



Foreign Corrupt Practices Act Policy and Compliance Guide

TRX Systems Corporate Policy

TRX Systems maintains a corporate policy prohibiting all improper or unethical payments to government officials anywhere in the world. Our policy is:

No company officer, employee or agent has authority to offer, promise, make or facilitate the making of payments to a foreign official to induce that official to affect any government act or decision in a manner that will assist the Company or any of its affiliates, subsidiaries or divisions to obtain or retain business or any advantage. Furthermore, every officer, employee and agent is obligated by company policy and federal law to keep books, records, and accounts that accurately and fairly reflect all transactions and disposition of Company assets.

Anti-Bribery Provisions of the FCPA

The Foreign Corrupt Practices Act ("FCPA") generally applies to all US corporations, partnerships and other business organization (generically, a "company"), as well as all persons acting on behalf of those entities. ***The FCPA applies to TRX Systems, its corporate affiliates and subsidiaries, as well as their officers, directors, agents and shareholders.***

The FCPA prohibits any payment or offer of payment to a "foreign official" for the purpose of influencing that official to assist in obtaining or retaining business or any other advantage for a company. "To obtain business or any advantage" includes, for example, a reduction in taxes, a favorable change in regulations, tolerance of non-compliance with local rules, or other favors or preferential treatment. The business to be obtained or retained does not need to be with a foreign government or foreign government instrumentality.

The FCPA applies to any act or event that is "in furtherance of" a payment to a foreign official. Further, the "payment" clause of the FCPA is broadly phrased. It covers not only the actual payment of money but also an offer, promise or authorization of the payment of money and an offer, gift, promise or authorization of the giving of "anything of value." Even if the improper payment is not consummated, just offering it violates the FCPA. Likewise, instructing, authorizing, or allowing a third party to make a prohibited payment on the Company's behalf, ratifying a payment after the fact, or making a payment to a third party knowing or having reason to know that it will likely be given to a government official constitute FCPA violations. "Anything of value" includes not only cash and cash equivalents, but also gifts, entertainment, travel expenses, accommodations, and anything else of tangible or intangible value.



The FCPA applies to payments to foreign officials. A “foreign official” means any officer or employee of a foreign government, regardless of rank, employees of government-owned or government-controlled businesses, foreign political parties, party officials, candidates for political office, and employees of public international organizations (such as the United Nations or World Bank). In addition to the FCPA, there are additional international laws outlawing bribery and corruption with which TRX Systems and its affiliates, subsidiaries and employees must comply, including the UN Convention against Corruption and the OECD Convention on Combating Bribery of Foreign Public Officials in International Business Transactions.

Record Keeping Requirements of the FCPA

In addition to its anti-bribery provisions, the FCPA also imposes certain accounting requirements on companies. Specifically, the FCPA requires that a company maintain books, records and accounts that, in reasonable detail, accurately reflect the transactions and dispositions of that company. In order to comply with these requirements, it is imperative that TRX Systems employees, agents and others acting on its behalf maintain complete and accurate records with respect to all transactions undertaken on behalf of TRX Systems. “Records” includes virtually all forms of business documentation, including accounts, correspondence, memorandums, tapes, discs, papers, books, and other documents or transcribed information of any type. This applies to all payments, not just sums that would be “material” in the traditional financial sense.

Guidelines for FCPA Compliance

The consequences of failing to comply with the FCPA are potentially disastrous for a company and its employees. Violation of the FCPA and related laws by a TRX Systems employee can result in millions of dollars in civil and/or criminal fines against the Company and can subject the employee to prosecution, criminal fines, and imprisonment, as well as disciplinary action by TRX Systems, including dismissal. Note that the FCPA states that fines and penalties imposed upon individuals may not be paid directly or indirectly by any corporation for which they may have acted.

Accordingly, we have developed guidelines for complying with the FCPA and related laws. The purpose of these guidelines is to ensure full compliance with the FCPA and related laws and continuation of our record in maintaining lawful and ethical dealings in business transactions throughout the world.

General Rules

The following rules have been established for all employees, directors, agents and shareholders acting on behalf of TRX Systems and its affiliates:

- Except as expressly provided elsewhere in this statement of policy, no payment or gift of any kind whatsoever may be promised, offered or made to any foreign official, regardless of



rank; or any person, while knowing or being aware of a high probability that all or a portion of any payment will be offered, given or promised, directly or indirectly, to a foreign official.

- Notwithstanding the foregoing, expenditures for meals, entertainment and other normal social amenities with respect to foreign officials are permitted provided they are not extravagant and otherwise conform to the laws and customs of the country in which the expenditures are incurred. All such hospitality must be reasonable in amount, must be offered in good faith only in connection with the promotion, demonstration or explanation of company products or services or the execution or performance of a contract with a foreign government or agency thereof, and must be lawful under applicable local law. In no event may any hospitality be offered or provided in return for any favor or benefit to the Company or to influence improperly any official decision.
- Similarly, gifts may be given to foreign officials only if the gifts are not in cash, of nominal value and conform to laws and normal social customs in the official's country.
- The making of improper charitable contributions on behalf of foreign officials may also have severe consequences under the FCPA for the Company and involved employees. In no instance may an employee or a business unit make a donation payment at the behest of a foreign official or to an organization affiliated with a foreign official or his close relatives without first obtaining approval from the General Counsel.
- Complete and accurate records sufficient to show compliance with the above rules, the FCPA generally and any other policies of TRX Systems must be maintained at all times.

Other Considerations

Political Parties or Officials. All contributions of money or services to political parties or officials thereof or to candidates for political office outside the United States are expressly prohibited.

Retaining Agents. Because the actions of a third party acting as an agent or representative of a company can expose that company to liability under the FCPA, great care should be taken in the retention of such agents and representatives. A sufficient investigation should be undertaken to ensure that any such representative does not intend to engage in any improper practices. In determining whether to engage a particular representative, factors such as the representative's reputation and qualifications, the manner and reasonableness of compensation, the relationship, if any, between the owners and employees of the representative and a foreign official, the presence or absence of any secret partners, the willingness of the representative to fully disclose its relationship with us and the legality of the relationship under local law must be considered. ***TRX has an Agent Agreement that must be signed with any agent of the company before business involving agent payments is transacted. The terms of the Agent Agreement and this FCPA Policy must be reviewed and accepted by each Agent.***



Government-Owned Businesses. In many countries it is a common practice for government officials to own or operate business enterprises. While the FCPA and related laws do not prohibit legitimate business relationships with business enterprises owned or controlled by foreign officials, great care must be taken to avoid any association with any such enterprise in circumstances that might constitute an evasion of the FCPA.

Retention of Professionals. No person acting on behalf of TRX Systems may enter into any transaction with agents, contractors, consultants, lawyers or other persons that is intended or designed to permit such persons to circumvent currency, tax or other laws of a foreign country. Any transaction that has the appearance of permitting any person to circumvent such laws must be avoided. Particular care must be taken in respect to “split payments” (i.e., payments for services that are made outside the country in which the services are performed, other than payments in the country in which the provider of the services is incorporated and has an established presence, or payments inside the country in other than the local currency). Company employees must be conscious of any other “red flags” that may be present or arise. A “red flag” is a fact or circumstance that serves as a warning signal that an intermediary may act corruptly. It is the responsibility of the employee that observes a red flag to either resolve such red flag by further investigation or to refer the matter as defined in the below reporting requirements. A non-exclusive list of examples of red flags is below:

- Rumors regarding unethical or suspicious conduct by an employee, marketing representative, consultant, agent, or other business partner, or by a government official;
- Unnecessary third parties or multiple intermediaries;
- Requests for payments to a third party rather than the consultant or agent;
- Requests for payments in a third country;
- Requests for payments in cash;
- Requests for unusually large commissions or other payments, or payments that appear excessive for the service rendered;
- Political contributions;
- Requests for reimbursement of expenses that are poorly documented;
- Incomplete or inaccurate information in required disclosures;
- Refusal to certify compliance.



Reporting Requirements

Any transaction, no matter how seemingly insignificant, that might give rise to a violation of the FCPA must promptly be reported to either TRX's CEO (Carol Politi) or Chairman (Carole Teolis). All such reports will be treated as confidential, to be used only for the purpose of addressing the specific problem they address. Such reports will be shared by TRX Systems management and other authorized individuals only on a need-to-know basis. As long as a report is made honestly and in good faith, TRX Systems will take no adverse action against any person based on the making of such a report. Employees must note, however, that failure to report known or suspected wrongdoing of which an employee has knowledge may, by itself, subject that employee to disciplinary action.

Further Information

Any questions concerning the FCPA and related reporting requirements may be addressed to Carol Politi.