

**THE WARRANTY GROUP, INC.**  
**GLOBAL ANTI-BRIBERY POLICIES AND PROCEDURES**

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## I. INTRODUCTION

The Warranty Group, Inc. and its subsidiaries (collectively, “TWG” or the “Company”), as well as TWG’s Board of Directors and management, are committed to conducting TWG’s operations around the globe ethically and in compliance with all applicable laws. Pursuant to this commitment, TWG’s Code of Business Conduct and Ethics (the “Code”) provides the following with respect to bribery and corruption:

- TWG does not and will not utilize bribery in order to conduct our business, and TWG will not partner with any other businesses that tolerate bribery. Therefore, we will never participate in any arrangement designed to provide, directly or indirectly, anything of value to a non-TWG employee -- including government officials -- for improper purposes (for example, to gain or retain business unfairly or otherwise influence that person’s decisions improperly). If the provisions of a local law are more restrictive than this Code, you must comply with the local law.

Vigilance in complying with the Code’s prohibitions as well as anti-bribery laws such as the U.S. Foreign Corrupt Practices Act (“FCPA”) and the UK Bribery Act (“UKBA”) is critical as TWG conducts increasingly more business globally. TWG’s Global Anti-Bribery Policies and Procedures (the “Policies and Procedures”) have been adopted to supplement the Code by further emphasizing the importance of complying with the anti-corruption laws of all countries in which TWG operates.

No policy can anticipate every possible situation that might arise. Employees are encouraged to discuss with their managers or with any member of the Legal and Compliance Department any question about specific facts and circumstances that may pertain to any provisions of these Policies and Procedures.

### A. Applicability of Policies and Procedures

These Policies and Procedures apply worldwide to TWG and all of its U.S. and international subsidiaries, affiliates, partnerships, ventures and other business associations that are effectively controlled by TWG, directly or indirectly. They apply to all directors, officers and employees of the Company, as well as contract and temporary workers (collectively “Employees”). They also apply to anyone else acting for or on behalf of TWG.

In addition, as discussed in more detail in Section VII below, TWG intends to work with only those third parties who share a similar commitment to TWG’s prohibition against bribery and otherwise uphold the values expressed in the Company’s Code.

### B. Employee Responsibilities and Resources

It is the personal responsibility of each TWG Employee to acquaint him or herself with these Policies and Procedures, the legal standards and restrictions applicable to their assigned duties, and to conduct themselves accordingly in all respects.

TWG will hold managers in particular to the highest standard. A manager will be subject to further disciplinary action when such a manager knows or has reason to suspect that conduct prohibited by these Policies and Procedures is contemplated by employees reporting to him or her and the

manager does nothing to prevent it, or when such a manager knows or has reason to suspect that conduct prohibited by these Policies and Procedures has been engaged in by such employees and fails to take appropriate corrective action. In short, a manager must actively encourage his or her team to comply with these Policies and Procedures and must not ignore any evidence of possible violations.

Additionally, Company personnel are strongly encouraged to report suspected violations of this Policy or any anti-corruption law by the Company, any fellow employee or any third party. Reports of suspected violations should be made to an employee's manager, the GCO or any member of the Compliance Committee, or through the Company's Ethics Hotline. As permitted by law, an employee's failure to report known or suspected wrongdoing of which the employee has knowledge shall, by itself, subject that employee to disciplinary action. The Company will not permit retaliation of any kind against any employee who in good faith reports suspected misconduct. Additionally, if an Employee receives a request for a bribe or an offer of a bribe, he or she should report the request or offer immediately to his or her direct manager, the Global Compliance Officer or any member of the Compliance Committee.

No Employee will suffer adverse consequences for refusing to pay a bribe, even if it results in the Company suffering a loss of business or a negative impact on schedules.

### **C. Sanctions for Breach**

Any TWG person that fails to act in accordance with these Policies and Procedures or fails to report known or suspected wrongdoing shall be subject to disciplinary action, up to and including termination, disengagement, civil proceedings, criminal prosecution or such other remedial or punitive action as shall be appropriate in the circumstances. Such action may be taken or initiated by TWG, a governmental authority or any other competent body. TWG will not directly or indirectly pay any fine imposed on any individual as a result of a breach of international anti-corruption laws, or as a result of a breach of these Policies and Procedures.

## **II. GENERAL PROHIBITION AGAINST BRIBERY**

TWG prohibits bribery in all its forms. Neither the Company nor any third party acting on the Company's behalf shall offer, pay, give or promise to pay or give "anything of value" to any "Government Official," "Business Partner Employee," or any other person or entity for "improper purposes." Nor shall any TWG Employee authorize such offers, payments, gifts or promises of anything of value to Government Officials, Business Partner Employees, or any other person or entity for improper purposes, either affirmatively or implicitly through inaction when such TWG Employee "knows or has reason to know" about such offers, payments, gifts or promises. Nor shall any TWG Employee receive anything of value from a customer or any other person or entity, where the TWG Employee is expected to misuse his or her position or provide an improper advantage to the donor or another third party. Unless specifically authorized in writing by the Global Compliance Officer, no gift of cash or any cash equivalent is permitted to be given to or for the benefit of any non-TWG employee, nor is any TWG Employee permitted to receive a gift of cash or any cash equivalent. Any action that creates even the appearance of impropriety must be avoided.

### **A. Bribery**

“**Bribery**” is the process of giving or receiving a bribe. A “**bribe**” is an offer of, promise of, gift of, authorization to pay or payment of “anything of value” to any “Government Official,” “Business Partner Employee,” or any other person or entity, for “improper purposes.”

Bribery can take the following forms:

- Attempts by Employees to secure improper advantages in any area, for example in obtaining or retaining business or in securing government authorizations, permits or other favorable treatment
- Offers of any form of undue reward, not just money, including extravagant trips, entertainment or gifts
- All means of channeling undue payments or other benefits, or for masking their purpose, whether as bribes, subcontracts, purchase orders, consultancy agreements, commissions or through agents or other third parties
- Employees receiving something of value (either directly or indirectly) in return for giving an improper advantage to a third party
- Employees and directors receiving from a third party, either directly or indirectly, anything in exchange for obtaining an improper advantage in connection with a transaction entered into by TWG

## **B. Other Key definitions**

### **1. Anything of value**

- “**Anything of value**” includes, but is not limited to, cash, cash equivalents (such as checks, money orders, gift certificates/cards, or coupons), gifts, travel, meals, entertainment, accommodations or valuable favors, such as educational and employment opportunities for friends and relatives. For purposes of this policy, a “thing of value” has no minimum value. Even a small gift is a “thing of value.” In addition, charitable donations, in-kind contributions, investment opportunities, subcontracts, event sponsorships, positions in joint ventures, favorable contracts, business opportunities, and similar items are all things *of value* that can violate TWG’s policy and anti-corruption laws.
- It is important to note that there is no “small payment” exception for payments made with a corrupt intent. Thus, even minor payments can trigger liability under anti-corruption and anti-bribery laws if they are offered for improper purposes.

### **2. Government Official**

- “**Government Official**” is broadly defined to include any elected or appointed government official; any employee or other person acting for or on behalf of a government official, agency, instrumentality or enterprise that performs a government function; any employee or other person acting for or on behalf of any entity that is wholly or partially government owned or controlled; any political party, officer, employee or other person acting for or on behalf of a political party, or any candidate for public office; or any employee or person acting for or on behalf of a public international organization (such as the United Nations or World Bank). The definition includes all officers and employees of companies under even partial government ownership or control. This means that all employees of government-owned companies and instrumentalities qualify, even if the companies are operated like privately-owned corporations.
- The term Government Officials also includes employees of all levels and subdivisions of government (*i.e.*, local, regional and national, and administrative, legislative judicial and executive branches).
- Note that TWG’s Policies and Procedures apply to Government Officials in the United States as well as in other countries (whereas companies sometimes apply anti-bribery policies and procedures based on the Foreign Corrupt Practices Act (FCPA) to interactions with non-U.S. officials only).
- Also note, however, that many of TWG’s Policies and Procedures apply regardless of whether the beneficiary of a payment, corporate hospitality, etc., is a Government Official or non-government employee.

### 3. **Business Partner Employee**

- “**Business Partner Employees**” is defined to include all employees of TWG’s customers. However, TWG often enters into business transactions that involve numerous parties, perhaps only one of which is TWG’s customer. In such situations, a party other than TWG’s customer may in fact have ultimate control over the business. As a result, the risk of commercial bribery for TWG exists not only with TWG’s customers directly, but also with any of the entities involved in a transaction. As a result, TWG’s prohibition against bribery extends not only to employees of TWG’s customers, but also to employees of all of TWG’s business partners (*i.e.*, all entities involved in TWG’s transactions).

### 4. **Improper Purposes**

- “Improper purposes” include:

- To influence any act or decision of the beneficiary in his or her official capacity in order to assist TWG in obtaining or retaining business for or with, or directing business to, any person;
- To induce the beneficiary to do or omit any act in violation of the lawful duty of the beneficiary in order to assist TWG in obtaining or retaining business for or with, or directing business to, any person;
- To secure any improper advantage (for example, acquiring confidential information) in order to assist TWG in obtaining or retaining business for or with, or directing business to, any person;
- To induce a Government Official to use his or her influence with a government or instrumentality thereof to affect or influence any decision of such government or instrumentality thereof in order to assist TWG in obtaining or retaining business for or with, or directing business to, any person;
- To induce a person to perform a relevant function or activity (e.g., any function of a public nature, any activity connected with a business, any activity performed in the course of one's employment) in a way that is in breach of the expectation for that person by his employer or those to whom that person owes a fiduciary duty;
- To reward a person for the performance of a relevant function or activity in a way that is in breach of the expectation for that person by his employer or those to whom that person owes a fiduciary duty; and
- To provide a financial or other advantage to a beneficiary, with knowledge or belief that the acceptance of the advantage constitutes a breach of the beneficiary's expected performance in a relevant function or activity.

**5. Know or have reason to know**

- It is not necessary for a TWG Employee to have an explicit understanding of a bribe or substantial evidence linking, for example, a payment to Government Official or Business Partner Employee in order to “**know or have reason to know**” that a bribe is being made. Indeed, if a TWG Employee is aware of any rumors, “red flags,” or other indirect evidence involving a transaction, the TWG Employee may have sufficient knowledge and/or a reason to know about a bribe and should take appropriate action, including reporting the evidence to a member of TWG's Law Department.

**C. Exceptions**



As noted below, TWG does not allow any exception to these Policies and Procedures for small bribes (also sometimes referred to as facilitation or “grease” payments), but does provide a limited exception when an Employee’s health, safety or freedom is put at risk.

### **1. No Exception for Facilitation or “Grease” Payments**

Facilitation or “grease” payments are small non published and non-transparent payments made to secure or speed up or expedite routine actions, usually by Government Officials, such as issuing licenses, approving filings, and providing other services. TWG prohibits such payments, consistent with the Company’s prohibition against bribery. If you have questions about this policy, contact the GCO or any member of the Compliance Committee.

### **2. Employee Health, Safety and Freedom**

In very rare circumstances, TWG personnel may deem it necessary to make a payment to a Government Official to avoid an imminent threat to personal health, safety, or freedom. Defenses based on extortion and duress can apply to payments demanded by a Government Official where a person’s life is threatened or physical harm is imminent, negating a violation of the FCPA, UKBA, or other anti-bribery laws. In such a situation, the individual should exercise his or her best judgment and contact the GCO as soon as possible to report the incident. The Law Department and Compliance Committee will determine any additional actions to be taken, such as reporting the occurrence to the U.S. Embassy in the particular country or such other appropriate government agency.

TWG Employees must also record any payment that falls within this exception in appropriate company records such as his or her travel and expense reimbursement form. In addition, such payments must be accurately, transparently and fully recorded in the Company’s books and records. If you have any questions about this exception, please contact the GCO or any member of the Compliance Committee. No employee is ever permitted to try to disguise any payment made as being made for something other than for its actual purpose. A penalty for attempting to disguise a payment can far exceed the penalty, if any, associated with making the payment itself.

### **3. Reasonable Promotional Expenses and Other Payments Authorized Under These Policies and Procedures or by the Global Compliance Officer**

These Policies and Procedures provide for reasonable promotion expenses and other payments that are not made for improper purposes. The Global Compliance Officer has the authority to approve any offers, payments, gifts or promises to pay or give anything of value to a Government Official, Business Partner Employees, or any other person or entity if the Global Compliance Officer has confirmed in writing, and after sufficient research and review, that such action is not made for improper purposes. Any such approvals must be sought and received from the Global Compliance Officer in advance of making the offer, payment, gift, or promise to pay or give anything of value.

## **III. CORPORATE HOSPITALITY, GIFTS, AND OTHER PROMOTIONAL EXPENSES**

While gifts and corporate hospitality (including transportation, housing, meals and entertainment) may be appropriate in many situations, they shall not be given in violation of TWG’s prohibition against bribery. In addition, when promotional activities involve Government Officials, special care

must be taken to avoid any appearance that we are providing those officials with any economic benefit for the purpose of influencing them improperly in their official duties.

This section covers three separate types of expenses: (1) gifts, meals, and entertainment; (2) travel and travel-related expenses; and (3) company-sponsored events.

**You should consult Section V of the Code of Business Conduct and Ethics and the Company's Travel and Expense Policy, or if applicable your Local or Regional Travel & Expense Policy, for further guidance regarding specific limitations that apply to giving or receiving Corporate Hospitality.**

#### **A. Gifts, Meals, and Entertainment**

Entertainment, meals or other hospitality must have a specific business purpose. Entertainment, meals or other hospitality must include the presence of a TWG employee. Subject to and in accordance with TWG's Code of Business Conduct and Ethics, any and all gifts, hospitality and entertainment provided on the Company's behalf to any recipient must be:

- reasonable in value and proportionate to the recipient's position and the circumstances and not lavish;
- in accordance with customary courtesies;
- permitted under applicable law;
- fully in accord with the Code and applicable local or regional policies and guidelines adopted by the Company; and
- not provided or offered with the intent to improperly influence the recipient in the performance of his/her official duties for the benefit of the Company.

To be certain that applicable law is not violated and that there is no appearance of impropriety, the frequency with which any gifts or hospitalities are provided by the Company to a single recipient must be considered in each case. Employees must not circumvent applicable local or regional guidelines by providing multiple gifts below the relevant limitations.

**Due to special rules that apply when the intended recipient is a Government Official, prior review by, and written approval from, the Global Compliance Officer must be obtained before any gift, meal or hospitality is provided to any such individual.**

**ALL OTHER THIRD PARTIES** - Corporate hospitality to or from third parties (other than Government Officials) in excess of the amounts set forth in the Company's Travel and Expense Policy -- or if applicable, a lesser amount established in your local or regional Travel and Expense Policy -- must be approved in writing by the Global Compliance. The amounts set forth in the applicable Travel and Expense Policy are intended to be maximum amounts per individual, company or other entity. Multiple gifts, travel, entertainment and promotional or other similar business expenditure given or received which individually or collectively exceed the limitation during the same calendar year must be approved.

Payments and expenditures for all gifts and hospitality, no matter how insignificant in monetary value, must be accurately recorded in the Company's books and records in accordance with applicable expense reporting procedures. All expense reports and related documentation should clearly set forth the identity of the recipient(s).

## **B. Travel and Travel-Related Expenses**

The payment or reimbursement by the Company of travel and travel-related expenses (including, for example, transportation, lodging, meals, and incidental expenses) of individual Government Officials and Business Partner Employees is permitted for business related travel, such as site visits, offsite meetings, a visit to the Company's headquarters for a tour and meetings, a meeting at a neutral site to negotiate an agreement, or a meeting with foreign government officials in a city other than their capital. The primary purpose of the paid travel must be business-related -- in other words, business-related travel must not be overshadowed by non-business related activities, such as trips to tourist attractions or to visit family members of the foreign officials. Reimbursement of travel and travel-related expense for spouses or family members of Government Officials and Business Partners is not permitted.

Similarly, the laws or regulations of a Government Official's country will, in most cases, contain provisions that govern the payment or reimbursement of expenses incurred by the Official. These laws and regulations must also be considered when planning Company-paid official travel. Every situation must be evaluated rigorously and on its own, taking into account all relevant facts and circumstances.

Proposals for Company-paid travel for Government Officials and Business Partner Employees are subject to all of the following procedures and review requirements:

- **All requests for TWG to pay the travel and travel related expenses for Government Officials require prior written approval from the Global Compliance Officer.** Requests for TWG to pay the travel and travel related expenses for Business Partner Employees in excess of amounts set forth in the Code of Business Conduct and Ethics and the Company's Travel and Expense Policy -- or if applicable, a lesser amount established in your local or regional Travel and Expense Policy-- require prior approval of the Global Compliance Officer or, in some cases by the Audit Committee.
- Before the Global Compliance Officer can approve the payment of travel expenses for a Government Official, TWG must receive prior written approval of the visitor's supervisor or employer authorizing him or her to accept TWG-paid travel and/or related expenses.
- Expenses for Government Officials and Business Partner Employees paid for by the Company should mirror Company travel policies for Company employees, subject to the additional considerations noted in this Policy.
- The company does not pay travel or related expenses for spouses or other family members of any Government Official and Business Partner Employee.
- The Company pays only for travel expenses incurred during Government Officials and Business Partner Employees direct travel to and from the location of the Company event, including incidental and local transportation associated with the Government Officials and Business Partner Employees participation in meetings or other business-related activities with Company employees. Thus, for example, the Company may reasonably pay for a standard car (use of extravagant transportation should be avoided) to transport a Government Official to and from relevant Company sites, but may not reasonably pay for the Government Official to have a car available for a long weekend of sightseeing, for example.

- Lodging expenses paid for by the Company should include only accommodation costs (including reasonable expenditures for meals) actually incurred in or incidental to lodging in business class hotels and only during the period of the particular meeting, facility visit, seminar, or event or en route to those activities.
- Payments to cover expenses should be paid directly to vendors (e.g., airlines, hotels, car rental companies) and not to Government Officials and Business Partner Employees. Where direct payment is not possible, reimbursement is contingent upon the Government Officials and Business Partner Employees provision of receipts for the expenses for which reimbursement is requested, and, wherever possible, should be paid to the Government Officials and Business Partner Employees own employer (e.g., a Government Official's government rather than to the individual Official).
- Reimbursement for reasonable expenses associated with TWG-sponsored travel (e.g. meals, taxis) directly to the Government Official or Business Partner Employee are permitted by check based upon receipts submitted evidencing payment by the Government Official or Business Partner Employee. In such cases, a signed receipt must be obtained from Government Official or Business Partner Employee. This structure helps to ensure that the Company pays for only those expenses actually incurred. Reimbursement payments by cash to the Government Official or Business Partner Employee are strictly prohibited. **Cash advances may never be provided for Government Officials and Business Partner Employees.**

#### IV. CHARITABLE CONTRIBUTIONS AND SUPPORT FOR SOCIAL PROJECTS

TWG is committed to offering assistance to charitable organizations and causes that improve the quality of life for everyone in the communities where TWG Employees reside. In furtherance of this commitment, TWG routinely makes contributions in support of charities and civic, community, or other public projects. These contributions are provided as cash or cash equivalents, services, and items, directly or indirectly through third parties, to charitable, civic, political, governmental, and non-governmental organizations. Charitable and social contributions are restricted by the FCPA and similar anti-corruption laws to the extent that charities may be used as conduits for payments to individuals (e.g., Government Officials or Business Partner Employees) or to the extent that a Government Official or Business Partner Employee may derive any personal (tangible or intangible) benefit resulting from such a contribution. These procedures are designed to ensure that charitable and social contributions are not misused or diverted, in whole or in part, to the personal benefit of any Government Official or other improper beneficiary (e.g., an employee of a customer) contrary to the FCPA or other applicable anti-bribery laws.

**Proposals for charitable and social contributions by TWG are subject to the following procedures and review requirements:**

- **All proposed contributions must be reviewed by the Global Compliance Officer or his or her designee.** In reviewing proposals for charitable and social contributions, *documented inquiries* must be made sufficient to establish that the proposed recipient is legitimate and a review of the recipient's officers and principals must be made.
- All contributions, wherever rendered, may only be made to a charity with a track record demonstrating a commitment to its charitable mission (or sufficient proof of its legitimacy to

satisfy the Compliance Committee if the proposed recipient is not a recognized and well-established charity) or a public project with a legitimate public purpose and demonstrable civic support. Charitable contributions in excess of \$10,000USD must be approved by the CEO.

- Any request by a Government Official for TWG or an individual employee to make a contribution to a specific organization is a red flag. It is also a red flag if a principal or officer of the proposed recipient is either a Government Official whose responsibilities may affect TWG or an immediate family member of such an official. **Such red flags must be reported to the Global Compliance Officer.**
- All contributions must be made by check or wire transfer, accompanied by a cover letter on TWG letterhead confirming the Company's understanding of the contribution's legitimate purpose. Where appropriate, representations and warranties may be required from the recipient concerning the proposed use of donated funds. In addition, monitoring of the donated funds may be required.
- All contributions must be documented accurately in Company records and properly receipted.

## V. POLITICAL CONTRIBUTIONS AND LOBBYING

Political contributions intended to influence or obtain a business opportunity from a Government Official or a Business Partner Employee are prohibited. The use of Company funds, property, services or things of value for or in aid of political parties or candidates for public office is generally prohibited. All political contributions on behalf of the Company must reviewed by the Global Compliance officer and his or her designee and approved by the CEO.

Lobbying is the term created in the U.S. to describe the process of communicating the Company's point of view and interest in any proposed or projected government action, and attempting to persuade government officials to act in a way that TWG believes is appropriate for its business and public policy. TWG may participate in and promote the communication of opinions by its management to elected and appointed representatives of governments. The process of influencing public policy exists around the globe and takes several different forms, including the use of attorneys, advocates, consultants and trade organizations.

Many governments, including the federal and state governments in the U.S. regulate the activity of lobbying, including some communications related directly to government procurement. Infractions of these laws can result in significant civil fines or criminal charges against both the individual and the Company.

TWG employees must comply with all legal and regulatory requirements in this area. You should consult with General Counsel or with the GCO for specific guidance. Lobbying does not include routine contact with government officials or employees in connection with normal government processes. Examples of such normal government processes include tax audits of TWG business activity and communications with Departments of Insurance and other regulatory bodies in the normal course of conducting business.

## **VI. DOING BUSINESS WITH OFFICIALS OR RELATIVES OF OFFICIALS AND COMPANIES WHOLLY OR PARTLY OWNED BY OFFICIALS OR RELATIVES OF OFFICIALS**

Potential conflicts of interest involving Government Officials deserve particular attention by the Company. The FCPA and UKBA govern and in some instances restrict TWG's ability to do business directly with individual Government Officials or close relatives of Government Officials. "Doing business" includes the full range of business activities, such as entering into a joint venture, hiring a government official or a relative of an official as a consultant or representative, awarding a contract or subcontract for goods or services, giving in-kind contributions, investment opportunities or simply paying a fee for services. In each instance, the Company is providing something of value to a Government Official, which may violate the FCPA and UKBA.

Thus, doing business with private companies wholly or partly owned by a Government Official or in which a Government Official holds some other economic interest can raise FCPA issues. For example, granting a contract, particularly one on favorable terms, to a company in which a Government Official holds some financial or other beneficial interest could be viewed as a payment prohibited by the FCPA. Similarly, doing business with a close relative of a Government Official or a private company wholly or partly owned by a close relative of a Government Official raises many of the same issues, as a close relative may be more likely to pass a payment to the related Government Official.

**All business transactions with Government Officials, close relatives of Government Officials, or companies wholly or partly owned by a Government Official or a close relative of a Government Official must be approved in advance by the Global Compliance Officer.**

Business transactions, including investments or third-party relationships, with current or former Government Officials or their close relatives, should also be scrutinized for conflict-of-interest implications. A relationship with an official or relative of a Government Official that creates a conflict of interest, or the appearance of one, presents a "red flag" under the FCPA. Local law restrictions on Government Officials' outside activities must be reviewed and any undisclosed interests the Government Official may hold must be explored before entering into any relationship involving such official. Many countries do not have legal rules of conflicts of interest or formal ethical standards for Government Officials. But the fact that local law does not explicitly prohibit conflicts of interest does not mean they can be ignored. Even absent a local law prohibiting these transactions, the Company can face increased risks under the FCPA and a loss of good will if the transaction creates the appearance of impropriety. This area is one in which the "Wall Street Journal test" applies, that is, would you feel comfortable if something you are considering doing or saying appeared on the front page of the Wall Street Journal. If your answer is "Maybe not" or "No," you should decline to proceed.

Any transaction with any Government Official or relative of a Government Official should be scrutinized carefully in this regard.

## **VII. DOING BUSINESS WITH THIRD PARTIES**

As discussed above, the Company can, in some circumstances, be held liable for payments made by third parties who may have dealings with Government Officials or Business Partners, including TWG's customers. The following section sets out the procedures the Company has adopted to screen and monitor third parties and thereby protect against potential liability for their actions.

The Company has adopted a “Third Party” process to protect itself from high-risk relationships and potential legal violations arising from third party actions. **Company policy requires a detailed review of all proposed third party relationships in which the third party will participate in any way in the Company’s efforts to obtain business outside the United States (such as brokers or introducers), or will otherwise interact with Government Officials on the Company’s behalf (such as lawyers handling litigation, tax advisors interacting with tax authorities, immigration agents, and customs brokers). The Global Compliance Officer will oversee this process, with ultimate approval for retention of the third party resting with the Audit Committee.**

## **A. Due Diligence and Legal Review**

### **1. Third Party Intermediaries**

The most important step the Company can take to protect itself from liability for improper payments made by third parties is to carefully select any sales agents, brokers, introducers, consultants, lawyers, tax advisors, immigration agents, customs brokers and other intermediaries who will participate in any way in the Company’s efforts to obtain business outside the United States, or will otherwise interact with Government Officials or Business Partner Employees on the Company’s behalf and to identify in advance any red flags that a proposed relationship may raise. If there is any question whether a third party is subject to the due diligence procedures, consult with the Global Compliance Officer.

The Company’s interests are best served by a process that is effective and efficient. Due diligence is effective and efficient only when it is a thoughtful, collaborative process -- it is not a last minute, “check the box” exercise. All employees involved in the transaction are equally responsible for the success of this process. The responsible business managers should introduce the concepts of transparency and compliance with anti-bribery laws early in the relationship and as a natural aspect of the decision to engage in a business partnership. The business managers should also contact the Global Compliance Officer upon identifying the need for a third party, and must work with Global Compliance Officer to provide the factual background required to complete the due diligence process. The Global Compliance Officer must work quickly to identify issues and to try to resolve them in a manner that protects the Company from risk while facilitating its efforts to compete in the marketplace.

**No work may be performed by any proposed third parties until written approval has been secured from the Compliance Department and the Vice President for the applicable region.** All Company personnel involved in the process are expected to act promptly so that the due diligence process will not delay business negotiations and operations.

### **2. Mergers & Acquisitions**

The Company can be liable under the FCPA and UKBA for bribery undertaken or attempted by an entirely unrelated third party with which the Company merges or which it acquires—even if the improper conduct by the target company occurred prior to completion of the Company’s merger or acquisition, even if the Company knew nothing about it at the time it occurred and even if the target company was not subject to the FCPA and UKBA at the time of the improper conduct. **Therefore, it is imperative, and is Company policy, that rigorous FCPA diligence be undertaken prior**

**to entering into any definitive agreement for any merger or acquisition (irrespective of size) involving (a) a U.S. counterparty that has any non-US operations or non-US sales; and (b) a non-U.S. counterparty (even if it is not currently subject to the FCPA or UKBA).**

Simply because corruption exists in many other parts of the world, particularly emerging markets, it does not mean that the Company will not pursue business, including mergers and acquisitions, in those jurisdictions. Nor does a finding of an issue necessarily preclude completion of the proposed transaction. It is critical, however, that the Company understand thoroughly the target's business practices, business culture, recordkeeping practices, financial controls and willingness to conduct business on a going forward basis in a manner that complies strictly with the FCPA, the UKBA, local law and these Policies and Procedures. If the Company is satisfied in the target's willingness and ability to adhere to these strict compliance requirements, the Company may conclude that the transaction may proceed. If not, the Company should not proceed with the proposed transaction.

### **3. Joint Ventures**

Establishing joint ventures raises FCPA and UKBA concerns requiring thorough and tailored due diligence, as well as adequate contractual provisions. **The Company's policy is that the Global Compliance Officer direct all FCPA due diligence activities with respect to the establishment of joint ventures.**

In addition to performing thorough diligence regarding a potential joint venture partner and certain of its key leaders before entering into the relationship, once a joint venture is established, the Company must monitor venture activities and the activities of its venture partners in connection with the venture to ensure continuing compliance with all applicable laws and the contractual obligations secured in the joint venture agreement. More particularly,

- where the Company has a **majority interest or control**, the Company is required by law to **ensure** that the venture complies with the FCPA anti-bribery requirements (and also ensure that the venture complies with the FCPA's accounting and recordkeeping requirements). The Company should have unfettered access to the venture's accounting records;
- where the Company has a **minority interest and lacks control**, the Company is required by law to make a **good faith effort** to make sure that the venture complies with the FCPA anti-bribery requirements (and will do the same for the accounting and recordkeeping requirements).

In all ventures, the Company must as a matter of Company policy be vigilant in its compliance efforts and monitor the venture's operation on an ongoing basis. Contractual safeguards may only be as good as our efforts to enforce them. In particular, watch for "red flags," including those identified below.

#### **B. Red Flags**

In conducting third party due diligence, it is essential that Company personnel be sensitive to circumstances that suggest bribery risks. Circumstances that, in the view of the enforcement agencies, may suggest a reason to know of an illegal payment by a third party, are commonly referred to as "red flags." The presence of red flags in a transaction suggests a need for greater scrutiny and



the implementation of safeguards against a potential violation. It does not necessarily mean that the transaction cannot go forward.

Red flags that warrant further investigation when selecting or working with a third party are varied and numerous. The following are a few examples.

- A reference check reveals the third party's flawed background or reputation;
- The third party is suggested by a Government Official or the customer, particularly one with discretionary authority over the business at issue;
- The third party objects to FCPA/UKBA/anti-bribery representations in Company agreements;
- The third party has a close personal or family relationship, or a business relationship, with a Government Official or relative of a Government Official;
- The third party requests unusual contract terms or payment arrangements that raise local law issues, such as payment in cash, payment in another country's currency, or payment in a third country;
- Due diligence reveals that the third party is a shell company or has some other unorthodox corporate structure;
- The only qualification the third party brings to the venture is influence over Government Officials;
- The third party requires that his or her identity or, if the third party is a company, the identity of the company's owners, principals or employees, not be disclosed;
- The third party's commission or fee exceeds the "going rate"; or
- The transaction involves a country known for corrupt payments or other illicit financial dealings.

In general, any fact that puts into question the integrity of the third party or whether the third party is in fact providing a necessary product or service at a reasonable market price is a red flag. If the background investigation uncovers any red flags, such as those discussed above, more in-depth inquiry may be required.

### **C. Reducing the Relationship to Writing**

The Company requires all third-party relationships to be reduced to a written contract that includes appropriate language regarding compliance with laws, including the FCPA. Oral contracts pose considerably higher business and legal risks to the Company. Consult the Legal Department for guidance on necessary language. Unless specifically permitted in writing by the Legal Department, the contract must be executed before the third party begins work.

### **D. Monitoring the Relationship: A Continuing Obligation**

Once the Company has retained a sales representative, broker, agent, introducer, consultant or other intermediary, it must monitor the third party's activities and expenses to ensure continued compliance with all applicable laws and Company policy. If a third party makes an improper payment or gift, the Company may be held liable under the FCPA even if it did not authorize the payment. To guard against such liability, employees should:

- insist on documentation or justification before paying expenses;
- check whether all charges or fees are supported by the contract or other relevant documentation;
- question unusual or excessive expenses;
- refuse to pay a third party and notify the Global Compliance Officer when the employee suspects that the third party has or will make illicit or questionable payments or gifts; and
- insist upon, and periodically exercise, the right to audit the third party's book, records and business activities related to the Company.

## **VIII. RECORD KEEPING AND ACCOUNTING**

The FCPA and other laws mandate record keeping standards that are designed to discourage and reveal payments in violation of anti-corruption statutes. Although the FCPA applies only to U.S. companies that have securities registered with the U.S. Securities and Exchange Commission, it is the policy of TWG as a privately held company to voluntarily comply with these standards that require TWG to keep books and records in reasonable detail that accurately and fairly reflect all payments, transactions and dispositions of assets and to clearly identify the purpose of such events. These accounting provisions apply to all of TWG's activities, both outside and inside the United States. The FCPA prohibits mischaracterizing or omitting any transaction on the books of any company and requires companies to maintain a system of internal accounting controls. Great care must be taken to accurately record the reason and type of payments being made because certain payments (even if permitted under the FCPA) can nonetheless violate the FCPA if they are not fully and accurately reflected in TWG's books and records.

To comply with these requirements, all Company employees must without exception follow the Company's accounting requirements. Company personnel should never accede to requests for false or misleading invoices or for payment of expenses that are unusual, excessive, inadequately described, insufficiently documented or otherwise raise questions under these Policies and Procedures or related Company guidelines on accounts and recordkeeping. No accounting record or other document related to any transaction shall be falsified in any manner which may obscure or disguise the true nature of the transaction. No employee shall engage in any arrangement which results in an inaccurate entry on TWG's books and records. No payment on behalf of TWG shall be approved or made when there is an express or implied agreement that any portion of the payment is to be used for any purpose other than that described by the documentation supporting the payment. Undisclosed or unrecorded funds and accounts are prohibited. These requirements apply to all transactions regardless of financial materiality.

Moreover, all employees must fully comply with all requirements applicable to the preparation and submission of expense reports (for example, describing a business purpose for meals and entertainment with government officials, listing all attendees, and attaching all necessary receipts). Consult the Global Controller if you have any questions or concerns regarding these requirements.

### **A. Money Laundering**

Money laundering is the process by which one conceals the existence of an illegal source of income and then disguises that income to make it appear legitimate. Use of proceeds tainted by such illegality can give rise to liability in countries in which the Company operates. Employees are required to contact the Legal Officer overseeing their region or country or, if none the Global Compliance Officer if they become aware of any circumstances leading them to suspect that any transaction might involve the payment or the receipt of proceeds of any unlawful activity.

## **IX. RELATED POLICIES AND PROCEDURES**

This Policy should be read in conjunction with other related TWG policies and procedures, which may be found on the Company's intranet (WARRAN), including, but not limited to the following:

- Code of Business Conduct and Ethics
- Policy for Raising and Reporting Concerns
- Travel and Expense Policy
- Your local Travel and Expense Policy
- Employee Handbook
- OFAC Policy and Procedures

## **X. CONTACT INFORMATION**

Employees should always feel free to discuss questions regarding the Code with their manager, local Human Resources representative, the Law Department, the Global Compliance Officer or with any member of the Compliance Committee. The following resources also exist within TWG to assist you:

- [GlobalComplianceOfficer@thewg.com](mailto:GlobalComplianceOfficer@thewg.com)
- [GeneralCounsel@thewg.com](mailto:GeneralCounsel@thewg.com)
- [HR@thewg.com](mailto:HR@thewg.com)
- [www.Ethicspoint.com](http://www.Ethicspoint.com)