

# **Anti-Bribery and Corruption Policy Statement**

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# Anti-Bribery and Corruption Policy Statement

**NEQSOL Holding Azerbaijan LLC (the “Company”) conducts its business in a professional manner, in accordance and in compliance with applicable laws and regulations, standards and worldwide best practices.**

Every employee and individual acting on behalf of the Company is responsible for maintaining our reputation and for conducting Company business honestly and professionally. **As part of our commitment to ethical business practices, the Company takes a zero tolerance approach to bribery and corruption whenever we operate and work.**

The Anti-Bribery and Corruption Policy Statement (the “Statement”) applies to all Company employees (whether permanent or temporary), contractors, officers and directors of the Company. Third parties acting on behalf of or in the name of Company, including agents, representatives and other intermediaries, are required to act consistently with Company’s Anti-Bribery and Corruption Policy (the “Policy”).

The prevention, detection and reporting of bribery and other forms of corruption is the responsibility of all those working for us, or supplying services to us, or under our control.

**The Company operates a zero tolerance approach to bribery and corruption** in relation to bribes (payments, offers or promises to pay or provide anything of value), gifts and hospitality, facilitation payments (small payments or fees to speed up or facilitate the performance of routine action to which an entitlement already exists) and payments to government officials.

To ensure the effectiveness of the Policy the Company shall ensure that the Compliance Management System (the “CMS”) the Anti-Bribery Management System (the “ABMS”) is planned, implemented, reviewed, and improved, consider the Company operations within risk management framework.

*The Company is committed to:*

- *Providing quality services and all applicable ISO 19600:2014 and ISO 37001:2016 requirements.*
- *Considering and meeting any external and internal issues relevant to its purpose, strategic direction and that affect our CMS / ABMS in achieving its intended results.*
- *Determining and meeting the requirements of relevant key stakeholders.*
- *Complying with statutory and regulatory obligations, standards, specifications and relevant codes of practice.*
- *Continually improve its CMS / ABMS by ensuring operational efficiencies, governance and enhancing risk assessment procedures.*

The Company shall ensure that the Policy is communicated and understood at appropriate levels throughout the Company and is available on Company’s website for access to all key stakeholders.

## **1. INTRODUCTION**

The Company has zero tolerance towards any bribery and corruption. The Company is committed to comply with all laws and regulations which govern our operations in every country in which we operate. Offering, giving, requesting or receiving of bribes in any form by employees within the Company or by those individuals or companies who are retained to work on behalf of the Company are prohibited and will not be tolerated.

## **2. PURPOSE**

The purpose of the Policy is to set out our responsibilities in deal with anti-bribery and corruption issues, to avoid the occurrence of improper and illegal conduct, and to encourage proper and ethical behavior in the Company in accordance with the Anti-Bribery Management System defined in the ISO 37001:2016 Anti-Bribery Management System and ISO 19600:2014 Compliance Management Standards issued by the International Organization for Standardization (the "ISO"), laws and regulations, other standards and worldwide best practices.

The Policy is aim to:

- outline principles for conducting business with integrity and in accordance with the highest ethical standards;
- provide guidance on the types of behavior that may give rise to violations of anti-bribery and anti-corruption laws;
- promote a culture of honesty and openness among the Company's staff.

## **3. SCOPE**

This Policy is applicable to all Company and all of its directors, officers and employees at all times wherever it does business.

All directors and employees of the Company must follow this Policy and strictly comply with its principles and requirements.

The principles and requirements of this Policy shall also apply to the Company's business associates, which include but are not limited to clients, customers, joint ventures, joint venture partners, consortium partners, outsourcing providers, contractors, consultants, sub-contractors, suppliers, vendors, advisors, agents, distributors, representatives, intermediaries and investors etc.

## **4. NORMATIVE REFERENCES**

- ISO 37001:2016 – Anti-bribery management systems – Requirements with guidance for use.
- ISO 19600:2014 – Compliance management systems – Guidelines.
- ISO 19011:2018 – Management systems auditing – Guidelines.
- UK Bribery Act, 2010.
- US Foreign Corrupt Practices Act, 1977.
- Code of Conduct of the Company.
- OECD Convention Combating Bribery of Foreign Public Officials in International Business Transactions, 1997.
- The United Nations Convention against Corruption, 2003.

## **5. RATIONALE FOR POLICY**

This Policy sets out the Company's key principles and requirements designed to:

- i. Support the Company's commitment to preventing bribery and satisfy the ABMS.
- ii. Enhance the Company's bribery risk mitigation measures.
- iii. Strengthen governance practices.

In addition, the Policy was developed to be in line primarily with laws, regulations and the Company's Code of Conduct. It recognizes international treaties listed in article 4 of the Policy.

## 6. ROLES AND RESPONSIBILITIES

This Policy has been specifically adopted and approved by the top management of the Company. Overall responsibility for anti-bribery and anti-corruption rests with the top management of the Company. 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.

### **Personnel shall:**

- comply with all aspects of this Policy and to support others in doing so;
- complete training when they are required to do so by the Corporate Governance and Compliance Manager;
- seek additional guidance when necessary from their leaders or the by the Corporate Governance and Compliance Manager;
- report, upon becoming aware or having a reason to believe that an actual of potential bribe, or any other violation of this Policy has or may have occurred. Personnel are also expected to report any other issues, risks, or concerns related to this Policy; and cooperate with any investigation.

### **Top Management:**

- maintain the required controls necessary to implement this Policy and prevent violations;
- assess the level of risk when dealing with public/governmental officials or agents, and take action accordingly;
- immediately advise the Corporate Governance and Compliance Manager if they receive a report of an actual or suspected violation of this Policy.

With respect to the ABMS top management shall establish, maintain and review the Policy and ensure that it:

- contain necessary articles that prohibit bribery;
- is built in compliance with anti-bribery laws that are applicable to the Company;
- is appropriate to the purpose of the Company;
- provides a framework for setting, reviewing and achieving anti-bribery objectives;
- includes a commitment to satisfy ABMS requirements;
- encourages raising concerns in good faith, or on the basis of a reasonable belief in confidence, without fear of reprisal;
- includes a commitment to continual improvement of the ABMS;
- explains the authority and independence of the anti-bribery compliance function;
- explains the consequences of not complying with the Policy.

### **Corporate Governance and Compliance Manager:**

- review this Policy at least every year, and will revise and update it, as necessary;
- report on the status of the **Holding Ethics and Compliance Program**, at least annually, to the top management; and

- establish and conduct a suitable training program, to train and certify all appropriate personnel on the compliance goals and requirements of this Policy.

## 7. POLICY IMPLEMENTATION

### 7.1. 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:

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

This Policy defines **bribery** as:

- i. An act of offering, or giving, requesting, 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. 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 an individual:

- i. Who holds legislative, administrative or judicial office (either appointed or elected) of any kind.
- ii. Responsible for a public function in the government.
- iii. Responsible for a function in a public agency.
- iv. Responsible for a function in a public enterprise.
- v. Responsible for a function in a state-owned enterprise.
- vi. Who is an employee of an international public institution.

This policy defines a **facilitation payment** as a payment made to a public or government official:

- i. With an aim to facilitate approval of some type of business transaction or activity.
- ii. With the intention of expediting an administrative process.
- iii. To incentivize said official to complete an activity or process as quickly as possible, for the benefit and in favor of the payer.

The term **Company**, unless otherwise referred to depending on the context of the sentence, refers to NEQSOL Holding Azerbaijan LLC.

The term **employee** refers to those people employed by the Company, that is, NEQSOL Holding Azerbaijan LLC either as direct employees or service contract personnel.

**Top management** – person or group of people who directs and controls the Company at the highest level.

## 7.2. Principle Objectives of the Policy

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

The Company's specific anti-bribery objectives are:

- a. To minimize the risk of involvement of the Company in corrupt practices.
- b. To ensure that employees, shareholders, the investor community, counterparties, members of the governing bodies, and other relevant persons have a clear and complete understanding of this Policy.
- c. To communicate and elaborate on the key requirements of the worldwide anti-bribery laws and any local anti-bribery laws that may apply to the Company.
- d. To obtain a commitment from the top management and employees that they are knowledgeable of and are adhering to the principles and requirements of this Policy, related anti-bribery procedures and the key provisions of the applicable anti-bribery laws.

## 7.3. Compliance

The top management and all employees must comply with the Policy and local anti-bribery legal framework, including, but not limited to, Codes, Laws and other statutory and legal documents, wherein the key requirements impose strict prohibitions as to giving and receiving bribes, taking part in commercial bribery and mediating a bribe.

Considering above, any employee of the Company 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, facilitation payments (as defined below) 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.

## 7.4. Top Level Commitment

The Company's directors, executives and line managers should foster and nurture a culture of integrity and compliance.

To support implementation of this Policy (and the Statement) and as a demonstration of the Company's commitment to not engage in corrupt practices, directors, executives and line management should communicate to employees the Company's commitment to preventing bribery and specifically stress:

- a. The Company's commitment to fair, honest and open conduct of business.
- b. The Company's zero tolerance policy with respect to bribery.
- c. The consequences of failure to comply with the Policy.
- d. The consequences of failure to comply with the anti-bribery clauses of contracts signed by the Company.
- e. Business benefits of rejecting bribes.
- f. The requirement to report any suspected instances of bribery (refer to the **Compliance Hotline and Reporting Procedure**).

- g. Reference to the Company's involvement in any public anti-corruption activities.

The Company shall foster communication and education through awareness trainings, posting this Policy (and related policies) on the Company web-site and encourage all stakeholders to comply with this Policy, and support efforts aimed at enhancing the anti-bribery culture within the Company.

### 7.5. Bribery Risk Assessment

The Company shall ensure that a bribery risk assessment is carried out on a regular basis by identifying and updating the corruption risk indicators inherent in its operations and the potentially vulnerable business processes.

For guidance in undertaking the assessment, the Company may refer to a publication prepared by Transparency International titled "Diagnosing Bribery Risk – Guidance for the Conduct of Effective Bribery Risk Assessment".

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

The Company may engage an external audit firm to carry out regular "transaction tests", an inspection of certain selected transactions from an accounting verification perspective, with an aim to detecting any 'red flags' that warrant further investigation.

The Company 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 following internal factors that may have an input to the company's risk profile:

- a. Deficiencies in employee training, skills and knowledge.
- b. Remuneration culture that rewards excessive risk taking.
- c. Unclear institutional policies and procedures on hospitality and promotional spending, political and charitable donations.
- d. No clearly defined financial controls.
- e. No clear anti-bribery message from the top management.

### 7.6. Gifts, Promotional Items and Hospitality Expenses

Expenses on gifts promotional items and hospitality, which employees may offer to, or receive from, other persons or companies on behalf of, or in relation to their work for the Company, **must meet all of the criteria as set out below:**

- a. Must be in direct relation to the legitimate business objectives of the Company, e.g., completion of business projects, successful execution of contracts, or to common holidays.
- b. Must be reasonable, substantiated, justifiable, of adequate value, and not luxurious.
- c. Must not be implied or treated as covert reward for a service, action, omission, connivance, protection, grant of rights, transaction, agreement, license, permission decision, etc., or an attempt to influence the recipient with any other purpose of unlawful or unethical nature.
- d. Must not pose any reputational risk for the Company, its employees or other persons in the event information about such gifts or business entertainment expenses becomes available to the general public.

- e. Must not be in conflict with the principles and requirements of this Policy, Code of Conduct and **Gifts, Promotional Items and Hospitality Policy**, and other regulations of the Company or the existing laws and regulations.
- f. ***No gifts in any monetary form (cash or bank transfer), in any currency, is permitted on behalf of the Company, its employees or representatives.***

#### **7.7. Charity and Sponsorship**

The Company **shall not** fund any charity or sponsorship activities with an aim to gaining any commercial advantage or benefit for specific projects of the Company. Requests for charity donations or those opportunities that are identified by the Company shall be assessed using the following criteria:

- a. What is the purpose of the donation?
- b. Is the donation consistent with the Company's charity / donation guidelines?
- c. Has the donation been requested by a government official?
- d. Is a government official associated with the charity and, if so, is that official in a position to make decisions concerning the company's business?
- e. Is gaining business, profits or other benefits pre-requisite for making the donation?

#### **7.8. Involvement in Political Activities**

The Company shall not fund any political parties, organizations or movements with an aim to securing commercial advantages or benefits for specific projects or business activities.

#### **7.9. Facilitation Payments**

The Company does not recognize the legality of facilitation payments and does not delineate such payments from bribes and grafts. Therefore the Company **WILL NOT** entertain any requests for facilitation payments nor will the Company offer any facilitation payments in any of the countries in which it is considering to or is currently conducting business.

The Company views facilitation payments as:

- a. Unfair competition - smaller businesses have less opportunities and financial capacities to "grease" foreign officials.
- b. Fueling questionable business practices.
- c. Overreliance on irregular payments creates additional risk and therefore discourages investment.

#### **7.10. Relations with Government Officials**

The Company shall not pay for any expenses, such as 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, such as but not limited to; customs clearance, licenses, permits, taxation, etc. for specific projects or routine business activities.

#### **7.11. Employee Training**

The Company shall require all of its employees to comply with this Policy, and shall communicate to employees the key principles, requirements and punitive consequences of non-compliance.

The Company shall conduct periodical training programs focused specifically on preventing bribery. The Company shall regularly update and adjust such training programs to reflect any legislative changes.

Training programs shall include a section on anti-bribery, anti-corruption and the ABMS to foster a proper understanding of anti-bribery culture. The induction training program will cover provisions of this Policy and related documents. All new and current employees shall attend induction training program.

Staff performance appraisal, career development and promotion, as well as disciplinary actions will consider each employee's compliance with this Policy.

#### **7.12. Payments via Intermediaries in favor of Third Parties**

The Company and its employees shall be prohibited from engaging and using intermediaries, partners, agents, joint ventures or other persons to perform any actions that contravene the principles and requirements of this Policy or provisions of the applicable anti-bribery laws.

As required, the Company will carry out due diligence verification of intermediaries, partners, agents, joint ventures and other persons in order to prevent and / or identify any of the aforementioned offenses with an aim to minimizing and mitigating the risk of the Company's involvement in corruptive activities.

#### **7.13. Accounting and Record Keeping**

Accurate, correct and appropriately detailed records of all financial transactions shall be maintained by the Company and these records shall be made available for review upon request.

The Company shall appoint designated employees who shall be accountable for preparing and submitting complete and accurate accounting reports within stipulated timeframes. Misstatement or misrepresentation of the Company's accounting records shall be strictly prohibited and deemed fraudulent.

#### **7.14. Compliance Hotline and Reporting Procedure**

Should any director or employee have doubts on whether their actions are legal and ethical, as well as the actions, omissions or offers made by other employees, counterparties or other persons interacting with the Company, the director or employee can refer to the Company's **Compliance Hotline and Reporting Procedure**.

Each alert should be sent to the Compliance Hotline via email address: [compliance@neqsolholding.com](mailto:compliance@neqsolholding.com) or contact number: [+994 55 450 1212](tel:+994554501212) to the Corporate Governance and Compliance Manager of the Company who performs Ethics and Compliance and ABMS duties and independently.

#### **7.15. No Punishment or Sanctions**

The Company 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 bribery, or if they refuse to offer or to accept a bribe, commit an act of commercial bribery or act as an intermediary in bribery, even if as a result of such refusal, among other things, the Company lost profit or failed to secure a business or competitive advantage.

#### **7.16. 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, (ii) compliance with applicable laws and regulations, and (iii) 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.

#### **7.17. Reporting**

The top management should review audit report in regards to compliance with this Policy and provisions of the applicable anti-bribery laws.

#### **7.18. Participation in Anti-Corruption Initiatives**

The Company may participate in international anti-corruption conferences such as those organized by TRACE International, the American Conference Institute, C-5, Momentum and the World Forum on Governance.

#### **7.19. Responsibility for Compliance**

The top management and employees, irrespective of their positions, shall be individually responsible for compliance with the principles and requirements of this Policy, and for actions (omissions) of reporting breaches of these principles and requirements.

Considering that the Company may be subject to legal action due to the involvement of its employees, counterparties, and other individuals in corruptive activities and practices, it shall initiate in-house investigations on each reasonably suspected or confirmed case of bribery to the extent permitted by the applicable laws.

Individuals failing to comply with the requirements of this Policy may be subject to disciplinary, administrative, civil or criminal sanctions initiated by the Company, law enforcement agencies and other bodies in accordance with the existing laws, internal regulations and policies or employment contracts provided there are reasonable grounds, in accordance with the provisions of the local or other similar foreign laws that may be applicable to the Company.

#### **7.20. Continuous Improvement**

The Company shall bear a responsibility to a commitment for continual improvement of the ABMS in line with the Policy by means of assessment, internal audits, management reviews and the anti-bribery compliance functions in accordance with the ISO 37001:2016.

#### **7.21. Monitoring**

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. In addition, all relevant Company procedures shall be developed to support an implementation of this Policy.