# Anti-Corruption & Compliance

Freight Forwarders



## We never pay bribes



Hello.

I'm George Freeman, Chairman and CEO of Universal Corporation. The Universal Corporation family of companies has been conducting business for over 100 years. During that time, our people all over the world have worked hard to create and protect our most important business asset—integrity. Corruption is a threat to our business and employees, and is counter to our culture. We owe it to our customers, our communities, our shareholders, and ourselves to conduct our business pursuant to high ethical standards and to denounce corruption. To state it simply: We never pay bribes.

Sincerely,

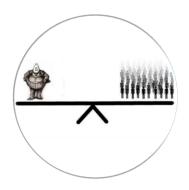
George C. Freeman, III. Chairman, President, and Chief Executive Officer





#### Corruption

#### Abuse of public or private office for personal gain



Economic,

- Market disruption, unfair competition & less investment lead to inequality, unemployment & poverty
- Investment not allocated according to need but for personal enrichment



Social,

- Government infrastructure projects
   Subpar propose
- Subpar proposal with low quality materials wins due to bribe
- Public safety at risk



**Organizational** 

- Bribes add cost to transactions
- Risk of prosecution, fines & prison
- Corruption increases uncertainty – competition may pay a bigger bribe



& Individual Impacts:

- Prison for offenders
- Low morale for others
- Fines and legal fees



We never pay bribes

In our DNA: Risk mitigation, attention to laws & ethical decision-making

Universal believes that doing the right thing the right way is the only way to do business

In our conduct: Integrity, ethics & transparency

## THE RIGHT WAY IS THE ONLY WAY



## The Global Compliance Environment

#### **International Organizations**

**OECD** convention

Council of Europe criminal law convention on corruption

United Nations convention against corruption etc.

#### **Local Laws**

Over 70 countries have adopted statutes similar to, and in some cases stricter than, the FCPA





#### Foreign Corrupt Practices Act (FCPA)

US based but applicable globally

#### The FCPA



The Foreign Corrupt Practices Act prohibits the bribery of government officials. Although it is a U.S. law, it can apply to actions that take place outside the United States.

Violating the FCPA can lead to severe penalties. Companies have paid millions of dollars in fines, and individual employees have been sentenced to prison terms. Violations of the FCPA often breach local law as well, so offenders can be tried and sentenced in the country where the bribe occurred.

Most people think of bribes as cash payments, but the FCPA defines bribery very broadly. It can include giving anything of value to obtain an improper commercial advantage.



FCPA: No issuer, domestic concern or person with U.S. nexus may corruptly take any action in furtherance of payment or a promise, offer, or authorization of payment of a bribe or anything of value directly or indirectly (with "knowledge") to a foreign Official to obtain or retain business or improper advantage



#### When working with Foreign Officials,

- Employee of any agency or instrumentality
- Officer or employee of Governmentcontrolled company or joint venture
- Political party, Official, or candidate for public office
- Private person acting Officially
- Official of public international organization
- Judge or legislator
- Tribal leader or Member of Royal Family
- Customs Official
- Relative or dependent of an Official
- Appointed Official



#### it is illegal to provide anything of value

- Improper campaign contribution
- Overpayment or underpricing
- Non-essential, lavish travel expenses
- Lavish gifts or entertainment
- Up-front, lump sum per diem
- Travel for family members
- Scholarships and internships
- Facilitating payment



#### in order to obtain an improper advantage

- Obtain, retain or renew a contract
- Obtain regulatory approvals
- Prevent adverse Government action
- Obtain a competitor's bid
- Obtain money that is due to you
- Avoid duties
- Reduce taxes or Increase profits



### **Facilitating Payments**

A payment that **speeds up** a government action but **does not influence** the decision

Universal prohibits ALL of these payments

#### Which of the following is a facilitating payment?

- a) A small payment to a government official to speed up the stamping of a visa
- b) A small payment to a government inspector to pass an inspection
- c) A small payment to a police officer to tear up a traffic ticket?

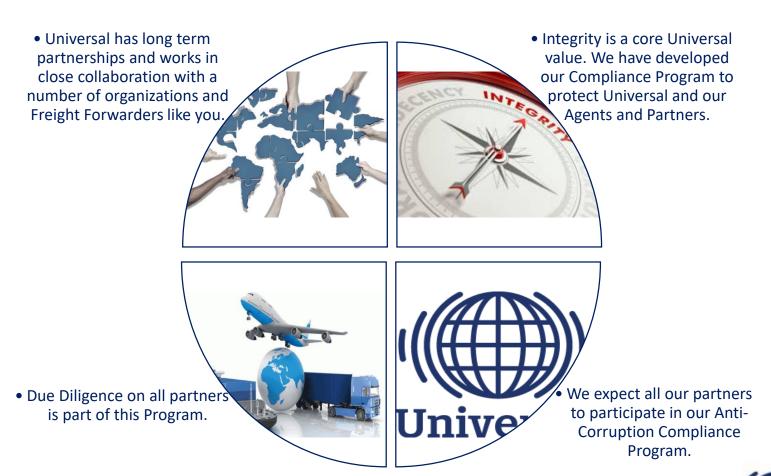




Don't make the payment and report the request to your Universal contact.



#### How our Compliance Program affects you:





## Due Diligence Process

Anti-Receive Code **Corruption &** of Conduct, Compliance Antitraining Corruption Complete Due Receive Third Negotiate Interview with Compliance Diligence Party \* Roll out to Universal **Audit Rights** Manual & Questionnaire Agreement relevant Leading with individuals in Integrity your brochure organization

Postretention monitoring

#### **Post Retention Monitoring**

- New / Changes in relationships with Officials
- Violations of the FCPA or other laws
- Audits where applicable
- · Annual Certification of Compliance form
- Annual on-line training and face-to-face training every 3 years
- Every 3 years: Agreement Renewal



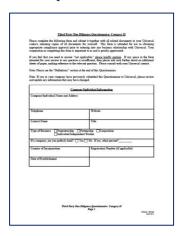
## Due Diligence Process







#### Due Diligence Questionnaire



Certification of Compliance

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	Certification of Compliance
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I certify that, to the	best of say knowledge.
n. The Third Par the Company, anti-hollery let	ty's management, and any of its employees and Solvcentractors' working on behalf have complied with the compliance classes in the Agreement, and with all applical evidence.
the Company, compliance po	y's management, and any of its employees and Subcontractors working on behalf- are means of the requirements of the Universal Code of Conduct and Universal facing provided to the Third Porty, and have complied in all material respects with the term of the Americant.
e. Any instances compliance cl.	where the Appendix. where the Third Party or any of it: Subcontactors has failed to comply with the sense in this Appendix, and with all applicable anti-belony legislation, have be ted to the Computer as required by the Appendix.
d. Neither the Th of money or at	and Party new any of its Subcontractors have given or promised any improper payment sything of value to any Government Official or Government Entity' in connection wi
e. The Third Pa	t and will not do so in the fature. Ity has informed the Company of any change in corrumntances agreed to in the
whether any s	enior employee, officer, director, Subcontractor, or shareholder is or has become Histoil during the term of the Agreement) and will inform the Company of any on
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whether any a Government C changes in the Changes in the service is Universal, a Government Official a Government Official	entor employees, officer, director, Subcontractor, or shareholder is or has become fifteed desing the tens of the Agreement) and will inform the Company of any see future.  BY:  TITLE:

**Contract Provisions** 

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UNIVERSAL CORPORATION
Anti-Corruption Provisions for Agreements with Sales Agents and Third Parties
Sales Agents and Third Parties
Introduction
This chart provides a range of contract clauses addressing anti-corruption issues, including th
oreign Comigé Practices Act ("FCPA"), that are to be used in contracts or other written arrangement
ith Sales Agents and third parties interacting with Covernment Entities on behalf of Univers
ompanies ["Third Parties"]. These clauses help ensure that Sales Agents and Third Parties understan
nd follow Universal's policies regarding corruption. These clauses may also apply to any agreemen
eith a Covernment Official, a relative of a Covernment Official, or companies in which a Covernmen Micial or relative has economic benefit (e.g., owner, shareholder, director, engitoyee).
Each clause has been designated as mandatory or optional for particular types of agreement
ed the level of risk presented by the Sales Agent or Third Party. Mandatory clauses are those clause
hat must be included in the contract or other written arrangement. If the Sales Agent or Third Part Biocts to a mandatory clause after your Company's reasonable efforts to negotiate, contact th
vievant Compilance Committee or Compilance Team. Optional clauses provide your Company wit olditional protection and should be considered by your Company when possible. The clauses may b
modified to meet the needs of the situation (see below).
This document is a part of Universal's "Sales Agents Policy" and "Third Parties Policy". Th
Third Parties Policy" categorizes Third Parties into Category I (High Risk), Category II (Medium Risk), an
ategory III (Low Risk). This document identifies which clauses are required for each Category of Thir
arty. If you have any questions about the clauses or any contract or written amangement with a Sale igent or a Third Party, please contact your Regional Compliance Team or the Corporate Complianc
gare or a mine harty, please commit your regional compriance ream or the corporate comprising president.
In this document, we sometimes refer to "contract or written arrangement" or "contract" fo
hort. Universal's policy is that all agreements with Sales Agents and Third Parties must be in writing. I
ome cases, like Sales Agents, the written document will be a standard agreement that Universal use
n other cases, the agreement may not involve a written service agreement and invited involves sho
orms the Third Party uses in their business. In those instances, the clauses required by this documen nust be attached to the document used by the Third Party. If your Company has any questions about
nust be attached to the document used by the Third Party. If your Company has any questions abovious to document the agreement with the Sales Agent or Third Party, please contact your Regions
templance Team or the Corporate Complance Correlities.
A Note on Changing any Clauses
Often, changes to the clauses will require the approval of your Regional Compliance Team or th
orporate Compliance Convertities. There are, however, some standard changes that may be mad eithout the pre-approval. Those standard changes include the following:
Munual or Uniterest Representations. You may draft clauses so they only apply to the Sale
Agant or Third Party, or you may make them mutual clauses that apply to your Company as well
Sales Agents and Third Parties generally should be expected to provide certain unlater
warranties and coverants to your Company; a refusal to do so in certain circumstances mu
constitute a red flag.
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tors.
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#### Subcontractors



Please notify Universal if you engage a new subcontractor.

- Cannot be used unless prior written approval has been granted by Universal.
- Must complete the requisite Universal training
- Must be provided with a copy of our Code of Conduct and Anti-Corruption Compliance Manual and confirm that they have read and understand the contents of the Code of Conduct and relevant sections of the Anti-Corruption Compliance Manual.



## **Audit Rights**

Review Books and Records related to:



- Services you have performed on our behalf
- Interactions with Government Officials on our behalf
- Compliance with our agreement
- Compliance with Universal's Anti-Corruption Compliance Program

Books and Records may include:



- General ledger accounts
- Sub-ledger accounts
- Bank statements and reconciliations
- Petty cash ledgers and supporting documentation related to our business arrangement

The review process may include:



- Inquiry of relevant personnel
- Walkthroughs of processes and controls
- Testing of underlying transactions

**Reviews:** 



- Will be pre-scheduled
- Performed by Universal or out-sourced to a mutually agreeable accounting firm
- Will be performed at Universal's cost
- Will respect privacy and confidentiality and results will be shared with you



## Potential Red Flags



#### Advise us if

- A Government Official requests a payment to move your shipment to the front of the line.
- A dispute with a local regulator is without merit.
- A Government Official says a payment is necessary for them to do their job.
- A customer or Government Official links gifts or hospitality to a business benefit.
- A Government Official charges fee for service but is unwilling to give a receipt.
- A dispute with a local regulator suddenly ends without explanation.
- A Customer or Government Official says a payment is necessary to "do business here."
- A Government Official suggests that we make payments or donations to resolve a dispute.
- A Government Official requests a per diem or "walking around money".





No Improper Payments

 No money or anything of value to be offered, promised or paid, directly or indirectly, to obtain an improper advantage



Comply with Laws

 No actions that would be in violation of applicable laws in your country or in the US



Comply with Codes

 Awareness of and Compliance with Universal's Code of Conduct and Anti-Corruption Compliance Manual



Complete Training

 Complete compliance training, face to face and on-line, and share with employees and subcontractors interacting with Official's on Universal's behalf



Not an Official

- No officers, directors or employees should be an Official or relative of an Official.
- No Officials to have any substantial financial interests in the contractual agreement



Subs & Agents

 No retention of subcontractors, representativ es or agents without prior, written Universal approval



Accuracy of Due Diligence

 Any significant changes to due diligence information should be promptly notified to Universal



No payments of money or anything of value may be offered, promised or paid, directly or indirectly, to anyone, including Government Officials, to obtain an improper advantage. This includes paying for gifts, travel and hospitality for an Official without Universal's preapproval.

For example, we do not make payments:

- · To an inspector to pass an inspection
- · To a Customs Official to speed up paperwork
- · To an Official to schedule pre-shipping product inspections
- · That are or could be perceived as a kickback
- · To an Official to issue a certificate of product delivery
- · To an Official to obtain a phyto-sanitary certificate
- · To an Official to influence a grading inspection
- · To any Official as a tip or gratuity for doing their job.

No payments on Universal's behalf to a Government Official. Should such a payment be requested please let us know promptly.

No improper payments - no improper advantage

## What to do if you have any questions?



Your Universal contact

compliance@universalleaf.com

www.universalcorp.com/compliance

Code of Conduct, Anti-Corruption
Compliance Manual
Leading with Integrity Brochure

