

## Code of Business Conduct, Personnel Management Practice Caspian Pipeline Consortium

### Preamble

A vital part of CPC business is how CPC and its employees conduct themselves in everyday relations with one another, with business associates and third parties including authorities and state entities. That conduct, in part, will make the difference between being an ordinary company and the premier company with high corporate standing that CPC is. CPC's Code of Business Conduct has been developed to highlight expected standards of behaviour and to assist in dealing with difficult and sensitive situations. These standards provide guidance and contribute to reshaping CPC's corporate culture. It is how CPC wants to see itself as a company.

### CPC Business Principle

CPC's business principles, commitments and expectations are detailed within "*CPC Business Principles*." They apply to all CPC activities and are the foundation on which CPC builds and conducts its business. To help achieve these principles, the following Code of Business Conduct Personnel Management Practice of Joint Stock Company "Caspian Pipeline Consortium-R" and Joint Stock Company "Caspian Pipeline Consortium-K", applies (hereafter, jointly referred to as CPC).

### Scope

This Management Practice is an internal document of CPC and shall be observed and implemented by all CPC employees in all dealings with employees, secondees and contractors of CPC, and any other persons with whom CPC enters into business dealings and jointly conducts business. All CPC employees are required to observe and implement this Management Practice in all activities related to CPC and throughout their working hours and during all corporate and other events of CPC.

**Employees may meet these expectations by generally paying attention to the following company requirements:**

**Internal Control** - employees will continually assess and adjust their work to ensure that operating information and financial transactions are promptly and accurately recorded in the CPC records, CPC property is protected, and its policies and processes are followed. Sensitive issues involving employees, secondees and contractors must be handled with discretion, and communicated to the individuals who have the authority and responsibility to deal with these matters.

**Laws** - employees and contractors will seek the advice of the appropriate CPC departments to ensure compliance with the laws and regulations of countries where CPC conducts business, and, in particular, Russian and Kazakh antimonopoly legislation and foreign antitrust laws, all of which protect competition in the market place.

**Health** - employees will be encouraged to practice behaviour that contributes to their physical and psychological well-being. Employees, secondees and contractors will comply with the CPC's Alcohol and Drugs Management Practice at all times. A copy of this Management Practice may be obtained from CPC's Human Resources Department.

**Environment, Safety and Industrial Hygiene** - employees will be leaders in discussing and resolving environmental, safety and industrial hygiene matters through meetings and other measures envisaging and establishing standards exceeding statutory requirements. Secondees and contractors will comply with CPC policies and all applicable laws with respect to environmental, safety and industrial hygiene matters.

Several sources exist within CPC to further clarify the Code or other issues relating to day-to-day CPC business activity. HR department may refer personnel to appropriate resources. Employees are encouraged to seek further clarification on any issue of conduct and should feel completely free to discuss or solicit feedback or any information from appropriate individuals.

CPC dedication to the highest ethical standards of conduct and integrity will help CPC achieve a sound reputation in Russian, Kazakhstan and World business communities.

The fundamental relationship between employer and employee and between employer and contractor at CPC must be founded on mutual trust. CPC will treat its employees, contractors, and business associates with fairness, honesty and respect, and expects reciprocal treatment. In all its actions, CPC will act with utmost integrity.

The Code of Business Conduct applies equally to all CPC employees. These standards concisely capture the more prevalent legal, moral and ethical behavioural issues that affect the way CPC and its employees perform in the business environment. This Code refers to “employees” throughout; however certain parts of the Code (as indicated on the following table) apply to secondees and contractors and the Code should be interpreted accordingly.

#### Application of Code to various personnel

Code chapter	Applies to employees and persons on Paid Services Agreements	Applies to secondees	Applies to contractors <sup>1</sup>
Conflict of Interest	Yes	Yes	Yes
Confidentiality	Yes	Yes	Yes
Gifts and Entertainment	Yes	Yes	
Business Integrity	Yes	Yes	Yes
Workplace non-harassment	Yes	Yes	Yes
Positive reinforcement and progressive discipline	Yes		

#### 1. Conflict of Interest

CPC employees will be expected to avoid activities and relationships which place them in situations where their personal interests may conflict, or may be perceived to conflict, with those of CPC. Secondees and Contractors will ensure their activities and relationships do not conflict with those of CPC while doing work for CPC. **Further information on compliance with this section may be found in the attachment to this document (Chapter 1).**

<sup>1</sup> Code is applied through contract provisions with contractor. CPC department originating contract is required to use appropriate contract provisions

## 2. Confidential Information

CPC proprietary information and information that could jeopardize CPC's competitive position and possibly damage CPC property or interests, will be kept confidential by employees, secondees and contractors, except when its release is authorized. Information received from external sources on a confidential basis will be treated in the same manner. **Further information on compliance with this section may be found in the attachment to this document (Chapter 2).**

## 3. Gifts and Entertainment

CPC Employees may neither give nor receive gifts, entertainment, payments or services, directly or indirectly (either for themselves, business partners or their relatives), that may in any way influence, or be perceived to influence, decisions of CPC, or decisions of the outside recipients. Contractors of CPC may not give gifts, entertainment, payments or services, directly or indirectly, that may in any way influence, or be perceived to influence CPC's decision to use the contractor. **Further information on compliance with this section may be found in the attachment to this document (Chapter 3).**

## 4. Business Integrity

CPC employees, secondees and contractors will exhibit behaviour that recognizes applicable laws - the laws of the jurisdictions in which we operate, and in some instances, applicable foreign legislation. **Further information on compliance with this section may be found in the attachment to this document (Chapter 4).**

## 5. Non-harassment

It is CPC's requirement that no individual be subjected to workplace harassment of any kind. Harassment is defined as unwelcome or unsolicited physical or verbal conduct having a negative effect on an individual's work environment, job performance, and/or personal rights and dignity. This applies to all employees, secondees, suppliers, contractors, consultants, and anyone else involved in any dealings with CPC. **Further information on compliance with this section may be found in the attachment to this document (Chapter 5).**

## 6. Positive Reinforcement

Employees who perform above and beyond the normal expectations of their job may be recognized for their outstanding performance. **Further information on this section may be found in the attachment to this document (Chapter 6).**

## 7. Progressive Discipline

Employees who do not comply with these and other workplace expectations or who do not perform their work in a satisfactory manner, may be subject to disciplinary action. Secondees who do not comply with these expectations will be reported to their home organization. Personnel employed by contractors who do not comply with these expectations will be reported to their employers and contractual action up to and including contract termination may occur. **Further information on this section may be found in the attachment to this document (Chapter 7).**

## **Compliance with Management Practice**

The General Director has responsibility for compliance with this Code, applicable laws and other regulations.

Deputy General Directors, Managers, Supervisors and other Management of CPC shall be responsible for compliance with, and operation of, their facilities and staff in accordance with this CPC Management Practice and applicable laws or regulations.

CPC employees and secondees are responsible for compliance with all rules and applicable laws related to their assigned duties and responsibilities. Employees who are unsure of the legal or regulatory implications of their actions shall be responsible for seeking management or supervisory guidance.

## Chapter 1 - Conflict of Interest

### Description

A “Conflict of Interest” occurs where a CPC employee (“Employee”) has personal interests that may interfere with his or her objective and effective performance of work or services for CPC. Conflict of interests could be caused by business and personal relationships within as well as external to CPC.

Employees are required to avoid taking opportunities for themselves discovered through their use of company assets or their positions with CPC. Each Employee must avoid any actual or apparent Conflict of Interest.

Employees should not be involved in making business decisions where they have a non-CPC business interest, or a personal or family interest, whether direct or indirect.

### Potential Risks of Conflicts of Interest

Decisions based on motives of personal gain rather than on stewardship responsibilities;  
 Appearance of bias or unfairness to other stakeholders;  
 Undermines stakeholder’s confidence and trust in the management of CPC;  
 Business decisions made with a conflict of interest raise doubts about the quality of the business decisions and the integrity of the person(s) making them.

### Definitions

“**Ethics Committee**” means the committee comprising individuals performing the functions of Internal Audit Manager, Deputy General Director, General Business, General Counsel, Deputy General Director, Finance, First Deputy General Director, Operations, and Head of Security Services. General Counsel shall act as Secretary to the Ethics Committee. Secretary to the Ethics Committee on a case-by-case basis acting on his/her own initiative and/or at the request of any Ethics Committee member(s) may engage qualified translator/interpreter from CPC workforce or a third party provider to assist with interview(s)/translation(s) for the purposes of the CPC Ethics Committee.

“**CPC**” means Joint Stock Company “Caspian Pipeline Consortium-R” and Joint Stock Company “Caspian Pipeline Consortium-K”.

“**Employee Family Member**” means in relation to an Employee that Employee’s wife; family member that lives in the same household as the Employee; family member who is financially dependent on the Employee.

“**Family ties**” mean an Employee’s relation to family members and other relatives, including those through marriage, and other close relations implicating joint housekeeping, dependency, financial leverage, dependency in performing job functions, etc.

### Rules and Criteria

Engaging in outside activities such as secondary employment, consultancy, business relationships, directorships or freelance activities should not limit CPC’s claim on an Employee’s working time, incur the use of CPC’s resources, seek to influence any kind of transaction with CPC, or entail the use of proprietary knowledge gained in CPC service to the benefit of another organization or employer. Family ties or other relationships that could be seen to be an unfair influence (e.g. a family interest in an outside company with which CPC does business) must be suitably isolated from every business decision that the Employee might influence.

Examples

It can be difficult to anticipate all situations which might give rise to a Conflict of Interest. The following rules will help you to resolve them.

## External relations (affairs)

- No Employee or Employee Family Member should be an owner, officer, director or senior employee of any organization which has, or is seeking to have, business dealings with CPC where there is an opportunity for preferential treatment to be given or received, except (i) with the prior written consent of the Ethics Committee, or (ii) in the case of ownership, where the interest is in publicly-traded shares or (iii) where the ownership interest is an immaterial interest in a private organization.
- No Employee or Employee Family Member should compete with CPC through outside business activities.
- No Employee should serve as an officer or director of any other company, or in any management capacity for, or as a consultant to, any individual or organization doing, or seeking to do, business with CPC, except with the prior written consent of the Ethics Committee.
- No Employee should approve or control contracts or other business arrangements between CPC and a member of the Employee's immediate family or with an individual or organization employing a member of the Employee's immediate family in activities directly related to the contracts or other arrangements. Review, approval, and control of such contracts and other business arrangements should be referred to the Employee's supervisor who should disclose the relationships in question to the Ethics Committee.
- No Employee or Employee Family Member should acquire and hold any interest in (i) land or buildings used by or leased to CPC (ii) any company owning such land or buildings, except with the prior written consent of the Ethics Committee.
- No Employee, without Ethics Committee prior written consent, should engage in discussions or negotiations concerning employment or similar contractual relationship for the Employee or Employee Family Member with any organization with which the Employee has negotiating authority on behalf of CPC.
- No Employee or Employee Family Member should knowingly buy, sell, or lease property, facilities, or equipment from or to any individual or organization that is, or is seeking to become, a contractor, supplier, or customer of CPC, where there is an opportunity for preferential treatment to be given or received, except with the prior written consent of the Ethics Committee.
- Employees engaging in personal political activities will separate those activities from those of CPC, act and speak on their own behalf, and assume their own expenses. No CPC assets are to be used to support political activity.

- Usage of information and CPC resources:
- No Employee or Employee Family Member should participate in any transaction in stock, options, or other securities of any other company, or in physical or futures oil trading, on the basis of material information not yet public that the employee has learned through their employment with CPC. Material information is essentially significant in nature; there should be a substantial likelihood that a reasonable investor would consider the information important in deciding whether to buy or sell the securities.
- No Employee should use personnel, facilities, equipment, or supplies of CPC for personal benefit, unless in accordance with accepted practices and procedures.
- No Employee or Employee Family Member should buy, sell, or lease any kind of property, facilities, or equipment from or to CPC, where there is an opportunity for preferential treatment to be given or received, except with the prior written consent of the Ethics Committee.
- Technological enhancements, inventions and innovations developed by Employees in connection with their employment are the property of CPC and must be disclosed to CPC for its determination regarding further use and final application.

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**Employees could ask themselves the following questions:**

- Do I feel comfortable with dealing with this person or company given my relationship with them and with CPC?
- Would I be concerned if everyone knew what the relationship is and I remained involved in the business transaction, especially if a deal is concluded?
- Will people think that I preferentially assisted this individual or company to get business with CPC?
- Do I feel under obligation due to the relationship I have? Will I feel embarrassed or awkward if they do not obtain the business with CPC and I have been involved?
- Do I feel loyalty towards the person or company, which makes me want to help them to be successful in obtaining business with CPC?
- Do I feel unduly influenced to make this person/company successful in their business?
- Do I stand to gain anything by virtue of my relationship with the individual? (This may not necessarily be purely financial but could involve invitations to functions, tickets to concerts or just the creation of an obligation on the part of the other person.)

**Some DO's and DON'Ts**

<b>DO:</b>	<b>DO NOT:</b>
<ul style="list-style-type: none"> <li>• Be clear about the nature of a conflict of interest (either real or perceived) and therefore, the steps that must be taken to avoid or manage it</li> <li>• Ensure that family ties, friendships or other relationships that could be seen to be an unfair influence (e.g. a family interest in a company with which CPC does business) are isolated from business decisions</li> <li>• Explicitly declare all conflicts of interest and fully disclose all pertinent and material factors to the Ethics Committee</li> <li>• Obtain the Ethics Committee's endorsement before engaging in outside employment, consultancy or directorships.</li> <li>• Do not put yourself in a position where your loyalties may become divided. Ensure that the business decision, process or transaction is insulated from the even the appearance of bias.</li> <li>• If CPC is hiring your friend, relative or family member, isolate yourself from the decision making process.</li> </ul>	<ul style="list-style-type: none"> <li>• Take any part in a business decision, process or transaction under a conflict of interest</li> <li>• Engage in outside activities, e.g. such as secondary employment or consultancy, business relationships, directorships or freelance activities, etc. which get in the way of CPC's claim on your working time, incur the use of CPC assets and resources or entail the application of proprietary knowledge gained in CPC service to the benefit of an outside employer or company</li> <li>• Conceal a real or perceived conflict of interest</li> </ul>

**Secondees**

This policy shall apply to Secondees to CPC, without prejudice however to the terms of any agreement pursuant to which such Secondees are seconded to CPC.

**Disclosure**

Employees are required to disclose potential or actual conflicts of interest or their personal interest in making business decisions to their immediate supervisors or to the Ethics Committee for prompt resolution, using the attached disclosure form (see Exhibit 1). The HR Department shall ensure an annual reminder of this requirement is sent to Employees and Secondees.

The Ethics Committee shall following any disclosure made to it promptly advise any Employee of its determination as to whether a Conflict of Interest exists and if so, how it will be managed. Any such action will be in accordance with applicable labour laws.

Non-disclosure of a conflict of interest or personal interest in making business decisions, for whatever reason, or failure to disclose all pertinent information on a conflict of interest or personal interest, is a breach of this Management Practice and subject to the disciplinary action established by RF KR labour laws in the case of Employees and shall be referred to the seconding company in the case of secondees.

**Employees are encouraged to talk to their immediate supervisors or the Audit Department if in doubt about any items of this Management Practice.**

Exhibit 1

**CPC DISCLOSURE OF POTENTIAL CONFLICT OF INTEREST**

**INSTRUCTIONS**

**Action by Employee:**

- Please complete details below. Additional pages may be attached as necessary.
- Forward the form to your Supervisor or Department Manager.

**Action by Supervisor or Department Manager: send form to Ethics Committee.**

DATE			
MM/DD/YEAR:			
New <input type="checkbox"/>		Previously Reviewed <input type="checkbox"/>	
		If previously reviewed, provide date: MM/DD/YEAR:	
EMPLOYEE DETAILS			
Name:	(Surname/Last Name)	(First Name)	(Patronymic)
Job Title:			
Function			
Brief description of work responsibilities:			
Description of possible Conflict of Interest Issue:			
Has situation changed since prior review?	No <input type="checkbox"/> Yes <input type="checkbox"/>	If yes, explain:	
Explanation for why there is no Conflict of interest			

EMPLOYEE & SUPERVISOR SIGNATURES			
Employee's name:		Job title:	
Employee's Signature:		Date:	
Supervisor's Name:		Job title:	
Supervisor's or Department Manager's Signature:			
Additional comments by current Supervisor:			
Supervisor's Signature:		Date:	
REVIEWS AND ENDORSEMENTS (Ethics Committee)			
Name	Signature	Job title:	Date:

## Chapter 2 – Confidentiality

### Rules and Criteria

Information about CPC, its financial condition, plans and operations is not to be disclosed to any party (including departments of government and state control and shareholders) without appropriate steps being taken to ensure that CPC is not damaged by the disclosure. Information is an asset of CPC and its misuse can injure CPC.

All information regarding CPC, its ownership, operations or financial condition shall be kept confidential and shall not be sold, traded, published or otherwise disclosed to anyone outside of CPC in any manner whatsoever, including by means of photocopy, reproduction or electronic media, without authorized management's prior consent.

CPC may receive information from third parties that the third party regards as confidential. In such cases the provisions of any confidentiality agreement signed by CPC must be strictly adhered to. Generally speaking, employees and secondees of CPC will handle such information on a need to know basis and otherwise handle the information as though it were CPC confidential information.

All CPC employees, secondees, PSA and TSA contractors must be aware of CPC's Information Security Management Policy must agree, in writing or electronically, to abide by this policy.

#### **Physical protection of information**

Departments originating sensitive data and recipients of sensitive data should take appropriate measures to protect the information. These could include holding confidential conversations in private, the use of lockable document storage, maintaining appropriate password protection on computers, using land line (rather than cellular) telephones for sensitive matters and restricting access to and editing of data through file protection.

Employees, secondees, PSA or TSA contractors of CPC should not remove data in any physical format from CPC premises without the consent of immediate manager. CPC employees should contact their immediate supervisor or HR if they need advice or if they are in any doubt about the application of this management practice. Information Security Manager will advise on choosing right security measures and applying them.

An employee, secondee, PSA or TSA contractor of CPC proposing to disclose information shall be responsible for ensuring, as appropriate, that all persons to whom the information is disclosed shall keep such information confidential, shall not disclose or divulge the same to any unauthorized person and shall comply with the use restrictions set forth in the applicable policies, contracts and legislation. Appropriate steps to undertake such measures may include requiring a recipient to sign a confidentiality agreement. Contractors who have access to confidential information must have confidentiality obligations in written agreements.

The Legal Department will assist in providing advice on the interpretation of outside legal obligations and in preparing or approving confidentiality agreements.

**VIOLATIONS OF THIS MANAGEMENT PRACTICE WILL BE SUBJECT TO CPC'S DISCIPLINARY PROCESS FOR EMPLOYEES, NOTIFICATION TO PARENT COMPANY FOR SECONDEES AND CONTRACT REVIEW FOR CONTRACTORS.**

## Chapter 3 - Gifts and Entertainment

### Rules and Criteria

Gifts and Entertainment are an important and perfectly respectable way of building and reinforcing business relationships with all those with whom CPC comes into contact on business. However, gifts and entertainment must be given and accepted with care in order to avoid possible misinterpretation.

Misinterpretations can arise whether we are giving or accepting, e.g. they could be seen as an attempt to bias a decision or to enhance personal lifestyles by a misuse of CPC funds. CPC could be accused of double standards if it gave more generously than its employees were allowed to accept from others. This could be regarded as creating an obligation to reciprocate, either in kind or with some other benefit. The risk of misinterpretation may be enhanced if the recipient is alone when offered the gift or entertainment.

All CPC employees should feel confident that giving or accepting a gift or entertainment would pass the following tests:

- There is demonstrable benefit to CPC's business.
- The recipient would not put a higher value on the gift or entertainment than value intended.
- It could not be interpreted as creating an obligation on the recipient.
- The CPC employee would not be embarrassed if colleagues or third party knew about the gift or entertainment - nor if it became public knowledge (e.g. in the press).

These statements cover offers of entertainment or gifts to employees and members of an employee's immediate family or other relatives. Gifts include promotional items (pens, diaries, lighters, etc.), holiday gifts, free promotional travel, offers of work or a donation to a charity.

#### The following constitute acceptable practice:

- Normal business lunches and dinners.
- Accepting gifts of "nominal value". "Nominal value" has been defined as up to **RUR 3,000 / KZT 15,000**. An employee's Deputy Director should approve, in writing, any acceptance of a gift, the value of which is above the "nominal value".
- Giving and accepting entertainment of "reasonable value". "Reasonable value" has been defined as up to **RUR 3,000 / KZT 15,000** to a single individual. When the above limits are exceeded, discussion and approval by the Manager, Internal Audit and General Director is required.
- All gifts to or entertainment of a government official, officer of a government owned company or political official must be reported to the Manager, Internal Audit if it exceeds the above "reasonable value".
- The actual level of gift or entertainment offered by an employee of CPC should be appropriate for the status of that party. It should not be set so high such that a new precedent is established, nor should it be so low as to cause insult.
- In cases when it may be insulting to turn down a gift, which is in excess of the above limits, the employee should accept the gift on behalf of CPC and inform the Manager, Internal Audit. The Management Team will decide whether:
  - The employee may retain the gift,
  - It will be retained for the benefit of CPC,
  - Sold (to the employee or others) and the money donated to a charity.

- Business dinners and similar entertainment will be done in moderation.

Every case of getting business gifts / entertainment offers in excess of the equivalent value of RUR 1,000 / KZT 5,000 must be reported by the employee to HR. Cases of rejecting business gifts / entertainment offers must also be reported by the employee to HR.

HR will record such info in the Gifts/Entertainment Log with indication of whether such gift / entertainment offer was accepted or rejected.

**When in doubt about the acceptability of any practice, CPC employee should ask CPC's Manager, Internal Audit Manager before taking any actions.**

CPC Employees may have an obligation to pay income tax on gifts from others when filing a tax return for the corresponding year.

If an employee of CPC receives money from CPC for entertainment, he/she shall submit relevant invoices and receipts to CPC on the workday following the event, together with a report on the event.

#### **The following constitute unacceptable practice**

- Accepting entertainment or keeping a gift in excess of the above amounts, without having obtained proper approval.
- Seeking a gift / entertainment from any organization, or its employees, that does business with us or which would like to do business with CPC.
- Accepting gifts / entertainment by the CPC employee, family or relatives and friends on behalf of the employee, other than following the approved guidelines.
- Accepting a gift or entertainment, including organized corporate entertainment, in the course of a tender or negotiation for supplies of goods and services.
- Accepting invitations to attend corporate events, which involve significant travel and / or overnight accommodation being paid for by the host company.

If an employee of CPC feels that there is business advantage in his/her attending, then:

- This should be approved by the department head,
- There should be people present from other companies,
- CPC or seconding organization should pay for the employee's travel and accommodation.

If there is no such business justification then you should not attend, even as a private individual.

Spouses or partners of CPC employees, or their friends and acquaintances, should only attend where there is a sound business reason for doing so, e.g., when guests' spouses have been specifically asked to attend.

CPC employees should contact HR, the Manager, Internal Audit or the Legal Department if they need advice or if are in any doubt about the acceptability of any entertainment or gift they are offered or wish to offer.

**VIOLATIONS OF THIS MANAGEMENT PRACTICE WILL BE SUBJECT TO CPC'S DISCIPLINARY PROCESS FOR EMPLOYEES, NOTIFICATION TO PARENT COMPANY FOR SECONDEES AND CONTRACT REVIEW FOR CONTRACTORS.**

## Chapter 4 - Business Integrity

### Rules and Criteria

CPC will conduct its business in a manner that meets the requirements of all normative and applicable laws of the jurisdictions where it operates and, if applicable, of the laws applying to its international stakeholders.

### Financial Records

CPC will maintain full and accurate financial records according to all applicable requirements. Separate accounts may be developed only for limited legislated purposes. Under no circumstances will special accounts be kept off the books or will any financial records or other documents be falsified. Financial controls placed in effect by CPC's governance bodies will be assiduously followed.

### Bribery

CPC is opposed to the giving or receiving of bribes in any form and does not want its employees or secondees to act as a go-between between the bribe-giver and bribe-taker. Bribery is illegal and unethical. It does harm to the legal rights and interests of CPC, undermines the fairness of the market, supports corruption and distorts transaction costs and fair competition. Giving a bribe, receiving a bribe or mediation in giving or receiving a bribe is a criminal act.

Items accepted or actions done in compliance with Chapter 3 are not considered a bribe.

No matter how pervasive bribery may be, CPC will not sanction or defend the demand for or the payment of bribes.

This prohibition on the receipt of bribes applies to every employee, secondee, contractor, consultant or agent of CPC and contravenes the Ethics business practice. The prohibition on the giving of bribes applies to payments to government officials, elected or appointed, employees of governments as well as government owned or controlled companies, political candidates and family members of any of the foregoing.

### Information Brokering

The misuse of CPC information by any party to distort the results of a tendering process or other competitive procurement activity is unethical.

### Public Giving

In view of CPC's role as is a responsible corporate member of the communities in which does business, Public Gift Giving is allowed under carefully controlled conditions and will follow the procedures and approval process approved by CPC's Government Relations Department and the Guidelines set by CPC's Management on public donations.

### Reporting

CPC employees reporting variances or breach of any of CPC's Management Practices and procedures or policies will be protected from reprisal.

**VIOLATIONS OF THIS MANAGEMENT PRACTICE WILL BE SUBJECT TO CPC'S DISCIPLINARY PROCESS FOR EMPLOYEES, NOTIFICATION TO PARENT COMPANY FOR SECONDEES AND CONTRACT REVIEW FOR CONTRACTORS.**

## Chapter 5 - Non-Harassment

### Rules and Criteria

For the purposes of this practice, all CPC employees enjoy equal rights. CPC is committed to providing a safe and respectful work environment for all employees, secondees and contractors. It is the objective of CPC that no individual will be subjected to harassment in the workplace or on CPC business. Harassment is defined as unwelcome or unsolicited physical, verbal conduct or written messages, including electronic ones, in the workplace or in a work related context because of age, race, religious beliefs, political views, color, place of origin, gender, mental or physical disability, ancestry, marital status, family status, source of income, convictions, which were amnestied and sexual orientation, is prohibited. In addition, personal harassment, which involves unwelcome disrespectful behaviour that is demeaning or embarrassing, is prohibited.

Harassment may include, but is not limited to:

- Written or verbal abuse, acts or threats of violence, including intimidation and or coercion, offensive actions, insults, derogatory remarks or jokes,
- Offensive cartoons, software, pictures, graffiti, drawings, or printed material;
- Racial or ethnic slurs, name calling, teasing,
- Sexual harassment such as unwanted comments, gestures, touch, or contact of a physical or sexual nature, such as sexual advances, requests or demands for sexual favours, or other unwanted and abusive conduct of a sexual nature.

### Responsibility - Supervisors:

It is the responsibility of every Supervisor to:

- Ensure the workplace is free from harassment by addressing any behaviour that may potentially be deemed harassment, regardless of how this behaviour is brought to his/her attention, and investigate any complaints,
- Inform all new and existing employees under his/her supervision, contractors, suppliers and consultants of CPC Management Practice and procedures in dealing with harassment,
- Treat each complaint in a serious and confidential manner and to ensure that such complaints are not left without response
- Speak out or intervene when witnessing harassment, and
- Report all incidents to CPC Human Resources

Failure to take prompt and appropriate action in the event of a complaint of harassment could result in CPC pursuing disciplinary action.

### Responsibility - Employees, Contractors and Secondees:

- Each individual shall treat co-workers in a way that respects individual differences and demonstrates mutual respect and consideration. An individual who believes he or she has been subjected to harassment should advise the person or persons responsible that their behaviour is unwelcome and ask that it stop.
- An individual who has been asked to stop harassing behaviour has the responsibility to stop that behaviour immediately, even if they do not consider their behaviour to be harassment. Failure to stop the behaviour once asked may after appropriate investigation result in disciplinary action.

If the behaviour continues or if the individual is uncomfortable approaching the person or persons, then the individual should contact his or her immediate supervisor or a member of the Human Resources Department.

Individuals should keep a written record of the incident including what happened and what their response was, persons involved, dates, times, places and possible witnesses, if any.

An individual who witnesses harassment is expected and strongly encouraged, to inform any of the following: their immediate supervisor, the level above their supervisor, Manager, Human Resources, or Manager, Security.

### **False Complaints**

All complaints brought forward will be treated in a serious and respectful manner; they may not be left unaddressed in accordance with this code. Upon full investigation, any complaint deemed deliberately false, malicious or vindictive, or disclosure of information in respect of such complaints, is a violation of CPC's code of Business Conduct and subject to disciplinary action against the complaint originator or person responsible for the information disclosure.

## Guidelines to Workplace Non-Harassment Management Practice

### Complaint Procedure

- Individuals are encouraged to seek advice and coaching to resolve harassment as quickly as possible. Advice in responding to harassing behaviour can be obtained by contacting either his or her Supervisor or a member of CPC's Human Resources Department.
- If harassment continues or if an individual makes a formal complaint, an immediate and confidential investigation will be conducted.
- Only those individuals who are required to be involved in the investigation will be made aware of the complaint. In all cases where a formal complaint has been received, Security and Legal will be advised.
- As an investigation can be hampered by hearsay and rumour, all parties are shall maintain confidentiality and support the investigation process. Upon resolution, parties are required to maintain confidentiality.
- Complaints of harassment will be investigated immediately. Should unavoidable delays be encountered the complainant will be informed.
- In all cases the alleged harasser will be informed of a complaint and have an opportunity to become acquainted with it and to respond verbally and in writing.
- The results of the investigation will be communicated to the complainant and alleged harasser in writing.
- In the presence of sufficient reasons, disciplinary action will apply.

#### **Action:**

- Disciplinary action will be based on the results of the investigation, the severity of the complaint, and whether the harasser has any history of harassment.
- If the investigation fails to find evidence to support the complaint, there will be no documentation concerning the complaint placed in the file of the alleged harasser.
- If an individual feels that a complaint is not being handled in a satisfactory manner they are encouraged to contact Human Resources or a more senior level of CPC management.
- With respect to complaints made against persons acting on behalf of suppliers, contractors, or consultants, CPC will choose appropriate action after consulting with the supplier, contractor, or consultant
- With respect to complaints made against secondees, CPC will choose appropriate action after consulting with the secondee's parent company

#### **Subsequent Action to the Investigation:**

- Within two weeks of the investigation being completed, Senior Management will decide whether on a balance of probabilities there is enough evidence to conclude that harassment occurred.
- All possible solutions for resolving the situation will be canvassed including the possibility of mediation between the parties.
- If harassment occurred, the allegation and investigation will be reviewed with the General Director and as soon as reasonably possible, disciplinary action will be taken, up to and including termination. It will also be decide if the individual(s) involved can continue to work in their current area. (Disciplinary action must be applied within 1 month from the date of harassment disclosure and within 6 months from the date it was committed.)

## **Protection Against Intimidation or Retaliation**

An individual, who makes a complaint, gives evidence or assists in any way in an investigation or in resolution of a complaint of harassment will be protected by CPC from intimidation or retaliation regardless of the results of the investigation.

Retaliation includes: harassment, demotion, unwanted transfer, denial of opportunities within CPC, reduction of performance assessment, or termination that is related to an individual's involvement in the complaint process.

Any attempt at intimidation or retaliation against anyone who reports suspected harassment is a violation CPC Management Practice.

**VIOLATIONS OF THIS MANAGEMENT PRACTICE WILL BE SUBJECT TO CPC'S DISCIPLINARY PROCESS FOR EMPLOYEES, NOTIFICATION TO PARENT COMPANY FOR SECONDEES AND CONTRACT REVIEW FOR CONTRACTORS.**

## Chapter 6 – Positive Reinforcement

### Rules and Criteria

The primary purpose of positive reinforcement and progressive discipline is to promote behaviours that support CPC business principles and management practices. It is CPC's intent to utilize positive reinforcement as necessary recognize and encourage behaviours that support CPC's standards and goals and progressive discipline procedures to ensure employee adherence to acceptable standards of conduct at CPC. The discipline system is a step-wise development and improvement program intended to encourage employees to accept, respect and adhere to established standards and behaviours. The purpose of these rules is not to restrict the rights of any employee, but rather to help people work together in a positive environment, where there is respect for each individual. It also provides guidelines for supervisors to help ensure consistency of application.

### Positive Reinforcement

CPC will utilize Positive Reinforcement as a means to shape behaviours. Regular and consistent use of positive reinforcement increases the speed at which behaviours are adopted and the duration behaviours are demonstrated. Celebrating successes, saying "good job" or "nice work doing that safely", or verbal recognition in front of peers, are examples of positive reinforcement behaviour. They can be shared across groups noting employee names and describing actions, or, as an example, Supervisors may grant a monthly award for the department's most positive professional achievements within the department.

### Guidelines on Positive Reinforcement

Positive Reinforcement is a way of recognizing a **particular piece of work or outstanding contribution** that contributes to the business success of CPC by an individual or team/department. It can be delivered as either a verbal, written recognition or as token of appreciation. Positive Reinforcement can be made at any time during the year.

Examples are:

- Recognition of a discrete piece of outstanding work
- Delivery of a piece of work within tight time constraints.
- Celebration of team success for achieving a particular milestone in a project.
- Delivery of a piece of work necessitating personal inconvenience or sacrifice that is not compensated for in other ways (i.e. above and beyond the call of duty).
- Contributions which enhance the team's performance.
- Contributions which result in significant cost, time or resource savings.
- Safety initiatives.
- Environmental initiatives.
- Development of initiatives that have a major impact on business delivery.

Positive reinforcement is not intended to substitute for the annual performance process. Ongoing work is of an exceptional nature is recognized through the performance management and bonus systems.

### Awards

Superior performance or contributions may be recognized by means of verbal or written recognitions or tokens. Tokens may be awarded in the form of CPC merchandise or other small tokens of appreciation etc. All letters of appreciation should be passed to HR for inclusion on the employee's personnel file. Additionally, lump sum awards may be granted.

## Chapter 7 –Progressive Discipline

### Rules and Criteria

Reasonable rules concerning personal conduct of employees are necessary if the workplace is to function safely and effectively. Supervisors at all levels shall keep their employees informed of CPC rules of conduct and changes to those.

Supervisors at all levels are also responsible for ensuring that the employees under their supervision know what may happen if they fail to comply with conduct rules in their work. Further, it is the CPC's intent that employees be given an opportunity to remedy any violations committed in their job performance, unless the magnitude of an employee's misconduct necessitates immediate termination (when permitted by law).

### Progressive Discipline

Progressive Discipline provides "progressively serious consequences." While progressive discipline must be applied on a consistent basis it is also Management's expectation that CPC treats employees as individuals. Each case in which disciplinary action becomes necessary will require individual analysis.

Unusual conditions, special circumstances, and the degree of the employee's guilt will be taken into account when determining the appropriate disciplinary action. However, the appropriate discipline for some first time infractions may be termination.

### Guidelines on Disciplinary Procedures

The purpose of guidelines is to provide assistance to supervisors and ensure consistency of application.

#### 1. Verbal Warning

An employee who violates a Management Practice, other CPC internal rules, or general labour discipline requirements may (if CPC deems appropriate) be given an opportunity to remedy the violation without disciplinary action.

If so, the employee will be given a verbal warning of the infraction and advised of the consequences of further infractions. If the infraction ceases at this stage, no further measures (including disciplinary action) will be taken. HR will be informed in writing when a verbal warning is given to an employee, and this information will be recorded in the employee's file.

If the infraction continues or recurs, CPC may issue a new verbal warning to the employee in the manner described above.

#### 2. Disciplinary Action

Notwithstanding Section 1 above, in the event that an employee violates Management Practices, other CPC internal rules, or general labour discipline requirements, CPC may take disciplinary action against the employee even for a first infraction. Available disciplinary actions are: reproof, reprimand, and termination.

When taking disciplinary action, CPC will comply with the procedure established by the applicable Labor Codes. Before taking disciplinary action CPC will request a written explanation from the employee. If the employee refuses to provide this explanation, a report will be drawn up recording the employee's refusal. Such refusal to provide an explanation will not be an impediment to the disciplinary process.

Unless otherwise established by law, disciplinary action must be taken within one month of the date when an infraction or offence is discovered. Only one disciplinary action may be taken for each infraction or offence. Disciplinary actions will be formalized by a CPC order, which shall be communicated to the employee within three working days of issuance.

### **Suspension**

An employee will be suspended from work in the circumstances and in accordance with the procedure established by law. Specifically, the CPC will suspend an employee:

- Who arrives at work in a state of alcoholic, drug-induced, or toxic inebriation;
- Who does not successfully complete prescribed training and examinations in occupational safety and health;
- Who does not successfully pass a compulsory preliminary or periodic medical examination;
- Who, according to a medical opinion, has contraindications for the work specified by the employment contract;
- On the orders of agencies or officers authorized by federal laws or regulations, and in other cases provided by federal laws and regulations.

CPC will suspend an employee for the full period of time that the reasons for the suspension persist.

Employees will not accrue salary while suspended, except in the cases provided by federal laws. In the case of suspension for failure to complete training or pass examinations in occupational safety and health or failure to pass a compulsory preliminary or periodic medical examination where the employee is not at fault, the employee will be paid for the full time of the suspension as for downtime.

### **Termination**

As the final step (for a breach of Management Practices, other internal rules of CPC, or general labour discipline requirements), disciplinary action against an employee may take the form of termination. In case of a gross violation (as defined by law) an employee may be terminated for a single offence. In case of such termination, the employee will not receive a severance benefit and the specific cause for termination will be recorded in the employee's labor book.

### **Exceptions**

As stated above, CPC reserves the right to bypass the above disciplinary steps and base its disciplinary action on such factors as the severity, frequency or combination of infractions and taking into account the provisions of applicable law.

To the extent permitted by applicable law, any step or steps of the disciplinary process may be skipped at the discretion of CPC after investigation and analysis of the circumstances of the infraction and the situation as a whole.

## **Code of Business Conduct, Personnel Management Practice**

### **Effective Date**

Effective upon approval by CPC.

### **Expiry / Amendment**

This Management Practice may be terminated or amended by CPC.  
Amendments will enter into effect on the date of the relevant decision.

### **Confirmation**

All CPC employees' will be required to confirm examination of this Management Practice in writing.