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**DISCOVER EXPLORATION LTD (the "Group")**

**ANTI BRIBERY, CORRUPTION AND SANCTIONS POLICY**

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## **1. WHAT IS BRIBERY?**

- 1.1 Bribery encompasses the offering, promising, receiving or giving of any gift, reward or other undue benefit, whether directly or indirectly, to or from any person as an inducement to carry out an act that is dishonest, illegal or constitutes a breach of trust in order to obtain or secure an improper commercial advantage.
- 1.2 It is widely accepted that corruption causes poverty and suffering, damages a business' reputation and hinders economic growth. Bribery may also result in criminal and civil liability and penalties for organisations and individuals.
- 1.3 Criminal charges can be brought against a person who is found guilty of conduct amounting to bribery and corruption. Such charges attract a maximum penalty of ten years' imprisonment. In addition, if we are found to have taken part in corruption we could face an unlimited fine, be excluded from tendering for public contracts and face damage to our reputation.
- 1.4 Bribery and corruption is a significant risk in the oil and gas sector due to high value projects being carried out in locations where corruption is generally understood to exist and where the use of intermediaries is standard practice.
- 1.5 Every country in which we operate has relevant bribery statutes with which we will comply. Additionally, the United Kingdom ("U.K.") has enacted the UK Bribery Act and the United States has enacted the Foreign Corrupt Practices Act both of which may apply to our operations.

## **2. WHAT ARE SANCTIONS?**

- 2.1 The United Nations, European Union ("E.U."), U.K. and United States ("U.S.") have established sanctions and embargoes programs designed to prohibit or regulate trade with certain countries, entities and individuals. Some of these controls are designed to penalize countries for human rights violations, others are designed to control weapon proliferation, and others are designed to limit commerce with entities and individuals associated with terrorism or narcotics trafficking.
- 2.2 Applicable sanctions laws, include those managed by the U.S. Office of Foreign Assets Control ("OFAC") sanctions regulations, as well as the various UK Statutory Instruments which implement EU sanctions regulations and the UK Export Control Act 2002 (collectively "Sanctions Laws"). The sanctions laws prohibit trade with any party (and individual or entity) that has been specifically listed on one of the various sanctions list or trade with any party in an Embargoed Country (defined below) without prior governmental permission. These laws are known herein collectively as the Sanctions Laws.

## **3. POLICY STATEMENT**

- 3.1 We are committed to acting legally, fairly and ethically wherever we do business. We condemn corruption in all its forms and will not tolerate it in our business or in those we do business with. We are also committed to avoiding trade with sanctioned parties or anyone in Embargoed Countries.
- 3.2 We expect all those working for us to act professionally and with integrity in business dealings wherever we operate. It is the responsibility of all individuals throughout the Group to assist in the prevention, detection and reporting of bribery and to avoid violations of the applicable sanctions laws.



3.3 We have established a full code of anti-bribery and sanctions policies, procedures, guidance, training and monitoring (the "Code") to specifically target our exposure to a significantly high risk of corruption. Furthermore, we are committed to maintaining, developing and constantly improving the Code in order to counteract bribery.

3.4 This Code and the internal controls herein have been designed to prevent violations of the Sanctions Laws from occurring, avoid the appearance of wrongdoing and enable the Company to respond promptly and effectively to any inquiries about its conduct.

#### **4. SCOPE AND IMPLEMENTATION OF THE CODE**

4.1 The board of directors has overall responsibility for the development and implementation of our bribery prevention and sanctions policies. The day to day management, operation and monitoring of the bribery prevention and sanctions procedures is run by the Chief Financial Officer.

4.2 The Code applies to all entities within the Group and to all individuals working at all levels and grades. This includes directors, senior managers, employees, agency workers and any other person working for us wherever located ("Workers").

4.3 We will take appropriate action to ensure that third parties, such as clients, customers, consultants, contractors, agents, suppliers, advisers and joint venture partners ("Third Parties"), also understand and commit to the principles and relevant practices of the Code.

#### **5. CODE GUIDELINES FOR ANTI BRIBERY AND CORRUPTION**

5.1 The Code is not designed to prohibit the following practices provided they are customary in a particular market, are appropriate and are properly recorded:

5.1.1 bone fide, proportionate and reasonable gift or hospitality which is given infrequently and aimed at achieving better public relations, not intended to influence the proper performance of official or business functions;

5.1.2 the giving of a ceremonial gift openly during a festival or at another special time (for example, a small Christmas gift given publicly in the U.K.);

5.1.3 the use of recognised fast-track processes, which are available to everyone upon the payment of a fee, provided that fee is given solely to the body administering the relevant process.

For further details please refer to Schedule 1.

5.2 All other forms of gifts and "facilitation payments" are prohibited.

5.3 Kickbacks are typically payments made in return for a business favour or advantage. All workers must avoid any activity that might lead to, or suggest, that a kickback will be accepted by us.

5.4 Charitable donations can be used as a way to disguise a bribe. Accordingly, charitable giving on the part of the Group, including sponsorship, may only be carried out if the preliminary steps set out in Schedule 2 have been complied with in full.

5.5 We do not make contributions to political parties and these would never be made in an attempt to influence any decision or gain a business advantage and would always be publicly



disclosed in accordance with the law of the country to which the political donation relates. No contribution may be offered or made without first fulfilling the steps listed in Schedule 2. Gifts to foreign public officials are prohibited in all circumstances.

- 5.6 Decisions as to what is acceptable may not always be straightforward. If anyone is in any doubt as to whether a possible act could constitute bribery the matter should be referred to the Chief Financial Officer before proceeding.

## **6. CODE GUIDELINES FOR SANCTIONS CONTROL**

- 6.1 The Company and Group Personnel, without prior approval from Chief Financial Officer, are not permitted to:

- 6.1.1 engage in any business or dealings with Embargoed Countries, Blocked Persons, BIS Restricted Parties, or individuals or entities listed as a sanctions target by U.K. and/or E.U. legislation; or
- 6.1.3 facilitate transactions with third parties that involve Embargoed Countries, Blocked Persons, or BIS Restricted Parties.

For further details refer to Schedule 4.

- 6.2 The Code prohibits Group Personnel from engaging *direct and indirect* business and dealings with Embargoed Countries and Blocked Persons.

- 6.2.1 This means that the Group will not enter into any agreement with end users or other customers whereby the Company agrees to export products or services to or import products or services from Embargoed Countries.
- 6.2.2 Additionally, Group Personnel will not authorize distributors or agents to resell Group products to customers in Embargoed Countries. More specifically, the Group will not enter into a distribution agreement that includes any Embargoed Country in the distributor's authorized "territory."
- 6.2.3 To the extent that Group employees learn that a distributor is reselling Company products to an Embargoed Country, they are required to immediately notify the Chief Financial Officer.

## **7. THIRD PARTY BUSINESS RELATIONSHIPS**

- 7.1 New business relationships with Third Parties should be reported to the Chief Financial Officer and checks on their suitability and integrity carried out before they are appointed according to the procedure set out in Schedule 3.
- 7.2 All Workers will be required to confirm on their monthly reporting checklist that all proposed business relationships with Third Parties have been reported to the Chief Financial Officer.
- 7.3 Our zero-tolerance approach to bribery, corruption and sanctions violations must be communicated to all Third Parties at the outset of our business relationship with them. All Third Parties will be required to commit to the principles and relevant practices of the Code as a term of their engagement. This commitment will be subject to monitoring by the Chief Financial Officer.



## **8. TRAINING**

- 8.1 Anti-corruption and bribery training is mandatory for all new Workers as part of the induction process. The level of training you will receive will depend on the specific risks associated with the field in which you will be operating.
- 8.2 The Company will also provide periodic sanctions compliance training programs to educate employees about the requirements and obligations of Sanctions Laws and this Code.
- 8.3 Training is to be reviewed at yearly intervals, with refresher courses taking place to update you with any developments.
- 8.4 We will encourage all our business associates to adopt similar bribery prevention and sanctions compliance training in their organisations.

## **9. YOUR RESPONSIBILITIES**

- 9.1 It is your responsibility to ensure that you understand and comply with the terms of the Code. Should you be in any doubt as to how to proceed in a particular circumstance the matter should be referred to the Chief Financial Officer before proceeding.
- 9.2 We encourage all our Workers to be alert to the risks of bribery, particularly in light of the business sector and locations in which we operate. It is important that you report any suspicion that a conflict with the Code has occurred, or may occur in the future, to the Chief Financial Officer as soon as possible.
- 9.3 The true nature of transactions must be reflected in all records and accounts. It is not permitted to establish accounts or internal budgets for the purpose of facilitating bribes or influencing transactions (for example, by keeping certain payments "off-book" to conceal their improper nature).
- 9.4 Any person suspected of bribery will be subject to an investigation and, if found guilty, will face disciplinary action, which could result in dismissal for gross misconduct and could lead to prosecution, as well as civil claims for damages.

## **10. MONITORING AND REVIEW**

- 10.1 We are committed to monitoring and assessing the effectiveness of our sanctions and bribery prevention procedures. The Chief Financial Officer will regularly review the Code considering its suitability, adequacy and effectiveness and regularly report to the board of directors.
- 10.2 The annual audit shall contain a specific provision for investigation of the possibility of breaches of the Code. The Chief Financial Officer may also carry out "spot" internal audits of particular relationships or records without notice.
- 10.3 Any identified improvements will be made as soon as possible.
- 10.4 Employees are invited to comment on the Code and suggest ways in which it might be improved. Comments, suggestions and queries should be addressed to the Chief Financial Officer.
- 10.5 The Code does not form part of any employee's contract of employment and it may be amended at any time.



## **11. CONFIDENTIAL REPORTING**

- 11.1 The Group expects and requires any Workers who have knowledge of, or reason to suspect, any violation of this Code to contact the Chief Financial Officer immediately.
- 11.2 Workers who refuse to accept or offer a bribe, or those who raise concerns or report another's wrongdoing, are sometimes worried about possible repercussions. We encourage openness and will support anyone who raises genuine concerns in good faith under the Code, even if they turn out to be mistaken.
- 11.3 We are committed to ensuring no one suffers any detrimental treatment as a result of refusing to take part in bribery or corruption or because of reporting in good faith their suspicion that an actual or potential bribery or other corruption offence has taken place, or may take place in the future. Detrimental treatment includes dismissal, disciplinary action, threats or other unfavourable treatment connected with raising a concern. If a Worker believes that they have suffered any such treatment, they should inform the Chief Financial Officer immediately. If the matter is not remedied, and concerns an employee, they should raise it formally using the Group's grievance procedure, which can be obtained at any time from the Company Secretary.



## SCHEDULE 1

### GIFTS & FACILITATION PAYMENTS

#### 1. GIFTS AND HOSPITALITY

- 1.1 It can be a normal part of business to be offered or to offer corporate gifts and hospitality. Examples might be meals in restaurants or gift items commemorating successful projects. However, any gifts or hospitality should be avoided which might give the impression that a customer had been influenced to favour the Group by reason of the gift or hospitality. This might occur, for example, if a state official received a gift during times of contractual negotiations with us.
- 1.2 Where corporate gifts are made or received, they should be fully documented and/or receipted.
- 1.3 The giving or receiving of any corporate hospitality with a value over £500 or any gift with a value over £100 must be approved in writing in advance by the Chief Financial Officer and must be for legitimate business reasons only.
- 1.4 It may also be contrary to national laws in certain jurisdictions to offer or accept any corporate gifts and/or hospitality whatsoever. The offering or accepting of corporate gifts and hospitality is prohibited in such cases.

#### 2. FACILITATION PAYMENTS

- 2.1 Facilitation payments are small payments made to secure or speed up routine actions, usually by public officials, such as issuing permits, immigration controls, providing services or releasing goods held in customs. The letter of some national law makes such payments criminal.
- 2.2 Whilst in some circumstances such a payment may be allowable, full information should be obtained in advance of any facilitation payment, and the facts should be fully documented. As a rule, do not make a payment, which you do not believe to be justified and for which you cannot receive an accurate receipt, which details the reason for the payment.
- 2.3 If you are in any doubt about the validity of such a payment, it should not be made until further information can be obtained.





## SCHEDULE 2

### CHARITABLE & POLITICAL CONTRIBUTIONS

Charitable donations and political contributions may only be made in circumstances where the contribution is legitimate and made in accordance with applicable laws.

#### 1. PRELIMINARY STEPS

- 1.1 You must, before carrying out any charitable or political giving on the part of the Group (including sponsorship):
  - 1.1.1 make an assessment of any reputational and ethical risks that may arise;
  - 1.1.2 check that the charity or political party is registered under the laws of the local country;
  - 1.1.3 carry out due diligence to ensure that the proposed charity or political party is not connected to our business or to any politician or person who may have influence over any transaction in which we are interested;
  - 1.1.4 make full enquiries as to the purpose/use for the donations;
  - 1.1.5 exercise caution where a donation is proposed as part of the business deal;
  - 1.1.6 always pay donations directly to the charity or political party in question;
  - 1.1.7 always obtain a receipt for any donation; and
  - 1.1.8 always record the donation fully in the relevant accounts and records.
- 1.2 All charitable and political contributions of a value above £1,000 must be individually approved in writing in advance by the Chief Financial Officer.



## SCHEDULE 3

### DUE DILIGENCE

- 1.1 In some countries or territories it may be necessary for us to appoint an intermediary. An intermediary may be accustomed to operating in an environment where bribery is commonplace and where laws in this area are not effectively enforced.
- 1.2 In order to avoid doing business with others who do not operate effective systems to counter bribery, due diligence must be conducted on all Third Parties before a business relationship is formed. The level of due diligence to be undertaken should be proportionate to the risk associated with the post in question.
- 1.3 In order to establish the level of risk, the following key questions should be asked:
  - 1.3.1 Is the Third Party based in a high risk location with an absence of effectively implemented anti-bribery legislation?
  - 1.3.2 Is the Third Party really required?
  - 1.3.3 Does the Third Party have the required expertise?
  - 1.3.4 Is the Third Party interacting with or closely connected to public officials?
  - 1.3.5 Is the project of a high value?
  - 1.3.6 Is what you are proposing to pay reasonable and commercial?
- 1.4 The following are some examples of the due diligence steps that should be taken before establishing a business relationship with a Third Party:
  - 1.4.1 conducting background checks that are proportionate to the risk before engaging, which could include:
    - 1.4.1.1 making enquiries through business contacts, internet searches, local chambers of commerce or business associations;
    - 1.4.1.2 seeking business references, financial statements and reviewing the third party's CV to ensure it has suitable experience;
    - 1.4.1.3 requesting sight or evidence of the third party's own anti-bribery policies and, where a corporate body, reporting procedures and records.
  - 1.4.2 considering how best to structure the relationship, including:
    - 1.4.2.1 how the Third Party should be remunerated for its services; and
    - 1.4.2.2 how to ensure it complies with relevant laws and codes applying to foreign public officials; and
    - 1.4.2.3 making the contract with the Third Party renewable annually or periodically.



- 1.5 Where it is proportionate to the identified risks, recruited or engaged Third Parties should be continually monitored to ensure they are observing and upholding our position on bribery and corruption.



## **SCHEDULE 4**

### **SANCTIONS**

#### **1. U.S. SANCTIONS CONTROL**

##### **1.1 OFAC Sanctions**

1.1.1 OFAC is an office within the U.S. Treasury Department that has responsibility for administrating, implementing, and enforcing economic sanctions. There are two general categories of OFAC sanctions: (1) country-based sanctions programs and (2) list-based sanctions programs. The country-based programs have broad, country-wide sanctions against five countries: Cuba, Iran, North Korea, Sudan and Syria (collectively “Embargoed Countries”). The prohibitions in the regulations generally prohibit U.S. Persons (both juristic and natural) from doing business with the Embargoed Countries absent a license from OFAC. By contrast, OFAC’s list-based sanctions apply to individuals and entities in specific countries (e.g., Belarus, Ivory Coast, Zimbabwe) as well as individuals and entities participating in certain activities (e.g., narcotics trafficking, terrorism, and proliferation of weapons of mass destruction). The OFAC sanctions regulations prohibit transactions between U.S. persons and individuals and entities included on OFAC’s Specially Designated Nationals and Blocked Persons List (“SDN List”) and/or individuals owned or controlled by individuals or entities on the SDN List (collectively “Blocked Persons”).

1.1.2 The OFAC sanctions regulations also prohibit U.S. Persons from “facilitating” activities by a non-U.S. person with Embargoed Countries or Blocked Persons that would be violative of the sanctions regulations if conducted by a U.S. Person. This means that U.S. Persons may not assist or support transactions that would be prohibited if carried out by a U.S. Person.

1.1.3 Through a licensing process, OFAC can authorize U.S. Persons to engage in certain transactions that would be otherwise prohibited by the sanctions regulations. Additionally, certain exceptions codified in the sanctions regulations may allow the Group to do business with Embargoed Countries and Blocked Persons in certain circumstances. Company employees should not assume a transaction involving an OFAC-restricted party is permissible pursuant to an exception or license without first consulting with the Chief Financial Officer.

##### **1.2 EAR**

1.2.1 The Bureau of Industry and Security (“BIS”) is an office within the U.S. Commerce Department responsible for administering and enforcing the Export Administration Regulations (“the EAR”). The EAR prohibits individuals and entities from exporting “dual-use” U.S.-origin products to foreign countries or transferring such products to foreign nationals in the United States. “Dual-Use Products” are items that are sold commercially but have a potential military application, and “U.S.-Origin Products” are products that are manufactured in the United States or products that are manufactured outside of the United States but contain more than 10% or 25% of U.S.-origin material.

1.2.2 In addition to the EAR, BIS maintains lists of restricted parties that U.S. persons are prohibited from doing business with. The restricted party lists administered by BIS



comprise: (1) the Denied Persons List; (2) the Denied Entity List; and (3) the Unverified List (collectively “BIS Restricted Parties”).

- 1.2.3 BIS may grant licenses authorizing U.S. persons to export dual-use U.S.-origin products to foreign countries or to engage in business or dealings with BIS Restricted Parties that would otherwise be prohibited. Company employees should not assume a transaction involving an OFAC-restricted party is permissible pursuant to an exception or license without first consulting the Chief Financial Officer.

## **2. U.K. SANCTIONS**

- 2.1 The Foreign & Commonwealth Office has overall responsibility for the U.K.’s policy on sanctions, arms embargoes and trade restrictions. The Export Control Organization (“ECO”) is responsible for implementing embargoes and other trade control measures and HM Treasury has primary responsibility for administering, implementing and enforcing the U.K. financial sanctions regime.
- 2.2 There is no single Act of Parliament that sets out the U.K. sanctions regime. Instead, sanctions are contained in a number of separate U.K Statutory Instruments and/or E.U. Regulations. E.U. Regulations are directly applicable in E.U. Member States, so that entities incorporated or constituted under E.U. law, and persons and entities doing business in the E.U. (including non-E.U. nationals) are subject to their provisions. U.K. Statutory Instruments implement the sanctions imposed by E.U. legislation and apply to any person in the U.K., all U.K. nationals and any entity incorporated or constituted in the U.K.
- 2.3 The U.K. sanctions regime includes embargoes and trade and finance restrictions. Certain goods are subject to a wholesale ban on their trade or export (for example, anti-personnel landmines and laser weapons). Other items and certain services are subject to qualified restrictions which require a license before goods or services are provided. Sanctions may be comprehensive and imposed against a particular country, for example there are financial sanctions against Afghanistan, Iran, Iraq, Sudan, Zimbabwe and North Korea (among others) and subject the government, all corporate entities and residents of a sanctioned country to an asset freeze. Alternatively, sanctions measures may target specific individuals, entities and organizations (including Al-Qa’ida and the Taliban). In all cases, the nature of the sanction and the identity of the sanctions targets will be set out in the relevant U.K. and/or E.U. legislation. Individuals and entities which are the subject of targeted financial sanctions are also identified in H.M. Treasury’s Consolidated List. Sanctions targets may be resident in the U.K. or elsewhere.
- 2.4 Breach of U.K. sanctions is a criminal offence, unless an appropriate license or authorization has been obtained from H.M. Treasury or the ECO as appropriate. Company employees should not assume a transaction is permissible pursuant to an exception or license without first consulting the Chief Financial Officer.

## **3. U.K. EXPORT CONTROL**

- 3.1 The ECO, a U.K. government agency which forms part of the Department for Business, Innovation and Skills, is responsible for administering, licensing and enforcement in relation to the trade and export of “strategic” goods (this includes military and “dual-use” items as described in relation to EAR above) under the Export Control Act 2002 (extended by the Export Control Order 2008) (the “ECA”).
- 3.2 It is a criminal offence to export strategic goods (as listed in the UK Strategic Export Control Lists) without a specific license issued by the ECO. The ECA prohibits, in relation to certain prohibited jurisdictions: (1) the export of strategic goods, the transfer of technology and the



provision of technical assistance, (2) trade in military and “dual-use” items, and (3) trade with countries subject to non-binding sanctions and embargoes introduced by the U.N., the E.U. and the Organization for Security and Co-operation in Europe and implemented in the U.K.

- 3.3 Company employees should not assume a transaction involving strategic goods is permissible pursuant to an exception or license without first consulting the Chief Financial Officer.