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CESD | CENTER FOR ECONOMIC & SOCIAL DEVELOPMENT

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ANTI-BRIBERY AND ANTI-CORRUPTION POLICY

The Policy was approved by the CESD LLC Board Members on September 10, 2025

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Baku, 2025

1. PURPOSE

CESD LLC (hereinafter referred to as the "Company") is committed to conducting its business activities with integrity, transparency, accountability, and in full compliance with applicable laws and regulations of the Republic of Azerbaijan and other relevant jurisdictions.

The purpose of this Anti-Bribery and Anti-Corruption Policy (hereinafter referred to as the "Policy") is to establish principles, requirements, and procedures to prevent, identify, and address bribery and corruption in all business activities undertaken by or on behalf of the Company.

CESD LLC maintains a zero-tolerance approach towards bribery and corruption, whether committed directly or indirectly, and expects all employees, management, contractors, consultants, suppliers, agents, and business partners to uphold the highest standards of ethical business conduct.

2. SCOPE AND APPLICABILITY

This Policy applies to:

- All directors, managers, officers, and employees of CESD LLC.
- Temporary employees, interns, and secondees.
- Consultants, subcontractors, agents, intermediaries, and representatives acting on behalf of the Company.
- Suppliers, vendors, service providers, and other business partners, where relevant to their business relationship with the Company.
- Any individual or entity performing services or conducting business activities on behalf of CESD LLC.

The Policy applies to all business operations, transactions, projects, contracts, procurement activities, negotiations, and interactions with public and private sector organizations, regardless of geographical location.

All persons covered by this Policy are responsible for understanding and complying with its requirements.

3. DEFINITIONS

Bribery: Offering, promising, giving, requesting, agreeing to receive, or accepting any financial or other advantage intended to induce or reward improper performance of a function or activity.

Corruption: Abuse of entrusted power or position for private or commercial gain.

Facilitation Payment: An unofficial payment made to a public official or another person to expedite or secure the performance of a routine administrative action.

Public Official: Any individual holding a legislative, administrative, judicial, governmental, or public-sector position, including persons falling within the definition of an official under applicable Azerbaijani legislation.

Kickback: An unauthorized payment, commission, or benefit provided in return for obtaining or retaining business or securing an improper advantage.

Conflict of Interest: A situation in which personal, financial, family, or other interests may improperly influence an individual's professional judgment or business decisions.

Third Party: Any external individual or organization providing services to, representing, or conducting business with the Company.

Anything of Value: Cash, gifts, hospitality, entertainment, travel, accommodation, employment opportunities, donations, sponsorships, discounts, favors, or other tangible or intangible benefits.

4. ZERO-TOLERANCE APPROACH

CESD LLC strictly prohibits bribery and corruption in any form.

No employee or representative of the Company shall:

- Offer, promise, authorize, or provide a bribe.
- Request, agree to receive, or accept a bribe.
- Make or accept kickback payments.
- Use intermediaries or third parties to facilitate corrupt activities.
- Offer improper advantages to public officials or private-sector representatives.
- Falsify business records or conceal improper payments.
- Engage in any activity intended to improperly influence a business decision.

No employee shall be penalized for refusing to participate in bribery or corruption, even if such refusal results in the loss of a business opportunity.

Commercial targets, contractual obligations, or management instructions shall never justify a violation of this Policy.

5. GIFTS, HOSPITALITY AND ENTERTAINMENT

The Company recognizes that reasonable and proportionate business gifts and hospitality may form part of legitimate business relationships.

However, gifts and hospitality must never be offered or accepted with the intention of improperly influencing a business decision.

All gifts and hospitality must:

- Have a legitimate business purpose.
- Be reasonable, proportionate, and appropriate to the circumstances.
- Be transparent and properly documented.
- Not be provided during contract negotiations, tender evaluations, procurement decisions, or other sensitive business processes where they could influence impartiality.
- Not involve cash or cash equivalents.
- Comply with applicable laws and contractual requirements.

Any gift or hospitality that may create a conflict of interest or the appearance of improper influence must be declined or reported to management.

Gifts or hospitality involving public officials require prior written approval from management and must comply with applicable legislation.

The Company shall maintain appropriate records of gifts and hospitality offered or received.

6. FACILITATION PAYMENTS

CESD LLC prohibits facilitation payments, regardless of their amount or perceived customary nature.

Employees and representatives must not make unofficial payments to public officials or other persons to accelerate routine administrative procedures.

If an employee is subjected to threats, coercion, or an immediate threat to personal safety, the employee's safety shall take priority.

Any payment made under such circumstances must be reported to management as soon as safely practicable and accurately recorded in the Company's financial records.

7. DEALINGS WITH PUBLIC OFFICIALS

All interactions with public officials must be conducted transparently, professionally, and in accordance with applicable laws and regulations of the Republic of Azerbaijan.

Employees and representatives shall not:

- Offer money, gifts, favors, or other benefits to influence official decisions.
- Make improper payments to obtain licenses, permits, approvals, or preferential treatment.
- Use personal relationships to secure unauthorized advantages.
- Provide benefits to family members or associates of public officials to influence official conduct.
- Use intermediaries to make payments or provide benefits that would be prohibited if made directly.

Any legitimate payments to government authorities must be made through official channels and supported by appropriate documentation and receipts.

8. THIRD-PARTY DUE DILIGENCE

CESD LLC recognizes that bribery and corruption risks may arise through third parties acting on its behalf.

Before engaging significant agents, consultants, subcontractors, intermediaries, and other relevant business partners, the Company shall conduct risk-based due diligence proportionate to the nature and level of the engagement.

Due diligence may include:

- Verification of legal identity and business registration.
- Identification of beneficial owners where appropriate.
- Assessment of reputation and business integrity.

- Identification of relationships with public officials.
- Review of relevant sanctions and adverse information.
- Assessment of the commercial justification for fees and commissions.
- Verification of qualifications and experience.

Third-party contracts should include appropriate anti-bribery and anti-corruption provisions.

The Company reserves the right to suspend or terminate relationships where credible evidence of bribery, corruption, or other serious misconduct is identified, subject to applicable contractual and legal requirements.

9. POLITICAL CONTRIBUTIONS AND CHARITABLE DONATIONS

CESD LLC shall not make political contributions intended to obtain business advantages or improperly influence public officials or political organizations.

Charitable donations and sponsorships must:

- Have a legitimate and documented purpose.
- Be made to genuine and identifiable beneficiaries.
- Be approved by authorized management.
- Be transparent and properly recorded.
- Not be used as a means of providing improper benefits to public officials or business partners.

All donations and sponsorships must be supported by appropriate documentation.

10. CONFLICTS OF INTEREST

Employees must avoid situations in which personal interests conflict, or appear to conflict, with the interests of CESD LLC.

Employees shall disclose any actual, potential, or perceived conflict of interest to management.

Examples include:

- Financial interests in suppliers, contractors, or competitors.
- Family or personal relationships with individuals involved in procurement or contract awards.
- Receiving personal benefits from business partners.
- Using confidential Company information for personal gain.
- Participating in business decisions where personal interests may affect impartiality.

Management shall review disclosed conflicts and determine appropriate mitigation measures.

11. PROCUREMENT AND CONTRACT MANAGEMENT

All procurement and contract award activities must be conducted fairly, transparently, and based on legitimate business considerations.

The Company prohibits:

- Manipulation of tender processes.
- Collusion with suppliers or competitors.
- Unauthorized commissions or kickbacks.
- Sharing confidential procurement information for improper purposes.
- Favoritism in supplier selection.
- Splitting purchases to circumvent approval requirements.
- Offering or accepting benefits to improperly influence contract awards.

Supplier selection and contract awards must be supported by appropriate records and approvals.

Where CESD LLC participates in public procurement activities in Azerbaijan, the Company shall comply with the applicable requirements of the Law of the Republic of Azerbaijan on Public Procurement.

12. FINANCIAL CONTROLS AND RECORD KEEPING

CESD LLC shall maintain accurate, complete, and transparent financial records.

All transactions must be properly authorized, recorded, and supported by legitimate documentation.

The Company prohibits:

- Undisclosed or unrecorded funds.
- False or misleading accounting entries.
- Misclassification of expenses.
- Fictitious invoices or transactions.
- Payments to unidentified or unauthorized beneficiaries.
- Concealment of improper payments or financial arrangements.
- Payments without a legitimate business purpose or appropriate supporting documentation.

Financial records shall be maintained in accordance with applicable accounting, tax, and legal requirements of the Republic of Azerbaijan.

13. REPORTING SUSPECTED VIOLATIONS

All employees and representatives have a responsibility to report suspected or actual violations of this Policy.

Reports may be submitted directly to the Managing Director or another designated management representative through appropriate Company communication channels.

Reports should include, where possible:

- Description of the suspected misconduct.
- Individuals or organizations involved.
- Relevant dates and locations.
- Supporting documents or other available evidence.

The Company shall treat reports confidentially to the extent reasonably possible and permitted by law.

CESD LLC strictly prohibits retaliation against anyone who raises a concern in good faith or participates in an investigation.

Where applicable, the Company shall respect the protections provided to persons reporting corruption-related offences under the legislation of the Republic of Azerbaijan.

Knowingly making false or malicious allegations may result in disciplinary action in accordance with applicable law.

14. INVESTIGATION AND CORRECTIVE ACTION

All credible allegations of bribery or corruption shall be reviewed promptly and impartially.

The Company may:

- Conduct internal investigations.
- Review relevant financial and business records.
- Interview employees and relevant third parties.
- Engage external legal or compliance professionals.
- Suspend relevant transactions or business relationships.
- Notify competent authorities where legally required or appropriate.

Investigations shall be conducted fairly, with due consideration for confidentiality, applicable employment requirements, and the rights of individuals involved.

Appropriate corrective and preventive actions shall be implemented following the investigation.

15. TRAINING AND AWARENESS

CESD LLC shall communicate this Policy to relevant employees and representatives.

Employees shall be made aware of:

- The Company's zero-tolerance approach.
- Their responsibilities under this Policy.
- The risks associated with gifts, hospitality, and third-party relationships.
- The reporting procedure for suspected violations.
- The consequences of non-compliance.

Additional training may be provided to employees whose responsibilities involve procurement, contract management, finance, project management, or interaction with public officials.

16. VIOLATIONS AND DISCIPLINARY MEASURES

Any violation of this Policy may result in disciplinary action, depending on the seriousness and circumstances of the violation.

Possible measures include:

- Formal warnings.
- Additional training.
- Suspension of duties where legally permissible.
- Termination of employment in accordance with applicable labour legislation.
- Termination of contractual relationships in accordance with contractual and legal requirements.
- Recovery of losses where legally permissible.
- Referral to relevant authorities where appropriate.

Disciplinary measures involving employees shall be applied in accordance with the Labour Code of the Republic of Azerbaijan and other applicable legislation.

Violations may also result in civil, administrative, or criminal liability under applicable laws.

17. RESPONSIBILITIES

Managing Director

- Approves and supports implementation of this Policy.
- Ensures adequate resources for compliance.
- Reviews significant reported violations.
- Approves appropriate corrective measures.

Management

- Communicates and implements the Policy.
- Ensures compliance within their areas of responsibility.
- Reviews conflicts of interest and relevant business risks.
- Ensures appropriate approvals and records are maintained.

Employees

- Understand and comply with this Policy.
- Avoid bribery, corruption, and improper business conduct.
- Disclose conflicts of interest.
- Report suspected violations.
- Cooperate with internal investigations.

Third Parties

- Comply with applicable anti-bribery and anti-corruption requirements.
- Conduct business ethically and transparently.
- Avoid offering or accepting improper advantages in connection with CESD LLC's business.

18. MONITORING AND POLICY REVIEW

The Company shall periodically review the implementation and effectiveness of this Policy.

The Policy shall be reviewed at least annually or whenever there are significant changes in applicable legislation, business operations, organizational structure, or identified corruption risks.

Management may revise this Policy whenever necessary to strengthen the Company's compliance framework.

19. APPLICABLE LEGISLATION AND REGULATORY FRAMEWORK

CESD LLC shall conduct its business activities in compliance with the applicable laws and regulations of the Republic of Azerbaijan relating to bribery, corruption, fraud, financial transparency, and ethical business conduct.

This Policy is primarily based on, and shall be interpreted in accordance with, the following legislation:

1. Law of the Republic of Azerbaijan "On Combating Corruption" No. 580-IIQ dated 13 January 2004, as amended.
2. Criminal Code of the Republic of Azerbaijan, including relevant provisions concerning abuse of official powers, receiving and giving bribes, and unlawful influence on official decisions, including Articles 308, 311, 312 and 312-1, as applicable.
3. Code of Administrative Offences of the Republic of Azerbaijan.
4. Law of the Republic of Azerbaijan "On Public Procurement" No. 988-VIQ dated 14 July 2023, where applicable to the Company's activities.
5. Labour Code of the Republic of Azerbaijan.
6. Other applicable legislation governing commercial activities, accounting, taxation, financial reporting, and corporate governance.

Where CESD LLC conducts business internationally or enters into contractual relationships with international clients, the Company shall also consider applicable international anti-corruption requirements, including:

- United Nations Convention against Corruption (UNCAC).
- UK Bribery Act 2010, where applicable.
- US Foreign Corrupt Practices Act (FCPA), where applicable.
- Relevant international contractual and compliance requirements.

All employees, management, contractors, consultants, agents, suppliers, and business partners acting on behalf of CESD LLC are required to comply with applicable anti-corruption legislation and the requirements of this Policy.

Where this Policy establishes ethical standards or internal controls stricter than the minimum requirements of applicable legislation, such standards shall be followed to the extent legally permissible.

In the event of any inconsistency between this Policy and mandatory applicable legislation, the relevant legal requirements shall prevail.