



# Anti-bribery, Gifts and Entertainment Policy and Procedures

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### Introduction

Petroswede AB, Svenska Petroleum Exploration AB, and our direct and indirect subsidiaries (jointly “Svenska”) are committed to complying with all applicable anti-bribery laws, including but not limited to the relevant Swedish and UK laws as well as local laws in the countries where we have interests in licenses or otherwise do business. In addition to Svenska’s legal obligations, Svenska also is subject to contractual requirements introduced by our partners and other counterparties, demanding that we comply with laws, and Svenska expects the same from anyone with whom we do business.

It is a violation of this policy and the applicable laws for Svenska’s directors, officers and employees and for others acting for or on behalf of Svenska (jointly, “Svenska Representatives”) to (a) directly or indirectly, give, offer, promise, receive, request, agree to receive or approve a bribe to or from any person in order to obtain or retain business for Svenska, or for any improper business purpose and (b) fail to maintain Svenska’s books and records accurately and follow the internal accounting controls of Svenska in a way that detects and prohibits the recording of cost and benefits that could be construed as a bribe.

You must also continue to follow Svenska’s Code of Conduct. This policy is intended to supplement the Code of Conduct, which is incorporated by reference into this policy.

### Why is this important?

First of all, the taking and giving of bribes is illegal under the laws of most jurisdictions. If you engage in such activity, you expose yourself to criminal penalties which may range from fines to imprisonment. You also expose Svenska’s directors and officers to liability for your actions.

Also, if you engage in some kind of bribery, such as “facilitation payments”, the associated Svenska asset may become “tainted” in the eyes of potential partners, financiers, farminees and acquirers, and your conduct may therefore decrease the marketability of our assets and therefore their value. You also expose other Svenska Representatives to a higher risk of being put under pressure to make similar payments. For example, you should assume that any official that puts you under pressure to make a minor payment for the exercise of his duties (other than any fees determined by law or regulation) will know which company you represent and, if you agree to make such a payment, he will expect that any Svenska Representatives will be prepared to do so. Accordingly, while you may think that you are addressing an immediate problem, you may create new problems for the future. Therefore there is also a strong business incentive to refrain from any kind of bribery, however minor the amount may seem at the time. Svenska will support a Svenska Representative that refrains from engaging in bribery, even though it may initially result in delays or missed business opportunities.

Further, companies that we do business with expect us to behave in an ethical and correct manner and to comply with laws at all times. A violation of this policy is likely to create a significant badwill and may result in loss of business and even termination of our licenses. In addition, we or our partners and contract counterparties can face significant fines and penalties. Our contracts generally hold us responsible for any loss that our partners and other counterparties may suffer as a result of non-compliance by ourselves, which may lead to significant damages being payable by Svenska.

Svenska takes this very seriously, not least because we do business in parts of the world where, regrettably, bribery is very common. Violations of this policy and/or anti-bribery laws can result in termination of agreements or termination of employment from Svenska for individuals, in addition to the criminal penalties to which you may become subject.

### Dos and Don'ts

#### Anti-bribery Policy

Svenska Representatives must never directly or indirectly, give, offer, promise, receive, request, agree to receive or approve a payment or anything of value, or an improper benefit of any other kind (such as recommendations, exclusive memberships etc.), directly or through third parties, to or from any person, in order to obtain business for Svenska, or to gain an improper advantage or benefit for Svenska; *i.e.*, **with the intent of** influencing a person to do or stop doing something in violation of his or her legal duty. A payment will be improper even if the purpose is to influence the person to make a sound business decision. If you know or have reason to believe that an improper payment or benefit is intended to be passed on to a person by a broker, agent or other third party, you should report it to the Legal department, or you may create legal exposure for yourself and/or for Svenska.

#### Requirements for Accurate Books & Records/Adequate Internal Controls

Svenska is committed to keep its books and records accurate, and to ensure that our accounts fairly reflect the transactions and activities of Svenska. Our company internal controls should provide assurances that company transactions are properly authorized by management, and that transactions are recorded as required for preparation of Svenska's financial statements, and in a way that Svenska's assets can be accounted for. Everyone to whom this policy applies and who authorizes a payment is expected to look out for irregularities and consult with the Legal department before proceeding with the authorization.

Typical "red flags" where further due diligence may be required before payment is authorized include (but are not limited to):

- Payment to a person that is described in accounting entry as a "miscellaneous fee".
- Expense account reports seem incomplete or excessive or lack backing documentation.
- Description of a payment as an "overhead expense" instead of a "commission".
- Counterparty gives instructions that payments are to be made to a bank account held in the name of an individual rather than a corporate bank account.
- Abnormal cash payments.
- Pressure exerted for payments to be made urgently or ahead of schedule
- Payments being made through 3rd party country, e.g. goods or services supplied to country 'A' but payment is being made, usually to shell company in country 'B'.
- Abnormally high commission percentage being paid to a particular agency.
- Private meetings with public contractors or companies hoping to tender for contracts.
- Lavish gifts being offered or received.
- Individual never takes time off even if ill, or holidays, or insists on dealing with specific contractors him/herself.

- Making unexpected or illogical decisions accepting projects or contracts.
- Unusually smooth process of cases where individual does not have the expected level of knowledge or expertise.
- Abusing decision process or delegated powers in specific cases.
- Agreeing contracts not favourable to the organisation either with terms or time period.
- Unexplained preference for certain contractors during tendering period.
- Avoidance of independent checks on tendering or contracting processes.
- Raising barriers around specific roles or departments which are key in the tendering/contracting process.
- Bypassing normal tendering/contractor's procedure.
- Invoices being agreed in excess of contract without reasonable cause.
- Missing documents or records regarding meetings or decisions.
- Company procedures or guidelines not being followed.
- The payment of or making funds available for high value expenses on behalf of others.

### Facilitating Payments

So-called "facilitating payments", *i.e.*, payments of smaller amounts to facilitate routine action by a Government Agency or similar authority are deemed as bribes under the laws to which Svenska is subject and are consequently *prohibited* under this policy. Administrative fees or fees for fast-track services that are *provided for by law or regulation* can, however, be paid. Whenever in doubt, contact the Legal department.

### Business Entertainment, Travel and Gifts

This policy allows reasonable and bona fide hospitality which is directly related to the Svenska operations, e.g. to improve the Svenska image or establish cordial relations. However, care must be taken since hospitality and associated activities may amount to bribery, where there is an intention for a financial or other advantage to influence an official in his or her official role and thereby secure a business advantage.

For guidance as to what would typically be deemed as reasonable, please refer to the following guidelines.

Svenska Representatives are not permitted to offer or receive the following types of entertainment or gifts.

- Lavish or extravagant business entertainment (*e.g.*, travel to golf outing in an exotic location; side trip from business meeting city).
- "Gentlemen's Clubs," "Hostess Bars" or other entertainment that is sexually oriented, such as "adult entertainment".
- Entertainment, gifts or travel paid for with personal funds in order to avoid seeking required approval or required reporting and recordkeeping.
- Meal, hotel, air and entertainment expenses for family members.

- Gifts that exceed local law amounts for gifts to a person in the country, or are otherwise expensive, and designed to impress or influence a person in a manner disproportionate to the business relationship.
- Cash, generous gift cards, or travelers' cheques.
- Any gifts of other than nominal value (approximately USD 60).

Svenska Representatives must never ask for gifts, gratuities or other items that benefit them personally. You are expected to exercise good judgment in accepting gifts. When accepting a gift you should always disclose it to your supervisor, in order to maintain transparency. If you consider that a gift should, but at the time cannot be rejected without embarrassing your host, you may accept the gift but must immediately disclose it to your supervisor and discuss an appropriate response. For example, Svenska Representatives are sometimes invited to conferences where third parties seeking to promote their products or services may cover all or a large portion of the attendees' conference costs, meals and accommodation. Attendance at such conferences may be appropriate, if attendance serves a definite business purpose for Svenska. You should always consult the Legal department and your supervisor before signing up for such conferences.

The following expenses are permitted under the Svenska policy, subject to local law and on the basis that they are infrequent and related to a legitimate business purpose, and provided that they must never be given with the intent of exercising improper influence over the recipient's decision.

- Providing reasonable and proportionate meals and entertainment to representatives of *private* non-government companies.
- Svenska hosts to one of our nearby community projects for officials to observe, and covers the reasonable cost of transportation (in appropriate class of travel), meals, and hotel for the officials for the duration necessary to enable such observation. The invitation should be directed to the relevant organization, and not to the individual.
- Svenska hosts a meeting at a local conference center for officials to discuss upcoming plans for Svenska's operations in the country, with a proportionate and reasonable working lunch and/or dinner included.

"Official" includes any officer or employee of a government or any government's department, agency, branch, or government held company, or any political party, party official or candidate for political office, or an employee of a public international organization, and any person acting on behalf of one of these persons.

Consult the Legal Department if you are unsure whether a person you are dealing with is a "government official" or whether the expense is appropriate. Note that specific caution is warranted in dealings with government or regulatory officials during government negotiations, *e.g.*, in conjunction with a licensing round or when a government approval is being processed. A meal should never be the primary purpose of a meeting.

All expenses in the acceptable examples must be documented, and receipts maintained. Failure to do so could create serious legal exposure for employees, joint venture partners, and third party representatives, as well as Svenska. Note that in some jurisdictions, most entertainment or gifts to

some public officials are prohibited by law. Therefore, consult the Legal department before incurring such expenses abroad.

### **Donations to Political Candidates or Charities on Behalf of Svenska**

It is against this policy and Svenska's Code of Conduct to make contributions to candidates for any foreign or domestic political office with the intent to gain an improper advantage or benefit for Svenska or otherwise on behalf of Svenska.

No Svenska Representative is permitted to make a charitable donation to a charity on behalf of Svenska without prior review and approval of senior management, in consultation with the Legal department. This is because a bribe may take the form of charitable contributions or sponsorships and Svenska has to seek to ensure that there are, for example, no family ties or commercial connections between the charity and a government official, nor can there be any prior history of corruption. Another warning sign would be where a charity is specifically proposed or suggested by a government official. Any donations will be particularly sensitive if Svenska (or an operator of a licence where Svenska is a partner) is in negotiations for a licence, an extension, or similar government action. However, while the risks associated with charitable donations require proper review of any project that Svenska undertakes, Svenska wishes to continue to take active corporate social responsibility. Svenska Representatives should continue to feel welcome to suggest projects that may be the right fit for Svenska so that they can be assessed.

Minor donations or sponsorships of nominal amounts made to locally registered and reputable charities in the UK or Sweden, which are of a nature that generally attracts corporate sponsorship (e.g., "Blodomloppet", "Walk for Cancer") may be made provided that they are not made with the intent of gaining a business advantage or benefit or otherwise improperly influencing another person in the conduct of his duties.

### **Third Party Relationships and Farmin Activities**

Svenska requires employees to conduct appropriate anti-bribery and reputational due diligence for all prospective partners and third party intermediaries. Due diligence will help prevent policy and anti-bribery breaches involving a third party representative. Employees should also report to the Legal department any anti-bribery "red flags", because actions of Svenska's alliance members and representatives can create criminal and civil liability under anti-bribery laws for Svenska Representatives. Completion of due diligence and continued compliance is the responsibility of the project manager that engages the third party. However, the appropriate level of due diligence will vary depending on an individual risk assessment in each case. For guidance on the level of due diligence required, consult the Legal department which will provide checklists, questionnaires and other useful tools.

Any third party Svenska Representative must confirm their adherence to this policy in writing (on forms to be provided by the Legal department), and should undergo compliance reviews prior to any amendment or renewal of the relationship, to determine their compliance with Svenska's policy and contractual requirements, as well as to ensure their execution of new anti-bribery certifications, as required. More frequent reviews may be required in high risk relationships.

Svenska is required to perform reasonable anti-bribery due diligence on joint venture partners and target companies for acquisition before finalizing the farm in or acquisition. Such due diligence will be coordinated by the Legal department.

All contracts entered into or renewed with third parties should incorporate relevant compliance requirements. Contact the Legal department to obtain appropriate language.

### **Monitoring, training and communication**

Management will oversee and supervise periodic compliance audits that assess the level of employee and business unit compliance with Svenska's anti-bribery policy, and also whether additional procedures are necessary to meet Svenska's dynamic operating needs and compliance risks.

The Legal department will oversee and coordinate periodic training on this policy. Any amendments and updates of the policy will be communicated in accordance with the procedure for amending the corporate Administration Manual.

### **Reporting suspected violations**

Any Svenska Representative who learns information about a suspected violation of this policy and/or anti-bribery laws must report it to a supervisor, or to the Legal department (the supervisor must report it to the Legal department). Svenska prohibits retaliation against an employee who makes a report of a suspected violation of this policy and/or anti-bribery laws in good faith.

This policy does not address every aspect of anti-bribery compliance. It is designed to provide guidance for Svenska employees, Officers, Directors, agents, business partners and other Svenska Representatives. These guidelines are in addition to the guidelines set forth in the Code of Conduct and any other policy, code or guideline established by Svenska with respect to the conduct of its employees.