



SOCAR Trading Code of Business Conduct and Ethics



01

A Message from the CEO

Mariam Almaszade

SOCAR Trading's outstanding success has been built on the foundations of recruiting, training and maintaining the most exceptional staff in the industry, supported by a wide range of protocols and IT systems that ensure we exceed our clients' expectations and operate in accordance with all international laws and regulations.

Our company's vision consists of a mission to develop skilled and experienced staff that meet our financial objectives, combined with a series of values that guide our behaviour. Put simply, how we do business is as important to us as what level of success we achieve.

Meeting our financial mission requires teamwork, a culture of unity and sharing information, inspiring each other to do better, and constant learning and developing our skills.

The values that guide our behaviour include integrity, inclusivity, innovation, and sustainability.

Together, our mission and values create a SOCAR Trading culture that engenders both financial success and ethical behaviour of which we can be proud.

These are not just words: our culture is an integral part of how we do business. I ask that everyone studies – and regularly re-reads – this Code of Business Conduct and Ethics so that each and every one of us can play our part in ensuring our continued financial success is achieved by doing business the right way.

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Presence and Operations

Since 2008, SOCAR Trading acts as the trading and marketing arm of the State Oil Company of Azerbaijan Republic (SOCAR) and is currently on a path to become one of the leading trading houses in the world.

From the day of its incorporation, the company has been responsible for marketing the bulk of SOCAR crude oil export volumes from Ceyhan port in Turkey. However, it has also developed and diversified its activities around the world thanks to its experienced traders and business partners.

As of today, SOCAR Trading counts over 200 employees worldwide, concentrated in its 5 main trading offices in Geneva, London, Singapore, Dubai and Houston.





03

Our Code and Business Principles

At SOCAR Trading, employees and executives are required to adhere and stand by the core principles of the company. SOCAR Trading's Code of Business Conduct and Ethics establishes these principles and sets out specific standards of working and interacting with the all internal and external stakeholders.

A | Our main Business Principles

 SOCAR Trading strives to meet its financial targets by recruiting, training and maintaining the most exceptional staff in the industry, and providing them with the support they need to enable them to undertake their job successfully, ethically, and in accordance with all international laws and regulations.

 **An integral part of SOCAR Trading's business is our vision to create and maintain a culture of doing business the right way.**

 We strive to uphold our vision by (1) achieving our mission to develop skilled and experienced staff that meet our financial objectives, and (2) maintaining strict values that guide our behaviour.

 Everyone must play their part to ensure that we continue to operate successfully and behave in ways of which we can be proud.

B | Mission

SOCAR Trading's mission is to meet our financial targets by developing skilled and experienced staff; creating an environment of unity, teamwork, and sharing; and a culture of constant learning.

SOCAR Trading is unique: we enjoy the advantages of being a state-owned entity combined with the independence and global presence of a major commodities trading company. Together with our streamlined staff and streamlined administration, supported by sophisticated IT systems and an internal control framework, we have the agility and confidence to merit our status as one of the most successful global energy trading companies.

In order to maintain this level of success, we must continue to invest in our staff, ensuring they have the skills, management support, data and technology they need to grow existing and new markets.

C | Values

SOCAR Trading takes very seriously how we do business, striving at all times to do business ethically, sustainably, and responsibly. These are more than words; doing business the right way is at the core of who we are and what we do. Our core values include:

Respect – for our ourselves, our colleagues, our clients, our business partners, and everyone with whom we come into contact in the course of our work. By respecting people for they are, we build trust, safety, and wellbeing.

Ethics – this goes beyond acting within international laws and regulations and extends to acting at all times with responsibility, integrity, honesty, trust, openness, fairness and transparency.

Social Responsibility – ensuring we operate at all times with care for the societies and environments that we touch in our working lives.

External Stakeholders – ensuring that all of our interactions with local communities are respectful, considering at all times the impact that our operations have on wider society.

Our commitment to the values rests on ethical behaviours of each and every employee of SOCAR Trading, while our approach to integrity allows us to succeed in the industry. There are clearly defined standards and expectations that all employees must follow. Our behaviours dictate the way we conduct business and interact with internal and external stakeholders, as we will reject any opportunity that is not line with our values.



D | Responsibility of the seniors and executives

All the employees with senior and executive roles in the company must act in the exemplary manner while respecting and maintaining these standards. They must ensure that their team members are aware of the importance of the Code of Business Ethics and Conduct as well as prompt escalation methods in case of any concern or doubt.

E | Compliance Team

The compliance department has its presence in 4 locations around the world allowing it to promptly respond to all the requirements under international and regulatory rules. Being staffed by a number of highly skilled and experienced officers, the company adapts quickly to the dynamic changes and has a sophisticated system for escalation of compliance issues.

04 Compliance with the Code

A | Employee Obligations

●○ *BRIBERY AND CORRUPTION*

Bribery is anything of value given or offered to persuade someone to act in one's favour, typically illegally or dishonestly, by a gift of money or other inducement. Participation in active or passive bribery or corruption is strictly prohibited for SOCAR Trading's employees.

Some of the most prominent forms of a bribe are non-monetary gifts, excessive travel and entertainment expenses, cash, discounts or anything else of value.

In addition to SOCAR Trading's policy prohibiting bribery, most countries have laws that make bribery and corruption illegal. Even in jurisdictions where these laws are not strictly enforced, individuals and companies may still be subject to the laws of the jurisdictions in which the counterparty is doing business and / or the extraterritorial reach of other jurisdictions, including but not limited to:

1. The U.K. (The Bribery Act of 2010);
2. The U.S. Foreign Corrupt Practices Act (FCPA) of 1977; and
3. The OECD Convention on Combating Bribery of Foreign Public Officials in International Business Transactions of 1997 (the OECD Anti-Bribery Convention).

Therefore, SOCAR Trading expects that its employees and business partners act in compliance and adhere to all international anti-bribery and corruption laws.

A more detailed guidance can be found by consulting the **SOCAR Trading Anti-Bribery and Corruption Policy** located on the Compliance intranet website.

●○ *MONEY LAUNDERING AND TERRORISM FINANCING*

Money Laundering is the process by which individuals or entities try to conceal illicit funds or otherwise make the funds look legitimate. Terrorism Financing refers to activities that provide financing or financial support to individual terrorists or terrorist groups.

SOCAR Trading and its employees do not condone, facilitate or support money laundering or terrorist financing activities in any way and expect all of its business partners to act in the same way. Techniques used for money laundering are essentially the same as those used to conceal the sources of terrorist financing.

SOCAR Trading will not initiate a business relationship, either directly or indirectly, with counterparties for which the SOCAR Trading Know your Customer (KYC) review has not been completed to SOCAR Trading's full satisfaction.

Employees should consult the **Anti-Money Laundering and Counter Terrorism Financing Policy** for more detailed information on international standards such as The Financial Task Force (FATF) and enlisted controls and escalation method that employees need to apply in case of any uncertainty.



●○ CONFLICT OF INTEREST

A conflict of interest exists when the personal interests or activities (financial or otherwise) of an employee (or the personal interests or activities of an immediate family member) influences their independent judgment. This results in the employee executing their job responsibilities in a manner that is contradictory to the interests of the company. There may be cases where such conflicts are more theoretical than real, but the appearance of a conflict can be as damaging as an actual conflict and should be avoided.

Situations such as personal financial interests, outside activities, confidential information, gifts and business opportunities could give rise to a conflict of interest for SOCAR Trading's employees.

SOCAR Trading is committed to conducting business in a manner that ensures its employees' business judgment and decision making is not influenced by undue personal interests. When employees' personal interests either influence, have the potential to influence, or are perceived to influence their decision making on behalf of the firm, a conflict of interest situation results. Employees and agents of SOCAR Trading are expected to exercise independent judgment and make decisions reflective to the company's best interests. The company fully respects employees' right to privacy in their personal affairs and financial activities. However, employees must

avoid situations in which their personal activities are, or may appear to be, in conflict with their responsibilities to the company.

More information on the approach and methods that employees are expected to apply can be found in the **SOCAR Trading Conflicts of Interest and Personal Account Dealing Policy**.

●○ GIFTS AND ENTERTAINMENT

Exchanging gifts and sharing entertainment in connection with a legitimate business purpose can foster constructive relationships with third parties. However, gifts and entertainment should never affect, or appear to affect, impartial decision-making by SOCAR Trading employees or any third party. Employees and Directors should avoid any relationship, activity or gift that might conflict with their responsibilities or impair their abilities to act independently in the best interest of the company.

Gifts and entertainment must not be material or given/received on a frequent basis. It is not possible to give an exhaustive list of every possible scenario. However, SOCAR Trading expects a common-sense and practical approach to be adopted in the interpretation of this policy.

For more detailed and practical information regarding the approval processes as well as the criteria for the acceptable gifts, employees should consult **SOCAR Trading Gifts and Entertainment Policy**.

●○ INTERNATIONAL TRADE SANCTIONS

International Trade Sanctions are structured to prohibit business in or with specific countries and are directed against certain companies, individuals or business sectors. The consequences of being found guilty of breaching sanctions are serious. Several financial institutions and multinational corporations have been subject to major monetary fines and settlements with U.S., EU, Switzerland and UK regulators for breaches of sanctions programs.

Given its international nature, SOCAR Trading employees need to be aware and adhere by the international sanctions imposed by regulatory authorities in order to eliminate any risk of exposure.

Failure to comply with the requirements and restrictions of sanctions programs summarized in this policy can expose SOCAR Trading and its employees to severe penalties.

Employees should consult the **SOCAR Trading International Trade Sanctions Policy** for a more detailed guidance and information regarding different regulatory authorities, sanctioned entities, prohibited countries and different regulatory programs applicable to sanctioned countries.

●○ BUSINESS COMMUNICATIONS

All communications, whether written or oral and regardless of the medium used to make them should be made carefully and professionally in a manner that is consistent with SOCAR Trading's commitment to integrity and in accordance with its policies.

All SOCAR Trading employees are prohibited from communicating false or misleading information. Care must also be taken to not inadvertently mislead other market participants via poor communications. When communicating with market participants or other business partners, SOCAR Trading's employees should always:

- Be professional in all business correspondence;
- Exercise sound judgement;
- Take extra time to make sure their messages are clear and unambiguous; and
- Keep business communications succinct and factual.

For a more detailed guidance on Business Communications and in particular Recording of Communication, Email, Instant Messaging, Use of Mobile Phones and Approved Channels, employees are encouraged to consult **SOCAR Trading Business Communications Policy**. The policy contains important dispositions on how to deal with communications, disclose it and escalate it in certain situations.





●○ WHISTLEBLOWING

Whistleblowing is the confidential disclosure by an individual of any concern encountered in the workplace relating to a perceived wrongdoing.

Unlawful or unethical behaviour is a source of risk for SOCAR Trading. If SOCAR Trading's employees have any doubts about the legality of the company's activities or concerns related to compliance with ethical standards of conduct or internal company policies, SOCAR Trading encourages its employees to report their concerns directly to SOCAR Trading Compliance or Legal.

Detailed guidance for employees is set out in **SOCAR Trading Whistleblower Policy** which can be found on the company intranet page.

●○ INSIDER TRADING AND MARKET MANIPULATION

REMIT provides a framework to identify and penalise abusive behaviour of all market participants involved in the import, trade and consumption of electricity and natural gas in the European Union, creating an open and competitive market environment.

SOCAR Trading prohibits all employees to use inside information for personal gain on securities markets. They should also refrain from trading in any connected instrument should they receive Inside Information until such time as the information is published.

To minimise the risk of exposure, SOCAR Trading employees should not place themselves in positions, or create process flows where they are likely to be exposed to inside Information which may affect their ability to trade and third parties should be advised not supply such information.

More information on Inside Information and different types of Market Manipulation can be found in **SOCAR Trading REMIT Inside Information and Anti Market Abuse Policy**.

05

Enforcement of the Code and Employee Protection

All SOCAR Trading employees are expected to adhere to and follow the Code. In order to be an effective instrument in the company, the employees need to escalate any possible issues and/or concerns as soon as possible. All reports will be treated as confidential and retribution against SOCAR Trading employees making a report will not be tolerated.



You may report in person, or in writing to any of the Senior Compliance and Legal Representatives within SOCAR Trading. For further information, contact compliance@socartrading.com.

The Senior Compliance and Legal Representatives within SOCAR Trading are as follows:

- Vincent Mohy – Chief Legal & Compliance Officer
- Richard Baron – EMEA Head of Compliance Officer, SOCAR Trading
- Lala Safarali – Legal Counsel & Compliance Officer
- Alexandre Romanovtsev - Compliance Officer
- Fanny Caron - Compliance Officer
- Samaya Akhundova – Compliance Officer

Compliance with the Code of Business Conduct and Ethics will be one of the factors affecting the evaluation of performance of an employee.

