2015

NATIONAL COLLATERAL MANAGEMENT SERVICES LIMITED

COMPLIANCE CODE

National Collateral Management Services limited – NCML

Contents

I.	**Introduction**	3
II.	**NCML- Compliance Principles & Rules**	4
III.	**NCML - Compliance and Implementation**	8

Annexures

A. Anti-Bribery Guidelines

B. Whistle Blower Policy

C. Management Declaration Template

D. Pro forma Assurance Report

I. INTRODUCTION

Code Objective

The objective of this Compliance Code ("Code") is to enhance the status of NCML throughout its organization by ensuring that it abides by the standards of professional conduct and the integrity of its services.

II. NCML COMPLIANCE PRINCIPLES AND RULES

1. Integrity

1.1 NCML employees are expected to operate in a professional, independent and impartial manner in all their activities and while rendering services on behalf of NCML.

1.2 All acts/services must be carried out honestly and employees must not indulge in any deviation from NCML approved methods and procedures. Where approved test methods make provision for tolerances in results, it must be ensured that such tolerances are not abused to alter the actual test findings.

1.3 All data, test results and other material facts must be reported in good faith and reports and certificates that correctly present the actual findings, professional opinions or results obtained must be issued.

1.4 Information recorded in NCML financial records must be true and fair, timely and accurate. All transactions must be properly and accurately recorded and book entries must be supported by proper documentation issued by bona fide parties.

1.5. All records must be retained in accordance with applicable laws and NCML policies as circulated/amended time to time.

2. Conflicts Of Interest

2.1 Conflicts of interest, or the possible appearance of a conflict of interest, must be avoided.

2.2 NCML employees must avoid conflicts of interest between different division/segments of NCML providing services to the same client.

2.3 In order to avoid conflicts of interest, or the appearance of conflicts of interest, in NCML 's business transactions and services, the following requirements shall be taken into account :-

(i) Employees must avoid conflicts of interest between:-

(a) NCML and any related entities in which NCML has a financial or commercial interest and to which it is required to provide services.

(b) NCML 's divisions engaged in different activities but which may be providing services to either (i) the same client or (ii) each other.

(ii) NCML 's Employees must not, directly or through relatives, friends or intermediaries, acquire an interest in a supplier, a client or a competitor of NCML, except for the acquisition of shares of a client, supplier or competitor on a public stock exchange, and, even in such a situation only to an extent which does not grant significant influence over the affairs of the client, supplier or competitor and which does not make the Employee unduly dependent on its financial fortunes.

(iii) NCML 's Employees shall not hold any position with a competitor or client.

(iv) NCML 's Employees shall not conduct any company business with any member of their family or with an individual or organization with which they or their family is associated, unless it is under a arms-length relationship. NCML 's Employees shall not employ a member of their family without approval of NCML 's management.

3. Confidentiality

3.1 All information received in the course of the provision of the services as business must be treated as confidential to the extent that such information is not already published, generally available to third parties or otherwise in the public domain.

3.2 NCML 's Employees are required, as a condition of employment, to sign a statement committing to non-disclosure of any confidential business information, obtained during the course of their employment, to other parties.

3.3 All employees must have regard and must adhere to the security measures in the organization's premises with respect to the confidential business information to ensure that (i) access is restricted to authorized personnel only (ii) documents/data are stored in designated secure areas and disposed of in a secure manner.

4. Anti-Bribery

NCML prohibits the offer or acceptance of a bribe in any form, including kickbacks on any portion of a contract payment. NCML prohibits the use of any routes or channels for provision of improper benefits to, or receipt of improper benefits from, customers, agents, contractors, suppliers, or employees of any such party, or government officials.

In order to observe the above principle, NCML has laid down the anti-corruption guidelines in compliance with the laws in **"Annexure A"** to this Code.

5. Fair Marketing

NCML provides guidelines to employees, agents and intermediaries to ensure that:

a. they conduct marketing (including comparisons with, or references to, competitors, competitors' services or third parties) in a manner that is truthful, is not deceptive or misleading or likely to mislead, and is consistent with applicable laws; and

b. they present NCML in a fair manner; and

c. NCML's presentations and publications accurately and unambiguously reflect NCML's network and affiliations, resources / capabilities, experience and services provided.

III. COMPLIANCE & IMPLEMENTATION

A. Compliance with laws

1. As has been stated above, NCML ensures that the Principles and rules as enshrined in this Code meet the requirements of the anti-bribery and anti-corruption laws of the Country and of other countries where NCML operates and renders it's services.

2. In the event that the local laws specify additional or different requirements, which are not covered here, NCML modifies their Programme for the country (ies) concerned. Records shall be kept of countries where their Programme has been modified.

3. All Employees must ensure that the Principles and Rules of NCML Programme meet the requirements of this Code and local laws relevant to countering bribery in all the jurisdictions in which NCML operates, in India as well as in any country where it operates.

B. Compliance Committee

The Compliance Committee consists of :-

i) Chief Risk Officer

ii) Company Secretary

iii) HR Head (Compliance Officer)

C. Analysis of risks & Implementation

1. NCML's Compliance Committee in each country/State of operation organizes periodic reviews to assess bribery risks and determines appropriate measures. Such reviews are systematically conducted:-

(i) Prior to the commencement of a new service or the start up of operations in a new country/state and

(ii) Whenever a significant breach of NCML 's Principles and Rules occurs which warrants review of the existing measures.

2. All extraordinary expenses / proceeds, falling outside the limits / guidelines set in this Code, related to gifts, hospitality and expenses, shall be accounted for in a separate general ledger account in NCML 's accounting records. NCML will consolidate all such payments made by any of its operations forming part of its Organization.

3. NCML shall prepare annually a consolidated management statement, of all extraordinary expenses / proceeds.

4. **Accounting and book keeping:** NCML maintains accurate books and records which properly and fairly document all financial transactions. Off-the-books accounts are prohibited.

5. NCML implements a Programme, based on this Code, throughout its Organization and conducts audit of the same to ensure satisfactory observance of this code throughout the organisation. NCML implements this Code by integration of its requirements into their Quality Management System and/or internal audit system. Both the quality management system and the internal audit are performed by independent external auditors.

6. NCML 's Compliance Principles and Rules:

NCML 's Board has confirmed their commitment to implementing this Code by publishing their own:

(a) Principles which reflect inter alia the statutory compliance and international Compliance Principles, wherever applicable.

(b) Rules which reflect inter alia the statutory compliance and the international Compliance Rules , wherever applicable.

7. Prior to job offer, prospective employees of NCML are informed of NCML 's Compliance Programme.

8. NCML ensures that:

(a) each employee is provided with a copy of the NCML 's Compliance Principles and Rules and requested to sign a declaration that he/she has received, read and understood. A record will be kept in the file of the Employee, evidencing receipt of such a copy by the employee.

(b) Senior managers are required to sign a declaration each year that they are updated and follow these codes.

(c) Where NCML mandate empowers it to enforce the rules in other parts of the Organisation, managers responsible for these other parts are required to sign annual declarations relative to those parts of the Organisation for which they are responsible.

(d) NCML 's Rules makes it clear that employees will not suffer demotion, penalty or any other adverse consequences arising from strict implementation of the Programme even if it may result in a loss of business.

(e) All employees, including Managers, of NCML are given a copy of the Compliance Code and a Complaince Training Guide. A Record of course completion shall be kept in the file of each Employee. Each employee to undergo compliance code training.

9. NCML employees have the opportunity to provide input on the development of the Programme during performance evaluations, staff training sessions or at review meetings or directly to the Compliance Officers.

10. NCML ensures that each employee has an on-going understanding of NCML's Compliance Programme during employee performance evaluations.

11. NCML ensures effective external communications by:

i) Publicly disclosing NCML 's Principles and Rules and, if appropriate, related information on NCML website and in its annual accounts.

ii) Providing facilities and tools, to receive enquiries, complaints or feedback from relevant interested parties sent to our main e-mail address published on the internet.

12. NCML ensures that the members of the Compliance Committee are reachable at all times to the employees of NCML for reporting violations of this code. The reporting Employee shall be fully protected against any form of reprisal unless they acted maliciously or in bad faith. If requested, the Employee's anonymity shall be protected to the extent reasonably practicable. NCML employees are required to report any solicitation for, or offer of, an improper payment or advantage coming to their knowledge in the same manner as aforesaid. NCML has laid down the rules and guidelines for reporting violations of this Code in consonance with laws in **"Whistle Blower Policy"** in **"Annexure B"**.

13. **Management Declaration**:- NCML requires its Senior Managers and where applicable for other parts of the Organization, other managers as referred to above to prepare and sign, on an annual basis, a Compliance Declaration which, as a minimum is as per the format contained in **"Annexure C"**. These Compliance Declarations are received, in respect of all applicable locations and/or activities, by the Compliance Officer who submits an annual summary report to NCML 's Compliance Committee.

D. External Examinations

1. **Frequency:** - The effectiveness of the implementation of the Programme is examined at least annually by NCML's appointed independent external audit firm. The required scope of the examination is detailed as hereunder.

2. **Notification to IFIA of NCML's appointed external audit firm:-** Prior to the appointment of the external audit firm(s), or any subsequent proposed changes thereof, NCML shall submit details to the Director General of IFIA for confirmation of compliance with IFIA requirements.

3. **Scope of examination:-** For the purposes of demonstrating that NCML is in conformance with the IFIA Compliance Code, NCML requires the external audit firm to issue an Assurance Report based on the Pro forma Assurance Report contained in **Annexure D.**

Annexure A

ANTI-CORRUPTION GUIDELINES

The purpose of these Guidelines is to clarify the meaning of the terms "Corrupt Practice", "Fraudulent Practice", "Coercive Practice", "Collusive Practice" and "Obstructive Practice".

1. CORRUPT PRACTICES

A "Corrupt Practice" is the offering, giving, receiving or soliciting, directly or indirectly, of anything of value to influence improperly the actions of another party[1].

INTERPRETATION

A. Corrupt practices are understood as kickbacks and bribery. The conduct in question must involve the use of improper means (such as bribery) to violate or derogate a duty owed by the recipient in order for the payor to obtain an undue advantage or to avoid an obligation. Antitrust, securities and other violations of law that are not of this nature are excluded from the definition of corrupt practices.

B. It is acknowledged that foreign investment agreements, concessions and other types of contracts commonly require investors to make contributions for bona fide social development purposes or to provide funding for infrastructure unrelated to the project. Similarly, investors are often required or expected to make contributions to bona fide local charities. These practices are not viewed as Corrupt Practices for purposes of these definitions, so long as they are permitted under local law and fully disclosed in the payor's books and records. Similarly, an investor will not be held liable for corrupt or fraudulent practices committed by entities that administer bona fide social development funds or charitable contributions.

C. In the context of conduct between private parties, the offering, giving, receiving or soliciting of corporate hospitality and gifts that are customary by internationally-accepted industry standards shall not constitute corrupt practices unless the action violates Applicable Law.

D. Payment by private sector persons of the reasonable travel and entertainment expenses

[1]For the avoidance of doubt and for the purpose of clarification in this transaction only, "Corrupt Practices" would also include making of improper payments to public officials in order to secure a business advantage.

of public officials that are consistent with existing practice under relevant law and international conventions will not be viewed as Corrupt Practices.

E. The Company does not condone facilitation payments. For the purposes of implementation, the interpretation of "Corrupt Practices" relating to facilitation payments will take into account relevant law and international conventions pertaining to corruption.

2. FRAUDULENT PRACTICES

A "Fraudulent Practice" is any action or omission, including a misrepresentation that knowingly or recklessly misleads, or attempts to mislead, a party to obtain a financial or other benefit or to avoid an obligation.

INTERPRETATION

A. An action, omission, or misrepresentation will be regarded as made recklessly if it is made with reckless indifference as to whether it is true or false. Mere inaccuracy in such information, committed through simple negligence, is not enough to constitute a "Fraudulent Practice" for purposes of this Agreement.

B. Fraudulent Practices are intended to cover actions or omissions that are directed to or against the shareholders including IFC.

3. COERCIVE PRACTICES

A "Coercive Practice" is impairing or harming, or threatening to impair or harm, directly or indirectly, any party or the property of the party to influence improperly the actions of a party.

INTERPRETATION

A. Coercive Practices are actions undertaken for the purpose of bid rigging or in connection with public procurement or government contracting or in furtherance of a Corrupt Practice or a Fraudulent Practice.

B. Coercive Practices are threatened or actual illegal actions such as personal injury or abduction, damage to property, or injury to legally recognizable interests, in order to obtain an undue advantage or to avoid an obligation. It is not intended to cover hard bargaining, the exercise of legal or contractual remedies or litigation.

4. COLLUSIVE PRACTICES

A "Collusive Practice" is an arrangement between two or more parties designed to achieve an improper purpose, including to influence improperly the actions of another party.

INTERPRETATION

Collusive Practices are actions undertaken for the purpose of bid rigging or in connection with

public procurement or government contracting or in furtherance of a Corrupt Practice or a Fraudulent Practice.

5. OBSTRUCTIVE PRACTICES

An "Obstructive Practice" is (i) deliberately destroying, falsifying, altering or concealing of evidence material to the investigation or making of false statements to investigators, in order to materially impede investigation into allegations of a corrupt, fraudulent, coercive or collusive practice, and/or threatening, harassing or intimidating any party to prevent it from disclosing its knowledge of matters relevant to the investigation or from pursuing the investigation, or (ii) an act intended to materially impede the exercise of shareholder's access to contractually required information in connection with any investigation into allegations of a corrupt, fraudulent, coercive or collusive practice.

INTERPRETATION

Any action legally or otherwise properly taken by a party to maintain or preserve its regulatory, legal or constitutional rights such as the attorney-client privilege, regardless of whether such action had the effect of impeding an investigation, does not constitute an Obstructive Practice.

GENERAL INTERPRETATION

A person should not be liable for actions taken by unrelated third parties unless the first party participated in the prohibited act in question.

Annexure B

WHISTLE BLOWER POLICY

1) Objective

1. To provide an avenue to employees and other persons dealing with the Company like vendors and customers to raise concerns regarding unethical and improper practices.

2. To provide protection of the employees against reprisals or victimsation for blowing the whistle in good faith.

2) Definitions

"Unethical and improper practices" shall mean any actions (actual or suspected) which may lead to incorrect financial reporting or are not in line with Company policy and values or are unlawful or are which, by their very nature, amount to serious misconduct.

"Whistle Blower" means an employee or any other person dealing with the Company who makes a disclosure under the policy.

"Reported disclosure" means information reported under the policy in good faith which a Whistle Blower reasonably believes as evidence of illegality, gross waste or fraud, gross mismanagement, abuse of power, or a substantial and specific danger to the Company.

"Audit Committee" means the Audit Committee constituted by the Board of Directors of the Company

3) Procedure for handling Reported disclosures

a) All Reported disclosures shall be addressed to either the Head – Compliance with a copy being sent to the Company Secretary.

Head – Risk, Compliance & Technology
National Collateral Management Services Limited
Gayatri Towers, 2nd floor, 954, Appasaheb Marathe Marg
Prabhadevi, Mumbai 400 025

b) Adequate care shall be taken to keep the identity of the Whistle Blower confidential. The Reported disclosures shall be made in writing and should contain the following details –

i) Name and address of Whistle Blower.
ii) Nature and facts of Reported disclosures.
iii) Impact / effect on the Company.

c) On receipt of the Reported disclosure, a Preliminary Investigation shall be carried out by the Head – Compliance and based on such Preliminary Investigation Report, the Audit Committee shall constitute an Investigation Committee of directors and/or company officials and initiate an investigation of the facts given in the Reported disclosure. The procedure of the investigation

shall be decided by the Audit Committee or the Investigation Committee, if so authorized by the Audit Committee.

d) The person/s alleged to be involved in the unethical or improper practice shall co-operate with the Investigation Committee and shall have an opportunity to be heard and shall have a right to consult other persons of their choice, other than the investigating officials, at their own cost.

e) The Investigation Committee shall complete their investigation within a period of 45 days or within such extended time as may be granted by the Audit Committee and shall submit their report to the Chairman of the Audit Committee. Decision on further disciplinary action to be taken based on such report shall be taken by the Audit Committee within 30 days from the date of submission of the report.

f) The Audit Committee shall decide if the outcome of such investigation shall be made public, keeping in view the best interest of the Company.

4) **Protection to Whistle Blowers**

a) The identity of a Whistle Blower shall be kept confidential to the extent possible and permitted under law.

b) No unfair treatment shall be meted out to a Whistle Blower by virtue of his having made a Reported disclosure under this policy. The Company shall ensure that any kind of discrimination, harassment, victimization or other unfair employment practice is not adopted against the Whistle Blower and no action shall be taken to obstruct the Whistle Blower's right to continue to perform his duties and functions.

c) Any other employee / person assisting in the investigation of Reported disclosure shall be protected to the same extent as a Whistle Blower.

d) The protection under this policy shall not be available for the following persons –

i. Persons who abuse the policy by making Reported disclosures knowing it to be false and with a malicious motive or other than in good faith.
ii. Whistle Blowers who have made three or more Reported disclosures, which have subsequently been found to be malafide, vexatious, frivolous or reported other than in good faith.
iii. Persons against whom disciplinary proceedings have already been initiated for other reasons and who have subsequently made a Reported disclosure under the policy.

5) **Reporting**

The Company Secretary shall submit a quarterly report to the Board of Directors on all the Reported disclosures referred to the Audit Committee, the result of investigations and the action taken thereon.

6) **Communication to the policy**

The policy shall be communicated to all the employees by the Human Resources Department and to other persons dealing with the Company through display on notice board and / or issue or circulars.

Annexure C

Management Declaration Template

Confidential

.....*(name of Member}s* Compliance Programme

Management Declaration for the year ending 2014

To:.....*{name of Member's Compliance Officer or nominated delegate)*

Name of Manager:.....Job Title: .....

Locations and/or activities covered by this Declaration:.....

I

.....*{name of Manager)* do hereby declare that in implementation of

..... *name of Member)'s* Compliance Programme for the year ending .....20... in each of the locations and/or activities, as listed above, falling under my area of responsibility :-

1. To the best of my knowledge I, and NCML 's staff reporting to me, have complied in all respects with the Compliance Principles and Rules;
2. I have verified that the Compliance Principles and Rules have been distributed to each Employee who had not previously received them;
3. I have fully and completely reported to the Compliance Officer any violation or suspected violation of the Principles and Rules, including any solicitation or offer of any improper payment or advantage, which has come to my knowledge;
4. I have fully and completely implemented all corrective and disciplinary actions required by the

Compliance Committee in respect of any violation of the Principles and Rules.

5. *Optional clause:* I have reviewed the progress summary for each of the required report items, the details of which are (a) available in the compliance system databases or (b) annexed to this Declaration *(delete as applicable)* and confirm that to the best of my knowledge it is an accurate reflection of the status of implementation of the Compliance Principles and Rules.

Place

Date

Signature

Annexure D

Assurance Report of the External Auditor

"Report on NCML' Compliance Programme"

1. We have performed the procedures enumerated below, which were agreed to by NCML and the International Federation of Inspection Agencies ("IFIA"), solely to assist NCML in reviewing the Compliance Programme in connection with their membership in IFIA. NCML is responsible for implementing a Compliance Programme that conforms to IFIA guidance.

2. We have performed the following procedures:

2.1. Compliance Programme

2.1.1. Obtained from management the Member's documented Compliance Programme (the "Compliance Programme") dated [date].

2.1.2. Confirmed that the Compliance Programme addresses each of the following IFIA Compliance Principles:

2.1.2.1. Integrity

2.1.2.2. Conflicts of interest;

2.1.2.3. Confidentiality

2.1.2.4. Anti-bribery

2.1.2.5. Fair marketing

2.1.3. Obtained from management a copy of the transmittal letter used to send NCMLs' Compliance Programme to the IFIA Director General. Confirmed that the transmittal letter was dated between [date of publication] (which was the date that the Compliance Programme was approved by the Board) and [date one month later]. Obtained a copy of IFIA's acceptance of the

Compliance Programme Documentation : Obtained representation from management that no changes have been made to the Compliance Programme subsequent to [date of publication].

2.2. Compliance Committee and Compliance Officer

2.2.1. Obtained Board minutes dated [date] from management. Confirmed that those Board Minutes contained the following attributes:

2.2.1.1. The appointment of [Name] as Compliance Officer

2.2.1.2. A description of the Compliance Officer's responsibility and authority for implementing and operating the Compliance Programme throughout the organization

2.2.2. Obtained from management the Compliance Committee constitution dated [date] and confirmed

that each of the following positions exist on the Compliance Committee:

2.2.2.1. Chief Executive Officer

2.2.2.2. Compliance Officer

2.2.2.3. A representative from the Board

2.2.3. Confirmed that the Compliance Committee constitution obtained in step 2.2.2 above charges the Compliance Committee with over seeing the Compliance Programme.

2.3. Training

2.3.1. Obtained from management a list of all employees of NCML as of [date].

(We make no comment with respect to the completeness or accuracy of the list.)

2.3.1.1. Non- statistically selected xx employees from the list.

2.3.1.2. Obtained from management a second list of all employees who have completed the Compliance Programme training course between [date to date]. (We make no comment with respect to the completeness or accuracy of the list.)

2.3.1.3. Confirmed that each selected employee in 2.3.1.1 was included on the second list obtained in 2.3.1.2.

2.3.2. Obtained from management the most current Compliance Programme training course dated [date]. Confirmed by examination of the index that each of the following principles was addressed:

2.3.2.1. Integrity

2.3.2.2. Conflicts of interest

2.3.2.3. Confidentiality

2.3.2.4. Anti-bribery

2.3.2.5. Fair marketing

2.3.3. Obtained from management the means by which they provide an opportunity for employees to provide input on the development of the Compliance Programme.

2.4. Reporting Violations

2.4.1. Using the Compliance Programme obtained, confirmed that it includes a reference to the Help Line.

2.4.2. Using the Compliance Programme obtained, confirmed that it includes provisions for protection of confidentiality for this attribute.

2.5. Public Disclosure of Compliance Principles

2.5.1. Accessed the Member's web site at (name website) on [date, time] and confirmed that the Compliance Programme dated [date] was posted.

2.5.2. Confirmed that the Compliance Programme posted on (name website) had the same date as the

Compliance Programme obtained in step 2.1.1.

2.5.3. Obtained a description of the steps an interested party would take to provide inquiries, complaints or feedback via the Member's website (name site).

2.5.4. Accessed the Member's web site (name site) on [date, time] and confirmed the existence of the method described to us in step 2.5.3. Reperformed [what they told us to do].

2.6. Investigations

2.6.1. Using the Compliance Programme obtained, confirmed that it includes a provision where employees can report known or suspected violations to the Compliance Officer, the employee's superior, a member of senior management, or an internal auditor.

2.6.2. Using the Compliance Programme obtained, confirmed that the Compliance Programme requires employees to report any solicitation of, or offer of, an improper payment or advantage coming to their attention.

2.6.3. Obtained from management the most current [policy] document for handling investigations and sanctions. Confirmed that the [policy] document includes:

2.6.3.1. Requirements that all reported matters (known or suspected violations) are investigated

2.6.3.2. Maintenance of records of all reported violations and subsequent actions taken

2.6.3.3. A due diligence process that includes an interview of the alleged perpetrator

2.6.3.4. Requirements for management or the Compliance Committee to decide on the appropriate corrective action/sanctions if the allegation is substantiated

2.6.3.5. Potential corrective action sanctions that include Reprimand, Demotion, Suspension and Dismissal

2.6.3.6. Protocols for providing the Compliance Officer with periodic updates regarding the status of investigations

2.6.3.7. Requirements for the Compliance Officer to prepare periodic reports for the Compliance Committee on investigations, violations, and the implementation of corrective actions and disciplinary measures

2.7. Confidential Business Information

2.7.1. Obtained from management the most current [policy] document stating that access to confidential business information is restricted to authorized personnel

2.7.1.1. Using the document obtained in step 2.7.1, confirmed that the [policy] document includes provisions regarding the access to, storage of, and disposal of, and access to confidential business information

2.8. Consolidated Management Statements

2.8.1. Obtained the Member's consolidated financial statements/general ledger/trial balance, as appropriate, dated [date]. (We make no comment with respect to the completeness or accuracy of the list.)

2.8.2. Obtained a schedule prepared by management for each of the following expenses for the period [date to date], or confirmation that no payments in any of the categories is made:

2.8.2.1. Political contributions

2.8.2.2. Charitable contributions and sponsorships

2.8.2.3. Expenditures relating to gifts, hospitality and expenses

2.8.2.4. Intermediaries' remuneration

2.8.3. Confirmed, where applicable, the existence of a separate general ledger account for each of the areas identified in 2.8.2.1 - 2.8.2.4.

2.8.4. Confirmed, where applicable, that the general ledger account balance matched the balance on the schedule prepared by management for each of the areas identified in 2.8.2.1- 2.8.2.4.

2.8.5. Confirmed that the schedule prepared by management for each of the applicable areas identified in 2.8.2.1 -2.8.2.4 were presented to and approved by the Audit Committee.

2.8.6. Non-statistically selected xx transactions from each schedule prepared by management.

2.8.6.1. Obtained supporting documentation for each transaction selected.

2.8.6.2. Traced the supporting documentation for each transaction selected in 2.8.6 to the transaction amount on the schedule prepared by management obtained in 2.8.2.

2.9. Business Relationships

2.9.1. Obtained from management a listing of all business partners as defined by IFIA. (We make no comment with respect to the completeness or accuracy of the list.) If the Member stated they have no business partners no further testing was performed. Otherwise, non-statistically selected xx business partners. If there were fewer than 10 business partners, selected all.

2.9.2. For each business partner selected in 2.9.1, obtained representation from management whether the relationship was initiated or renewed between [date] and [date]. For each business partner where the relationship was initiated or renewed, obtained [due diligence documentation name] from management where the Member recorded the due diligence steps performed. Confirmed that the due diligence steps include the following steps:

2.9.2.1. Risk analysis, including procedures to evaluate whether the proposed business partner is known to be involved in bribery

2.9.2.2. Interview with the party

2.9.2.3. Investigation of the party's background, with evidence of review and approval by the Compliance Committee

2.9.2.4. Remuneration analysis reviewed and approved by the Compliance Committee

2.9.3. For each selection, obtained from management the current contract between the business partner and NCML and confirmed that (except in the case of subcontractors) the following attributes exist in the contract:

2.9.3.1. A requirement that the business partner comply with the Compliance Programme

2.9.3.2. A provision allowing NCML to verify the business partner's compliance with the Compliance Programme

2.9.3.3. An allowance for NCML to implement remedial action in the event the business partner breaches the Compliance Programme

2.9.4. Obtained from management a list of all breaches of the Compliance Programme by business partners during the review period. (We make no comment with respect to the completeness or accuracy of the list.) Obtained [specific description document] documenting the remedial action taken for each breach.

2.10. Annual Management Declarations

2.10.1. Obtained from management a current listing of all employees identified as senior managers, including at least one in respect of each Group Member within the Member's Group membership (if any) as listed or referenced in the IFIA Members Directory. (We make no comment with respect to the completeness or accuracy of the list.) Non-statistically selected xx individuals from the listing.

Obtained each individual's signed Management Declaration for the year

2.10.2. Confirmed that the following attributes, from Annex A to IFIA's Compliance Code, exist on each signed

Management Declaration:

2.10.2.1. Name

2.10.2.2. Job title

2.10.2.3. Locations and/or activities covered by the declaration

2.10.2.4. Declaration of implementation

2.10.2.5. Confirmation that the date listed next to the signature on each form is between [date and date]

2.11. Internal Audits

2.11.1. Obtained from management the Member's internal audit plan and confirmed that

2.11.1.1. It includes audits to verify that the Compliance Programme has been implemented within NCMLs' organization

2.11.1.2. Whether compliance findings resulting from such audits have been reported to the Compliance Officer

2.11.1.3. That, where this is the case, follow-up actions have been taken

3. Factual Findings: Our findings with respect to the above procedures are as follows:

4. The procedures that we have performed do not constitute an audit or a review made in accordance with International Standards on Auditing or International Standards on Review Engagements and, consequently no assurance will be expressed on the adherence to IFIA's Compliance Code. Had we performed additional procedures or had we performed an audit or Review, other matters might have come to our attention that would have been reported to you. This report is intended solely for the information and use of NCML and the Director General of IFIA, and is not intended to be and should not be used by anyone other than these specified parties.

This report relates only to the accounts and items specified above, and does not extend to any consolidated financial statements of the Member, taken as a whole

Signature

Name of External Audit Firm

Date