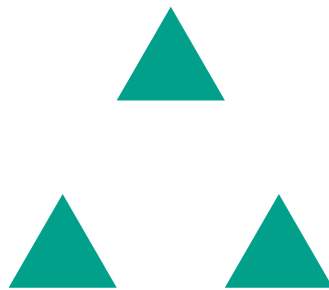


# ANTI-BRIBERY AND CORRUPTION POLICY



**DELTA**  
ENERGYLIMITED

## **POLICY STATEMENT**

In accordance with Delta Energy Limited's values and business principles it is our policy to conduct all of our business in an honest and ethical manner. We take a zero-tolerance approach to bribery and corruption and are committed to acting professionally, fairly with integrity in all our business dealings and relationships wherever we operate and implementing and enforcing effective systems to counter bribery.

As an oil and gas exploration & production company we acknowledge that on occasions our business requires that we operate in other countries. Whether such countries have industrial laws relating to countering bribery and corruption, we will continue to uphold our values, business principles and the laws of the Bribery Act 2010 regardless of wherever we conduct our business.

A memorandum relating to the Bribery Act 2010 has been prepared and is set out in Appendix 1. This identifies the development of the law, the consequences of being found guilty of one of the offences and additionally identified what we see to be the relevant risks to Delta Energy Limited.

This policy seeks to set out our responsibilities in upholding the provisions of the Bribery Act and provide information and guidance to our employees, affiliates and those working for us on how to recognise and eliminate bribery and corruption should it occur within Delta Energy Limited.

## **APPENDIX 1**

Bribery is a criminal offence carrying potential custodial sentences and inevitable reputational harm. Delta Energy Limited (the “Company”) and its Directors are committed to the prevention of bribery and ensuring that the Company adheres to the highest legal and ethical standards. The Company practices business in a manner which is fair, honest and open. For the avoidance of doubt, the Company has a zero tolerance approach towards bribery. This policy (the “Anti-Bribery and Corruption Policy”) sets out the Company’s approach to bribery. The Anti-Bribery and Corruption Policy has been approved by and is fully endorsed by the Directors.

Many countries have implemented local laws and regulations that prohibit bribery and corruption and (from 1 July 2011) the relevant UK legislation is the Bribery Act 2010 (the “Bribery Act”), supplemented by the supporting guidance published by the Ministry of Justice in March 2011 (the “Guidance”) and the Bribery Act 2010: Joint Prosecution Guidance of the Director of the Serious Fraud Office and the Director of Public Prosecutions.

The Company’s anti-bribery stance fosters shareholder confidence and helps maintain its market reputation. Any contravention of the Anti-Bribery and Corruption Policy will be treated as a serious disciplinary matter and could potentially result in dismissal.

The Company and its Directors wish to conduct business only with third parties who share a similar commitment to prevent bribery and corruption.

A strong anti-bribery culture must be understood, embraced and, crucially, acted upon consistently by all of the Company’s staff, from the Directors through to staff at the most junior level. Staff must not give, offer, promise, accept, request or authorise a bribe (or take or omit to take any other step that might amount to an offence under the Bribery Act). Staff must also be aware that under the Bribery Act it is an offence for a commercial organisation (such as the Company) to fail to prevent bribery. The implication of this offence on the Company is set out in detail below.

The Anti-Bribery and Corruption Policy shall apply to all members of the Company’s Group (as defined by s1159 of the Companies Act 2006) and the Directors shall ensure that the terms herein are understood and enforced across its Group. Any reference to the Company in this Anti-Bribery and Corruption Policy shall be read as if referring to both the Company and/or its Group.

The Company shall ensure that any engagement with a sub-contractor shall include a requirement of adherence to the Bribery act as part of the legal documentation.

## 1. SIX PRINCIPLES

The Guidance sets out six principles which underpin the Company's procedures for dealing with the risk of bribery.

<b>Principle</b>	<b>Description</b>
Proportionate procedures	The Company's procedures are proportionate to the bribery risks it faces and to the nature, scale and complexity of its activities.
Top-level commitment	The Directors are committed to preventing bribery by persons associated with the Company and foster a culture in which bribery is never acceptable.
Risk assessment	The Company assesses the nature and extent of its exposure to the potential external and internal risks of bribery on its behalf by persons associated with it.
Due diligence	The Company applies due diligence procedures, taking a proportionate and risk based approach, in respect of persons who perform or will perform services for or on behalf of the Company and potential portfolio companies.
Communication (including training)	The Company seeks to ensure that the Anti-Bribery and Corruption Policy (and any other relevant policies/procedures) is embedded and understood throughout the organisation through internal and external communication, including training, which is proportionate to the risks it faces.
Monitoring and review	The Company monitors and reviews the Anti-Bribery and Corruption Policy (and any other relevant policies/procedures) designed to prevent bribery and makes improvements to the Anti-Bribery and Corruption Policy where necessary.

## **2. APPLICATION OF POLICY**

### **Staff**

The Anti-Bribery and Corruption Policy applies to the Directors, all staff, consultants, and other officers. All of the Company's staff are required to read, understand and comply with the Anti-Bribery and Corruption Policy and to follow the reporting requirements set out below.

The Company has appointed an individual responsible for coordinating its anti-bribery compliance (the "Anti-Bribery Officer"). Any questions in relation to the Anti-Bribery and Corruption Policy should be directed to the Anti-Bribery Officer.

If a member of staff is in doubt about the propriety of an act or whether an act is in compliance with the Anti-Bribery and Corruption Policy, that member of staff should contact the Anti-Bribery Officer.

### **Associated Persons**

It is an offence under the Bribery Act for a commercial organisation to fail to prevent bribery by "associated persons" in certain circumstances - more detail is set out below under the heading "Failure of the Company to prevent bribery". As a result, the Anti-Bribery and Corruption Policy applies to the Company's "associated persons".

### 3. WHAT IS BRIBERY?

A “bribe” is anything of value given, offered, promised, accepted, requested or authorised (in each case, directly or indirectly) with the intent that a person who is trusted or expected to act in good faith or impartially in relation to the performance of a function performs that function improperly (i.e. in breach of that trust or expectation), with a view to obtaining or retaining a business advantage.

“Anything of value” includes (but is not limited to) cash, gifts, hospitality, expenses, reciprocal favours, business or employment opportunities, political or charitable contributions and any other direct or indirect benefits and advantages.

“Corruption” is the misuse of public office or power for private gain.

Whether or not a function or activity has been performed improperly is a question of fact. However, as a general guide, the benchmark as to what is expected in relation to the proper performance of an activity is a test of what a reasonable person (of moral integrity) would expect in relation to the performance of that function or activity.

Acts of bribery or corruption will involve the undue influence of an individual in the performance of their duty - whether in the public or private sector. Acts of bribery or corruption will commonly, but not necessarily, involve public or government officials or their associates. Such persons would include (but are not limited to):

- A public official, whether domestic or foreign, elected or appointed;
- A political candidate, political party, or party official;
- A representative of a government-owned or controlled organisation;
- An employee or representative of a public international organisation;
- Any third parties referred to below; or
- Any other person(s) performing a function of a public nature.

Indirect benefits may also constitute a bribe. A benefit or advantage could be given or offered to an associate, such as a relative or business partner, or channelled through an agent or other intermediary, may be a bribe. Recklessness or ‘wilful blindness’ to such incidences is likely to be in contravention of applicable laws and/or regulations and will amount to a breach of this Anti-Bribery and Corruption Policy.

In the event that the Company operates in jurisdictions other than the UK the Anti-Bribery and Corruption Policy shall still apply and staff should seek further guidance from the Anti-Bribery Officer.

#### **4. TYPES OF BRIBERY – THE RISKS**

The following risks have been identified as being particularly applicable to the Company's business and the sphere in which it operates.

##### **Failure of the Company to prevent bribery**

**The Company's staff must not give, offer, promise, accept, request or authorise a bribe, whether directly or indirectly.**

Under the Bribery Act, the Company will commit an offence if it fails to prevent a person associated with the Company bribing another person intending (a) to obtain or retain business for the Company or (b) to obtain or retain an advantage in the conduct of business for the Company (see further below). Receipt of an indirect benefit is unlikely, in itself, to amount to proof of such an intention.

A person is an "associate" of the Company if it performs services for or on behalf of the Company. The Company's employees, agents and subsidiaries will only be associates if they perform services for or on behalf of the Company.

Where consultants/contractors are engaged to provide services for or on behalf of the Company, they will almost certainly be "associates" of the Company. With this in mind, the Company must take appropriate steps to ensure that the third party's conduct will not expose the Company to potential criminal liability.

Contractual warranties, undertakings regarding a third party's anti-bribery measures in contracts, clear communication and enhanced due diligence (see below) may all be used as tools to help manage the risk posed by third parties.

##### **Gifts and entertainment**

The Company's policy on "Gifts and Entertainment" is set out in the Gifts and Entertainment Policy (the "G & E Policy"). In accordance with the G & Policy, staff are prohibited from accepting or offering any inducement or gift which is likely to conflict with any duties owed by the member of staff to the Company. Staff must follow the procedures set out in the G & E Policy when considering offering or receiving gifts or hospitality.

Reasonable expenditure which is designed to improve the Company's image or help to establish or maintain cordial relations and which is not designed to improperly influence the performance of a function will be permitted.

As a guide, hospitality will be generally acceptable where its perceived generosity is in keeping with what is customary for a particular sector and occasion. Factors such as timing, relative value, the country of origin and culture of the recipient, the effect on the recipient and the seniority of the recipient will also need to be considered. A helpful way to 'sense-check' whether hospitality (or a gift) is appropriate is to consider how a newspaper might report it and what the public perception of it might be. If a member of staff is ever uncertain about whether a gift or hospitality is permitted they must consult with the Anti-Bribery Officer at the earliest opportunity.

Employees are required to follow the procedure for gift declaration set out in the G & E Policy and the Anti-Bribery Officer, in turn, is required to maintain a record of all gifts on the Company's gift register.

All staff should seek clearance from the Anti-Bribery Officer before offering, giving, accepting, promising, requesting or authorising gifts or hospitality in relation to FPOs.

### **Facilitation Payments**

Facilitation payments are payments (usually small) made directly to government officials in order to facilitate routine government action. These payments are not permitted under the Bribery Act and the Company will not tolerate them. However, the Guidance does acknowledge the problems that businesses face in certain sectors and in some parts of the world where bribery is rife and where the eradication of facilitation payments is a "long-term" objective. Acknowledging that a zero-tolerance approach may not always be appropriate, the Guidance highlights that before bringing a prosecution in respect of a facilitation payment the public interest test will be applied to ensure that the Bribery Act is enforced in a just and fair manner. Nevertheless, extreme care should be taken and the Guidance indicates that mitigation of exposure to facilitation payments is likely to be of importance. Such mitigation might include carrying out due diligence on the relevant entities/agents with whom business is being carried out, researching local bribery and corruption law, communicating a zero-tolerance policy on facilitation payments, laying down procedures for such entities/agents, monitoring the activities of such entities/agents and using UK diplomatic or other channels to apply pressure on local authorities to take action.

In no circumstances must a facilitation payment be made without consultation with the Anti-Bribery Officer. Under no circumstances will the Company endorse a facilitation payment which is large, repeated or planned for.



## **5. PREVENTION OF BRIBERY**

The Company is committed to having appropriate and proportionate procedures in place to prevent bribery.

### **Risk assessment / due diligence**

The success of the Company's anti-bribery initiatives is largely dependent on the effectiveness of the periodic risk assessments that the Company undertakes. The Company conducts regular risk assessments which are designed to identify the areas of its business that are most vulnerable to bribery. The data obtained from such risk assessments is used to develop proportionate and responsive anti-bribery procedures.

As set out above, where the Company engages third parties to perform services for and on its behalf, the Company becomes exposed to the risk of liability for the acts of those third parties. It is therefore important to manage this risk by performing an appropriate level of due diligence on third parties so that it can be determined if they are suitable to be associated with the Company. Where third parties are engaged, an effective risk assessment will inform the procedures to be imposed to mitigate the risk of bribery by any such third party. Due diligence in this context will be conducted using a risk-based approach.

When conducting due diligence related to bribery prevention the following factors will be considered (amongst others), all of which could indicate a higher level of risk: who is involved; which country(ies) are involved; which sector is involved; what type of transaction is being diligenced; and what is the value of the transaction or arrangement.

As well as identifying external risks (see paragraph 1.1 above), internal risk assessments will also assess the Company's overall compliance with the Anti-Bribery and Corruption Policy. This will include consideration of: any deficiencies in employee training, skills and knowledge; a remuneration/bonus culture that rewards excessive risk taking; lack of clarity in procedures regarding hospitality and promotional expenditure; lack of clear financial controls; and lack of direction from top-level management.

All risk assessments are to be undertaken by individuals with the requisite knowledge and understanding of the relevant business area.

### **Communication / Training**

The Company understands that communication and training deters bribery by associated persons by enhancing awareness of: the legal requirements imposed on them and the Company; the Anti-Bribery and Corruption Policy; and the Company's commitment to combating bribery.

The Company will ensure that all relevant staff receive clear, concise and relevant communications in relation to anti-bribery. For example, all relevant staff shall have access to the Anti-Bribery and Corruption Policy and any updates. Where appropriate, staff will be informed of emerging risks or new legislative/regulatory developments.

The Company will ensure that all staff receive adequate and practical training (both on induction and on an ongoing basis) about the threats of bribery in and across the Company and specific to their areas of operation so that they understand the actions they must take to combat it.

## **Reporting**

It is vital that where any member of the Company's staff becomes aware of or suspects an incidence of bribery that they report this to the Anti-Bribery Officer at the earliest possible opportunity. Any such reports will be received and handled in the strictest confidence.

The Company staff members who make such reports will be protected from any victimisation or detrimental action in reprisal for the making of a report.

## **Accurate records**

The Company understands the importance of maintaining up to date records. The Company recognises that by maintaining accurate and transparent books, records and financial reporting, a more difficult environment will be created for anyone trying to implement or hide a bribe. By adhering to high standards of record keeping the Company will be better equipped to identify suspicious behaviour or any attempt to distort the understanding of an arrangement or investment.

## **Monitoring and review**

The Company recognises that the risks that it faces will change over time. In part this will be due to the changing nature and scale of the Company's activities. The Company and the Directors are committed to monitoring external and internal developments/changes and reviewing the Anti-Bribery and Corruption Policy in the light of any changes. This Anti-Bribery and Corruption Policy will be reviewed by the Anti-Bribery Officer as and when necessary, but at least annually.

## **6. GIFTS AND ENTERTAINMENT POLICY**

These policies and procedures relating to inducements, gifts and benefits (including hospitality and entertainment) seek to ensure that the Company meets its obligations to act honestly, fairly and professionally in accordance with the best interests of its shareholders and customer, and in accordance with the Bribery Act 2010 or any other legislation as may be introduced from time to time.

### **Inducements given to or received from a third party in relation to business for a customer**

In relation to a third party (i.e. not a customer) or a person acting on behalf of a third party, the Company must not pay or accept any fee or commission, or provide or receive any non-monetary benefit in relation to business carried out for a customer unless:

- the payment of the fee or commission, or the provision of the non-monetary benefit does not impair compliance with the Company's duty to act in the best interests of the customer;
- the payment of the fee or commission, or the provision of the non-monetary benefit is designed to enhance the quality of the service to the customer; and
- the existence, nature and amount (or where the amount cannot be ascertained at the time of the disclosure, the method of its calculation) of the fee, commission or benefit has been clearly disclosed to the customer before the provision of the service.

The Company will meet this disclosure obligation if it:

- discloses the essential arrangements relating to the fee, commission or non-monetary benefit in summary form; and
- undertakes to the customer that further details will be disclosed upon request and subsequently honours this undertaking within a reasonable time of the request.

### **Gift and benefits (including hospitality and entertainment)**

The Company's policy in relation to gifts and benefits requires that:

- all gifts and benefits given to or received from any party must be reasonable in the circumstances of the relationship in question, and
- the giving or receiving of any lavish gifts or benefits is strictly prohibited.

The Company's procedures in relation to gifts and benefits require that:

- any individual gift or benefit to be offered or received by any one person with a value in excess of £250 must first be recorded on a Gifts and Entertainment Application for Approval Form and provided to the Anti-Bribery Officer for **pre-approval**. In the event that the item is not approved, it must not be provided or accepted. The item will not be approved if the intended value is not reasonable in the context of the relationship in question.



- Any individual gift or benefit to be offered or received by any one person with a value which exceeds the £250 threshold when aggregated with any previous individual gift(s) or benefit(s) offered or received by that person within the previous 12 month period must meet the pre-clearance requirements outlined above. The form must provide relevant details of all aggregated gifts or benefits.

Please note that:

- the known (or reasonably ascertainable) value of, say, any event ticket and related travel will be relevant to the monetary thresholds above, and
- routine business lunches, dinners and social functions of a reasonable nature are permitted without the need for notification or prior approval.

The Anti-Bribery Officer will maintain records of all gifts and benefits reported and approved and also proposed gifts and benefits not approved. If a member of staff has any query in relation to gifts and benefits, such as what the Company considers to be “reasonable” and “lavish” etc, please consult the Anti-Bribery Officer.

If ever in any doubt, pre-approval of a gift or benefit should be sought.

#### **Disclosure of gifts and benefits**

The requirement to disclose to customers permissible fees, commissions, and non-monetary benefits does not arise in relation to small gifts and minor hospitality received by an individual in their personal capacity. Generally, the Company will seek to ensure that only small gifts and minor hospitality are given and received. Gifts and benefits above this threshold (to be determined by the Anti-Bribery Officer with reference to the third party relationship in question) given or received in relation to business of a customer must be disclosed to the customer in accordance with the disclosure of Inducements rule outlined above.

#### **Record keeping for inducements, gifts and benefits**

All records created further to these policies and procedures relating to inducements, gifts and benefits must be retained for five years from their creation

All information disclosed to a customer must be retained for five years from the date on which it was disclosed.