

The Babcock & Wilcox Company
**Anti-Corruption / Anti-Bribery
Compliance Manual**



The directors, officers, and employees of The Babcock & Wilcox Company (“B&W” or the “Company”) are committed to compliance with the anti-bribery and anti-corruption laws of all countries and territories in which we operate or market products or services. B&W’s Board of Directors and top leaders strongly believe and want to reinforce to all employees that **the way we achieve results is as important as the results themselves**. To help employees comply with anti-corruption laws and conduct business in accordance with our company’s Code of Business Conduct and our high ethical standards, B&W is providing this Anti-Corruption/Anti-Bribery Compliance Manual.

The purpose of this manual is to ensure that The Babcock & Wilcox Company (B&W) employees and B&W’s joint venture partners, sales agents, sales representatives, resellers, consultants, process agents, and other third party intermediaries (collectively referred to as “representatives”) understand the general requirements of all global laws governing corruption and bribery such as the U.S. Foreign Corrupt Practices Act (FCPA) and the U.K. Bribery Act of 2010 as well as B&W’s position with regard to anti-corruption controls and practices and compliance with anti-corruption laws. This manual is an integral part of the B&W compliance program and serves as a preventative tool to assist employees and representatives in recognizing and avoiding potential conflicts and violations of the FCPA, the U.K. Bribery Act and the local anti-corruption laws of the countries where B&W operates.

We also want to remind employees of the significant role that our internal controls and financial reporting systems play in the prevention and detection of corruption. The evaluation of our internal controls is based on The Committee of Sponsoring Organizations (COSO) Internal Controls-Integrated Framework. The COSO framework was updated in 2013, leading to more guidance around design and implementation of internal controls across the Company. This includes, but is not limited to, the establishment of effective internal controls to ensure compliance with laws and regulations such as the U.S. FCPA and U.K. Bribery Act (both discussed in more detail in this Manual). This Manual provides general information on internal controls relating to anti-corruption efforts, such as the keeping of accurate books and records, gift and entertainment practices, payments practices and bank account practices. Each employee and representative of the Company should be aware of the need for internal control around these laws and regulations and actively seek to ensure these controls are in place and effective.

THE U.S. FOREIGN CORRUPT PRACTICES ACT (“FCPA”)

The FCPA has two parts. The anti-bribery section deals with bribes to foreign government officials. The second section addresses record-keeping requirements and internal controls. Below is a brief summary of each section:

The FCPA anti-bribery provisions prohibit:

- Giving, offering, promising or authorizing to pay, anything of value
- To a “foreign government official”
- With the intention of obtaining or retaining business, or
- Obtaining an improper business advantage
- In connection with a business transaction

The anti-bribery section of the FCPA makes it a crime to pay or offer to pay anything of value, directly or indirectly, to any foreign government official, political candidate or anyone acting on behalf of a public international organization, in order to obtain or retain business or gain an improper business advantage. To violate the FCPA, something of value does not necessarily have to change hands. An offer, a scheme or promise to pay or give something of value (even in the future) may constitute a violation.

The FCPA internal accounting controls and record-keeping provisions require directors, officers, employees, representatives, stockholders and affiliates of B&W to abide by provisions of the FCPA that require:

- Maintenance of books and records that accurately reflect each transaction; and
- Maintenance of a system of internal accounting controls.

The requirement to properly record all transactions fairly and accurately extends to all original documents including invoices, receipts and expense reports and not just general ledgers. The purpose of these provisions is to prevent companies from concealing bribes and to discourage fraudulent accounting practices. For example, a company cannot record a bribe as a commission to a sales agent, a consulting fee, or a “success fee” when there is actual knowledge or reason to believe that the payment or part of the payment will be used towards an improper payment to a government official. Failure to maintain a system of internal controls or falsifying books and records is a criminal offense under the FCPA and is inconsistent with the requirements of COSO 2013 requiring that the Company ensure such controls are in place and effective.

THE U.K. BRIBERY ACT

The U.K. Bribery Act prohibits bribery of government officials similar to the FCPA anti-bribery provisions, but unlike the FCPA, the U.K. Bribery Act also prohibits commercial bribery in the private sector. In addition to the prohibitions in the FCPA, the U.K. Bribery Act also:

- *Prohibits all forms of bribery*
- *Prohibits facilitating payments*
- *Applies personal liability to U.K. Citizens (criminal and civil)*

GIFTS AND ENTERTAINMENT

Gifts, entertainment and meals are often considered a form of courtesy and are common in everyday business in many countries but can have anti-corruption implications. Anti-corruption laws prohibit offering or providing *anything* of value, including gifts, entertainment and meals, to a third party in order to obtain an improper advantage or otherwise unjustly influence the officials' action. Any gift, entertainment or meal provided to a government official must be carefully and proactively reviewed and approved in advance in order to avoid breaking the law.



Likewise, providing travel and lodging to third parties can lead to violations and is allowable only when directly related to the promotion, demonstration or explanation of a B&W facility, product, service, or other performance of a contract. All requests for travel and lodging for a government official must be pre-approved in writing by the Chief Compliance Officer.

B&W does not tolerate corruption in any form, or any violation of the FCPA or other anti-bribery and anti-corruption laws by its officers, directors, employees, or representatives. Our Corporate policies, Code of Business Conduct (the "Code") and Ethics and Compliance Program address a wide range of substantive obligations imposed upon B&W and all of its Business Units to ensure not only that our reputation for honest and fair dealing remains intact, but that we always do the right thing. This requirement also applies to entities which are owned or controlled (by reason of stock ownership, management or otherwise) by B&W, including partnerships, joint ventures and consortiums.

B&W BUSINESS PRACTICES

B&W has due diligence procedures which must be followed by all employees prior to the engagement of any "**third party intermediary**" -- agents, consultants, sales representatives, resellers or other third party representatives.

B&W is responsible for the acts of its representatives, including joint venture partners, where the Company knew or should have reasonably known of their unlawful actions. Under the FCPA, Company officers and employees may be liable for payments made to a foreign official by a third party, such as a sales representative, agent, reseller, consultant or joint venture partner. Liability may be imposed not only when the Company knew of the illegal transaction but also when it turned a "blind eye" to indications that violations may have occurred. In other words, if B&W employees showed willful blindness towards, deliberate ignorance of, or a conscious disregard of actions or circumstances, the Company may be deemed to have knowledge of those transactions. The fact that a particular representative may not itself be subject to the FCPA is irrelevant. B&W employees have a duty to inquire where circumstances indicate that a representative may have acted or will act unlawfully.

To protect B&W and all of its employees, the following rules must be followed without exception when responding to a request for an improper payment:

- Refuse to make the payment and explain that B&W does not make such payments – it is against the FCPA, Code of Conduct, B&W policy No. 0200-14 Compliance with Anti-Bribery laws, and in all probability, local law;

- Make it clear that the refusal is absolute and that there is never any body language or implicit understandings to suggest anything less than full compliance with anti-bribery / anti-corruption policies and laws;
- Immediately report the request for the improper payment to a member of the Ethics and Compliance Department or the Legal Department or through the Company's Integrity line or confidential email at ethics@babcock.com;
- If a joint venture partner or a representative is involved, explain that they are not authorized to make a payment on behalf of B&W and that B&W will terminate the relationship if payment is made.

Because of the nature and extent of B&W's foreign operations, anti-bribery and anti-corruption compliance is of unique importance to B&W. **Compliance is not a choice; it is a requirement.**

In cases where B&W's interest is more than passive but short of sufficient ownership or control to impose these obligations on a particular entity or venture, B&W will work with the controlling entity to support imposition of requirements similar to those outlined in this manual.

Similarly, in any case where B&W owns 50% or less of the voting power of an entity and does not otherwise exert operational control, the FCPA requires that B&W make a good faith effort to secure the entity's compliance with the FCPA's books and records and internal accounting controls provisions.

Our policy is that we shall comply with the letter and the spirit of the FCPA and all applicable legal requirements of the United States, including any state or political subdivisions thereof, and each foreign country in which we do business, except if U.S. law prohibits or penalizes compliance with such foreign law (as in the case of certain foreign laws regarding the Arab League's Boycott of Israel).

It is important to understand that by the terms of the statutes and regulations that govern B&W, the Board of Directors, or an appointed committee thereof, has an affirmative, specific and continuing obligation to ensure that B&W continues to fully comply with these standards. Consistent therewith, the Audit and Finance Committee of the Board of Directors has stated its commitment to ensure compliance with the FCPA, the Code and the Ethics and Compliance Program. This Manual, together with the Code, the Ethics and Compliance Program Policy No. 0200-14 Compliance with Anti-Bribery Laws, is intended to ensure that B&W fulfills these obligations.

Violations of certain legal provisions that govern B&W, including the FCPA, carry substantial civil and criminal fines and penalties, including, for individual offenders, imprisonment and prohibition from serving as an officer or director of a public company, and, for companies, the loss of export privileges and debarment from government contracting.

The purpose of this Manual is to reinforce our Board and top management's commitment to anti-corruption compliance and to explain the obligations of B&W employees, joint venture partners and representatives under the FCPA and other related laws, and to provide answers to some of the questions which may arise on these issues. It is not intended to minimize the importance of any other provision of the Code or the Ethics and Compliance Program. Nor is this document intended to enable employees to make legal judgments concerning the FCPA. Rather, it is intended to provide B&W employees, joint venture partners and representatives with an overview of the law, and make them aware of the complexities in the law, so that all will know when to seek advice from the Ethics and Compliance Department or the Legal Department.

If, after becoming familiar with this manual, there are questions or concerns about activities under consideration or activities that have occurred, please discuss these concerns and questions with your local legal department or appropriate ethics and compliance representative. A list of ethics and compliance contacts is located on the Company's internal website on the ethics and compliance website. You are also welcome to contact the Chief Compliance Officer at ethics@babcock.com.

For those wishing to remain anonymous, B&W offers a 24 hour, 7 days a week, multi-lingual, global, third party Integrity Line. Anyone reporting a concern in good faith is protected from retaliation under the Code of Conduct and B&W's Non Retaliation Policy 0200-016 and in a number of countries by legislation. Employees and others are encouraged to report potential, suspected or actual violations by calling the appropriate toll-free number listed below or through web reporting or email:

888-475-0003	U.S. and Canada
10-800-711-0999	China
10-800-110-0929	China
001-877-880-2975	Mexico
0808-234-2980	United Kingdom
45-80-88-19-64	Denmark

To obtain the Direct Access Country code for countries not listed above, go to:

<http://www.business.att.com/bt/access.jsp>

File a web report at:

www.bwintegrityline.com

www.bweuintegrityline.com EU countries only

By email at: ethics@babcock.com

QUESTIONS AND ANSWERS



The following are answers to some of the more commonly-asked questions about certain compliance obligations as well as the FCPA:

A. FOREIGN CORRUPT PRACTICES ACT

What conduct does the "bribery" provision of the FCPA prohibit?

The FCPA makes it unlawful for any U.S. company or any officer, director, employee, agent or stockholder acting on behalf of such company to corruptly offer, pay, promise to pay, or authorize the payment, directly or indirectly through any other person or firm, of anything of value to a foreign government official, political party or official of or candidate for such party office, in order to obtain or retain business.

Who is a Foreign Government Official (Government Official) under the U.S. Foreign Corrupt Practices Act (FCPA)?

A Government Official is a person who is any of the following, regardless of rank or position:

- An officer or employee of any government department, agency, bureau, authority or other instrumentality of a foreign government, such as a state-owned or controlled company;
- An officer or employee of a government-sponsored organization such as the United Nations or World Bank;
- A person acting in an official capacity for or on behalf of a government or department or agency, or instrumentality of a foreign government, even if that person is not actually a government officer or employee;
- An employee or representative of an entity that is owned or controlled by a government (for example, an employee of a state owned utility) or in which a government owned entity has an investment.
- A member or employee of a legislative or judicial branch, customs official, taxing official, or loan officer of the World Bank; or
- A candidate for a political office, even if that person is not yet a government official or employee, or a political party or party official.
- Any employee or official of a government body, or one who holds an office or position under a law of a government or an individual who performs work for a government body under contract.

Who is a Representative?

Any “third party intermediary” who is authorized to conduct business on behalf of or otherwise represent the Company should be considered a representative for anti-corruption compliance purposes. Examples include sales agents, sales representatives, resellers, consultants, joint venture partners, customs clearance agents, immigration agents and other third party intermediaries. B&W policy requires all representatives to be carefully screened prior to being engaged by B&W, and representatives are expected to comply with this policy in the same manner and to the same degree as officers, directors and employees of the Company.

Does the FCPA cover only bribery?

No, the FCPA also includes requirements regarding maintenance of adequate books and records of the Company and its subsidiaries, whether foreign transactions are involved or not. The books and records provisions of the FCPA require that the Company make and keep books, records and accounts which in reasonable detail fairly reflect the transactions and dispositions of assets and also require that a system of internal controls be maintained to provide reasonable assurances of completeness and accuracy. The bribery provisions of the FCPA prohibit the offer or the payment of money or anything of value to a foreign government official, foreign political party (or official thereof) or any candidate for foreign political office with the "corrupt" intent or purpose of obtaining, retaining or directing business.

Does the FCPA cover officials or employees of the United States?

No. However, there are other very strict and comprehensive laws governing interactions with U.S. federal and state government officials, and it is the Company's policy that its relationship with U.S. government officials or employees of the United States (and its relationship with foreign government officials or employees) shall be conducted in such a manner that full public disclosure of the details will not embarrass or jeopardize the Company's integrity or reputation. This policy applies whether Company funds or personal funds or assets are involved and also applies to indirect contributions or payments made through third parties. Additionally, all employees must be aware of the fact that U.S. laws and regulations specifically and strictly control the giving of gifts to and entertainment of U.S. government employees and adherence to such restrictions is imperative.

Are there internal reporting requirements regarding gifts and entertainment provided by the Company to U.S. government officials and employees and foreign government officials and employees?

Yes. Gifts to U.S. government officials and employees are rarely if ever permissible. In the case of foreign government officials or employees such gifts may be permissible depending on the circumstances. Any such gifts require prior written approval of the Office of the General Counsel or the Chief Compliance Officer.

Could the FCPA apply in a situation where B&W has only a minority interest in a foreign operation?

Yes, it could. Of course, the degree of ownership and control (including the amount of participation by nominees in operation of the venture) is relevant to "knowledge" and "authorization." Relevant questions include whether the U.S. firm managed day-to-day operations or only read annual reports. As noted earlier, individual U.S. citizens working for such foreign ventures could have personal exposure to liability.

Is the Company liable under the FCPA if its foreign agent or sales representative pays a bribe to a government official?

The Company can be liable if it knew that the agent was going to pay a bribe, did not stop it, and thus implicitly authorized the bribe. Knowledge sufficient to make the Company liable is defined as including the belief that an improper payment is "substantially certain" to occur, or that there is a "high probability" it will occur. One cannot avoid liability by looking the other way. If there are "red flags" that raise questions, then there is a duty to inquire. In an agency situation, typical red flags include the following:

- The relationship of the agent to the governmental entity or contracting party:
Is the agent himself a businessman with a dual status as a government official? Is the agent closely related to a government official? Is the agent's company owned in part by a government official or his or her family?

- The size of the payment to the agent:
Is the payment excessive in light of payments made by the company elsewhere for similar services? Is the payment excessive in light of local custom or local law for legitimate services?
- The nature of the payment to the agent:
Has the agent made comments to the effect that a particular amount of money is needed in order for him to "get the business," "make the necessary arrangements," etc.? Are there strong indications that business in that country can only be obtained by bribing officials?
- The services to be performed by the agent:
Is it legal for the agent to act as such in that country and with relation to that contract? Are the services of the agent really necessary, or were they suggested merely to provide cover for a prohibited payment?
- The method and manner of the payment to the agent:
Has the agent requested all or a portion of the payment in cash or bearer instrument? Will the payment be made partly to another person or company? Will the payment be made in a country other than the one where the services were rendered? Has the agent requested any false documentation, e.g., false invoicing or failure to report the payment to host country fiscal authorities?

Is the FCPA triggered only by agency relationships?

No. The bribery provisions of the FCPA prohibit the offer or payment of anything of value. The FCPA can be triggered in any investment situation, for example, where a foreign government official gets an equity role in a venture. Company policy is that no funds of the Company shall be paid, loaned, given, or otherwise transferred, directly or indirectly, to any foreign government official (or to any U.S., state or local official or employee), or to any entity in which such person is known to have a material interest, except with the express written approval of the General Counsel.

May foreign government officials or employees be retained as consultants?



With the express written approval of the Office of the General Counsel and the Chief Compliance Officer, a foreign government official or employee may be retained to perform legal, consulting or other services. The same requirement of written approval from the Office of the General Counsel applies to retention of U.S., state and local officials and employees. In all cases, it is required that there be a written contract which specifies the nature and scope of services rendered, the basis of compensation and reimbursement of expenses and that payment by the Company for such services or reimbursement of expenses shall be made only against a statement setting forth, in reasonable detail, the nature of services so rendered and expenses so incurred.

All such proposed contracts must be reported promptly in writing, including relevant details thereof, to the Office of the General Counsel.

Can application of the FCPA be triggered when foreign governments privatize operations?

Yes. The fact that a state-owned enterprise is going through privatization does not mean that the foreign individuals involved are no longer government officials. These situations are very fact-specific and you must consult with the Office of the General Counsel. Paying the foreign representatives director's fees, paying travel or per diem expenses and the like require the approval of the Office of the General Counsel because of FCPA implications.

Does the FCPA anti-bribery provision apply only to getting new contracts? Is there a de minimis exception under the FCPA?

The coverage of the FCPA goes beyond getting new contracts and there is no de minimis exception. The FCPA could cover an improper payment to get a tax ruling which would make conditions of doing business more favorable. It also applies to retaining current business. Also, the U.S. Government has prosecuted an individual and a company for an FCPA violation based on a \$20,000 payment to a foreign government official by a U.S. company trying to collect a debt owed to it.

What is the Company policy regarding Facilitating or Expediting Payments?

The making of Facilitating or Expediting payments by the Company, its employees or representatives on behalf of the Company, is expressly prohibited. Facilitating Payments will not be made by employees of the Company, or by third parties acting on behalf of the Company, its subsidiaries and affiliated companies.

If you make a payment or are aware of or believe a third party has made a payment that could be considered a payment to facilitate or expedite a routine, non-discretionary governmental action, you must immediately notify the Chief Compliance Officer and make sure the payment is properly recorded and documented in the Company's books and records. Never attempt to disguise such a payment as something else. The penalties for disguising such a payment are much greater than the penalties for making one.

Does the FCPA provide for any situation in which anything of value may be given to a foreign government official, political party, party official or candidate?

The FCPA provides that it shall be a defense to any charge of a violation that the payment, gift, offer or promise of anything of value was a reasonable and bona fide expenditure, such as travel and lodging expenses, incurred by or on behalf of the official and was directly related to:

- the promotion, demonstration, or explanation of products or services; or
- the execution or performance of a contract with a foreign government or agency thereof.

Under the foregoing, reasonable (not lavish or excessive) travel, lodging, meals and entertainment expenses of foreign government officials may be paid by the Company provided the purpose is within the promotional or contract exception noted above. It is advisable that the Company directly pay these expenses (e.g., pay airline or hotel directly) if possible, rather

than reimburse the individual, and it is advisable to notify the foreign government that such expenses will be paid by the Company. In all cases, adequate documentation must be submitted to the Company in connection with such requests for payment. Such documentation must state (i) whether the expenditure relates to promotion, demonstration, or explanation of products or services or relates to execution or performance of a contract with a foreign government or agency; (ii) identification of those receiving the benefit or payment; (iii) amounts involved; (iv) manner of payment; and (v) confirmation that the expenditures do not violate the local laws applicable to the official or the policies of the official's organization.

Personnel are required to secure approval of the Office of the General Counsel and the Chief Compliance Officer before proceeding to assume responsibility for payments which would fall within this category of permissible expenses.

In those situations not covered by the FCPA defense for promotional expenses described above, what is the Company policy on business entertainment and gifts to foreign government officials?

Under the FCPA, if there is the corrupt intent to obtain or retain business, a gift, or the payment of business entertainment expenses, of whatever value, could constitute prohibited conduct.

Cash gifts to foreign officials are absolutely prohibited. Non-cash gifts may be made to foreign officials only with the approval of the Office of the General Counsel and the Chief Compliance Officer, which will consider such factors as 1) whether the gift could be construed as related to a request for official action or is related generally to creating a favorable business climate; 2) whether the gift is of nominal value and proposed to be given as a courtesy, token of regard, expression of gratitude; 3) whether it would be in accordance with the laws and customs of the foreign country; and 4) whether there is a pattern of providing frequent gifts to the same person. In all cases the expense must be properly and accurately recorded in the Company's books and records.

In connection with social amenities and business entertainment of foreign government officials, the rule of reasonableness must govern. A course of conduct of providing frequent gifts to an official who is taking favorable actions for the Company would be very troublesome even though no particular gift was directly connected to any particular official act. Further, in ALL cases (travel reimbursement, gifts, entertainment, etc.), it must be confirmed that the expenditures in question are allowable both under local law and the regulations and guidelines of the official's government entity/organization, and should conform to generally-accepted local customs. The expenditures must be properly recorded in the Company's books and records.

Is there a company policy regarding procedures for retention of consultants, agents and representatives?

Yes. The Corporate Policy Manual contains policies which must be followed before consultants, agents or representatives or other International Third Party Intermediaries are retained. The B&W Independent Contractor Policy and the Third Party Intermediaries Policy contain the terms that must be included in these agreements, which are designed to ensure compliance with the FCPA as well as other laws and regulations.

Are persons with primary responsibility for disbursement of Company funds subject to specific controls?

Yes, each Company officer and all Company employees with primary responsibility for disbursement of Company funds are required annually to submit a certification letter. Each individual who has been deemed a “designated employee,” is required annually to submit a letter to the Chief Compliance Officer stating that, for the preceding year to the best of his or her knowledge, there were no violations of the Code of Business Conduct, including the provisions contained in this Anti-Corruption / Anti-Bribery Compliance Manual, other than those violations, if any, which have previously been reported or which are listed in such letters.

B. GENERAL COMPLIANCE QUESTIONS

What is the Company policy on maintaining the Company's books and records?

The records and books of account of the Company must accurately reflect each transaction recorded therein. No false or misleading entries shall be made in the books and records of the Company for any reason. No payment on behalf of the Company shall be approved without adequate supporting documentation or made with the intention or understanding that all or any part of such payment is to be used for any purpose other than that described by the documents supporting the payment. No undisclosed or unrecorded funds or assets shall be established for any purpose. The use of assets of the Company for any unlawful or improper purpose is strictly prohibited.

Sometimes a representative of a customer or supplier does not want his/her name recorded on an expense account. Is it permissible to pay for entertainment of such person by taking cash from an off-the-books fund or by writing a check to cash and using the cash to pay for the entertainment and then charge the expense as transportation or the like to avoid recording the person's name on expense documentation?

No. The maintenance of any off-the-books fund is strictly prohibited. Company policy provides that checks representing disbursement of Company funds will not be made payable to CASH. Documentation submitted by way of expense reports must fully and accurately reflect the real purpose of the expenditure. Company policy would be violated if the entry "Transportation" were used to mask the name of a person entertained. The records and books of account of the Company must accurately reflect each transaction recorded therein. No false or misleading entries shall be made in the books and records of the Company for any reason.

What is the Company policy on maintaining bank accounts?

All bank accounts established and maintained by the Company shall be in the name of the entity for which they were established. Prior written approval to maintain an account under a name other than the establishing entity must be obtained both from B&W's Chief Financial Officer and the General Counsel. Under no circumstance shall Company business be transacted through an employee's personal bank account. Individual employee names shall not be used or be reflected in the Company's bank title.

All cash payments received shall be promptly recorded in the Company's books of account and deposited in an account maintained in the name of the Company with a bank or other institution approved by the B&W Chief Financial Officer or officer with similar responsibilities of the entity receiving such payments. No funds will be maintained by the Company in the form of negotiable currency except to the extent reasonably required by normal business operations. The administration of all Company bank accounts and cash deposit and withdrawal transactions are also subject to the policies, procedures and practices set forth in the corporate policies.



All withdrawals or disbursements of Company funds should be made by check, draft or transfer. Transfers to a numbered bank account (i.e., a type of bank account where the name of the account holder is not disclosed), are prohibited unless approved by the B&W Chief Financial Officer and the Office of the General Counsel. Payments to foreign representatives, consultants or agents by transfer to a numbered bank account are in all cases strictly prohibited. Checks, drafts, etc., representing disbursements of Company funds will not be made payable to "CASH"; the payee set forth on all checks must be the vendor or supplier (or a lawful designee thereof) from whom goods or services were purchased.

All withdrawals or disbursements must be supported by adequate documentation as defined and with required approvals. In the case of transfers to numbered bank accounts, which have been approved, the accounting documentation must clearly identify the purpose and beneficiary of the payments.

All bank accounts must be recorded in the books of account. All bank accounts will be reconciled monthly under the direction of the B&W Chief Financial Officer or his or her designee.

Does the Company have procedures to ensure accurate billing to customers?

Yes. All sales of goods or services by the Company shall be billed on a timely basis (in accordance with the terms of the contract) to the customer by invoice in the form of hard copy or by invoicing by electronic transmission. Invoices sent to customers shall describe, in reasonable detail, the goods or services involved and the correct amount owing the Company therefore. Any amounts billed that are subject to refund shall be identified on the invoice.

Does the Company have procedures to protect against false invoicing to the Company?

Yes. Each payment for goods and services made by the Company shall be supported by documentation reflecting the purpose of such payment. All payments of fees to consultants, attorneys, agents, representatives and other third party intermediaries shall be made by check, draft, or transfer drawn to the order of the party duly entitled thereto.

What is the Company policy regarding Company employees receiving gifts, payments and entertainment?

Except for common courtesies described hereinafter, Company officers or employees shall not seek or accept any personal gifts, payments, fees, services, valuable privileges, vacations, or trips without a business purpose, loans (other than conventional loans from lending institutions), or other favors from any person or business organization that does or seeks to do business with, or is a competitor of, the Company. It is never permissible to accept a gift in cash or cash equivalents (e.g., stocks or other forms of marketable securities) of any amount. No employee shall accept anything of value in exchange for referral of third parties to any such person or business organization. Designated employees are required annually to certify compliance with the B&W Gifts, Entertainment, Business Meals and Travel Policy.

The Company takes a very strict position regarding gifts, services or considerations of any kind from suppliers. Entertainment at the expense of suppliers should be limited to acceptance of common courtesies usually associated with accepted business practices for the employee and members of his or her family.

It is recognized that in certain countries, refusal of personal gifts with a value exceeding accepted U.S. business practices could result in awkward business situations. The propriety of employees keeping such valuable gifts for personal use as opposed to turning them over to the Company should be resolved in each case with the General Counsel or the Chief Compliance Officer.

Does Company policy prohibit all giving of gifts or monies to representatives of private customers or suppliers?

Company policy prohibits any payments of anything of value, i.e., monies, cash, check or otherwise, to representatives of customers or suppliers to obtain any benefit. The giving of seasonal gifts or gifts of promotional items to, or the furnishing of reasonable business meals or entertainment of, an officer, employee or representative of any private customer or supplier is permissible, if 1) the gift, favor, meal or entertainment is consistent with customary business practice in the place where provided; 2) the gift, favor, meal or entertainment is not excessive in value and cannot be construed as a bribe or payoff; 3) the gift, favor, meal or entertainment does not violate applicable law or ethical standards; 4) the gift, favor, meal or entertainment will not embarrass the Company or the employee if publicly disclosed; 5) the expenditure is accurately documented; and 6) the expenditure does not violate local law or the policies of the recipient's organization.

It is not possible to define what are considered to be acceptable gifts, favors, meals or entertainment in every instance and employees must use good judgment in all cases. Questions may be directed to the General Counsel or the Chief Compliance Officer. Any employee asked to arrange for, or in any way participate in, the payment of Company funds, or anything of value to any officer, employee or representative of any customer or supplier shall promptly request the advice of the General Counsel or the Chief Compliance Officer. Such payment cannot be made unless supported by documentary evidence of the approval by the General Counsel or Chief Compliance Officer.

Company policy requires that every employee report each business entertainment expense and seasonal gift or gifts of promotional items and the value thereof which were made to any officer, employee or representative of any customer or supplier that exceed acceptable policy limits.

What is the Company policy on political contributions?

It is the policy of the Company that neither Company funds, nor the Company name, shall be used directly or indirectly for political purposes on behalf of candidates for political office, political parties, or elected incumbent office holders at the federal, state, or local level except as permissible under applicable law. Any such permissible contribution must be approved by the General Counsel and must be reported to the senior employee responsible for Washington operations and to the B&W Chief Financial Officer or his or her designee. No loan, advance, or gift of Company services, facilities or anything of value shall be made to support such persons or parties except as permissible under applicable law and only with the written approval of the General Counsel and notification to B&W's head of government relations. This prohibition encompasses such practices as the purchase of tickets to political dinners or fundraising events with Company funds and the furnishing of transportation to candidates or political parties.

What is the Company policy on receipt of requests for political contributions?

Any employee asked to contribute Company funds, or provide entertainment, gifts, gratuities, or anything of value through the use of Company funds, services, or facilities in connection with any political campaign or political activity in such a manner or amount that the employee reasonably suspects that the Company funds would be required to be used in order to respond to the request, shall promptly notify the Office of the General Counsel in writing.

What is the Company policy on employees participating in political activities on their own?

Company employees may freely engage in political activities in their individual capacities, provided that, in connection with such individual political activities, no use shall be made of Company facilities, personnel, funds, Company name, or of reference to any positions held by such individuals with the Company, except as may be required under any federal, state, or local law with respect to disclosure of individual political contributions. Employees who make political contributions must do so with their own money with no thought of obtaining reimbursement from the Company or any advantage or favor for the Company.

What about use of Company funds in connection with propositions presented to voters or on legislation?

The Company may use its funds, facilities, and personnel to support, oppose, or take a public position with respect to propositions submitted for public approval, other nonpartisan matters or legislation affecting the Company, its employees, or its shareholders. All such uses must have the prior written approval of the General Counsel and notification to B&W's head of government relations.

Is it permissible for the Company to reimburse an employee for a political contribution made by the employee?

It is a violation of Federal law and of Company policy to use any funds or assets of the Company for federal political contributions and both the law and the policy would be violated if an employee were reimbursed by the Company for a federal campaign contribution. Whether Company funds could be used for state or local elections, and whether such funds could be used to reimburse a contribution made by another, depends on local law and all such questions must be referred to the General Counsel.

May Company funds be used for foreign political contributions?

The answer depends on foreign law and on the U.S. Foreign Corrupt Practices Act and all such questions must be referred to the Office of the General Counsel. Any such contributions require the prior written approval of the Office of the General Counsel.

Conclusion

This Manual is not intended to cover each and every situation that might trigger questions regarding the FCPA or other applicable anti-corruption or anti-bribery laws. It covers only some of the more common questions and addresses only some of our anti-corruption-related internal controls. We emphasize that it is incumbent upon every employee to comply with the FCPA, to use good judgment and common sense in their business activities, and in all cases, adhere to basic principles of honesty, integrity and fair dealing. Whenever any employee has any doubts about whether proposed conduct could violate the FCPA or other applicable anti-corruption or anti-bribery laws, it is mandatory that the Office of the General Counsel and the Chief Compliance Officer be consulted to ensure that the proposed conduct would not violate the laws of any country.

REFERENCES:

B&W Code of Business Conduct

B&W Ethics & Compliance Policies

B&W Ethics & Compliance Manual

Code of Ethics for Chief Executive Officer and Senior Financial Officers