

Anti-bribery and Fraud Protection Policy

Dear Colleagues and Partners,



Carbo One Limited is one of the largest coal trading companies in the market and the nature of its business requires interaction with officials of various governments around the world. The Code of Business Conduct and Ethics of the Company¹, the law and the present Anti-Bribery and Fraud Protection Policy establish certain limits on those interactions, particularly where we might be providing something of value to a government official.

The present Policy applies to all employees of Carbo One Limited and its world-wide subsidiaries, including directors and agents, independent of the country of their citizenship. Carbo One Limited will provide the necessary controls and procedures to raise awareness of, identify, detect and prevent fraud and bribery and establish a culture in which these procedures and team member behavior work together.

The Policy focuses on compliance with all applicable anti-corruption laws, including the federal, state and local laws of each country in which the Company operates.

Carbo One Limited, 2015

¹ To determine the field of applicability of the requirements and provisions of this Code, in this document “Company” means Carbo One Limited.

Definitions - Fraud, Theft, Bribery

“**Fraud**” is defined as deception by persons internal or external to the Company, which is carried out to conceal the misappropriation of assets or otherwise for gain, whether by false representation, failure to disclose information or abuse of position.

“**Theft**” is defined as the dishonest taking of property belonging to another with the intention of depriving the owner permanently of its possession.

“**Bribery**” is defined as any of the following²:

- Offering, promising or giving a financial or other advantage as an inducement or reward for someone else to perform a relevant function or activity improperly (ie bribing someone);
- Requesting, agreeing to receive or accepting a financial advantage intending that, in consequence, a relevant function or activity should be performed improperly, or as a reward for improper performance (ie inviting someone to bribe);
- Performing a relevant function or activity improperly on the understanding that another party will give a financial or other advantage in return (ie receiving a promised bribe after the event).

² Based on definitions in Sections 1 and 2 of the Bribery Act 2010

Legal issues

As the Company is a resident of the Republic of Cyprus the basic legal framework are regulations which are applicable in Cyprus.

Cyprus is a signatory to the following international **anti-corruption conventions**:

- United Nations Convention against Corruption (UNCAC), New York, 31 October 2003, entered into force 14 December 2005, ratified by Cyprus 23 February 2009.
- Agreement for the Establishment of the International Anti-Corruption Academy as an International Organisation (IACA), Vienna, 2 September 2010, entered into force 8 March 2011, ratified by Cyprus 19 August 2011.
- Criminal Law Convention on Corruption, Strasbourg, 27 January 1999, entered into force 1 July 2002, ratified by Cyprus 17 January 2001 (the Criminal Law Convention on Corruption).
- Additional Protocol to the Criminal Law Convention on Corruption ratified on 21 November 2006, entered into force on 1 March 2007.
- Convention on Laundering, Search, Seizure and Confiscation of the Proceeds from Crime, Strasbourg, 8 November 1990, entered into force 1 September 1993, ratified by Cyprus on 15 November 1996.
- European Framework Decision No. 2003/568/JHA, Combating Corruption in the Private Sector.



Cyprus also joined the Group of States against Corruption of the Council of Europe in 1999 (GRECO).

Cyprus Domestic bribery laws:

The Prevention of Corruption Law (1920), was introduced when Cyprus was a British colony and continues to have effect. It prohibits bribery of public officials.

The Civil Servants Law of 1/1990 governs the conduct of civil servants in general. It makes specific provision regarding bribery of public officials at sections 69 and 70.



The Criminal Code, Cap 154, is a compilation of criminal law provisions. It specifically provides for criminal sanctions for bribery of public officials in sections 100 to 103 and of witnesses in section 118.

The Law Sanctioning the Criminal Law Convention on Corruption No. 23(III) of 2000 (Law No. 23(III) of 2000) and Law 22(III) of 2006 transpose the

provisions of the Criminal Law Convention on Corruption 1999, aligning Cyprus law with best practice in the field of bribery of foreign public officials, bribery in the private sector, trading in influence, money laundering of proceeds from corruption offences, account offences, participatory acts and corporate liability.

The Law Providing for Registration, Funding of Political Parties and other similar matters (Law 20(I) of 2011) establishes a legal framework for political parties in Cyprus, covering their legal status and registration requirements, and rules concerning the transparency of their financial administration. Moreover, the supervision of the financing of political parties has been entrusted to the Auditor General, an independent institution under the Constitution of Cyprus.

Foreign Acts

Besides the Acts which are the Domestic for the territory of Cyprus, Carbo One Ltd recognizes the Bribery Act 2010.

Anti-bribery value statement

We request all who have, or seek to have, a business relationship with Carbo One Ltd to familiarize themselves with our Anti-bribery value statement and to act at all times in a way which is consistent with our Anti-bribery value statement.

As part of our culture of good governance for good business, at Carbo One Limited we operate to a set of core values which reflect our relationships within the Company and with our partners.

We adopt a behavioral value for all our business relationships, reflecting our attitude to bribery, whether it is bribery on our behalf or bribery of our people. We are committed to opposing bribery in all its forms and preventing it by whatever means we can. We demand the same attitude of all who work for us and expect it of all with whom we have business dealings.



Our attitude to bribery means *zero tolerance*.

Ultimately the primary responsibility for the prevention and detection of Fraud and the prevention of bribery rests with the Company's leadership. However, an important factor in preventing and dealing with Fraud and preventing bribery is the co-operation of our employees and partners, we expect each of these groups to give the necessary information, help and support when required.

The Company helps leadership in discharging its responsibility by providing the following structures, policies, guidance and systems:

- An effective accounting system
- Appropriate processes for internal controls including authorization controls, reporting and investigation procedures
- Appropriate contracts and terms and conditions of employment
- Appropriate training and awareness programs
- Appropriate disciplinary processes and procedures

- Policies relating to use of computers, email and the internet
- Periodic checks by Internal Audit
- An internal security and monitoring team
- An external audit
- A procedure for security incident investigation
- A confidential reporting code (Whistleblowing procedure)
- Legal guidance on the inclusion of appropriate anti-bribery provisions, warranties or conditions in its written contracts
- Due diligence processes in respect of, in particular, overseas business activities

Carbo One Limited and public officials

We do not tolerate and will not engage in any form of corruption or bribery, including any unlawful payments or any other benefit conferred to any government official or policy-maker for the purpose of influencing decision making.

All payments and commissions to third parties are made by Carbo One Limited:

- in accordance with the Framework and the policies relevant in the business as set by managers;
- via bank transfer through the accounts payable system and are fully accounted for;
- in line with generally accepted rates and business practice for the service in question and should not be unjustifiably excessive or unsupportable; and
- in accordance with the terms of the contract with the person or company providing the services.

Although this policy applies to both public and private sectors, dealing with public officials poses a particularly high risk in relation to bribery due to the strict rules and regulations in many countries.

Public officials include those in government departments, but also employees of government owned or controlled commercial enterprises, international organizations, political parties and political candidates.

The provision of money or anything else of value, no matter how small, to any public official for the purpose of influencing them in their official capacity is prohibited.

The prior approval of anti-bribery and corruption officer of Carbo One Limited is required in relation to:

- any payment in respect of fees, salary or commission (this does not include official fees);
- gifts and hospitality; and
- making charitable contributions in connection with dealings with a public official.

In accordance with the present Code, political donations by or on behalf of Carbo One Limited are prohibited.

Safeguards and Actions to Report Fraud or Bribery

The employees usually are the first to recognize that something is seriously wrong in sense of bribery. The employees may be fearful of speaking up for various reasons.

The Company undertakes to ensure that any employee involved in receiving or investigating concerns or information (whatever its subject matter) reported by an individual in good faith will wherever possible ensure that individual's identity will not be disclosed and that he or she will not be subject to any form of harassment or victimisation. The Company will accept and take seriously concerns communicated anonymously. However, retention of anonymity does render investigations and validation more difficult and can make the process less effective. Individuals are therefore encouraged to put their names to allegations.

Any claims or allegations made which are found to be malicious or vexatious will result in disciplinary action being taken against the individual.

Whistleblowing Procedure



Whistleblowing is the confidential disclosure by an individual of any concern encountered in the workplace relating to a perceived wrongdoing. The employee should approach either the Head of Human Resources either Directors. All whistleblowing disclosures made will be treated as confidential.

The Whistleblower can also make reports by mail to the following address:

39 Kolonakiou str., FREMA Plaza, 2nd Floor, Office 201, Ag. Athanasios, 4103, Limassol, Cyprus.

The difference between Whistleblowing Procedure and Making a Complaint

In practical terms, whistleblowing occurs when a worker raises a concern about danger or illegality that affects others (e.g. clients or their employer). The person blowing the whistle is usually not directly, personally affected by the danger or illegality. Consequently, the

whistleblower rarely has a personal interest in the outcome of any investigation into their concerns. As a result, the whistleblower should not be expected to prove their case; rather he or she raises the concern so others can address it. This is different from a complaint. When someone complains, they are saying that they have personally been poorly treated. This poor treatment could involve a breach of their individual employment rights or bullying and the complainant is seeking redress or justice for themselves. The person making the complaint therefore has a vested interest in the outcome of the complaint, and, for this reason, is expected to be able to prove their case.

Direct Communication

The Company encourages members of the public or people not employed who suspect Fraud and/or Bribery to write, in confidence, to the Directors of the Company, using the following address: 39 Kolonakiou str., FREMA Plaza, 2nd Floor, Office 201, Ag. Athanasios, 4103, Limassol, Cyprus; and using the e-mail: mail@carboone.com.

Actions of the Company in case of fraud or bribery take place.

If the issue of fraud or bribery was raised by any employee or members of the public, depending on the nature of the complaint, Carbo One Limited will:-

- investigate the matter internally
- and/or Instruct external agents to investigate
- and/or Refer matters to the police



Normally within five working days of a concern being raised, the Company will:

- Acknowledge its receipt
- Indicate how it proposes to deal with the matter
- Give an estimate of how long it will take to provide a response

Following the conclusion of an investigation, and, at the Company's sole discretion, during an investigation, the Company will, upon request from the individual who raised the concerns, and subject to legal constraints, provide information about the progress and/or outcome of an investigation, normally within ten working days of request.

The Company will on all occasions take whatever steps are appropriate by means of legal procedures to recover losses and prosecute perpetrators of fraud.

CARBO ONE LIMITED

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