

Information on measures to be taken to prevent corruption offences

This brochure contains detailed information relevant to you in relation to the *Recommendation of the Council of the Organisation for Economic Co-operation and Development (“OECD”) concerning Bribery and Officially Supported Export Credits (“OECD Recommendation”)*, as well as with regard to corruption offences.

The OECD Recommendation is available at the following link:

<https://legalinstruments.oecd.org/en/instruments/OECD-LEGAL-0447>

Corruption offences and the related sanctions

Hungarian law prohibits corruption in its many forms in accordance with the provisions of Chapter XXVII of Act C of 2012 on the Criminal Code (“**Criminal Code**”): bribery and the acceptance of bribes generally, bribery of public officials and the acceptance of bribes by such officials, bribery in relation to court or authority proceedings and the acceptance of such bribes, the purchase of influence and the trading in influence, as well as any failure to report a corruption offence. If these offences are committed, in addition to the other sanctions specified in the Criminal Code, a term of imprisonment may be imposed on the natural person that committed the offence, while if the offender is a juridical entity, the legal consequences specified in Act CIV of 2001 on the measures under criminal law that may be imposed on juridical entities may be applied (termination of the entity, restriction of the entity’s activities, imposition of a monetary fine).

Please note that in your international business relations, you must, in addition to the Hungarian legal requirements, also comply with the anti-corruption laws of the countries in which you do business or have a branch office. We recommend that you take extra precautions to minimise the risk of corruption in relation to your export activity, and that you take measures to prevent and detect corruption offences.

Eximbank’s procedure

The OECD Recommendation requires OECD members to take appropriate measures to prevent bribery in relation to international business transactions that enjoy official export-credit support, and makes various recommendations to export credit agencies, of which the Hungarian Export-Import Bank Private Limited Company (“**Eximbank**”) is one, to help ensure that certain measures are taken. As part of this, Eximbank has been requested, among other things, to screen guarantee and credit applications early on, in order to identify applications where there is a suspicion that bribery may be involved.

In the context of the early screening process, the exporters, the applicants, the buyers, the loan debtors and the other participants in the financing transaction must make an anti-corruption

declaration before concluding the guarantee or financing contract, in which they state that neither the company nor the company's officers, employees or other persons representing the company have committed any act of corruption in the interests of the conclusion of the foreign-trade or the financing contracts, or of the issuing of the bank guarantee, and that no proceedings are underway against them in relation to such.

As part of the early screening process, Eximbank also checks whether any person involved in the envisaged financing, guarantee or export transaction is an International Financial Institution (World Bank Group; African Development Bank; Asian Development Bank; EBRD; Inter-American Development Bank; hereinafter referred to collectively as "MFI").

In cases of suspected corruption, Eximbank will apply a heightened due diligence procedure, whereby, in the interests of a favourable appraisal of the transaction, you will be obliged to cooperate with Eximbank and to provide an opportunity for the Bank's representatives to check your anti-corruption measures.

One element of the heightened due diligence process may be that if any person participating in the transaction, or its employee, staff member, agent or other person proceeding on its behalf in relation to the contract signed/to be signed with Eximbank, has been convicted in the 5 years preceding the submission of the application to Eximbank of a corruption offence, or has been charged with such, Eximbank may request proof that appropriate preventive and remedial measures have been taken, and shall be entitled to verify that the person participating in the transaction has indeed taken such measures and is applying them. These measures may specifically include:

- a) termination of the employment/service contract of the person involved in the corruption offence,
- b) approval of internal anti-corruption regulations,
- c) if there are circumstances suggesting that a corruption offence has indeed been committed, conducting of an internal investigation,
- d) introducing and running anti-corruption management control systems,
- e) producing and publishing regular reports.

We would like to inform you that under the provisions set out in its respective internal regulations, Eximbank is obliged to notify the Hungarian law enforcement authorities if there is credible evidence that bribery or some other corruption-related act has occurred in relation to the transaction.

Eximbank is obliged to refuse to conclude a guarantee or financing contract if it believes that the transaction is affected by a corruption-related act. Moreover, if after the conclusion of the guarantee or financing contract, Eximbank learns from a credible source (thus especially, but not only, from a court ruling) that the transaction is affected by a corruption-related act, then in the case of a guarantee, it may refuse the guarantee drawdown request or may ask that the amount paid be refunded, and in the case of a credit facility, it may refuse the loan drawdown request, and may ask that the loan be repaid early or may terminate the credit contract.

What can you do to prevent corruption?

We recommend that in your own interest, you focus on preventing corruption, and in particular, we recommend that you take the following measures:

- prepare internal anti-corruption regulations,
- develop, apply and document management control systems designed to prevent and detect corruption offences,
- take business decisions that are ethical and that fully comply with all the relevant legal requirements,

raising awareness of the obligation to report matters to the relevant authorities if there is a well-founded suspicion that a corruption offence has been committed.

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We acknowledged the abovementioned information.

Date:

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