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FIRST HYDROCARBON NIGERIA COMPANY LIMITED

ANTI-BRIBERY

AND

ANTI-CORRUPTION

COMPLIANCE POLICY

ANTI-BRIBERY & ANTI-CORRUPTION COMPLIANCE POLICY

I. POLICY STATEMENT:

First Hydrocarbon Nigeria Company Limited (“FHN” or the “Company”) and its management are committed to conducting operations ethically and in compliance with all applicable anti-bribery and anti-corruption laws. We value our reputation for integrity and fair play and will rigorously seek to avoid even the appearance of impropriety in the actions of our directors, employees, contractors and agents. This anti-bribery and anti-corruption policy (the “Policy”) acts as a guideline to directors, employees, contractors and agents in managing incidents of extortion, in avoiding corrupt practices and in ensuring that there is no breach of applicable laws or any appearance of questionable conduct when representing the Company.

II. RELATED POLICIES:

This Policy should be read in conjunction with:

- FHN Code of Business Conduct
- FHN Employee Handbook
- The Gifts, Hospitality and Entertainment Policy & Registry
- The Company’s Contracts & Procurement Procedures
- The OML 26 AMT’s Contracts & Procurement Procedures
- The Books, Records and Internal Controls Procedures

III. APPLICABLE LAWS:

There is a common perception that laws prohibiting bribery and corruption do not apply to doing business in Nigeria and cannot affect companies and individuals engaged in business in Nigeria. This perception is grossly incorrect, as indicated by the increase in prosecution of companies and individuals doing business in Nigeria in violation of applicable laws, as well as an increase in Nigerian legislation being implemented to conform to international anti-corruption laws and policies.

Several domestic laws and policies are applicable to the Company’s business. The most notable of these are (i) the Economic and Financial Crimes Commission Act 2004

which established the Economic and Financial Crimes Commission (EFCC) for the investigation and prosecution of money laundering, bribery, and any form of corrupt practice, (ii) the Independent Corrupt Practices and other Related Offences Act 2000 which establishes the Independent Corrupt Practices and other Related Offences Commission (ICPC) for the prohibition and punishment prescription for corruption, fraud, and bribery, and (iii) the Criminal Code Act of 2004. Under the Criminal Code, bribery and a corrupt promise to give gifts or benefits to a public official each carry a sentence of between 5-7 years' imprisonment upon conviction.

However, most significant anti-corruption cases and prosecutions against Nigerian companies and employees arise under international law. The two main pieces of international anti-bribery and corruption legislation with extra-territorial reach are the United States Foreign Corrupt Practices Act (FCPA) of 1977 and the United Kingdom Bribery Act 2010. Most recent international anti-bribery prosecutions have been made under the FCPA, and several of the recent enforcement actions have involved businesses operating in Nigeria.

For instance, in 2009, KBR, a former subsidiary of oil services giant Halliburton, agreed to pay a total of \$579 million to the U.S. Department of Justice (DOJ) and Securities and Exchange Commission (SEC) in connection with FCPA violations in Nigeria.

Similarly, in 2010 Italian oil giant Eni and its Dutch subsidiary Snamprogetti Netherlands B.V. paid \$365 million to resolve FCPA-related charges for Snamprogetti's role payment of approximately \$180 million in bribes to Nigerian government officials to help win the contracts, according to the DOJ.

That same year, Royal Dutch Shell paid \$48.1 million to settle FCPA offenses related to the bribery of Nigerian customs officials through the Swiss logistics firm Panalpina.

More recently, in September 2017, Shell and Eni came under investigation for alleged FCPA violations relating to bribes paid to Nigerian government officials in connection with the purchase of offshore oil block OPL 246.

The FCPA makes it unlawful for persons to make payments or offer gifts or carry out any act in furtherance of such payments/gifts, directly or indirectly to a foreign official for the purpose of influencing the decision of such official. The FCPA applies to:

- United States (U.S.) persons (individuals and corporate bodies);
- foreign non-residents in the US (who carry out acts in furtherance of a corrupt payment);

- Officers, Directors, Employees, Agents, and Stockholders of any of the categories above.

The UK Bribery Act 2010, which came into force in June 2011, has even more stringent provisions than the FCPA and a wider extra-territorial reach. The Bribery Act expands the scope of the bribery definition to encompass not only public officials but (i) any financial inducement given either in connection with a business, (ii) an act performed in the course of a person's employment, or (iii) any activity performed by or on behalf of a body of persons (whether corporate or unincorporated). Furthermore, the Bribery Act makes both the **giving and the receiving** of a bribe an offence.

Most significantly, the Bribery Act creates a new offence on the part of commercial organizations (companies and partnerships) of "Failure of Prevent Bribery". This offence arises when a commercial organization fails to prevent an associated person (persons who perform services for or on behalf of the commercial organization) from bribing another person with the intention of obtaining business, or an advantage in the conduct of business, for that commercial organization. Associated persons as used here include directors, employees, agents, contractors, subsidiaries, and partners of a company. **Furthermore, under the Bribery Act, it is an offence even where there is no proof that the commercial organization intended to commit bribery.**

The only defense under the Act is when a commercial organization proves that it had in place adequate procedures to prevent associated persons from undertaking the relevant corrupt acts. These adequate procedures include having robust anti-corruption policies and regular trainings of employees.

The provisions of the Bribery Act apply to:

- British citizens and residents;
- bodies incorporated in the United Kingdom; and
- corporate organizations with a business presence in the UK (whether incorporated in the UK or not). Once a connection is made with the UK by a business, the Act can take effect. Therefore, the act has a broad extra-territorial application as it covers offences in the UK as well as overseas.

The Bribery Act is currently the gold standard for anti-corruption legislation, and is the benchmark for the Company's anti-corruption and anti-bribery initiatives. This high standard obliges the company to put adequate measures in place to avoid potential liability on the part of the Company, its directors and/or employees.

It should be noted that an enforcement action due to a violation of applicable anti-corruption laws can affect not only the Company's revenues, it may also damage the Company's reputation and public images, hindering its ability to raise debt or equity and possibly eliminating its ability to engage in an initial public offering in the coming years.

Furthermore, employees should also be aware that a violation of applicable laws constitutes a criminal violation, punishable by substantial fines and/or imprisonment. Notably, employees, particularly those with residency and other ties to the U.S. and U.K., are subject to the jurisdiction of these countries and may therefore find their freedom, movement and property at risk upon a violation of anti-bribery legislation.

Extra vigilance is important to ensure compliance with anti-corruption and related legislation because the Company is engaged in the oil and gas business and works exclusively in a region with an international reputation for corruption-related problems. Moreover, compliance with such laws is particularly relevant since the Company conducts business (including through contractors and suppliers) and affiliates regularly with government officials who are frequently engaged in commercial and financial activities for their own accounts. It is crucial that competitive pressures in such an environment do not undermine our commitment to ethical conduct and compliance with the law. Furthermore, the fact that the Company's joint venture partner for its main asset, is NPDC, a government institution, and that operations are conducted through the OML 26 Asset Management Team, means that even more scrutiny and care should be applied to ensure unwavering compliance with international standards of ethical dealing applicable laws.

IV. Who is Covered by this Policy?

This Policy applies to all FHN personnel ("FHN Personnel") including Directors, Management, Officers, employees (whether permanent, fixed-term or temporary), consultants, contractors, agents, distributors, business partners, joint venture partners, trainees, seconded staff, volunteers and interns.

V. Three Primary Elements of The Policy:

- Anti-Bribery and Corruption: FHN Personnel are prohibited from corruptly offering, receiving, promising, authorizing or paying *anything of value* to an official in order to influence the official for the purpose of obtaining or retaining business or securing some other improper advantage.
- Accounting; Books and Records: The Company has established and maintains a detailed system of internal accounting controls and books and records to reflect accurately and fairly transactions and dispositions of assets. False, misleading or incomplete entries in such records or in other documents

are prohibited. No undisclosed or unrecorded fund or account may be established for any purpose.

- Money Laundering: Money laundering is the process by which one conceals the existence of an illegal source of income and then disguises that income to make it appear legitimate. Employees should contact the Legal Department if they are aware of suspicious circumstances leading them to believe that any transaction might involve the payment or the receipt of proceeds of any unlawful activity.

VI. What is Bribery?

Bribery is defined as corruptly offering, promising, authorizing, soliciting, giving or receiving of value to or from a person in authority in order to influence the person or in order to be influenced for the purpose of obtaining or retaining business or securing some other improper advantage, and its elements are as follows:

- Person in Authority: A person in authority may be an officer or employee of a government (or any department, agency or instrumentality thereof), or a “public international organization” or any person acting in an official capacity for or on behalf of any such government (or department, agency or instrumentality thereof) or public international organization. Note that officials also include employees of government owned or controlled commercial entities. A person in authority can also be a person in a private commercial enterprise who is in a position to confer a benefit on the person giving the bribe. For instance, this includes a Manager of a procurement department of a private company.
- Corruptly: The offer, promise, authorization or payment must be intended to induce the recipient to misuse his or her position in order to wrongfully direct business to the person paying the bribe, or to obtain preferential treatment or otherwise secure an improper advantage. The word “corruptly” connotes an improper motive or intent to wrongfully influence the recipient.
- Knowledge: To be liable for bribery, an individual must “know” that the corrupt payment is being offered or received. Note that knowledge exists when a person is aware that a “result is substantially certain to occur” or a person has a “firm belief that such circumstance exists.” Conscious disregard, deliberate ignorance and willful blindness will not avoid liability. *Employees cannot avoid liability by looking the other way.* Note however, that with respect to books and records, even unintentional, immaterial misstatements can result in liability under applicable law. In addition, please note that under the provisions of the UK Bribery Act, a Company will be

liable for the acts of its associated persons even if there is no indication that the Company instructed such associated person to commit such an act, or that the Company intended for such bribery to occur.

Offer of Value: Note that a bribe is not limited to an offer of money. A bribe can consist of gifts, corporate hospitality, payment or reimbursement of travel expenses, charitable donations and social contributions and offers of scholarships to relatives of government officials.

VII. What Is Acceptable:

A. Extortion and Personal Safety Payments

FHN Personnel are permitted to make payments without prior approval where they reasonably believe their health or safety may be threatened unless the demanded payment is made. The most common examples of such circumstances are when the police, military, or paramilitary personnel demand payment as a condition of passage of persons or threaten imprisonment for a routine traffic violation. After a personal safety payment is made, and as soon as possible after the danger has passed, the payment must be reported to the Legal Department, and on an expense report, reflecting accurately the amount paid, the recipient, the means of payment, and the circumstances under which the payment was made so that the personal safety payment can be promptly and accurately recorded in the Company's books and records.

B. Approved Gifts, Hospitality and Entertainment

FHN personnel may offer or receive gifts or benefits to the extent, in the manner and on the occasions recognized under the FHN Gifts, Hospitality and Entertainment Policy, and any such instances must be recorded in the registry. Employees must, before offering or receiving any gift or benefit, ensure that such gift or benefit meets the following criteria:

- Given the circumstances under which it is given, it could not reasonably be construed or perceived as a bribe;
- It complies with the approved amount under the Gifts, Hospitality and Entertainment Policy;
- It is given or received for a legitimate and approved purpose/occasion (e.g. end of year gift, etc.);
- It is given or received without the expectation of any benefit being received by the giver in return;

- It does not involve any public official unless with the prior approval of the Legal Department (please note that traditional rulers and employees of the Company's JV Partner, NPDC, are recognized as public officials);
- Considering the stated purpose/occasion of the gift, it is of an appropriate and reasonable type and value and is given at an appropriate time, and;
- It is given openly, not in secret, and appropriate disclosures are made in connection with it.

FHN Personnel must obtain prior approval from the Legal Department before offering and receiving any gift or benefit to or from a public official.

VIII. What Is Not Acceptable:

A. Facilitation or Expediting Payments

- Unlike the FCPA, under the UK Bribery Act, on which the FHN Anti Bribery and Anti-Corruption Policy is based, facilitation payments are regarded as bribes regardless of their size or frequency. A common example of facilitation or expediting payments are small payments requested or offered to government officials to provide a service that they are already obliged to perform as part of their official duties, such as processing government paperwork, providing routine government services and actions of a similar nature (i.e., obtaining permits, licenses, or other official documents, processing governmental papers, providing police protection, loading and unloading cargo).
- Where an employee is requested to make a facilitation payment, he/she must reject such request and immediately report the incidence to the Compliance Officer or the Legal Department.
- Where an employee is not certain whether a requested payment is classified as a facilitation payment, he/she must consider the following:
 - (a) Whether or not the purpose of the requested amount is proportionate to the relevant goods and services being offered by the person in authority;
 - (b) Whether or not a receipt will be issued for the requested payment, and;
 - (c) seek clarification from the Legal Department.

B. Use of Intermediaries to Make Improper Payments

It is a violation of Policy to make payments to intermediaries or business partners with the understanding that those intermediaries or business partners will subsequently make an illegal payment in violation of this Policy.

The Company requires due diligence investigations of intermediaries and business partners with whom the Company intends to do business when any “red flags” or other suspicious circumstances are believed to exist (Please refer to the Contracts & Procurement Procedures for possible “red flag” scenarios). Note that in “red flag” circumstances, the Contracts and Procurement Procedure provides for the review of:

- the reputation, expertise, experience and past performance of potential intermediaries or business partners;
- their connection, if any, to government officials;
- the reasonableness of proposed payment arrangements under the circumstances; and
- the business purpose for entering into the transaction.

FHN Personnel are required to notify the Legal Department of any information or events concerning intermediaries and business partners that constitute or are reasonably likely to constitute “red flag” circumstances.

C. Charitable Contributions and Support for Social Projects

Monetary and other contributions to charities, social projects and funds, including schools, educational funds and infrastructure projects, should be handled with caution because they can be conduits for corrupt payments Any charitable contributions to be made on behalf of the Company are subject to the prior approval of the Legal Department.

D. Procedures for Transactions Involving Government Officials

Special care must be taken in our day-to-day dealings with any joint venture partner in which a governmental body has control or maintains an ownership interest, including NPDC. FHN Personnel must ensure that no Company funds are paid, loaned, given, or otherwise transferred, directly or indirectly, to any government official, or to any entity in which such person is known to have a material interest, except as expressly provided in this Policy or with the prior written approval of the Legal Department. This prohibition does not apply to payments made in the ordinary course to the OML 26 AMT in fulfillment of the Company’s cash call or other obligations under the OML 26 joint venture.

Entertainment, Hospitalities and Gifts. FHN and its employees shall neither receive nor offer or make, directly or indirectly, any illegal payments, remuneration, gifts,

donations or comparable benefits that are intended, or perceived, to obtain uncompetitive favor for the conduct of its business.

Hospitalities, gifts and any donations may be made only in compliance with this Policy and with the Gifts, Hospitality and Entertainment Policy. FHN Personnel must consult with the Legal Department prior to any payment being made to any person in authority, to confirm that such payments comply with applicable anti-corruption laws. Permitted payments must be timely noted in the Gifts, Hospitality and Entertainment Registry.

- **Employment/Engagement.** Retaining a government official (as an agent, lobbyist, consultant, etc.) may be permissible under certain circumstances but must be structured so that they meet the requirements of applicable anti-corruption laws. Any such relationship must be negotiated with the prior approval of the Legal Department.

Similarly, FHN Personnel must consult with the Legal Department prior to engaging with an individual or entity that has a familial relationship with a government official or was previously engaged in government service.

IX. IMPLEMENTATION:

The Compliance Officer is the principal contact point for employee communications regarding all questions relating to this Policy. The Company's Compliance Officer is

Ivie Okonofua.

A. Compliance Procedures & Guidelines

Attached to this Policy are procedures which provide specific guidance on providing hospitalities and gifts on behalf of the Company, transactions with intermediaries, facilitation payments, and established rules on documentary accuracy and other related internal controls.

B. Employee Obligations to Comply

It is the obligation of each employee to conduct himself or herself in a manner that ensures the maintenance of the standards set forth in this Policy. **Compliance with the letter and the spirit of this Policy is an important component of an employee's performance evaluation. Insensitivity to or disregard for the principles of this Policy will be grounds for appropriate disciplinary action, including dismissal.**

Where there is any question or uncertainty regarding these requirements, it is the obligation of each employee to seek guidance from the Legal Department. Employees are

also encouraged to seek guidance from the Legal Department regarding their future or past conduct or conduct of others when in doubt.

C. Employee Obligation to Report

Employees must immediately report any suspected or actual violations of law or of this Policy (whether or not based on personal knowledge) by other employees or intermediaries, business partners or other parties with whom the Company does business to the Compliance Officer or by using the Company's Hotline. Once an employee has made a report, the employee also has an obligation to update the report as new information comes into his or her possession.

Under no circumstances shall the reporting of any such information serve as a basis for retaliatory actions against the employee making the report if that employee did not participate in the reported activity. If the reporting employee participated in activities that violate this Policy or law, the Company will consider the circumstances and determine an appropriate course of action. In addition, any supervisor, manager or officer of the Company who directs, approves or does not report a violation of law or of this Policy will be subject to disciplinary action.

The Company is committed to protect its employees from retaliation for reporting any suspected or actual violations of this Policy and will strictly prosecute any such retaliation attempts. All reports will be treated as strictly confidential, and also may be reported on an anonymous basis.

D. Reporting Channels and Hotline

To report a suspected or actual violation, please contact:

- (i) the Compliance Officer; or
- (ii) the Company's Hotline at +234 (0) 907 301 5995. The Hotline is anonymous and operational 24 hours a day.

E. Training and Employee Acknowledgment Statement

Each employee (including seconded employees) will be required to complete and sign, on not less than an annual basis, an Acknowledgment Statement that the employee fully understands this Policy and acknowledges his or her commitment to comply with this Policy. Each Acknowledgment Statement forms a part of the personnel file of each employee. The Company's orientation for new employees will include discussions of this Policy, an employee's obligation to maintain the Company's Code of Conduct which requires the highest level of ethical conduct and standards and the requirement to execute an Acknowledgment Statement.

Training on this Policy will be provided at least once a year. However, no education and training program, however comprehensive, can anticipate every situation that may present compliance issues. Responsibility for compliance with this Policy, including the duty to seek guidance when in doubt, rests with each employee of the Company.

F. Dissemination

A copy of this policy and the relevant schedules and tables attached hereto shall be made available to each employee upon commencement of his/her employment. Each employee is required to read the policy and execute a copy of the Acknowledgement Statement annually upon receipt of training on the policy.

G. Outside Inquiries

Any outside inquiries regarding the Company's activities, including oral or written requests for information from any outside source must be promptly referred to the Legal Department for response. The General Counsel and the Chief Executive Officer are the only employees who may authorize the Company's reply to such inquiries.

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