



Anti-Bribery and Corruption, Anti Money Laundering and Crime Financing, and Anti-Tax Evasion Policy

Effective: 9 August 2024

INTRODUCTION

We believe we have a responsibility to the countries and communities we do business in, including in the Republic of Azerbaijan. We respect such countries and communities and want them to benefit from our activity. We aim to make real improvements that contribute to sustainable growth in such countries and communities while creating jobs, developing talent and investing our time and funds in people and various assets. Our Code of Business Ethics and Conduct ("Code of Conduct" or "Our Code") is unequivocal that we don't engage in bribery or corruption in any form, whether in the private or public sector. Corruption is the enemy of development and human progress, and we make efforts for ensuring transparency in all our dealings in order to prevent corruption.

Legislation to counter bribery and corruption is now in place in almost all countries around the globe and is regularly updated to take account of changing circumstances. It is our policy to fully comply with applicable anti-bribery and corruption, anti-money laundering and crime financing, anti-tax evasion laws in all jurisdictions where we conduct business activities. Therefore, SOCAR maintains a policy of zero tolerance for any illegal activities, particularly bribery and corruption, including Facilitation Payments and violations of antitrust laws and SOCAR does not participate directly or indirectly in bribery, corruption, money laundering, crime financing or tax evasion, in any form, whether in private or public sectors.

Money laundering can include any arrangement involving property including finances and securities derived through criminal conduct, such as holding, receiving, utilizing, moving or transferring criminal property. Crime financing includes using legitimately-acquired property to promote criminal conduct, especially terrorism and proliferation of weapons of mass destruction. Money laundering often occurs in the context of corruption and many of the mechanisms for preventing, detecting, and deterring both are the same. Thus, this Policy addresses both risks.

Violating the laws in these areas is not only a breach of requirements of SOCAR's Code of Conduct and this Policy, but may also be a criminal offense for which individuals and SOCAR could be held liable.

Please consult your Manager or Compliance department if you have any questions regarding any of the requirements of this Policy.

1. SCOPE

This Anti-Bribery and Corruption (ABC), Anti-Money Laundering and Crime Financing, and Anti-Tax Evasion Policy ("Policy") sets out the mandatory requirements to manage the relevant risks, and support compliance with related applicable laws and regulations. This Policy together with all Policies and internal normative documents referenced in this Policy form SOCAR's ABC, anti-money laundering and crime financing, anti-tax evasion management system.

2. DEFINITIONS

Terms and definitions used in this Policy, shall unless otherwise defined herein, have the meaning provided to them in Annex 1. Capitalized terms which are not defined in this Policy have the meaning ascribed to such terms in the Code of Conduct.

3. APPLICATION

3.1 This Policy applies to:

- (i) all SOCAR employees, including SOCAR Supervisory Board and Management Board members;
- (ii) all SOCAR Group Entities
- (iii) all Contracted Staff; and
- (iv) all employees of third parties seconded to SOCAR (if any).

3.2 If SOCAR Group Entities have already adopted their own ABC, anti-money laundering and crime financing and anti-tax evasion policies, they shall update such policies in order to create consistency between those policies and this Policy. Those SOCAR Group Entities which lack such a policy, shall apply this Policy directly. If certain SOCAR Group Entities are subject to more stringent requirements under local legislation or nature of their operations and transactions, such Entities shall use the more stringent requirements. SOCAR Group Entities shall adjust their policies to meet any mandatory local legislative provisions.

3.3 Where SOCAR/SOCAR Group Entity has a participating interest in a Joint Venture which is not Controlled by SOCAR/SOCAR Group Entity, SOCAR, and each SOCAR Group Entity respectively, shall use its influence in good faith, to the extent reasonable under the circumstances, to cause such Joint Venture to adopt and follow principles similar to the requirements of this Policy. SOCAR/ SOCAR Group Entity will not enter into a new Joint Venture where the other party does not agree to accept SOCAR Code of Conduct and this Policy or code of conduct and ABC, anti-money laundering and crime financing and anti-tax evasion policies which are in line with SOCAR Code of Conduct and this Policy.

3.4 All our Third party service providers and our Business partners are expected and encouraged to be guided by this Policy and act in a way that is consistent with this Policy when providing services or performing work for SOCAR. All contracts with Third party service providers and Business partners shall contain a provision requiring such Third Party service providers and Business partners to comply with principles set in this Policy and allowing SOCAR/ SOCAR Group Entity to suspend and terminate such contract in the event of non-compliance.

3.5 This Policy uses as the framework and the basis the organizational and structural model of SOCAR's headquarters located in Baku, Azerbaijan, as the head office of all SOCAR Group Entities.

3.6 When adopting this Policy or updating its existing ABC, anti-money laundering and crime financing and anti-tax evasion policy as per clause 3.2 above, each SOCAR Group Entity shall use in its ABC, anti- money laundering and crime financing and anti-tax evasion policy its own equivalent organizational and structural model when referring to various departments, units, divisions or any other structural unit used in this Policy. For example: this Policy refers to the Compliance department, each SOCAR Group Entity shall make a reference in its internal normative documents to its own structural unit performing compliance related functions.

4. APPLICABLE ANTI-BRIBERY AND CORRUPTION, ANTI-MONEY LAUNDERING AND CRIME FINANCING, ANTI-TAX EVASION LAWS AND REGULATIONS

- 4.1 SOCAR, SOCAR employees and employees of SOCAR Group Entities are subject to numerous ABC, anti-money laundering and crime financing and anti-tax evasion legislation depending on the jurisdictions we operate. Such legislation includes (as amended from time to time):
- (i) Law of the Republic of Azerbaijan on “Combating Corruption” dated 13 January 2004;
 - (ii) 2022-2026 National Action Plan to Strengthen Combating Corruption approved by the Decree of the President of the Republic of Azerbaijan dated 04 April 2022;
 - (iii) Law of the Republic of Azerbaijan on “The Fight Against Property Acquired by illegal means and funding of terrorism” dated 30 December 2022;
 - (iv) the United Nations Convention Against Corruption 2003;
 - (v) other international treaties to which the Republic of Azerbaijan is a party; and
 - (vi) other legislation of the Republic of Azerbaijan on combatting corruption, money laundering, crime financing and anti-tax evasion activities.

SOCAR and SOCAR Groups Entities in their activities shall be guided by the provisions/principles set in the following normative acts and recommendations to the extent they do not contradict with the above legislation:

- (i) the OECD Convention on Combating Bribery of Foreign Public Officials in International Business Transactions, 1997;
- (ii) Financial Action Task Force (FATF) recommendations;
- (iii) the UK Bribery Act, 2010; and
- (iv) the US Foreign Corrupt Practices Act, 1977.

SOCAR Group Entities incorporated outside the Republic of Azerbaijan are also subject to the provisions of local legislation and international treaties to which such countries are counterparties.

When engaged in business activities outside the Republic of Azerbaijan SOCAR/ SOCAR Group Entities shall also observe the provisions on anti-corruption, anti-money laundering and crime financing, anti- tax evasion as required by the legislation of the countries where SOCAR/ SOCAR Group Entities do business.

Taken together, these laws, conventions, regulations and recommendations prohibit bribery and corruption, money laundering, crime financing and tax evasion in a wide variety of forms, in both the public and private sectors.

- 4.2 This Policy was developed with acknowledgment of such legislation, conventions, regulations and recommendations and shall be regularly reviewed and updated to comply with such laws, conventions, regulations and recommendations.

5. THE MOST STRINGENT STANDARDS

- 5.1 In the event of a conflict between an applicable legal requirement and this Policy, the most stringent standard under applicable legal requirement shall apply.
- 5.2 In addition, if requirements of the applicable legislation are not as stringent as those of this Policy, then, in a specific case, SOCAR employees must follow this Policy, provided however that it does not breach mandatory provisions of the applicable legislation.

6. REFERENCES

The following SOCAR documents are referenced in this Policy. The latest version of the referenced document applies:

- (i) Code of Conduct,
- (ii) Gifts, Entertainment, Incentives, Hospitality & Hosting Policy;
- (iii) Social Investments, Charitable contributions and Sponsorship Policy;
- (iv) Conflicts of Interest Policy;
- (v) SOCAR internal documents on data retention and protection;
- (vi) SOCAR internal rules on procurement (the "Policies"); and
- (vii) internal normative documents (regulations/ procedures) on anti-bribery and corruption, anti-money laundering and crime financing and anti-tax evasion, including Counterparty Due Diligence (CDD) procedures.

These documents can be found at SOCAR internal resource database.

7. APPROVAL

This Policy and its Annex 1 [Definitions] were adopted and approved by the Supervisory Board of SOCAR.

8. RESPONSIBILITY

- 8.1 Although the overall responsibility for the ABC, anti-money laundering and crime financing and anti- tax evasion sits with the Supervisory Board and the Management Board of SOCAR, all SOCAR employees are responsible for compliance with the requirements of this Policy.
- 8.2 It is the responsibility of every Manager to implement this Policy within Manager's area of functional responsibility, lead by example, and provide guidance to the SOCAR employees reporting to the Manager.
- 8.3 Provisions of this Policy shall apply to Contracted Staff and all employees of third parties seconded into SOCAR in accordance with clause 3.1 of this Policy. This shall be reflected in the contractual terms between SOCAR and Third party service providers who supply services of Contracted Staff or secondees into SOCAR.

9. OWNERSHIP/COMPLIANCE DEPARTMENT

- 9.1 The Compliance department is the functional owner, and is responsible for the implementation and monitoring of this Policy.
- 9.2 Head of the Compliance department shall report to the SOCAR's Group Legal & Compliance segment leader who shall report directly and solely to the president of SOCAR.
- 9.3 At SOCAR Group Entities, its structural unit performing compliance related functions may be a separate function/division and called "compliance department" or "compliance division", where the head of that unit shall:

- i) report directly to the head of the relevant SOCAR Group Entity; and
- ii) report via dotted line to the head of the Compliance department.

9.4 Compliance department has broad authorities with respect to the structural units performing compliance related functions at SOCAR Group Entities in accordance with SOCAR's internal rules and regulations (e.g., provide recommendations to formulate or revise and confirm the structure of such units and their working plan; and/or provide recommendations and participate in any other matters which may be related to overall compliance matters affecting SOCAR as a whole, etc.).

9.5 The structure of reporting of structural units performing compliance related functions at SOCAR Group Entities outlined in clause 9.3 of this Policy and the authorities of the Compliance department outlined in clause 9.4 of this Policy shall apply automatically to all other Policies and internal normative documents on CDD of SOCAR referenced in clause 0 of this Policy.

9.6 In accordance with clause 3.2 of this Policy, each SOCAR Group Entity is accountable to ensure that this Policy is adopted, or if there is an existing similar ABC, anti-money laundering and crime financing and anti-tax evasion policy that it is updated.

9.7 Subject to escalation process provided in relevant procedures, each SOCAR Group Entity is accountable directly for implementing its ABC, anti-money laundering and crime financing, anti-tax evasion policy and decisions made in connection with implementation of such policies.

9.8 Before updating its ABC, anti-money laundering and crime financing and anti-tax evasion policy in accordance with clause 3.2 and 9.6 of this Policy, each SOCAR Group Entity shall share a draft of its ABC, anti-money laundering and crime financing and anti-tax evasion policy with Compliance department. Compliance department shall review and share each draft and its proposed revisions with SOCAR's Group Legal & Compliance segment leader. Compliance department shall be entitled to raise its own and SOCAR's Group Legal & Compliance segment leader's combined comments and feedback regarding such draft updates of policies of SOCAR Group Entities, which will be mandatory and will need to be taken into account.

9.9 Where necessary Compliance department shall be entitled to engage outside advisors to assist with such reviews.

10. AMENDMENTS

10.1 Any amendments or changes to this Policy shall be approved by the Supervisory Board of SOCAR. SOCAR's president shall review proposals for amendments or changes to this Policy before those are submitted to SOCAR's Supervisory Board.

10.2 Clauses 9.8 and 9.9 of this Policy shall be applied in relation to amendments to this Policy.

11. SPEAK-UP

11.1 If you have any questions regarding this Policy, you may raise those with your Manager or Compliance department.

11.2 It is extremely important that any breaches or suspicions of breaches of this Policy and associated policies/procedures are raised with SOCAR. SOCAR employees who are aware of or suspect violations of this Policy, a related policy/procedure, or ABC, anti-money laundering and crime financing or anti- tax evasion laws shall, in accordance with the Code of Conduct, promptly report that matter to their Manager or if it is uncomfortable – to Compliance department directly or by reporting to Ethics and Compliance Helpline via sending an email to ethics@socar.az or visiting and raising their concern through the relevant section of the website <https://socar.az>.

11.3 Compliance department shall investigate all reports/ queries made directly to the department or through Ethics and Compliance Helpline.

11.4 As a reminder, SOCAR has zero tolerance to any retaliation.

12. BREACH OF THIS POLICY

Breaching this Policy and related procedures may be ground for disciplinary action, up to and including dismissal.

13. SOCAR’S REQUIREMENTS

13.1 This Policy, together with Code of Conduct and other Policies referred to in clause 0 and internal normative documents on CDD form the basis of SOCAR’s ABC, anti-money laundering and crime financing, anti-tax evasion management system.

13.2 The objective of the Policies is to comply with applicable ABC, anti-money laundering and crime financing and anti-tax evasion laws in all countries in which SOCAR conducts business. SOCAR does not directly or indirectly participate in bribery, corruption, money laundering, crime financing or tax evasion, in any form and shall not assist any person to do anything that will help that person evade tax or otherwise breach tax laws.

13.3 SOCAR and its employees shall comply with its ABC, anti-money laundering and crime financing and anti-tax evasion management system including this Policy and applicable laws.

14. ANTI-BRIBERY AND CORRUPTION

Introduction

14.1 The definition of bribery is offering, promising, giving, authorizing, mediating in provision of, receiving, inducing or soliciting Anything of Value, whether directly or through intermediaries, in order to influence how someone (including a Public Official) carries out a public, commercial or legal duty. This includes attempts to do any of the above.

14.2 Breaching ABC laws is a serious offence. Companies and individuals breaching these laws may be punished by heavy fines and individuals also face imprisonment. Most countries have laws prohibiting bribery and corruption. These often cover also actions carried out beyond the country’s borders – such as bribes paid to someone in another country. Everyone at SOCAR must comply with these laws. Even any deed that can be perceived to breach ABC laws can damage SOCAR’s reputation.



Prohibition

- 14.3 SOCAR prohibits all forms of bribery, whether active (offering, promising or paying a bribe) or passive (soliciting, requesting or receiving a bribe), whether direct or indirect, including Facilitation Payments, as well as mediating in improper and illegal payments.
- 14.4 SOCAR and its employees shall not attempt, offer, promise, give, authorize, mediate in provision of, solicit, request or receive Anything of Value, directly or indirectly, to or from any person (including any Public Official):
- i) which may affect SOCAR employee's fulfilment of work duties in non-objective, non- impartial or similar improper way;
 - ii) in order to induce a person to improperly perform any duty, or reward them for doing so;
 - iii) in order to induce a Public Official to use their authority or influence (whether improperly or otherwise);
 - iv) while knowing or believing that such person is not permitted to accept Anything of Value (e.g., under their internal policies); or
 - v) where doing so would otherwise violate applicable laws or where there is a high probability a recipient would use it to violate such laws.
- 14.5 The prohibition in clause 14.4 does not apply if a payment is necessary to avoid an unlawful and imminent threat to personal safety and security; however, any such payment shall be reported as soon as practical to the Compliance department and Legal department, and accurately recorded in SOCAR's books and records.

15. ANTI-MONEY LAUNDERING AND CRIME FINANCING

Introduction

- 15.1 Money laundering and crime financing are illegal activities, which include a process of making money generated by criminal activity, appear to have come from a legitimate source, the use of legitimate funds to support crime including terrorism and proliferation of weapons of mass destruction. Money laundering could be a consequence of almost any profit-generating crime.

Prohibition

- 15.2 SOCAR and its employees shall not engage in a transaction that they know, suspect or should reasonably know or suspect:
- i) involves or may potentially involve money or other property derived from, or intended to promote, criminal activity including terrorism or proliferation of weapons of mass destruction;
 - ii) is structured so that to hide or disguise the nature, location, disposition, source, movement or ownership of money or other property; or
 - iii) is an attempt by a third party to engage in money laundering or crime financing,

unless appropriate confirmation regarding legality of the transaction is obtained from SOCAR Compliance department (and in case of SOCAR Group Entities, their compliance or legal department/division, accordingly) in advance.

- 15.3 When faced with suspicion of potential money laundering and crime financing activities, SOCAR employees shall:
- i) Promptly report this information as provided in clause 11.2.
 - ii) Exercise extreme caution regarding the accuracy of any internal written communications regarding such suspicions, and don't discuss with or otherwise "tip-off" the third parties, including Third party service providers about suspicions. Note that "tipping off" is a criminal offense in many countries.
- 15.4 Some SOCAR Group Entities are required to comply with additional requirements imposed by anti- money laundering and crime financing laws or regulations. Where this is the case, such Entities shall follow such additional requirements.

16. ANTI-TAX EVASION

Introduction

- 16.1 Tax evasion is an illegal practice where a person or Entity evades paying their true tax liability, SOCAR can be subject to criminal liability where it fails to prevent its employees, or others working on its behalf, from tax evasion by SOCAR itself and others.
- 16.2 SOCAR as any other commercial (for-profit) organization is interested in maximizing its profits and thus cutting costs and optimizing its taxes. Tax optimization (tax planning) is a strategic approach to minimizing tax liabilities through legal and efficient financial decisions. Tax optimization is not prohibited, but SOCAR shall ensure that tax optimization strategies do not breach applicable laws.

Prohibition

- 16.3 SOCAR and its employees shall not themselves evade tax or otherwise breach tax laws as well as assist any person to do anything which will help in such an evasion and a breach.

17. SOCAR's Gifts, Entertainment, Incentives, Hospitality & Hosting

SOCAR and its employees shall comply with SOCAR's Gifts, Entertainment, Incentives, Hospitality & Hosting Policy.

18. BOOKS, RECORDS, INTERNAL ACCOUNTING

- 18.1 SOCAR shall maintain books, records, and accounts, which, in reasonable detail, accurately and fairly reflect SOCAR's transactions and use of assets. This includes both financial and non-financial information, such as environmental data and operations reports.
- 18.2 SOCAR shall implement a system of internal accounting controls which provides reasonable assurance that (a) its transactions and uses of assets are authorized and recorded; and (b) it maintains accountability for its assets.

- 18.3 Neither SOCAR, nor anyone working on behalf of SOCAR, shall establish or otherwise make use of any unrecorded fund (source of funds, account, etc.), sometimes referred to as an “off the books” or “slush” fund.
- 18.4 SOCAR prohibits: (i) to falsify books and records by entering false, misleading or artificial entries; (ii) the creation or maintenance of any off-the-record bank accounts; and (iii) destroying any data in response to or in anticipation of an investigation or an audit.
- 18.5 SOCAR and its employees shall always demonstrate the highest standard of care when preparing financial and non-financial records to ensure full, fair, accurate and understandable information in all our reporting and public communications.
- 18.6 All books, records and accounts, all source data for making records in such books and accounts shall be kept by SOCAR in accordance with SOCAR internal documents on data retention and protection, and at least for the period required under applicable laws.

19. KEY IMPLEMENTATION AND CONTROL MECHANISMS

Risk Assessment

- 19.1 SOCAR shall implement adequate procedures, controls and mobilize adequate resources to assess and manage bribery, corruption, money laundering, crime financing and tax evasion risks at SOCAR. The assessment of these risks should form part of SOCAR's corporate risk assessment process. At least once a year, the Risk Management department (and in case of SOCAR Group Entities, their relevant risk management functions) shall, in accordance with this clause 19 comprehensively assess the nature and extent of the risks relating to bribery, corruption, money laundering, crime financing and tax evasion to which SOCAR is exposed. The Risk Management department shall present relevant data on the status and outcome of such activities to the Compliance department. Compliance department shall present this data to SOCAR's Group Legal & Compliance segment leader. Compliance department shall be entitled to raise its own and SOCAR's Group Legal & Compliance segment leader's combined comments and feedback, which will be mandatory and will need to be taken into account.
- 19.2 Such assessment shall include SOCAR's exposure to potential internal and external risks of bribery, corruption, money laundering, crime financing and tax evasion e.g., the risk of non-compliance with anti-corruption policies and procedures; the risk of certain transactions with third parties or business partnerships etc.
- 19.3 Where bribery, corruption, money laundering, crime financing and tax evasion risk has been assessed as present it should then be included within the SOCAR's annual corporate risk map and other risk registers as appropriate depending on the risk rating. Such risks included into the annual corporate risk map, shall be timely discussed with SOCAR's president for review in order to identify required actions and follow-up.

19.4 In identifying the bribery, corruption, money laundering, crime financing and tax evasion risks, the Risk Management department should review, where relevant, at least the following activities and shall share outcome of review of such activities with the Compliance department at least once a year:

- i) payments or transfers of Anything of Value to Public Officials or other third parties;
- ii) Gifts/Entertainment/Incentives/Hospitality including Gifts and Entertainment register and its part concerning conflicts of interest
- iii) hosting of Public Officials
- iv) recruitment
- v) Transfers of value through commercial agreements or clauses, such as service agreements, Production Sharing Agreements, Gas Sales agreements etc.
- vi) Sponsorships/ Donations/Charitable Contributions/Social Investments/Scholarship
- vii) Mergers, acquisitions and divestments in which SOCAR participates;

Contracting applicable to such areas as: procurement, lease and sales, involving such Third party service providers as:

- i) Suppliers
- ii) Contractors
- iii) Agents
- iv) Intermediaries, such as consultants and advisors
- v) Third party service providers under franchise agreements
- vi) Distributor/reseller/trader/wholesalers

Anti-money laundering and crime financing risk indicators:

- i) Requests of the counterparty to change bank accounts.
- ii) Requests of the counterparty to pay in cash.
- iii) Refusal to provide information on ownership, including beneficial ownership structure of an Entity

Internal normative documents on CDD

- i) Risk rankings of Third party service providers
- ii) Usage of any exceptional circumstances
- iii) Any refusal from third parties to provide responses to due diligence requests

Joint venture operations

- i) Operated
- ii) Non-operated

General activities

- i) Any refusal from Third party service providers to provide attestation of conformance with SOCAR's ABC, anti-money laundering and crime financing, and anti-tax evasion rules
 - ii) Any refusal from Third party service providers to have relevant ABC, anti-money laundering and crime financing and tax evasion clauses in the contractual terms
- 19.5 Each SOCAR Group Entity shall introduce a similar risk assessment mechanism as above. Relevant data on the status of such activities shall be timely presented to the Risk Management department in accordance with the risk assessments performed throughout each year. Risk Management department shall collect all such data and present it to Compliance department. Compliance department shall be entitled to raise its own and SOCAR's Group Legal & Compliance segment leader's combined comments and feedback. After obtaining such comments and feedback, Risk Management department shall present the relevant data with provided comments and feedback to the president of SOCAR for review in order to identify required actions and follow-up.

20. MONITORING OF THE ANTI-BRIBERY AND CORRUPTION, ANTI- MONEY LAUNDERING AND CRIME FINANCING AND TAX EVASION

- 20.1 The Compliance department shall, at least once per year, monitor ABC, anti-money laundering and crime financing and tax evasion prevention systems and procedures (which includes Our Code of Conduct, the Policies and internal normative documents on Counterparty Due), the extent to which the Policies and procedures have been implemented and followed throughout SOCAR, including the extent of consistency of such policies and procedures with relevant updates in local, international and foreign compliance requirements.
- 20.2 This monitoring process includes an evaluation of the effectiveness of such Policies and procedures and inquiries into possible non-compliance by employees and others acting on SOCAR's behalf as well as lessons learnt from compliance violations and remediation measures taken. An effective monitoring as a minimum would include:
- i) usage and content of the Ethics and Compliance register (including its part regarding conflicts of interest);
 - ii) usage and content of the Public Officials hosting approvals process;
 - iii) progress against the Code of Conduct, ABC, anti-money laundering and crime financing and anti-tax evasion training plan;
 - iv) usage and content of the counterparty due diligence procedures;
 - v) where appropriate, material ABC, anti-money laundering and crime financing and anti-tax evasion issues including those revealed as a result of reports through speak-up channels or internal and/or external investigations.

- 20.3 The Compliance department shall provide to the president of SOCAR via SOCAR's Group Legal & Compliance segment leader an annual report on the ABC, anti-money laundering and crime financing and tax evasion assessments including, *inter alia*, the findings and proposed mitigating actions for review and follow-up.
- 20.4 Each SOCAR Group Entity shall introduce a similar monitoring mechanism as above. Relevant data on the status of such activities shall be presented to the Compliance department at least once per year. Compliance department shall collect all such data and present to the SOCAR's Group Legal & Compliance segment leader for review and SOCAR's Group Legal & Compliance segment leader shall present such data to the president of SOCAR in order to identify required actions and follow-up.

21. Due diligence

SOCAR shall perform due diligence on parties with which we do business, whether existing or potential. Due diligence processes shall (i) include assessment of bribery, corruption, money laundering, crime financing sanctions non-compliance, breach of competition law, conflicts of interest and tax-evasion risks presented by the Third party service providers and Business Partners and (ii) be sufficient for the business segment to be confident that business relationships are transparent, ethical and such and similar risks are appropriately mitigated. This due diligence shall be done in conformance with SOCAR's internal normative documents on Counterparty Due Diligence approved by SOCAR's president.

22. Training

22.1 In order to ensure they are able to effectively implement the ABC, anti-money laundering and crime financing and anti-tax evasion program, SOCAR and SOCAR Group Entities shall have a training plan for such issues based on the following principles:

- i) All SOCAR employees should be aware of the ABC, anti-money laundering and crime financing and anti-tax evasion guidance in the Code of Conduct; and all SOCAR employees should participate in periodically held training sessions. This can be achieved through the Code of Conduct and Policies face-to-face training and/or e-learning.
- ii) SOCAR employees exposed to bribery and corruption, money laundering and crime financing, and tax evasion risks and Contracted Staff shall be identified by Compliance department and Legal department.
- iii) Instructor led training shall be undertaken with all high-risk employees as identified above with refresher training every 2 years using the training courses accredited by the Compliance department.

22.2 Trainings shall cover:

- i) SOCAR employees identified in accordance with clause 22.1(ii),
- ii) Contracted Staff; and
- iii) Third party service providers and some of our Business partners to ensure familiarity with and understanding of Our Code, the Policies and applicable laws mandating ethical business practices.

- 22.3 Human capital development and functional excellence department shall be designated to arrange conduct of these trainings. The Compliance department, Legal department shall prepare content of such trainings with assistance of Human capital development and functional excellence department. Trainings will be conducted by the Compliance department and, if required by the Legal department.
- 22.4 At request of the Compliance department, Human capital development and functional excellence department may involve Third party service providers such as consultants in preparation and delivery of any trainings.
- 22.5 Semi-annual reports on the implementation of trainings shall be submitted to Human capital development and functional excellence department, Compliance department and the Risk Management department by each SOCAR Group Entity.
- 22.6 Each SOCAR Group Entity will also put in place a strategy to ensure that relevant employees are properly trained in relation to dealing with unannounced visits from state authorities (dawn raids).

23. Third party service providers and Contracted staff

- 23.1 SOCAR and each SOCAR Group Entity shall put in place appropriate systems and controls over use of services of Third party service providers. Third party service providers may present an enhanced bribery, corruption, money laundering, crime financing and tax evasion risks and the highest potential risk is presented by Third party service providers acting as agents that solicit or intermediate on behalf of SOCAR with government bodies or officials, for example, negotiating tenders on behalf of SOCAR, obtaining permits or providing services in customs clearance. Appropriate systems shall ensure the following:
- i) clear business case for use of the Third party service providers;
 - ii) risk based due diligence in accordance with the internal normative documents on Counterparty Due Diligence;
 - iii) clear contract with appropriate ABC, anti-money laundering and crime financing, anti-tax evasion clauses and audit and inspection rights;
 - iv) Third party service provider's maintenance of appropriate books and records and internal control system;
 - v) Third party service provider acknowledging SOCAR's Code of Conduct and requirements of the Policies;
 - vi) ongoing monitoring of Third party service provider's performance under the compliance requirements of the contract.
- 23.2 The requirements for appropriate systems should be achieved through internal normative documents on Counterparty Due Diligence.
- 23.3 Whenever using Contracted Staff in SOCAR's activities, SOCAR shall assess bribery, corruption, money laundering, crime financing and tax evasion risks associated with such Contracted staff and require appropriate risk-based mitigation steps when warranted, potentially including: appropriate contract with relevant ABC, anti-money laundering and crime financing, anti-tax evasion clauses, provision of required procedures applicable to

Contracted Staff, certification of compliance with SOCAR's Code of Conduct and Policies, cascading (synchronization of) relevant requirements within supply, contracting and/or sale chain of Contracted Staff, training on ABC, anti-money laundering and crime financing, anti-tax evasion, audit and monitoring of activities.

24. Gifts, Entertainment, Hospitality, Incentives & Hosting

SOCAR shall closely manage Gifts, Entertainment, Incentives, Hospitality, Social Investments, Charitable Contributions and Sponsorships and Hosting of Public Officials. All SOCAR Group Entities should use and periodically review usage and content of the Compliance department monitored Ethics and Compliance Register and Public Officials Hosting approvals process.

25. Joint Ventures

25.1 SOCAR shall manage the bribery, corruption, money laundering, crime financing and tax evasion risks presented by Joint Ventures. Where new Joint Ventures are being considered, SOCAR and SOCAR Group entities shall design and deliver proactive measures to continuously manage any such risks presented by Joint Venture counterparties. These measures include without limitation:

- i) conduct due diligence on the potential Joint Venture partner(s) in accordance with normative documents on CDD;
- ii) work with the Business partner(s) to implement internal controls, such as adequate books and records and auditing;
- iii) include ABC, anti-money laundering and crime financing, anti-tax evasion provisions and audit and inspection rights in the Joint Venture agreement;
- iv) agree to post-formation monitoring of the Joint Venture and Joint Venture partner;
- v) agree on exit clause and strategy;
- vi) where a Joint Venture partner contributes pre-existing contracts or permits to the Joint Venture, SOCAR should conduct due diligence to establish that those contracts or permits were lawfully procured.

25.2 If as part of the above process, Joint Venture partners (other than SOCAR and SOCAR Group Entities), raise objections to matters proposed by SOCAR in accordance with the requirements set out in this Policy, a SOCAR employee represented at a Joint Venture shall notify Compliance department. In any event, the provisions of the Code of Conduct and this Policy apply to all SOCAR employees or nominees working at or on behalf of any Joint Venture. Accordingly, SOCAR will seek to ensure that no such employee is placed in a position that might require a breach of this Policy or the Code of Conduct.

26. Non-operated Joint Ventures

Bribery, corruption, money laundering, crime financing and tax evasion risks in non-operated Joint Ventures shall be managed according to SOCAR's internal normative documents on Risk Management.

27. Top Level Commitment

27.1 Managers (including members of the Supervisory and Management Boards) of SOCAR

shall demonstrate top-level commitment to SOCAR's ABC, anti-money laundering crime financing, anti- tax evasion requirements.

27.2 Top-level commitment includes but is not limited to:

- (i) making staff aware through regular communication of the bribery, corruption, money laundering, crime financing and tax evasion risks faced by SOCAR. Communication may be accomplished through SOCAR's various channels such as newsletters, stands, posters, town halls, dedicated workshops, webinars and other face to face communications;
- (ii) supporting a culture across SOCAR in which bribery, corruption, money laundering, crime financing and tax evasion are unacceptable and to make available appropriate resource to manage such risks according to the expectations of this Policy;
- (iii) ensuring adequacy of internal controls and systems to prevent, detect and deter ABC, anti- money laundering and crime financing and anti-tax evasion non-compliance cases;
- (iv) participation in social media by regularly posting about compliance topics.

27.3 Top level commitment shall also be demonstrated through timely and accurate response to investigations, remediation measures, disciplinary actions and Managers' (including those of members of the Supervisory and Management Boards) attendance at training events or other internal compliance initiatives.

28. ASSESSMENT AND MONITORING

28.1 Adherence to this Policy shall be monitored by the Managers within their respective areas of work, with guidance from Compliance department, if necessary. The Compliance department shall conduct periodic reviews.

28.2 Internal control department may also conduct periodic reviews of adherence to this Policy in accordance with its guidelines and its management's instructions. Before commencement of any reviews, the Internal control department will be in touch with the Compliance department and shall share the review plan with the Compliance department for obtaining relevant feedback; and shall share the outcome of such reviews with the Compliance department for further follow-up and actions. In case of need, external auditors may also be invited for this purpose by the Internal control department.

28.3 Failure to observe this Policy may create substantial exposure and legal liability for SOCAR and SOCAR Group Entities, its employees, and other responsible individuals, including civil and criminal penalties, and may cause serious damage to SOCAR's reputation. Employees who are in breach of this Policy requirements may be subject to disciplinary action, up to and including dismissal.

29. COOPERATION

All departments and other structural units of SOCAR and SOCAR Group Entities shall cooperate fully and timely with the Compliance department and other mentioned departments as part of any activities described in this Policy including also compliance with requests for information and inputs made from these departments of SOCAR's Head office.

30. IMPROVEMENTS

SOCAR is committed to seek areas for continuous improvement of this Policy (at least annually). Such improvements consist of correcting nonconformities and making sure that they do not occur again; incorporations of feedbacks for improvement received from various departments of SOCAR as per their internal guidelines; legal, organizational and procedural developments as a response to changes in applicable laws or to a new or increased bribery, corruption, money laundering, crime financing and tax evasion risks; and incorporation of lessons learnt and remediation measures to existing and/or newly established business processes.

Annex 1 – Definitions (for the purposes of this Policy)

“Anything of Value” covers any form of benefit, which includes, but is not limited to:

- (i) Cash or Cash Equivalents, loans, Gifts or prizes;
- (ii) Employment offers or promises of future employment (to an individual or any of his/her relatives) including temporary employment regardless as to whether compensation is given (e.g. unpaid internships);
- (iii) Favourable terms on a product or service or product/service discounts;
- (iv) Entertainment/hospitality (including the payment of travel, hotel or restaurant bills, living expenses, or costs of trips or resort stays);
- (v) Use of vehicles or vacation homes;
- (vi) Discounted or free tickets to events;
- (vii) Services, personal favours or home repair and improvements;
- (viii) Political donations;
- (ix) Securities or shares, including the opportunity to buy shares;
- (x) Transfers of value through commercial agreements or clauses, such as concession, production sharing or gas sales agreements, as well as other contracts or written undertaking on rebates; or
- (xi) Social Investment, Charitable Contributions and Sponsorships

“Business partners” means partners in operated licenses, joint venture partners and any other third party, other than Third party service providers, that either has or has had a business relationship with SOCAR.

“Cash or Cash Equivalents, Gifts, Entertainment, Incentives, Hospitality and Hosting” have the meaning provided in the Gifts, Entertainment, Incentives, Hospitality and Hosting Policy.

“Compliance department” means a compliance department at SOCAR’s headquarters located in Baku, Azerbaijan, consisting of ethics & compliance professionals.

“Contracted Staff” means an individual who is engaged through a Third party service provider to support SOCAR staff. Contracted Staff are usually assigned to work at SOCAR’s facilities and may work under SOCAR’s day to day management and control, including receiving day to day work assignments from SOCAR employees.

“Control” means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of an Entity, whether through the ownership of voting securities, by contract, or otherwise.

“Entity” means any company, corporation, cooperative, limited liability company, partnership, limited partnership, joint venture (incorporated or unincorporated), enterprise, association, trust, subsidiary,

holding company, service company or other legal entity or organisation, established or organised under the laws of any state or jurisdiction or by written agreement between two or more parties.

“Ethics and Compliance Helpline” means SOCAR’s ethics@socar.az email address and relevant page of SOCAR’s corporate portal managed by SOCAR’s in-house professional teams in the Republic of Azerbaijan, dedicated exclusively for any ethics & compliance related concerns arising out of Code of Conduct and/or any other policies or procedures referenced in the Code of Conduct.

“Ethics and Compliance register” means the web-based Ethics and Compliance Register or otherwise locally approved register used to record, disclose and/or obtain approvals relating to the giving, or receiving of Gifts, Entertainment, Incentives, Hospitality, arranging or accepting Hosting and for recording cases concerning conflicts of interest.

“Facilitation payments” means payments made to secure or speed up routine legal government actions, such as issuing permits, licenses or releasing goods held in customs. The following are not facilitation payments: legally required administrative fees or fast-track services (e.g., at the airports) and payments made by SOCAR employees in accordance with official tariffs set by “ASAN Xidmət” in Azerbaijan (or similar state-owned entity in Azerbaijan or other countries of SOCAR’s operations) in order to expedite issuance of national IDs, foreign passports etc.

“Joint Venture” (JV) means a business relationship undertaken for a specific business purpose by SOCAR and one or more unaffiliated parties who contribute tangible and intangible assets to, and jointly manage, the relationship.

“Manager” means a person who supervises directly or indirectly activities and performance of SOCAR employees.

“Public Official” is defined as:

- (i) any executive, legislative or judicial branch official (whether elected or appointed);
- (ii) any executive, legislative or judicial branch employee;
- (iii) an employee or representative of any government (whether at a national, regional, municipal or local level);
- (iv) any official or employee of any government agency or instrumentality (including military, police and customs);
- (v) any director, officer or employee of any government-owned or controlled enterprise (e.g., national oil company, national airline, national railway or national shipping company; or state owned educational institution);
- (vi) any official or employee of a public international organization (e.g., World Bank, United Nations, International Monetary Fund);
- (vii) any political party officials or candidates for political office; or
- (viii) any member of a royal or similar ruling family, a tribal leader or other individual holding a similar position / status.

For the purposes of this Policy, SOCAR employees are excluded from this definition.

“SOCAR” means the State Oil Company of Azerbaijan Republic.

“SOCAR employees” means all people employed via employment agreement by SOCAR and SOCAR Group Entities, including SOCAR president and vice-presidents, any directors or other officers and employees of SOCAR and SOCAR Group Entities.

“SOCAR Group” means SOCAR and all SOCAR Group Entities.

“SOCAR Group Entity” means an Entity where SOCAR is a decision-making shareholder either under the agreement or in accordance with SOCAR’s direct or indirect majority ownership in the charter capital of such Entity. SOCAR Group Entity may be wholly owned or a JV and includes JV which is Controlled by the SOCAR Group Entity.

“Social Investments, Charitable Contributions and Sponsorships” means provision of anything of value (including financial funds, equipment, employee time and labor, sponsorships, scholarships, etc.) to: (i) a third party to generate social and/or financial returns; and/or (ii) a project to support charitable, educational, scientific, artistic, literary, development or community purposes, in each case whether or not a commercial return is expected from the provision of such value and made to an organization officially registered in the jurisdictions where SOCAR operates or may operate.

In case of Charitable Contributions - receiving organizations may be charities, but may also be government bodies, non-commercial Entities, including non-government organizations (NGOs), informal community groups, academic and research institutions, etc.

In case of Social Investments – receiving side may be both physical persons and non-commercial Entities. In case of Sponsorships – receiving side may be Entities only.

“Third party service providers” means any person and/or Entity that SOCAR does or intends to do business with, either on a regular or one-off basis. Third party service providers include but are not limited to consultants, representatives, advisors, contractors, vendors, service providers or contractors, or similar intermediary, business development agents/consultants, shipping agents and freight forwarders, customs agents, sales agents, expeditors and “formalities agents,” real estate agents/brokers, lawyers, accountants, tax advisors and political advisors.