



Anti-Bribery and Corruption Policy

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| Version Date: | 6 December 2018 |
| Responsibility: | Legal |
| Approved by: | The Board |

1 INTRODUCTION

1.1 Why Bribery and Corruption needs to be avoided

Bribery and corruption have a very negative effect upon nations and companies involved in such activities. The detrimental effect upon the reputation of a company can be sufficient to mean that licenses to operate are withdrawn, counterparties refuse to work with the company and financiers refuse to fund it. This can lead to a company ceasing to operate and that those working on its behalf lose their jobs.

Bribery and corruption are also criminal offences in many countries, which can lead to fines and/or imprisonment. In some cases, a criminal offence may be committed even though the actions may not be a crime in the country where the act is committed.

1.2 What is Bribery and Corruption?

Bribery is defined as giving or receiving something of value to influence a decision or obtain a financial or other advantage. Corruption is defined as the misuse of power for personal gain.¹

Bribery is not only about handing over cash, but can also be committed through other activities. For example:

- Gifts and hospitality (see paragraph 4.1 below);
- Political donations or other political activities (see paragraphs 4.2, 4.3 and 4.4 below)
- Charitable donations and sponsorships of events, organisations or individuals (see paragraph 4.5 below);
- Facilitation payments (see paragraph 4.6 below);
- Appointment and activities of representatives, agents, sub-contractors and suppliers (see paragraph 4.7 below);
- Assisting a relative/friend into a favourable position e.g. offering a good job for the son of a public official.

Inducements paid after a decision is made, may still be a bribe.

¹ Though the definition of Bribery is based on the definition from the UK's Serious Fraud Office, there are also fuller legal definitions; this is a summary to ensure ease of understanding.

There is a variety of legislation from different locations that describe and define bribery and corruption. The descriptions and examples given in this policy will assist you to identify whether a particular situation could constitute a bribe. These are examples of what can be considered a bribe, not a complete list.

Impact's training programme for employees and other persons acting on behalf of Impact is also designed to ensure that you are trained to recognise situations where you may be involved in or viewed as giving or receiving a bribe, so that you can take appropriate action to avoid that.

More detailed advice is available upon request from the Legal Department. Guidance should always be sought from the Legal Department in cases of doubt.

2 STATEMENT OF POLICY

Impact Oil & Gas Limited ("Impact") has a zero tolerance policy towards the giving and receipt of bribes, and of bribery and corruption in any form. Impact aspires to operate to best practice standards, and complies with all relevant laws in all the jurisdictions in which it operates, including the requirements of the Bribery Act (UK), Foreign and Corrupt Practices Act (US) and OECD guidelines².

Any suggestion of corruption or of any official investigation may damage the reputation of Impact, its officers and employees and affect its ability to do business. Impact is committed to doing business ethically, even if this limits its ability to gain new business, prevents the use of the services of particular agents or business partners or results in delays in carrying on existing business.

Our commitment:

- We will not pay bribes, nor will we condone the offering of bribes on our behalf;
- We will not request or accept bribes, nor will we agree to them being accepted on our behalf;
- We will set out procedures to minimise the risk of any bribery or corrupt behaviour, including a clear whistleblowing policy and mechanism;
- We will provide training to our staff and our representatives on our anti-bribery and corruption policy;
- We will carry out monitoring to ensure compliance with this policy;
- We will use reasonable efforts to ensure that all those carrying out business on our behalf adhere to these same principles or very similar standards;
- We will carry out appropriate due diligence on all of our new and existing business partners;
- We will regularly revise our policy to capture changes in corruption risk, law and best practice.

This policy has been approved and is fully supported by the Impact Board. Any breach of this policy will result in disciplinary action, termination of contractual arrangements and may also result in prosecution, criminal conviction and/or severe financial penalties for anyone found to be involved.

3 APPLICATION OF THIS POLICY

This policy applies strictly to everyone providing services for or on behalf of Impact including:

- All Impact employees;
- Any consultant, representative, agent or subcontractor acting on Impact business, whether in a paid or unpaid capacity;
- Any board member (which in all cases will include non-executive directors) or adviser, whether in a paid or unpaid capacity;

² Based on the Convention on Combating Bribery of Foreign Public Officials in International Business Transactions Adopted by the Negotiating Conference on 21 November 1997

- Any intern while acting on Impact business.
- Suppliers and vendors.

The policy applies in all countries where Impact conducts business and to all functions.

Each individual is personally responsible for ensuring that they adhere to this Policy. Line managers and project managers share this responsibility and accountability through monitoring the activities and performance of those they are managing.

4 POLICY IN RELATION TO SPECIFIC AREAS OF RISK

4.1 Gifts and Hospitality

General Requirements

The exchange of reasonable gifts and hospitality (for example, meals, entertainment, transport, accommodation and any other activities that could reasonably be interpreted as offering or receiving hospitality) in connection with general development of good business relationships with third parties is recognised as an important part of doing business.

However, gifts and hospitality received should never affect, or appear to affect, impartial decision-making by Impact officers, directors, employees, consultants or agents. Impact's directors, officers, employees, consultants and agents may give and receive appropriate, lawful gifts in connection with their business activities, provided that all such gifts satisfy the requirements of this policy.

Shareholders, directors, officers, employees, consultants and agents shall not give, directly or indirectly, any discount, gift, hospitality or favours (referred to as gifts) (i) with the purpose or intent of influencing or determining the recipient's decision making or other conduct or (ii) that may be perceived to influence the exercise by another person of their official function, or the performance of their official duties or their judgement.

Guidance

When considering offering, accepting or making a gift, the following factors should be considered:

- Made for the right reason: if a gift or hospitality, it should be given clearly as an act of general appreciation (and not as payment for making a particular decision), if travel expenses then for a bona fide business purpose;
- No obligation: the gift, hospitality or reimbursement of expense does not place the recipient under any obligation;
- No expectations: expectations are not created in the giver or an associate of the giver or have a higher importance attached to it by the giver than the recipient would place on such a transaction;
- Made openly: if made secretly and undocumented then the purpose may be open to question;
- Accords with stakeholder perception: the transaction would not be viewed unfavourably by stakeholders if it were made known to them;
- Reasonable value: the size of the gift is small and the value of the hospitality or reimbursed expense accords with general business practice in the oil and gas sector;
- Appropriate: the nature of the gift, hospitality or reimbursed expense is appropriate to the relationship; any cash gift is refused;
- Legality: it is compliant with relevant laws;
- Conforms to the recipient's rules: the gift, hospitality or reimbursement of expenses meets the rules or code of conduct of the recipient's organisation;
- Cash: a cash gift should never be given or accepted;

- Infrequent: the giving or receiving of gifts and hospitality is not a regular happening between the giver and the recipient; and
- Reported: the gift, hospitality or expense should be recorded and reported in the gifts and hospitality register in accordance with this policy.
- If you are in any doubt about the bribery risk associated with a gift or hospitality that you propose to give or may receive, then you should consult with your line manager and, in case of further doubt, with the Legal Department.

Periodic reviews of the gifts and hospitality register will be conducted to ensure the total level of entertainment or other hospitality provided to individuals is reasonable.

Approval limits

All gifts and hospitality related expenses must be approved and recorded as set out below:

| Gift value | Entertainment or other hospitality* | Approval Requirements | Recording Requirements** |
|-----------------|--------------------------------------|---|---|
| ≤£50 | ≤£100 | No approval required | No recording required except for Public officials |
| > £50 and ≤£150 | > £100 and ≤£500 | Line manager approval required. Senior Management may self-approve. | Must be recorded in the Gifts and Hospitality Register. |
| >£150 | >£100 per person attending the event | General Counsel (or in the case of the General Counsel, the Finance Director) approval required Directors may self-approve | Must be recorded in the Gifts and Hospitality Register |

* (i) For meals/entertainment/hospitality you give to others: unless otherwise stated, use the total value of meals/entertainment/hospitality that you give to a third party organisation at a single event. For example, if you entertain multiple people from the same organisation at a specific event, the value is the total amount you spend for the total number of guests' entertainment; (ii) For meals/entertainment you accept from others: include only the value of the meals/entertainment you personally receive (including the value of meals/entertainment that your spouse or other non-Impact employed family member or partner receives).

** All notifications should be emailed to accounts@impactoilandgas.com and should provide the following details: (i) date; (ii) value; (iii) whether the gift / hospitality was given or received; and (iv) who gave the gift / provided the hospitality and who received it.

For the purposes of this policy, "**Public official**" should be understood as including: any officer, employee or representative of, or any person otherwise acting in an official capacity for or on behalf of a government authority; a legislative, administrative or judicial official, regardless of whether elected or appointed; an officer of, or individual who holds a position in, a political party or is a candidate for political office; or a person who otherwise exercises a public function for or on behalf of any country.

4.2 Political donations

Impact's funds and resources are not to be used to contribute to any political campaign, political party, political candidate or any of their affiliated organisations with the intention of obtaining a business or any other advantage in the conduct of business. Impact will not use charitable donations as a substitute for political payments.

Impact does not, as a general rule, make political donations, either directly or indirectly. Any exceptions to this rule must be authorised in advance by the Impact board. Shareholders of Impact shall comply with all laws related to political contributions including public disclosure requirements.

4.3 Personal political donations by directors, employees and other individuals

Every person has the right to participate in the political process by making personal contributions from personal funds, subject to applicable legal limits. Shareholders, directors, officers, employees, consultants and agents of Impact, however, cannot be reimbursed or otherwise compensated by Impact for any such contribution. You must not use company time, property or equipment to carry out or support your personal political activities and you must always make clear that your views and actions are your own and not those of Impact.

4.4 Political lobbying

Although Impact does not directly participate in party politics, it does engage in policy debate on subjects of legitimate concern to its business, employees, customers, end users and the communities in which they operate, for example through lobbying.

Any director, officer, employee, consultant or agent of Impact who lobbies on behalf of Impact must comply with all requirements of the law, regulation and internal policy regarding lobbying, including but not limited to, complying with the laws and regulations relating to registration and reporting.

Any director, officer, employee, consultant or agent of Impact who lobbies on behalf of Impact must seek the prior approval of the General Counsel.

4.5 Sponsorship and Charitable Contributions

Impact may sponsor customer focused and stakeholder events and activities. Sponsorship of any event or activity for the benefit of a small or closed group of individuals, particularly where those individuals are customers, suppliers or have governmental functions, is considered carefully to ensure that no impropriety results. Impact, as a general principle, shall only permit sponsorship, which does not, and does not appear to, place actual or potential customers, suppliers or government officials under any obligation.

Impact and its directors, officers, employees, consultants and agents may make contributions on behalf or in the name of Impact only for bono fide charitable purpose (i.e given to a charitable or other not-for-profit organisation for which no tangible benefit is received by Impact). All requests for charitable contributions, including buying tables at fundraising galas and dinners, must be aligned with Impact's business objectives, values and ethical principles where the reputation of Impact may be enhanced.

All requests for charitable contributions and sponsorships must be sent to the General Counsel or Finance Director for approval.

4.6 Travel by Public Officials

Requests for any payments by or for the benefit of a Public Official related to any travel that Public Official will undertake pursuant to their relationship with Impact must, in all cases, be referred to the General Counsel and Finance who will provide further guidance.

4.7 Facilitation payments

A facilitation payment is a payment or gift (usually, but not necessarily made to a public official) to cause the recipient to perform a routine duty or function, or to expedite such performance, other than the payment of a lawful and official fee for such a duty or function.

Examples of facilitation payments are: payments made to customs officials for the release of goods, payments made to public officials to award licences and permits and payments made to immigration officials on entry to a country.

This policy prohibits all facilitation payments of any kind, save in relation to personal safety as set out below.

It is prohibited for an Impact director, officer, employee, consultant or agent to make a facilitation payment even if it is usual according to the practice of a relevant jurisdiction or is essential to get business done.

Any request for a facilitation payment shall be reported to the General Counsel and a record shall be maintained and periodically monitored.

Notwithstanding the general prohibition against facilitation payments, Impact recognises that in some cases an individual's own welfare, health and safety could be at risk if they do not respond to request for facilitation payments. Accordingly, where such exceptional circumstances exist, Impact's officers or employees should not put their welfare, health and safety, or that of a family member, at risk. Any such request should be immediately reported to the General Counsel. Impact shall not take disciplinary action against any employee who makes a facilitation payment if they genuinely believe that they or their family members would have been put in danger if they had not done so.

4.7 Appointment and activities of business partners, representatives, agents

The prohibition against offering, providing, authorising, requesting or receiving bribes, includes bribes, which are given or received by any business partner, representative, supplier, sub-contractor or agent acting on behalf of Impact (collectively referred to throughout this policy as agents). Impact could be put at risk by the conduct of such agents.

It is Impact's policy that all agents should be properly vetted to ensure that they have not previously been associated with corrupt or unethical activity and should be evaluated to consider the risk of them engaging in corrupt activity.

Contractual arrangements with Impact will require adherence to Impact's anti-bribery policy and delivery of appropriate training to personnel.

Impact's contracts shall permit termination of a relationship in the case of a breach of Impact's anti-bribery policy.

5 COMMUNICATION, TRAINING AND MONITORING

5.1 Communication

This policy shall be communicated to all directors, officers, employees, consultants, agents and other relevant stakeholders. Impact's policy and procedures will be made publicly available and published on the Impact website.

It will be made clear that each individual is personally responsible for ensuring that they understand and adhere to the policy and procedures in the anti-bribery and corruption programme. Line managers/project managers share this responsibility through monitoring the activities and performance of those they are managing.

5.2 Training

All directors, officers, employees, consultants and agents of Impact shall receive appropriate training relating to this policy and how to identify and deal with potential incidents of bribery.

Attendance at training shall be recorded. The General Counsel is responsible for ensuring that all staff receive training.

5.3 Monitoring & evaluation

The General Counsel under the supervision of the Audit and Compliance Committee shall review Impact's anti-bribery programme annually. This will typically cover a review of:

- the training programme;
- the effectiveness and appropriateness of the policy;
- the compliance with the policy;
- the gifts and hospitality register.

The company will also consider from its management information what information can be forwarded to the Audit and Compliance Committee on a periodic basis in order to verify compliance with this policy. The Audit and Compliance Committee will agree upon a monitoring programme for the risks referred to in this policy.

6 CONFIDENTIAL REPORTING

Officers and employees of Impact who suspect that a breach of this policy has or may occur or who become aware of suspicious, risky or evidently corrupt conduct by any officer, employee, representative or business partner shall immediately and confidentially report their suspicions.

Reports shall be made to either (i) the General Counsel; or (ii) any member of the Audit and Compliance Committee.

The procedure for contacting the General Counsel or Audit and Compliance Committee in such circumstances is outlined in the Whistleblowing policy.

No director, officer, employee, consultant or agent of Impact shall suffer any penalty or disciplinary action for reporting a suspected breach of this policy, or for refusing to pay a bribe.