the many instances where the Company sets its own higher standards, the Company shall comply with such standards.
- The Company shall bring its policy of zero tolerance of embezzlement, fraud, bribery and corruption to the attention of every employee of the Company and to the attention of every actual or potential business associate of the Company.
- The Company shall rigorously implement, supervise and enforce the foregoing principles of zero tolerance of bribery and corruption with all of its employees and all of its business associates.

**Kindly confirm that you have read this notice, by countersigning a copy of this notice in the appropriate place indicated below, and returning such copy to us.**

Yours faithfully,

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## **Appendix 2.7**

### **List of recommended actions for the Compliance Officer**

Under a sample examination taken by the Compliance Officer, the Compliance Officer shall take, under his sole discretion, the following steps:

1. Compliance Officer shall examine every commitment and payment of the Company to the state authorities and/or factors representing the Company vis-à-vis state authorities.
2. Compliance Officer shall examine every commitment of the Company involving a payment of brokerage fees.
3. Compliance Officer shall examine every commitment of the Company with companies incorporated in offshore countries.
4. Compliance Officer shall receive a report regarding cash transactions made by the Company on a quarterly basis.
5. Compliance Officer shall examine every agreement signed between the Company and third parties, and shall make sure the existence of every required section under the agreements, as specified in this procedure.
6. Compliance Officer shall examine the Company's material commitments (as defined in this procedure) and shall examine that the money transfers do not raise any "red flags", as defined in this procedure.
7. Compliance Officer shall examine every upfront payment made by the Company.
8. Compliance Officer shall separately consult with the Company's management, auditors and lawyers, and shall make sure management is following the procedure, including conducting an examination of any indication, in any one of those factors, of any "red flags" situations in the Company's commitments.

9. Compliance Officer shall meet the compliance officers of the subsidiary companies and shall make sure that the sample testing of the topics as specified above is in compliance.

10. Annual report to the Company's audit committee.

11. Receiving an annual report from the subsidiary companies' compliance officers and updating the audit committee.

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### Appendix 3

## CLAUSES FOR CONTRACTS WITH BUSINESS ASSOCIATES

### Unilateral Version:

*"[I/We], [name of person or entity] hereby declare, undertake, represent and warrant, as follows:*

- (a) [I/We] shall comply with all applicable anti-bribery and anti-corruption laws and regulations.*
- (b) [I/We], and, to the best of [my/our] knowledge, [my/our] employees, officers, directors, shareholders, agents, affiliates, partnerships and any of [my/our] other representatives, have never been convicted of, or pleaded guilty to, any crime or offence involving fraud, corruption, or moral turpitude.*

*Any breach of the foregoing undertakings shall be deemed a fundamental breach of any contract or business relationship between [here name the Business Associate] and the Company, and shall entitle the Company to terminate such contract or business relationship for such breach. Such right of termination for breach shall be in addition and without prejudice to any other rights and remedies which the Company may have in contract and/or at law with respect to such breach".*

Depending upon the circumstances and nature of the proposed relationship with a Business Associate, the Company may consider adding all or part of the following additional provision as paragraph (c) of the above undertaking:

- "(c) [I/We], [my/our] employees, officers, directors, shareholders, agents and affiliates, have not performed and will not perform, directly or through any third party, any of the following acts: The making or authorization or offer or promise of any payment, gift, loan, donation, service, benefit or other thing of value, whether in cash or in kind, to any official or employee or officer of any governmental authority, or any agency or subdivision thereof [including, but not limited to, any federal, regional or local department, or any agency, or enterprise owned or controlled by any of the foregoing] (hereinafter individually and collectively a "Public Authority"), or to any politician or political party or official thereof, or to any candidate for political office, or to any official or employee or officer of any other third party entity, for the purpose and/or with the possibility of:*
  - (i) influencing any act or decision of that person in his official capacity, including a failure to perform his official functions within such Public Authority/political party/third party entity (as the case may be); and/or*

- (ii) *inducing such person to use his influence with the Public Authority or political party or third party entity (as the case may be) to affect or influence any act or decision thereof; and/or*
- (iii) *securing any improper advantage''.*

### **Bilateral Version:**

*"Each of the Parties to this Agreement hereby declares, undertakes, represents and warrants, as follows:*

- (a) *Such Party shall comply with all applicable anti-bribery and anti-corruption laws and regulations.*
- (b) *Such Party, and, to the best of its knowledge, its employees, officers, directors, shareholders, agents, affiliates, partnerships and any of its other representatives, have never been convicted of, or pleaded guilty to, any crime or offence involving fraud, corruption, or moral turpitude.*

*Any breach of the foregoing undertakings by a Party to this Agreement shall be deemed a fundamental breach by such Party of any contract or business relationship between such Party and the other Party/ies to this Agreement, and shall entitle the other Party/ies to terminate this Agreement or business relationship for such breach. Such right of termination for breach shall be in addition and without prejudice to any other rights and remedies which the other Party/ies may have in contract and/or at law with respect to such breach.*

Depending upon the circumstances and nature of the proposed relationship with a Business Associate, the Company may consider adding all or part of the following additional provision as paragraph (c) of the above undertaking:

*"(c) Such Party, and its employees, officers, directors, shareholders, agents and affiliates, have not performed and will not perform, directly or through any third party, any of the following acts: The making or authorization or offer or promise of any payment, gift, loan, donation, service, benefit or other thing of value, whether in cash or in kind, to any official or employee or officer of any governmental authority, or any agency or subdivision thereof [including, but not limited to, any federal, regional or local department, or any agency, or enterprise owned or controlled by any of the foregoing] (hereinafter individually and collectively a "Public Authority"), or to any politician or political party or official thereof, or to any candidate for political office, or to any official or employee or officer of any other third party entity, for the purpose and/or with the possibility of:*

- (i) *influencing any act or decision or of that person in his official capacity, including a failure to perform his official functions within such Public Authority/political party/third party entity (as the case may be); and/or*
- (ii) *inducing such person to use his influence with the Public Authority or political party or third party entity (as the case may be) to affect or influence any act or decision thereof; and/or*

(iii) *securing any improper advantage*".