


# Human Resources Policies & Procedures

P-202			
PROCEDURE FOR CODE of CONDUCT			
Date: 31.03.2016	Rev.: 01	Pages: 1 of 3	

## GIFTS AND HOSPITALITY

Giving or receiving gifts or hospitality generally

Gifts and hospitality includes the offer or receipt of gifts, business meals, tokens of appreciation and gratitude, or invitations to or sponsorship of events, functions or other social or entertainment gatherings, in connection with matters related to Company's business.

Company's employees should only give or accept gifts or hospitality where it is reasonable, proportionate and appropriate in the circumstances, and should never do so in order to secure any improper advantage, or to influence a business decision.

Hospitality is only permitted to be given where its purpose is to provide an opportunity to develop or enhance business relationships, by creating an opportunity to engage in discussions with a customer or business partner.

In addition, if the Company in which an employee works has additional authority thresholds or requirements in respect of the giving or receipt of gifts and/or hospitality, the employee must also observe such thresholds or requirements at all times. If an employee is in doubt as to whether such thresholds or requirements exist, the employee should contact Company's Human Resource department.


Gifts, hospitality and other advantages offered, or received by, closely related individuals of Company employee must also comply with this Policy.

Practical Guidance:

Some guidance in determining whether gifts or hospitality payments comply with this policy is set out below:

- Made for the right reason: If a gift or hospitality, it should be given clearly as an act of appreciation; if it involves travel expenses, there should be a bona fide business purpose;
- No obligation: The gift or payment does not place the recipient under any obligation;

## Human Resources Policies & Procedures

<b>P-202</b>			
<b>PROCEDURE FOR CODE of CONDUCT</b>			
<b>Date: 31.03.2016</b>	<b>Rev.: 01</b>	<b>Pages: 2 of 3</b>	

- No expectation: The gift or payment does not leave the employee or (as the case may be) the other person in a position of obligation;
- Made openly: If made secretly and undocumented then the purpose may be open to question;
- Accords with stakeholder perception: The gift or payment would not be viewed unfavorably by stakeholders if it were to be made known to them;

Reasonable value: The size of the gift is small and the value of the hospitality or and accords with general business practice and local customs;


- Legality: It is compliant with relevant laws;
- Infrequent: The giving or receiving of gifts and hospitality is not frequent between the giver and recipient;
- Documented: The expense is fully documented including purpose and approvals given (if required) and properly recorded in the books and records of the Company.

Some key questions to ask when considering gifts and hospitality are:

- Could the gift or hospitality been seen as lavish or excessive? - if the recipient is not in a position to reciprocate to the same standard, this could indicate that the gift or hospitality is excessive.
- Is the gift or hospitality out of the ordinary in the context of industry or local norms?
- Does the gift or hospitality invitation extend to family members or other parties outside the normal business relationship?
- Is the gift or hospitality intended to be an inducement or reward for past or future business (or are you aware of any new business being pitched to or tendered for by the recipient at the time the gift or hospitality is offered)?
- Is the recipient a government or public official?
- If details of the gift or hospitality were to become publicly known, would it seem difficult to justify or otherwise risk being harmful to Company's reputation?

If the answer to any of the above questions is 'yes' or 'possibly', this indicates an increased risk profile for bribery. An employee should consider carefully whether the gift or

## Human Resources Policies & Procedures

<b>P-202</b>			
<b>PROCEDURE FOR CODE of CONDUCT</b>			
<b>Date: 31.03.2016</b>	<b>Rev.: 01</b>	<b>Pages: 3 of 3</b>	

hospitality is permissible within the terms of this policy and seek guidance from the Human Resources department of the Company if he/she is unsure.

Declaration of gifts: The information on receipt of any gifts, benefits and hospitality with an individual or cumulative value over 200 (two hundred) manats (during one-year period) must be sent to the below e-mail within 5 (five) days of receipt:

[giftdeclaration@bakushipyard.com](mailto:giftdeclaration@bakushipyard.com)

It is the responsibility of each employee to ensure that they comply with this policy and its related procedures. A failure to make a declaration within 5 (five) days when required to do so, or the submission of an incomplete or misleading information may constitute misconduct and could result in disciplinary action.