

This Manual for complying with laws that prohibit bribery of Government Officials and private individuals in the conduct of international business is owned by the BGC Managing Director (MD).

Businesses and Functions must ensure that all employees, directors, officers, contract staff and secondees in Basrah Gas Company (BGC) adopt the requirements of this Manual. Contractors or consultants who are working on BGC behalf or in BGC's name will be required to act consistently with this Manual when acting on BGC behalf.

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1. Overview

Bribery occurs when there is an offer or payment made or the seeking or accepting of a payment, gift or favour to influence a business outcome. Bribery and corruption may involve Government Officials or private/commercial individuals and can be direct or indirect, through third parties such as contractors. BGC prohibits facilitation payments and considers them as bribes.

BGC is subject to national and international laws prohibiting bribery and corruption. Iraq has anti-bribery laws. As the securities of some of the shareholders of BGC are traded in the US and UK, BGC employees, companies and joint ventures must comply with the US Foreign Corrupt Practices Act <http://www.justice.gov/criminal/fraud/fcpa/> , the UK Bribery Act 2010 <http://www.justice.gov.uk/publications/bribery-bill.htm> as well as Iraqi law.

The Anti-bribery and Corruption Manual (ABC Manual) covers these external requirements and BGCs own rules to mitigate bribery and corruption risks. The Manual sets out stringent mandatory procedures which are critical to ensure compliance with all applicable laws and regulations. The application of this Manual is mandatory for BGC. Further detail and guidance on specific topics are available from the BGC Ethics and Compliance Officer (ECO).

Turning a blind eye to suspicions of bribery and corruption can result in liability for BGC and for individuals. Employees and contract staff can face fines and imprisonment for breaches of the law and may be subject to disciplinary action including employment or contract termination.

Businesses and Functions are accountable for assessing the risks of legal and ethical non-compliance and for implementing relevant actions to address the risks identified. They are accountable for compliance with the mandatory requirements of this Manual and must ensure that:

- **Thorough due diligence is carried out and the correct approvals are sought before appointing a Government Intermediary.**
- **Employees know when and how to record to the Code of Conduct Register and know when to record gifts and hospitality and conflicts of interest.**
- **Any requests for the funding of social investment activities are legitimate and cannot be perceived by a third party to influence a BGC business outcome.**
- **Payments are not made to political parties.**
- **The HR Department and Ethics and Compliance Officer have provided approval before recruiting a family member of a Government Official.**

Businesses and Functions must ensure that their employees, business partners, contractors and suppliers exposed to bribery and corruption risks understand their responsibilities, know how to report actual or suspected corruption. At all times accurate accounts and records of business transactions must be kept and all contracting and procurement activities must follow the Contracting and Procurement Processes Manual (CPPM).

The Manual builds on the BGC General Business Principles and the Code of Conduct and forms part of the BGC Control Framework. The Managing Director of BGC is the owner of this Manual. If a Business or Function needs an interpretation of this Manual they should consult the BGC Ethics and Compliance Officer. If a Business or Function requires an exception to the requirements of this Manual then they should first consult the BGC Ethics and Compliance Officer and a proposal must then be made via the Ethics and Compliance Officer to the Managing Director and Chairman of the Higher Management Committee (HMC) for review and appropriate approval.

2. Activities subject to mandatory requirements

This section sets out mandatory instructions that must be followed for specific types of activities.

2.1 Appointing Government Intermediaries

Businesses and Functions must ensure that:

- Any warning signs or causes for concern (red flags) raised through due diligence are resolved prior to issuing a tender to the Government Intermediary; and
- Engagement of a Government Intermediary is only approved by the managing director.

Prior to appointing any Government Intermediary, Businesses and Functions must apply the following procedure:

1. Ensure pre-qualification has taken place in accordance with the existing requirements set out in the CPPM
2. Carry out due diligence in line with the risk criteria detailed in the requirements for Appointing an Intermediary before issuing the tender;
3. Prepare an engagement memorandum (see Appointing an Intermediary for the mandatory support of the MD detailing:
 - a) The due diligence carried out on the potential company and its officers;
 - b) The qualifications of the Government Intermediary for the scope of work to be tendered;
 - c) The reasonableness of the fees to be paid; and
 - d) Identified red flags, describing how each red flag has been resolved.
4. Use only written contracts with the appointed Government Intermediary, which include the clauses in the requirements for Appointing an Intermediary. Any deviation from the standard clauses must be approved by the ECO.
5. Declare as a Record in the due diligence file, engagement memorandum, certificates from the Government Intermediary (if any), management approval, agreement and advice and support given by the MD
6. Ensure contract holders follow the requirements of the CPPM (as above); and
7. For contracts already in place, follow the above procedure upon renewal of contract or every three years, whichever comes first.

If during an engagement it becomes known or suspected that the engaged Government Intermediary has made or will make a corrupt payment to a Government Official all payments to the Government Intermediary **must** immediately be stopped and the matter referred to the BGC MD via the ECO.

A **Government Intermediary** is any person, company, firm or joint venture that is engaged in any way to represent BGC before a Government Official or to obtain any benefit from a Government Official, including an intermediary nominated by a Government but paid by BGC. However, attorneys representing BGC in private litigation are not considered Government Intermediaries for purposes of this Manual, provided that neither the Government nor a Government Official is a party to the litigation.

Government Intermediaries include:

- Commercial agents: consultants, business agents, distributors or other persons, including joint ventures or joint venture partners, engaged to assist in obtaining Government contracts or concessions.
- Processing agents: couriers, freight forwarders, customs agents, visa processors or persons providing similar services
- Professional agents: attorneys, accountants, lobbyists or other persons engaged on a professional basis to represent BGC in Government business or to lobby for a change in law.

The above rules apply equally to any proposed subcontracts and assignments. Consent to subcontracting or assignment may not be given until the appropriate due diligence has been carried out on the proposed subcontractor or assignee (either by BGC or the principal contractor).

2.2 Awarding contracts to contractors or suppliers

Businesses and Functions must ensure that all their procurement activities follow the existing requirements set out in the CPPM. Following the CPPM ensures that:

1. Contractors and suppliers are made aware of the BGC General Business Principles and BGC Code of Conduct.
2. All contracts include the required clauses relating to the principles and the BGC Code of Conduct;
3. Due diligence is undertaken where this is mandatory (see Chapter 2.1) before inviting them to tender and contractors or suppliers confirm (at the pre-qualification stage) their understanding of the requirements of the principles; and
4. The tender board process is followed to ensure transparency.

When the service is being provided in Iraq and the cumulative contract value exceeds USD100,000 (or its equivalent in another currency) within a 12 month period or when the scope of work or contract changes and the:

1. Ensure the potential contractor or supplier provides the following pre-qualification information:
 - a) Any affiliations with Government Officials. If the contractor or supplier is a Government Intermediary the requirements in Chapter 2.1 must be followed;

The above rules apply equally to any proposed subcontracts and assignments. Consent to subcontracting or assignment may not be given until the appropriate due diligence has been carried out on the proposed subcontractor or assignee (either by BGC or the principal contractor).

2.3 Offering or receiving Gifts and Hospitality (G&H)

Businesses and Functions must ensure that:

- G&H never influence or be perceived to influence a business decision;
- Any G&H offered or received are reasonable and proportionate;
- Prohibited G&H are never offered or received; and
- Per diem payments (also known as: daily allowances) are never offered as an alternative to gifts, meals, lodging, entertainment or travel-related expenses unless: i) required by contract or local Government regulation, and ii) an ECO has advised that doing so is acceptable.

Also, regarding Government Officials, Businesses and Functions must never offer/agree to:

- Pay costs for additional days of travel to tourist destinations or private visits; or
- Pay costs for family members/guests unless advised by the ECO that doing so is acceptable (Note: total costs for the Government Official and their family members/ guests should be attributed to the Government Official as a single sum in determining whether registration or the additional memorandum procedures below are required).
- BGC employees are not allowed to substitute the provision of gifts, hospitality and travel-related expenses to Government Officials with a "per diem" payment, unless expressly required by local law or regulation. BGC Legal advice should be sought prior to paying any "per diem" pursuant to local law or regulation

Prohibited G&H

- Illegal or inappropriate
- Cash or cash equivalents
- Loans
- Personal services
- Events/meals where the business partner is absent
- G&H that is or can be linked to important business decisions during sensitive decision periods

All employees must record in the Code of Conduct Register and get line approval for:

- All G&H that could be perceived as creating a conflict of interest, accepted or declined;
- All G&H from any third party valued at USD150 (or its equivalent in another currency) or greater, accepted or declined;
- All G&H to a private/commercial individual valued at USD150 (or its equivalent in another currency) or greater, accepted or declined; and
- All G&H to a Government Official valued at USD20 (or its equivalent in another currency) or greater, accepted or declined.

Additionally, where the value offered by BGC to a Government Official is USD150 (or its equivalent in another currency) or greater, the following procedures are required:

1. Prepare a memorandum¹ providing;
 - a) A description of the proposed expenditure;
 - b) A detailed budget;
 - c) The name of the Government Official and, if applicable, the name of any Government Official's family member(s) or guest(s) who are also recipients;
 - d) A description of any interaction the Government Official has had or is expected to have with BGC;

¹ Approvals for entertaining Government Officials on multiple occasions - The memorandum may cover a series of related meetings (an "umbrella" approval) within a calendar year. The actual expenditure associated with each of these meetings must be entered into the Code of Conduct Register and all receipts must be retained.

- e) Any facts that could cause an impartial observer to perceive the expenditure could obtain an improper business advantage; and
- f) The business reasons for the expenditure;
- 2. Obtain the mandatory support of the ECO for the above memorandum; the support is required; failing this, step 3 may NOT be taken.
- 3. Seek approval from MD and
- 4. Declare the memorandum, support from the ECO and MD approval as a Record.

1. Prizes from external competitions or lotteries received by BGC staff

Where a BGC staff member wins and wishes to accept or retain a prize or prizes of USD150 **(or its equivalent in another currency)** value or greater, the prize(s) should be entered into the Code of Conduct Register and line manager approval obtained. The line manager will need to consider whether acceptance may create an actual or perceived influence over business decisions, especially if the prize is high in value. Line managers may seek advice from the ECO.

2. Cumulative Gifts to G/O

The BGC Ethics and Compliance Office will monitor all G&H to GOs per calendar year. Where cumulative amounts to a specific GO appear likely to exceed USD150, the Businesses and Functions will be informed and, if any additional G&H is to be offered to that GO, the procedures for individual G&H valued at USD150 or greater must be followed

2.4 Dealing with a Conflict of Interest (Col)

Businesses and Functions must ensure that:

- **Employees are aware of the need to declare any potential or real Col in the Code of Conduct Register, whether the conflict is actual or perceived; and**
- **Managers resolve or escalate any reported actual or perceived Col and that the agreed mitigation is properly recorded in the Code of Conduct Register.**

Employees and their managers may obtain advice from BGC Ethics and Compliance Officer to help determine if a conflict exists.

A Col may arise where an employee's personal and business interests are both affected. For instance an employee has outside employment (or financial participation) in a business that does business or seeks to do business with BGC. A Col may also occur when this interest involves the employee's spouse, children or other close family member.

It is not possible to list all situations or relationships which may create a Col or the appearance of one, so each situation must be evaluated on its facts.

2.5 Funding Social Investment activities and Sponsorships

Businesses and Functions must ensure:

- That the funding of Social Investment activities (e.g. charitable contributions/donations, joint Social Investment projects) or sponsorships requested by external stakeholders or initiated by BGC, are legitimate and not made to improperly influence a business outcome;
- That the proposed recipient is a legitimate organisation and due diligence is conducted on it accordingly;
- That reasonable efforts have been made to determine whether any Government Official is affiliated with the proposed recipient organisation and that this is declared as a Record.
- That any red flags raised are resolved prior to committing funds; and
- That the appropriate person is identified to process the request/activity: a) if it falls under the scope of responsibilities of the social investment manager or b) if it is a business sponsorship that falls within the remit of the relevant business representative.

Before making a commitment in excess of USD250 (or its equivalent in another currency) the business representative or social investment manager must undertake and document reasonable efforts to determine whether any Government Officials are associated with the proposed recipient. If there is any such association, they must:

1. Obtain a completed certificate from the proposed recipient of funds:
 - a) If there is a risk of a perceived improper advantage for BGC; or
 - b) If the proposed recipient is based in a high risk country, the request comes from a high risk country, or the activity takes place in a high risk country
2. Submit a memorandum to the ECO if the proposed recipient is Government owned or if a Government Official or their relative is involved (either through soliciting the proposed contribution/funding or by being the owner, shareholder, director, manager, patron or trustee of the recipient organisation) and it is reasonably expected that any BGC company may have business that could be influenced by that Government Official or the Government Official's agency, ministry or department.

Social Investment can be defined as the contribution of skills and/or resources to a host society in order to provide lasting benefit to the host society and/or the environment and to BGC. By contrast, sponsorships primarily seek commercial benefits for BGC. They are a form of advertising to promote the BGC brand in which BGC offers funding to a company, association or other institution in return for a range of promotional opportunities.

Social Investment activities may range from increasing local capacity building skills to supporting national education, health or conservation programmes to name a few. Social investment may be voluntary or required by a host Government under a contract.

What types of Social Investment activities carry corruption risks?

1. Partnership agreements (joint funding of projects with Governments, not-for-profit organisations, international organisations and donors);
2. Consultancy or other collaborative agreements entered into for Social Investment purposes such as:
 - (a) Social Investment programmes;
 - (b) Social infrastructure delivery managed and / or funded by BGC (e.g. training by a non-Governmental organisation or hospital upgrades); and
3. Charitable contributions (grants, standalone donations to charities or donations in connection with a collaboration framework agreement with a not-for-profit organisation).

To the extent these activities require the appointment of contractors or suppliers go to chapter 2.2. Where Government intermediaries are involved go to chapter 2.1.

The memorandum must be sent to the ECO for review and mandatory support as to whether the investment should proceed and then to management with the appropriate level of authority as defined in the Manual of Authorities for written approval AND must cover:

- a) A description of the proposed contribution/funding or sponsorship;
 - b) The recipient organisation and the controls they have in place to deal with ABC risks;
 - c) The name, involvement or role of the Government Official or relative;
 - d) Details of any interaction the Government Official has had or is anticipated to have with BGC;
 - e) Details of any pending issues in which the Government Official may be involved that could affect BGC
 - f) All facts relevant to whether an impartial observer could perceive the proposed contribution as intended to obtain an improper advantage; and
3. Declare the certificates and/or memorandum, due diligence documentation, and support from the ECO and MD approval as Records.
 4. **Approval to release funds is given by a manager with the appropriate level of authority as defined in the Manual of Authorities**

ABC Clauses are included where a contract is in place or ABC Principles are signed where a contract is not in place.

2.6 Political Payments and Industry Associations

Businesses and Functions must ensure that payments from BGC funds or resources are never made to political parties, political organisations or their representatives either directly or via third parties such as Industry Associations.

Political payments that are classed as “In-kind contributions” such as the use of company facilities, resources, funds or premises for the purpose of political activities such as rallies, campaigns, elections or political speeches are not permitted. If such requests from governments, political parties, organizations or their representatives are made, the MD must be consulted.

Candidates running for political office should be treated as a Government Official and thus any Gifts & Hospitality to/from them individually must meet the requirements in Chapter 2.3.

The employee who manages the BGC Corporate membership of an Industry Association must follow these additional instructions:

Request the association to confirm that either:

1. No political contributions will be made with their funds; or
2. No BGC funding will be used to make political contributions

If either of these requirements are not met, then the ECO must be consulted on whether or how to proceed with the membership.

2.7 Recruitment of employees, contract staff and secondees

The recruitment of family members of National or Local Government Officials can create the impression of impropriety (trying to obtain an unfair advantage), even when there is none and even when the recruit is properly qualified for the position for which they have been hired.

Where a COI has been identified as part of the recruitment process, the person recruiting the individual must inform the Ethics and Compliance, who will then discuss with the HR Manager, how to proceed and what mitigating actions need to be considered. If any successful applicant has a COI, they must make a declaration in the Code of Conduct Register once they start in the role.

Accordingly, great care has to be taken when considering the recruitment of family members of any Government Officials. Where such a situation arises, it must be brought to the attention of the Head of the HR Department and the ECO before progressing. Together they will advise appropriately having consulted the GM when necessary.

2.8 Mergers and Acquisitions

Due diligence for Mergers and Acquisition transactions must include due diligence for compliance with anti-bribery laws.

2.9 Facilitation Payments

Where a Facilitation Payment has been requested:

1) The relevant line manager and Compliance Officer must be immediately informed of the request and actions taken.

Where a Facilitation Payment has been made it must be accurately recorded in expense accounts and must be reported as noted above.

The following are not Facilitation Payments but must be reported as noted above and recorded in accounts:

Fees that are required by written law; and

A payment made in the good faith belief that life, health or safety may be in imminent danger.

Facilitation Payments

A "Facilitation Payment" is a minor payment to induce a (usually low-ranking) Government Official to expedite or secure performance of a routine duty which that person is already obliged to perform and where such payment would exceed what is properly due.

A Facilitation Payment is not permitted by BGC and is illegal under the UK Bribery Act. The urgent processing of a regular government-provided service, against rates published by the government, for which payment is made into a government administered account and for which an official receipt is given, is not a Facilitation Payment.

3. Managing anti-bribery and corruption compliance

3.1 Key roles and responsibilities

The Anti-bribery & Corruption Committee (consisting of the ECO and chaired by the MD – include a lawyer and representation from production and commercial departments of BGC) reviews the existing and emerging risks of bribery and corruption around current and future BGC operation. It receives quarterly reports from the ECO of advice given during that period and assesses the effectiveness of current policies, governance, training and controls in risk mitigation. The Committee reviews the status of implementation of the Anti-bribery and Corruption Programme, performance versus plan and targets and addresses anti-bribery and corruption issues faced by BGC. It resolves or escalates to the MD or, where necessary, recommends appropriate action. It also recommends improvements to the BGC programme to the chairman of the HMC. The Committee reviews the BGC audit programme relating to bribery and corruption, including the results of audits, reviews and investigations. The Committee reviews the annual compliance plans for the anti-bribery and corruption-related topics and recommends improvements where appropriate. When appropriate the Committee will recommend any exceptions or step-outs to this Manual to the Chairman of the HMC.

Businesses and Functions are accountable for determining their key legal and ethical compliance risks, implementation of the anti-bribery and corruption programme in terms of training, control improvements and the operation of the controls and for providing assurance on compliance with this Manual. Businesses and Functions will assess the risks of legal and ethical non-compliance and ensure these are considered where relevant to plans, decisions and operations. They will monitor, communicate and report changes in the risk environment.

The ABC compliance programme requirements will be established and communicated by the Ethics and Compliance Function through the BGC Control Framework, via foundation elements (BGC General Business Principles, Code of Conduct, Statement on Risk Management Standards/Manuals) and processes (delegation of authority, strategy/planning/appraisal, assurance/compliance). Businesses and Functions are responsible for taking actions to manage the identified risks in a sustainable manner. They are also responsible for allocating and funding the resources required to support the implementation of the compliance programme.

3.2 Managing incidents

The ECO is a specialist within BGC and is responsible for Code of Conduct Incident reporting which includes the BGC Helpline System. The ECO is the custodian of the Code of Conduct Incident Management Procedure and related Investigation Principles. The ECO will investigate allegations of bribery and corruption and other alleged Code of Conduct violations. He will also provide expertise in the area of fraud prevention and detection including training and reputational due diligence.

The Ethics and Compliance Officer will monitor processes for capturing and tracking allegations and investigations. They will review and analyse incident data and investigation performance and outcomes.

4. Glossary

Ethics and Compliance Officer (ECO)	<p>The ECO:</p> <ul style="list-style-type: none"> • Is responsible for defining the risks and legal and ethical requirements for anti-bribery and corruption to mitigate the risks; • Incorporates these requirements in this Manual and Guidelines as appropriate; • Approves Memoranda as required by this Manual; • Provides content material for training on the topic for both awareness and knowledge levels and ensure changes in relevant legislation are assessed and relevant materials and training are updated; • Provides advice to the Businesses and Functions on legal issues relating to anti-bribery and corruption and provide appropriate briefings to the legal community at country level. • Responsible for defining the risks and legal and ethical requirements for G&H and providing advice to the Businesses and Functions on legal issues relating to G&H. • Where necessary the ECO has access to external specialist resources. <p>Supporting MD to approve memoranda as required by this Manual after consulting any required internal or external resources if appropriate and provide advice to the Businesses and Functions on legal issues relating to anti-bribery and corruption.</p>
Code of Conduct Register	Mandatory tool for recording Col and G&H
Conflict of Interest (Col)	See Chapter 2.4.
Contract staff	Individuals' working for BGC under BGC's day to day supervision.
Due diligence	An investigation into the facts and circumstances of a transaction or a business entity and its officers to ensure a full and complete understanding of the transactions and/or individuals.
Facilitation Payment	A minor payment made to induce a (usually low level) Government Official to perform a routine duty which that person is already obliged to perform and where that payment exceeds what is properly due. BGC does not allow Facilitation Payments.
Gifts and Hospitality (G&H)	Includes (but is not limited to) gifts, travel, accommodation, trips, services, entertainment, and any other gratuitous item, event, benefit or thing of value received from or offered to any person in connection with BGC business.
Government Intermediary	See Chapter 2.1.
Government Official	<ul style="list-style-type: none"> • Official or employee of any Government, or any agency, ministry, department of a Government (at any level) • Any person acting in an official capacity for a Government regardless of rank or position • Official or employee of a company wholly or partially controlled by a Government but excluding BGC staff seconded to such companies (for example, a state-owned oil company) • Political party and any official of a political party

	<ul style="list-style-type: none"> • Candidate for political office • Officer or employee of a public international organization, such as the United Nations or the World Bank • Immediate family member (meaning a spouse, dependent child, or household member) of any of the foregoing
Industry Association	Generally a membership-supported organisation whose mission is to offer assistance (e.g., market research) and represent the interests of those operating in a specific industry, also known as a trade association.
Per diem payment (daily allowance)	A specific amount of money allocated to an individual to spend per day, to cover living and traveling expenses in connection with work (daily allowance).
Political Payment	<ul style="list-style-type: none"> • Contributions to any political campaign, political party, political candidate, or any of their affiliated organisations; • Expenditure related to political lobbying; • Expenditure related to memberships of Industry Associations that undertake political activity and / or political payments; • Any contributions that could be perceived to be any of the above
Red flag	Term that denotes various attention indicators and signals, both explicit and implicit that warrant further investigation.
Record	A sub-set of information created or received as evidence of a business activity, or required for legal, tax, regulatory or accounting purposes, or of importance to the BGC's business or corporate memory. Records may exist on paper, as physical items, as images or be stored in an electronically readable or audible format.
Social Investment	See Chapter 2.5.
Sponsorship	See Chapter 2.5.