

## ANTI-CORRUPTION POLICY

*Adopted by the Board of Directors effective March 12, 2013.*

This Anti-Corruption Policy is intended to ensure that Kulczyk Oil Ventures Inc. and its majority owned subsidiaries do not receive an improper advantage in its business dealings and to ensure that all payments and expenses are properly recorded in our financial books and records.

This Policy confirms our commitment to a zero tolerance of bribery or any other form of corrupt behaviour on the part of any member, director, officer or employee of the Corporation and any third party which conducts business with or on behalf of the Corporation.

### 1. DEFINITIONS

**"Agent"** means a person, a corporation or other entity retained by the Corporation to represent its business interests or act on its behalf.

**"Bribe"** means any payment, attempt to pay, promise to pay, or authorization of the promise or payment of any money, gift, reward, advantage or benefit of any kind, that has been given or offered either directly or through an intermediary:

- (i) to a Public Official in order to influence improperly the making or not making or implementation of a decision or act by a Public Official, or
- (ii) to any other person to induce that person to perform improperly a Relevant Function, or to reward that person for the improper performance of such a Relevant Function.

**"Compliance Officer"** means the individual responsible for this corporate compliance Policy, appointed pursuant to Section 2(a).

**"Contractor"** means a person, a corporation or other entity retained to supply materials, labour or services to the Corporation including the provision of intermediary and/or distribution services.

**"Corporation"** means Kulczyk Oil Ventures Inc. and its majority-owned subsidiaries.

**"Employee"** means a permanent or temporary employee of the Corporation, or contract staff member.

**"Facilitating Payment"** means an occasional small payment, promise to pay, or authorization of a small one-off payment made solely to expedite or secure the performance of routine actions by any Public Official to which the recipient has a pre-existing legal right such as:

- (i) obtaining licences, permits and other official documents to qualify to do business in a foreign country;
- (ii) processing governmental papers, such as visas and work permits;
- (iii) providing or obtaining police protection, telephone service, utilities, and mail services;

- (iv) loading or unloading cargo, inspection of goods and protecting perishable goods from deteriorating; or
- (v) actions of a similar nature.

**"Improper Payment"** means a Bribe or Kickback or Facilitating Payment.

**"JV Partner"** means any corporation or other entity with which the Corporation enters into a joint venture agreement or other similar business relationship.

**"Kickback"** means any payment, promise to pay, or the authorization of the payment of, a portion of contract value to a Public Official, employees or other representatives of a Public Official, or their relatives or business associates. This includes the improper utilization of sub-contracts, purchase orders, consulting agreements or gifts to channel Kickback payments to a Public Official, employees or other representatives of a Public Official, or to their relatives or business associates.

**"Policy"** means this Anti-Corruption Policy.

**"Public Official"** means:

- (b) a person who holds a legislative, administrative or judicial position of a state or instrument of a state;
- (c) a person who performs public duties or functions for a state or any public agency or public enterprise, including a person employed by a board, commission, corporation or other body or authority that is established to perform a duty or function on behalf of the state, or is performing such a duty or function;
- (d) an official or agent of a public international organization (such as the United Nations);
- (e) elected officials, candidates for public office, political parties, and officers, employees, representatives and agents of political parties;
- (f) direct relatives or family members of any of the foregoing;
- (g) members of royal families;
- (h) honorary government officials.

**"Relevant Function"** means a function or activity that a person is expected to perform in good faith and impartially, including any function of a public nature, any activity connected with a business, any activity performed in the course of a person's employment, or any activity performed by or on behalf of a body of persons (whether corporate or unincorporate).

## **2. COMPLIANCE**

- (a) The Corporation's Board of Directors has appointed a person to the position of Compliance Officer.
- (b) The Compliance Officer shall oversee this Policy and shall report directly to the Corporation's Board of Directors.

- (c) The Corporation's Board of Directors shall review compliance with this Policy on an annual basis.

### **3. RESPONSIBILITIES OF THE COMPLIANCE OFFICER**

The Chief Compliance Officer shall be responsible for:

- (a) establishing and maintaining the practices and procedures necessary to implement this Policy and prevent any violation of its provisions;
- (b) disseminating this Policy to all relevant Employees, Agents and Contractors;
- (c) implementing a training program on the substance of this Policy to be completed by all such Employees, Agents and Contractors as the Chief Compliance Officer deems appropriate;
- (d) procuring, from all relevant Employees, on an annual basis, a Certification of Compliance, substantially in the form of Exhibit A to this Policy. Any Certification of Compliance in which question 2 or 3 is answered in the affirmative shall be investigated by the Chief Compliance Officer; and
- (e) establishing, maintaining and making accessible to all Employees, a mechanism for the reporting, including anonymously if preferred, of violations of this Policy.

### **4. IMPROPER PAYMENTS**

The Corporation, its Employees, Agents and Contractors shall not, either directly or through an intermediary:

- (a) demand, solicit or accept an Improper Payment;
- (b) pay, attempt to pay, promise to pay, or authorize to pay, either directly or through an intermediary, an Improper Payment.

### **5. FACILITATING PAYMENTS**

For clarity, the Corporation prohibits the making of Facilitating Payments, subject to section 6 herein.

### **6. HEALTH AND SAFETY**

The prohibition on Facilitating Payments does not apply to payments necessary to protect the health or safety of an Employee. Where the Employee believes his or her health or safety to be at risk and believes the payment to be necessary to preserve his or her health or safety, the Employee may make the payment in response to such duress. The amount and purpose of the payment must be properly documented and reported forthwith to the Compliance Officer, who will in turn provide a half yearly report of such payments to the Board of Directors.

### **7. DUE DILIGENCE**

Prior to the Corporation engaging an Agent or hiring a Contractor that will perform services or represent the Corporation's business interests or act on its behalf in a country other than

Canada, the Corporation shall, as the Chief Compliance Officer deems appropriate in the circumstances, including where such services, representation or acts to be performed by the Agent or Contractor on the Corporation's behalf involve, or are likely to involve, interaction with a Public Official, ensure that proper due diligence, checks and research are carried out, either by the Corporation or by a reputable third party, and the reputation, background and past performance of the prospective Agent or Contractor, as appropriate, are clearly documented including in the following areas:

- (i) management information;
- (ii) ownership information;
- (iii) affiliations;
- (iv) qualifications;
- (v) financial information;
- (vi) reputation;
- (vii) criminal record;
- (viii) references;
- (ix) local law;
- (x) compensation; and
- (xi) payment history.

## **8. AGENTS**

### (a) Contracts with Agents

The Corporation shall only retain an Agent using a written agreement that contains those contract provisions set out in Exhibit C that are appropriate for the proportionate degree of risk presented by the nature and sensitivity of the role to be performed by the Agent. Any such agreement must be approved by the Compliance Officer, in consultation with the Corporation's Legal Department, before the Corporation can execute same.

### (b) Managing Agents

The Corporation shall take measures reasonably within its power to ensure that:

- (i) any payment made to any Agent represents no more than the amount outlined in the written agreement with the Agent and is an appropriate remuneration for legitimate services rendered by such Agent;
- (ii) the Agent shall not be permitted to sub-contract or otherwise delegate any aspect of the performance of the services without the prior written consent of the Corporation. In the event that the Corporation provides such written consent, the Agent shall maintain a record of the names and contract terms for all sub-agents and sub-contractors who are retained by it in connection with transactions with Public Officials in relation to the Corporation's business; and

- (iii) every twelve (12) months, from the date he/she was hired, the Agent will promptly complete and provide to the Corporation's manager or supervisor responsible for the Agent's engagement or supervision a report on the services performed for the period. Upon review, the responsible officer or manager shall forthwith forward the report with his written comments on the Agent's compliance with this Policy to the Compliance Officer for further review and subsequently reporting to the Board of Directors as required under this Policy.

## **9. CONTRACTORS**

All Contractors retained by the Corporation shall, as the Chief Compliance Officer deems appropriate in the circumstances, including where the services, representation or acts to be performed by the Contractor on the Corporation's behalf involve, or are likely to involve, interaction with a Public Official, sign an acknowledgement in a form approved by the Corporation or, alternatively, shall enter into an agreement with the Corporation, and either the acknowledgement or the agreement with the Contractor, as the case may be, shall include those contract provisions set out in Exhibit D that are appropriate for the proportionate degree of risk presented by the nature and sensitivity of the role to be performed by the Contractor.

## **10. JOINT VENTURES**

The Corporation shall, as the Chief Compliance Officer deems appropriate in the circumstances, use its reasonable best efforts to negotiate into a joint venture agreement which any member of the Corporation enters into appropriate provisions addressing corruption related matters including:

- (a) The JV Partner shall acknowledge that it understands the provisions of applicable local laws, Canadian laws and any other laws applicable to the Corporation pertaining to anti-bribery and anti-corruption and that it will comply with such laws in carrying out obligations under the joint venture agreement. In addition, the JV Partner will commit to conduct the joint venture relationship in full compliance with such applicable laws.
- (b) The JV Partner shall provide representations and warranties that, except as disclosed in writing to the Corporation, neither it, nor any of its owners, directors, officers, principals, key employees or family members of the foregoing, are Public Officials and that it will promptly inform the Corporation of any changes in that regard.
- (c) The JV Partner shall specifically acknowledge that it will not authorize or give any payment, promise of payment, gift, reward, advantage or benefit of any kind to a Public Official either directly or through an intermediary, in order to influence the making or not making of a decision or act by a Public Official for the benefit of the joint venture. The JV Partner shall further specifically acknowledge that it will not make, offer or receive any Kickbacks, including the improper utilization of subcontracts, purchase orders, consulting agreements or gifts to channel payments to a Public Official, employees or other representatives of a Public Official or to their relatives or business associates in relation to the operation of the joint venture.
- (d) The Corporation has the right to audit the JV Partner's compliance with the anti-corruption related measures of the joint agreement, including any expenses and invoices of the JV Partner associated therewith. The audit right will survive termination of such agreement.

- (e) In certain circumstances, it may be appropriate to ensure that a provision is included in the JV Agreement to the effect that the Corporation may, at its entire discretion, terminate the JV Agreement (with immediate effect) in the event that the JV Partner is in breach of the anti-bribery/corruption representations and/or warranties and/or covenants in the JV Agreement or is otherwise found to be in breach of applicable anti-bribery/corruption laws. The inclusion of this provision should be assessed on a case by case basis and it should be included where commercially possible.

## **11. GIFTS AND ENTERTAINMENT**

The offer and acceptance of entertainment, gifts and favours must at all times be in compliance with applicable local laws, the policies of the recipient's employer, with the Corporation's Code of Conduct and Ethics, this Policy and any Corporation-specific procedures, such that they are not, nor can be interpreted as, an attempt to influence a decision or act of the recipient.

The gift or hospitality, whether offered to a private or commercial recipient or to a Public Official, can only be accepted or offered if it is conventionally and reasonably incidental to the existing or potential business relationship. In all cases, the gift or hospitality should be of token and non-material value, must be reasonable and appropriate in the circumstances, and should not lead and would not reasonably be seen as leading to any obligation on the part of the recipient.

In no circumstances should gifts of cash or cash equivalent ever be offered or accepted.

### Gifts or hospitality to Public Officials

Any gift, hospitality and/or reimbursement of travel or other expenses ultimately provided to a Public Official requires the prior consent of the Corporation's Compliance Officer and all details in respect of such gift, hospitality or travel must be reported to the Compliance Officer so that they can be fully and accurately recorded in the Corporation's accounting records. A gift to a person known to be a close relative of a Public Official, such as a spouse, child, parent or sibling, or the spouse of a child or sibling, is subject to the same reviews and approvals as would be required for a gift to the Public Official.

The Corporation's Compliance Officer may establish and implement specific procedures governing gifts or hospitality to Public Officials to enable certain senior Employees to have certain defined discretion to provide gifts, hospitality and/or reimbursement of travel or other expenses provided to a Public Official without prior consent of the Compliance Officer, including where the matter is time-sensitive and the Compliance Officer is not available to provide that consent.

### Gifts or hospitality to private or commercial recipients

Any gifts or hospitality for the benefit of private or commercial recipients must be approved as follows (all thresholds below are per recipient):

- In Canada and the U.S., gifts or hospitality costing \$200 or less may be given to private or commercial recipients without approval. Such gifts or hospitality costing \$200 or more must be approved in advance in writing by the Corporation's Compliance Officer.
- In countries other than Canada and the U.S., other than the Ukraine, gifts or hospitality costing \$50 or less may be given without approval, except that a donor must obtain the

approval of the Corporation's Compliance Officer prior to giving such a gift to any specific recipient more than two times in the same calendar year. Such gifts or hospitality costing \$50 or more must be approved in advance in writing by the Corporation's Compliance Officer.

- In the Ukraine, gifts or hospitality costing \$35 or less may be given without approval, except that a donor must obtain the approval of the Corporation's Compliance Officer prior to giving such a gift to any specific recipient more than two times in the same calendar year. Such gifts or hospitality costing \$35 or more must be approved in advance in writing by the Corporation's Compliance Officer.

When multiple gifts are given on a single occasion, the approval requirements are based on the aggregate cost of the gifts received by any specific recipient. All proposals for gifts that require approval must be accompanied by a report indicating any other reportable gifts (that is, gifts costing more than \$200 in Canada and the U.S.; or more than \$50 in all other countries other than Canada and the U.S., other than the Ukraine; or more than \$35 in the Ukraine) given by the Corporation to the proposed recipient within the previous twelve months.

The Corporation's Compliance Officer may establish and implement specific procedures governing gifts or hospitality for the benefit of private or commercial recipients to enable certain senior Employees to have certain defined discretion to provide gifts or hospitality at or above the limits described above without prior consent of the Compliance Officer, including where the matter is time-sensitive and the Compliance Officer is not available to provide that consent.

## **12. EMPLOYMENT OF PUBLIC OFFICIALS**

No Public Official shall be employed or retained as a consultant, agent or representative of the Corporation, unless:

- (a) the Compliance Officer is satisfied that such employment or retainer is lawful in the country concerned;
- (b) the Compliance Officer has determined that the services to be rendered to the Corporation do not conflict in any manner with the governmental duties of such person;
- (c) where possible, an ethics opinion from the Public Official's government employer has been obtained; and
- (d) the Corporation's Chief Executive Officer approves such hiring.

## **13. VIOLATIONS**

- (a) Any Employee who becomes aware of or suspects a violation of this Policy must promptly report the matter to the Compliance Officer.
- (b) Information communicated to any Employee in a supervisory or advisory position in the Corporation regarding a violation of this Policy shall be immediately reported to the Compliance Officer, who in turn shall promptly investigate and report any violation of this Policy to the Corporation's General Counsel, Chief Financial Officer and Board of Directors.

- (c) A determination of whether a particular past or proposed payment or action is in violation of this Policy shall be made by the Compliance Officer in consultation with the General Counsel and/or the Chief Financial Officer or Chair of the Board of Directors.
- (d) Retaliation by anyone as a consequence of an Employee making a good faith report of a possible violation of the law or this Policy is strictly prohibited and will result in disciplinary action, including termination.
- (e) If an Employee, Contractor or Agent is found to be in violation of this Policy, the CEO shall, in consultation with the Corporation's General Counsel, take appropriate corrective disciplinary action, including where appropriate dismissal or termination of contract, and immediately report same to the Corporation's Chief Executive Officer and Board of Directors.

#### **14. BOOKS AND RECORDS**

- (a) The Corporation shall make and keep books, records, and accounts that conform to the highest professional standards of accuracy and consistency and that, in reasonable detail, accurately and fairly reflect the Corporation's domestic and foreign transactions and the disposition of its assets.
- (b) All financial transactions must be properly and fairly recorded in the Corporation's books of account and must be made available for inspection by the Corporation's internal and external auditors.
- (c) The Corporation shall advise and maintain a system of internal accounting controls sufficient to provide reasonable assurances that transactions are executed in accordance with management's general or specific authorization and that access to assets is permitted only in accordance with management's general or specific authorization.
- (d) These requirements are applicable to all joint ventures which the Corporation controls in fact or in which the Corporation's ownership interest is 50% or more.
- (e) If an Employee has any doubt regarding how to act according to these principles when they are involved in the making and keeping of the Corporation's records and accounts, they must consult the Compliance Officer.

#### **15. AUDIT**

The Corporation's Internal Audit Department shall promptly inform the Compliance Officer and the Board of Directors of every potential or suspected Improper Payment or violation of this Policy that comes to their attention and shall recommend procedures to attempt to prevent the recurrence of any potential or suspected violations.



**Exhibit A**  
**Employee Certification of Compliance**

1. Have you read within the past twelve months, and do you understand, Kulczyk's Anti-Corruption Policy?

Yes \_\_\_ No \_\_\_

2. To the best of your knowledge have you at any time within the past twelve months been in violation of the Policy?

Yes \_\_\_ No \_\_\_

3. To the best of your knowledge has any other Employee, Agent or Contractor at any time within the past twelve months been in violation of the Policy?

Yes \_\_\_ No \_\_\_

4. If your answer to question 2 or 3 above is "yes," please give full details.

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Date

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Signature

\_\_\_\_\_  
Print Name

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Position

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Country

**Exhibit B**  
**Agent or Consultant Certification of Compliance**

Kulczyk Oil Ventures Inc. ("Kulczyk" or "the Corporation") conducts its business lawfully in every country where it does business. Specifically, Kulczyk complies with anti-bribery legislation that prohibits the making, offering or receipt of bribes and kickbacks. Kulczyk employees, consultants and agents shall not, either directly or through an intermediary, pay or offer anything of value to a Public Official, in order to influence any act within the recipient's official capacity, or to induce the recipient to violate its, his or her lawful duty, or to induce the recipient to use its, his or her influence with any level of government to affect or influence any act or decision of such government for the purpose of obtaining, retaining or directing business, or any undue advantage.

1. Do you understand the laws pertaining to anti-bribery and anti-corruption in your jurisdiction?

Yes \_\_\_ No \_\_\_

2. Have you received, reviewed and understood Kulczyk's Anti-Corruption Policy?

Yes \_\_\_ No \_\_\_

3. To the best of your knowledge have you at any time within the past twelve months been in violation of Kulczyk's Anti-Corruption Policy?

Yes \_\_\_ No \_\_\_

4. To the best of your knowledge has any other Kulczyk employee, agent or consultant at any time within the past twelve months been in violation of anti-corruption laws or Kulczyk's Anti-Corruption Policy?

Yes \_\_\_ No \_\_\_

If your answer to question 3 or 4 above is "yes," please give full details.

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Date

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Signature

\_\_\_\_\_  
Print Name

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## **Exhibit C**

### **Required Terms for Contracts with Agents**

- (i) A precise definition of the scope of the Agent's duties, the territory in which the services will be performed, and the compensation of the Agent. The pre-approval of the Compliance Officer is required if the contract with the Agent contemplates compensation that includes a bonus or success fee component.
- (ii) An acknowledgement by the Agent that it, he or she understands the provisions of applicable local laws pertaining to anti-bribery and anti-corruption and that he or she will comply with such laws in carrying out obligations under the contract on behalf of the Corporation. If appropriate, provisions shall be added to ensure that the Agent understands the Corporation's obligations under Canadian laws and other applicable anti-corruption laws. In addition, the Agent will commit to conduct its services on behalf of the Corporation in full compliance with such Canadian and other applicable anti-corruption laws and any applicable Corporation policies.
- (iii) The Agent shall specifically acknowledge that it will not make, authorize or give any payment, promise of payment, gift, reward, advantage or benefit of any kind to a Public Official either directly or through an intermediary, in order to influence the making or not making of a decision or act by a Public Official. The Agent shall further specifically acknowledge that it will not make any Kickbacks, including the improper utilization of subcontracts, purchase orders, consulting agreements or gifts to channel payments to a Public Official, employees or other representatives of a Public Official or to their relatives or business associates.
- (iv) The Agent shall provide representations and warranties that except as disclosed in writing to the Corporation neither it, nor any of its family members, owners, directors, officers, principals or key employees are Public Officials, and that it will promptly inform the Corporation of any changes in that regard.
- (v) Assignment of the entire agreement or any rights, duties or obligations under the agreement by the Agent is prohibited without the Corporation's prior written consent. If the Corporation permits any assignment of the agreement, the resulting subcontract will contain similar anti-corruption provisions as in the main agreement, and the Agent will not by that fact be discharged from its obligation.
- (vi) Payments to the Agent must be commercially reasonable and commensurate with the tasks they undertake. Payment shall be by cheque made out in the Agent's name or by wire transfer to a bank account that is registered in the name of the Agent, and located in the country in which the Agent performed the services unless there is an acceptable explanation for other arrangements. Unless otherwise agreed in writing, such payment shall be made in the local currency where the Agent is performing the services.
- (vii) All requests by the Agent for expense reimbursement must be supported by documentation acceptable to the Corporation. Detailed records for all approved expenses shall be kept for at least the minimum period required under the applicable laws.
- (viii) The agreement shall provide for automatic termination, at the Corporation's sole discretion, in the event an Agent has made, attempted to make, makes, attempts to

make, or proposes to make, an Improper Payment (and/or is in breach of other anti-bribery and anti-corruption covenants).

- (ix) The Agent shall make annual certifications, substantially in the form of Exhibit B to this Policy, of its compliance with applicable law and shall certify that none of the payments made to it, him or her by the Corporation or acquired from other sources have been used to make any Improper Payment. The certification should also include a statement to the effect that the agent has complied with this Policy as well as with Canadian and any other applicable laws on corruption of Foreign Officials.
- (x) The Corporation has the right to audit the Agent's compliance with the agreement, including the expenses and invoices of the Agent. The audit right will survive termination of such agreement.
- (xi) The Corporation has the right to require agents to do mandatory anti-corruption training when first engaged and annually thereafter.

## ***Exhibit D***

### **Required Terms for Contracts with Contractors**

- (b) The Contractor shall acknowledge that it, he or she understands the provisions of applicable local laws pertaining to anti-bribery and anti-corruption and that he or she will comply with such laws in carrying out obligations under the contract on behalf of the Corporation. If appropriate, provisions shall be added to ensure that the Contractor understands the Corporation's obligations under Canadian laws and other applicable anti-corruption laws. In addition, the Contractor will commit to conduct its services on behalf of the Corporation in full compliance with such Canadian laws. A failure by the Contractor to so comply may, at the Corporation's sole discretion, result in termination of the contract.
- (c) The Contractor shall provide representations and warranties that, except as disclosed in writing to the Corporation, neither it, nor any of its family members, owners, directors, officers, principals or key employees are Public Officials and that it will promptly inform the Corporation of any changes in that regard.
- (d) The Contractor shall specifically acknowledge that it will not authorize or give any payment, promise of payment, gift, reward, advantage or benefit of any kind to a Public Official either directly or through an intermediary, in order to influence the making or not making of a decision or act by a Public Official. The Contractor shall further specifically acknowledge that it will not make any Kickbacks, including the improper utilization of subcontracts, purchase orders, consulting agreements or gifts to channel payments to a Public Official, employees or other representatives of a Public Official or to their relatives or business associates.
- (e) A provision that the assignment of the entire agreement or any rights, duties or obligations under the agreement by the Contractor is prohibited without the Corporation's prior written consent. If the Corporation permits any assignment of the agreement, the resulting subcontract will contain similar anti-corruption provisions as in the main agreement, and the Contractor will not by that fact be discharged from its obligation.
- (f) Payment shall be by cheque made out in the Contractor's name or by wire transfer to a bank account that is registered in the name of the Contractor, and located in the country in which the Contractor performed the services unless there is an acceptable explanation for other arrangements.
- (g) All requests by the Contractor for expense reimbursement must be supported by documentation acceptable to the Corporation. Detailed records for all approved expenses shall be kept for at least the minimum number of years required under applicable laws.
- (i) The agreement shall provide for automatic termination, at the Corporation's sole discretion, in the event an Contractor has made, attempted to make, makes, attempts to make, or proposes to make, an Improper Payment (and/or is in breach of other anti-bribery and anti-corruption covenants).