

# Policy – Third Party Engagement

## 1. Objective

- 1.1. HES is committed to carrying out its business ethically and transparently. HES has zero tolerance for bribery and corruption and money laundering and terrorist financing. When conducting business with various Third Parties, HES incurs a certain level of risks posed by those parties. HES does not engage with Third Parties who will expose HES to unacceptable legal, commercial and/or reputational risks and require that their conduct meets HES standards at all times.
- 1.2. The purpose of this Policy is to provide guidance and clarity on conducting business with Third Parties and to ensure compliance with all applicable legal and regulatory requirements.
- 1.3. HES will only engage Third Parties where there is a clear and justifiable business need to do so. No person shall commit company funds or take on any contractual obligation to a Third Party on behalf of HES without complying with this policy.

TERM	DEFINITION
Policy	Means this Third Party Engagement Policy.
Instruction	Means the Third Party Engagement Instruction.
Due Diligence Questionnaire or DDQ	The list of questions attached to this Policy in Annex B that will be sent to a Third Party during the Engagement Procedure.
Engagement Procedure	The mandatory procedure as set out in section 4 in this Policy, that must be completed prior to engaging a Third Party.
HES	HES International and all wholly-owned or controlled direct and indirect subsidiaries of HES International, as well as joint ventures in which HES holds a majority interest.
HES Personnel	Any board of directors member, officer, employee, or independent contractor of HES and its group companies and majority joint ventures.

<b>Mitigation Steps</b>	The steps referred to in section 4 of this Policy and set out in the Instruction undertaken to address identified Red Flags that will reduce or eliminate HES' risk of exposure.
<b>Nominator</b>	The employee who owns the relationship with a Third Party or a prospective Third Party and/or who has day-to-day contact with a Third Party.
<b>Public Official</b>	<p>Individual, regardless of rank or title, who is employed or appointed by or otherwise represents a public authority (political or non-political) or who otherwise discharges a public service mission. A public authority:</p> <ul style="list-style-type: none"> <li>• is understood to be a national, state or local government office or agency, embassy, defence/military unit, state-owned enterprise, including any international governmental (e.g. EU, UN, NATO, OECD) or quasi-governmental (e.g. WTO, IMF) organisation; and</li> <li>• includes, for the avoidance of doubt, anyone who holds a judicial position of any kind, members of a royal family, any elected representative of any kind, employees of local authorities and government departments, employees of companies wholly owned by or controlled by a public body or otherwise any person holding public authority or who discharges a public service mission.</li> </ul>
<b>Red Flag</b>	A red flag is a serious concern about a Third Party's integrity. For instance, being listed on a sanctions list, having prior court convictions, adverse media reports, allegations of corruption or any suspicious behaviour in relation to e.g. money laundering, bribery and corruption. Please refer to the List of Red Flags.
<b>Risk Assessment</b>	Establishment of the risk level of a Third Party, using the Risk Assessment Matrix attached to the Instruction and all other circumstances, such as unresolved Red Flags and other information known. The risk level indicates a Third Party's compliance risk level to HES and determines the level of scrutiny of due diligence and Mitigation Steps.
<b>Risk Assessment Matrix</b>	The matrix attached to the Instruction as Annex A, that after completion indicates the Risk Rating of a Third Party.
<b>Risk Rating</b>	The risk score based on the results from a completed Risk Assessment, determining a Third Party's rating, being Low, Medium or High.

<b>Third Party or Third Parties</b>	Any (prospective or potential) individual not employed by HES and/or any entity not owned or controlled by HES, that provides services or goods to HES or on behalf of HES or engages in business activities with HES or HES Personnel.
<b>Sanctions Screening</b>	Sanctions screening through Integration Point, in accordance with the principles and procedures included in the Sanctions and Export Controls Compliance Policy.

## 2. Applicability and Scope

### Applicability

- 2.1. This Policy applies to HES and to all of its wholly-owned or controlled direct and indirect subsidiaries, irrespective of where these may be located. Specifically, it applies to every employee, director or officer of these entities. Agents, representatives, consultants or other contract staff that are working for or on behalf of these entities should also adhere to these guidelines.
- 2.2. HES will ensure that this Policy, or a policy with equivalent standards, is applicable to joint ventures in which HES holds a minority interest. In any country or region where the requirements of applicable law(s), directives or practices establish a higher standard, HES must meet those standards. Individual businesses may supplement these procedures with any additional requirements they wish to put in place.

### Scope

- 2.3. All engagements with Third Parties are subject to the requirements of this Policy. This means that engagements with HES' minority joint ventures and HES' joint venture partners are also subject to this Policy. If you are unsure if the engagement of a Third Party is subject to these procedures, contact the local compliance officer.

### References and annexes

- 2.4. This Policy should be read in conjunction with the Instruction, the List of Red Flags , Sanctions and Export Controls Compliance Policy, the Anti-Bribery and Corruption Policy, the Anti-Money Laundering Policy, the Competition Policy and Gifts and Hospitality Policy.

Annexes:

- Annex A: Third Party Registration Form
- Annex B: Due Diligence Questionnaire

- Annex C: Recommendation Form

### 3. Responsibilities

- 3.1. All HES Personnel are encouraged to familiarise themselves with this Policy in advance of seeking to engage Third Parties to ensure they are aware of the requirements and the likely timescales for the steps identified herein and their potential impact on project completion timings, if any. All HES Personnel must be alert on Red Flags and inform local compliance officer immediately when they have any concerns or have identified a Red Flag.
- 3.2. Nominator: each Third Party must have a Nominator. Where a Third Party provides services to more than one HES business, each business must appoint its own Nominator for that business' relationship with the Third Party, as each relationship may represent a different (level of) risk to HES. The Nominator's responsibilities include:
  - Acquiring relevant information for the Risk Assessment and acting on any follow-up questions by the local compliance officer and the Chief Compliance Officer, both during on-boarding stage and the life cycle of the engagement;
  - Monitoring the Third Party's compliance with the terms of its contract with HES and escalating any concerns or Red Flags which may arise to local compliance officer, either in the course of executing this Policy during the Engagement Procedure and during the life of the contract with the Third Party;
  - Executing any Mitigation Steps (see section 4) upon instruction from the Chief Compliance Officer and documenting that process on the Recommendation Form (Annex C); and
  - Complying with this Policy in relation to HES' dealings with that Third Party including ensuring that completion of each step of this Policy is appropriately documented, and that all records relevant to this Policy are retained for the period consistent with HES' legal obligations and the Document Retention Policy.
- 3.3. Local compliance officer :has a supporting role towards the Nominator and the Chief Compliance Officer during the Engagement Procedure and is responsible for the Sanctions Screening.
- 3.4. Chief Compliance Officer has overall responsibility for the Engagement Procedure and is responsible for setting common standards for its implementation. The Chief Compliance Officer shall drive and facilitate the Engagement Procedure, by conducting the Risk Assessment and due diligence, outlining Mitigation Steps and evaluating and following up on any relevant risks Mitigation Steps to be taken and/or implemented. The Chief Compliance Officer shall assess Third Parties in accordance with the Instruction and issue approval.
- 3.5. Terminal managers must allocate sufficient resources to ensure these procedures are implemented and adhered to. The proper engagement of a Third Party, will always be the

responsibility of the management of the particular HES business that engages the Third Party in question.

3.6. The table below provides an overview of responsibilities in execution of this Policy.

Step	Task	Responsible
1	Third Party Registration Form	N, D
1	Due Diligence Questionnaire	N, D
1	Sanctions Screening	L, N
2	Risk Assessment and further due diligence	D
3	Recommendation	D
4	Mitigation Steps	N, D
5	Approval	D
6	Contracting	N, D
7	Monitoring	A, N, L
<i>A = All HES Personnel; D = Chief Compliance Officer; L = Local compliance officer; N = Nominator</i>		

## 4. Engagement Procedure

4.1. Prior to engagement (i.e. contracting and making payments) with a Third Party by HES, the Nominator, supported by the local compliance officer, shall follow the Engagement Procedure as further set out below. If a contract between HES and a Third Parties is already in effect, and the procedure set out below has already been completed successfully, then the Engagement Procedure must be followed upon renewal or extension of the contract, whether a re-signing takes place or not.

### Step 1: Process initiation and initial due diligence

4.2. The Nominator shall register a new Third Party that HES wishes to engage by filling in the Third Party Registration Form (Annex A). The Nominator will follow the procedure as set out in the Instruction.

4.3. The Nominator will request the Third Party complete the DDQ (Annex B) in accordance with the Instruction. All Third Parties with whom HES shall engage or extend or renew a contract are required to fill in the DDQ. The Chief Compliance Officer can waive the requirement to fill in the DDQ in the event a DDQ has recently been completed by a Third Party.

4.4. The Nominator is responsible for the Third Party to fill in the DDQ and to ensure the DDQ response is complete, and that the Third Party has included an organisational chart showing its ownership structure. Any follow-up questions by the Third Party shall be clarified by the Nominator, together with the local compliance officer.

- 4.5. After the Nominator receives the completed DDQ, the local compliance officer shall perform Sanctions Screening on the Third Party, supported by the Nominator. All Third Parties, are subject to Sanctions Screening using Integration Point in accordance with the procedures as set out in the Sanctions and Export Controls Compliance Policy.
- 4.6. The Nominator sends the Third Party Registration Form, including the Sanctions Screening result, and the completed DDQ to the Chief Compliance Officer.

### Step 2: Risk Assessment and further due diligence

- 4.7. After the process initiation, the Chief Compliance Officer will assess the Third Party Registration Form and the completed DDQ. The Chief Compliance Officer will verify, together with the local compliance officer and the Nominator, whether the Third Party is new or whether a contract with an existing Third Party will be extended or renewed.
- 4.8. The Chief Compliance Officer performs a Risk Assessment and reviews the Due Diligence Questionnaire, which will result in a Risk Rating and a recommendation. Further due diligence steps may be undertaken based on the risk profile of the Third Party.

### Step 3: Recommendation

- 4.9. The Chief Compliance Officer will issue a recommendation based on the Risk Assessment, taking into account all circumstances. This recommendation will include an outline of Mitigation Steps with possible further due diligence steps to be implemented by the Nominator, if so required.
- 4.10. If the Risk Assessment results in a Low Risk Rating, the recommendation will entail an approval and no Mitigation Steps will be required.
- 4.11. If the Risk Assessment results in a Medium or High Risk Rating, the recommendation will include a requirement to implement certain Mitigation Steps. These steps could include conducting further due diligence.
- 4.12. The Chief Compliance Officer will issue the recommendation by using the Recommendation Form (Annex C).

### Step 4: Mitigation Steps

- 4.13. The Chief Compliance Officer shall recommend Mitigation Steps if the Risk Assessment has identified any risks related to the Third Party that could be mitigated through the implementation of one or more Mitigation Steps. The Chief Compliance Officer will discuss the possibility of Mitigation Steps with the Nominator and the local compliance officer.

- 4.14. The Mitigation Steps must be undertaken and its progress must be documented on the Recommendation Form to obtain an approval. The Nominator will return the Recommendation Form including the result of the Mitigation Steps, to the Chief Compliance Officer.

### Step 5: Approval

- 4.15. If the Chief Compliance Officer has approved of the engagement with the Third Party by issuing a positive recommendation, and the Sanctions Screening has not resulted in a true match, the Nominator can proceed to the contracting phase. Please refer to section 6 below.
- 4.16. If Mitigation Steps were recommended, the result of the Mitigation Steps must be approved by the Chief Compliance Officer before a contract may be signed and the Third Party can be engaged.

### Rejection

- 4.17. After a rejection by the Chief Compliance Officer, whether initially or due to inadequate or insufficient implementation of the Mitigation Steps, HES shall not engage the Third Party.

## 5. Step 6: Contracting

- 5.1. All contracts must be in writing and duly executed before payment of any kind can be made or goods/services can be provided under said contract. All contracts must accurately record:
- the nature of the relationship between HES and the Third Party, including the precise nature of the activities to be undertaken and payments to be made;
  - any actions from Mitigating Steps that are appropriate to include in the contract; and
  - the compliance contract clauses included in Annex A of the Sanctions and Export Controls Compliance Policy.

In case a Third Party seeks to negotiate the compliance clauses, the Nominator should seek assistance from the Chief Compliance Officer, who must approve any deviation from the required compliance clauses.

- 5.2. Contracts with Third Parties must be executed within six months after the approval by the Chief Compliance Officer. After six months, the due diligence process must be renewed or waived by Chief Compliance Officer, before execution of the contract with the previously approved Third Party.

## 6. Step 7: Monitoring

- 6.1. Approved Third Parties must be continuously monitored during the business relationship by all HES Personnel, and the Nominator in particular, through alerting the local compliance officer of concerns or an identified Red Flag. Third Parties may be subject to renewed due diligence investigation, in response to concerns alerted by HES Personnel and in response to information provided by the Third Party regarding a change of relevant circumstances in light of the due diligence investigation (e.g. their identity, incorporation, control, etc.). Third Parties with an existing business relation are required to fill in the DDQ every two years.
- 6.2. If the local compliance officer and/or the Chief Compliance Officer has/have any requests, the Nominator and any other HES Personnel involved must provide all required information and assistance.
- 6.3. When monitoring a Third Party, the Red Flag examples included in the List of Red Flags should always trigger concern and further review.

## 7. Termination

- 7.1. In case early termination of a contract with a Third Party due to reasons related to this Policy (e.g. identified Red Flag, failure to comply with Mitigation Steps, Sanctions Screening result during the life cycle, etc.) is contemplated, the Nominator must always consult with Chief Compliance Officer prior to termination of the Third Party contract.
- 7.2. If there is any reason to anticipate potential legal disputes between HES and the Third Party, the General Counsel must be informed.

## 8. Questions or concerns

- 8.1. HES Personnel who have questions or concerns relating to this Policy, are encouraged to contact their local compliance officer.

## 9. Retention of records

- 9.1. The following must be recorded and retained by the local compliance officer:

- Filled in and signed DDQ received from the Third Party.
- Final Risk Rating for future references.
- Results of the due diligence investigation, including the sanctions screening results



- The rationale of approval, Mitigation Steps and approval after Mitigation Steps related choices
- Waivers issued by the Chief Compliance Officer

## 10. Update history

10.1. This Policy will be reviewed regularly by the Chief Compliance Officer and in addition may be reviewed from time to time to take account of, for example, changes to legislation, regulatory developments or organisational changes.

Version	Revised By	Description	Revision Date

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# ANNEX A

## THIRD PARTY REGISTRATION FORM

This form must be filled in and submitted to the Chief Compliance Officer (compliance@hesinternational.eu). A copy must be sent to your local compliance officer.

<b>Name employee:</b>		<b>Signature:</b>
<b>Job title:</b>		
<b>Date:</b>		

Third Party Registration Form	
Details of Third Party	
Statutory name:	
Statutory seat:	
Registration number:	
Description of prospective engagement:	
Any information regarding the Third Party that is of relevance during the Engagement Procedure:	
Has the DDQ been completed and signed and returned to you?	YES <input type="checkbox"/> If so, please attach a copy to this form.  NO <input type="checkbox"/> If not, please describe why not.

Sanctions Screening	
Result of the Sanctions Screening:	
Any information regarding the Sanctions Screening that is of relevance:	

# ANNEX B

## DUE DILIGENCE QUESTIONNAIRE

The aim of the DDQ is to help ascertain the risks associated with doing business with prospective business partners, and evaluate the strength and complexity of their compliance programs. This is of utmost importance under applicable compliance legislation, as HES could be held liable for the acts of a Third Party even if there is no wrongdoing on HES' part.

When sending the questionnaire to potential Third Parties, please stress that:

- The questions need to be answered truthfully and to the best of their knowledge, giving as much information as possible;
- The filled in questionnaire must be signed and returned to HES;
- If any of the answers change over time, the Third Party must inform HES immediately and provide an updated questionnaire;
- All information will be handled with strict confidentiality; and
- Any adverse answers will not necessarily preclude HES from establishing a business relationship with the party in question.

Throughout the process, it may also be useful to refer to our List of Red Flags when conducting due diligence. This is a non-exhaustive list of risk indicators but can function as a useful reference when initially assessing the level of risk posed by a particular transaction.

**Please remove this cover sheet before sending the questionnaire to potential Third Parties.**

**Return the filled in and signed questionnaire to the local compliance officer and the Chief Compliance Officer.**

# ANNEX C

## RECOMMENDATION FORM

This form must be filled in and submitted to the Chief Compliance Officer (compliance@hesinternational.eu). A copy must be sent to your local compliance officer.

<b>Name employee:</b>		<b>Signature:</b>
<b>Job title:</b>		
<b>Date:</b>		

<b>Recommendation Form</b>	
<b>Sanctions Screening</b>	
Sanctions screening results	<input type="checkbox"/> No Match <input type="checkbox"/> Initial False Positive, ultimate No Match
<b>Risk Assessment</b>	
Risk Rating:	
Copy of completed Risk Assessment attached:	<input type="checkbox"/> YES <input type="checkbox"/> NO
Description rationale resolved Red Flags:	
Unresolved Red Flags:	
Any information regarding the Third Party that is of relevance during	

the Engagement Procedure:	
Recommendation:	
<b>Mitigation Steps</b>	
Mitigation Steps to be implemented	
Implementation Mitigation Steps	
Any relevant documents:	

<b>Approval sign off</b>		
<i>Description and substantiation approval</i>		
<b>Name employee:</b>		<b>Signature:</b>
<b>Job title:</b>	Chief Compliance Officer	
<b>Date:</b>		