



ANTI-CORRUPTION POLICY

Introduction

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The anti-corruption policy (the “**Anti-Corruption Policy**” or “**Anti-Corruption Program**”) sets out principles and rules that apply for Interoil Exploration and Production ASA and all its subsidiaries (**Interoil**).

The Interoil group (the “**Group**”) is headquartered in Norway, and the whole Group must abide to Norwegian anti-corruption laws, as well as local laws in the countries where we have operations.

This Policy is based on internationally recognised standards for defining corruption and the duty to prevent it.

Interoil shall adequately maintain an independent anti-corruption compliance function that identifies, assesses, monitors and advises and reports on matters associated with Interoil’s corruption risk. The anti-corruption compliance function is comprised of the Interoil corporate headquarters (the “**Compliance Function**”). Each subsidiary is to have an ethics committee (“**Ethics Committee**”), which has the overall responsibility for the implementation and the monitoring of Interoil’s Anti-Corruption Program. The local general manager has the overall responsibility to implement any decision, resolution or recommendation given by the Ethics Committee and/or the Compliance Function.

Interoil promote and value transparency. The business will be conducted with integrity and compliance with all applicable laws and regulations.

The Interoil policy is zero tolerance for corruption, both in the public and private sectors.

Interoil will prohibit **bribery** in any form whether direct or indirect.

Extractions from the Norwegian General Penal Code

Section 276a

Any person who

- a) for himself or other persons requests or receives an **improper advantage** or accepts an offer thereof in connection with a position, office or assignment, or
- b) gives or offers any person an **improper advantage** in connection with a position, office or assignment shall be liable to a penalty for corruption.

Definition of terms

The terms “**position, office or assignment**” have a broad scope and include all types of public and private employment or authority. Corruption in connection with a “**position**” refers to an act of corruption committed in connection with ordinary service or employment. The term “**office**” covers corruption committed by or in relation to persons with political office, board appointments or other position of trust.

The term “**assignment**” applies in cases where, e.g. a lawyer, consultant or estate agent having authority to only act in a limited capacity for a principal, enterprise, organization or public agency request or receives **improper advantages**.

APPLICABILITY

This Policy applies to all Interoil employees and other acting on behalf of the company:

- Directors
- Officers
- Employees
- Contract employees
- Consultants
- Agents

This Policy applies to all Interoil companies and business as well as subsidiaries in which Interoil has a control through a majority interest or otherwise.

All business partners of Interoil must comply with this Policy and all applicable anti-corruption laws and regulations.

RISK ASSESSMENT

Interoil primarily conducts its business through its subsidiaries located in Latin America. The countries where we operate are considered high-risk countries according to the Transparency International Corruption Perception Index.

Interoil is highly dependent on permits and licenses from local governments and official bodies. Further, Interoil has a high use of suppliers, and is reliant on contracting with the local communities. These are typically areas where corruption may occur.

Considering the risks above, Interoil has high focus on preventing any form of corruption.

INDIVIDUAL ACCOUNTABILITY

All Interoil employees are individually accountable for and shall become familiar with and comply with the Anti-Corruption Policy, which forms a part of the Interoil Management Handbook. All employees are to proactively raise concerns regarding suspected violations of anti-corruption laws and this Anti-Corruption Policy to Interoil's Compliance Function.

Extractions from the Colombian Anti-Corruption Statute

Article 16

Anyone who directly or through another person promises, offers or grants directors, managers, employees or consultants of a company, association or foundation a gift or unjustified benefit in order to favour him/her or a third party, to the detriment thereof, shall be liable to imprisonment from four (4) to eight (8) years and a fine of ten (10) to one thousand (1,000) minimum legal monthly wages in force.

Any director, manager, employee or consultant of a company, association or foundation who, himself or through another person, receives, requests or accepts a gift or unjustified benefit to the detriment thereof, will be punished with the same penalties.

Extractions from the Criminal Code of Peru

Article 397

General offering of bribes. Any person who, in any way, offers, gives, or promises an official or public servant a gift, promise, advantage or benefit, in order to perform or omit acts in violation of their duties shall be punished by not less than four nor more than six years of imprisonment.

Any person who, in any way, offers, gives, or promises a gift, advantage or benefit, so that an official or public servant might perform or omit acts within the purview of their office or position without breaching their duty, shall be punished by not less than three nor more than five years of imprisonment.

Types of payment

BRIBERY

Interoil employees must not, either directly or indirectly through a third party, offer, promise, authorize or give anything of value to influence the actions or decisions of any official, any person in public or legal duty, any person acting on behalf of customers or subcontractors/suppliers, or any other third party, or to otherwise obtain **improper advantage**, on selling goods and services, conducting financial transactions or representing the company's interests.

Furthermore, Interoil employees must not – directly or indirectly:

- Give or offer an **improper advantage** in connection with a person's position, office or assignment in either the public sector or the private sector
- Request, agree to receive or accept anything of value as an incentive or reward for acting improperly, in violation of their duty of loyalty to Interoil
- Request, agree to receive or accept an improper advantage in relation to their position, office or assignment.

FACILITATION PAYMENTS

Facilitation payments are also called "grease" payments. These are small, unofficial payments made to secure or expedite the performance of a routine or necessary action to which the payer of the facilitation payment has legal or other entitlement. Such payments are typically made to a public official.

Interoil prohibits the making of such facilitation payments and must not be offered, promised, paid or authorized by anyone acting on behalf of Interoil.

If you receive a request for a facilitation payment, you should notify the Ethics Committee as soon as possible. That will enable Interoil to take appropriate action to prevent future facilitation payment requests.

Definition of terms

Bribery is the offering, promising, giving, accepting or soliciting of an advantage as an inducement for an action which is illegal or a breach of trust.

Examples of payments and activities used in bribery:

- Money gifts – cash or cash equivalent
- Gifts with conditions attached
- Return commissions (kickback)
- Promise of additional business
- Gifts that can have an influence on a situation where you are about to make an offer to enter in negotiations
- Cash payments without statements and documentation

The content of the term "**improper advantage**" will evolve over time in accordance with the general public understanding.

An **advantage** may only constitute ground for punishment if it is "**improper**", i.e. when a clearly blameworthy act has occurred.

TRADING IN INFLUENCE

Anti-corruption laws prohibit trading in influence. Trading in influence is when an **improper advantage** is provided to someone in order to influence the performance of a third party's duties. When engaging lobbyists or agents, InterOil employees must ensure transparency, proper due diligence and reasonable fees.

InterOil employees must not give or offer anyone an **improper advantage** as compensation for influencing the conduct of any **public official** or third party.

HEALTH AND SAFETY PAYMENTS

Health and safety payments are payments made under duress or extortion. Health and safety payments are not considered a bribe if the threat is believed to be imminent, serious and credible.

If you as an InterOil employee are in a situation where payment under duress is demanded, you must as soon as possible after the incident, send a written report to your line manager, describing the circumstances requiring the facilitating payment, the amount of the payment, to whom the payment was made and the purpose of the payment.

Your line manager and/or general manager is responsible for sending the report to your local Ethics Committee and the Compliance Function.

Improper advantage will be determined by:

- Economic value for the recipient
- Roles and responsibilities of the person involved
- If it represents a violation of law or internal guidelines for anyone involved
- The intent is to influence someone in an improper way

Cooperation

BUSINESS PARTNERS

Interoil will influence its **business partners** to adhere to the same ethical and legal principles as Interoil. This applies whenever they are providing services to Interoil, or acting on Interoil's behalf. Interoil shall make a good-faith effort to ensure that those with which Interoil transact business are aware of Interoil's Anti-Corruption Policy and the Code of Conduct.

A written contract is required between Interoil and all third parties with whom the company engages in the conduct or furtherance of its commercial activities. In order to ensure compliance with ethical principles and anti-bribery laws, provisions related to ethics, anti-corruption and proper business conduct must be included in the contract with the relevant business partner.

Before entering into an agreement with a partner, agent, consultant, lobbyist, subcontractor, supplier or intermediary, appropriate due diligence must be made. Assurance and obligation clauses should be included in the agreements to ensure compliance with Interoil's ethics, sound and transparent business practices, appropriate compensation, transparency and openness of the relationship and compliance with all applicable laws and Interoil's Code of Conduct and this Anti-Corruption Policy.

It is important that risk-based due diligence including consideration of corruption risks, is routinely carried out. The level and complexity of the due diligence must be proportional to the perceived risk, for example whether the **business partner** is likely to interact with a **public official** in connection with Interoil's business.

The activities of business partners should be monitored in an appropriate, risk-based manner. The services or activities that the **business partner** is providing and the corruption risk profile of the country of operation should be part of the evaluation.

Each subsidiary is to have a list of required qualifications for suppliers to qualify as pre-qualified suppliers.

Examples of type of business partners:

- Vendors
- Suppliers
- Joint venture partners
- Agents
- Brokers
- Representatives
- Consultants
- Contractors
- Distributors
- Lobbyists
- Other service providers

During the course of the due diligence, "red flags" may come up, typically:

- A public official (or family member) owns the company shares, has other interests in the company or is the beneficial owner.
- Someone on the board of directors, in management or a key employee has an interest in another company that may be a competitor.
- The company declines to clarify the identity of the owners.
- The company declines to clarify owners', directors or key employees' economic interests that are believed to constitute a conflict of interest.
- The company appears on a list of those debarred from bidding on contracts.
- Investigations uncover close associations with politicians, competitors or criminals.
- The company has a bad reputation for other reasons than those listed above.

SOCIAL INVESTMENTS – COMMUNITIES

A social investment is an economic transaction where financial funds are provided by InterOil to a third-party for a defined purpose, often in high-risk countries or regions.

It is a part of InterOil's strategy to systematically contribute to the communities that are affected by InterOil's activities. Social investments are used to support InterOil's ambitions for social responsibility. However, such contributions to communities may represent a significant corruption risk and must be managed accordingly.

Social investments shall be based on a CSR plan included in the InterOil Management Handbook that outlines the strategic rationale for the investment according to the requirements described in the general CSR policy.

Social investments shall be governed through a written project contract that clearly sets out InterOil's contribution, the participating community's contribution and the project's goal, beneficiaries, milestones, time and cost scale.

Those responsible for social investment projects in the business unit shall follow-up the projects in regular meetings with the implementing entity.

PUBLIC OFFICIALS

InterOil shall not make or authorize any gift or payment or offer anything of value to a **public official**, except as provided in InterOil's Code of Conduct or in this document.

The topic gifts and hospitality is regulated in the Code of Conduct section 4.5. The main rule is: "[g]ifts or other favors to and from business associates may be allowed provided they have low monetary value, are infrequent, not intended to influence any decisions and clearly appropriate under the circumstances." The rule for hospitality is that "[e]vents for customers shall always have a specific and relevant business purpose and can only be accepted if they are reasonable and appropriate with respect to both cost and frequency."

Special care must be taken when providing business hospitality to public officials.

Extractions from the Norwegian General Penal Code

Section 276c

Any person who:

- a) for himself or other persons requests or receives an improper advantage or accepts and offer thereof in return for influencing the performance of a position, office or assignment, or
- b) gives or offers anyone an improper advantage in return for influencing the conduct of a position, office or assignment, shall be liable to penalty for trading in influence.

Definition of terms

Public officials include anyone employed by or acting on behalf of (full or part time basis):

- A national, regional or local government
- Government owned or controlled company or other entity
- Public international organizations (such as UN, EU, World Bank or other international organizations)
- Political parties, political party officials and candidates for public office
- Anyone else acting on an official capacity for or on behalf of a government agency or entity, including persons holding a legislative, administrative or judicial post and members of the military and police

PROCUREMENT ROUTINES

The following requirements related to Interoil's procurement process are of particular importance:

- There must be a distinction between line responsibility and procurement responsibility when procuring goods and services.
- The line is responsible for issuing requisitions, allocating budget funds and approving the procurement.
- The procurement unit is responsible for conducting the process of procuring goods and services.

To fulfil the requirement for proper control of the procurement process, dualism has been implemented. This means that one person cannot hold a combination of roles contradictory to this principle. The line and the procurement unit must cooperate in order to fulfil these routines.

The main rule is that suppliers that are pre-qualified shall be invited to take part in a competitive tendering. A sufficient number of tenders must be submitted to obtain real competition. The main rule also applies when establishing framework agreements.

All procurements shall be processed in accordance with Interoil's Accounting and Financial Control Manual.

In order to ensure compliance with ethical principles and anti-bribery laws, provisions related to ethics, anti-corruption and proper business conduct must be included in the contract with the relevant supplier.

For further information on Interoil's procurement routines, reference is given to Interoil's Accounting and Financial Control Manual, which is included in the Interoil Management Handbook.



POLITICAL CONTRIBUTIONS, CHARITABLE CONTRIBUTIONS AND SPONSORSHIP

No direct or indirect **contributions** may be made to or incurred for the benefit of any political party, official, or candidate in the name of Interoil, from Interoil's assets, or from Interoil funds, even if such contributions are permitted by local laws, rules or regulations.

This prohibition is not intended to discourage or prohibit national employees in their home country from voluntarily making personal political contributions, from participating in the political process on their own time and their own expense, from expressing their personal views on legislative or political matters or from otherwise personally engaging in political activities in such country.

Contributions to charities should generate positive publicity or goodwill for Interoil and demonstrate Interoil's commitment to the community, whether local, regional or national, and not create or create the appearance of, impropriety or be used for illegal purposes. Contributions to charities may be offered, incurred or paid to **a bona fide** and appropriate organisation or activity and as (i) required by contract or (ii) otherwise deemed appropriate by Interoil, and after consultation with the ethics committee.

Promotional and **sponsorship** benefits may be offered, paid or received if the value of such benefit is reasonable, **bona fide**, fully documented and (i) related to the promotion or demonstration of Interoil's, its suppliers' or its customers' goods or services or (ii) required by contract.

The reasonable, necessary and bona fide cost of promotional and sponsorship benefits shall be incurred, made, reimbursed or received by Interoil and Interoil employees in accordance with this Policy and applicable contractual obligations, provided:

- The purpose for the promotional expense is properly approved in advance;
- The payment, incurrence, reimbursement or receipt of the expense is accurately described and reflected in Interoil's books and records.

Prior to incurring such promotional and sponsorship benefits, the Ethics Committee shall be consulted and give its written approval of such sponsorship.

Political contributions include any contribution, made in cash or in kind, to support a political cause. Contribution in kind can include gifts of property or services, advertising or promotional activities endorsing a political party, the purchase of tickets to fundraising events and contributions to research organisations with close associations with a political party.

Charitable contributions are payments made for the benefit of society, for charitable, educational, social welfare and similar causes – the payments are made without demand or expectations of business return.

Sponsorship is a transaction where the enterprise makes a payment, in cash or in kind, to associate its name with an activity or organisation and receives in consideration for the sponsorship fees, rights and benefits such as the use of the sponsored organisation's name, advertising credits in the media, events and publications, the use of facilities and opportunities to promote its name, products and services.

Bona fide is something that is made, done or presented in good faith.

GIFTS, HOSPITALITY AND EXPENSES

Gifts may be allowed provided they have low monetary value, are infrequent, not intended to influence any decisions and clearly appropriate under the circumstances.

Hospitality may be accepted if there is a clear business reason. The cost of any hospitality must be kept within reasonable limits.

The individual must not, directly or indirectly, accept **gifts** from one single provider exceeding USD 200 per year.

Costs related to **hospitality** shall not exceed USD 250 per individual, or USD 1,000 per event.

Exceptions to the **gift** and **entertainment** limitations must be approved by the ethics committee in advance.

The above principles also applies in the reverse direction, so that no individual acting on behalf of InterOil may, in their dealings with customers, suppliers and other parties, offer or agree to pay for **gifts, hospitality** or other expenses that would violate these principles. Particular care must be taken in dealings with **public officials**.

RECRUITING NEW STAFF

Recruiting or hiring a new employee is to be based on qualifications, competence and objective business criteria. This applies to hiring staff at all levels in the organisation, including contractors and subcontractors.

All new employees will have to comply with the Anti-Corruption Policy and Program.

M&A AND FARM-IN TRANSACTIONS

The Compliance Function must review all proposed **M&A** and **farm-in** transactions for anti-corruption purposes. This includes joint ventures, investments and assets acquisitions. This review should happen as soon as possible, and always before any transaction documents are signed.

Hospitality includes entertaining, meals, receptions, tickets to entertainment, social or sports events, participation in sporting events, such activities being given or received to initiate or develop relationship between business people.

Gifts and **entertainment benefits** that are not permissible include, but are not limited to:

- Weekend trips;
- Gifts or entertainment involving parties with whom InterOil has currently engaged in a tender or competitive bidding process;
- Any gift or entertainment that is offered for something in return; and
- Cash or monetary equivalent.

M&A means mergers and acquisitions. Merger is the legal consolidation of two companies into one entity, and an acquisition is when a company purchases the shares or the assets of other companies.

Farm-in is an arrangement where one oil operator “buys in” or acquires an interest in a lease or concession owned by another operator.

Compliance

ANTI-CORRUPTION COMPLIANCE FUNCTION

The Compliance Function has the overall responsibility for the Anti-Corruption Program and shall (i) create, maintain and update the InterOil documents included as part of the Anti-Corruption Program, included in the InterOil Management Handbook; (ii) assist the Ethics Committee to develop and implement appropriate anti-corruption training programs for InterOil employees; (iii) provide advice and support with respect to inquiries on the prevention of corruption, interpretation of the Anti-Corruption Program and applicable anti-corruption laws, rules and regulation; and (vi) conduct or participate in audits regarding the compliance with anti-corruption laws and Anti-Corruption Program.

The Compliance Function will, at least at an annual basis, perform an audit in each subsidiary regarding the compliance with anti-corruption laws and Anti-Corruption Program.

Each subsidiary is to have an ethics committee, which has the overall responsibility for the implementation and the monitoring of InterOil's Anti-Corruption Program. The ethics committee is responsible for (i) ensuring compliance with the Anti-Corruption Program; (ii) assisting with anti-corruption training; (iii) providing advice and support to employees; (iv) assisting the compliance function's audits for InterOil's employees' compliance with the Anti-Corruption Program. The Compliance Function may attend the meetings of the ethics committee and shall receive the minutes from ethics committee meetings.

The local general manager has the overall responsibility to implement any decision, resolution or recommendation given by the Ethics Committee and/or the Compliance Function.



TRAINING AND CONTROL

The Compliance Function and the ethics committee will assure that the Anti-Corruption Program is embedded and understood throughout the organisation by way of communication, including training. InterOil employees shall be appropriately trained with regard to compliance with anti-corruption laws and this Anti-Corruption Policy proportionate to the identified corruption risks faced. The Compliance Function and the ethics committee shall establish and maintain a system of controls to prevent and detect corruption, which shall be clear, practical, accessible, effectively implemented and enforced.

CONSEQUENCES OF BREACH

Severe civil and criminal penalties can be imposed on InterOil as well as any InterOil employee involved in violating any of the anti-corruption laws to which InterOil and InterOil employees are subject. Violation of the applicable anti-corruption laws or this Policy by InterOil employees can lead to disciplinary action by InterOil, including termination of employment.

REPORTING AND INVESTIGATION

InterOil's employees and others may safely and confidentially report concerns about or knowledge of corruption related to InterOil and the Compliance Function ensures that all such reports are investigated.

Employees are to direct concerns regarding actual or suspected violations of anti-corruption laws or the Anti-Corruption Program to the Compliance Function.

InterOil's Compliance Function may be contacted by sending an email to: compliance@interoil.no.

The Compliance Function will promptly review and investigate reports and allegations.

No retaliatory action shall be taken by InterOil against InterOil employees in good faith reporting a violation of an anti-corruption law or the Anti-Corruption Policy.

Employees will be requested to confirm by signing an annual statement of compliance that they have read and familiarized themselves with this Anti-Corruption Policy, including the Code of Conduct, and that they for the previous year have conducted their tasks and responsibilities in accordance with the requirements set forth in this Anti-Corruption Policy and the Code of Conduct.

QUESTIONS

If you have any question about this Policy or anti-corruption laws, please do not hesitate to confer with your local ethics committee or the Compliance Function.

As a supplement, anti-corruption procedures and training will be provided to give further guidance on what steps to take to ensure compliance with this Policy.

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