

# AVROMED COMPANY CJSC

## ANTI-BRIBERY AND ANTI-CORRUPTION POLICY

## 1. INTRODUCTION

Avromed Company CJSC (the “**Company**” or “**Avromed**”) is committed to conducting business in accordance with the highest ethical standards, and practices a zero-tolerance approach to bribery and corruption.

Avromed prohibits corruption in all its forms, including bribery, facilitation payments, trading in influence, kickbacks, inflated commissions, securing a job opportunity or school admission, fake consultancy agreements, or any other means that are considered unethical, illegal or harmful to our reputation. The Company will never offer, pay, solicit or accept bribes in any form, both directly or indirectly, in public or in private sector.

Bribery and corruption can expose both the Employees and the Company to fines and penalties, as well as criminal proceedings and reputational damage. It is important that everyone acting on behalf of the Company is alert to the risks of corruption and bribery and takes great care to act ethically and lawfully. Employees and representatives of the Company are expected to decline any opportunity which would place our ethical principles and reputation at risk.

This Anti-bribery and Anti-corruption Policy (the “**Policy**”) is prepared to be in compliance with the laws and legislation of the Republic of Azerbaijan, other applicable anti-bribery laws and international regulations, and the Company’s Code of Conduct.

Violation of this Policy or the Company’s Code of Conduct may result in disciplinary and/or legal actions.

## 2. DEFINITIONS

**Bribery** - the offer, promise, giving, demanding or acceptance of an advantage as an inducement for an action which is illegal, unethical or a breach of trust.

**Corruption** - the abuse of entrusted power for private gain. Corruption can take many forms including bribery, trading in influence, cash or gifts to an individual or family members or associates, inflated commissions, fake consultancy agreements, unauthorized rebates, non-monetary favours like services, job offers, false political or charitable donations, and other dishonest or fraudulent conduct.

**Due Diligence** - a process of conducting a thorough investigation, check, or analysis of a company’s compliance with governmental and non-governmental regulatory bodies, usually taken before entering into an agreement with a Third Party or upon emerging of any compliance issues.

**Employee** - for the purposes of this Policy, it includes all individuals working at all levels and grades, including senior managers, officers, directors, employees (whether permanent, fixed-term or temporary), trainees, seconded staff, home-workers, casual workers, volunteers, interns, or any other person associated with the Company.

**Facilitation Payments** - small or minor illegal payments made to secure or speed up routine legal government actions.

**Gift** – anything of value, such as an item, payment, service, or an advantage, that is given or accepted without payment from the recipient’s side. “Value” for this definition means the retail price that one would have to pay to purchase the Gift.

**Hospitality** - meals, drinks, accommodation, transport, or entertaining (including receptions, tickets to entertainment, social, cultural, or sporting events) given or offered to initiate or develop business

relationships with other colleagues or third parties. Hospitality requires the host to be present; if the host is not present, it is regarded as a gift.

**Improper Advantage** - paying or giving anything of value directly or indirectly in order to: influence or prevent an action; obtain a licence, permit or other authorisation to which the Company is not otherwise entitled to; obtain confidential information about business opportunities, bids or the activities of competitors; influence the awarding of a contract; influence the termination of a contract that is disadvantageous; influencing the adjudication of lawsuits and enforcement actions and obtaining exceptions to regulations.

**Kickback** – a bribe to obtain an Improper Advantage, where a portion of Improper Advantage is 'kicked backed' to the person who gave, or is supposed to give, the undue advantage.

**Public Official / Government Official** - individual who holds a legislative, administrative or judicial position of any kind, whether appointed or elected, who exercises a public function for a community, a territory, any public agency or public company of that country or territory, who acts as an official or agent of a public international organization (including agents and consultants), who works in public institutions (hospitals, research institutes, universities which are owned, controlled and/or run by the government) or works for or represents a company owned or controlled by government.

**Third Party** - any individual or organization who has business dealings with the Company and includes actual and potential business associates, customers, contractors, subcontractors, business partners, suppliers, distributors, business contacts, agents, technical and other consultants and government bodies and officials or any other person associated with or acting on behalf of the Company.

**Traiding in influence** - the practice of using one's influence in government or connections with authorities or other third parties to obtain favours or preferential treatment for another, usually in return for payment.

**Zero-tolerance approach** – in relation to this Policy, prohibition of any forms of corruption, either direct or indirect, and making all responsible individuals accountable for misconduct.

### 3. SCOPE

This Policy outlines key principles, requirements and norms of expected behaviour to uphold Company's commitment to act honestly and ethically in all its business dealings. It describes responsibilities of the Company and each individual working for or on behalf of Avromed, under the relevant anti-corruption laws and other Company policies, to uphold and maintain our zero-tolerance position on bribery and corruption. It also provides guidance for Employees to help them recognise and deal with actual or suspected corruption issues.

The Policy applies to all territories, to all directors, officers, employees, consultants, representatives, and Third Parties of the Company, both in their relations and dealings with public sector and private sector partners. This Policy applies within the framework of the Code of Conduct.

The underlying principles and requirements of the Policy also apply to all counterparties of Avromed, including partners, suppliers, agents, contractors, intermediaries, and other individuals and legal entities performing work for or on behalf of Avromed. The Company reserves the right to terminate a contractual relationship with a Third Party if they breach this Policy. The Company may also report the matter to relevant authorities.

Employees are required to read and follow this Policy, understand and seek to identify any red flags that may arise in their business activities, and to raise potential concerns of violation or suspected violation through the reporting channels established in the Company.

Any deviations from the Policy shall be approved by the Compliance Officer and the CEO of the Company.

## 4. POLICY

### 4.1 Policy Statement

This Policy prohibits offering, promising, giving, accepting or requesting bribes or other improper benefit or advantage. Everyone acting on behalf of Avromed in performing their duties are required to comply with this Policy, the Company's Code of Conduct and other internal policies, as well as applicable legislation including specific anti-corruption laws, rules and regulations. In some cases, local laws and regulations may be more restrictive than this Policy. If such is the case, the more restrictive rules shall be followed.

The Policy prohibits anyone acting on behalf of Avromed to:

- give, promise to give, or offer, anything of value with the intention, expectation or hope that a business advantage will be received, or to reward a business advantage already given;
- give, promise to give, or offer, anything of value to a Government Official to facilitate or expedite a routine procedure;
- accept payment from a Third Party that is known or suspected to be offered with the expectation that it will obtain a business advantage for them;
- accept a Gift or Hospitality from a Third Party that is offered or provided with an expectation that a business advantage will be provided by the Company or the individual in return, whether it is obvious, potential or suspected;
- threaten or retaliate against another Employee who has refused to commit a bribery offense or who has raised concerns under this Policy; or
- engage in any activity that might lead to a breach of this Policy or the law.

The fact that a Bribe or an Improper Advantage is offered but not in the end accepted does not exempt from liability under this Policy. Corruption exists, whether or not the illicit offer is accepted or the benefit obtained.

The Company may be liable for improper payments made by its consultants, agents or other business associates. Corrupt behavior is not excused by inserting a Third Party between the Company and the prospective individual receiving the illicit payment.

Also, common business practices if abused can be interpreted as Bribes, such as excessive or inappropriate entertainment, paying for the travel of spouses or family members, or inappropriate non-business related travel.

This Policy requires Employees to recognize questionable transactions, behaviour or conduct, and to take steps to record, comply and follow procedures set in place to deal with such behaviour or conduct.

The Company shall keep accurate and complete books and records and maintain proper internal accounting controls. All financial records shall accurately reflect the substance of all transactions by or on behalf of the Company, regardless of the size of the transaction.

These rules apply to actions by Third Parties on Avromed's behalf or in relation with Avromed's business to the same extent that the rules apply to actions of Employees and consultants.

## **4.2 Bribery of Public Officials**

It is quite common to have government involvement in activities or decisions in relation to business conducted by Avromed. Particular vigilance is required when dealing with Public Officials on behalf of the Company. Many of the anti-bribery laws specifically focus on the bribery of Public Officials which includes giving or offering anything of value to a Public Official in return for an Improper Advantage. The definition of what could constitute a bribe to a Public Official is broad and can occur even when the benefit being offered is small, such as gifts, business meals or entertainment.

This Policy prohibits the Company, its Employees, and anyone acting on its behalf to offer, promise, give, or authorize any payment, gift, or anything of value (monetary payments, goods, services, incentives, non-monetary advantages) to any Public Official to obtain or retain business, secure other Improper Advantage, or influence a Public Official's actions and decisions. In addition, the appearance of improper interactions with Public Officials shall also be avoided.

Improper payments are prohibited to be done both directly and indirectly through agents, consultants, or other intermediaries. It is also prohibited to exercise Trading in Influence when an intermediary receives an improper advantage for influencing a decision maker.

## **4.3 Facilitation Payments**

Facilitation payments are small unofficial payments to Public Officials or other persons of authority made to secure or expedite a regular governmental or legal action, decision, or service, such as obtaining of a license or processing paperwork. Facilitation payments should not be confused with legitimate payments to government agencies required by local regulations for different types of public services.

At Avromed, facilitation payments of any kind are prohibited. Employees must not offer, make or authorize Facilitation Payments or other advantages, no matter how small the payments are.

Under exceptional circumstances, when personal safety or liberty of an Employee or another person is under threat, making the payment might be the only option. In such case, the Employee shall get approval of the payment from their Line Manager or the Company's Compliance Officer. If it is impossible to request prior approval, the Employee shall ask for a receipt detailing the amount and reason for the payment, record the payment, and report the incident to the Line Manager and Compliance Officer. The Company shall investigate the event, and determine whether any follow up action should be taken. Any such payment must not be disguised as a legitimate business expense and shall be correctly recorded in the Company's accounts.

## **4.4 Political Contributions**

The Company upholds its commitment to not support any specific political party or have any political affiliation. It is specifically prohibited to provide a political contribution to improperly influence a Public Official or a political party, or in exchange for any Improper Advantage.

No political contributions shall be made on behalf of the Company either directly or indirectly to any political party or for any political purpose without the prior approval of CEO. No Employee shall use their job title or Company affiliation in connection with political activities.

## **4.5 Private Sector Bribery**

In addition to the prohibitions regarding Public Officials, the Company prohibits Employees from offering or providing corrupt payments and other illegal advantages to or accepting the same from private (non-government) individuals or entities. Such payments constitute commercial bribery and include Kickbacks or provision of Improper Advantage in return of the fraudulent activity.

It is illegal, either directly or indirectly, to offer, give or accept anything of value if the benefit is intended to cause the individual to perform their work role improperly.

## **4.6 Charitable Contributions, Donations and Sponsorships**

Donations and sponsorships constitute an important part of corporate social responsibility helping to support local communities and promote the Company brand. However, extra caution shall be taken to ensure that charitable contributions and sponsorships are not used as a vehicle for bribery. It is prohibited to provide a charitable contribution in order to improperly influence the counterparty, either public or commercial, or in exchange for any Improper Advantage.

All transactions related to charitable contributions and sponsorships shall be properly documented, transparent, and legitimate. Appropriate Due Diligence must be conducted on the proposed recipient, and factors like basic needs of the community, priority of the project, ethical aspects etc shall be considered.

## **4.7 Gifts and Hospitality**

Legitimate networking and gift-giving can help strengthen relationships with our business partners. However, in certain circumstances Gifts or Hospitality can be regarded as corruption, or even violate the law.

Employees and other Company representatives shall only accept or offer infrequent gifts or hospitality for reasonable business purposes which are not excessive and are valued within the maximum amount defined in the Company's Gifts and Hospitality Policy & Procedure, and as long as they are not made for exchange of Improper Advantage and do not create the appearance of Improper Advantage.

Employees shall not provide or accept any gifts, hospitality, entertainment, or other courtesy that may create a feeling of obligation, compromise their judgment, or that may create the appearance of trying to influence the recipient, violate the Company's policies, or violate the law. Gifts of cash or cash equivalents (e.g., gift vouchers) are prohibited under all circumstances.

Extra care and caution shall be taken when dealing with Public Officials. No employees shall offer or provide gifts, hospitality, or entertainment with the intent to influence a Public Official's behavior or that might otherwise create an appearance of such intent.

Employees are required to record all accepted, rejected or offered Gifts and Hospitality according to the Company policies.

## **4.8 Third Parties Management**

In the course of normal business operations, Avromed frequently interacts with Third Parties such as other businesses, individuals or Public Officials. Dealing with Third Parties can expose the Company to additional risks in case if the Third Party engages in misconduct either on Avromed's behalf or in connection with our business activities.

Due Diligence process is important for managing risks associated with Third Parties. Prior to establishing contractual business relationship with a Third Party, the Company will perform a due diligence check according to the internal policies. Any red flags raised during Due Diligence review shall be adequately addressed by the Company, and any mitigating measures put in place should be documented and followed up accordingly. The responsibility for the initiation of this process lies with the respective business manager in which department the Third Party will be engaged. Any exceptions to this requirement shall be approved by the Compliance Officer and CEO.

Agreements with Third Parties shall include appropriate anti-corruption clauses and provisions. In addition, the Company may require an annual certification by the Third Party of its compliance with all applicable anti-bribery and anti-corruption laws and request that a Third Party's personnel supporting business activities related to Avromed participate in anti-corruption trainings provided by the Company.

Third Party representatives acting for or on behalf of the Company are prohibited from making corrupt payments on the Company's behalf. This prohibition also applies to subcontractors hired by Third Parties to perform work on Avromed's behalf.

Violation of this Policy by a Third Party may result in termination of the business relationship with Avromed. Avromed also reserves the right to report Third Party misconduct to relevant authorities, if relevant.

#### **4.9 Books and Records and Internal Controls**

All financial and economic transactions and deals shall be recorded accurately, correctly and with adequate level of details, supported with appropriate documentation and are available for review according to the legislative norms. The Company shall have appropriate internal controls in place, which shall evidence the business reason for making payments to Third Parties.

It is each Employee's responsibility to ensure that all accounts, invoices, reports and other documents and records relating to dealings with Third Parties are prepared and maintained with strict accuracy and completeness. Any payments made to Third Parties, including commissions, compensation, reimbursements, shall be customary and reasonable in relation to the services provided and accurately documented in the Company's books and records together with the approvals required under the Company policies.

Before paying or authorizing a payment on behalf of the Company to or for the benefit of any person or entity, and in particular a Public Official, employees and contractors should be sure that no part of such payment is to be made for any purpose other than that to be fully and accurately described in the Company's books and records. Employees and contractors shall not create an undisclosed or unrecorded account of the Company for any purpose. In addition, personal or Third Party funds shall not be used to accomplish what is otherwise prohibited by the Company policy.

Misrepresentation and falsification of book-keeping, financial, tax and managerial data are prohibited and may result in disciplinary and even legal actions.

### **5. REPORTING VIOLATIONS**

#### **5.1 Reporting Channels**

The prevention, detection and reporting of bribery and other forms of corruption are the responsibility of all Employees.



Employees shall immediately report to their Line Manager, Compliance Officer or through other alternative channel established in the Company about any known or suspected violation of this Policy, Code of Conduct or anti-corruption legislation. This also includes situations when an Employee is offered a bribe, is asked to make one, suspect that this may happen in the future, or believes that he/she is a victim of another form of unlawful activity.

Employees who have information about misconduct by another Employee or anyone acting on behalf of Avromed under this Policy, or any governmental laws, rules or regulations have an obligation to promptly report the violation. Employees may do so verbally or in writing or, if preferred, anonymously. Employees have several options for raising concerns as described in the Code of Conduct:

- report to Line Manager
- report to Compliance Officer
- report via the Compliance SpeakUp Channel: [speakup@avromed.az](mailto:speakup@avromed.az)

Managers notified of a violation or suspected violation shall promptly escalate the matter to the Compliance Officer or through the SpeakUp Channel.

Failure to report misconduct can itself be understood as breach of the Policy, the Code of Conduct, or legislation, and may result in disciplinary action against those who fail to report.

Reported violations shall be handled in accordance with the Company's policies and respecting the principles of confidentiality and non-retaliation.

## 5.2 Retaliation

The Company will seek to ensure that no acts of retribution or retaliation are taken against anyone for making a good faith report. Retaliation in any form against an Employee who reports a violation of this Policy or of law, rule or regulation, even if the report is mistaken (provided it was made in good faith), or who assists in the investigation of a reported violation, is itself a serious violation of this Policy and the Code of Conduct.

Acts or threats of retaliation should be reported immediately and will be disciplined appropriately. If any Employee believes that he or she has been subjected to such retaliation, the Employee is encouraged to report the situation as soon as possible through the channels described above.

## 6. TRAINING

Trainings are an important tool to help identify, prevent and manage risks imposed by bribery and corruption. The Company shall provide anti-corruption trainings to all Employees and other stakeholders acting on behalf of Avromed to equip them with necessary knowledge regarding the requirements of the Company and anti-corruption laws, as well as instruction in recognizing indicators of corruption, and responding appropriately to corruption risk incidents. Annual participation in the Company anti-corruption training sessions is mandatory for all Employees.

Some Third Parties impose anti-corruption training requirements for the Company and in particular Employees and business managers who are involved in daily activities related to the Third Party business with Avromed. The purpose of such trainings is usually to introduce the Third Party's anti-corruption policies, compliance program and other related requirements. Participation in such trainings whether classroom or remote is mandatory for the target Employees.



## 7. MONITORING AND REVIEW

### 7.1 Risk Assessment

The Company shall conduct annual anti-corruption Risk Assessment to evaluate corruption risks and the effectiveness of controls designed to mitigate those risks. Identified risks shall be documented together with mitigating actions and reported to relevant risk owners and stakeholders. Risk Assessment helps the Company improve its performance and strengthen measures to protect the Company against bribery and corruption risks.

The business shall comply with the annual Risk Assessment by providing the requested information in a timely manner. The output of the Risk Assessment is shared with the senior leadership to ensure appropriate actions are taken to mitigate areas of concern.

The Company will establish and put in place appropriate performance measures and reporting systems to monitor performance against metrics and compliance with the relevant policies, procedures and controls. Any improvements identified will be made as soon as possible.

Internal control systems and procedures will be subject to audits to provide assurance that they are effective in countering bribery and corruption.

### 7.2 Policy Assessment and Review

Compliance Officer shall undertake periodic review and update this Policy to reflect applicable laws and regulations or based on the monitoring results considering its suitability, adequacy and effectiveness.

Employees and Company's counterparties are encouraged to comment on this Policy and suggest ways in which it might be improved. Comments, suggestions and queries should be addressed to the Compliance Officer directly or through [speakup@avromed.az](mailto:speakup@avromed.az).

## 8. COMPLIANCE WITH THE POLICY

Any violation of this Policy or related procedures by an Employee may have significant consequences for the Employee and the Company, including potential disciplinary actions and criminal proceedings.

Violation of the Policy by Third Parties may lead to termination of the business relationship with Avromed, among other potential consequences.

The Company will investigate all incidents related to the Policy violation in line with relevant policies and procedures and, when applicable, local legislation.

## 9. CHANGES

A brief description of the changes	Version number	Effective date