



# Code of Business Conduct



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## **1 Introduction to the Code of Business Conduct**

This Code of Business Conduct of BGP Inc., China National Petroleum Corporation (“BGP”), reflecting BGP core values of honesty, innovation, performance, harmony, safety, etc., provides general guidance to all BGP employees and assists us in carrying out our daily activities in accordance with both the letter and the spirit of applicable Chinese and local laws where BGP operates and with BGP's standards. This is a global Code, and adherence to the guidance in this document is required for all BGP employees around the world.

The Code cannot answer every question or address every possible situation. Consequently, various corporate and regional policies containing detail and specificity beyond the scope of this Code may be found on the corporate internet. Employees should familiarize themselves with and adhere to all applicable policies and procedures. If any provision of this Code or BGP policies conflicts with local laws or regulations, the one with the higher standard will apply, except in cases where doing so would cause non-compliance with local laws.

All employees are responsible for understanding and complying with the BGP Code of Business Conduct and all applicable BGP policies. Failure to abide by the Code or other BGP policies may result in disciplinary action up to and including termination of employment.

If you have questions about a Code provision or are unclear about a particular course of action, you may discuss issues, concerns or raise questions to your management team, Human Resources representatives or the legal team where available.

In addition, BGP expects that anyone acting as its agent, supplier, services provider and consultant will adhere to the same standard as BGP employees and abide by all applicable laws and all pertinent provisions of this Code in connection with their work for BGP or acting on behalf of BGP.

## **2 Compliance with Laws, Rules and Regulations**

Abiding by the law, both in letter and in spirit, is the foundation on which the standards of this Code of Business Conduct are built. All employees and officers must respect and abide by the laws, rules, and regulations of the county, cities, states, provinces, and countries or areas where BGP operates. Although employees and officers are not expected to know all the details of each of these laws, rules and regulations, it is important to know enough to determine when to seek advice from supervisors, managers or other appropriate personnel.

## **3 Personal Conduct and Work Environment**

### **3.1 Equal Opportunity**

BGP is committed to applying the principle of equal employment opportunity to all employees and to providing employees with a work environment free of discrimination and harassment, including sexual harassment.

BGP employees shall report discrimination, harassment, retaliation or other inappropriate conduct directed at themselves or others. Reports of such incidents should be made to your management and Human Resources representative, or the supervision division. All such reports will be investigated promptly and appropriate corrective action will be taken by BGP.



### 3.2 Child and Forced Labour

BGP is committed to eliminating any form of child labour and/or forced and compulsory labour.

Each BGP employee is expected to be aware of and to abide by these commitments in their work and never personally hire child or forced labour, and shall be alert to any evidence of child labour or forced labour abuses in operations linked to our businesses – and report them.

### 3.3 Violence, Threats and Weapons

Protecting the personal safety of employees is a high priority of BGP. BGP employees are prohibited from engaging in any violence or any other deliberate acts intended to harm others or their properties. Similarly, BGP employees shall not make any threatening remarks, or conduct any behavior threatening the personal safety or property of others. Any violence or threat of violence shall be reported to BGP security department immediately.

The possession, concealment, use or transfer of any firearm or any other weapon, including knives, clubs or any other devices that are primarily used to inflict injury, is strictly prohibited on BGP premises (including buildings, parking lots, walkways and any other property leased or owned by BGP). Such prohibition shall also apply to BGP employees conducting business outside BGP domicile. BGP security personnel and law enforcement officers shall be exempt from this provision.

### 3.4 Alcohol and Illegal Drugs

There shall be no alcohol or illegal drugs in the workplace. With the exception of moderate and prudent alcohol consumption during legitimate business entertainment, BGP employees are prohibited from consuming alcohol or using, possessing or distributing illegal drugs while working, operating BGP property (including company vehicles) or engaging in BGP business. Employees who are under the influence of alcohol or illegal drugs shall not be allowed to perform work for BGP or operate company vehicles or any other equipment.

### 3.5 Political Contributions and Charitable Donations

Any political contribution (contributions to politicians, political parties, or political organizations, directly or through trade associations) at BGP domiciles by BGP employees or Third Parties, or any political contribution using BGP resources is strictly prohibited. Such prohibition includes: (a) any contribution of BGP funds or other assets for political purposes; (b) encouraging employees to make any such contribution; or (c) reimbursing employees for any such contribution. Employees are free to make personal political contributions as they see fit, but such contributions should not be made with the intention of assisting BGP or its affiliates in obtaining or retaining business.

Charitable donations are allowed in BGP, and BGP employees may be encouraged and appealed to make such donations. Employees may receive requests from external organizations requesting BGP to make charitable donations, such as equipment donation, cash donation, or donation for charitable money collecting activities. Any charitable donation made by employees on behalf of BGP shall be subject to the prior approval from competent department of BGP.

### 3.6 Employee Privacy

Respecting the privacy and dignity of all employees is a high priority of BGP. For effective operation of the company or as per applicable laws, BGP may collect and retain employee's personal information. Nonetheless, BGP shall implement policies and procedures that protect and limit access to such personal



information, and shall comply with all applicable laws that govern employee privacy.

No employee shall access or otherwise use employee records or information unless duly authorized to do so for legitimate business purposes in accordance with applicable laws.

## **4 Health, Safety, Security and Environment**

BGP is committed to protecting personal safety, avoiding accident, and minimizing damage to the environment.

All BGP employees (regardless of their locations) are entitled to HSSE rights.

In order to ensure the achievement of the HSSE objectives, BGP HSSE management system is coded and implemented. Such system provides the basis for BGP to code any local/operational HSSE management system. Such system also helps the executive management to focus on the key HSSE requirements, predict and allocate resources, set the direction of HSSE activities, and constantly improve the HSSE performance. Such system covers the management of health, safety, and environment risks, including personal safety.

BGP employees can report to their direct management should they have any queries regarding the HSSE requirements or activities.

### **4.1 Health**

Profession health management is an important part of BGP's HSSE management system. BGP should launch evaluation of profession health risk in advance and make corresponding approaches to ensure the health of operational personnel. There should be appropriate physical examination before recruitment of new employees and BGP should provide physical examination to employees annually. In remote areas, BGP should equip the employees with amenities of first aid and diagnosis and treatment to ensure medical service will reach during emergency.

- Comply with laws, regulations and industry standards of national and local governments and codes of companies concerning profession health;
- The top leader at different levels of BGP is the person of first responsibility, and every employee of BGP has obligatory responsibility concerning affairs of BGP's occupational safety and health;
- Invest more in occupational health during operation, improve technology and equipment and establish effective emergency measures;
- Identify, evaluate and control occupational health risk during performance comprehensively and constantly; draw up practical occupational health plan regularly;
- Provide all employees with trainings and bolster their awareness of occupational health.

### **4.2 Safe and Security**

BGP is committed to providing all employees – and those of other companies working on our premises – with a safe and secure work environment where no one is subject to identified risk.

BGP recognizes that safe operations depend not only on technology and equipment, but also on competent people with HSSE awareness.



Simply obeying HSSE rules is not enough. BGP's commitment to HSSE means every employee shall pay attention to safety risks at work.

Comply with the requirements of the HSSE management system at work location – including the use of relevant standards, instructions and processes – and with the following instruction:

- Stop any work that becomes unsafe;
- Only undertake work for which employees are trained, competent, medically fit and sufficiently rested and alert to carry out;
- Make sure you know what to do if an emergency occurs at workplace;
- Help and ensure that those who work with you – colleagues, contractors and other third parties – act consistently with BGP's HSSE commitments;
- Promptly report to BGP local management any accident, injury, illness, unsafe or unhealthy condition, incident, spill or release of material to the environment, so that steps can be taken to correct, prevent or control those conditions immediately;
- Seek advice and help if employees are not aware of their own HSSE obligations or have the awareness that they have breached the laws of HSSE or HSSE requirements of BGP.

### 4.3 Environment

Wherever BGP operates, BGP will strive to minimize any damage to the environment arising from our activities.

In addition to fully complying with all legal requirements, BGP will constantly strive to drive down the environmental and health impact of our operations through the responsible use of natural resources and the reduction of waste and emissions. These challenges apply to all parts of our business and to all facilities, crews and offices wherever we operate in the world.

Working to protect the natural environment and the health and safety of the communities in which BGP operates is a core commitment of BGP.

Basic rules employees must follow:

- Take responsibility for ensuring that our products and operations meet applicable government and BGP standards, whichever are more stringent;
- Safely handle, transport and arrange for the disposal of raw materials, products and wastes in an environment friendly manner;
- Promptly report any breaches of HSSE laws or BGP's own HSSE requirements.

## 5 Authenticity of Accounting Information and Integrity of Financial Statement

BGP shall rely on the actual transactions or events occurred as basis for accounting recognition, measurement and reporting, and truthfully reflect the recognition and measurement requirements with the



accounting elements and other related information, and ensure that the accounting information is authentic and complete. BGP accounting recognition, measurement and reporting activities must comply with the applicable accounting standards.

Financial report should reflect an enterprise's financial condition and operating results completely and ensure the information to be true. BGP or individual may not, by any means, incite, instigate, force the accounting offices and accounting personnel to forge or alter accounting vouchers and accounting books and other accounting documents or submit false financial report.

BGP and individuals may not compel, intervene, instigate or mislead professional judgment of financial reporting and internal control of accounting behavior of certified public accountants and external audit personnel and internal auditors.

Should employees discover or doubt that suspicious or false economic business and accounting behavior, they shall immediately report to the supervision department which shall be timely investigated.

## **6 Conflict of Interests**

### **6.1 Conflict of Interests**

BGP shall not interfere with employees' individual behavior after work. However, the employees' personal, social, financial, or political activities should neither affect their loyalty and objectivity to BGP, nor BGP's interests.

Engaging in other commercial activities is not advocated by BGP when such employee is under full-time employment. If the business activities are related to the job or even in conflict with BGP's interests, they should be prohibited completely.

If employees want to be engaged in external secondary job or other business activities, they must report to the competent authorities at higher level for examination and approval in accordance with the prescribed procedures.

Employees shall:

- Avoid having a direct or indirect (such as through relatives) connection on economic interests or signing private contract with other companies (such as rivals, suppliers, customers, distributors, agents) whose business is connected with the work employees take charge of;
- As a representative of BGP, avoid having a direct or indirect business connection with relatives hired by other companies which have business dealings with BGP;
- Avoid cashing in on his/her position to seek benefits for herself/himself, family or friends;
- Timely report the conflict of interests with competitors, customers, suppliers that have happened or may happen to the supervisor in order to be properly dealt with;
- Timely report the conflict of interests between outside activities or interests and BGP's interests.



## 6.2 Company Opportunities

Any employee shall not use the property of BGP's information or position for personal interests. Any employee or BGP's executive manager shall not directly or indirectly compete with BGP. Employees have the obligation to step up the trade when chances come up.

## 7 Transaction Rules

### 7.1 Anti-corruption

BGP wins orders/Contracts through fair transaction by the means of product innovation, high service quality and competitive price, rather than by the means of providing illegal profits to others. Therefore, no employee of BGP shall make, directly or indirectly, any offer, payment, promise to pay or authorize any payment of money or anything of value, directly or indirectly to governmental officials, clients, suppliers or service providers for the illegal profits, unless such offer, payment or promise is in compliance with applicable laws and BGP policies.

Employees shall make business contact with suppliers, clients, partners, governmental officials and competitors responsibly, honestly and righteously. Employees shall not take advantage of positions to induce, request, or obtain illegal profits, or accept the promise for illegal profits. However, employees may occasionally accept the gift with purely symbolic value, or invitation for catering or entertainment with reasonable price in accordance with local customs and BGP policies.

### 7.2 Competition and Fair Trade

All employees shall respect the rights of and deal fairly with BGP's clients, suppliers, competitors and employees, which is essential to build sound and lasting relationships.

BGP seeks competitive advantages through superior performance, rather than through unethical or illegal business practices. BGP collects the information of competitors or suppliers in a reasonable and legitimate way through the publicly available sources of information, so as to know about their directions of business, technology trend, regulatory proposals, product development and so on.

Prohibited practices include but are not limited to:

- Stealing proprietary information, possessing trade secret information obtained without the owner's consent, or inducing such disclosures by previous or present employees of other companies.
- Price fixing, bid rigging, allocation of markets or customers, or similar illegal activities.
- Gaining unfair advantage from clients by providing unauthorized gifts or entertainment.

### 7.3 International Trade Regulations

BGP shall comply with all applicable laws governing the import & export of commodities, services, equipment and technology in China and other relevant countries.

Laws in many countries stipulate the specific requirements that shall be complied with before the export of commodities, services, equipment and technology. Failure to comply with these regulations may constitute a crime and be subject to sanctions, including fines and imprisonment for BGP and any responsible



individuals. A corporation that does not comply may also be denied the right to participate in export trade.

Employees shall:

- Know about and comply with the general laws and regulations concerning the international trade and the international financial transactions;
- Know about the local laws and regulations concerning trade control and import & export control provided that the work involves the transnational trade or transportation of products, technology or services;
- Know about the latest applicable regulations, as the provisions concerning trade control and import & export control are changing;
- Never participate in any activity conflicting with the laws and regulations concerning trade control and import & export control.

#### 7.4 Anti-money Laundering

Money laundering is the process of disguising illegitimate money or making such money legitimate through other methods by persons or entities. BGP shall not forbear, support or provide facility for money laundering.

BGP shall establish relevant procedures and policies to avoid receiving cash or cash equivalent resulting from criminal activities.

Employees shall:

- Be familiar with clients, comply with business procedures and confirm the legitimacy of clients or other business partners;
- Avoid dealing with clients or other business partners suspected of involving in illegitimate activities;
- Be familiar with relevant regulations and restrictions on cash, checks, bill of exchange and other payment methods;
- Not use account except the normal commercial account for the purpose of paying and collecting money;
- Not pay money to entity or person except the contract party.

#### 7.5 Cooperation with Supplier /Sub-contractor

Suppliers and sub-contractors play a critically important role in the business of BGP and in providing products and services to clients by BGP. Therefore, BGP shall select suppliers and sub-contractors conscientiously and on a competitive basis.

Basic principles in selection of suppliers /sub-contractor by BGP are as follows:

- Select suppliers/sub-contractors on a competitive basis, avoid conflict of interests, improper gifts and entertainments or other irregular or fraud activities which may affect selection;



- Establish business relationships with suppliers /sub-contractors conforming to law and this Code of Conduct;
- Assist suppliers/sub-contractors in understanding the requirements of this Code of Conduct;
- Be alert to nonconforming activities by suppliers/sub-contractors and report to the immediate managers;
- Shall not give confidential business information (bid price, letter of award information, etc.) of any supplier/sub-contractor to another supplier/sub-contractor.

## **8 BGP's Assets and Information Resources**

### **8.1 Proper Use of BGP Assets**

BGP's assets and resources are only used to achieve the business goal. All BGP's employees shall protect the assets and resources and endeavor to use them efficiently rather than absurdly, illegally and/or immorally. Unless otherwise specified, BGP's assets cannot be used for non-commercial purpose.

The protection duties of employees and management include the exclusive information protection. The exclusive information contain intellectual property rights such as commercial secrets, patent, trademarks and copyright etc. and undisclosed data and reports like business, marketing, service planning, idea of project and production, design, database, records, wages information and so on.

### **8.2 Information and Technology Resources**

The information and technology resources (emails, computers, computer application programming, network, internet, intranet, fax, etc.) are BGP's assets, providing fair use for BGP's employees and designated third party. They are available for BGP's employees on occasions but only limited to personal use and employees should minimize using times and use them properly. The improper acts consist of hacker, using them on non-commercial occasions, information exchanges, spreading files to outside entities, disclosing confidential information of BGP or the third party, sending improper information and logging in illegal websites (websites advocating hatred, violence and containing pink content or illegal activities, etc.), using resources in a way violating BGP policies and spirits or having negative effects on BGP.

Users of BGP's information and technology shall not share the passwords. If the employees allow others to use their password, they must be responsible for that use.

Under the precondition of abiding by local laws, BGP retains the rights as follows: monitoring the use of information and technology resources; taking disciplinary methods like firing employees; cancelling the visiting rights when the rights are misused. Permitted by local laws, employee using information and technology resources are deemed to accept the monitor impliedly.

## **9 Confidentiality and Information Disclosure**

### **9.1 Confidentiality**

Employees undertake the obligations to keep the information between BGP and customers, provider and subcontractor secret. Employees shall undertake the legal and contractual obligations even if resigning from BGP. The confidential information refers to the information which can be used by competitors or the



disclosure of which is harmful to BGP, customers or providers, including the committed information by provider and customers.

Employees shall not cash in on the confidential information obtained during working time for benefits of himself/herself or other companies, otherwise he/she will violate BGP's policies and receive the criminal punishment. Inner information refers to the information that can be obtained by inner employees but not the outsiders. For example, inner information includes undisclosed financial statistics, merger and acquisition, unpublished products, market planning, providers' contracts, procurement and production planning.

## 9.2 Information Disclosure and Presentation

Employees shall take reasonable measures to ensure the safety of information and facility. Talking about confidential information shall be as discreet as possible in public and it is not permitted to disclose confidential information to outsiders including family members and friends. Confidential information can be provided to and communicated with BGP staffs only for proper business reasons,

BGP shall build and keep good relationship with outside presses. Authentic and positive news broadcast will promote BGP's competition and enlarge brand influence. Otherwise, the unauthentic and disordered broadcast will bring a bad image, so, BGP provides for:

- building press conference system—appointing a spokesman and holding an press conference on important matters. Other unit and personnel shall not disclose information to press on behalf of BGP;
- centralizing press interviews— all the press interviews will be in the charge of corporate cultural department who is responsible for organizing, administering, coordinating, implementing. Other units and personnel shall not invite outside presses to interview unless authorized;
- units and personnel being interviewed shall cooperate with the press actively and provide work convenience.

## 10 Implementation of Code

### 10.1 Open Policy

Open communication is the foundation of corporate culture. BGP's business model requires BGP and its customers, suppliers, partners, subcontractors for frank and open communication. It is the same with employees.

Employees shall feel easy when dealing with employment related affairs and eliminating misunderstanding or conflict with the manager, other members of the management and Human Resources department representative, should not fear of harassment or retaliation.

The open policy provides the way for employees to solve discontent, put forward the problems of common concern and clarify their own point of views. Employees can also contact with the local agencies for the fair consultation and mediation.

### 10.2 Raising Questions or Reporting Illegal Matters

BGP encourages employees to talk with their supervisor, manager or other appropriate personnel, discuss



the action which they noticed and considered illegal or a breach of this Code or BGP policy behavior. While employees questioned the specific circumstances of the practice, they also shall report. Employees shall cooperate with internal misconduct investigation.

BGP promises to win with integrity. If employees doubt that he/she has violated laws, this Code or BGP policies, or engaged in the other improper behavior in BGP, employees have the responsibility to immediately report. Employees can report to the competent manager or other members of the management, and they also can use other report ways, such as, contacting the Human Resources representative, global or regional offices.

Employees shall be respected for the report behavior, and shall not suffer the retaliation, threat or harassment for reporting problems or violations.

### 10.3 Internal Investigation

For developing a safe, healthy and efficient work place, BGP may monitor or record employee working behavior to ensure the compliance with law, this Code of Conducts or BGP policies or participate in investigation.

According to the nature of international investigation, BGP may investigate or check BGP assets (including computer and other equipments) and personal assets brought to BGP areas by employees. Employees must cooperate with BGP managers in the process of internal investigation. Such investigation shall comply with local laws and employee rights conferred by applicable BGP policies and consult with local worker's representative (if any).

Employees shall report to managers, human resources representative, headquarter or regional offices if in its view such investigation is illegitimate.

### 10.4 Compliance Procedures

Employees shall try its best to obtain as much information as possible to resolve problems correctly.

Employees shall consider the possibility of immoral or illegitimate behavior when performing their duties, use their own judgment skills and common sense. Matter that seems to be immoral or illegitimate is probably immoral or illegitimate.

In many cases the manager in charge is more familiar with a problem and is willing to participate in the decision making process. If employees do not intend to discuss with the manager in charge, he or she may discuss with manager of human resources department or BGP in-house counsel.

Employees may report illegitimate activities without fear of retaliation. If employee makes an anonymous report, BGP shall protect such anonymous reporting properly.

### 10.5 Confirmation

To help ensure compliance with this Code of Business Conduct, BGP requires that all employees review the Code of Business Conduct and acknowledge their understanding and adherence in writing in due time.