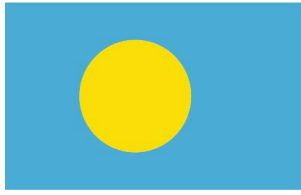


# Palau International Ship Registry



Europe Head Office  
Piraeus, 18536, Greece  
5, Sachtouri Street  
6<sup>th</sup> floor  
T: +30 210 4293500  
F: +30 210 4293505

USA Head Office  
The Woodlands, TX,  
77380  
9595 Six Pines Drive,  
Suite 8210, Office 277  
T: +1 832 631 6061  
F: +1 832 631 6001

[info@palaureg.com](mailto:info@palaureg.com)

[www.palaureg.com](http://www.palaureg.com)

## Code of Business Conduct and Ethics

Adopted on 04.06.2018

### 1. Introduction

This Code of Business Conduct and Ethics (**'the Code'**) has been adopted by the Chief Executive Officer (**'the CEO'**) of Palau International Ship Registry (**'PISR'**) and summarizes standards and guidelines. While covering a wide range of business practices and procedures, these standards cannot and do not cover every issue that may arise, or every situation where ethical decisions must be made, but rather set forth key guiding principles that represent PISR's policies and establish conditions for indirect or direct employment at PISR.

We must strive to foster a culture of honesty and accountability. Our commitment to the highest level of ethical conduct should be reflected in all of the PISR's business activities including, but not being limited to, relationships with employees, customers, suppliers, competitors, the USA and Palau Governments and the public. All of our employees, officers, directors, deputy registrars, consultants, auditors, inspectors, surveyors, representatives and any individual cooperating with PISR whatsoever (**'The Parties'**) must conduct themselves according to the language and spirit of this Code and seek to avoid even the appearance of improper behavior. Even well-intentioned actions that violate the law or this Code may result in negative consequences for PISR and for the individuals involved in its practices.

One of PISR's most valuable assets is its reputation for integrity, professionalism and fairness. We should all recognize that our actions are the foundation of our reputation and adhering to this Code and applicable law is imperative.

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

We are strongly committed to conducting our business affairs with honesty and integrity and in full compliance with all applicable laws, rules and regulations. None of the Parties shall commit an illegal or unethical act regarding any activity in connection to Palau International Ship Registry, or instruct others to do so, for any reason.

### 3. Compliance with PISR Anti-Bribery/Anti-Corruption Policy

PISR enforces **ISO 37001:2016** and continuously maintains a compliance and ethics scheme to educate cooperating individuals about laws designed to prevent bribery and corruption, as well as violations of these laws. The Parties are expected to conduct business on a legal and ethical basis. Improper gifts, payments or offerings of anything of value to customers, partners, government



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officials or other third parties could form violations of the Anti-Corruption Laws and might jeopardize the Registry's growth and reputation. The use of Registry's funds or assets for any unlawful, improper or unethical purpose is prohibited.

## 4. Trading on Inside Information

Using non-public, business information to trade in securities, or providing a family member, friend or any other person with a "tip", is illegal. All non-public, business information should be considered inside information and should never be used for personal gain.

## 5. Protection of Confidential Information

Confidential information generated and gathered in our business is a valuable asset to PISR. Protecting this information plays a vital role in our continuous growth and ability to compete, and all information should be maintained in strict confidence, except when disclosure is authorized by PISR or required by law.

Confidential information includes all non-public information that might be useful to competitors or that could be harmful to PISR, its customers or its suppliers if disclosed. Intellectual property, such as trade secrets, patents, trademarks and copyrights, as well as business, research and new business plans, objectives and strategies, records, databases, salary and benefits data, employee medical information, customer, employee and suppliers lists and any unpublished financial or pricing information must also be protected.

Unauthorized use or distribution of confidential information violates PISR's policy and could be illegal. Such use or distribution could result in negative consequences for both PISR and the individuals involved, including potential legal and disciplinary actions.

The Parties' obligation to protect PISR's confidential information continues for five (5) years even after their direct or indirect employment and/or appointment is ceased, and the Parties must return all information in their possession upon leaving PISR or being cancelled from PISR.

## 6. Conflicts of Interest

The Parties have an obligation to act in the best interest of PISR and they shall avoid situations that present a potential or actual conflict between their interest and the interest of PISR.

A "conflict of interest" occurs when a person's private interest interferes in any way, or even appears to interfere, with the interest of PISR, including its subsidiaries and affiliates. A conflict of interest



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may arise when the Parties take an action or have an interest that may make it difficult for them to perform their work objectively and effectively.

Situations involving a conflict of interest may not always be obvious or easy to resolve. The Parties shall report actions that may involve a conflict of interest to PISR's Compliance Officer through e-mail at [compliance@palaureg.com](mailto:compliance@palaureg.com).

## 7. Protection and Proper Use of PISR Assets

Protecting PISR assets against loss, theft or other misuse is the responsibility of every employee, officer and director. Any suspected loss, misuse or theft should be reported to a manager or supervisor.

The sole purpose of PISR's equipment, supplies and technology is the conduct of our business. They may only be used for business/actions consistent with PISR's guidelines.

## 8. Corporate Opportunities

The Parties are prohibited from taking for themselves business opportunities that are discovered through the use of corporate property, information or position. The Parties must refrain from using corporate property, information or position for personal gain, and they are prohibited from competing with PISR. Competing with PISR may involve engaging in the same line of business as PISR, or any situation where the Parties take away from PISR opportunities for provision of services. The Parties owe a duty to PISR to advance its legitimate interests when the opportunity to do so arises.

## 9. Fair Dealing

The Parties should endeavor to deal fairly with PISR employees, customers, suppliers, all Deputy Registrars, all Flag State Inspectors, competitors, the public and one another at all times and in accordance with ethical business practices. No one should take unfair advantage of anyone through manipulation, concealment, abuse of privileged information, misrepresentation of material facts or any other unfair dealing practice. No bribes, kickbacks or other similar payments in any form shall be made directly or indirectly to or for anyone for the purpose of obtaining or retaining business or obtaining any other favorable action. PISR and any of the Parties involved may be subject to disciplinary action as well as potential civil or criminal liability for violation of this policy. Occasional business gifts to, or entertainment of, non-government employees in connection with business discussions or the development of business relationships are generally deemed appropriate in the conduct of PISR. However, these gifts should be given infrequently and their value should be



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modest. Gifts or entertainment in any form that would likely result in a feeling or expectation of personal obligation should not be extended or accepted.

## 10. Compliance with This Code and Reporting of Any Illegal or Unethical Behavior

The Parties are expected to comply with all of the provisions of this Code. The Code will be strictly enforced and violations will be dealt with immediately, including by subjecting breaching Parties to corrective and/or disciplinary action such as dismissal or removal from office. Violations of the Code that involve illegal behavior will be reported to the appropriate authorities.

Situations which may involve a violation of ethics, laws, rules, regulations or this Code may not always be clear and may require the exercise of judgment or the making of difficult decisions. The Parties should promptly report any concerns about a violation of ethics, laws, rules, regulations or this Code to PISR's Compliance Officer through e-mail at [compliance@palaureg.com](mailto:compliance@palaureg.com).

PISR encourages all Parties to report any suspected violations promptly and intends to thoroughly investigate any good faith reports of violations. PISR will not tolerate any kind of retaliation for reports or complaints regarding misconduct that were made in good faith. Open communication of issues and concerns by the Parties without fear of retribution or retaliation is vital to the successful implementation of this Code. The Parties are required to cooperate in any internal investigations of misconduct and unethical behavior.

## 11. Equal Opportunity, Non-Discrimination and Fair Employment

PISR's policies for recruitment, approval, authorization, advancement and retention of cooperating individuals forbid discrimination on the basis of any criteria prohibited by law, including but not limited to race, sex and age. Our policies are designed to ensure that employees are treated, and treat each other, fairly and with respect and dignity. In keeping with this objective, conduct involving discrimination or harassment of others will not be tolerated. The Parties are required to comply with PISR's policy on equal opportunity, non-discrimination and fair employment, copies of which were distributed and are available from the legal department.

