

# **JSC GEORGIAN STATE ELECTROSYSTEM**

## **Code of Ethics and Conduct Policy**

### **Article 1. The Purpose of the Code**

1. The Code of Ethics and Conduct Policy (hereinafter the "**Code**") of the employees (hereinafter the "**Employee**") of JSC Georgian State Electrosystem (hereinafter the "**Company**") is a manual for the internal regulation of professional activities of the Employees of the Company. This Code remains subject to more specific policies adopted by the Company, including without limitation the Whistleblower Policy and the Diversity Policy.
2. The purpose of the Code is to establish the rules of conduct of the Employees that promote:
  - a) Strengthening the respective accountability of the office and the principle of fairness in the activities of each Employee.
  - b) Discharging the official duties by the Employee in a professional manner.
  - c) Protection of human rights in light of the universally adopted standards.
  - d) Strict compliance with the requirements of the law by the Employee.
  - e) Strengthening of trust and respect between the Employees.

### **Article 2. Scope of the Code**

1. The Code applies to the Company's Employees, the General Director, members of the Board of Director and the Supervisory Board equally within the scope of authorities conferred upon them.

### **Article 3. Moral Standards**

1. The Employee shall be aware that depending on the essence of his/her profession, he/she has respective ethical obligations towards the Company.
2. The Employee shall act in accordance with the high standards of integrity and responsibility: he/she shall be guided by the principles of culture, courtesy, dignity, mutual respect, trust, impartiality, fairness and objectivity, universally recognized ethical norms.

### **Article 4. Protection of Human Rights and Freedoms**

1. The Employee shall respect and uphold the rights and freedoms recognized by the Constitution of Georgia, legislation and international treaties.
2. The Employee shall promote the elimination of any forms of discrimination.

### **Article 5. Public Relations**

1. The Employee should respect the communicators in public relations. He/she shall observe justified criticism in a courteous manner while expressing his/her ideas. The Employee shall

respect the freedom of speech, thought and expression of another person provided that it does not violate the rights and freedoms of third parties.

2. Expression of thought is prohibited if it aims for the harassment of the person or insults on the grounds of race, skin color, language, sex, religious, political or other views, national, ethnic or social belonging, property and rank status.

#### **Article 6. Independence and Exemption from Influence**

1. The Employee shall obey the law, internal instructions and the general interest of the Company.
2. The Employee shall assume full responsibility for his/her actions.
3. The Employee shall refrain from publicly expressing his or her attitude towards any political party or union.
4. It is prohibited to:
  - a) Openly demonstrate the signs of political belief by the Employee.
  - b) Express religious beliefs openly by the Employee if their manifestation violates the rights of others.

#### **Article 7. Use of Official Position**

1. The Employee shall use the authority conferred to him/her only within the limits set by the legislation and/or legal acts acted effective at the Company.
2. It is prohibited to:
  - a) Use the official position for any unlawful pressure on any person.
  - b) Use of official position for promotion of product or service.
  - c) Use of working time and property, as well as the use of other employees' working time and property for the purposes not related to work.
  - d) Use of information, which has become available to him/her as a result of the fulfillment of his/her duties for personal interests, provided that it harms the interests of the Company.

#### **Article 8. Independence, Impartiality and Fairness**

1. The Employee shall strictly adhere to the principles of independence, impartiality and fairness from private interests while performing official duties.

#### **Article 9. Efficiency and Professionalism**

1. The Employee shall fulfill the duties envisaged by legislation, labor agreement and legal acts of the Company with high quality of professionalism and responsibility.
2. When performing official duties, the Employee shall take good care of the property of the Company and use it only for the work purposes.
3. If the ground for the liability of the Employee is revealed, the latter shall reimburse the material damage in accordance with the procedure established by the Georgian law and/or the rules effective at the Company.

#### **Article 10. Communication with the Colleagues**

1. The Employee shall be guided by the principles of professional solidarity while dealing with the colleagues.
2. The Employee shall:

- a) Promote mutual trust among the colleagues and avoid starting or escalating personal or other kind of conflicts.
- b) Share his/her experience with colleagues in need of qualifications and work experience.
- c) Not ask from the colleague providing such services that will complicate the fulfillment of his/her obligations.
- d) Not mislead the colleagues deliberately.
- e) Courteously express the dissatisfaction for the mistakes and errors of the colleagues.
- f) Consider any other standards and norms for creating professional solidarity and healthy work environment.

#### **Article 11. Confidential Information**

1. The Employee undertakes to maintain strict confidentiality of any information which he/she received from the Company or otherwise came to his/her knowledge in connection with his/her work at the Company. For this purpose, confidential information shall include any verbal, written or other type of information relating to the Company excluding any information which is or becomes publicly available, other than as a result of a breach of this Code.
2. The Employee is prohibited to use the Company's confidential information for his/her own purposes, disseminate, disclose to any other party directly or indirectly without the prior written consent of the Company, except for the cases directly envisaged under Georgian law.
3. The Employee in breach of this Code shall be liable to compensate the full extent of the loss suffered by the Company as a result of such breach. This confidentiality obligation shall survive any termination of the Employee's work at the Company and continue in force for an indefinite period of time.

#### **Article 12. Undisrupted State**

1. The Employee shall not be under the influence of alcohol, illegal drugs and/or any other psychotropic substances while fulfilling the contractual duties, or in any other state, which is inappropriate for the Employee's dignity.
2. Alcoholic beverages may be consumed in administrative buildings of the Company (head office, regional offices) at the official gatherings only.
3. The Employee may not appear at a work site without special uniform (applicable for certain category of employees whose list is defined by the effective procedures of the Company).

#### **Article 13. Usage of Working Identification Card (Pass)**

1. While performing work duties, the Employee shall have the pass of the Company and refrain from demonstrating it at public places.

#### **Article 14. Public Statement**

1. In order to protect public image and reputation, industrial interest of the Company and also to avoid distribution of unverified information and disclosure of confidential information, while interacting with media representatives (any form of interaction, personal conversation and/or

anonymous statements, with representatives of TV, radio, newspaper, journal, internet media), the Employee may not make a statement in public speech, either verbal or writing which:

- a. Is directed against the interests and aims of the Company and is not suitable for them;
  - b. Is or may be used for discrediting the Company;
  - c. Spreads false, questionable and unverified information regarding the Company;
  - d. Creates or may create incorrect or undesirable impression.
2. In case the Employee is contacted by a media representative at any time regarding the activity performed by him/her for the Company, the Employees are not authorized to answer such questions. The Employee should immediately report to his/her immediate supervisor and/or the General Director regarding any such interest and indicate a responsible person for public relations to the interested party, and provide his/her contact details.

### **Article 15. Inappropriate Activity**

1. The Employee shall refrain from any actions that may objectively compromise his/her independence or influence his/her work.

### **Article 16. Anti-Bribery and Anti-Corruption Policy**

#### **1. OUR COMMITMENT TO ETHICAL BUSINESS**

- 1.1. The Company is committed to ethical business. The Company's policy is never to offer, pay, request, solicit or receive bribes, or to facilitate, assist in or abet any offer or payment of bribes and to refuse any request to pay them.
- 1.2. Article16(4) of this policy sets out an explanation of what can constitute a bribe.
- 1.3. Bribery may expose the Company to criminal or regulatory investigations that may result in prosecution, fines and costs to our business. Bribery may also expose the Company to legal action from competitors or third parties. Individuals engaged in corrupt behaviour are likely to face criminal prosecution personally.
- 1.4. The Company will not tolerate any form of bribery or corruption and therefore the Company:
  - (a) is committed to ensuring that bribery and corruption does not occur; and
  - (b) will investigate and deal with all the reported cases of bribery and corruption in accordance with this policy.
- 1.5. Any individual who reports or raises genuine concerns or suspicions of any nature regarding corruption by a colleague, business partner or third party will have the full support of the Supervisory Board of the Company and the Company's management.
- 1.6. When you take any business decision, you should consider whether that decision complies with this policy, with legal standards, and whether you would be happy if your decision became public knowledge.
- 1.7. You will not face any adverse or negative consequences for complying with this policy. Failure to comply with this policy may however result in disciplinary action, including dismissal and may also result in civil proceedings and/or criminal prosecution and

sanctions against you personally and your supervisor or manager, to the extent there was a lack of leadership, supervision or diligence.

## **2. SCOPE**

2.1. This document sets out the Company's policy for preventing bribery and corruption, in line with all applicable anti-bribery and anti-corruption laws.

2.2. This policy aims to:

- (a) outline principles for conducting business with integrity and in accordance with the highest ethical standards;
- (b) provide guidance on the types of behaviour that may give rise to violations of anti-bribery and anti-corruption laws;
- (c) ensure that the financial and other resources of the Company are used solely for their proper purposes; and
- (d) promote a culture of honesty and openness among the Company's staff.

2.3. This policy applies to the Company and all members of the Supervisory Board, the Board of Directors, the General Director, as well as all Employees at all times. This policy applies wherever the Company does business.

2.4. This policy may on a case-by-case basis be applied to joint ventures in which the Company participates and any other persons acting on behalf of the Company (including temporary employees, secondees, contractors, subcontractors and agents). Where appropriate, any such persons acting on behalf of the Company will be made aware of this policy and will be encouraged or required (as specified in the arrangements between the Company and such joint venture, temporary employee, secondee, contractor, sub-contractor or agent) to maintain equivalent standards.

2.5. This policy has been developed in line with international standards of best practice.

2.6. For the purposes of this policy the "Compliance Officers" means any officer within the Company in charge of monitoring and ensuring the Employees' compliance with this Code.

## **3. OUR ANTI-BRIBERY AND ANTI-CORRUPTION PROCEDURES**

3.1. The Company's commitment to the prohibition of bribery and corruption necessitates the development and maintenance of procedures to minimise bribery risks.

3.2. These procedures will be formulated by periodically assessing the specific bribery risks faced by the Company.

3.3. High-risk situations may demand additional procedures such as enhanced due diligence, which could involve conducting direct enquiries, indirect investigations, or general research on proposed business partners such as agents, joint venture partners, contractors, suppliers and other third parties. Where the Company believes that the degree of bribery risk is too high or cannot be mitigated effectively, the Company will not participate in the relevant transaction or arrangement.

3.4. Regardless of the magnitude of the potential bribery risk, general procedures followed by the Company to mitigate any risk whatsoever of bribery or corruption include:

- (e) the involvement of the Company's top-level management, in particular in key decision-making and in overall responsibility for anti-bribery and anti-corruption procedures;
- (f) risk assessment procedures;
- (g) the communication of this policy to relevant staff;
- (h) training of the Company's officers and staff;
- (i) transparency of transactions and disclosure of information;
- (j) due diligence of existing and prospective intermediaries and associated persons;
  - a. financial and commercial controls such as adequate book-keeping, auditing and approval of expenditure;
- (k) decision making, such as delegation of authority procedures, separation of functions and avoidance of conflicts of interest;
- (l) mechanisms for the reporting of bribery;
- (m) enforcement, detailing discipline processes and sanctions for breaches of the Company's anti-bribery and anti-corruption rules;
- (n) the consistent monitoring, review and evaluation of bribery prevention procedures; and
- (o) if it deems it appropriate to do so, the Company will report any knowledge or suspicion of bribery or corruption to the relevant law enforcement authorities.

#### **4. PROHIBITED BEHAVIOUR**

4.1. What conduct is prohibited? This policy prohibits:

- (a) the offer, promise or payment of bribes (directly or indirectly) or assisting in, abetting or facilitating any such conduct ("active bribery"); and
- (b) the request, solicitation, agreement to accept or receipt of bribes (directly or indirectly) ("passive bribery").

##### 4.2. Active Bribery

You must never offer, promise, or pay bribes, including "facilitation payments", other improper payments or advantages to any person, including (but not limited to) employees, agents or officers of customers, suppliers, joint venture partners, labour unions, government or public officials or public servants (of any jurisdiction). This can include, for example, the offer of gifts, donations, rewards, advantages, hospitality or entertainment of any kind. You must also never facilitate, mediate in, assist in or abet any such conduct.

##### 4.3. Passive Bribery

- (a) Employees of the Company are prohibited from requesting, soliciting, agreeing to receive or receiving a bribe from any person. This prohibition applies whether the bribe is accepted for the employees' own account or on behalf of another person.
- (b) For example, it is a breach of this policy to promise to or to direct business to a supplier in return for any benefit, whether gifts, hospitality (such as attendance at sporting or cultural events or other recreational activities) or any other benefit.
- (c) A breach of this policy will arise where a bribe is offered, requested or solicited; there is no need for a bribe to actually be paid. The prohibition also applies where an employee of the Company offers or pays a bribe to another person, whether or not any benefit is received in return.

#### 4.4. What is a bribe?

- (a) Any "advantage"
  - (i) A "bribe" is defined broadly and may include any financial or other advantage, including the provision of a service or anything of value.
  - (ii) A bribe may include financial payments, whether in cash or cash equivalents (such as gift certificates), or non-cash benefits in kind such as gifts, services, loans, travel, meals, lodging valuable security, property or any interest in property of any description, protection from penalties, the release from any obligation and entertainment. A bribe may also include the provision of anything of value for inadequate consideration.
  - (iii) The offer of an opportunity to a person or a friend/relative of a person may also be a bribe (for example, offering a job or work experience to an existing or potential business partner's relative). You should always consider the value of anything that may be offered in the hands of the recipient.
  - (iv) A charitable contribution may also amount to a bribe if the contribution:
    - (A) provides an indirect benefit (financial or otherwise) to a person who has requested or suggested it;
    - (B) is provided to elected officials or individual members of political parties or organisations; or
    - (C) is effectively a disguised bribe.
- (b) Intended to induce improper conduct or to influence a public official
  - (i) The provision of an advantage will be a bribe where there is an intent to induce improper conduct by the recipient or another person, or to influence a public official (improperly or otherwise) in the performance of his/her official duties.
  - (ii) This could be both to take particular action or to refrain from taking particular action. This policy does not prohibit the provision or receipt of advantages (such as hospitality) which are provided/received transparently and which are not, and could not be interpreted to be, intended to result in an unlawful quid pro quo such as the awarding of a specific contract.
  - (iii) Bona fide corporate hospitality and other associated expenditure that seeks to improve our image, better to present our services or establish cordial business relations is an important and legitimate part of doing business.

- (iv) You must, however, consider any local laws that are applicable to the proposed hospitality.
- (v) Please note, that in certain jurisdictions, public officials, officials of state-owned organisations, as well as their family members and relatives, may be subject to certain more stringent restrictions, and as such, may be prohibited from accepting any benefits even if the benefits are not intended to influence or induce improper conduct or to influence the official in relation to the performance of official duties. For instance, public officials may be prohibited from accepting benefits irrespective of the nature and circumstances of the benefit offered merely because of their position. In other words, they may be prohibited from accepting any benefit or advantage because of their official position, even where there is no corrupt intent.
- (vi) For the purposes of this policy, "public officials" include those in legislative, administrative, or judicial positions, public servants of any kind or any persons that exercise public functions on behalf of any country, territory, municipality, or for any public agency or public enterprise, any person that exercises any function on behalf of any state-owned organisation or public international organisation.
- (vii) The provision of an advantage is likely to be a bribe if:
  - (A) it is illegal under any relevant bribery or corruption laws;
  - (B) it creates an obligation or perception of obligation for either party;
  - (C) it is intended to induce a person to act or refrain from acting in order to provide a benefit to the person providing the advantage, or that person's organisation;
  - (D) it is made to a public official or public servant to influence the official or servant in relation to his/her official functions or to expedite the performance of official duties;
  - (E) it cannot be transacted transparently;
  - (F) it is unreasonable in terms of value and/or frequency; and/or
  - (G) exposure of the advantage is likely to cause embarrassment to the individual concerned or to any company or associate of the Company.
- (viii) In addition, you must never:
  - (A) engage in financial misconduct, including criminal acts such as theft of cash and false accounting, money laundering or the misappropriation of funds;
  - (B) privately use or offer to others access to or use of the Company's resources, including assets, funds or intellectual property, without advance authorisation from the Compliance Officers;

- (C) attempt to induce an individual employee of a commercial organisation, state-owned organisation or any local or foreign government official to do something illegal;
  - (D) offer or make, whether directly or indirectly, through any agent or intermediary, an unauthorised payment, or authorise an improper payment (cash or otherwise) to a local or foreign official, official of a state-owned organisation, officer or manager, any related person or entity or to any manager, officer or employee of a commercial or other organisation;
  - (E) offer or provide any unauthorised benefit (property or otherwise) to an employee of the Company's competitor, supplier or customer which may result in an unfair competitive advantage and contravention of applicable competition regulations, such as any benefit which may lead to an improper advantage for the Company over its competitors;
  - (F) use any connections you may have with government bodies or government officials to procure a competitive advantage in relation to the Company's affairs;
  - (G) turn a blind eye or fail to report any indication of a bribe or any improper payments or favours in accordance with this policy, or any circumstances where there are any grounds to suspect such conduct;
  - (H) make undocumented payments, gifts or other expenses or make false or misleading entries in the Company's books and accounts;
  - (I) engage in any behaviour, including making any fraudulent misrepresentation, to induce a party to obtain a financial or other benefit or to avoid an obligation;
  - (J) engage in any illegal acts, including those resulting in personal injury or damage to property, in order to obtain a financial or other benefit or to avoid an obligation;
  - (K) collude in improper procurement or contracting activities;
  - (L) do anything to encourage or facilitate the breach of this policy by another person; or
  - (M) attempt to suppress or conceal any of the above.
- (ix) It is not a defence to bribery to show that the giving of a bribe is customary in any local trade, vocation, profession or calling.

#### 4.5. Facilitation Payments

- (a) You must not make facilitation payments. Facilitation payments are payments, large or small, made to government officials to secure or expedite routine or necessary official action, either more promptly or at all (e.g. customs clearance). For the avoidance of doubt, facilitation payments do not include legitimate documented fees

paid to government entities which are required under relevant law, rules or regulation, such as permit application fees paid to a licensing department.

- (b) Where you are requested by a government official to make a payment that you suspect may be a facilitation payment, you should not make the payment unless you can be satisfied that the payment is required by formal regulations. If in doubt, please consult the Compliance Officers at the earliest possible opportunity.
- (c) Where you feel forced to make a payment on the basis that your safety, security or liberty may be threatened, you may make the payment but should report the matter to the Compliance Officers as soon as possible who will decide on the appropriate action to be taken.

## **5. CORPORATE HOSPITALITY AND EVENTS**

Corporate hospitality and events offered to clients, suppliers and business partners form part of the genuine commercial activities of the Company.

### **5.1. Provision of Hospitality**

- (a) Corporate hospitality of a proportionate nature will generally not contravene this policy.
- (b) Hospitality can, however, be used as a means of bribery when it is excessive and/or designed to improperly influence the recipient.
- (c) Any hospitality offered or provided must not be intended to influence the recipient or any other person to act in an improper way or to influence a public official (improperly or otherwise) in the performance of official duties.

### **5.2. Acceptance of Hospitality**

- (a) Similarly, you should not accept an offer of hospitality from any person if you feel that an attempt is being made to influence you in an improper way or in a way that makes you feel uncomfortable.
- (b) If there is any suggestion that you will be expected to show favour in return for the hospitality, or that it is hoped that you will show such favour, you must not accept the hospitality and report the matter immediately to the Compliance Officers.

### **5.3. Hospitality - Guiding Principles**

- (a) Inviting business partners or potential business partners to attend unduly lavish events or attending such events at the invitation of business partners without an underlying business purpose is not consistent with the Company's commitment to conducting business with integrity.
- (b) Corporate hospitality is only permissible under this policy if:
  - (i) it is reasonable and proportionate given its purpose;
  - (ii) the person providing the corporate hospitality also attends;

- (iii) there is a genuine underlying business purpose, such as the development of general business relationships, the promotion of the Company's brands, or the explanation of the Company's services;
  - (iv) the provision or acceptance of hospitality would not, to the best of your knowledge, result in a contravention of either of the participating company's applicable policies / codes of conduct or in a breach of this policy;
  - (v) the provision or acceptance of hospitality would not result in a contravention of applicable anti-corruption and anti-bribery laws; and
  - (vi) there is no question that the corporate hospitality could possibly influence the commercial decisions of the Company or the employees or business partners of the participating company.
- (c) Hospitality should generally be provided or accepted only where there will be an opportunity to discuss business matters.
  - (d) Hospitality should not normally be provided to the spouses/relatives of the Company's business contacts. If you wish to provide hospitality to a spouse/relative of a contact, you must obtain prior approval from the Compliance Officers.
  - (e) The provision of hospitality should not involve the Company paying for or reimbursing an attendee for air transportation or costly accommodation.
  - (f) Similarly, you should not accept offers of this type of hospitality, since it could give rise to the appearance that your judgement may be compromised (even if you believe that your judgement would not be compromised).
  - (g) You should always have regard to the value of hospitality with reference to reasonable value in the country concerned.

#### 5.4. Business Trips, Accommodation, Travel Expenses

- (a) Where there is need for a customer or supplier to visit the Company to discuss specific business matters, such as attendance at a project meeting or workshop, this policy does not prevent the Company from reimbursing the attendee for the attendee's reasonable travel, accommodation and subsistence expenses.
- (b) In such situations, the Company should reimburse the attendee's employer (i.e. the supplier or the customer) in a fully documented, transparent manner, rather than the attendee personally.

#### 5.5. Hospitality - Higher Risk Circumstances

- (a) The provision of hospitality at sensitive times poses particular risk for bribery purposes and an even higher standard of care than normal should be applied in such circumstances.
- (b) When providing hospitality, you should consider whether there are current or prospective projects or matters in progress or pending with the recipient's organisation.
- (c) Examples of a sensitive time for the provision of hospitality would include:

- (i) whilst negotiations for a new contract or for the renewal of an existing contract with the recipient's organisation are ongoing;
  - (ii) whilst a Request for Proposal or Tender ("RFP") process is underway or known to be in contemplation in respect of the relevant customer; or
  - (iii) in relation to a public official, whilst a regulatory or licensing application or other regulatory matter is pending (for example, competition/anti-trust clearance in respect of a particular matter or a licence to carry out financial services activities in a particular jurisdiction).
- (d) The provision of hospitality to public officials, officials of wholly or partially owned state organisations or associated persons (such as their relatives or family members) represents a higher risk. In some jurisdictions, the provision of any hospitality (irrespective of costs or purposes) to public officials or associates may contravene local laws or regulations.
- (e) If you wish to provide hospitality in higher risk circumstances, you must obtain the prior approval of the Compliance Officers.

## **6. GIFTS**

- 6.1. You should not give or receive gifts to or from suppliers and other business partners. An exception to this rule is that the Company's employees may give or receive promotional materials or items of limited value.
- 6.2. Such promotional materials or items of limited value may be given or accepted where the items:
- (a) do not exceed the lesser of (a) GEL 200 in value per calendar year and per business partner and (b) amounts specified in Georgian law;
  - (b) the acceptance of the gift is permitted by the recipient's employer in accordance with Georgian law.
- 6.3. Other types of gifts should not be provided or received unless you receive the express consent of the Compliance Officers.
- 6.4. Gifts pose a higher risk than hospitality on the basis that the lasting value of a gift to the recipient is likely to be greater than in the case of hospitality of an equivalent value. Additionally, gifts are less likely to have a legitimate business purpose.
- 6.5. Gifts of cash or cash equivalents (such as cheques, gift cards or gift certificates) should never be offered, provided or accepted under any circumstances.
- 6.6. If you are offered a gift and you feel compelled to accept it, for example because rejecting it would offend the person offering it to you, you may take the gift and disclose it to the Compliance Officers as soon as possible who will advise on action to be taken.
- 6.7. Gifts must not be offered or provided to individuals who are employed by or represent public authorities, officials of wholly or partially state-owned organisations, or such persons' family members or relatives.

## **7. POLITICAL AND CHARITABLE DONATIONS**

7.1. The Company has in place appropriate and proportionate procedures to mitigate the risk of bribery or anti-corrupt practices.

These include:

- (a) all charitable donations of any kind must be approved by the Compliance Officers (this does not prevent you from making your own charitable donations without approval provided the donation is being made in your own name with your own funds and is not expressly or impliedly given on behalf of the Company);
- (b) the adoption of an internal communication plan designed to ensure that any relationships with charitable organisations are conducted in a transparent and open manner and do not raise any expectation of the award of a contract or licence;
- (c) training and support for staff in implementing the relevant policies and procedures of communication which allow issues to be reported and compliance to be monitored.

7.2. In Georgia, political parties are prohibited from accepting donations from entities that are wholly or partially owned by the state.

## **8. USE OF PARTNERS AND OTHER THIRD PARTIES**

8.1. Anti-bribery laws prohibit improper benefits, whether given directly or indirectly. This means that the Company may incur liability where a business partner or third party engaged to represent or provide a service to, or on behalf of, the Company makes an improper payment or otherwise engages in improper conduct in the course of its work for the Company. This exposure may arise notwithstanding that the payment or conduct in question is prohibited by the Company and/or that the Company had no knowledge of this payment.

8.2. Prior to the Company entering into a commercial relationship with any business partner or third party it is important that sufficient due diligence is carried out to ensure that the manner in which they carry out their business is consistent with the Company's commitment to conduct business ethically, with integrity and in line with applicable anti-bribery and anti-corruption laws.

8.3. The nature of due diligence and monitoring will vary depending on the nature of the relationship and the other party that you are dealing with (for example, whether the party is a legal entity or an individual).

8.4. Parties on whom due diligence should be carried out include intermediaries or other third parties that act on the Company's behalf, and investment targets. We also carry out due diligence on our customers in accordance with anti-money laundering regulations.

8.5. Due diligence should be carried out prior to entering into a relationship with the party or carrying out a transaction.

8.6. The nature and level of due diligence carried out on a particular party will vary depending on the nature of the relationship and the relevant party. Further information on due diligence procedures is contained in section 9 below.

8.7. Intermediaries should be retained only on the basis of substantive services that they will, provide and there must be a written agreement in place with the intermediary which

documents the services to be provided, and the remuneration paid to an intermediary must be in accordance with the market value of the services. Where we retain a third party to act on the Company's behalf, the Compliance Officers are responsible for ensuring that anti-bribery and anti-corruption matters are appropriately addressed in contractual documentation. This may include contractual provisions relating to compliance by the other party with anti-bribery and anti-corruption laws, disclosure obligations where unlawful conduct is detected, and rights for the Company to monitor activities or inspect books and records, or requirements that staff of the other party undergo anti-bribery and anti-corruption training. The contractual provisions that apply in a particular case will be determined using a risk-based approach and depending on the nature of the services performed by the other party. You must notify the Compliance Officers as and when new information becomes known, such as a change of parties or a change of material terms potentially relevant to the provisions of this policy.

8.8. All payments to intermediaries must be paid to a bank account in the name of the intermediary in the country where the intermediary has its principal place of business or performs substantial services for the Company, and must comply with all applicable policies of the Company. In particular, you should not agree to make payments to a party other than the intermediary itself and should not agree to requests of an intermediary to make a payment to an offshore bank account. For example, where the registered intermediary is a company, you must not make payments to individual employees or officers of the intermediary.

8.9. Once established, a relationship with a partner, sub-contractor or third party should be actively monitored in order to ensure that the partner is complying with the law and its contracted obligations. The monitoring measures that need to be taken will vary depending on the nature of the relationship and the partner.

## **9. DUE DILIGENCE AND MONITORING MEASURES FOR PARTNERS AND THIRD PARTIES**

9.1. When should you carry out due diligence?

- (a) Due diligence measures should be applied before:
  - (i) hiring, engaging or entering into a transaction with an agent, sub-contractor or other intermediary / third party;
  - (ii) entering into a partnership or joint venture; or
  - (iii) acquiring a company or substantial stake (10% or more) in a company.
- (b) Due diligence measures should be applied using a risk-based approach in consultation with the Compliance Officers.
- (c) The relevant business unit and the Compliance Officers must agree regarding:
  - (i) whether due diligence measures are necessary;
  - (ii) the nature and extent of due diligence required; and
  - (iii) the legal requirements to be complied with by the agent/partner and the contractual provisions required in the relevant agency, joint venture or acquisition agreement.
- (d) Where due diligence is required, it must be completed prior to:

- (i) the signing of contracts with an agent, sub-contractor or joint venture partner;
- (ii) any work being carried out by an agent, sub-contractor or intermediary;
- (iii) engagement in any activities whatsoever by a partnership/joint venture arrangement; and
- (iv) the completion of an acquisition.

## 9.2. What Due Diligence Measures should be applied?

- (a) The type of due diligence measures required will vary depending on the nature of the relationship and partner or other third party. This policy does not aim to set prescriptive detailed requirements for each and every type of partner or other third party the Company deals with.
- (b) The precise due diligence measures to be applied must, however, be agreed with the Compliance Officers.
- (c) There is therefore flexibility for the precise measures to be determined on a case-by-case basis having regard to the nature of the counterparty / third party, the relationship, and the transaction.
- (d) At a minimum, standard due diligence should normally require the Company to obtain information regarding:
  - (i) the commercial justification of the proposed relationship or acquisition (in many cases, this may be self-evident);
  - (ii) the existence, legal structure and form of the relevant party;
  - (iii) the identity of the party's shareholders (at a minimum, all individuals and entities that ultimately own or control, directly or indirectly, 25% or more of the party);
  - (iv) the identity of the directors of the other party;
  - (v) the connection of the relevant party with government bodies or government officials;
  - (vi) the level and structure of proposed remuneration - the Company should be satisfied that this is commercially justifiable; and
  - (vii) the nature of any anti-bribery and anti-corruption compliance procedures that the other party has in place.
- (e) Depending on the circumstances, you should consider screening the other party against applicable sanctions or law enforcement agency lists.
- (f) In higher risk situations, it may be appropriate to take additional measures, such as:
  - (i) interviewing relevant personnel of a counterparty or target company to establish further the compliance environment in which the party operates;

- (ii) commissioning third party risk or integrity due diligence reports on the target / counterparty to establish reputation, ownership structure, history etc; and/or
- (iii) speaking to other players in the local market to establish further the reputation of the counterparty.

### 9.3. Records

- (a) Records of the due diligence measures applied must be retained for a period of 5 years following the acquisition or termination of the agency/partnership/business relationship.
- (b) Ensuring that adequate records are made is the responsibility of the relevant business unit in coordination with the Compliance Officers.
- (c) The Compliance Officers are responsible for the retention of the records for the relevant period.

### 9.4. Contractual Obligations

- (a) Head of the legal department is responsible for ensuring that anti-bribery and anti-corruption matters are appropriately addressed in contractual agreements with counterparties or any third parties engaged by the Company.
- (b) The contractual provisions that apply in a particular case will be determined with regard to the nature of the other party, the risks that the party poses, and the nature of the transaction. In many cases, our counterparties already comply with high ethical standards so that imposition of the Company's own procedures, for example, may be neither necessary nor appropriate. In other situations, where we are dealing with intermediaries that are individuals, for example, we may need to impose our own standards.
- (c) The contractual provisions may include:
  - (i) obligations on the other party to comply with applicable anti-bribery and anti-corruption laws;
  - (ii) obligations on the other party to comply with this policy;
  - (iii) representations that the other party has not and will not engage in unlawful conduct;
  - (iv) disclosure obligations where relevant unlawful conduct is detected;
  - (v) rights for the Company to explain and discuss the contents of this policy to such third party, monitor activities and inspect books and records;
  - (vi) requirements for relevant intermediaries or staff of the counterparty to undergo anti-corruption training;
  - (vii) rights for the Company employees to be present at all meetings held on behalf of a joint venture, particularly where those meetings may constitute higher risk

interactions such as meetings in a sales context or meetings with public officials; and

- (viii) legal remedies available to the Company in case of breach of any of the obligations, representations and/or requirements set out above.

#### 9.5. Monitoring

- (a) Once established, a relationship with a partner, sub-contractor or third party should be actively monitored in order to ensure that the partner is complying with the law and its contracted obligations.
- (b) The monitoring measures that need to be taken will inevitably vary depending on the nature of the relationship and the partner. This policy does not aim to set prescriptive standards of monitoring that should be applied to each particular relationship or type of relationship. As in the case of due diligence, there should be flexibility for the monitoring measures applied to take into account the risks posed by a particular relationship or partner. The measures to be taken in each particular case should be determined by the relevant business unit in conjunction with the Compliance Officers.
- (c) Monitoring measures may however include:
  - (i) scrutiny of payments made to sub-contractors, agents and other third parties;
  - (ii) scrutiny of payments made by agents that we use;
  - (iii) requiring annual certification by partners of compliance with anti-bribery and anti-corruption laws (for higher risk partners / third parties);
  - (iv) attendance by the Company's representative(s) at meetings deemed to be "high risk" from a compliance perspective; and
  - (v) regular or occasional meetings with partners and review of recent new business arrangements and associated sales processes.

### 10. RED FLAG SITUATIONS

- 10.1. History and experience have demonstrated that certain factors or situations raise "red flags", which indicate a heightened potential for anti-bribery/anti-corruption violations.
- 10.2. Red flags indicate issues of concern that require further consideration but in themselves may not be sufficient to found any grounds for knowledge or suspicion of wrongful activities.
- 10.3. Unusual payment requests received or made by the Company, its agents or intermediaries are one indicator of issues of concern. Further examples of "red flags" are set out below.
- 10.4. The following list does not contain all possible red flags or unusual circumstances that may indicate a problem, but these items, among others, should be investigated and reported, as outlined below:
  - (a) any payment that is not made against invoice and supported by documentary evidence that goods or services were, in fact, provided;

- (b) commissions paid to intermediaries or partners substantially in excess of the going rate;
- (c) requests for commission payments to intermediaries in cash, to or through a third party, or to jurisdictions other than the country where services, and the underlying contract, are performed or where the intermediary has its principal place of business (especially to a bank secrecy jurisdiction, such as Cyprus, the Cayman and British Virgin Islands);
- (d) the reputation of a country or a government official for corruption. While generally this is not sufficient by itself to warrant the requisite knowledge of a bribe payment, it does suggest the advisability of enhanced due diligence procedures. Transparency International publishes annually a Corruption Perceptions Index, which can be found at:  
[http://www.transparency.org/policy\\_research/surveys\\_indices/cpi](http://www.transparency.org/policy_research/surveys_indices/cpi);
- (e) reports of improper payments or other unethical business practices by an intermediary or agent;
- (f) a request by an intermediary for an unusual or substantial commission, upfront payment or success bonus, or unusual discounts for distributors;
- (g) an invoiced amount from an intermediary that exceeds the agreed upon amount or reflects undocumented expenses or expenses of an unreasonable amount or kind;
- (h) requests by foreign government decision makers to use the services of a specific intermediary;
- (i) use of more than one intermediary on a particular contract where aggregate commissions exceed the going rate (or legal ceiling) in the country and an economic rationale for the use of a second intermediary is inadequate, illusory or absent;
- (j) the intermediary is a foreign official or a person employed by a foreign government agency or instrumentality who works for the intermediary;
- (k) the intermediary is an active or retired government official or related to a government official, or such third party company is owned in whole or in part by a government official or relative of a government official;
- (l) the intermediary or a partner or a director, shareholder or employee of the intermediary partner's firm has a personal, family or business relationship with a foreign official;
- (m) apparent lack of qualifications, track-record or resources on the part of the intermediary or partner to perform the services offered;
- (n) the intermediary requests or is concerned that the relationship with the Company be kept anonymous or confidential;
- (o) there are suspicions about the reputation of an intermediary or partner because there are rumours of "connections", and he or she is less than forthcoming with information regarding these matters;

- (p) the intermediary refuses to accept an anti-bribery or anti-corruption compliance clause in the contract, refuses to implement reasonable and customary compliance measures or refuses to comply with a reasonable request related to anti-bribery or anti-corruption compliance;
- (q) lack of transparency in expenses and accounting records;
- (r) an intermediary or partner is known to provide entertainment, gifts, hospitality or use of corporate facilities to foreign officials, political leaders or their families in their own country or elsewhere;
- (s) the intermediary makes reference to political or charitable contributions as a way of influencing official action; and
- (t) the proposed agreement between the Company and the intermediary is illegal under local law.

## **11. TRAINING AND COMMUNICATION OF THIS POLICY**

- 11.1. All relevant employees of the Company are required to undertake a training course on anti-bribery and anti-corruption. Training will be given to all relevant existing and new employees and agents of the Company.
- 11.2. Where necessary, training shall be tailored to the specific risks associated with specific posts within the Company.
- 11.3. Training will be updated periodically as deemed necessary by the Company.
- 11.4. A copy of this policy is available for review at the HR Department of the Company.
- 11.5. This policy may be disclosed to our customers, suppliers, sub-contractors, agents or intermediaries provided that the prior consent of the Compliance Officers is obtained.
- 11.6. There may be circumstances in which we are required to disclose this policy, for example in connection with a response to an RFP.

## **12. REPORTING AND INVESTIGATING CONTRAVENTIONS**

- 12.1. There are two primary avenues for you to raise concerns if you become aware of or suspect a breach of this policy by an employee or associate of the Company or a third party undertaking business on behalf of the Company, this must immediately be reported in accordance with the Company's Whistleblowing Policy and this Anti-Bribery and Anti-Corruption Policy:
  - (a) In the first instance, you should discuss any concerns you have with your immediate supervisor. You may tell your immediate supervisor in person, or put the matter in writing if you prefer. The immediate supervisor may be able to resolve the concern quickly and effectively.
  - (b) Where you cannot - or prefer not - to raise the concern with your immediate supervisor, or where the immediate supervisor has not addressed a concern, you should contact the Compliance Officers directly to set out your concerns.

- 12.2. We hope that you will feel able to voice anti-bribery and anti-corruption concerns openly under this policy. We encourage you to identify yourself when reporting a known or suspected violation, as doing so will help the Company conduct the most thorough investigation into your concern. However, if you are uncomfortable identifying yourself, you may report anonymously. No matter how you choose to report, the Company will investigate your concerns and take appropriate action. If you want to raise a concern confidentially, we will make every effort to keep your identity secret. Your identity (if disclosed) and the information provided will be shared only on a 'need-to-know' basis, or as required by applicable law, in order to address the concern, and will be discussed with you before being disclosed.
- 12.3. If you prefer anonymous disclosure you may report concerns directly to the Compliance Officers by submitting the statement in a sealed envelope or by any other appropriate means allowing anonymous disclosure.
- 12.4. Your report will be treated confidentially.
- 12.5. You will not suffer any adverse consequences from the Company if you report suspected unlawful conduct.
- 12.6. You must not at any time destroy any material that might be of use to an investigation of a breach of this policy, or make any disclosure to any person that might be prejudicial to such an investigation.
- 12.7. You must comply with any requests by the Company to provide all relevant information, materials or documents related to an investigation of a breach of this policy.
- 12.8. Any reports made under this policy will be promptly and thoroughly investigated.
- 12.9. The Compliance Officers will liaise with external parties including law enforcement authorities and make reports to those authorities if considered necessary.
- 12.10. You are also referred to the Company's Whistleblowing Policy.

### **13. RECORDKEEPING AND INTERNAL ACCOUNTING CONTROLS**

- 13.1. The Company must make and keep books, records and accounts that accurately, fairly and in reasonable detail reflect all payment, expenses, transactions and disposition of the Company assets. The Company must also maintain an adequate system of internal accounting controls.
- 13.2. In relation to the Company's books and records, all employees must:
  - (a) not intentionally cause company documents to be incorrect in any way;
  - (b) not create or participate in the creation of any records that are intended to conceal anything that is improper;
  - (c) properly and promptly record all disbursements of funds; and
  - (d) not make unusual financial arrangements with a client or a supplier (such as over invoicing or under-invoicing) for payments on their behalf to a party not related to the transaction.

### **14. RESPONSIBILITY FOR ANTI-BRIBERY AND ANTI-CORRUPTION**

- 14.1. This policy has been specifically adopted and approved by the Supervisory Board of the Company. Overall responsibility for implementation of anti-bribery and anti-corruption rests with the General Director, the Board of Directors and the Compliance Officers however, all Company employees are responsible for the success of this policy and to further the Company's commitment to the prohibition of bribery and corruption.
- 14.2. The individuals responsible for implementation of this policy are required to provide information to the executive management and the Supervisory Board of the Company on its implementation on a quarterly basis. For this purpose, the Compliance Officers have authority to report directly to the Supervisory Board of the Company.
- 14.3. The Compliance Officers have authority to conduct periodic compliance audits of the operations of the Company in order to prepare the quarterly reports. The Compliance Officers have the authority to conduct internal investigations into reports of non-compliance with this policy and applicable laws.
- 14.4. This policy may be amended and revised from time to time to take into account the evolving risks faced by the Company, as well as changes in applicable laws and international standards. Where material changes occur, the amended policy will be submitted for approval to the Supervisory Board of the Company.

If you have any questions regarding the content or interpretation of this policy, please contact the Compliance Officers.

#### **Article 17. Enforcement of the Code**

1. All new and existing Employees of the Company are required to get themselves familiarized with this Code which process shall be facilitated by the HR Department of the Company.
2. The violation of the requirements of this Code shall be considered as an inappropriate activity of the Employee consequently leading to the disciplinary liability.
3. Disciplinary liability measures and procedures in relation to the violation facts of the requirements of this Code shall apply in accordance with the effective rules for disciplinary liability at the Company.
4. This Code and its amendments shall be approved by the Supervisory Board of the Company.