


## Human Resources Policies & Procedures


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### PROCEDURE for CODE of CONDUCT Baku Shipyard LLC

### HUMAN RESOURCES POLICIES & PROCEDURES

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# Human Resources Policies & Procedures

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## 1. PURPOSE

1.1. Baku Shipyard LLC's (hereinafter referred to as "Company" or "BSY") Management considers it important that employees understand the rules of conduct by which the Company operates and for which each of them are accountable, and the consequences of non-adherence to these rules.

1.2. This Code of Conduct therefore spells out the rules of conduct by which all employees should adhere to. These rules of conduct fall into the generic categories of:

1.2.1. Employee Conduct - addresses standards of acceptable and unacceptable behavior and personal decorum, as well as BSY's workplace harassment policies.

1.2.2. Business Conduct - addresses standards of ethical business behavior including anti-corruption, the offering and receiving of gifts, hospitality and promotional expenditures, dealings with customers and suppliers as well as conflict of interests.

1.2.3. Any violation of the rules of conduct as described below constitutes misconduct, and may result in disciplinary action taken against an employee. Employees are encouraged to report violations of this Code in accordance with the procedure set out in the BSY Whistle-Blower Protection Policy.


## 2. SCOPE

The rules of conduct set out herein apply to all employees (whether full or part-time and permanent or temporary) of the Company.

## 3. POLICY

3.1. Employee Conduct


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3.1.1. The long-standing policy of BSY is one of strict observance of all laws and regulations in all the countries in which the Company operates. BSY employees must always choose the course of highest integrity at all times, guided by the good ethical conduct and core values. Employees must understand that we care how results are obtained, not just that they are obtained.

- (a) Employees must observe and comply with BSY's Health, Safety, Security and Environment (HSSE) Policy.
- (b) Employees must observe and comply with all Azerbaijan laws and regulations as well as the local laws and regulations of other countries where the Company carries on business.
- (c) Employees must always act in the best interests of the Company.
- (d) Employees must at all times act honestly and use reasonable care, skill and diligence in the discharge of their duties and responsibilities.
- (e) An employee should not place himself/herself in a position where his/her duty to the Company and his/her personal interests may conflict.
- (f) Employees must employ the powers and assets that they are entrusted with for the purposes authorised by the Company.
- (g) An employee must not make improper use of any information acquired by virtue of his position to gain advantage for himself or for any other person or to cause detriment to Company.
- (h) An employee should co-operate with colleagues in a manner that promotes the efficient conduct of Company business, and understand and act on the basis that all employees share the responsibility for supporting and adhering to the Company's goals and objectives.
- (i) An employee shall observe hierarchy of reporting and subordination to its supervisor or manager where applicable.
- (j) An employee should not possess or use alcohol in any situation in which behavior or performance at work may be affected.

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- (k) Employees must not possess or use recreational drugs in any situation, even in situations where use of recreational drug is permitted under local laws.
- (l) Employees should channel all press queries to the Senior Management. Press briefings, interviews or conferences should not be initiated without prior consultation with Senior Management.
- (m) Employees should be responsible and accountable for their own actions when using social media and should at all times adhere to BSY's End User Computing Policy.
- (n) Employees must not engage in any act of physical violence, intimidation or bullying behavior.
- (o) Employees must not steal, misuse or misappropriate Company's resources or properties.


### 3.1.2. Safety

It is our policy to conduct our business in a manner that protects the safety of our employees, others involved in our operations, customers and the public. BSY will strive to prevent all accidents, injuries and occupational illness through the active participation of every employee.

### 3.1.3. Workplace Harassment

- (a) BSY policy prohibits discrimination on any basis inclusive of any bias on the basis of ethnicity, sex, religious beliefs, nationality, age or any physical disability. Our aim is to provide a work environment that fosters mutual employee respect and promote harmonious working relationships. Harassment creates an intimidating or hostile work environment, interferes with an individual's work performance and adversely affects an individual's employment and/or career progression opportunity.
- (b) Forms of harassment include (but are not limited to) epithets, slurs, negative stereotyping, intimidating acts and the circulation, posting (inside or outside your work area) or e-mailing of written or graphic materials that show hostility towards

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individuals because of their ethnicity, sex, religious beliefs, nationality, age or physical disability.

(c) Sexual harassment constitutes a form of workplace harassment and is also not tolerated at BSY. Sexual harassment includes (but is not limited to):

- Offensive, sexually-oriented verbal kidding, teasing or jokes
- Repeated unwanted sexual advances, flirtations or propositions
- Graphic or degrading comments about an individual's appearance or sexual activity
- Offensive physical contact such as patting, grabbing, pinching or brushing against another's body.

### 3.2. Business Conduct


3.2.1. The rules of business conduct set out below extend to BSY business dealings and transactions in all countries in which they operate.

3.2.2. Ethical Conduct and Compliance with Laws: BSY's policy is to conduct business with integrity, fairly, impartially, in an ethical and proper manner, and in compliance with all applicable laws and regulations. In conducting our business, integrity must underlie all relationships, including those with customers, suppliers, communities and employees. In this connection, employees are required to have the strength to do what they believe to be right in difficult situations.

3.2.3. Anti-Bribery and Corruption Policy: The purpose of Company's Anti-Bribery and Corruption Policy (see Annex A) is to reiterate its commitment to full compliance by the Company, its contractors, suppliers, subsidiaries, affiliates, and its officers, directors, employees and agents with all anti-bribery or anti-corruption laws that may be applicable. Anti-Bribery and Corruption Policy supplements this Code of Conduct and provides guidelines for compliance with applicable anti-bribery and corruption laws.

The anti-corruption policies and measures set out below are necessary to protect the business, resources and reputation of BSY.

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- Employees must under no circumstances offer, promise, give or authorize the giving, directly or through third parties, of any bribe, kickback, illicit payment, benefit in kind or any other advantage to a public official, private sector customer, supplier, contractor, or any other person or entity, as an inducement or reward for an improper performance or non-performance of a function or activity. Facilitation payments (also referred to as grease payments; that is, payments or gifts made to a government or public official to speed up, or secure the performance of, a routine, governmental action which the official is already obliged to perform such as issuing permits, immigration controls, providing services or releasing goods held in customs) are also bribes. Accordingly, employees should not make any facilitation payments on Company's behalf.
- Similarly, employees must not under any circumstances solicit or accept, directly or indirectly, any bribe, kickback, illicit payment, benefit in kind or any other advantage from any customer, supplier, contractor, or any other person or entity that is intended to induce or reward an improper performance or non-performance of a function or activity.

### 3.2.4. Gifts and Hospitality Payments:


While it is recognized that the giving or receiving of gifts and hospitality payments may help in the building of business relationships, good judgment must be exercised at all times. The offer and receipt of gifts, hospitality or expense must be avoided whenever they could affect or be perceived to affect the outcome of business transactions or dealings, or are not reasonable and bona fide. Employees should avoid giving or receiving of gifts or hospitality (including entertainment or sports events etc.) which is excessive in value, given too often, or leaves the employee or (as the case may be) the other person in a position of obligation. Gifts in the form of cash or cash equivalent should be avoided.

Further details of the Company's policy in respect of gifts and hospitality are set out in the Annex B hereto.

3.2.5. Donations and Contributions: Donations, sponsorships and other contributions made on behalf of Company must not be used as a subterfuge for bribery. They should only be made without expectation of tangible business returns.

3.2.6. Record keeping:

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- For purposes of financial audits and so as to prevent improper payments being made, it is important that the books and records of company contain full and accurate information about all transactions and expenditures incurred by the company. The information documented should be such that it is possible to see exactly what was paid, to whom, the reason why it was paid, where it was paid (for example, from or to which accounts) and when. Attempts to create false or misleading records are prohibited.
- Employees seeking approval for a payment must provide adequate supporting documentation in order for the payment to be authorized.


#### 4. CONFLICT OF INTEREST

4.1. All employees and officers of the Company must avoid any conflict between their own interests and the interests of the Company. This includes transaction in dealing with suppliers, customers, contractors and other third parties.

4.2. Employees are required to declare to Human Resources Department immediately under any of the following circumstances:

- Any direct reporting relationships within the Company between the employee and his or her spouse or immediate family members, in instances where his or her spouse or his/her immediate family members is also an employee of the Company.
- Any ownership interest (either direct or indirect) in any supplier, customer, or competitor of the Company, unless it is in a listed company for investment purposes only.
- Any representation as an officer, director, partner, consultant, representative, agent or advisor of a supplier, customer, or competitor of the Company, including if acting as a Company's nominee Director on the Board of supplier, customer or other business associate.
- Any other activity that could potentially create conflict of interest Examples include:
  - (a) Having any personal financial dealings with a representative from a supplier, customer, or competitor of the Company.

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(b) Dealing directly, in the course of normal Company responsibilities, with a spouse or immediate family member who is employed by a supplier, customer, or competitor of the Company.

4.3. Notwithstanding the above, it is compulsory for all Senior Management staff to submit their declaration annually, including "NIL" declaration. For the purpose of this declaration, "Senior Management staff" refers to employees HR department will initiate this annual declaration exercise in November of the year.

4.4. HR Department will review the mandatory list of employees being identified for compulsory submission of declaration form, as and where necessary and will notified the respective employees accordingly.

4.5. Declaration must be made using Form 223 – "Declaration of Conflict of Interest" (Annex C).


### 5. WHISTLE BLOWER PROTECTION

5.1 Experience has shown that a common way in which fraud, corruption and other unethical or illegal conduct is detected is by observation and reporting by fellow workers of the perpetrator(s). It is therefore vital, as part of BSY's strategy to prevent and control fraud, corruption and other unethical or illegal conduct, that employee within the BSY and persons who deal with BSY have a general awareness of such conduct and how they should respond if such conduct is detected or suspected.

5.2 The purpose of BSY's "Whistle Blower Protection Policy" (Annex D) is to encourage the reporting in good faith of suspected conducts by establishing clearly defined processes through which such reports may be made with confidence that employees and other persons making such reports will be treated fairly and, to the extent possible, protected from reprisal.



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### 6. REPORTING

- 6.1. Except to the extent prohibited by applicable law, employees are encouraged to report violations of this Code or applicable laws (including the U.S FCPA, U.K. Bribery Act 2010 and other applicable anti-bribery laws) in accordance with the procedures set out in the BSY Whistle-Blower Protection Policy.
- 6.2. Appropriate disciplinary action, including suspension or termination of employment, will be taken in the event that an employee is found to have violated the rules of conduct set out in this Code.

### 7. QUERIES

Employees should contact Human Resources Manager or General Manager should they have any query about any of the rules of conduct of any other matter relating to this code.


### 8. EFFECTIVE DATE

This revised Code will take effect on 31 March 2016.

### 9. REVIEW

Human Resources will regularly review and audit this Code in consultation with Finance, Legal and Company internal audit and Risk Management team to ensure that the Company business are carried out with integrity and in an ethical and proper manner, the interest of the Company is safeguarded, and a harmonious and ethical work environment is maintained for all employees.


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### ANNEXES

- ANNEX A: ANTI-BRIBERY AND CORRUPTION POLICY**
  
- ANNEX A-1: COMPLIANCE DECLARATION FORM**
  
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- ANNEX C: DECLARATION OF CONFLICT OF INTEREST**
  
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### ANNEX A

#### ANTI-BRIBERY AND CORRUPTION POLICY

##### 1. POLICY ON ANTI-BRIBERY AND CORRUPTION

“Baku Shipyard” LLC (hereinafter referred to as “BSY”) has zero tolerance towards corruption and bribery. Giving and receiving of bribes in any form by the employees or by those individuals or companies who are engaged to work for and/or on behalf of BSY (including suppliers/sub-contractors of any tier) are prohibited and will not be tolerated.

##### 2. RATIONALE FOR POLICY

The Anti-Bribery and Corruption Policy (hereinafter referred to as the "Policy") of BSY sets out key principles and requirements designed to prevent corruption and bribery.


Specific definitions, prohibitions, commitments and requirements related to the Policy statement are described in section four (4).

##### 3. POLICY APPLICABILITY

This Policy is applicable to all BSY employees, its business partners, suppliers/sub-contractors of any tier (hereinafter referred to as “Business Partners”) and individuals acting on BSY’s behalf. All BSY employees and Business Partners must follow this Policy and strictly comply with its principles and requirements.

All BSY employees and Business Partners are expected to comply with all anti-bribery and corruption, anti-money laundering laws, rules, and regulations, including but not limited to Criminal Code of the Republic of Azerbaijan, Law of the Republic of Azerbaijan on Combating Corruption (2005), Bribery Act 2010 of the United Kingdom, Foreign Corrupt Practices Act 1977 of the United States of America, and the OECD Convention on Combating Bribery of Foreign Public Officials in International Business Transactions

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(hereinafter referred to as “Anti-Bribery Laws”).

#### 4. POLICY IMPLEMENTATION

##### a) Definitions

For the purposes of this Policy and all related internal documents and activities, the following definitions shall be used.

The Policy classifies bribery into two categories:

- i. Active Bribery (offering, promising or giving a bribe)
- ii. Passive Bribery (requesting, agreeing to receive or accepting a bribe)

This policy defines bribery as:


- i. An act of offering, or giving, or solicitation, or receipt of any gain, advantage or benefit, financial or otherwise, in return for any kind of misuse or abuse of a position of confidence, or a function, which is normally expected to be discharged without bias and partiality, or in good faith.
- ii. A gift bestowed upon a person in order to influence, affect or otherwise alter the beneficiary's line of conduct. The gift could be in the form of cash, commodity, interest in a claim, property, preferential treatment, privilege, emolument, any object of value, advantage, gain or benefit, or merely a promise or commitment to induce or alter the actions of the person receiving the gift.

This Policy defines a Commercial Bribe as any of the following:

- i. Grafting a procurement officer with a view to prompting such officer to closing a deal;
- ii. Collusion with the agents or employees of prospective buyers in order to secure competitive advantage.

This Policy defines a Public Official as:

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- i. any minister, civil servant, director, officer or employee or other official of any government or any department, agency or body, and/or of any government-owned or controlled company, any company or enterprise in which a government owns an interest of more than thirty percent, and/or of any public international organization;
- ii. any person acting in any official, legislative, administrative or judicial capacity for or on behalf of any government department, agency, body, or public international organization, including without limitation any judges or other court officials, military personnel and customs, police, national security or other law enforcement personnel; and
- iii. any close family member of any of the foregoing.

This Policy defines Facilitating Payment as follows:


“Facilitating Payment” shall include infrequent payments made to a Public Official which are above and beyond the legally established fee(s) for the particular service of that Public Official and/or his office, and which payments are intended to facilitate prompt, encourage or motivate such Public Official to perform routine, non-discretionary governmental actions that: (i) the Public Official ordinarily performs and is required to perform without such payment; and (ii) both parties are entitled to under the laws of the relevant country.

b) Principle Objectives of the Policy

The Policy reflects the commitment and dedication of BSY to; (i) the highest of ethical standards in conducting its business in an open and transparent manner, (ii) adopting best practices and standards of corporate governance and (iii) upholding the business reputation of BSY to a high standard.

BSY's specific anti-bribery and corruption objectives are:

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- i. To minimize the risk of involvement of BSY, its employees (irrespective of their position) and Business Partners in corrupt practices.
- ii. To ensure that BSY employees, Business Partners and other relevant persons have a clear understanding of this Policy.
- iii. To communicate and elaborate on the key requirements of the Anti-Bribery Laws that may apply to BSY.
- iv. To obtain a commitment from BSY employees and Business Partners that they are knowledgeable of and are adhering to the principles and requirements of this Policy, related anti-corruption procedures and the key provisions of Anti-Bribery Laws.


Considering all of the above stated, any employee or Business Partner of BSY shall be strictly prohibited from taking part in any corruptive acts, actions or activities, either directly or indirectly, in person or through a third party, including, but not limited to, offering, giving, promising, soliciting or taking bribes, grafts, Facilitating Payments in any form, including, among other things, cash, valuables, services or any other gain, benefit or profit, to or from any persons or institutions, including businesses, central or local governments, public officials, private companies or their representatives.

To support implementation of this Policy and as a demonstration of the BSY's commitment to not engage in corrupt practices, BSY management developed a formal written Statement on Anti-Bribery & Corruption Policy and Compliance Declaration (as per Annex A-1) that state:

The Anti-Bribery & Corruption Policy Statement and Compliance Declaration should communicate BSY's commitment to preventing corruption, and specifically stress:

- i. BSY's commitment to fair, honest and open conduct of business.
- ii. BSY's zero tolerance policy with respect to bribery.
- iii. The consequences of failure to comply with the Policy.

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- iv. The consequences of failure to comply with the anti-bribery and corruption clauses of contracts signed with BSY.
  - v. The requirement to report any suspected instances of bribery.
- c) Bribery Risk Assessment

BSY shall make reasonable efforts to avoid the risk of doing business with any counterparties that may be involved in corruptive practices and activities. To this end, BSY shall evaluate the counterparty's tolerance to bribery, including a check of whether they have their own anti-corruption policies and procedures and their willingness to comply with the requirements of that policy. In addition, BSY should include anti-bribery and corruption clauses into contracts, and to facilitate conduct of business in good faith.


BSY may foster communication and education by posting this policy on the corporate web-site and encourage compliance with this Policy by all stakeholders, and shall support efforts aimed at enhancing the anti-bribery culture within BSY.

BSY may engage an external audit firm to conduct a bribery risk assessment by examining to what extent the existing business structures or procedures may contribute to risks and identifying the key factors that may have an input to BSY's risk profile.

Expenses on gifts and business entertainment, including business hospitality, which employees may offer to, or receive from, other persons or organizations on behalf of, or in relation to their work for BSY, must meet all of the criteria as set out below:

- i. Must be in direct relation to the legitimate business objectives of BSY, e.g., completion of business projects or successful execution of contracts.
- ii. Must be reasonable, substantiated, justifiable, of adequate value, and not luxurious.
- iii. Must not be implied or treated as covert reward for a service, action, omission, connivance, protection, grant of rights, transaction, agreement, license, permission

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- decision, etc., or an attempt to influence the recipient with any other purpose of unlawful or unethical nature.
- iv. Must not pose any reputational risk for BSY, its employees or other persons in the event information about such gifts or business entertainment expenses becomes available to the general public.
  - v. Must not be in conflict with the principles and requirements of this Policy and other regulations of BSY or applicable laws.
  - vi. No gifts in any monetary form (cash or bank transfer), in any currency, is permitted on behalf of BSY, its employees or representatives.
- d) Involvement in Political Activities

BSY is not allowed fund any political parties, organizations or movements with an aim to securing commercial advantages or benefits for specific projects or business activities.

e) Facilitating Payments

BSY does not recognize the legality of Facilitating Payments and does not delineate such payments from bribes and grafts. Therefore, BSY will not entertain any requests for Facilitating Payments nor will BSY offer any Facilitating Payments in any of the countries in which it is considering to or is currently conducting business.


BSY appreciates that although legal in some countries, Facilitating Payments are nevertheless regarded as questionable from the business ethics perspective and accordingly BSY will not make any Facilitating Payments.

BSY views Facilitating Payments as:

- i. Unfair competition - smaller businesses have less opportunities and financial capacities to "grease" foreign officials.



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- ii. Fueling questionable business practices.
- iii. Overreliance on irregular payments creates additional risk and therefore discourages investment.
- f) Relations with Government Officials

BSY shall avoid covering any expense (including but not limited to travel, accommodation, meals, entertainment, PR-campaigns, etc.,) of government officials and their family members and relatives (or in their favor) with the intention of securing commercial advantages / benefits for specific projects or routine business activities.


g) Payments via Intermediaries in Favor of Third Parties

- i. BSY and its employees shall be prohibited from engaging and using Third Party Associates to perform any actions that contravene the principles and requirements of this Policy or provisions of the applicable Anti-Bribery Laws.

**“Third Party Associates”** are individuals or entities (not owned or controlled by BSY) that provide services, or engage in business activities, on behalf of BSY. Such persons or entities include without limitation joint venture partners, members of a consortium, commercial agents, sales representatives, consultants, advisors, suppliers of services, contractors or sub-contractors, and any other service providers **who act on behalf of BSY** in any way in connection with its business.

- ii. As required, BSY will carry out due diligence verification of Third Party Associates in order to prevent and / or identify any of the aforementioned offenses with an aim to minimizing and mitigating the risk of BSY's involvement in corruptive activities.
- iii. It is vital that employees pay close attention to a BSY's relationship with Third Party Associates. Each Third Party Associate should be carefully selected and evaluated before being retained by BSY, and Third Party Associates should be selected solely on the basis of merit. It is the responsibility of each employee to know the Third Party


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Associates with whom the employee transacts business for or on behalf of BSY, and to understand what services each such Third Party Associate performs for BSY and the manner in which the Third Party Associate performs them.

- iv. The principles discussed below should be followed when retaining and/or authorizing any Third Party Associate to do any act on behalf of BSY.
- v. Payments to Third Party Associates must be commercially reasonable and commensurate with the tasks they undertake. They may be paid by cheque or electronic transfer only, but never in cash.
- vi. Payments to Third Party Associates that will interact with, or who provide services that may relate to, government officials or government entities (“Certain Third Party Associates”) must be made in accordance with, and must not exceed, the authorization limits as may be determined by BSY’s Compliance team from time to time.
- vii. All payments should be made pursuant to invoices, receipts or other documentation documenting services rendered in detail, and must be properly reflected in BSY’s accounting books and records.
- viii. No payments may be made:
  - in relation to services performed by Third Party Associates, to any party other than the Third Party Associate, unless the Third Party Associate is able to provide valid justification in writing as to why the Third Party Associate requires payment to be made to such other party and such payment is approved in advance in writing by BSY’s Compliance team; and
  - to an account that is not in the Third Party Associate’s name, or to an account outside of the country in which the services are provided, or where the Third Party Associate has its primary place of business, unless the Third Party Associate is able to provide valid justification in writing as to why this is required and such payment is approved in advance in writing by BSY’s Compliance team.
- ix. Third Party Associates may be hired or authorized to act on behalf of BSY only after the completion and recording of an appropriate level of due diligence. The level of due


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diligence conducted should be proportionate with the perceived likelihood that the Third Party Associate will be in a position to interact with government officials or government entities, or be in a position that could present the risk or possible risk of corrupt practices (“TPA Assessment”). BSY’s Compliance team should be consulted as needed throughout the due diligence process.

- x. The due diligence could include, among other things, the following:
- background checks by way of internet, database and/or media searches, including politically exposed persons (PEP) screening, to obtain information about the Third Party Associate’s integrity profile. The background checks can be conducted either by BSY or with the assistance of an outside party, in order to determine whether the Third Party Associate has a history of compliance issues and/or creates any compliance risks. For Certain Third Party Associates, due diligence could also include receiving information from the Third Party Associate using the Business Information Request Form set out in Annex A-2 hereto;
  - for Certain Third Party Associates, due diligence could, depending on the TPA Assessment, also include the completion of the Internal Questionnaire and Approval Form set out in Annex A-3 hereto;
  - for Certain Third Party Associates, due diligence could, depending on the TPA Assessment, also include an External Due Diligence Questionnaire, in the form set out in Annex A-4 hereto, to be completed by a representative of the Third Party Associate having sufficient authority to commit to the answers provided; and
  - the completion of the Red Flags Checklist set out in Annex A-5 hereto, based on a review of the information collected during the due diligence data collection process. While each Third Party Associate relationship should be evaluated independently, there are several “red flags” that may signify a heightened risk to BSY. If a Third Party Associate or potential Third Party Associate exhibits one or more of these “red flags,” the employee must raise those issues with his or her supervisor and place on hold any negotiations and/or pending projects or transactions until further review and diligence can be completed. The employee and/or supervisor should discuss the “red flags” with Compliance team, and obtain approval before proceeding any further.
- xi. Other forms of due diligence on Third Party Associates could, if need be, include, among other things:


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- reviews of letters of recommendation;
  - reviews of credentials;
  - reviews of financial statements; and
  - contacts with local Chambers of Commerce.
- xii. In addition, prior to entering into an agreement with a Third Party Associate, the BSY should try to obtain, to the extent available from public sources, information regarding rates, fees and/or commissions charged by similar types of Third Party Associates in the relevant market.
- xiii. In addition to the commercial terms of any arrangement with a Third Party Associate, the following guidelines for contracting with Third Party Associates should be followed in order to reduce risks that a Third Party Associate will engage in improper conduct on behalf of BSY:
- employees should not enter into any oral agreements or arrangements with a Third Party Associate; and
  - written contracts with Third Party Associates must accurately reflect the substance of the agreement, and include a description of the service(s) provided and the price, compensation, commission schedule, and/or bonuses, as well as a list of all bank accounts and bank account owners where any payments to the Third Party Associate will be sent.
  - All Third Party Associates must be required to provide an annual update in writing to BSY confirming that it has complied with this code of conduct and that it has not made any donations or contributions (political or otherwise) in connection with any contract where BSY is the counter-party.
- h) No Punishment or Sanctions

BSY declares that no employee shall be punished or otherwise persecuted (including termination of employment, demotion, or bonus revocation) if they report an alleged act of corruption, or if they refuse to offer or to accept a bribe, commit an act of

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commercial bribery or act as an intermediary in bribery, even if as a result of such refusal, among other things, BSY lost profit or failed to secure a business or competitive advantage. Further details of the application of this matter is outlined in Company's Whistle Blower Protection Policy (Annex D).

### i) Audit and Control

The scope of internal and external audits will periodically include a check for; (i) the presence of relevant Policies and adherence to the principles and requirements of those Policies, (2) compliance with applicable laws and regulations, and (3) a determination as to what extent the information presented in the accounts is complete and accurately presented.

The audit may include spot checks of payment legitimacy and shall verify whether supporting documents are available and complete, and whether the payments and expenses are in line with this Policy.


BSY shall also conduct the following, but not limited to, prequalification due-diligence, as may be necessary, during selection of Business Partners, followed by receipt of annual compliance statements (in the form attached to this Policy) from selected Business Partners:

- Receive all incorporation documents, information on registered owners and beneficiaries;
- Open source background checks, internet and media search inquiries;
- Comprehensive check of available sanctions, embargo and watch lists;
- Public database searches, phone interviews, reference checks;
- On-site inspections;
- Reviewing other corporate and financial documents.

### j) Responsibility for Non-Compliance

Considering that BSY may be subject to sanctions due to the involvement of its employees, Business Partners and other individuals in bribery-corruption activities and

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practices, it shall initiate in-house investigations on each reasonably suspected or confirmed case of corruption.


Individuals or Business Partners failing to comply with the requirements of this Policy may be subject to disciplinary, administrative, civil or criminal sanctions initiated by BSY, law enforcement agencies and other bodies in accordance with the existing laws, its internal regulations and policies or employment contracts provided there are reasonable grounds, in accordance with the provisions Anti-Bribery Laws that may be applicable to BSY.

Failure of any employee, and/or Business Partner to comply with this Policy and Anti-Bribery Laws will entitle BSY to immediately suspend any further payments to and relationship with such breaching party, including but not limited to provision and/or receipt of any services/works/goods, and may result to immediate termination of contracts.

k) Other

This Policy shall be reviewed periodically and amended, as necessary, to address areas that are found to be in need of modification or improvement and to reflect any changes in applicable laws.

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### ANNEX A-1


#### COMPLIANCE DECLARATION FORM

Contracting party (hereinafter referred to as “Contractor/Supplier”) hereby represents, warrants, and covenants to Baku Shipyard LLC (hereinafter referred to as “Company”):

- a) Contractor/Supplier is not in default under any applicable law or regulation or under any order of any court or federal, state, municipal or other governmental department, commission, board, bureau, agency, or instrumentality having jurisdiction over it, and Contractor/Supplier shall remain in compliance with all such applicable laws and regulations;
- b) Contractor/Supplier is familiar with and is, and has been during the term of the Contract, in compliance with all anti-bribery and corruption, anti-money laundering laws, rules, and regulations, including but not limited to Criminal Code of the Republic of Azerbaijan, Law of the Republic of Azerbaijan on Combating Corruption (2005), Bribery Act 2010 of the United Kingdom, Foreign Corrupt Practices Act 1977 of the United States of America, and the OECD Convention on Combating Bribery of Foreign Public Officials in International Business Transactions (hereinafter referred to as “Anti-Bribery Laws”). Contractor/Supplier further acknowledges that it is, and has been during the term of the Contract familiar and in compliance with “Anti-Bribery and Corruption Policy” of Company (hereinafter referred to as “Policy”) available on the website [www.bakushipyard.com](http://www.bakushipyard.com);
- c) Contractor/Supplier understands that applicable Anti-Bribery Laws impose severe civil and criminal sanctions on companies and individuals who bribe or offer to bribe government officials to obtain or retain business. Although jurisdictional issues regarding the applicable Anti-Bribery Laws can be complicated, the basic policy behind such laws is straightforward: no employee, agent, consultant, joint venture partner of a company or anyone else doing business in the name of Company shall provide or promise to provide, directly or indirectly, any payment or anything else of value to any government official, political party official, political party or candidate for political office in order to obtain or retain business, or to secure preferential government treatment of the company. Contractor/Supplier also understands that this prohibition extends further than bribes paid to secure government contracts or permits. Projected work under the Contract may require contact with and payment to government authorities relating to work visas,



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import/export customs needs, banking, tax issues, utilities, security, and the like. Such contacts with government authorities may create expectations of gifts and entertainment. All payment to government authorities shall be reviewed for compliance with applicable Anti-Bribery Laws in advance of any such actual payment.

- d) Contractor/Supplier has not paid, promised to pay, authorized a payment, given, promised to give, or authorized the giving of anything of value, including but not limited to direct or indirect payments, gifts, gratuities, homage payments, entertainment, travel expenses, political or charitable contributions, or services, to any Public Official (defined in the Policy), or to any third party at the request of or for the benefit of any government official, for purposes of (i) influencing any act or decision of such government official; (ii) inducing such government official to do or omit to do any act; (iii) securing any advantage; or (iv) inducing such government official to use his influence to affect or influence any decision with respect to activities undertaken in connection with the Contract;
- e) Contractor/Supplier, its principals, owners, partners, officers, directors, employees, agents, consultants, representatives, business partners, and affiliates:
- (i) have not taken and will not take any action in connection with work for Company that would cause either Contractor/Supplier or Company to violate the Anti-Bribery Laws; and
  - (ii) are not foreign officials and are not affiliated with foreign officials. Contractor/Supplier agrees to advise Company of any future affiliations with foreign officials.
- f) Should Contractor/Supplier learn of, have reason to know of, or have any reasonable suspicion of, any potential violations of the Anti-Bribery Laws and the Policy by Contractor/Supplier, by its principals, owners, partners, officers, directors, employees, agents, consultants, representatives, business partners, subcontractors, or affiliates in connection with work performed for Company, it shall immediately advise Company.
- g) Contractor/Supplier shall observe and abide by and shall require its sub-contractors, sub-suppliers, agents and employees to observe and abide by all applicable laws, regulations, by-laws and rules as may be in force in any territory where Contractor/Supplier is performing its work in relation to its obligations under this Contract including those which may come into force during the period of the Contract, and shall defend and indemnify Company, its immediate, intermediate and ultimate holding companies, its subsidiaries,



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affiliates and related companies at all tiers, its contractors and subcontractors at all tiers, consultants, suppliers, and the respective officers, directors and employees of all of the foregoing persons and entities against any loss, liability, damage or claim including legal costs incurred by Company as a result of or in connection with any alleged infringement of such laws, regulations, by-laws or rules asserted against Company arising out of the performance of the Contract by Contractor/Supplier or any of its sub-contractors, sub-suppliers or employees.

- h) Contractor/Supplier undertakes to maintain and shall ensure that all its agents, sub-contractors and sub-suppliers maintain true and complete records in connection with Contract and all transactions related thereto, and shall retain all such for a period of 5 (five) years after the expiration or termination of the Contract. Contractor/Supplier further agrees that Company may audit any and all records of Contractor/Supplier for the purpose of determining whether there has been compliance with this declaration. However, the exercise by Company of the right of audit will not in any way relieve Contractor/Supplier from its obligations under the Contract.
  
- i) Contractor/Supplier agrees that Company is entitled to terminate its agreement with Contractor/Supplier immediately and withhold future payments for violations of this declaration, the Policy and the applicable Anti-Bribery Laws.


On behalf of Contractor/Supplier, the undersigned declares and affirms that the foregoing is true and correct.

By: PLEASE SIGN HERE

Name (please print): .....

Title (within Contractor/Supplier): ..... Date: .....

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### ANNEX A-2 BUSINESS INFORMATION REQUEST FORM FOR CERTAIN THIRD PARTY ASSOCIATES

This Business Information Request Form can be used as part of due diligence procedures for Certain Third Party Associates who may act as a representative for BSY or any of its subsidiaries (collectively, the "Company"). The form can be completed by the Certain Third Party Associate at the request of BSY employee.

Full Legal Name of person/company \_\_\_\_\_

Native Script (if applicable) \_\_\_\_\_

Address Main Office \_\_\_\_\_

Internet Address (if applicable) \_\_\_\_\_

Country where work will be performed: \_\_\_\_\_

Phone No. (include country code) \_\_\_\_\_

Nature of Business or Service \_\_\_\_\_

Select One:  Corporation  Partnership  Sole Proprietorship

\_\_ Other: \_\_\_\_\_

Year Company Established: \_\_\_\_\_ Number of Employees: \_\_\_\_\_

Key Decision Makers and Positions: \_\_\_\_\_


Nature of business (a brochure or resume of business can also be provided)

\_\_\_\_\_  
\_\_\_\_\_

Countries in which the person/company does business.

\_\_\_\_\_  
\_\_\_\_\_

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Please attach the company's anti-corruption and anti-bribery compliance policies and procedures, if any.

Has the person/company (or any current owner, senior manager or employee of the company) been the subject of any investigations, inquiries or cases related to corruption, bribery or other criminal conduct in the last five years?  Yes  No

Does the person/company have any customers that are government owned or controlled?  Yes  No

To your knowledge:

(A) Does any government entity, state-owned entity or current or former government official or relative of such a person, have an ownership interest, direct or indirect, in the company or any of its subsidiaries?  Yes  No

Explain:

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Does any government entity, state-owned entity or current or former government official or relative of such a person, have the right to exercise control, directly or indirectly, over the company or any of its subsidiaries?  Yes  No

Explain:

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Is any principal employee, officer or director of the company, a former or current government official or a close relative of such an official (immediate family, husband or wife, first cousins, nieces/nephews)?  Yes  No

Explain:

(B) Does the person/company plan on using third party services for work done on behalf of the Company?  Yes  No

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If yes, please list the third party and describe the nature of those services.

Please provide business references for the person/company:

1. Company: \_\_\_\_\_  
Contact: \_\_\_\_\_  
Address \_\_\_\_\_  
Phone No. \_\_\_\_\_

2. Company: \_\_\_\_\_  
Contact: \_\_\_\_\_  
Address \_\_\_\_\_  
Phone No. \_\_\_\_\_


Please provide the following financial references:

1. Name and Address of Banker:  
Name \_\_\_\_\_  
Name of Bank \_\_\_\_\_  
Address \_\_\_\_\_  
Phone No. \_\_\_\_\_  
Payment Method:  WIRE  EFT  Check  Other

2. Name and Addresses of Auditor and Accountant:  
Name \_\_\_\_\_  
Name of Firm \_\_\_\_\_  
Address \_\_\_\_\_  
Phone No. \_\_\_\_\_

The undersigned certifies that, to the best of my knowledge, the information provided herewith is complete and accurate, and that, to the best of my knowledge,

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\_\_\_\_\_ is in compliance with all applicable laws, rules and regulations, including all laws, rules and regulations relating to bribery and corruption, in the jurisdictions in which the company does business.

\_\_\_\_\_  
Name:

\_\_\_\_\_  
Date

\_\_\_\_\_  
Title:

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### ANNEX A-3 INTERNAL QUESTIONNAIRE AND APPROVAL FORM


#### Internal Due Diligence Questionnaire – Certain Third Party Associates

This Internal Due Diligence Questionnaire and Approval Form can be used when seeking to hire, retain, employ or otherwise engage Certain Third Party Associates on behalf of BSY (i.e. agents, sales representatives, consultants, and any persons or entities that will interact with, or who/which provide services that may relate to, government officials or government entities).

Prior to engaging such a Third Party Associate, the following initial due diligence can be done:

- Collect information using the Business Information Request Form set out in Annex A-2 hereto and conduct follow-up with the prospective Third Party Associate as necessary to determine if the Third Party Associate raises any “red flags” (See Annex A-5 – Red Flag Checklist).
- Contact references for the prospective Third Party Associate, and any other appropriate sources, to determine if the prospective Third Party Associate has posed any risks or challenges in past engagements.
- Review relevant websites and articles in newspapers and periodicals to determine if the Third Party Associate raises any “red flags.”
- Conduct a company search (names of the Third Party Associate, its owners, and its officers, including any alternate spellings) in, or obtain certificates from, appropriate databases of governmental sanctions, court filings and enforcement actions, including foreign language databases where relevant and possible.
- Review recently filed accounts or public filings, to the extent applicable.

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- Try to obtain, to the extent available from public sources, information regarding rates, fees and/or commissions charged by similar types of Third Party Associates or business intermediaries in the relevant market.

Once initial due diligence has been completed, it may be appropriate to do further diligence. In such a case, the employee should complete this Internal Due Diligence Questionnaire and Approval Form and submit them to the Compliance team for approval.

The Compliance team should then conduct a due diligence interview with the Certain Third Party Associate. Upon completion of the interview and review of the due diligence materials, the Approval Form (i.e. Section B of this Internal Due Diligence Questionnaire) should be completed by Compliance team.

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**Internal Due Diligence Questionnaire – Certain Third Party Associates**

**Section A: General Information**

This **Internal Due Diligence Questionnaire** can be used when seeking to hire, retain, employ or otherwise engage Certain Third Party Associates on behalf of BSY (i.e. agents, sales representatives, consultants, and any persons or entities that will interact with, or who/which provide services that may relate to, government officials or government entities.


*By signing below, I certify that I have performed such procedures and inquiries as necessary to ensure that the answers provided in this document are accurate and complete to the best of my knowledge.*

Prepared by: (Note: This form should be completed by an executive, who was responsible for completing the due diligence)		
	(Print your Name)	Designation
	Signature	Date

<b>Third Party Associate's Information</b>	
Third Party Associate's Full Legal Name:	
Principal Contact:	




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<u><b>Internal Due Diligence Questionnaire – Certain Third Party Associates</b></u>		
Address (to list both operational and residential if available):		
Mobile Number:		
Fax number:		
E-mail Address:		
Website:		
Type of Business (circle one):	Individual / Corporation / Partnership	
List all other names under which the Third Party Associate has conducted business, including the time period for each.	Name	Date
List previous or current relationships with BSY showing the period when such relationship was active.		

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<b><u>Internal Due Diligence Questionnaire – Certain Third Party Associates</u></b>	
How did we come to know of the Third Party Associate?	(Indicate how we became aware of the Third Party Associate. If the Third Party Associate was recommended, provide the name of the individual who made the recommendation, as well as his or her company's name.)
What other parties were considered as candidates?	(Provide a list of any other parties that were considered and indicate why they were not selected.)
Why was this Third Party Associate chosen?	(Provide an explanation of why this Third Party Associate was selected. Provide details if it was not our first choice.)
Why is the proposed relationship necessary and what is the added value to our organization?	(Provide an explanation of why accepting this Third Party Associate would be beneficial to our organization and the relevant project.)
Specify the duration of the relationship with the Third Party Associate.	(List the time period and indicate why the activities or services of the Third Party Associate are required for that period of time.)


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## Internal Due Diligence Questionnaire – Certain Third Party Associates


<p>Describe the nature of the proposed relationship, the allocation of responsibilities, the services to be provided and the country where the services will be rendered by the Third Party Associate.</p>	
<p>Is the Third Party Associate: (i) an agent, a consultant or other Third Party Associate representing or otherwise acting for BSY before government or regulatory entities or officials; assisting BSY in obtaining any type of government or regulatory permit, certification, registration, license or approval; or performing lobbying activities on BSY's behalf; or (ii) a transport, logistics or other service provider interacting with customs agents on BSY's behalf; or (iii) any Third Party Associate submitting tenders to enable the sale of BSY's product or services to government agencies or entities?</p>	<p>Yes / No.</p> <p>If yes, explain how.</p>

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<p><b><u>Internal Due Diligence Questionnaire – Certain Third Party Associates</u></b></p>	
<p>To your knowledge, does the Third Party Associate or any of its key employees have any affiliation or relationship with a government official, governmental office or state-owned or controlled entity?</p>	<p>Yes / No.</p> <p>If yes, please describe.</p>
<p>Describe the commercial arrangement with the Third Party Associate, the contract value and the payment terms.</p>	<p>(Indicate terms of payment, amount of payment, whether there will be a minimum or maximum amount of compensation. Also indicate when, where and by what means payment is to be made (e.g. by cheque or wire transfer).</p>
<p>Does the expected compensation of the Third Party Associate for its services vary significantly from (a) what is dictated by local custom or local law for similar services or (b) what is paid elsewhere for similar services? Please explain.</p>	<p>Yes / No.</p> <p>(Describe how the compensation compares with such services being used by a local individual or company.)</p>

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<b><u>Internal Due Diligence Questionnaire – Certain Third Party Associates</u></b>	
	(Describe how compensation for the Third Party Associate’s services compares with compensation for similar services in other locations.)
<p>Has the Third Party Associate, or any key employee or senior management member of the Third Party Associate, made comments to the effect that any particular payment, contribution or other activity is needed to “get the business”, “make necessary arrangements”, etc.?</p>	<p>Yes / No.</p> <p>(If yes, provide a description of such comments, including the words used, the amount of money that was said to be needed, what the money would be used for, and other relevant information.)</p>
<p>Has anyone, including the Third Party Associate, requested that payment be made partly or wholly to a person or company other than directly to the Third Party Associate? If yes, please explain.</p>	<p>Yes / No.</p> <p>(List the other person or company that the Third Party Associate requested that payment be made to, where such person or company is based, the amount of compensation to be directed to such person, and the Third Party Associate’s reason for making the request.)</p>
<p>Having reviewed all due diligence reports and documents prepared regarding this potential Third Party Associate, is there anything in those materials that raises a</p>	<p>Yes / No.</p> <p>(Include an explanation of concerns regarding any reports or documents. Note that if any issues are raised in the materials, they must be addressed. Issues of concern may include reference to financial difficulties, legal</p>

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<b><u>Internal Due Diligence Questionnaire – Certain Third Party Associates</u></b>	
<p>concern about the Third Party Associate? If yes, please describe these issues of concern and the Third Party Associate’s response when you raised these issues with them.</p>	<p>difficulties or contradictory information. Also provide a description of the Third Party Associate’s response if the issue was raised with them.)</p>
<p>Did you find any Red Flags (listed in Annex A-5: Red Flag Checklist)?</p>	<p>Yes / No.</p> <p>(If yes, please identify each red flag and describe the results of the investigation into the matter.)</p>
<p>Has the Third Party Associate refused to provide any information to our organization necessary to complete any part of this questionnaire?</p>	<p>Yes / No.</p> <p>(If yes, explain which questions the Third Party Associate refused to answer and any documentation they declined to provide.)</p>
<p>Have you conducted an interview with the Third Party Associate to discuss responses to the Business Information Request Form, fill in gaps or inconsistencies, and address any issues/concerns identified in Internet/database/media search processes?</p>	<p>Yes / No.</p> <p>(Comments)</p> <p>If yes, please prepare and attach a summary of the interview with the Third Party Associate.</p>

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<b><u>Internal Due Diligence Questionnaire – Certain Third Party Associates</u></b>	
<p>Do the Third Party Associate’s responses or any other materials indicate any prior improper activity of any kind, or any prior criminal or significant civil actions brought against the Third Party Associate?</p>	<p>Yes / No.</p> <p>If yes, please provide details.</p>
<p>Have you or other employee(s) from our organization reviewed and discussed the provisions of the FCPA, UK Bribery Act, the Law of the Republic of Azerbaijan on Combating Corruption and the anti-bribery legislation of the Republic of Azerbaijan with the Third Party Associate? If yes, provide a detailed description of the conversation.</p>	<p>Yes / No.</p> <p>Provide a description of the context of the discussion, who was present, when it took place, how long it lasted, and what comments, reactions or questions, if any, the parties involved may have had.</p>
<p>Have you provided to the Third Party Associate a copy of BSY’s Code of conduct?</p>	<p>Yes / No.</p> <p>Date:</p>

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## Internal Due Diligence Questionnaire – Certain Third Party Associates

Has the Third Party Associate confirmed its compliance with all laws and regulations of the country in which they are doing business

Yes / No.


Based on your answers to all of the questions in this questionnaire, and any other information in your possession, do you (the person completing this questionnaire):

- (1) Recommend that our organization should partner with this Third Party Associate without reservation?
- (2) Have any reason to believe the Third Party Associate may not comply with BSY's Code of Conduct and our anti-bribery and anti-corruption policies and procedures?

*Provide explanation of your reasoning and describe any concerns or other factors that made it difficult for you to answer the above two questions.*



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### Internal Due Diligence Questionnaire – Certain Third Party Associates

#### **Section B: To be completed by BSY's Compliance team**

We have reviewed the Third Party Associate's Business Information Request Form, this Internal Due Diligence Questionnaire, the Third Party Associate's External Due Diligence Questionnaire, the Red Flag Checklist and all other background and supporting due diligence information collected, and obtained additional supporting information as necessary, in order to assess whether this transaction complies with BSY's Code of Conduct and anti-bribery and anti-corruption policies and procedures. We have also completed an interview with the Third Party Associate and asked all questions included in the Third Party Associates External Due Diligence Questionnaire, and completed all follow-up due diligence as needed pursuant to that interview.

Based on my review of the above information and the interview completed with the Third Party Associate, this transaction is:


APPROVED                       DENIED

Furthermore, we have taken reasonable steps to ensure that this form and any accompanying documentation will be retained by BSY's Compliance team.

Signature: \_\_\_\_\_ Date: \_\_\_\_\_

Name: \_\_\_\_\_ Position: \_\_\_\_\_


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### ANNEX A-4 EXTERNAL DUE DILIGENCE QUESTIONNAIRE


<p><u>External Due Diligence Questionnaire – Certain Third Party Associates</u></p>									
<p><b>General Information</b></p> <p>This <b>External Due Diligence Questionnaire</b> can be used when seeking to hire, retain, employ or otherwise engage Certain Third Party Associates on behalf of BSY (i.e. agents, sales representatives, consultants, and any persons or entities that will interact with, or who/which provide services that may relate to, government officials or government entities).</p>									
<p><i>By signing below, I certify that I have performed such procedures and inquiries as necessary to ensure that the answers provided in this document are accurate and complete to the best of my knowledge.</i></p> <p><b>Note: This information is required for the purpose of conducting internal compliance checks and will be kept confidential.</b></p>									
Prepared by:	<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 50%; height: 40px;"></td> <td style="width: 50%;"></td> </tr> <tr> <td style="text-align: center; padding: 5px;">(Print your Name)</td> <td style="text-align: center; padding: 5px;">Designation</td> </tr> <tr> <td style="height: 40px;"></td> <td></td> </tr> <tr> <td style="text-align: center; padding: 5px;">Signature</td> <td style="text-align: center; padding: 5px;">Date</td> </tr> </table>			(Print your Name)	Designation			Signature	Date
(Print your Name)	Designation								
Signature	Date								
<p><b>Third Party Associate's Information</b></p>									
Third Party Associate's Full Legal Name:									
Principal Contact:									

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<u>External Due Diligence Questionnaire – Certain Third Party Associates</u>		
Address (to list both operational and residential if available):		
Mobile Number:		
Fax number:		
E-mail Address:		
Website:		
Type of Business (circle one):	Individual / Corporation/ Partnership/Other (provide)	
List all other names under which you have conducted business, including the time period for each.	Name	Date
Is your organization publicly listed and if so, where?		

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<u><b>External Due Diligence Questionnaire – Certain Third Party Associates</b></u>			
For privately owned companies, list all the owners of your organization. For publicly traded companies, list shareholders holding more than 5%.	Name	Ownership %	Nationality(ies) (if applicable)
What is the ownership structure of the parent company(ies)? For organizations that are publicly listed, list the owners in each of these organizations.			
Who are the members of your organization's governing board?	Name	Ownership %	Nationality(ies) (if applicable)
Who are the principal officers of your organization?	Name	Title	Years of Service

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<u>External Due Diligence Questionnaire – Certain Third Party Associates</u>			
What is the nature and history of your business operations?			
List the name(s) and title(s) of the individuals who will be responsible for working with our organization	Name	Ownership %	Nationality(ies) (if applicable)
List all previous or current relationships with our organization and the period when such relationship was active			
How did we come to know you?	<i>If you were recommended, please provide the name of the individual who made the recommendation, as well as his or her organization's name.</i>		
Explain why the proposed relationship is necessary and what the added value to our organization is.			

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Do you have pertinent experience with this type of activity?	Yes / No.  If yes, please describe the previous experience(s) and the time frame of such experience.
Do you plan to use any other entities or individuals, including subsidiaries, affiliates, partnerships or joint ventures, consultants, intermediaries, public relations agencies, marketing agencies, logistics providers, freight forwarders, customs brokers or any individuals other than your own employees to perform services under the proposed agreement?	Yes / No.  If yes, identify their name and address, their relationship to you, and the activities they will perform. Please also indicate if these subagents work pursuant to written or oral agreements.
To the best of your knowledge, is any key employee/ senior management member/ shareholder/ partner of your organization a Public Official or related (by blood, marriage, current or past business association or otherwise) to a Public Official?	Yes / No.  If yes, please provide a list of all government offices and positions held. Indicate whether these are appointed or elected positions, and for how long the person concerned held such positions.

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## External Due Diligence Questionnaire – Certain Third Party Associates

“Public Official” includes:

- person holding legislative, administrative, military or judicial office for any country
- person exercising a public function for any country, government or governmental agency
- employee of a government-owned or controlled enterprise
- official or agent of a public international organization
- political party or official of a political party

As such, Public Officials include honorary government officials; members of boards, officers, directors and employees of governmental, quasi-governmental or government-owned companies; some members of royal or ruling families; and officials of such public international organizations as the World Bank, International Monetary


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<u><b>External Due Diligence Questionnaire – Certain Third Party Associates</b></u>	
Fund and the World Trade Organization.	
Have you or any of the owners or controlling parties of your company or its related entities ever worked for a state-owned entity or governmental entity?	Yes / No.  If yes, when and in what capacity?
Do you or your company have any other connections to any state-owned entity or governmental entity?	Yes / No.  If yes, please explain.
What is the average commission you have received on any project or agreement in the past five years? What was the highest commission?	
Do you have more than one bank account where you receive or request payments?	




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<u><b>External Due Diligence Questionnaire – Certain Third Party Associates</b></u>	
Where are those bank accounts located?	
Do you ever request payment to more than one bank account for a single project?	Yes / No.  If yes, please explain.
Are any of your bank accounts held in joint or common ownership with another party?	Yes / No.  If yes, please explain why and provide details on who the other party is.
Do you ever request that payments be made to an unaffiliated third party?	Yes / No.  If yes, why? Who is the other party?
Do you accept, or have you ever accepted, a commission or other payment in cash?	
Please describe any transactions involving your services that require cash payments.	

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<u><b>External Due Diligence Questionnaire – Certain Third Party Associates</b></u>	
Have you ever worked, directly or indirectly, for or on behalf of a state-owned entity or government entity?	
Have you ever worked on a project that benefited a state-owned entity or government entity?	
Has a government official ever recommended a client to you?	
Please name any other companies or entities that currently engage you. Please also describe the services you provide for each of these companies.	
Where are these companies located?	
What companies or other entities have you worked for in the past five years?	


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What services did you provide those companies?	
Where were those companies located?	
As a part of any bid for other companies or entities, have you received any non-public or confidential information that others were not provided? Please describe and explain.	
Do you currently work with any entities that perform similar services as your company? If yes, please explain what services they provide, and why.	
Have any of your clients or any of the other entities you have worked with requested that you make or receive a bribe, or have a reputation for taking or paying bribes?	


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<p>Have any of your clients or other entities you have worked with requested that you not report or disclose a particular activity or transaction?</p>	
<p>Have you or any key employee or senior management member of your organization, ever been convicted of any other serious crime in the country where the services will be rendered or in any other country (other than traffic violations)? Are there any legal proceedings of this nature pending?</p>	
<p>Are you familiar with general anti-corruption laws, such as the U.S. Foreign Corrupt Practices Act ("FCPA"), the U.K. Bribery Act, the Law of the Republic of Azerbaijan on Combating Corruption, and/or the anti-bribery legislation of Azerbaijan?</p>	


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## External Due Diligence Questionnaire – Certain Third Party Associates


<p>Does your company have any policies or procedures that discuss compliance with the FCPA, the UK Bribery Act, the Law of the Republic of Azerbaijan on Combating Corruption, and/or the anti-bribery legislation of Azerbaijan and/or other anti-corruption laws?</p>	
<p>Does your company have any resources, such as a hotline or designated compliance officer, that can be used if an employee suspects that a client or someone you work with is violating anti-corruption laws?</p>	
<p>Does your company provide training on anti-corruption laws, such as the FCPA, the UK Bribery Act, the Law of the Republic of Azerbaijan on Combating Corruption, and/or the anti-bribery legislation of Azerbaijan or other laws? If yes, what type of trainings</p>	

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<u><b>External Due Diligence Questionnaire – Certain Third Party Associates</b></u>	
do you receive, and how often?	
Do you have any concerns that any client or anyone you work with is currently violating any anti-corruption laws?	
Are you aware of any client or anyone you have worked with violating any anti-corruption in the past five years?	
Have you or your company, or any other affiliated entity, been accused of or involved with any allegations or investigations with regard to potential violations of any anti-corruption laws in the past five years?	Yes / No.  If yes, please explain.
Have any of your company's owners, controlling parties, and/or company employees, been accused of or involved with	Yes / No.  If yes, please explain.

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<u>External Due Diligence Questionnaire – Certain Third Party Associates</u>	
any allegations or investigations with regard to potential violations of any anti-corruption laws in the past five years?	
Are you aware of any other facts or circumstances that would prevent you from certifying that you and/or your company will abide by BSY's Code of Conduct anti-corruption policies and procedures?	
Do you agree to abide by the provisions of applicable laws, including but not limited to the FCPA, UK Bribery Act, the Law of the Republic of Azerbaijan on Combating Corruption, and/or the anti-bribery legislation of Azerbaijan, in providing goods and services under the proposed agreement?	
Please confirm that you have read and agree to abide by the BSY's Code of Conduct and anti-	Yes / No.

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### External Due Diligence Questionnaire – Certain Third Party Associates

corruption policies and procedures in providing goods and services under the proposed agreement.	Date:
--	-------




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<u>ANNEX A-5</u>		
<u>Red Flags Checklist</u>		
Third Party Associate Name:		
<b>Part I: Complete the following based on review of information collected during the due diligence data collection process.</b>		
Red Flags		
		<b>I. Industry- and location-related Red Flags</b>
Yes	No	Is the perceived level of corruption risk in the country where work is to be performed relatively high based on the Transparency International Corruption Perceptions Index?
Yes	No	Does the transaction involve an industry that has a history of anti-bribery violations?
		<b>II. Organization-specific Red Flags</b>
Yes	No	Is the Third Party Associate new to the organization by which it is being engaged?
Yes	No	Does the Third Party Associate appear to lack sufficient capability or staff qualifications to provide the services or goods for which it is being engaged (based on years in business, types of service performed, staffing levels, etc.)?
Yes	No	Is the Third Party Associate reluctant to provide business references or did the response from any of the business references present a basis for concern about the Third Party Associate?

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Yes	No	Is the Third Party Associate a lawyer, accountant or other person/intermediary who is not normally directly involved in the type of project or business activity for which it is being retained?
Yes	No	Have we been asked or directed by someone to use this specific Third Party Associate? If so, by whom and why?
Yes	No	Does the Third Party Associate want to work without a contract or with a vague contract?
Yes	No	Does the Third Part request that his identity be kept hidden?
Yes	No	Is the Third Party Associate hesitant to make anti-corruption compliance certifications in an agreement?
Yes	No	Does the Third Party Associate have family or business ties with government officials?
Yes	No	Have we been asked by anyone associated with the transaction to make any political or charitable contributions of any kind?
		<b>III. Transactional Red Flags</b>
Yes	No	Does the total amount to be paid for goods and services appear to be unreasonably high or above the customary or arms-length amount?
Yes	No	Are unusual upfront or excessive payments required (high commissions, substantial bonuses, etc.), or is the compensation to be based on performance (success fees)?
Yes	No	Is there reimbursement for undocumented expenses?

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Yes	No	<p>Are indirect or unusual payments or billing procedures being requested, such as:</p> <ul style="list-style-type: none"> <li>a. Payments through bank accounts in a foreign country outside of the one where the services are being provided</li> <li>b. Payments to anonymous (numbered) bank accounts</li> <li>c. Payments to bank accounts containing corporate funds but held in names of individuals</li> <li>d. Payments to third persons for goods or services provided by the Third Party Associate</li> <li>e. Payments through shell companies created to receive revenues and facilitate transactions</li> <li>f. Payments in cash rather than by cheque or wire transfer</li> <li>g. Cheques made out to "bearer" or "cash"</li> </ul>
		<b>IV. Other Red Flags</b>
Yes	No	Will the Third Party Associate be exposed and/or have interactions with public officials on behalf of our organization?
Yes	No	Will the Third Party Associate be dealing with customers, suppliers and agents of our organization on behalf of our organization?

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**Part II: Provide additional comment below regarding any “red flag” items noted above. Comments should include additional details about each of the red flags noted, including any mitigating circumstances or proposed action steps to address the red flag.**

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Third Party Associate Information	Name of Third Party Associate:	Address:	Title:
Prepared by: (Note: This form should be completed by an executive, who was responsible for completing the due diligence)	Name:	E-mail Address:	Phone Number:
<b>Conclusion:</b> Based on the information provided, do you feel that the red flags that have been identified have been adequately mitigated?	Yes / No.  Comments:		

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<p><b><u>Conclusion:</u></b> Based on the information provided, would you recommend for or against engaging this Third Party Associate for this transaction?</p>	<p>Yes / No.</p> <p>Comments:</p>		
<p>Individual Completing this Form</p>	Name:	Signature:	E-mail Address:
	Title:	Date:	Phone Number:

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### ANNEX B GIFTS AND HOSPITALITY

Giving or receiving gifts or hospitality generally

Gifts, hospitality and business entertainment are essential part of business practices while building sustainable business relations with counterparties. However, certain types of gifts, hospitality and business entertainment expenses may influence decision making process that may have a negative influence on the Company's reputation. To mitigate such risks and to ensure transparency of its business activities, the Company establishes mandatory requirements for gifts, hospitality and business entertainment expenses to be acceptable.

For the purpose of this policy, the following definitions shall apply:

**"Gifts"** include tokens of appreciation or respect regardless whether the same is consumable or not, in connection with matters related to Company's business but shall exclude items of nominal value such as stationery, calendars, desk diaries, tokens or other souvenirs in connection with business events which carries the giver's company name or corporate logo for advertising or marketing purposes.


**"Hospitality"** includes business meals, business travel, entertainment, or invitations to or sponsorship of events, functions or other social or entertainment gatherings, in connection with matters related to Company's business.

All references in this policy to "employee(s)" of the Company should be read to include directors and officers of the Company.

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.

It is prohibited for employees of the Company to ask, request or compel third parties to grant Gifts and/or provide Hospitality and business entertainments to them or to their close relatives.

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Employees may accept gifts of nominal value such as stationery, calendars, desk diaries, tokens or other souvenirs in connection with business events which carries the giver's company name or corporate logo for advertising or marketing purposes. The declaration and recording of gifts of such nature is not necessary.

As part of the traditional local culture, it is acknowledged that third parties may customarily offer gifts to employees or Company on festive occasions (for instance, New Year's Day, Novruz Bayram and etc.). Regardless of value, employees must declare and record the details of any such gifts received during festive occasions by sending email to [giftdeclaration@bakushipyard.com](mailto:giftdeclaration@bakushipyard.com). It is encouraged to distribute gifts of this nature received during festive occasions with all employees within the department or contribute to the Gifts Pool to be administered by Human Resources Department.

Gifts and 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;



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- 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 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:

- 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

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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 and Hospitality:** Employees are prohibited from receiving any any Gifts, benefits and Hospitality with an individual or cumulative value over 200 (two hundred) manats (during one-year period). Employees are nevertheless required to declare and record the details of Gifts and/or Hospitality with individual or cumulative value below 200 (two hundred) manats by sending information to the below e-mail within 5 (five) days of receipt:


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

### Gifts Handling Procedures

- If employees are in doubt about the value of any Gift, the value of such Gift shall be deemed to be 200 AZN or more for the purposes of this policy.
- The Gifts and Hospitality Registry will be maintained at the Gifts Pool by the Human Resources Department.
- Any Gift which cannot be returned or redistributed should be handed over to the Gifts Pool for distribution at company events.
- All Gifts declared or recorded at the Gifts Pool will be subject to audit review when required.
- Without prejudice to the other mandatory principles set out in this policy, Gifts that are considered inappropriate in the circumstances, extravagant or excessive in value shall be returned to the giver.
- All Gifts that are returned to the sender should be accompanied by a courtesy note, where possible. This could help in avoiding any negative goodwill for gift rejection and also serve to state the Company's gift policy stance.
- All Gifts that are retained should be accompanied by a thank-you note to the relevant party as a matter of courtesy or respect, where possible.
- Every reasonable effort should be made to alert third parties to the Company's policy on gift receipts in order to avoid uncomfortable situations arising in the future.

**Offering of Gifts and Hospitality:** The offering of Gifts and Hospitality by an employee to a third party shall require pre-approval in writing by the General Manager and shall be further subject to the rules and requirements of applicable legislation against corruption, bribery and other types of corruption activities.

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Request for Sponsorship: To avoid perceived conflict of interest, the Company prohibits to solicit or receive donations, entertainment funding and/or sponsorship from third parties in connection with any Company event.

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.

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### ANNEX C

#### FORM 223 – “DECLARATION OF CONFLICT OF INTEREST”

Name: \_\_\_\_\_ Passport No: \_\_\_\_\_  
Designation: \_\_\_\_\_ Start date in BSY: \_\_\_\_\_  
Department: \_\_\_\_\_

**Tick and complete where applicable:**

Yes, I declare that I am an immediate family member\* of \_\_\_\_\_

\*Immediate family member means a spouse, child, adopted child, step-child, brother, sister or parent.

Relationship: \_\_\_\_\_

Yes, I declare that I have a direct reporting relationship within the Company with:

Name of spouse or immediate family member: \_\_\_\_\_

Designation/ Department & Company: \_\_\_\_\_

Relationship to employee: \_\_\_\_\_

Details of reporting relationship: \_\_\_\_\_

Yes, I declare that I have an ownership interest (direct or indirect) in one or more of the following to the Company (exclude interest in listed companies if held/owned for investment purposes only):


a) Supplier: \_\_\_\_\_

b) Customer: \_\_\_\_\_

c) Competitor: \_\_\_\_\_

Yes, I declare that I am an officer, director, partner, consultant, representative, agent or advisor of a supplier, customer, or competitor of the Company (please also indicate if acting as a company’s nominee Director on the Board of supplier, customer or other business associate):

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Indicate details: \_\_\_\_\_  
\_\_\_\_\_

- Declaration of any other activities that could potentially create conflict of interest (including if immediate family member is working at, or has ownership interest in, a supplier or subcontractor):

Indicate details: \_\_\_\_\_  
\_\_\_\_\_

- I DO NOT have any declaration of interests or activities that could potentially create conflict of interest.

**I hereby declare that the information contained in this form is true and complete.**


**Signature:** \_\_\_\_\_

**Date:** \_\_\_\_\_

Note:

1. Employee has to complete "Declaration of Conflict of Interest" form and return to HR Department if he/she has any declaration that could potentially create conflict of interest.
2. If employee is a Senior Management staff of BSY and does not have any declaration that could potentially create conflict of interest, he/she is still required to submit a "NIL" declaration to HR Department.
3. The declaration does not negate the requirement that employees should act in the best interests of the Company

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### ANNEX D

#### WHISTLE BLOWER PROTECTION POLICY


##### 1. PREAMBLE

- 1.1 Experience has shown that a common way in which fraud, corruption and other unethical or illegal conduct is detected is by observation and reporting by fellow workers of the perpetrator(s). It is therefore vital, as part of BSY's (as defined below) strategy to prevent and control fraud, corruption and other unethical or illegal conduct, that employee within the BSY and persons who deal with BSY have a general awareness of such conduct and how they should respond if such conduct is detected or suspected.
- 1.2 The purpose of this policy is to encourage the reporting in good faith of suspected Reportable Conduct (as defined below) by establishing clearly defined processes through which such reports may be made with confidence that employees and other persons making such reports will be treated fairly and, to the extent possible, protected from reprisal.
- 1.3 It should be noted however that employees and other persons who file reports or provide evidence which they know to be false, or without a reasonable belief in the truth and accuracy of such information, will not be protected by this policy and may be subject to administrative and/or disciplinary action including termination of employment or other contract, as the case may be.
- 1.4 In all instances, BSY retains the prerogative to determine when circumstances warrant an investigation and, in conformity with this policy and applicable laws and regulations, the appropriate investigative process to be employed and corrective or remedial actions to take.
- 1.5 This policy will be reviewed and amended as required to take into account current best practices and changes in the law.

##### 2. EFFECTIVE DATE

- 2.1 This policy is effective from 31 March 2016.

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### 3. OBJECTIVE

3.1 The objectives of this whistle-blower protection policy are to:

- (1) provide for the mechanisms by which Whistle-Blowers may report Reportable Conduct;
- (2) enable BSY to effectively deal with reports from Whistle-Blowers in a way that will protect, to the extent possible, the identity of the Whistle-Blowers and persons who participate (or who intend to participate) in investigations initiated under this policy, and provide for the secure storage of the information provided;
- (3) establish the policies for protecting, to the extent possible, Whistle-Blowers and persons who participate (or who intend to participate) in investigations initiated under this policy, against Reprisal (as defined below) by any person internal or external to BSY; and
- (4) provide for an appropriate infrastructure for receiving, investigating and taking corrective or remedial action in relation to such reports.

### 4. DEFINITIONS


4.1 For the purpose of this policy, the definitions below apply:

“BSY” means “Baku Shipyard” LLC

“BSY Resources” include but is not limited to the following, owned by or under the management of BSY:

- (a) cash and other assets, whether tangible or intangible and whether real or personal property;
- (b) receivables and other rights or claims against third parties;

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- (c) names, logos, trademarks, service marks, patents and other intellectual property rights;
- (d) effort of a BSY's personnel and/or of any non-BSY entity billing BSY for its effort;
- (e) facilities and the right to use such facilities; and
- (f) confidential records and proprietary information.

"Employee" means an employee of BSY

"General Manager" refers to the general manager of BSY

"Investigation Subject(s)" refers to the person(s) who is/are the subject(s) of an investigation initiated under this policy

"Protected Report" refers to any good faith communication that discloses, or demonstrates an intention to disclose, information that may evidence a Reportable Conduct, in accordance with this policy.

"Reportable Conduct" refers to any act or omission by BSY's employee, contract worker, supplier, sub-contractor and associate appointed by BSY, which occurred in the course of his or her work (whether or not the act is within the scope of his or her employment) which in the view of a Whistle-Blower acting in good faith, is:


- (a) dishonest, including but not limited to theft or misuse of BSY Resources;
- (b) fraudulent;
- (c) corrupt;
- (d) illegal;
- (e) other serious improper conduct;
- (f) an unsafe work practice; or
- (g) any other conduct which may cause financial or non-financial loss to BSY or damage to BSY's reputation.

"Reprisal" means personal disadvantage by:

- (a) dismissal;
- (b) demotion;
- (c) suspension;



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- (d) termination of employment / contract;
- (e) any form of harassment or threatened harassment;
- (f) discrimination; or
- (g) current or future bias.

“Management Team” - The executive officers (other than General Manager) nominated by BSY’s external manager and officers nominated by SOCAR shall be members of the Management Team.

“Whistle-Blower” - a person or entity making a Protected Report, including but not limited to employees, applicants for employment, contract workers, vendors, purchasers, contractors, clients, associates or the general public.

“Whistle-Blower Committee” – refers to the committee comprising of representatives from each of the Human Resources, Legal, Finance & Accounting departments of BSY or such other representatives as the General Manager may determine from time to time.

### 5. ROLE OF WHISTLE-BLOWER


- 5.1 The Whistle-Blower’s role is as a reporting party. Whistle-Blowers are not investigators or finders of fact, nor do they determine the appropriate corrective or remedial actions that may be warranted.

### 6. ROLE OF RECEIVING OFFICERS

- 6.1 The Receiving Officers are responsible for administering this policy. The Company has designated Management Team members and project managers specified in Exhibit I as the Receiving Officers. The responsibilities of the Receiving Officers are as follows:

- (a) To administer, implement and oversee ongoing compliance with this policy;
- (b) Promptly receive, record (if the disclosure is made orally), and/or refer to the General Manager, a Protected Report and any matter arising therefrom or in connection therewith;
- (c) Where an investigation is carried out, to assist the General Manager and, as the case may be, in administrative and, if directed by the General Manager investigative work under the oversight of the Whistle-Blower Committee;

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- (d) To ensure that documents related to Protected Reports are retained in a safe, secure and proper manner;
- (e) To be accessible to persons who wish to discuss any matter raised in or in connection with a Protected Report;
- (f) To work with the relevant supervisors towards ensuring that all efforts are taken to protect the Whistle-Blower(s) and persons who participate (or who intend to participate) in the investigation arising from a Protected Report, from Reprisal;
- (g) To ensure that the relevant supervisors promptly execute the corrective and/or remedial actions as determined by the General Manager; and
- (h) To attend, in confidence, to inquiries about this policy and provide advice to persons who are considering making a disclosure under this policy.
- (i) To be responsible for maintaining a register to record the details of all reports of suspected Reportable Conduct received, action taken and justification for non-action in relation thereto;
- (j) In consultation with the Whistle-Blower Committee, to prepare a report on their findings including recommendations on any corrective or remedial action, or (as the case may be) administrative or disciplinary action, to be taken, for submission the General Manager upon the conclusion of the investigation into any Reportable Conduct and any matter arising therefrom or in connection therewith; and
- (k) To prepare on a quarterly basis, a summary status update on the Protected Reports received, including the number received, status of investigations, recommendations and corrective and/or remedial action taken if any, justification for non-action and submit such summary status update to the General Manager at the end of each quarter.


6.2 Contact details of Receiving Officers are set out in the attached Exhibit I.

### 7. ROLE OF GENERAL MANAGER

7.1 The responsibilities of the General Manager under this policy are as follows:

- (a) To review Protected Reports and any matters arising therefrom or in connection therewith, and establish whether there is sufficient ground for further action;
- (b) To recommend, if need be, procedures to be put in place to manage Protected Reports that require immediate or urgent action;
- (c) To initiate investigations when required and determine persons who will carry out the investigation;

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- (d) To initiate corrective or remedial action, or (as the case may be) administrative or disciplinary action, to be taken when required; and
- (e) To review and report to the BSY Board of Directors the results of the investigations and any corrective or remedial action, or (as the case may be) administrative or disciplinary action, taken.

7.2 Contact details of General Manager are set out in the attached Exhibit I.

### **8. ROLE OF WHISTLE-BLOWER COMMITTEE**

8.1 The Whistle-Blower Committee will:


- (a) if requested by the reporting officer, discuss with the Receiving Officer as to whether to recommend to the General Manager that investigations be carried out in relation to a Protected Report;
- (b) assist the General Manager to oversee investigation in relation to the Protected Report and any matters arising therefrom or in connection therewith;
- (c) review progressive updates which the Receiving Officer intends to submit to the General Manager on investigations in relation to a Protected Report and any matter arising therefrom or in connection therewith;
- (d) review the report which the Receiving Officers intends to submit to the General Manager on their findings including recommendations on any corrective or remedial action, or (as the case may be) administrative or disciplinary action, to be taken; and
- (e) provide such other assistance as the General Manager may determine from time to time.

### **9. RESPONSIBILITIES OF SUPERVISORS**

9.1 Each supervisor must:

- (a) inform all employees / contract workers in his supervision of this policy, including the name and contact details of the Receiving Officers and the General Manager;
- (b) emphasize to all employees / contract workers in his supervision BSY's commitment to protect Whistle-Blowers who act in good faith, and also emphasize that employees /

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contract workers who abuse the system by making disclosures which they know to be false or without reasonable belief in the truth or accuracy of the information reported may be subject to administrative or disciplinary action;

- (c) inform the Receiving Officers promptly upon receiving or becoming aware of any Protected Reports;
- (d) ensure that all efforts are taken to protect the Whistle-Blower(s) and persons who participate (or who intend to participate) in investigations initiated under this policy, from Reprisal; and
- (e) ensure that such actions as may be recommended by General Manager pursuant to this policy are taken promptly.

### 10. RESPONSIBILITIES OF EMPLOYEES AND OTHER PERSONS DISCLOSING REPORTABLE CONDUCT

10.1 Employees and other persons intending to disclose suspected Reportable Conduct:


- (a) should follow the process set out in this policy in raising instances of suspected Reportable Conduct; and
- (b) must respect the reputation of individuals by not making trivial, frivolous or vexatious disclosures of wrongdoing and by not making disclosures in bad faith.

10.2 Employees and other persons who breach paragraph 9.1(a) and/or 9.1 (b) will not be protected under this policy, and those who breach paragraph 9.1 (b) may be subject to administrative and/or disciplinary measures as set out paragraph 16 below.

### 11. REPORTING MECHANISMS

11.1 Employees are encouraged to make a Protected Report in relation to a suspected Reportable Conduct to his supervisor, who is in turn responsible for promptly informing the Receiving Officers of any such report. A supervisor shall not, upon receiving or becoming aware of any Protected Report, take any independent action or start any

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investigation in connection with such Protected Report unless otherwise directed by the General Manager or the Receiving Party. In any event, the supervisor must not start any investigation.

- 11.2 If the employee prefers not to disclose the matter to his or her supervisor, the employee may make the Protected Report to the Receiving Officers or, if he or she also prefers not to disclose the matter to the Receiving Officers, the General Manager.
- 11.3 The Receiving Officers shall promptly refer Protected Reports to the General Manager.
- 11.4 If a Whistle-Blower is of the view that a Protected Report made with his or her supervisor and/or the Receiving Officers has not been handled appropriately, the Whistle-Blower may make the Protected Report directly to the General Manager.
- 11.5 Other Whistle-Blowers (other than employees) may make a Protected Report in relation to a suspected Reportable Conduct to either the Receiving Officers or the General Manager.

### **12. REPORTING MANNER AND SUBSTANCE**

- 12.1 A Protected Report may be made orally or in writing. However, such reports should preferably be in writing so as to ensure a clear understanding of the matters raised. Oral reports should be documented by Receiving Officers. All communications relating to the allegations made in a Protected Report should also be in writing.
- 12.2 The Receiving Officers will retain all documents related to Protected Reports in a safe, secure and proper manner.
- 12.3 Protected Reports (whether oral or written) should be factual rather than speculative, but need not be conclusive evidence of the alleged Reportable Conduct. The report should include the nature of the alleged Reportable Conduct, the name(s) of the person(s) alleged to be involved, the date and description of the alleged wrongdoing and other pertinent information. The information disclosed should be as precise as possible so as to allow for proper assessment of the nature, extent and urgency of preliminary investigative procedures to be undertaken.

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12.4 Whistle-Blowers must provide their name, phone number and address so that the Receiving Officers or General Manager may, if need be, contact them for more information.

### 13. INVESTIGATION

13.1 Every Protected Report received (whether oral or written, and anonymous or otherwise) will be assessed by the Receiving Officer, who will review the information disclosed, interview the Whistle-Blower(s) when required and if contactable and, either exercising his/her own discretion or in consultation with Whistle-Blower Committee, make recommendations to the General Manager as to determine whether the circumstances warrant an investigation and if so, the appropriate investigative process to be employed and corrective actions (if any) to take.

13.2 The General Manager and Whistle Blower Committee will use their best endeavours to ensure that there is no conflict of interests on the part of any party involved in any way in the investigations.


13.3 The General Manager will also require the matter to be reported to the authorities if a crime is involved, and/or to the relevant insurance company in accordance with the terms of the applicable insurance policies.

13.4 The General Manager may consult with such internal or external advisors as they see fit.

13.5 All employees have a duty to cooperate with investigations initiated under this policy. All persons who are interviewed, asked to provide information or otherwise participate in an investigation must refrain from discussing or disclosing the investigation or their testimony with anyone not connected to the investigation. In no circumstance should such persons discuss with the person(s) who is/are the subject(s) of the investigation ("Investigation Subject(s)") the nature of the evidence requested or provided or testimony given to the investigators unless agreed by the investigators.

13.6 The Receiving Officer, in consultation with the Whistle-Blower Committee, will prepare a report of its findings including recommendations on any corrective or remedial actions to be taken, and such report shall be submitted to the General Manager upon the conclusion of the investigation into any Reportable Conduct. The General Manager (whether in the

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exercise of his or her own discretion or in consultation with the Management Team) shall determine the corrective or remedial actions to be taken (if any). The Whistle-Blower will be informed of the findings of the investigation of his Protected Report or the fact that none was conducted, as the case may be.

### 14. INVESTIGATION SUBJECT(S)

- 14.1 It should be noted that a decision to conduct an investigation is not an accusation. It is to be treated as a neutral fact-finding process. The outcome of the investigation may or may not support a conclusion that a Reportable Conduct has been committed by the Investigation Subject(s).
- 14.2 Investigation Subject(s) will be informed of the allegations made in due course, and will have the right to a fair hearing during the investigations.
- 14.3 Investigation Subject(s) have a right to consult or otherwise seek the assistance of such persons as they deem necessary, including retaining their own lawyer to represent them.
- 14.4 Investigation Subject(s) will be informed of the outcome of the investigations.


### 15. CONFIDENTIALITY

- 15.1 Confidentiality of the identity of Whistle-Blowers and persons who participate (or who intend to participate) in investigations initiated under this policy will, to the extent possible, be maintained. Such persons should nevertheless be cautioned that their identity may become known for reasons outside of the control of all those involved in receiving the Protected Report and/or investigating the matters raised therein.
- 15.2 The identity of the Investigation Subject(s) will similarly be maintained in confidence to the extent possible.

### 16. PROTECTION FROM REPRISAL




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- 16.1 Except in the circumstances stated in this policy, no person shall be subject to any Reprisal for having made a Protected Report in accordance with this policy. The protection from Reprisal also extends to persons who may have been called as witnesses or otherwise participated in the investigation arising from a Protected Report.
- 16.2 A Whistle-Blower or any person who participated or intends to participate in an investigation arising from a Protected Report, who believes that he is subject to Reprisal and that the Protected Report is a contributing factor to the Reprisal may complain to the Receiving Officers (who will refer the matter to the General Manager) or the General Manager. The General Manager shall review the matter and determine the actions to be taken following basically the same process as that set out in paragraphs 13 and 14 above.
- 16.3 If it is determined that the Whistle-Blower, or person who participated or intended to participate in an investigation arising from a Protected Report, has experienced any Reprisal which would not have occurred but for the Protected Report, the General Manager shall recommend the appropriate remedial actions to be taken, including but is not limited to:
- (a) reinstatement of the employee to his former position;
  - (b) changing in reporting relationships;
  - (c) back pay.
- 16.4 The protection from Reprisal does not extend to situations where the Whistle-Blower or witness has committed or abetted the Reportable Conduct that is the subject of the allegations contained in the Protected Report. However, the General Manager will take into account the fact that he or she has cooperated as a Whistle Blower or a witness pursuant to this policy in determining whether, and to what extent, disciplinary measures are to be taken against him or her.
- 17. ADMINISTRATIVE AND DISCIPLINARY MEASURES**
- 17.1 A person may be subject to administrative and disciplinary measures, including but not limited to termination of employment/contract, if:



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- a) he files a report or provide evidence which he or she knows to be false or without a reasonable belief in the truth and accuracy of such information; or
- b) Subjects (i) a person who has made or intends to make a Protected Report in accordance with this policy, or (ii) a person who was called or who may be called as a witness to any form of Reprisal, which would not have occurred if he or she did not intend to, or had not made the Protected Report or be a witness.

17.2 Any administrative or disciplinary measures are to be taken in consultation with Human Resource Department and duly recorded in employment records.

### 18. INQUIRIES

18.1 Inquiries about this policy may be referred to the employee's supervisor or the Receiving Officers. The supervisors and the Receiving Officers are also available to provide information on the policy and to give informal advice to assist employees and other persons who are considering making a disclosure under this policy. Please feel free to consult them in confidence.

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### EXHIBIT I

#### CONTACT DETAILS

#### General Manager

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Mr. Lam Khee Chong

Email : [kc.lam@bakushipyard.com](mailto:kc.lam@bakushipyard.com)

#### Receiving Officers

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1. Donations, sponsorships and contributions made on behalf of a BSY must not be used as a subterfuge for bribery. They should only be made without expectation of business returns.
  
2. When making any donation or contribution, the following must be adhered to:
  - a) donations and contributions must always take place in a transparent manner and be documented;
  - b) documentation must include recipient identity, purpose, reasons for donation / contribution;
  - c) donations / contributions must comply with the laws of the country in which the donation is to be made;
  - d) donations / contributions should be made to an organization, instead of any particular person, where possible;
  - e) anonymous donations are strictly prohibited; and
  - f) payments into private or personal bank accounts are prohibited.
  
3. Political donations:
  - a) Political donations may be made only if permitted by, and in accordance with, applicable laws.
  - b) All political donations must be approved by the Compliance team of BSY.