

Recusal Policy

1. Objective and applicability

- 1.1. The Sanctions and Export Controls Compliance Policy sets out how HES complies with applicable Sanctions and Export Controls laws. Part of that compliance is ensuring that HES does not violate any applicable sanction program in a particular situation, especially when differences between sanctions programs issued by different governments could challenge HES to comply with both programs. HES shall assess such situations case by case. This Recusal Policy addresses the recusal of Controlled Personnel to enable HES to ensure compliance with all applicable regulations.
- 1.2. This Recusal Policy is must be read together with the Sanctions and Export Control Compliance Policy. All the capitalised terms used in this Instruction have the meaning as set out in the Policy, unless specifically stated otherwise in this Instruction. For clarity’s sake, the terms are included in this Recusal Policy.
- 1.3. Annexes to this Policy:
 - Annex A: Recusal Statement
 - Annex B: Ethical Wall Memorandum

TERM	DEFINITION
Controlled Personnel	HES Personnel who are U.S. Persons and subject to U.S. Sanctions.
Embargoed Country or Countries	Any country or territory that is, or whose government is, subject to comprehensive Sanctions imposed by the US (currently Cuba, Iran, North Korea, the Crimea region of Ukraine, Syria), EU or any relevant EU Member State.
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.

Restricted Transaction	A potential or actual transaction, investment, merger, acquisition, customer relationship, dealing, or activity that is prohibited or restricted by one or more Sanctions absent authorization.
Sanctions	<p>The sanctions laws, regulations, embargoes or restrictive measures against a country, government, person, entity, business or (partially owned or controlled) business, enacted, administered, or enforced by</p> <ul style="list-style-type: none"> • the EU; • the Netherlands; • any other EU Member State; • the UK; • the United States, including sanctions administered by OFAC or the U.S. Department of State, pursuant to the Foreign Assets Control Regulations (31 C.F.R. Parts 500-599) and other laws and regulations; • the United Nations Security Council; or • other jurisdictions, to the extent applicable, or the respective governmental authorities of any of the foregoing, including without limitation, the U.S. Department of Treasury’s Office of Foreign Assets Control (“OFAC”), the U.S. Department of State’s Directorate of Defense Trade Controls, the U.S. Department of Commerce’s Bureau of Industry and Security (“BIS”), and the Council of the EU.
Sanctioned Party or Sanctioned Parties	<p>A. any individual, entity or vessel that is listed on any of the following sanctions lists:</p> <ol style="list-style-type: none"> 1. the United Nations Security Council’s “Consolidated United Nations Security Council Sanctions List”; 2. OFAC List of Specially Designated Nationals and Blocked Persons (SDN List), Foreign Sanctions Evaders List (FSE List), or Sectoral Sanctions Identifications List (SSI List); 3. the U.S. Commerce Department BIS’s Entity List, or Unverified List and Denied Persons List; or the U.S. Department of State’s lists of individuals and entities that have been designated pursuant to sanctions and/or non-proliferation statutes that it administers, as well as related executive orders; 4. the European Commission’s “Consolidated list of persons, groups and entities subject to EU financial sanctions” or individuals or entities that are listed in Annexes III, V or VI to EU Council Regulation 833/2014 (as amended); or 5. any other applicable sanctions list maintained by any of the competent sanctions authorities with prohibitions similar to the foregoing.

	<p>B. Any person, entity or vessel that is 50% or more owned or controlled, directly or indirectly, by any person (or persons in aggregate) identified in A. to the extent that such ownership or control results in such person being subject to the same restrictions as if such person were included in the corresponding list specified in A. or results in dealings with such person being deemed to be for the benefit of a person included in the corresponding list specified in A.</p> <p>C. Any individual or entity that is located, organized, or resident in an Embargoed Country and any vessel that is registered in an Embargoed Country or owned or controlled by an individual or entity that is located, organized, or resident in an Embargoed Country.</p> <p>D. Any individual, entity or vessel that is otherwise the target of Sanctions.</p> <p>E. Any individual or entity that is acting for or on behalf of any of the persons identified above.</p>
<p>US Person</p>	<ul style="list-style-type: none"> • any U.S. citizen or legal permanent resident, wherever located or employed. • a person in the United States, including individuals of any nationality while physically located in the United States and U.S. branch offices of a non-U.S. company. • a legal entity incorporated or established in the United States (including U.S. states and U.S. territories), including its foreign branches.

2. Compliance with applicable Sanctions and Export Controls

Policy

- 2.1. The Sanctions and Export Controls Compliance Policy outlines HES' policy Export Controls and on having commercial or financial dealings involving Embargoed Countries, Sanctioned Parties and/or Restricted Transactions.
- 2.2. In the event that the involvement of Controlled Personnel triggers a specific U.S. Sanction that would otherwise – without involvement of the Controlled Personnel – not be applicable, the Chief Compliance Officer will assess if in that particular situation, he/she could approve of the recusal by the relevant Controlled Personnel and the performance of the (otherwise sanctioned) transaction. Please refer to section 5 of this Policy.

3. Recusal for U.S. Persons

Recusal Policy

- 3.1. HES applies U.S. Sanctions as gold standard in this Policy. However, HES recognizes that a situation could arise in which certain HES Personnel who are U.S. Person (Controlled Personnel) is subject to a U.S. Sanction, while HES is not. The Controlled Personnel involved may then need to recuse themselves from that activity.
- 3.2. In order to avoid potential exposure by Controlled Personnel to violations of U.S. Sanctions in connection with transactions or activities in which HES is permitted to engage, HES' policy requires that Controlled Personnel may not participate in, approve, direct, or otherwise facilitate Restricted Transactions if doing so would cause such Controlled Personnel and/or HES to potentially violate Sanctions that apply to them.
- 3.3. If an actual or potential transaction involves a Restricted Transaction, then following consultation with Chief Compliance Officer, Controlled Personnel who may be involved in the transaction, dealing, or activity that is the subject of applicable Sanctions must either:
 - A. be recused by following the steps outlined in the recusal procedure below; OR
 - B. have obtained an express written waiver from Chief Compliance Officer specifying the anticipated scope of the Controlled Personnel's involvement in the specific actual or potential transaction, dealing, or activity and confirming that such participation is consistent with applicable law.

Recusal Procedure

Recusal

- 3.4. In the event of recusal, the relevant Controlled Personnel must execute the Recusal Statement set forth at Annex B and provide a copy to Chief Compliance Officer, who will maintain a record of all recusals on file.

Ethical Wall

- 3.5. Upon execution of the Recusal Statement, HES will institute an ethical wall to separate the Controlled Personnel from the activities of the Company related to the Restricted Transaction. Chief Compliance Officer will complete and distribute the Ethical Wall Memorandum set forth at **Annex C** to all relevant HES Personnel and will maintain a record of the distribution list. The Ethical Wall Memorandum is intended to ensure that the Controlled Personnel does not participate in, direct, facilitate, approve or otherwise provide support to the Restricted Transaction. This may include, but is not limited to giving advice concerning the potential customer or parties involved in the transaction; advising on the particular transaction;

discussing the transaction; providing support for or feedback regarding any aspect of the transaction; approving transaction related documents; and signing contracts.

Continuity

- 3.6. HES will take any necessary measures to ensure the continuity of operations with respect to the transaction or activity without Controlled Personnel involvement. HES should determine whether any such measures would be required by the recusal of Controlled Personnel (e.g. temporary reassignment of responsibilities, communication of temporary reporting responsibilities) and take appropriate action.

Recordkeeping

- 3.7. Records that the Chief Compliance Officer is required to retain under this section (i.e., copies of executed Recusal Statements and Ethical Wall Memoranda) must be kept until seven (7) years after the relevant Controlled Personnel is no longer a member or partner of, or employed at, HES. HES Personnel must obtain written permission from Chief Compliance Officer before discarding or destroying records subject to this policy within seven (7) years of the completion of the transaction.

4. Books and records

- 4.1. HES will retain all records related to compliance with Sanctions and Export Controls for a minimum of seven (7) years from the date of the transaction to which the records pertain, including, but not limited to:
- screening and due diligence records, including confirmation that sanctions screening has taken place (e.g. system notes or audit trails along with details of the information screened, and where required, verified), and confirmation of the same each time re-screening takes place;
 - screening “hit” determinations/ resolutions, including records showing how a potential match was determined to be a False Positive or a true match, including any communications with the third parties involved;
 - records showing action taken when a potential or true match has been identified;
 - records showing action taken in response to any updates of the relevant lists of Sanctioned Parties;
 - licences issued by the relevant authorities and any other communications with the same;
 - action taken in relation to any actual or suspected breaches of Sanctions or this policy; and
 - records showing compliance training presentations and participant logs and policy audit records.

- 4.2. In all cases, it is important to record the reasons for decisions taken, such as the risk factors and operational issues considered, so that there is an audit trail and decisions can be explained at a later date if required.
- 4.3. These records will be maintained safely and organized in a manner that HES can access and review easily, and in such a way that they can be provided easily and accurately in response to a request from an appropriate government authority.
- 4.4. HES personnel must obtain written permission from the Chief Compliance Officer before discarding or destroying records subject to this policy within seven (7) years of the completion of the transaction.

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Annex A

Recusal Statement

I, _____, am aware of HES' Sanctions and Export Controls Compliance Policy (the "Policy").

I am a (circle all that apply: **U.S. citizen / U.S. permanent resident alien / person currently located in the United States**) and therefore constitute a "U.S. Person" under U.S. Sanctions.

I understand that the [HES] may be entering into a **"Restricted Transaction," defined as a potential or actual transaction, investment, merger, acquisition, customer relationship, dealing, or activity prohibited or restricted under involving certain countries or territories, persons or entities, or securities subject to economic Sanctions under the laws of the United States** and that I am prohibited under HES' Policy from participating in such a transaction, investment, merger, acquisition, customer relationship, dealing or activity. This Restricted Transaction involves: [description of transaction]. Participation may include facilitating, approving, assisting, directing, or otherwise being involved in the transaction, activity, or dealing.

As a result, I am hereby recused from any participation in the transaction, investment, merger, acquisition, customer relationship, dealing or activity. I also agree to abide by any ethical walls established by HES.

Name

Title

Signature

Date

Annex B

Ethical Wall Memorandum

HES has determined that _____ (specify transaction) constitutes a **“Restricted Transaction,”** defined as a potential or actual transaction, investment, merger, acquisition, customer relationship, dealing, or activity involving a Sanctioned Party or prohibited or restricted (absent authorization) by Sanctions (whether or not such activity is authorized by the relevant Sanctions authority) under the laws of the United States.

Consequently, under HES’ policy: **All “U.S. Persons” listed below are prohibited from any participation in the transaction. “U.S. Persons” include: (1) any U.S. citizen or permanent resident, wherever located, and (2) a person of any nationality while located in the United States.**

In order to avoid any potential or actual violations of applicable law or HES policy by U.S. Persons, we believe it is appropriate to establish an ethical wall between the U.S. Persons identified below and all other HES Personnel who may be involved in this transaction.

Accordingly:

- i. individuals involved in or who have knowledge of this transaction must not discuss or communicate any information relating to the transaction with the U.S. Persons identified below;
- ii. individuals involved in or who have knowledge of this transaction must not discuss or communicate any information relating to the transaction with any U.S. Persons not identified below;
- iii. individuals involved in or who have knowledge of this transaction must not discuss or communicate any information relating to the transaction with any other person in HES without confirming that such person is not a U.S. Person; and
- iv. all U.S. Persons are prohibited from engaging in any discussions or communications relating to the transaction with the persons identified below or any other persons involved in or who have knowledge of this transaction.

Should any breaches of this Ethical Wall Memorandum occur, they must be communicated immediately to the Chief Compliance Officer.

Any questions about this Ethical Wall Memorandum should be directed to the Chief Compliance Officer.

