

Supplier Code of Conduct



TRANSFORMING OUR WORLD | 150 YEARS

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Committed to Integrity

Babcock & Wilcox (B&W) strives to conduct business with individuals and organizations who share our commitment to high ethical standards and who operate in a socially and environmentally responsible manner. We believe that society and business are best served by responsible business behaviors and practices. Fundamental to this belief is the understanding that a business must, at a minimum, operate in full compliance with all applicable laws, rules and regulations.

To reinforce the standards to which we are committed, Babcock & Wilcox developed this Supplier Code of Conduct, which contains principles and standards recognized and adopted by a wide spectrum of industries.

Expectations

Babcock & Wilcox sets high standards for conducting business ethically and in accordance with the law. We expect the same commitment from our Suppliers (including contractors and subcontractors) and Third Party Intermediaries (TPIs). This Supplier Code of Conduct presents basic principles for Suppliers and TPIs in dealing with B&W. We consider these principles in our selection of Suppliers and TPIs and monitor for compliance.

As part of an initial screen in selecting new Suppliers and TPIs, B&W seeks assurance of compliance with this Supplier Code of Conduct. By doing business with B&W, all Suppliers and TPIs agree to comply with the requirements and meet the expectations of B&W as set forth in this Supplier Code of Conduct

It is up to each Supplier and TPI how to meet and demonstrate compliance with the principles and standards, as stated in the Supplier Code of Conduct. B&W shall retain audit and inspection rights to verify compliance.

Our Suppliers and TPIs should also apply these or similar principles to the Suppliers and TPIs with whom they work in providing goods and services to B&W.

These principles are not intended to replace, supersede or conflict with any applicable legal or regulatory requirement or contractual obligation with B&W and its operating subsidiaries, affiliates and divisions.

Suppliers and TPIs Are Expected To:

- Firmly adhere to ethical principles for business practices, labor, environment, health, and safety
- Integrate, communicate and apply these principles
- Operate in full compliance with all applicable laws, rules and regulations
- Integrate the principles into a continual improvement approach that advances performance over time

BUSINESS ETHICS AND COMPLIANCE

Suppliers and TPIs shall conduct their business in an ethical manner and act with integrity.

Corruption and Anti-bribery

B&W Suppliers and TPIs shall comply with all applicable laws and regulations on corruption, bribery, prohibited business practices, and extortion. Furthermore, Suppliers and TPIs must not offer or accept bribes, kickbacks, improper payments, or unlawful incentives of any kind to or from their business partners (ie. government officials or other third parties (directly or indirectly)) for the purpose of, or in a way that may give the impression that the purpose is for:

- Influencing judgment or conduct of any individual or company
- Ensuring a desired outcome or action of any individual or company
- Obtaining a benefit we are not legally entitled to receive
- Securing or retaining business from, or otherwise influencing any government official, political party, political candidate, or official.

Suppliers and TPIs shall work against corruption in all its forms and must comply with all applicable prohibitions and laws, including the Foreign Corrupt Practices Act (FCPA), the UK Bribery Act and equivalent local laws in the countries we are doing business.

Gifts & Entertainment

We understand and recognize that gifts, meals, and entertainment can be used in positive ways to build relationships. Strong relationships with our Suppliers and TPIs are vital to our work; however, giving and receiving gifts or entertainment can potentially affect the independence of our judgment and that of our customers, and may create the appearance of favoritism. Suppliers and TPIs should not provide any gift, meal or entertainment in any situation in which it might influence, or appear to influence, a decision in relation to the Supplier or TPI.

B&W operates in many countries with unique local traditions, and in many cultures, gifts and entertainment are integral to good business practice. In these cases, giving or receiving gifts or entertainment that relates to B&W's legitimate business is permissible only if the reason for the gift or entertainment is appropriate and within B&W's gift policy.

While promotional logo items are generally acceptable, cash, gift cards or other cash equivalents are always unacceptable. Good judgment and high ethical standards are prerequisites to all business dealings.

If the Supplier or TPI is in a bid process or contract negotiations with B&W, the Supplier or TPI must not offer gifts, meals or entertainment of any kind to a B&W employee involved in this process or employees in positions involving direct influence over the Supplier or TPI's work for B&W.

Conflicts of Interest

Suppliers and TPIs must avoid any interaction that might conflict or appear to conflict with the interests of B&W. Conflicts of interest can arise in many circumstances, with the most common concern being personal or financial interests. All actual or potential conflicts of interest must be disclosed to B&W management and documented.

Fair Business Competition

Fair competition laws forbid agreements or activities that restrain trade or limit competition. B&W is committed to fair competition in compliance with international laws, the laws of the U.S. (anti-trust) and the laws of the country in which we are dealing. Suppliers and TPIs must not enter into agreements or actions that illegally restrain trade or restrict competition. Suppliers and TPIs must not offer our employees any confidential information about a B&W competitor.

Suppliers and TPIs shall conduct their business consistent with fair and vigorous competition and in compliance with applicable anti-trust laws.

Influencing Bids and Contract Negotiations

Suppliers and TPIs shall safeguard and maintain the integrity of B&W's bid and contract negotiation process. Suppliers and TPIs shall refrain from initiating or participating in private discussions about a bid or proposed contract (prior to an award) with any B&W employee or business contact not specifically authorized to speak on B&W's behalf in order to influence the outcome of a bid or contract award. This prohibition does not apply to a Supplier or TPI's disclosure and notification of potential conflict of interest or reporting of violations or concerns.

Integrity of Records and Accounting Procedures

All financial books and records must conform to generally accepted accounting principles. Records must be complete and accurate in all material respects. Records must be legible, transparent and reflect accurate transactions and payments.

Trade Compliance

Suppliers and TPIs must comply with all applicable import and export controls, sanctions and other trade compliance laws of the United States, including the U.S. Export Administration Act and the laws of applicable countries where transactions occur.

Compliance with the letter and spirit of all applicable import and export controls and trade compliance laws is mandatory. B&W Suppliers and TPIs shall ensure that any transfer of products, services, software, equipment, information, or knowledge across U.S. and other borders is lawful.

This includes screening end use, end users' customers and countries against export blacklists; screening orders against diversion risks; and ensuring B&W does not cooperate with or agree to illegal boycott language.

Suppliers and TPIs shall provide to B&W the applicable export classifications, including (where applicable) the dates and reference numbers, issued by the U.S. Bureau of Industry & Security or other governmental authority with applicable jurisdiction. Suppliers and TPIs shall include such information in the packing list with the goods or when sooner requested by B&W. When applicable, Supplier is responsible for obtaining, at its sole expense, any export license or approval regarding the export of Supplier's or TPI's goods.

Protection of Physical Assets and Proprietary Information

B&W's assets – both physical and intellectual – are highly valuable and are used to advance B&W's business purposes and goals. All Suppliers and TPIs shall safeguard and make only appropriate use of confidential information and ensure that all privacy and intellectual property rights of B&W and its employees are protected.

Unless authorized in writing by B&W, Suppliers and TPIs shall not share B&W confidential or proprietary information that they have acquired with respect to B&W's business.

Suppliers and TPIs shall ensure, and be prepared to demonstrate, that they have appropriate safeguards in place to protect B&W's confidential information.

Conflict Minerals

Suppliers and TPIs shall ensure that products supplied to B&W only contain minerals sourced with a view to enabling countries to benefit from their mineral resources and preventing the extraction and trade of minerals from contributing to or being associated with significant adverse impacts, including serious human rights abuses and conflict.

Suppliers and TPIs shall exercise due diligence, as applicable, on the sourcing of conflict minerals (tantalum, tin, tungsten and gold) and perform a reasonable country of origin inquiry with respect to such conflict minerals, including requiring its Suppliers and sub-Suppliers to engage in a similar due diligence. Without limiting the generality of the foregoing, Suppliers and TPIs will use commercially reasonable efforts to avoid use, in or during the production of goods, of conflict minerals (as defined in the U.S. Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010) originating from mines and/or smelters not certified to be DRC Conflict Free through the Conflict Free Sourcing Initiative (CFSI) developed by the Electronic Industry Citizenship Coalition (EICC) and Global e-Sustainability Initiative (GeSI) or other independent third party audit program approved in writing by B&W. Suppliers and TPIs will upon request, provide annual disclosures concerning the use and sourcing of conflict minerals in goods and the upstream supply chain of goods in CFSI Conflict Minerals Reporting Template (CMRT) format.

ENVIRONMENTAL, HEALTH, SAFETY & QUALITY

Suppliers and TPIs shall provide a safe and healthy working environment and operate in an environmentally responsible and efficient manner. Suppliers and TPIs will integrate quality into their business processes.

Supplier Selection and Management

Safety is a core value at Babcock and Wilcox. We define success as each employee, Supplier and visitor returning home safely at the end of the day. Our vision is to finish each and every day injury- and incident-free. To support that vision, B&W works with businesses that hold the same values as we do. We pre-qualify our Suppliers to a set of Environmental, Health & Safety (EH&S) standards. Pre-qualification is an assessment of a Supplier's ability to meet B&W's minimum EH&S and insurance requirements before being engaged to perform service on a B&W project or property. This level of involvement continues at project sites where work is performed, often at our customer sites. Our core processes will guide our decisions at project sites.

Worker Protection

Suppliers and TPIs shall protect workers from overexposure to chemical, biological and physical hazards and physically demanding tasks in the workplace as well as from risks associated with any infrastructures used by their employees. Suppliers and TPIs will provide appropriate controls, safe work procedures, preventative maintenance, and necessary technical protective measures to mitigate health and safety risks in the workplace.

Process Safety

Suppliers and TPIs will have safety programs in place for managing and maintaining all their production processes in accordance with applicable safety standards. For hazardous installations, Suppliers and TPIs will conduct specific risk analysis and implement measures that prevent the occurrence of incidents.

Emergency Preparedness and Response

Suppliers and TPIs shall identify and assess emergency situations in the workplace and minimize their impact through prevention and by implementing emergency plans and response procedures.

Hazard Information

Suppliers and TPIs shall make safety information relating to hazardous available to educate, train and protect workers from hazards.

Environmental Authorizations

Suppliers and TPIs shall comply with all applicable environmental regulations. Suppliers and TPIs shall obtain all required environmental permits, licenses, information registrations, and restrictions and shall follow all applicable operational and reporting requirements.

Quality

B&W Quality delivers products and projects that meet the customer's contractual requirements, applicable Code standards and required regulatory statutes. We view our Suppliers and TPIs as an extension of our own processes and expect the same high quality.

LABOR & HUMAN RIGHTS

Suppliers and TPIs are expected to protect the human rights of their employees and to treat them with dignity and respect.

Modern Slavery

Suppliers and TPIs shall not utilize modern slavery methods in its supply chain. Modern slavery refers to activities resulting in an abhorrent abuse of human rights and is constituted by offences of slavery, servitude and forced or compulsory labor and human trafficking. Without limiting the generality of the foregoing, Suppliers and TPIs shall comply, and shall ensure that each of their subcontractors comply, with all applicable laws, statutes and regulations in force from time to time regarding modern slavery and human trafficking, including but not limited to the U.K. Modern Slavery Act 2015 and any successor legislation.

Fair Treatment

Suppliers and TPIs shall provide a workplace free of harsh and inhumane treatment and threats of such treatment, including any sexual harassment, sexual abuse, corporal punishment, mental or physical coercion, or verbal abuses of workers.

Harassment and Discrimination

Suppliers and TPIs shall adhere to the fundamental principle of equal treatment of all employees. Suppliers and TPIs shall provide a workplace free of harassment and discrimination. Discrimination for reasons such as race, color, age, gender, sexual orientation, ethnicity, disability, genetic information, religion, political affiliation, union membership, or marital status is not condoned.

Child Labor and Young Workers

Suppliers and TPIs must prohibit the employment of individuals under the legal minimum working age of the jurisdiction or country where the Supplier or TPI operates, unless that requirement is below the standards established by the International Labor Organization (ILO) (which generally requires workers to be 15 years or older for non-hazardous conditions and 16 or older for positions identified as potentially hazardous). In such cases, the Supplier and TPI must meet the ILO standards.

Wages, Benefits and Working Hours

Suppliers and TPIs must comply with all work hour laws and regulations and shall pay workers according to applicable wage laws, including minimum wages, overtime hours, and mandated benefits. Suppliers and TPIs shall communicate with the worker the basis on which they are being compensated in a timely manner. Suppliers and TPIs are also expected to communicate with the worker whether overtime is required and the wages to be paid for such overtime.

Privacy & Data Protection

Suppliers and TPIs shall respect individuals in a manner consistent with the rights to privacy and data protection and shall comply with all applicable laws and regulations related to privacy and data protection. Suppliers and TPIs shall at all times use information about people appropriately for necessary business purposes and protect it from misuse in order to prevent harm to individuals such as discrimination, stigmatization or other damage to reputation and personal dignity, impact on physical integrity, fraud, financial loss, or identity theft.

Freedom of Association

Suppliers and TPIs shall comply with all applicable laws relating to employees' rights to engage in concerted activity or collective bargaining, including laws of other countries as applicable.

RAISING CONCERNS

Employees of Suppliers and TPIs should begin by contacting their own company to resolve internal ethics and compliance concerns.

Identification of Concerns

Suppliers and TPIs shall encourage all workers to report concerns or illegal activities without threat of reprisal, intimidation or harassment; and shall investigate and take corrective action, if needed.

Suppliers and TPIs who believe that a B&W employee, or anyone acting on behalf of B&W, has engaged in illegal or otherwise improper conduct should report the matter promptly the B&W Integrity Line. B&W prohibits retaliation in any form against a person for reporting a compliance or ethical issue. B&W's goal is to have a work environment where employees and their Suppliers and TPIs feel safe to report issues without fear of retaliation or retribution.

The B&W Integrity Line is available 24 hours a day, 7 days a week and is staffed by an outside organization, so you can remain anonymous when you call. The operator will not provide advice directly, but will relay the information to the B&W Ethics and Compliance Department and give you a case number and a call-back date. Although questions and concerns raised to the Integrity Line are sent to the Ethics and Compliance Department for review and handling, no identifying information is forwarded without your consent.



B&W Integrity Line - Phone

1-888-475-0003 (U.S./Canada)

0808-234-2980 (U.K.)

[International Phone Number Listing](#)

B&W Integrity Line - Web

www.bwintegrityline.com

www.bweuintegrityline.com
- for European Countries

Email

Email: ethics@babcock.com

B&W Ethics & Compliance receives, investigates and tracks allegations of violations of the Code of Business Conduct.