

WEATHERFORD INTERNATIONAL LTD.

ANTIBOYCOTT POLICY

APPLICATION

- 1.00 This policy applies to all officers and employees of Weatherford International Ltd. and its subsidiaries and affiliates (the “Company”).

PURPOSE

- 2.00 The purpose of this policy is to establish the Company’s support of U.S. antiboycott laws and regulations, as well as similar laws in effect in other countries, and set forth a procedure for ensuring compliance with such laws and regulations.

POLICY

- 3.00 It is the policy of the Company to comply with the antiboycott laws and regulations of the United States and similar laws in effect in any other country in which the Company has operations.
- 3.01 No officer or employee shall refuse to do business with any country, entity or person for boycott related purposes. Further, no officer or employee shall provide information, statements, certificates or any other communication, whether written or oral, that would be in violation of U.S. antiboycott laws and regulations. Specifically, no officer or employee shall provide any information with regard to the Company’s relationship with a boycotted country or any national thereof, whether in positive or negative terms, or provide any other information, if requested for boycott related purposes.
- 3.02 All boycott-related requests are to be sent to the Office of Global Trade Compliance or the Legal Department.
- 3.03 Compliance with this policy is mandatory. No officer or employee has the authority to act contrary to the provisions of this policy or to authorize, direct or condone violations of it by any other officer or employee or by any representative of the Company.
- 3.04 Any person who violates this policy is subject to disciplinary action, up to and including dismissal.

BACKGROUND

- 4.00 U.S. antiboycott laws, which consist of the antiboycott provisions of the Export Administration Regulations, and Section 999 of the Internal Revenue Code, apply to boycotts imposed by any foreign country against a country friendly to the United States. While these laws were enacted primarily to address the boycott by the members of the Arab League against Israel, they are not limited to this boycott and apply to all international boycotts not recognized by the United States.
- 4.01 **Examples of Boycotting Countries.** Although it is not practical to identify all countries that may be boycotting countries, boycott requests will most frequently originate from countries that are members of the Arab League and certain other countries including the following: Algeria, Bahrain, Bangladesh, Indonesia, Iran, Iraq, Kuwait, Lebanon, Libya, Malaysia, Mauritania, Morocco, Nigeria, Oman, Pakistan, Qatar, Saudi Arabia, Somalia, Sudan, Syria, Tunisia, United Arab Emirates, Peoples Democratic Republic of Yemen and Yemen Arab Republic. All business transactions with, and requests from, these countries must be carefully reviewed.
- 4.02 **Prohibited Activities.** The following activities are prohibited under the U.S. antiboycott laws and regulations:
- a. Agreeing, refusing or requiring any other person to refuse to do business:
 - i. with or in a boycotted country;
 - ii. with any business concern organized under the laws of a boycotted country;
 - iii. with any national or resident of a boycotted country; or
 - iv. with any other person;when such refusal is pursuant to an agreement, requirement or request from or on behalf of a boycotting country.
 - b. Agreeing, refusing or requiring any other person to refuse to employ, or otherwise discriminate (either in its employment practices or in its selection of who it does business with), against a U.S. person on the basis of the race, religion, sex, or national origin of such person.
 - c. Furnishing or agreeing to furnish information about the race, religion, sex or national origin of any U.S. person or personnel of the entity involved in the proposed transaction or any U.S. corporation or other organization.
 - d. Furnishing or agreeing to furnish information about its or any person's past, present or proposed business relationships;
 - i. with or in a boycotted country;

- ii. with any business concern organized under the laws of a boycotted country;
 - iii. with any national or resident of a boycotted country; or
 - iv. with any person who is known or believed to be restricted (or blacklisted) from having any business relationship with or in a boycotting country.
- e. Furnishing or agreeing to furnish information about whether any person is a member of, has made contributions to, or is otherwise associated with, charitable or fraternal organizations that support a boycotted country.
- f. Paying, honoring, confirming, or otherwise implementing, letters of credit containing prohibited conditions or requirements relating to a foreign boycott;
- g. Engaging in any transaction or taking any other action, either independently or through any other person, to evade the antiboycott laws and regulations including:
 - i. the use of any artifice, device or scheme to mask the prohibited activity or to place a person at a commercial disadvantage because such person is restricted from doing business in a boycotting country;
 - ii. the diversion of boycotting country orders from the U.S. to a foreign country or subsidiary located in a foreign country; or
 - iii. the alteration of existing business practices with respect to operations in or with a boycotting country.

4.03 Reporting Requirements. The Export Administration Regulations and the Internal Revenue Code require that the mere receipt of a boycott request be reported in a timely manner. A boycott request is reportable even though it may be permissible to comply with the request. Such reports must also describe the action that the Company has taken in response to any such request. Therefore, even if an agreement with the purchaser is reached to withdraw the boycott related request or the company decides not to quote or furnish requested information, a report that the prohibited request was received must still be filed:

- a. Export Administration Regulations require that boycott-related requests must be reported by the last day of the month after the end of the calendar quarter in which they were received if the recipient is a company located in the United States. If the recipient of the request is a foreign division, subsidiary or affiliate of a U.S. company, the request must be reported by the last day of the second month after the end of the calendar quarter in which it was received.
- b. Section 999 of the Internal Revenue Code requires that boycott-related requests be reported annually with the Company's annual tax return.
- c. Failure to report boycott related requests in a timely manner can result in penalties under such laws, even if no action to comply with the request is taken.

4.04 As a general rule, any request, direction or contract provision that contains the words "boycott" or "blacklist", any reference to Israel, Israeli goods or Israeli nationals, or any reference to national origin, ethnicity, religion or gender, or a request to "comply" or "abide by" the general laws of a boycotting country, should be considered to be boycott-related.

4.05 Penalties

- a. A violation of the Export Administrative Regulations provides for the following penalties;
 - i. *Criminal* – anyone who knowingly violates the Export Administration Regulations may be fined up to \$1,000,000 per violation or twice the pecuniary gain or loss of the transaction, imprisoned for not more than five years, or both.
 - ii. *Administrative* – any person who violates the Export Administration Regulations may be subject to a civil penalty of up to \$250,000 or twice the amount of the transaction for each violation, and/or suffer suspension, revocation, or denial of its export privileges.
- b. The penalties for violating the antiboycott provisions of the Internal Revenue Code include the denial of certain tax benefits, such as foreign tax credits and tax deferrals.
- c. Penalties of up to \$10,000 and five (5) years imprisonment may be imposed for false statements made to a government official or agency under the False Statement Act.

References:

- **Weatherford International Ltd. Export Compliance Manual**
- **U.S. Export Controls Compliance Policy**
- **Sanctions Compliance Policy**