ANTI-CORRUPTION COMPLIANCE GUIDELINES

INTRODUCTION

These guidelines establish procedures for handling, and should help you identify anti-corruption concerns. **If you are ever uncertain or feel uneasy about a situation, call the Law Organization.**

THE COMPANY’S POLICY

It is the policy of Marathon Petroleum Corporation and its majority owned subsidiaries (“Company”) to comply with all anti-corruption laws, including the U.S. Foreign Corrupt Practices Act, or “FCPA”, wherever we do business. These laws generally forbid bribes of government officials or representatives.

While the United States, like nearly all nations, outlaws bribing its own government officials, the FCPA also makes it a crime to bribe "foreign officials,” a term that is broadly defined. Many other countries have similar laws. The FCPA also requires the Company to keep books, records and accounts which, in reasonable detail, accurately and fairly reflect its foreign and domestic transactions. The Company requires comprehensive FCPA and anti-corruption compliance training for all employees whose job responsibilities involve FCPA and anti-corruption compliance.

LEGAL ENVIRONMENT

The FCPA was enacted in 1977. Twenty years later, the Organization for Economic Cooperation and Development ("OECD") adopted the Convention on Combating Bribery of Foreign Officials in International Business Transactions (the “OECD Convention”), concluding that bribery in international business transactions raises serious moral and political concerns, undermines good governance and economic development, and distorts international competitive conditions. All OECD members have enacted legislation which criminalizes the bribery of foreign officials. Similar conventions have been adopted by other international bodies, including the United Nations Convention Against Corruption.

In addition to the FCPA and the above conventions, nearly all countries outlaw bribing their own government officials. Although a particular action or payment might be lawful under the FCPA or legislation implementing a convention, it might not be lawful under local law.

BRIBERY

The FCPA prohibits an offer, payment, promise to pay or authorization of payment of any money, gift, or anything of value to any foreign official for purposes of –

a. influencing any act or decision of the foreign official,

b. inducing him or her to do any act in violation of his or her lawful duties,  

c. securing an improper advantage, or

d. inducing him or her to use his or her influence with a foreign government,

in order to assist in obtaining or retaining business. The “obtaining or retaining business” element is interpreted broadly to include business advantages, such as obtaining a permit or a tax break.
The OECD Convention requires signatory countries to prohibit the offering, promising or giving of any undue pecuniary or other advantage to a foreign public official, in order that the official act or refrain from acting in relation to the performance of official duties, or in order to obtain or retain business or other improper advantage in the conduct of international business.

**WHO IS SUBJECT TO THE FCPA?**

The FCPA applies to “issuers” and “domestic concerns.” “Issuers” are all companies that have a class of securities registered or are required to file reports under the Securities Exchange Act. A “domestic concern” is *any individual who is a citizen, national or resident of the United States*, or any business entity that has its principal place of business in the United States or is organized under the laws of a state of the United States. The FCPA also applies to *any officer, director, employee or agent of an issuer or domestic concern* or any stockholder acting on its behalf. Although technically the FCPA does not apply to a foreign subsidiary of an issuer or a domestic concern, the U.S. enforcement authorities are very aggressive in attributing the acts of a foreign subsidiary to its parent. Moreover, an issuer that owns more than 50% of a foreign affiliate must assure compliance by that affiliate with the accounting requirements of the FCPA. Therefore, by company policy, all majority owned affiliates are required to comply with the FCPA.

**WHO IS A FOREIGN OFFICIAL?**

The FCPA defines “foreign official” very broadly. A “foreign official” is an officer or employee of a foreign government or “public international organization” (or any department, agency or instrumentality thereof), or any person acting in an official capacity for or on behalf of any such government or public international organization (or department, agency or instrumentality thereof). A “foreign official” includes not only a person who performs traditional governmental or administrative functions, but also an employee of a company or other business entity in which a governmental body has an ownership interest. Such employee can qualify as a foreign official even if he or she is engaged in commercial, rather than governmental, activities. Public international organizations include organizations such as the International Monetary Fund.

**JOINT VENTURE PARTNERS AND CONTRACTORS**

The Company may not use a conduit to bribe government officials anymore than it may bribe government officials directly. The Company can be liable for the bribes of a joint venture partner or contractor if the Company “knew” that the partner or contractor was paying a bribe, failed to take appropriate steps to prevent such payment, and thus implicitly authorized the bribe. Knowledge sufficient to make the Company liable is defined as including the belief that an improper payment is “substantially certain” to occur or that there is a “high probability” it will occur. One cannot avoid liability by looking the other way; by burying one’s head in the sand.

Contracts for activities outside of the United States, Canada and Western Europe raise special issues. You should involve your attorney at the earliest stages of such projects. Due diligence might be required and provisions dealing with ethical business considerations should be tailored to the specific contract.

**GIFTS AND ENTERTAINMENT**

Gifts to foreign officials and to government organizations, charities and other organizations in which a foreign official is or might be involved could potentially cause a violation of the FCPA. Therefore, such
gifts, other than gifts of nominal value bearing the Company’s logo, should not be given without the prior review of the Law Organization, which will consider such factors as: 1) whether the gift could be construed as related to a request for official action, 2) the value of the gift, 3) whether the gift is given as a courtesy or token of regard, 4) whether the gift would be in accordance with the laws and customs of the applicable country, 5) whether there is a pattern of providing frequent gifts to the same person or organization, and 6) if the recipient is an organization, its relationship to any foreign official. Cash gifts to foreign officials are generally prohibited. In all cases, the expenditures must be properly and accurately recorded in the Company’s books and records.

The rule of reason governs the entertainment of foreign officials. A course of conduct of providing frequent entertainment to an official who is taking favorable actions for the Company could be troublesome. Further, such expenditures must be permitted under local law and should conform to generally accepted local customs. In all cases, the expenditures must be properly and accurately recorded in the Company’s books and records.

**TRAVEL AND LODGING EXPENSE**

Under the FCPA, the Company may reimburse foreign officials for reasonable (not lavish or excessive) and bona fide travel and lodging expenses which are directly related to:

- the promotion, demonstration, or explanation of products or services; or
- the execution or performance of a contract with a foreign government or agency thereof.

It is advisable that the Company pays these expenses directly, if possible, rather than reimburse the individual, and it is advisable to notify the applicable government or government agency that such expenses will be paid by the Company. Often governments or government agencies will mandate the payment of travel per diems. This practice is acceptable so long as the per diems reasonably reflect the expenses not reimbursed by the Company. In addition to these FCPA considerations, local laws might prohibit or regulate the reimbursement of travel and lodging expenses. Therefore, you should not agree to reimburse the travel and lodging expenses of foreign officials without the approval of the Law Organization.

In addition, the Company's records, including any check request or business expense report, should document (i) the purpose of the payment, (ii) the identity of those receiving the benefit of the payment, and (iii) the amounts involved.

**FACILITATING OR EXPEDITING PAYMENT**

The FCPA permits “facilitating or expediting” payments to a foreign official when the purpose of the payment is to expedite or secure the performance of a “routine government action.” A government action involving the exercise of discretion or overlooking a legal requirement is not a “routine government action.” Sometimes referred to as grease payments, “facilitating or expediting payments” are typically small payments to prompt a low-level government official to do what he or she is supposed to do anyway; for instance, provide police protection, deliver mail, schedule inspections, provide phone service or process governmental papers.

Although permitted by the FCPA, there are a number of problems associated with the payment of “facilitating or expediting payments,” including the following:
a. Some employees are citizens or residents of countries that prohibit foreign bribery but do not make an exception for facilitating or expediting payments.

b. Facilitating or expediting payments are likely to be illegal under local law.

c. The line between routine and non-routine government action can be difficult to draw.

d. The concept that big bribes are bad but little bribes are okay is a double standard.

e. Facilitating or expediting payments corrode respect for the law.

f. Facilitating or expediting payments encourage corrupt behavior.

Therefore, facilitating or expediting payments should only be made if necessary to protect human health or safety. Any facilitating or expediting payment made to protect human health or safety must be accurately and fairly recorded in the Company’s books and should be reported to the Law Organization as soon as possible.

**DOING BUSINESS WITH FOREIGN OFFICIALS**

It is not per se illegal to do business with a foreign official, a relative of a foreign official, a private company or other business entity owned by a foreign official or his or her relative, or with a business which employees a foreign official, but it is a red flag situation and requires a great deal of caution. Such business should only be done at arms length, free from any intent to influence the actions of the foreign official in his or her official capacity, and with the prior review and approval of the Law Organization.

**ACCOUNTING REQUIREMENTS**

Issuers, such as the Company, are required to keep books, records and accounts which, in reasonable detail, accurately and fairly reflect their transactions, international and domestic. Issuers are also required to maintain a system of internal accounting controls sufficient to provide reasonable assurances that:

a. transactions are executed in accordance with management’s general and specific authorization;

b. transactions are recorded to permit preparation of financial statements that comply with generally accepted accounting principles and to maintain accountability of assets;

c. access to assets is permitted only in accordance with management’s authorization; and

d. the recorded accountability for assets is compared with the existing assets at reasonable intervals and appropriate action is taken with respect to any differences.

If an issuer owns more than 50% of a domestic or foreign affiliate, it must assure compliance with the above standard. Therefore, the above standard applies to Marathon Petroleum Corporation and its majority owned subsidiaries. If an issuer holds 50% or less of a domestic or foreign affiliate, the issuer’s obligation, with regard to the accounting of that affiliate, is to proceed in good faith to use its influence, to the extent reasonable, to maintain an accounting system which complies with the above standard.

**AUDITING**

The Company conducts audits to assure compliance with the anti-corruption laws.
NON-COMPLIANCE

A failure to comply with anti-corruption laws can seriously harm a company. Under the FCPA, the penalty is up to $2,000,000. Under the Federal Sentencing Guidelines, a company can be fined up to three times any gain resulting from or damage caused by the violation. Much more serious, however, is the damage to a company’s reputation; its reputation with domestic and foreign governments, joint venture partners, investors, contractors, lenders and present and potential employees. A company’s good reputation is easily destroyed, and very difficult to restore.

For an individual, non-compliance can be devastating. The penalty for violating the FCPA is five years in jail and a fine of $100,000. Furthermore, a violation is a felony. Felons in the U.S. cannot vote, cannot or will have difficulty holding a professional license, and will have difficulty finding employment, any employment. In addition, non-U.S. citizens may be subject to deportation from the United States and may be barred from future entry into the United States. Even if the government does not bring an enforcement action against an individual, the outcome can still be devastating. A violation of the anti-corruption laws subjects an employee to possible discharge. The government will be very interested in whether a company took quick and decisive action when a violation is discovered. Usually one of the first questions asked by the enforcement agency will be: “Have the responsible parties been fired?”

COMPLIANCE

So what should you do when you are faced with an uncomfortable situation or have uncertainty regarding anti-corruption laws? The answer is simple: "Check with the Law Organization."

And this is also the smart move. Let the Law Organization make the judgment calls about whether something is legal, and let the Law Organization take the responsibility for those judgment calls. The enforcement authorities will likely be much tougher on a person (and their company) who did something wrong without checking than they will with a person (and their company) who checked but simply got the wrong advice.

Don’t take risks when criminal laws are involved. It isn't worth it.