



GULF KEYSTONE PETROLEUM LTD.

Anti-Bribery Policy

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Letter from CEO

Dear Colleague

We at GKP believe in operating in accordance with the highest ethical standards. GKP's position with regard to bribes is simple: zero tolerance.

As we grow, it becomes increasingly important to ensure that our common vision of how we wish to do business is adhered to by all our people, including those joining the business.

I believe that, in the industry in which we operate, our reputation is crucial to our continuing success and that is why I fully support our Anti-Bribery Policy.

GKP's approach is to have strong procedures and strong financial controls to guard against bribery and tax evasion. We also believe that, by having well trained staff who are alert to the risks, we will best protect GKP and the individuals who work for us from the serious risks which bribery and tax evasion pose.

In addition, GKP notes the new criminal offences introduced by the UK's Criminal Finances Act 2017 (Part 3) concerning failure to prevent the facilitation of tax evasion by associated persons. GKP condemns all forms of tax evasion. Its financial controls are strong and appropriate to guard it against the risks in this area.

This Anti-Bribery Policy has been approved by the Board of GKP and applies to all GKP personnel including directors, officers and employees, at all levels. This includes all personnel of subsidiaries of GKP working anywhere in the world. It also applies to all GKP subsidiaries, including Gulf Keystone Petroleum (UK) Limited and Gulf Keystone Petroleum International Limited, , and directors, consultants and staff working for them anywhere in the world.

It is vital that you are fully familiar with and understand this policy and, more importantly, please use it and refer to it when carrying out your daily activities. Please don't hesitate to contact me or Alasdair Robinson if you have any questions.

Jon Harris, CEO

Our Anti-Bribery Policy

It is GKP's policy that its business activities throughout the world (including the activities of its subsidiaries) comply with a single Anti-Bribery Policy.

Where we refer in this Policy to GKP, this means GKP and all its subsidiaries, including Gulf Keystone Petroleum (UK) Limited and Gulf Keystone Petroleum International Limited. This Policy applies to all subsidiaries of GKP anywhere in the world as well as GKP itself and to temporary as well as permanent staff.

Where we refer to directors of GKP, we mean equally the directors of the subsidiary companies.

Where local legal requirements, for example in Kurdistan, are less stringent than this Anti-Bribery Policy, you should nonetheless comply with this Policy, unless local standards impose higher requirements (in which case you should comply with the higher standard).

You should also note that GKP expects third parties with whom we work closely, such as consultants, contractors, agents, intermediaries, joint venture partners, and key suppliers of services on our behalf to have equally high ethical standards and our Policy contains advice on how you should deal with such parties and how we can ensure that they adhere to the same high standards as ourselves.

Ultimately, it is the personal responsibility of you and all GKP personnel to ensure that GKP complies with the highest ethical standards.

Finally, please note that this Policy covers many areas. However, no Policy can ever be exhaustive and, if you are ever in any doubt about whether any conduct breaches the Policy, please speak, at first instance, to your immediate supervisor. In Kurdistan, you should speak to the Country Manager if you have any concerns that your immediate supervisor is not able to answer. In all cases, if you prefer, you can take your query direct to the Anti-Bribery Officer, whose details can be found at the back of this Policy.

What is GKP doing to ensure bribes are not paid or received by its people or paid on its behalf and that those associated with GKP are not facilitating tax evasion?

GKP has taken a number of steps and these are reflected in this Policy. These include the following:

- (i) carrying out a risk assessment of its business;
- (ii) introducing this formal Policy;
- (iii) appointing an Anti-Bribery Officer who will report to the Board on a regular basis;
- (iv) agreeing that the Board will regularly consider bribery and tax evasion issues and will ultimately take responsibility for them;
- (v) agreeing to regularly assess its bribery and tax evasion risks;
- (vi) introducing a formal Gift and Hospitality log;

- (vii) prohibiting facilitation payments (other than in exceptional circumstances);
- (viii) referring all potential contracts with third parties to the Anti-Bribery Officer before engagement; and
- (ix) introducing a formal third party due diligence process to be conducted by the Anti-Bribery Officer in appropriate cases.

The Principles

There are 2 aspects to the Anti-Bribery Policy. The first is a set of General Principles that need to be followed and should guide your thinking in everything you do whilst working for GKP.

The second consists of a set of Specific Principles about particular matters.

The General Principles are always applicable even when there is a Specific Principle on the issue in question.

Please note that GKP takes this Policy extremely seriously. We will not tolerate any behaviour by our personnel which falls short of the standards laid out in our Policy.

In appropriate circumstances, we will take disciplinary action against anyone whose conduct falls short of the standards laid out in this Policy and failure to comply with this Policy could lead to disciplinary action including dismissal without notice on the grounds of gross misconduct.

General Principles

All GKP personnel must at all times act in accordance with the following General Principles.

It is the personal responsibility of all GKP personnel to ensure their conduct complies with these General Principles:

1. All GKP personnel must act honestly at all times;
2. All GKP personnel must act ethically at all times;
3. All GKP personnel must act in the best interests of GKP at all times;

NB. It is never in the best interests of GKP for its people to act dishonestly or unethically, even if the company would benefit financially.

4. GKP personnel must never allow their personal interests to conflict with those of GKP. Any possible conflict should be promptly reported to the Anti-Bribery Officer. More information about conflicts of interest can be found in section K below;
5. No GKP personnel should ever make a personal gain from their position within GKP unless the matter has been fully disclosed to and approved by the Board or their employment contract provides any exception. More information about not making a personal gain from your position can be found in section L below;
6. All GKP personnel should act in accordance with all applicable laws, regulations and professional rules at all times. This includes foreign as well as UK laws, regulations and rules where they apply;

NB. If you are unsure whether something is in accordance with the laws of any country or any regulations or professional rules or unsure as to which laws, rules or regulations apply, please speak to your immediate supervisor in the first instance. In Kurdistan, you should speak to the Country Manager if you have any concerns that your immediate supervisor is not able to answer. In all cases, if you prefer, you can take your issue direct to the Anti-Bribery Officer.

Reporting Lines

7. Alasdair Robinson is the Anti-Bribery Officer.
His contact details are:
arobinson@gulfkeystone.co.uk, office telephone: +00 44 207 514 1400, Mobile 07590 976346.
Ross Deutscher is the Country Manager for Kurdistan. His contact details are:
rdeutscher@gulfkeystone.com, office telephone: +946 (0) 750 755 3111.
8. All GKP personnel should, in the first instance, report any suspected breach or proposed breach of this Policy (whether concerning bribery or tax evasion) to their line manager or, if that is not appropriate in the circumstances, the Anti-Bribery Officer.

9. In Kurdistan, reports can also be escalated in the first instance from your line manager to the Country Manager. If it is not appropriate to make a report to either an employee's line manager or the Country Manager, the relevant report should be made to the Anti-Bribery Officer.

If you are not sure whether there is or may be a breach, you should report the matter anyway.

10. If you are ever in any doubt about whether any proposed action of yourself or any other person complies with this Policy, please speak to your immediate supervisor or the Anti-Bribery Officer (or, in Kurdistan, the Country Manager) before the conduct occurs and they will be able to advise you further.

NB. GKP guarantees to all personnel that any report made under this Policy will (as far as practicable) be treated as confidential and that, provided the report is made in good faith, the maker of the report will not be singled out or treated in any way less favourably for having made a report, whether the report turns out to be unjustified or not.

Specific Principles

A. Bribery

A1. Is bribery ever permitted by GKP?

Absolutely not.

Bribery is a criminal offence under the UK Bribery Act 2010 and in various other jurisdictions around the world and is never permitted by GKP. You should never pay or offer a bribe.

It is also a criminal offence under the UK Bribery Act 2010 to receive or ask for a bribe. You should never accept or request a bribe.

You must also never authorise nor allow anyone else (whether within or outside of GKP) to pay a bribe on behalf of GKP as this may result in liability for GKP and yourself personally.

NB. You should also steer clear of any situations which could have the appearance of a bribe, even if they are not intended to be perceived that way.

If you have any suspicion that bribes are being paid or accepted on behalf of GKP, you should immediately report this to your line manager or, if that is not appropriate in the circumstances, the Anti-Bribery Officer. In Kurdistan, reports can also be escalated in the first instance from your line manager to the Country Manager. If it is not appropriate to make a report to either an employee's line manager or the Country Manager, the relevant report should be made to the Anti-Bribery Officer.

This includes any bribes paid or received by consultants, contractors, agents, intermediaries, joint venture partners and suppliers providing services on GKP's behalf.

A2. How serious is bribery?

Very serious.

A conviction for bribery can lead to up to 10 years in prison for individuals involved. For GKP it could mean an unlimited fine, loss of contracts and the right to tender for future contracts and massive reputational damage which ultimately could jeopardise the entire company and its subsidiaries.

A3. What is bribery?

Common sense will tell you if something is a bribe.

If you are unsure whether something seems right, go with your gut reaction. It is probably not right.

GKP personnel should also steer clear of anything which could be perceived as a bribe, even if not intended that way. A more detailed explanation based on the UK Bribery Act is detailed below but, in brief, ask yourself the following:

Is money or any benefit or advantage (however small and whether of token value or not) being offered to someone in order to influence the making of a decision?

This might include offering something to a government official, for example, to influence them to award a contract or licence, to win business for GKP, to ensure GKP keeps business, or to gain any other type of business advantage for GKP. If so, this will be a bribe. Please refer to the Practical Examples at the back of this Policy for scenarios to look out for.

Equally, offering/paying money or any benefit or advantage as a reward for someone having already done any of the above is also a bribe.

Equally, if you offer/pay money or any benefit or advantage to someone knowing that by accepting it they will be performing their job improperly, this will be a bribe.

An example of this would be if a low level official asks for US\$50.00 to issue a visa or allow goods to be unloaded when they are not entitled to and are just pocketing the money. More information on this type of situation can be found at C below (Facilitation Payments).

NB. Bribery includes making a payment directly or through a third party.

Remember "bribery" includes offering, promising and paying bribes and requesting, agreeing to receive or accepting bribes.

A4. What sort of things can be a bribe?

A bribe involves offering money or **ANYTHING** of value/benefit (including minimal value) in certain circumstances.

Some examples of what amounts to "anything of value" include any of the following:

- cash
- a lunch
- a branded gift with a company's logo
- tickets to an event e.g. a Grand Prix
- any form of corporate hospitality/entertainment
- hotel accommodation
- plane tickets
- reimbursing hotel, travel or other expenses e.g. to a government official
- a holiday
- a gift e.g. a watch
- payment of education in the UK for a family member of a Minister

- an offer to build a road/school etc in country

A5. When does offering any of the above amount to a bribe?

Clearly the mere offer of any of the above will only be a bribe if the intention was to improperly influence a decision by a third party. This includes offering anything of value/benefit:

- (i) with the intention of persuading a third party to perform their job/business improperly; or
- (ii) to reward a third party for performing their job/business improperly; or
- (iii) when you know it would be wrong for the third party to accept the payment/gift/hospitality etc; or
- (iv) with the intention of trying to influence a foreign public official whilst also intending to obtain/retain business or a business advantage and the foreign public official is not allowed or required to be influenced by this under the written local law where he is based.

The definitions of bribery under the UK Bribery Act 2010 are complicated. If you are ever in any doubt, please contact the Anti-Bribery Officer (or, in Kurdistan, at first instance, the Country Manager).

NB. It is also "bribery" to be the recipient or request or agree to receive or accept bribes in the above scenarios.

A6 How can the UK Bribery Act affect actions in Kurdistan or elsewhere?

GKP is a company with strong connections to the UK through its directors, subsidiary and its London office. Regardless of where in the world acts occur, GKP and its directors can still be criminally liable for certain acts. This Policy, therefore, applies to all acts worldwide and to all GKP subsidiaries wherever they are incorporated or operate.

A7. Does GKP's no bribes policy cover payments to or from all types of third parties?

Yes.

The above rules apply to bribes to or from any third party. It is not just limited to bribes paid to government officials and includes bribes paid to any third parties including private companies.

This includes:

- (i) public/government officials at national, local or international level (whether their role is legislative, administrative or judicial and whether elected or not); and
- (ii) directors, officers or employees of wholly or partly state-owned or controlled entities (including any ministries, agencies or sub-agencies); and
- (iii) political candidates, officials or those working for political parties; and
- (iv) officials or agents of public organisations (including any private organisation exercising a

- public function); and
- (v) directors, officers, employees or agents of private companies; and
- (vi) any individual acting on behalf of any entity (whether a company, partnership or anything else).

NB. It is still a bribe if the money is not paid direct to a third party but to someone else e.g. to pay a hotel or airline direct for accommodation or flights used by the third party.

A8. What are the key areas of risk for our business?

Particularly dangerous situations include:

- (i) dealing with government officials in a country when bidding for licences/contracts as any offers of e.g. hospitality or anything of value may give the appearance of being intended to influence the official. That is why you must comply with the rules in this Policy on corporate hospitality and gifts referred to under the heading Gifts and Hospitality in this Policy below;
- (ii) being asked for small payments by low level government officials in country e.g. for a visa (see section C on Facilitation Payments below);
- (iii) conduct of third parties e.g. contractors engaged by GKP. This is one of the key risk areas for GKP's business because GKP may be held liable for a third party's bribe paid while working on GKP business. Payments of small sums to low level officials in Algeria or Kurdistan is likely to be the biggest risk here (again see section C on Facilitation Payments below); and
- (iv) conduct of our joint venture partners. Again, GKP could be held liable for acts of its joint venture partners in certain circumstances.

More information on dealing with third parties is explained further in section D below.

Please see the Red Flags at the back of this Policy. Please also refer to the Practical Examples at the end of this Policy for situations which you should look out for.

A9. Improper Payments/Kickbacks

You should never make any improper payments to any third party which constitute a bribe as explained in the sections above. This includes what are sometimes referred to as “kickbacks” i.e. you should never transfer/pay a portion of a contract payment to employees or anyone connected with another contracting party or use potentially misleading techniques such as subcontracts, purchase orders or consulting agreements to channel payments to public officials, employees of another contracting party, their relatives or business associates.

A10. Reporting bribes

What should I do if I suspect a bribe has been or may have been paid by someone working for GKP or a third party on behalf of GKP?

Report it immediately to your line manager or, if that is not appropriate in the circumstances, the Anti-Bribery Officer, whose details are at the back of this Policy. In Kurdistan, reports can also be escalated in the first instance from your line manager to the Country Manager. If it is not appropriate to make a report to either an employee's line manager or the Country Manager, the relevant report should be made to the Anti-Bribery Officer.

What should I do if I suspect I or someone else working for GKP has been offered a bribe?

Report it immediately to your line manager or, if that is not appropriate in the circumstances, the Anti-Bribery Officer, whose details are at the back of this Policy. In Kurdistan, reports can also be escalated in the first instance from your line manager to the Country Manager. If it is not appropriate to make a report to either an employee's line manager or the Country Manager, the relevant report should be made to the Anti-Bribery Officer.

What should I do if someone demands a bribe from me with or without threats?

Report it immediately to your line manager or, if that is not appropriate in the circumstances, the Anti-Bribery Officer, whose details are at the back of this Policy. In Kurdistan, reports can also be escalated in the first instance from your line manager to the Country Manager. If it is not appropriate to make a report to either an employee's line manager or the Country Manager, the relevant report should be made to the Anti-Bribery Officer.

NB. Please refer to the Frequently Asked Questions at the back of this Policy for information on the reporting process.

B. Gifts and Hospitality

B1. What is GKP's policy on giving gifts and hospitality to third parties or receiving gifts or hospitality from third parties?

The underlying principles of this Policy are that:

- (i) the receiver of a gift or hospitality should not, as a consequence, feel beholden to the giver;
- (ii) the giver should not provide gifts or hospitality because they feel obliged to do so.

B2. What is a gift or hospitality?

A gift is something given for which no payment is made e.g. cash, tickets to a football game, food, a branded item, wine, plane tickets and similar.

Hospitality (also referred to as entertainment) covers invites to lunch, dinner, sporting events, trips abroad, payment of hotel accommodation, flights and similar activities.

B3. What sort of gift or hospitality is not permitted?

GKP totally prohibits any gifts or hospitality given with the intention of influencing a third party to give GKP business or to do GKP a favour. Likewise, gifts or hospitality given after the event as a reward for doing a favour are prohibited.

NB. Indirect gifts such as to a child of a foreign public official/third party must also be avoided as they are not permitted.

Please refer to the examples in the Practical Examples at the back of this Policy for scenarios which are and are not permitted in relation to corporate hospitality and gifts.

B4. What sort of gift or hospitality is permitted?

GKP recognises, however, that, in most circumstances, corporate hospitality is an entirely appropriate and normal part of doing business and that, in some parts of the world, gifts are customary.

Where possible, gifts should bear the logo of the giver's organisation but, in all cases, they should comply with the criteria below.

Gifts and hospitality may be given to third parties provided they are:

- (i) given to establish or improve good business relations, promote GKP's business or image or for some other bona fide reason;
- (ii) reasonable and proportionate in amount and scale to the status and seniority of the person receiving them;
- (iii) not lavish – i.e. not excessively expensive;
- (iv) not to one of the Excluded Persons referred to in B5 below (in which case prior consent of the Anti-Bribery Officer (or, in Kurdistan, the Country Manager) is required);
- (v) within the financial limits set out under the heading Financial Limits for Gifts and Hospitality at B6 below;
- (vi) not given in cash or cash equivalent e.g. vouchers or cheques;
- (vii) not loans;
- (viii) compliant with local laws of the country in question;
- (ix) given openly and not secretly;
- (x) do not involve insalubrious premises or illegal substances or excessive consumption of alcohol.

NB. These provisions apply to all gifts and hospitality offered to any third party, whether given directly or to a relative or connected person.

In the case of gifts or hospitality received, these must comply with items (i)-(iii) and (v)-(x) above.

NB. Please note, however, that all gifts and hospitality to or from certain persons listed below under Excluded Persons require prior approval from the Anti-Bribery Officer (or, in Kurdistan, the Country Manager).

NB. If you are ever in doubt as to whether something complies with local laws, please consult the Anti-Bribery Officer (or, in Kurdistan, at first instance, the Country Manager).

B5. Excluded Persons

- (i) Public/government officials at national, local or international level (whether their role is legislative, administrative or judicial and whether elected or not);
- (ii) Directors, officers or employees of wholly or partly state-controlled entities (including any ministries, agencies or sub-agencies); and
- (iii) Officials or agents of public organisations (including any private organisation exercising a public function).

B6. Financial limits for Gifts and Hospitality

GKP has imposed the following financial limits on gifts and hospitality. This applies to all gifts and hospitality provided by any individual within GKP to any third party individual, or received by any individual within GKP from any third party.

In other words, it relates to gifts or hospitality you personally have offered a particular individual in any third party company or organisation.

NB. You are not expected to aggregate gifts or hospitality offered by other GKP personnel to the recipient. Nor are you expected to aggregate gifts/hospitality you have provided to a particular recipient with gifts or hospitality offered to other individuals within the same organisation as the recipient.

The same policy applies to gifts or hospitality received by you.

	Maximum monetary value (UK £)
Gift (excluding cash or cash equivalent which is never permitted)	250 (per occasion)
Meal (value of meal recipient of hospitality is receiving)	250 (per person per occasion)
Other Entertainment	250 (per person per occasion)

What is not permitted?

Gifts outside the parameters laid out above without the approval of the Anti-Bribery Officer (or, in Kurdistan, the Country Manager).

B7. Gift and Hospitality Log

Do I have to report all gifts or hospitality?

Yes.

In order for GKP to monitor the gifts and hospitality offered or received by GKP personnel, all GKP personnel are required to notify the Anti-Bribery Officer (or, in Kurdistan, the Country Manager) within 3 working days of any gift or hospitality being given/received so that the Anti-Bribery Officer (or, in Kurdistan, the Country Manager) can log it in the Gift and Hospitality Log.

Notifications should be in writing and, where possible, by email. Please include the following information:

- (i) hospitality/gift offered/received;
- (ii) date offered/received;
- (iii) recipient and recipient company/party offering the hospitality;
- (iv) reason for the hospitality/gift;
- (v) value of the hospitality given/estimated value of hospitality received; and
- (vi) where hospitality has been given, a copy of the relevant invoice/receipt should also be provided.

NB. All records will be periodically reviewed by the Anti-Bribery Officer and the Kurdistan Country Manager.

B8. What should I do if I am offered a Gift or Hospitality outside the above parameters?

If you are offered gifts or hospitality falling outside of the above parameters, please decline them.

B9. What should I do if I want to offer or receive Gifts or Hospitality outside the above parameters?

If there is a reason you believe an exception ought to be made, please seek consent from the Anti-Bribery Officer (or, in Kurdistan, the Country Manager) before giving/accepting the gift or hospitality. Do not accept any such gift or hospitality unless written consent has been received from the Anti-Bribery Officer (or, in Kurdistan, the Country Manager).

B10. Can you give me guidance on what is/is not acceptable Hospitality/an acceptable Gift?

Yes. Please consult the Practical Examples at the end of this Policy.

C. Facilitation payments

C1. What is a facilitation payment?

Facilitation payments are payments made to government officials (anywhere in the world at local, national or international level) to secure routine governmental action (such as processing visas, granting routine licences, providing mail delivery, unloading cargo, providing police protection, provision of telephone or utilities etc). The person demanding such payments is usually a low level official.

Typically, the amount requested is fairly low e.g. US\$50, \$100, \$200.

NB. Payments to obtain/retain a contract are not facilitation payments. They do not relate to routine daily matters.

C2. Are facilitation payments permitted?

No.

The UK Government has made it clear that facilitation payments are a bribe. GKP's policy is not to pay facilitation payments. You should not make any facilitation payments.

C3. What should I do if I am in a situation where I feel concerned about my immediate safety if I refuse to make a facilitation payment?

If you are ever genuinely concerned for your own safety, make the payment and then immediately report it to your line manager or, if that is not appropriate in the circumstances, the Anti-Bribery Officer (in Kurdistan, reports can also be escalated from line managers to the Country Manager) giving details of the amount paid, where and who to and the reasons you were concerned for your safety.

C4. What should I do if I believe GKP's business is going to be inconvenienced or damaged by not making a facilitation payment?

The position remains that facilitation payments are not permitted. Please consult the Anti-Bribery Officer (or, in Kurdistan, in the first instance, the Country Manager) to discuss what you can do.

Consider also taking some or all of the following steps

- (i) refuse the request for payment in the first instance;
- (ii) ask on what basis the money is being demanded;

- (iii) ask for the identity of the official making the demand;
- (iv) indicate it is a bribe under UK law to make the payment and you cannot make it;
- (v) ask to speak to the superior of the official;
- (vi) say that it will be necessary to inform the UK embassy of the payment.

NB. The Anti-Bribery Officer and Kurdistan Country Manager will keep written logs of any facilitation payments notified to him/her.

C5. What should I do if I make or may have made a facilitation payment?

If you ever make a facilitation payment or are unsure whether you have made one, notwithstanding this Policy, please immediately notify your line manager or, if that is not appropriate in the circumstances, the Anti-Bribery Officer. In Kurdistan, reports can also be escalated in the first instance from your line manager to the Country Manager. If it is not appropriate to make a report to either an employee's line manager or the Country Manager, the relevant report should be made to the Anti-Bribery Officer.

C6. Can you give examples of what amounts to a facilitation payment?

Yes. Please consult the Practical Examples at the end of this Policy.

D. Working with third parties

D1. What is a third party?

A third party is anyone working with or on behalf of GKP who is not an employee. This includes but is not limited to:

- (i) consultants, agents and intermediaries e.g. local in country agents retained to represent GKP or to fulfil certain tasks;
- (ii) contractors e.g. drilling contractors or logistics/transport companies;
- (iii) joint venture partners; and
- (iv) suppliers who provide services on behalf of GKP.

D2. Is it ok to use third parties?

Yes, subject to the points below.

GKP believes that great care should be exercised when working with third parties. The UK Bribery Act 2010 introduces a new offence for companies that fail to prevent a bribe being paid by a third party associated with them on their behalf, regardless of whether they knew about the bribe or not.

Equally, the Criminal Finances Act 2017 introduced two criminal offences for companies that fail to prevent a person associated with them – e.g. an employee, contractor, consultant, JV partner

- from facilitating tax evasion.

Great care therefore needs to be taken when selecting third parties for GKP to work with and to represent us.

D3. Who can engage third parties?

Only persons in a management role may engage third parties and then only if the due diligence process for third parties has been followed as explained below.

If you are not a person at management level, you should immediately refer any matter concerning the engagement of a third party by GKP to a person occupying a management role.

D4. Due diligence of third parties pre-engagement process

Before any third party is engaged, the matter must be referred to the Anti-Bribery Officer (or, in Kurdistan, the Country Manager). Depending on the nature of the contract, they will then decide whether the Third Party due diligence process needs to be completed.

This involves considering a series of issues regarding the level of risk in entering into a contract with the relevant third party as well as ensuring sufficient protection is given to GKP insofar as this is reasonably commercially possible.

For example, GKP would normally expect third parties with whom it intends to enter into certain types of relationship to sign up to GKP's Anti-Bribery Policy or to have a similar Policy in place themselves.

D5. Is there anything I should do before GKP enters into a contract with a third party?

Yes. Please refer any possible third party contract or arrangement to the Anti-Bribery Officer (or, in Kurdistan, the Country Manager) as soon as any possibility arises of engaging any third party to carry out any acts on behalf of GKP.

NB. Do not engage any third party without the appropriate clearance.

D6. When should I consult the Anti-Bribery Officer (or, in Kurdistan, the Country Manager)?

As soon as negotiations with the third party begin.

D7. In Country Agents

Do I have to refer any potential arrangement with an in country agent to the Anti-Bribery Officer (or, in Kurdistan, the Country Manager)?

Yes. This falls within the Due Diligence of Third Parties Pre-Engagement Process.

D8. Contractors

Do I have to refer any potential contract with a third party contractor providing e.g. drilling services to the Anti-Bribery Officer (or, in Kurdistan, the Country Manager)?

Yes. This falls within the Due Diligence of Third Parties Pre-Engagement Process.

D9. Joint Ventures

Do I have to refer any potential joint venture to the Anti-Bribery Officer (or, in Kurdistan, the Country Manager)?

Yes. This falls within the Due Diligence of Third Parties Pre-Engagement Process.

NB. Joint ventures includes contractual joint ventures e.g. joint operating agreements as well as joint ventures to be conducted through a separate legal entity.

D10. Is a written contract necessary with third parties?

Yes. All contracts with third parties must be in writing. Never agree to anything verbally.

NB. Never just sign a contract produced by a third party. Always refer any requirement for a contract or any draft documentation produced by the other side to someone at management level.

Why is this necessary?

GKP will generally insert clauses in its contracts with third parties where reasonably commercially feasible to ensure third parties adhere to its Anti-Bribery Policy and to enable any contract to come to an end if this is not the case.

Other key provisions are likely to include not engaging sub-contractors without GKP's consent and that expenses will only be paid against receipt of proper supporting documentation.

NB. The Anti-Bribery Officer and/or the Kurdistan Country Manager will also consider whether the contract needs to be reviewed to ensure it complies with local laws, rules and regulations.

D11. No sub-contracting or sub-agency

If you are personally responsible for a contract with a third party, always ensure that either the contract prohibits sub-contracting, sub-agencies/delegation of duties by the third party to another third party without GKP's consent or the contract requires the third party to ensure any sub-

contractors, sub-agents etc. agree to abide by this Policy or the equivalent.

D12. Do I have to do anything once the contract has been signed?

Please ensure any contract is appropriately filed and logged in accordance with the Company's contract procedures within 7 days after signature.

D13. Can you give me any further guidance on contracts with third parties?

Yes. Please consult the Practical Examples at the end of this Policy.

E. Business Expenses

E1. What is the policy on reimbursement of business expenses for GKP staff?

All reasonable expenses properly incurred while on Company business will be reimbursed. However, it is your and the expenses approver's responsibility to ensure that costs are reasonable.

E2. Can a third party be reimbursed by GKP for travel, accommodation or other expenses?

Yes, provided the expenses:

- (i) are genuine and supported by written evidence e.g. receipts; and
- (ii) are directly related to GKP's business; and
- (iii) are not payments to Government/public officials (national, local or international and whether elected or not), directors, officers or employees of wholly or partly state owned or controlled entities (including any ministries, agencies or sub-agencies); or officials of public organisations (including any private organisation exercising a public function); and
- (iv) relate to expenses incurred by the third party, not someone else; and
- (v) payment is being made to a bank account known to belong to the third party, not an unknown account; and
- (vi) you have no reason to believe the payment is being forwarded on to a third party.

NB: Reimbursement of the persons at (iii) above is not permitted without prior approval of the Anti-Bribery Officer (or, in Kurdistan, the Country Manager).

E3. Can you give me some examples of genuine and non-genuine third party expenses?

Yes. Please consult the Practical Examples at the end of this Policy.

F. Accountability

All personnel must ensure that the acts of all company personnel and any expenditure by or on behalf of GKP are accountable.

F1. What does accountability mean?

Accountability means that the acts of GKP's personnel and use of GKP's funds are transparent and can be accounted for and explained.

F2. What is required in terms of accountability?

All GKP personnel must take responsibility to the extent that their role permits to ensure:

- (i) The maintenance of proper accounting records and reliable financial information.
- (ii) All books and records fully and fairly reflect all receipts and expenditures.
- (iii) Documents must not be issued which do not accurately record the transactions to which they relate and all transactions must be documented.
- (iv) There must be no undisclosed or unrecorded funds of the Company for any purpose i.e. no "off the books" payments or secret accounts.

NB. This Policy extends to expenses incurred by third parties for which reimbursement is requested as well as expenses incurred or transactions undertaken by personnel of the Company.

F3. What is prohibited in terms of accountability?

- (i) Undisclosed or unrecorded funds of the Company e.g. a slush fund.
- (ii) Any false or misleading records that omit transactions, do not correctly reflect the true nature of the transaction or attempts to create "off balance sheet" transactions.

F4. What should I do if I suspect money is not being properly accounted for in GKP's books and records?

Report the matter immediately to your line manager or, if that is not appropriate in the circumstances, the Anti-Bribery Officer. In Kurdistan, reports can also be escalated in the first instance from your line manager to the Country Manager. If it is not appropriate to make a report to either an employee's line manager or the Country Manager, the relevant report should be made to the Anti-Bribery Officer.

F5. What situations do I need to look out for?

Please consult the Practical Examples at the end of this Policy.

G. Political Contributions and Lobbying

G1. Are political contributions permitted by GKP?

Political contributions to individuals, political parties, or campaign groups by or on behalf of GKP are forbidden.

NB. The above does not prohibit individual personnel from participating in the normal political process purely in their capacity as individual citizens.

G2. Lobbying Activities

Sometimes lobbying is a cover for paying a bribe if payments are being channelled by lobbying firms to political parties or individual politicians. This is strictly prohibited and great care must be taken when engaging anyone to carry out services which include lobbying services in any way.

No firm shall be engaged to carry out any lobbying activities on behalf of GKP without the prior approval of the Board of Gulf Keystone Petroleum Limited. Any contract with a third party which includes lobbying services must be approved by the Anti-Bribery Officer in advance and must include a provision requiring the third party to comply with this Policy.

H. Engagement of Government/Public Officials

H1. Is the engagement of Government/Public Officials permitted?

GKP prohibits the engagement/employment by GKP of any person currently occupying a position as a:

- (i) Public/government official in any country, whether at national, local or international level (whether their role is legislative, administrative or judicial and whether elected or not).
- (ii) Director, officer or employee of a wholly or partly state-owned or controlled entity (including any ministries, agencies or sub-agencies).
- (iii) Political candidates, officials or those working for political parties.
- (iv) Officials or agents of public organisations (including any private organisations exercising a public function).

These prohibitions apply in all cases UNLESS prior Board approval is obtained.

NB. This prohibition does not apply to persons previously occupying such a position although any previous role will be considered as part of the Due Diligence of Third Parties Pre-Engagement Process.

H2. Meetings with Foreign Public Officials

GKP employees frequently meet with foreign public officials (e.g. representatives of the Kurdish Ministry of Natural Resources) in the ordinary course of their duties. The frequency and short

notice nature of these meetings, means that it is commercially impracticable to have a system of pre-notification of such meetings. Accordingly, it is not necessary to pre-notify any meeting with a foreign public official although notes should be taken of all meetings with any foreign public official and retained on file as a matter of prudent business practice, and any concerns arising from such meetings from an anti-bribery perspective should be raised with the Anti-Bribery Officer or Country Manager as soon as possible.

I. Charitable Contributions

I1. What is GKP's policy on charitable contributions?

No contributions shall be offered or made to any charity/charitable trust or the equivalent using GKP funds unless the prior approval of GKP's Safety and Sustainability Committee or the Board of GKP has been obtained.

J. Corporate Social Responsibility

J1. What is GKP's policy on Corporate Social Responsibility?

Any Corporate Social Responsibility activity including road or school building or other investment in infrastructure, educational sponsorship or other similar projects requires GKP Board or Safety and Sustainability Committee approval.

K. Conflicts of Interest

K1. What is a conflict of interests?

Anything which could interfere with you carrying out your duties on behalf of GKP objectively and effectively.

This includes family or other relationships, outside associations or interests including shareholdings or directorships in other companies.

K2. Are conflicts of interest permitted?

No. You should never allow your outside interests to conflict with that of GKP. Please note that certain conflicts of interest must be declared. These are set out at K3 below.

This list is not however an exhaustive list of conflicts which may exist. In all other circumstances where you feel you may have a conflict of interests, you should err on the side of caution and make a report to the persons referred to at K3 below.

K3. What should you do if you feel you may have a conflict of interests?

The following matters must be reported to your line manager or the Anti-Bribery Officer (or, in Kurdistan, the Country Manager):

- (i) Shareholdings of over 5%, directorships or any other ownership or management roles with contractors, suppliers, consultants or any other third party companies/entities/individuals with which GKP does business;
- (ii) Any current or previous material business relationship (outside of GKP) with any third party companies/entities/individuals with which GKP does business;
- (iii) Any family relationship with (in the case of companies/entities, any person at) any third party companies/entities/individuals with which GKP does business;
- (iv) Any direct or indirect shareholding or other ownership interest of 5% or more in any business in competition with GKP.

Please note that, if a close family member of yours falls into any of the above categories, this should also be declared.

Also check your contract of employment as there may be relevant information in it.

In all other cases, if there are relevant facts which may give rise to a conflict of interests or a perceived conflict of interests in the context of your GKP role, you should declare them to your line manager or the Anti-Bribery Officer (or the Country Manager in Kurdistan).

K4. Can you give me some examples of conflicts of interests?

Examples of conflicts which must be reported are set out above.

Additionally, please consult the Practical Examples at the end of this Policy.

L. Personal Gain

L1. What is GKP's policy on making a personal gain from your position with GKP?

You should consult your contract of employment on this issue but, unless this provides any exception for you, GKP personnel should not make a personal gain using opportunities or information or property acquired from your position for GKP.

L2. What should I do if I think someone is infringing this Policy?

Report the matter immediately to your line manager or, if that is not appropriate in the circumstances, the Anti-Bribery Officer. In Kurdistan, reports can also be escalated in the first instance from your line manager to the Country Manager. If it is not appropriate to make a report to either an employee's line manager or the Country Manager, the relevant report should be made to the Anti-Bribery Officer.

L3. Can you give me some examples of inappropriate benefiting from a position within GKP?

Yes. Please consult the Practical Examples at the end of this Policy.

M. Prevention of Tax Evasion and the Facilitation of Tax Evasion

M1. What is GKP's policy on tax evasion and the facilitation of tax evasion?

GKP absolutely condemns tax evasion, whether it involves evading UK taxes or foreign taxes. All staff are expressly prohibited from any conduct which involves or facilitates tax evasion by GKP.

GKP also expressly prohibits its staff and all those associated with GKP from facilitating tax evasion by any third party. Persons associated with GKP includes GKP's employees, consultants, agents, contractors and JV partners. This list is not however exhaustive. It includes anyone who provides services for or on behalf of GKP. Never allow any of these persons to facilitate tax evasion by a third party.

M2. What is tax evasion?

Tax evasion is dishonest conduct designed to defraud a tax authority of taxes, whether in the UK or overseas. It includes knowing you have an obligation to pay tax but deciding not to or deliberately turning a blind eye to your obligations.

It is a criminal offence punishable by imprisonment and a fine for individuals and companies involved.

M3. What is the facilitation of tax evasion?

Under the Criminal Finances Act 2017, two new criminal offences have been introduced which widen GKP's obligations. They impose an obligation on GKP to make sure persons associated with it do not help a third party evade tax. This is in addition to the obligation on GKP not to commit tax evasion itself.

GKP will be criminally liable to a conviction and fine under these offences if a person associated with it helps a third party evade UK or overseas tax unless GKP can show it had put in place reasonable prevention procedures.

Associated persons is widely defined and includes not just employees of GKP and its subsidiaries but also consultants, agents, contractors and joint venture partners, as well as anyone providing services on GKP's behalf.

A third party is any individual or organisation you come into contact with when working for GKP.

M4. Can you give me examples of circumstances where failure to prevent the facilitation of tax evasion might arise?

Please refer to Practical Examples for section M at the end of this Policy.

M5. What steps should GKP staff take?

All individuals will be aware of particular areas of risk and should take steps with their management to strengthen their procedures.

Those working in a financial capacity should take particular care.

In addition, the following procedures must be followed:

- (i) Those in Section F. (Accountability) above;
- (ii) Never breach any UK or foreign law concerning tax evasion or facilitation of tax evasion;
- (iii) Never aid, advise or assist in any way any party (whether associated with GKP or not) to evade tax, whether in the UK or in another jurisdiction;
- (iv) Never allow anyone (whether an individual or company) to render an invoice to GKP or GKP to render an invoice to a third party which a) does not accurately record the goods or services supplied, or b) does not accurately reflect the correct parties involved in the supply of goods or services, or c) does not reflect the correct value;
- (v) Never allow anyone (whether an individual or a company) who has not provided services to GKP to render an invoice. This may be a VAT (or equivalent foreign tax) fraud;
- (vi) Never make payments on behalf of GKP to unknown offshore accounts;
- (vii) Where practicable, for all future contracts with third parties - e.g. contractors, consultants, agents and JV partners – ensure they contain GKP's standard clauses prohibiting tax evasion and the facilitation of tax evasion;
- (viii) Where practicable, ensure that GKP has audit rights in future third party contracts so it can inspect the financial records of e.g. the operator in the case of a JV and its contractors;
- (ix) Promptly report any request, demand or suspicion concerning tax evasion or the facilitation of tax evasion to your line manager, your finance manager or the Anti-Bribery Officer (or, in Kurdistan, the Country Manager).

M6. Who should suspicions about tax evasion or the facilitation of tax evasion be reported to?

Report suspicions to your line manager, your finance manager or the Anti-Bribery Officer (or, in Kurdistan, the Country Manager).

Frequently Asked Questions

1. What should I do if I am unsure about the meaning or application of the Anti-Bribery Policy?

If you are ever in doubt, you should first consider the General Principles section above and ask whether what is happening is consistent with those Principles. You should also consider any applicable Specific Principles.

GKP encourages you to discuss the matter with your line manager or the Anti-Bribery Officer (or, in Kurdistan, the Country Manager).

2. What should I do if I suspect breaches of the Policy by other GKP personnel or third parties with whom we work closely?

If any personnel observes or knows of or just suspects possible or actual breaches of this Policy, it is that individual's responsibility to report the matter promptly to their line manager or, if that is not appropriate in the circumstances, the Anti-Bribery Officer. In Kurdistan, reports can also be escalated in the first instance from your line manager to the Country Manager. If it is not appropriate to make a report to either an employee's line manager or the Country Manager, the relevant report should be made to the Anti-Bribery Officer.

Please give as much detail as possible to enable the matter to be investigated including a means of contacting you.

3. Will the fact that I have reported the matter be kept confidential?

GKP will only disclose this information to those within GKP who need to know and will strive to maintain your confidentiality.

4. Do I have to give my name when reporting something?

It helps us to investigate a complaint if you do so but, if you really do not want to, you can keep your identity secret. It helps if you give us a contact phone number or email address in case we need to obtain further information but this is not compulsory. Please give as much detail as possible about the matter.

5. Will I be prejudiced by having made a report to the Anti-Bribery Officer?

Absolutely not. GKP strongly encourages staff to report all suspicions. Provided the report is made in good faith, you will not be prejudiced in any way, regardless of whether your suspicion was proven or not.

6. What should I do if I am unsure whether any wrongdoing has occurred?

Report it to your line manager or, if that is not appropriate in the circumstances, the Anti-Bribery Officer. In Kurdistan, reports can also be escalated in the first instance from your line manager to the Country Manager. If it is not appropriate to make a report to either an employee's line manager or the Country Manager, the relevant report should be made to the Anti-Bribery Officer.

7. When should I report something to the Anti-Bribery Officer?

As soon as you have any suspicion.

8. Can I wait to obtain more evidence or look into the matter myself?

No. Absolutely not. In order to protect all persons, you must report the matter as quickly as possible.

9. I think I have already done something in breach of the Anti-Bribery Policy. Should I just keep quiet about it?

No, absolutely not. Please report it immediately to your line manager or, if that is not appropriate in the circumstances, the Anti-Bribery Officer. In Kurdistan, reports can also be escalated in the first instance from your line manager to the Country Manager. If it is not appropriate to make a report to either an employee's line manager or the Country Manager, the relevant report should be made to the Anti-Bribery Officer.

10. What is the position where we are operating in different countries where their laws may be different to this Policy?

All countries may have their own rules and regulations. These should be adhered to but, where local laws are less stringent than this Policy, this Policy should always be followed. If you are in doubt, please speak to the Anti-Bribery Officer (or, in Kurdistan, the Country Manager).

Red Flags

The following may be indicators of a bribery or tax evasion situation or that a third party may be a high risk partner to do business with:

1. Requests for unusual or excessive commission or fees.
2. Requests for large sums to be paid in cash.
3. Statements that money is needed to “get the business”.
4. Requests for payments to unknown/offshore accounts.
5. Requests for payments to a third party.
6. Requests for “bogus” consultancy agreements, sub-contracts, purchase orders.
7. Requests for “bogus” invoices or ones that do not accurately reflect the transaction.
8. Requests for invoices to or from a company which was not the one to/from which services were provided.
9. Unwillingness to involve superiors.
10. Refusal to comply with this Policy.
11. Refusal to allow GKP to exercise its audit rights.
12. A party has a dubious reputation.
13. A party lacks expertise or experience in the sector.
14. A party works with other parties with a dubious reputation.
15. Close relationship to government officials.

PRACTICAL EXAMPLES

B. Gifts and Hospitality

B3. What sort of gift or hospitality is not permitted?

Scenario 1

Your Company needs to obtain consent to a farm-out agreement from a foreign government. You know that the key Minister's wife enjoys coming to London to go shopping in Harrods. One of the Directors suggests inviting the Minister and his wife to London for a 2 week all expenses paid stay at the Dorchester hotel.

Scenario 2

You are trying to reach an agreement with the Oil Minister for an exploration licence. He notices your computer when you visit him which cost you £2,000. He asks if he can have one as a token that your Company "is serious about wanting the licence". You agree.

Scenario 3

You need a government consent from a foreign government for a key deal to go through. You arrange a gala dinner 1 month before they are due to make their decision with luxury food, expensive entertainment and a gift worth £500 per head to take home.

Scenario 4

You offer to fly a group of foreign officials to London for a meeting. You put them up in a 5 star hotel for 7 nights at the Company's expense. They attend a meeting which lasts 1 hour.

Scenario 5

Your Company is trying to agree an off-take agreement with a third party which could potentially be worth £10 million but is not the only company in the running. After a dinner with a senior employee of the third party, he asks if you could give his daughter a job in your office but tells you not to mention to your colleagues that she is his daughter.

Scenario 6

A foreign minister is in London. You want to obtain an exploration licence. You take him to lunch at an expensive restaurant and order an expensive bottle of wine: total price £800.

B4. What sort of gift or hospitality is permitted?

Scenario 1

A foreign government Minister whom you are keen to talk to, to promote your Company, its ability and track record, as you have existing operations in that country, is in London and you invite him to lunch. You take him to lunch to tell him about your Company and why it wants the licence. The bill costs £180 for 2.

Scenario 2

At Christmas, you give all your contractors a gift worth £25 which you have registered in the Gifts Register.

Scenario 3

You are invited to a football match by a supplier. Your Anti-Bribery Officer knows about it and has approved it in advance.

Scenario 4

You host an exhibition stand at an oil conference and hand out cheap branded items (e.g. pens) to those who visit the stand.

B10. Can you give me guidance on what is/is not acceptable hospitality/an acceptable gift?

Please see scenarios at B3 and B4 above.

Conclusion

It is recognised that expenditure on corporate hospitality which is designed to improve an organisation's image or to establish or improve good business relations or promote/provide information about your business is an important part of doing business. Reasonable and proportionate hospitality is likely to be acceptable, but the more lavish the hospitality, the more likely it is to be perceived as a bribe.

C. Facilitation Payments

C6. Can you give examples of what amounts to a facilitation payment?

Scenario 1

You are in a foreign country. You are asked for US\$20.00 at immigration Control by a junior official for "a visa" even though none is required.

Scenario 2

A shipment of critical drilling equipment has arrived at the local port in a foreign country where you have drilling operations and is awaiting transport to the relevant location. When the contractor comes to collect the equipment, a customs officer says the paperwork accompanying the shipment does not have all the required information.

The customs officer indicates that it will take 2-3 weeks to resolve the problem. However, a fee of US\$100 could be paid to ensure expedited “processing” of the documentation in its current form which would only take 1 day. The contractor has been hanging around and you have heard at the Company what is going on.

Scenario 3

You are setting up a local office in a foreign country. You ask for phone lines to be installed. You are told there is a long waiting list of 3 weeks but if you pay a \$100 “special fee for me” to the local official it will be done immediately.

Conclusion

Facilitation payments are a bribe and are therefore forbidden. The only situation where a facilitation payment may be made is when an individual is genuinely concerned for their immediate physical safety. If such an event occurs, the reporting procedure at C3 should be followed as soon as possible.

D. Contracts with Third Parties

D13. Can you give me any further guidance on contracts with third parties?

Scenario 1

Your company is trying to settle a dispute between a subsidiary and a foreign company. A third party offers to broker a deal. He says he is a former government minister but is acting in his personal capacity. You retain the minister under the terms of a consultancy agreement to facilitate the ongoing negotiations.

The minister, without the knowledge of your Company, offers two directors of the foreign company a bribe to persuade that company to settle the dispute for less than it is really worth.

Scenario 2

One of your subsidiaries enters into a joint venture agreement with a local company.

The local company, without your knowledge, offers a bribe to a local official to ensure an exploration licence is granted to the joint venture.

Scenario 3

You engage as a consultant a former Minister, who says he knows lots of people and hopes to secure you an important licence in country. He does so at quite a high fee but you later learn that part of the fee was paid to the current Minister for awarding the licence.

Scenario 4

A subcontractor to one of the Company's drilling contractors is unable to get some key equipment through customs in country unless he pays \$100. He pays it and does not tell your Company about it. He does this on a regular basis.

Conclusion

The above scenarios demonstrate the inherent risk when engaging with third parties. This is why the procedure set out at section D is essential for the protection of the Company and to reduce the risk of bribes being paid by third parties on its behalf.

Third party contracts should, where practicable, contain clauses requiring the third party to comply with your Anti-Bribery Policy and imposing on any contractor an obligation to pass this requirement down the chain to their subcontractors. You cannot control every situation where third parties are involved but you do need to protect your own Company as far as possible by having these appropriate procedures in place.

E. Business Expenses

E3. Can you give me some examples of genuine and non-genuine third party expenses?

Genuine expenses

A Dutch consultant is retained by your Company to manage the process of obtaining required exploration licences in a foreign country. The consultant flies to the key locations, holds meetings and flies back to report to you.

The consultant submits receipts for his expenses and claims reimbursement from the Company by way of an electronic transfer to a Dutch bank account and you pay his consultancy fees.

Non-genuine expenses

Scenario 1

The same consultant as above submits an expenses claim that includes items of expenditure that seem unreasonably large. Furthermore, the consultant asks that a portion of the expenses be paid into an unidentified numbered Swiss bank account.

Scenario 2

The same consultant asks for \$200,000 expenses upfront for “entertaining”.

Scenario 3

The consultant is unable to provide receipts for \$10,000 of expenses.

Conclusion

In order to mitigate the risk of bribes being paid on behalf of the business by third parties, their expenses must be properly specified, documented and accounted for as per section E.

F. Accountability

F5. What situations do I need to look out for?

Scenario 1

A Director tells you to transfer money to a third party consultant from a special fund which is not in the Company’s name and tells you not to tell the Finance Department or record it in the books and records of the company.

Scenario 2

An employee who is on his way to a foreign country to try to obtain an important government consent asks a member of the accounts department for \$3,000 cash and says to record it in the books and records of the Company as payment for flights.

Scenario 3

You see that an employee is claiming £1,500 expenses for “entertainment” when he took a Minister out for a boozy night but he cannot produce a credit card receipt.

Scenario 4

A consultant your Company engages asks for US\$20,000 on account to cover “miscellaneous expenses”. He does not provide any detail as to what the expenditure will cover.

Conclusion

Undisclosed or unrecorded or improperly recorded expenditure heightens the risk of Company funds being used for bribery. Appropriate transparency and accountability regarding expenditure by staff and third parties is vital. See sections E and F for further details.

K. Conflicts of Interest

K4. Can you give me some examples of conflicts of interests?

Scenario 1

A director of your Company holds shares of over 5% of a company that is a direct competitor. The director benefits from the success of the competitor company by way of dividends.

When planning the Company’s proposals for future acquisitions, the director considers the territories in which the competitor company operates and may be tempted to tailor the Company’s plans to avoid competing with the competitor company for acquisition of valuable assets.

Scenario 2

An employee of your Company is preparing an application for an exploration licence in a foreign country on behalf of the Company. The employee’s husband works for a Dutch company that is applying for a licence regarding neighbouring offshore deposits. The first successful producer of oil in the area will have a commercial advantage going forward because it will have more interest from investors and cash flow to upgrade its operations at a faster pace.

The employee’s husband’s bonus is dependent on being the first successful producer in the area.

The employee may be tempted to make a deliberate error in relation to the licence applications in order to stall your Company’s future production.

Conclusion

Outside interests can impact on performance of duties to a business and lead to damaging consequences. That is why all actual or potential conflicts of interests must be reported in accordance with section K.

L. Personal Gain

L3. Can you give me some examples of inappropriate benefiting from a position within GKP?

Scenario 1

A director of your Company is tasked with finding prospects for the Company's first acquisition. Following acquisition, the Company would direct a significant amount of investment into the relevant local area and would provide ongoing employment to hundreds of people.

On a business trip to a foreign company, the director meets with the Head of the local region, who gives the director a watch worth £10,000 as a gift and implies that further gifts would be forthcoming if the Company's first acquisition was made in the region.

Scenario 2

You are an employee of the business. You learn some important information whilst at work about a competitor obtaining a crucial licence. You tell your wife who buys shares in your competitor immediately.

Other scenarios

See further relevant scenarios at K4 above.

Conclusion

Taking a personal gain where it is available as a result of your position with a business could well amount to acceptance of a bribe by you personally and by the business itself. It would also be a conflict of interest. That is why, unless previously authorised, personnel are not permitted to make personal gains using opportunities or information or property acquired as a result of their position with the business.

M. Prevention of Tax Evasion and the Facilitation of Tax Evasion

M4. Can you give me examples of circumstances where failure to prevent the facilitation of tax evasion might arise?

Scenario 1

A UK-based contractor provides services to GKP under the name Seismic UK but then renders an invoice from a company Offshore Ltd in the BVI and asks GKP to make payment for their services to a bank account in the BVI. You are not aware of the contractor conducting any part of its business for GKP in the BVI.

Scenario 2

A French consultant who has assisted in your negotiations with the government to secure a licence in Kurdistan asks if he can render an invoice from one of his companies in the Caymans and put his services down as “PR advice”.

Scenario 4

A contractor renders an invoice to GKP for a sum that is substantially less than the value of the services provided. They ask that GKP pays the full value but do not amend their invoice to reflect the higher amount.

Conclusion

There are various circumstances where you are might be asked in some way to assist a third party to evade taxes that they may have to pay, whether in the UK or overseas. All the above examples should raise a suspicion which you should report to your line manager or the Anti-Bribery Officer.

Always err on the side of caution and report. If GKP fails to prevent its staff, contractors, consultants, JV partners (or other associated persons) from facilitating tax evasion, it can be prosecuted for a criminal offence and face an unlimited fine.

Therefore, any circumstance which causes suspicion should be reported to your line manager, your finance manager or the Anti-Bribery Officer (or, in Kurdistan, the Country Manager) and no further action taken until you have received instructions from that person.

Your Anti-Bribery Officer

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