



WESA

**CODE
OF
CONDUCT**

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1. INTRODUCTION

As a socially responsible, committed and engaged company, WESA must ensure that its activities are conducted in an ethical, sustainable and responsible way. Therefore, corruption is never tolerated.

As part of this ethical approach, WESA has adopted an Anticorruption Policy. This policy aims at reaffirming WESA's approach of zero tolerance towards corruption, and explains our expectations for not only our employees but also our business partners.

This Anti-corruption Guide is part of this process. It sets out the main principles of our anti- corruption efforts to support our employees in their daily activities by providing examples of actions to be taken or not taken in order to act with integrity

Each employee must ensure that they read, understand and comply with this Guide. Failure to comply with this Guide exposes the employee to disciplinary sanctions.

2. SCOPE OF APPLICATION

This Guide applies to all WESA employees, that is to say the Group, its subsidiaries and its controlled entities, and all who act alongside us, on our name or on our behalf.

This Guide's provisions must be respected in all areas in which WESA operates, even when the Guide's provisions are stricter than local anti-corruption laws. It is important to remember, however, that all applicable anti-corruption laws must be followed when they are stricter than this Guide.

This Guide may be subject to modification or update.

3. CORRUPTION

Corruption is the act of authorizing, offering, gifting, giving, promising, accepting or soliciting an undue advantage, directly or indirectly, in order to influence or encourage an individual to do or not to do an act within the scope of his/her duties.

Corruption is an act that can have serious legal, financial and reputational consequences for the company. Civil and criminal sanctions are also applicable to individuals who commit an act of corruption.

It is important that each employee respects this Guide and consults it whenever there is any doubt about the ethical conduct to be carried out in a given situation. Managers must spread the message of zero tolerance towards corruption and support employees who report behavior that contravenes this Guide.

- public: if committed by, on behalf or for the benefit of a public official or governmental entity.
- private: if committed by, on behalf or for the benefit of an individual or company.
- direct: if the act is committed by a company employee or agent in the public or private sector.
- indirect if the act is committed through a third-party intermediary.

There mere fact of offering or requesting a gift or an advantage in order to obtain the performance or abstention of an act is sufficient to establish the offence of corruption.

2 other types of Corruption are:

- active: it consists of remunerating or offering benefits to a public or private decision-maker.
- passive: it consists in accepting benefits from a public or private actor.

Corruption is severely punished in all its forms by civil and criminal sanctions.

GOOD

Understand the role and interests of the individual with whom you are dealing.

Immediately report any problems or attempts of corruption.

Ensure that expenses reflect the exact nature of the transaction.

Ensure that WESA's business partners comply with the principles of this Guide or apply standards at least equivalent to it.

Pay consultants, agents, and business partners those who have completed their mission.

Contact your line manager, the Ethics Compliance Ambassador, the Ethics Compliance Officer or the Ethics and Compliance Director in case of doubt.

BAD

Create a hidden or poorly registered fund containing prohibited payments.

Use personal funds, divide payments or hide activities that would require prior authorization.

Make a payment or offer a valuable object or benefit (promise of employment, contract) in order to obtain a decision in favour of WESA.

Use a supplier or an intermediary whom it is feared to behave in an inappropriate or corrupt way on behalf of WESA.

Make the transfer to a beneficiary different from the recipient.

Make a cash payment for the execution of a contract.

Pay an intermediary in cash

4. THE RULES SPECIFIC TO CERTAIN RISKS

FACILITATION PAYMENTS

Facilitation payments are a payment made solely to a public official in order to guarantee or expedite the performance of a routine procedure, such as granting a license.

WESA prohibits such facilitation payments.

There are times when a third party such as a public official may request a payment or any other benefit by threatening or extorting the employee. The official must refuse such payment.

However, if the refusal to pay represents a direct or imminent danger to the employee's health or safety, the employee must do what seems reasonable in order avoid putting him/herself in danger. If an employee makes such payment in this context, he/she must immediately inform his/her line manager / the Ethics Compliance Officer / the Ethics and Compliance Director.

GOOD

All payment requests must be reported to your line manager or to your entity's Ethics Compliance Officer (ECO).

In the event of threats, act in the best interest of your health and safety.

In the event of extortion, record these payments in detail in the accounts to reflect their true nature.

Contact your line manager, the Ethics Compliance Officer or the Ethics and Compliance Director in case of doubt.

BAD

Offer or receive anything of value in order to influence or reward an action.

Create a hidden or unofficial fund containing prohibited payments.

Use personal funds, divide payments or hide activities that would require prior authorization.

In the event of extortion, persist in refusing to pay when the threat is real and serious and represents a direct or imminent danger to the employee's health or safety.

GIFTS AND INVITATIONS

Why gifts and invitations may be problematic?

Accepting or offering a gift or an invitation may constitute a legitimate way to build and maintain a business relationship. However, it can be likened to corruption and they should never be offered or received with the intention, or give the appearance, of influencing business decisions.

When can I offer or receive a gift or an invitation?

Permitted gifts and invitations are exceptional and must be related to justified occasions and have a professional purpose.

Permitted gifts must also be made in good faith and be of low value. The Group gifts and invitations procedure has set the maximum value at 150€ per gift or invitation per person. Before considering giving or receiving a gift valued above this amount, you must receive prior authorization from your line manager, or if deemed is necessary, from the Ethics Compliance Officer and/or the Ethics and Compliance Director.

NOTE: some divisions/entities of the Group have stricter rules regarding gifts and invitations. You must refer to the strictest rules applicable to you.

Each gift or invitation offered or received must be declared to the Ethics Compliance Officer in order to be entered in a specific register.

GOOD

Refer to the Group gifts and invitations procedure.

Ensure that the benefit is not solicited by the beneficiary.

Before accepting a gift, benefit or invitation, think about how it may be perceived publicly and refuse those which might place you in a situation of conflict of interest.

Contact your line manager, the Ethics Compliance Ambassador, the Ethics Compliance Officer or the Ethics and Compliance Director in case of doubt.

BAD

Taking gifts and invitations during the bidding period.

Gifts are taken in the form of cash.

Offer or receive a gift or an invitation which would cause embarrassment if it were publicly disclosed.

DONATIONS AND SPONSORSHIPS

Why donations and sponsorships may be problematic?

In some cases, they can be considered as acts of corruption. They can be used as a mean of influencing or encouraging a person to perform an act within the scope of his/her duties, particularly if the person has a connection or interest with the organisation receiving the donation or sponsorship.

How to make donation and sponsorship?

These donations and sponsorships must be made in good faith that is to say without seeking benefits other than the promotion of the company's image. They must comply with all applicable laws and regulations.

Any donation is subject to the prior written consent of the Ethics and Compliance Director and must be duly registered.

GOOD

Ensure the authenticity of the charity organization.

Check that the organization beneficiary of the donation or sponsorship is not linked directly or indirectly with one of your business partners.

Favour an in-kind contribution rather than a sum of money in cash or any equivalent.

Choose organisations that defend the same values and causes as WESA.

BAD

Make donations or sponsorships to individuals or lucrative organisations.

Make a donation without being transparent on a real, apparent or potential conflict of interest.

Make a donation or sponsorship to organisations deeply linked with political parties.

5. CONFLICT OF INTERESTS

Conflict of interests is a conflict between an individual's professional mission and his/her direct or indirect private interests, which may influence the way in which he/she carries out his/her professional mission.

Conflict of interests may be:

internal: when the personal interest of an employee or a close relative is in conflict or is likely to be in conflict with those of the company, and may affect the judgment, objectivity or independence of the employee

external: when the company is forced by a customer to enter into a contract with a third party in order to obtain a private or public contract.

Methodology for identifying a conflict of interest: test Ask yourself

If you answer yes to one of the following questions, then there is a risk that you may actually find yourself in a conflict of interest:

- Would you feel indebted to others?
- Is there a risk that the independence and objectivity of your judgment may be compromised?
- Would this give the appearance that your judgment and objectivity are compromised?

A conflict of interest can hide an act of corruption! It is important that all employees be vigilant in situations of real, apparent or potential conflicts of interests.

6. LOBBYING

Lobbying are actions intended to help guide the decision making process the decision- making process of a government or institution through direct or indirect contact, in a transparent way.

The lobbyist, also known as an interest representative, aims in particular to make WESA and/or its subsidiaries' activities known to public decision-makers in order to provide them with technical expertise on a subject related to WESA's activity.

GOOD

Check whether the approach is likely to constitute a lobbying action.

Individuals identified as interest representatives must be listed and declared to the High Authority for the Transparency of Public Life in Azerbaijan and others if new legislation also provides for it.

Lobbying actions must be reported to the Public Affairs Department in accordance with the procedure in force.

Declare your lobbying activities in full transparency if a legislation provides so.

BAD

Lobby without prior agreement.

Offer an undue gift or invitation or any other advantage in order to influence a decision-maker.

7. MANIPULATION OF THE TENDERING PROCESS

A call for tender is a procedure by which a potential buyer asks different companies to make a specifically priced commercial proposal in response to a specification of its need for a product, service or provision.

How can the process be manipulated?

The process can be manipulated in different ways:

1. Through bribery

by offering, giving, promising, accepting or soliciting an undue advantage, directly or indirectly, in order to influence or encourage in the choice of the successful bid.

2. Through bid rigging

by setting prices for goods or services; excluding qualified bidders by wrongly disqualifying them, or by providing one company with sensitive/privileged information that is not shared with other participants in the bidding process.

The tendering process must be strictly respected.

GOOD

Establish clear and precise specifications.

Strictly comply with the tendering process.

Document the process.

Conduct the tendering process in complete transparency.

Declare any real, apparent, or potential conflict of interest.

BAD

Forward information to third parties about received bids.

Agree with competing companies on the bids submitted.

Offer or receive something of value to influence or reward action in a call for tender.

8. RISKS RELATED TO INTERMEDIARIES, SERVICE PROVIDERS, PARTNERS, AGENTS OR BUSINESS PROVIDERS

An intermediary refers to any individual or company acting in the name or on behalf of WESA. They may be, for instance, commercial agents, business providers, consultants, partners or any other person who interacts with government authorities.

WESA, or one of its subsidiaries, may be legally liable for the conduct of its intermediaries and suppliers, even if it had no knowledge of it.

Thus, any third party must be informed of WESA's zero-tolerance policy towards corruption. WESA's Anti-Corruption Policy must be appended to the contract and this Anti-Corruption Guide must be sent to them. WESA may refuse to work with business partners who refuse to comply with the rules in force.

The commission paid to this intermediary must be set out in a contract and must be reasonable and adapted to the market. A commission that is too high could create a risk of retro-commission. This is a form of bribe that consists in paying part of a commission to a third party.

GOOD

Justify the use of a third party and declare it.

Conduct due diligence.

Describe precisely in the contract the missions entrusted to an intermediary.

Ensure that there is no conflict of interest.

Ensure the actual performance of the contract on presentation of accounting or technical supporting documents before payment.

Insert an anti-corruption clause in contracts.

Comply with Group Procedure – Supplier CSR/Ethics Assessment, Group Procedure – CSR/Ethics assessment of clients and commercial intermediaries.

BAD

Enter into a commercial relationship with an intermediary who refuses to adhere to this Anti-Corruption Guide.

Conclude a contract with a third party whose past activities or reputation create doubt or suspicion.

Sign a contract without the prior written consent of the management concerned.

9. THE CASE OF MERGERS AND ACQUISITIONS

M&A transactions represent a real risk of corruption. WESA may be held liable for wrongdoings committed by entities acquired in the context of mergers or acquisitions, including even for acts that occurred prior to the merger/acquisition transaction. Additionally, in a joint venture, a partner may commit corrupt acts.

GOOD

Conduct due diligence of the targeted company.

Include guarantees in the final document.

Carry out an appropriate compliance- audit.

BAD

Perform a merger or an acquisition if a high risk of corruption has been detected in the targeted company.

REPORT AN ALERT

First of all, if you have the slightest doubt or if you do not feel comfortable in an ethical situation, you must contact your Ethics Compliance Network (Ethics Compliance Ambassador and Ethics Compliance Officer), whose contact details are available to all Group employees on the Group's intranet.

However, if you are the witness or victim of unethical behaviour and/or behaviour that does not comply with this Anti-Corruption Guide or applicable laws and internal procedures, you may report it to Ethics Compliance Officer by email.

Who to contact?

Your line manager

Your line manager is your main contact. He or she will be able to shed light on the nature of the unethical behaviour and guide you on to be taken with regard to the nature of the facts.

Ethics Complier Manager

If you do not feel comfortable discussing the matter with him/her or if no appropriate response has been provided, alert your Ethics Compliance Officer, whose contact details are available to all Group employees on the WESA Group intranet or the intranet of the subsidiary to which you belong.

What protection for the person who would report a violation?

The person who reports an alert in good faith will be protected in accordance with applicable legislation. WESA will not tolerate any form of sanctions or reprisals against this employee.

GLOSSARY

Consists of executives using their power or the company's assets, in a way that they know is contrary to the company's interests for personal purposes or to favour another company or enterprise in which they have a direct or indirect interest.

Call for tender

Procedure by which a potential buyer asks different companies to make a specifically priced commercial proposal in response to a specification of its need for a product, service or provision.

Conflict of interest

A conflict between an individual's professional mission and his/her direct or indirect private interests, which may influence the way in which he/she carries out his/her professional mission.

Corruption

The act of authorizing, offering, gifting, giving, promising, accepting, or soliciting an undue advantage, directly or indirectly, in order to influence or encourage an individual to do or not to do an act within the scope of his/her duties.

Donation

Payments (in cash or in value) made without expecting a counterpart.

Facilitation payment

A payment made solely to a public official in order to guarantee or expedite the performance of a routine procedure.

Gift

Material benefit offered as part of a social relationship whose value may depend greatly on circumstances (standard of living, context, etc.) and individuals.

Influence peddling

The act of remunerating or offering advantages to an intermediary exercising influence over a person holding public authority.

Integrity

Behaviour and actions in accordance with a set of moral or ethical principles and standards, adopted by individuals and institutions. Acting with integrity requires being honest, transparent, fair, authentic, irreproachable, etc.

Intermediary

Any individual or company acting in the name or on behalf of WESA. They may be, for instance, commercial agents, business providers, consultants, partners or any other person who interacts with government authorities.

Invitation

An intangible benefit intended to reflect attention to others whose value depends on hosts and circumstances.

Joint-venture

A commercial agreement with one or more entities under which it has been decided to jointly undertake a commercial activity and share the profits.

Lobbying

Actions intended to help guide the decision-making process the decision-making process of a government or institution through direct or indirect contact, in a transparent way.

Public official

Any person acting within the framework of a public service mission, depositary of the public authority, legislative, administrative or judicial authority, or who is a member or holds a position within a political party or who is a candidate for a political party. More generally, it is a person who performs a public function for or on behalf of a government authority.

Retro-commission

A form of bribe that consists in paying part of a commission (i.e. the percentage paid through a commercial transaction) to a third party.

Sponsorship

Donation of a company in the form of financial or material assistance to an organization to support a work of general interest or to acquire a cultural object.

Transparency

Is characterised by a company or individual's clear and complete disclosure of information, rules, plans, processes and actions.

Unlawful taking of interest

Consists for an elected representative in charge of a depositary of the public authority or of a public service mission, to take, receive or retain any interest for which he is in charge of ensuring the supervision or administration.

ALERT SIGNALS

To go further, below are examples of potential corrupt situations that could occur. If you are facing one of these situations, you must report it as soon as possible. You realize that a business partner or one of your employees has been or is involved in dishonest practices.

You learn that an intermediary you wanted to hire has a reputation for bribery, asking for bribes or having inappropriate relations with public authorities.

A public official insists on receiving commissions or payment of fees before signing a contract with you or establishing your administrative acts.

One of your suppliers requires cash and refuses to issue a receipt.

A supplier requires that a payment be made to a country or geographical area other than its place of establishment.

A public official charges an additional fee to facilitate a routine service.

A customer requires luxurious gifts or invitations before signing a major contract.

You are witnessing an employee demanding payment to «turn a blind eye» to illegal acts committed by one of your business partners.

A public official requires that you obtain employment or other benefits for a friend or family member.

A business partner refuses to put an agreement in writing.

You notice overbilling addressed to the company.

One of your business partners requires you to use an unknown intermediary, agent, consultant, or distributor.

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Habib Atakishiyev
Chairman and Chief Executive Officer
WESA LLC

