



## **The system of standardization in the State Oil Company of the Azerbaijan Republic**

### **Standard “The reporting system about violations of business ethics standards and anticorruption requirements of the State Oil Company of the Azerbaijan Republic” (SOCARSS – 003.2012)**

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#### **01.1 The purpose of the Standard**

Standard “The reporting system about violations of business ethics standards and anticorruption requirements of the State Oil Company of the Azerbaijan Republic” (hereinafter – “the Standard”) regulates the procedure of reporting, receiving and initial processing of messages received via whistle-blowing channels (hereinafter – “the Hot-line”) of the State Oil Company of the Azerbaijan Republic” (hereinafter –“SOCAR”).

##### ***1. Goals of the Standard***

This Standard is intended for:

- Establishment of channels, rules and procedures for reporting potential violations committed at SOCAR by its employees or other related persons without having any fear for their personal safety and possible sanctions from the management of SOCAR;
- Fraud and corruption deterrence and timely detection and prevention of regular violations of business ethics standards;
- Minimization of financial, legal, reputational and other risks.

**01.2 Responsible Body** – the respective body determined by the order of the President of SOCAR.

**01.3 Structural Unit** – departments and divisions that form part of the structure of SOCAR.

#### **01.4 KEY PRINCIPLES OF HOT-LINE FUNCTIONING**

1.1 SOCAR whistle-blower system or "Hot-line" is an aggregate of specialized channels used by SOCAR's employees and other interested parties (third parties) (together, hereinafter - “The Informers”) to inform about their doubts on lawfulness and / or ethicality of SOCAR's employees or other related parties, about reasonable suspicions of their non-compliance with the requirements the Code of Business Ethics and Anticorruption Policy of SOCAR, as well as about other violations that cause or may cause material damage to SOCAR and / or its employees or harm to its business reputation.

For the purposes of this Standard, violations include any violations of the applicable laws and SOCAR's internal regulations, including the Code of Business Ethics and the Anticorruption Policy.

1.2 SOCAR tends to provide the most efficient functioning of the "Hot-line" and processing of all messages received within the requirements of the applicable laws and this Standard.

1.3 This Standard reflects basic principles of SOCAR's business activities, its core policies and procedures. This Standard does not create and is not intended to create any new rights and guarantees in response to voluntary actions in accordance with the Standard of SOCAR employees, customers, suppliers, competitors, shareholders and any other interested parties.

### ***The objectives of using the "Hot-line"***

1.4 Target areas of the "Hot-line" application and areas for identifying possible violations at SOCAR:

- Transparency and business ethics, sustainability activities;
- Anti-fraud and anticorruption;
- Environmental and production safety;
- Charity, social and sponsorship activities;
- Accounting and tax accounting, reporting, including financial, managerial, etc.;
- Procurement activities;
- Financial, credit and investment transactions, mergers and acquisitions;
- Asset management, use or disposal of property;
- Contractual relations, settlements with contractors and other third parties;
- Confidentiality of information.

Other areas of SOCAR activities aimed to achieve its economic and / or socially important goals.

### ***Unacceptable purposes of using the "Hot-line"***

1.5 It is prohibited to use the "Hot-line" for:

- Dissemination of false information knowingly, slander and similar purposes;
- Settlement of scores with other employees or third parties, achievement of personal goals that are contrary to SOCAR's interests;
- Complaints on household and personnel problems as well as for psychological support in stress and other situations;
- Harassment, expression of threats to life and health of SOCAR's employees and their families and relatives;
- Dissemination of advertising or promotional materials, information which does not directly relate to activities of SOCAR;
- Other similar purposes, contrary to the purpose of the "Hot-line".

1.6 SOCAR has the right not to consider messages received via the "Hot-line" in case they are considered as unacceptable by their purpose within initial processing performed and / or contain offensive language.

### ***Awareness about the "Hot-line"***

1.7 This Standard is a public document and is available on SOCAR's official web-site on the Internet and / or is published elsewhere.

1.8 Information about SOCAR "Hot-line" is also reflected in its Anticorruption Policy and Code of Business Ethics.

## **01.5 WHISTLE-BLOWING CHANNELS**

SOCAR provides the following channels to inform about violations and methods for sending messages to the "Hot-line":

Whistle-blowing channels	Contacts	Interval of messages review by the Operator	Possibility of anonymity
E-mail	<a href="mailto:anti-korrupsiya@socar.az">anti-korrupsiya@socar.az</a> Size of the message with attachments may not exceed 10 MB	Each working day	Yes
Web-form on the official web-site : <a href="http://www.socar.az">www.socar.az</a>	Size of the message with attachments may not exceed 10 MB	Each working day	Yes

Whistle-blowing channels	Contacts	Interval of messages review by the Operator	Possibility of anonymity
Mailing address	The address of SOCAR Head Office – 73 Neftchilar Ave. Baku, AZ1000	Once a week	Yes

## 01.6 FORMAT OF MESSAGES SENT TO THE “HOT-LINE”

Messages could be sent by the Informer to SOCAR "Hot-line" in any format convenient for him.

However, in order to speed up and simplify the process of processing messages it is recommended to disclose the following information:

- Business line / area of SOCAR’s activity in which the alleged violation took place;
- Time frame, when the violation occurs and its frequency (recurring, one-time);
- A brief description of the violation (including specific relevant facts and circumstances, relevant details, possible causes);
- Name of the department / division / subdivision / enterprise of SOCAR, the position and name of potentially guilty employees and / or individuals involved;
- Possible consequences of the violation and / or damage to SOCAR, known to the Informer;
- Whether the Informer has already informed anyone in SOCAR or any third parties about this violation (if yes then the recipient’s name and position shall be specified, as well as the result of his analysis / discussion with him; otherwise - reasons should be reflected (if any));
- Name and position of SOCAR’s employees who may be aware of the violation to confirm or add to the information communicated;
- Optional - name and contact details of the Informer (for feedback) and his interest in being informed of the outcome of the message processing and measures undertaken.

## 01.7 ANONYMOUS WHISTLE-BLOWING

Informers have the opportunity to send messages anonymously to SOCAR "Hot-line".

However, while providing anonymous messages to the "Hot-line", Informers should realize difficulties associated with conducting internal investigations regarding such messages, as there are no opportunities to clarify the information received and for further interactions with the Informer.

## 01.8 GUARANTEE OF CONFIDENTIALITY

- 1.1 SOCAR, within its competence, guarantees the confidentiality of the information on the identity of the Informer who provided significant and reliable information about the violation, which does not contain signs of unacceptable purposes of using the “Hot-line” (listed in section 2.5 of this Standard): Operator of the "Hot-line" and the employees of SOCAR’s Risks Committee and the Information Technology Department are not authorized to disclose the above information to other employees of SOCAR or third parties, except for the cases provided by the applicable laws.
- 1.2 SOCAR is not responsible for maintaining the confidentiality of the Informer in case he voluntarily, including negligently, discloses the fact of sending a message to the "Hot-line" to other SOCAR employees or third parties.

## 01.9 PROCESSING OF MESSAGES RECEIVED ON THE "HOT-LINE"

- 1.1 SOCAR seeks to gain its employees’ confidence and maintains open dialogue with them through a professional, timely and thoughtful processing of all messages received on the "Hot-line", disregarding the position and seniority of SOCAR’s employees against whom messages are received.
- 1.2 The Legal Department of SOCAR Head Office, (hereinafter - "the Operator"), is responsible for the registration and initial processing of messages received on the "Hot-line" in accordance with requirements of SOCAR’s internal documents.

- 1.3 Results of the messages' initial processing are forwarded by the Operator to the respective Structural Unit provided in section 1.2 of 01.9, which verifies the reliability of the information contained in the messages received on the "Hot-line", and decides whether to:
  - Obtain approval of the Risks Committee to conduct internal investigation on the basis of the message; or
  - Leave the message without further analysis due to lack of data or its insufficiency that result in impossibility to identify any signs of violations in the message, including violations of business ethics standards and anticorruption principles and requirements of SOCAR.
- 1.4 The respective Structural Unit provided in section 1.2 of 01.9, prepares summary reports regarding the messages received on the "Hot-line" and measures undertaken, which are then on a regular basis provided to the Risks Committee.

#### **01.10 INFORMERS' RESPONSIBILITY FOR THE INFORMATION PROVIDED**

- 1.1 SOCAR guarantees that no sanctions would be imposed (including by way of termination of employment, demotion or withdrawal of bonus and etc.) on employees, who in good faith suspected facts of corruption actions, violations of business ethics standards as well as violations of legislative requirements and other violations performed by another employee or other individuals.
- 1.2 Employees or other individuals providing knowingly false information via the "Hot-line" could be brought to responsibility in accordance with the applicable laws and SOCAR internal documents.