



MEDITERRANEAN OIL & GAS PLC

AND SUBSIDIARIES

(“MOG”)

**Group Anti-Bribery Policy**

**July 7, 2011**

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Dear Colleague

I am proud at what we at Mediterranean Oil & Gas Plc and its subsidiaries (together “MOG”) have achieved over the last 6 years and look forward to our continuing success.

As you know, we at MOG have always believed in operating in accordance with the highest ethical standards. MOG’s position with regard to bribes is simple: zero tolerance.

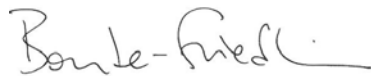
However, as we grow, it becomes increasingly important to ensure that our common vision of how we wish to do business is adhered to by all our people, including those joining the business.

I believe that, in the industry in which we operate, our reputation is crucial to our continuing success and that is why I fully support the introduction of our new Anti-Bribery Policy.

MOG’s approach is to have strong procedures and strong financial controls to guard against bribery. We also believe that, by having well trained staff who are alert to the risks, we will best protect MOG and the individuals who work for us from the serious risks which bribery poses.

This Anti-Bribery Policy has been approved by the Board of Mediterranean Oil & Gas Plc and applies to all Mediterranean Oil & Gas Plc personnel including directors, officers and employees and temporary contractors at all levels working anywhere in the world. It also applies to all Mediterranean Oil & Gas Plc subsidiaries including Medoilgas Italia S.p.A., and directors, officers and employees and temporary contractors working for the subsidiary companies anywhere in the world.

It is vital that you are fully familiar with and understand this booklet and, more importantly, please use it and refer to it when carrying out your daily activities.



Michael Bonte Friedheim

Chief Executive Officer

## **Our Anti-Bribery Policy**

It is the policy of the Mediterranean Oil & Gas Plc Group to have a single Anti-Bribery Policy applicable to its business activities throughout the world (including the activities of its subsidiaries).

Where we refer in this Policy to Mediterranean Oil & Gas Plc (“MOG”), this means the entire Group i.e. Mediterranean Oil & Gas Plc and all its subsidiaries anywhere in the world, including Medoilgas Italia S.p.A., Medoilgas Civita Limited, Malta Oil Pty Limited and Phoenicia Energy Limited.

It applies to personnel at all levels from employee to director and to all staff, permanent or temporary, including contractors.

Where we refer to directors of MOG, we mean equally the directors of the subsidiary companies.

Where local legal requirements e.g. in Italy or Malta, are less stringent than this Anti-Bribery Policy, you should nonetheless comply with this Anti-Bribery Policy, unless local standards impose higher requirements (in which case you should comply with the higher standard). In any event all local laws in the jurisdictions we are working in must be complied with, in addition to this Policy.

Those working in Italy should also comply with the Ethics Code, Organisational Model, and any other Regulations, policies, rules or directives given by the management of Medoilgas Italia S.p.A, as well as this Anti-Bribery Policy.

You should also note that MOG expects third parties with whom we work closely, such as consultants, contractors, agents, intermediaries, joint venture partners, and key suppliers of services on our behalf to have equally high ethical standards and our Anti-Bribery Policy contains advice on how you should deal with such parties and how we can ensure that they adhere to the same high standards as ourselves.

Ultimately, it is the personal responsibility of you and all MOG personnel to ensure that MOG complies with the highest ethical standards.

Finally, please note that this Policy covers many areas. However, no Policy can ever be exhaustive and, if you are ever in any doubt about whether any conduct breaches the Policy, please speak to your immediate supervisor or contact the Anti-Bribery Officer, Sergio Morandi, whose details can be found at the back of this Anti-Bribery Policy.

**What is MOG doing to ensure bribes are not paid or received by its people or paid on its behalf?**

MOG has recently taken a number of steps and these are reflected in this Anti-Bribery Policy. These include the following:

- (i) carrying out a risk assessment of its business;
- (ii) introducing this formal Group Anti-Bribery Policy;
- (iii) appointing an Anti-Bribery Officer who will report to the Board on a regular basis;
- (iv) agreeing that the Board of Mediterranean Oil & Gas Plc will regularly consider bribery issues and will ultimately take responsibility for them;
- (v) introducing a formal Gift and Hospitality log;
- (vi) specifically prohibiting facilitation payments (section C below) (other than in exceptional circumstances);
- (vii) referring all potential contracts with third parties to the Anti-Bribery Officer before engagement (section below); and
- (viii) introducing a formal third party due diligence process to be conducted by the Anti-Bribery Officer in appropriate cases (section D4 below).

## **The Principles**

There are 2 aspects to the Anti-Bribery Policy. The first is a set of General Principles that need to be followed and should guide your thinking in everything you do whilst working for MOG.

The second consists of a set of Specific Principles about particular matters.

The General Principles are always applicable even when there is a Specific Principle on the issue in question.

Please note that MOG takes this Policy extremely seriously. We will not tolerate any behaviour by our personnel which falls short of the standards laid out in our Anti-Bribery Policy.

In appropriate circumstances, we will take disciplinary action against anyone whose conduct falls short of the standards laid out in this Anti-Bribery Policy and failure to comply with this Policy could lead to dismissal.

## General Principles

All MOG personnel must at all times act in accordance with the following General Principles.

It is the personal responsibility of all MOG personnel to ensure their conduct complies with these General Principles:

1. All MOG personnel must act honestly at all times;
2. All MOG personnel must act ethically at all times;
3. All MOG personnel must act in the best interests of MOG at all times;

**NB. It is never in the best interests of MOG for its people to act dishonestly or unethically, even if the company would benefit financially.**

4. MOG personnel must never allow their personal interests to conflict with those of MOG. Any possible conflict should be promptly reported to the Anti-Bribery Officer in advance and, in Italy, to the Supervisory Committee also. More information about conflicts of interest can be found in section K below;
5. No MOG personnel should ever make a personal gain from their position within MOG unless the matter has been fully disclosed to and approved by the Board or their employment contract provides any exception. More information about not making a personal gain from your position can be found in section L below;
6. All MOG personnel should act in accordance with all applicable laws, regulations and professional rules at all times. This includes local i.e. in country laws, regulations and professional rules as well as UK laws, regulations and rules where they apply;

**NB. If you are unsure whether something is in accordance with the laws of any country or any regulations or professional rules or unsure as to which laws, rules or regulations apply, please speak to your immediate supervisor in the first instance or the Anti-Bribery Officer if you prefer.**

7. All MOG personnel should report any suspected breach or proposed breach of the Anti-Bribery Policy to the Anti-Bribery Officer immediately and, in Italy, to the Supervisory Committee also. If you are not sure whether there is or may be a breach, you should report the matter anyway. Further information on reporting bribes is at A9 below;
8. If you are ever in any doubt about whether any proposed action of yourself or any other person complies with the Anti-Bribery Policy, please speak to your immediate supervisor or the Anti-Bribery Officer before the conduct occurs and they will be able to advise you further.

**NB. MOG guarantees to all personnel that any report to the Anti-Bribery Officer will (as far as practicable) be treated as confidential and that, provided the report is**

**made in good faith, the maker of the report will not be singled out or treated in any way less favourably for having made a report, whether the report turns out to be unjustified or not.**

## Specific Principles

### **A. Bribery**

#### **A1. Is bribery ever permitted by MOG?**

Absolutely not.

Bribery is a criminal offence under the UK Bribery Act 2010 and in various other jurisdictions around the world including Italy and is never permitted by MOG. You should never pay or offer a bribe.

It is also a criminal offence under the UK Bribery Act 2010 to receive or ask for a bribe. You should never accept or request a bribe.

You must also never authorise nor allow anyone else (whether within or outside of MOG) to pay a bribe on behalf of MOG as this may result in liability for MOG and yourself personally.

**NB. You should also steer clear of any situations which could have the appearance of a bribe, even if they are not intended to be perceived that way.**

If you have any suspicion that bribes are being paid or accepted on behalf of MOG, you should immediately report this to the Anti-Bribery Officer and, in Italy, to the Supervisory Committee also.

This includes any bribes paid or received by consultants, contractors, agents, intermediaries, joint venture partners and suppliers providing services on MOG's behalf.

#### **A2. How serious is bribery?**

Very serious.

A conviction for bribery in the UK can lead to **up to 10 years in prison** for individuals involved. For MOG, it could mean an **unlimited fine**, loss of contracts and the right to tender for future contracts and massive reputational damage which ultimately could jeopardise the entire Group.

#### **A3. What is bribery?**

Common sense will tell you if something is a bribe.

If you are unsure whether something seems right, go with your gut reaction. It is probably not right. In essence, is money or any benefit or advantage (however small and whether of token value or not) being offered to someone **in order to influence** the making of a decision? If so, it is likely to be a bribe.

In more detail, bribery could be any of the following:

1. Offering money or any benefit or advantage (however small and whether of token value or not) to someone **in order to influence** the making of a decision; or
2. Offering money or any benefit or advantage as a reward for someone having already been improperly influenced; or
3. Offering money or any benefit or advantage to someone knowing that by accepting it they will be performing their job improperly; or
4. Offering money or any benefit or advantage with the intention of trying to influence a foreign (i.e. non UK) public official whilst also intending to obtain/retain a business advantage and the foreign public official is not allowed under local law (i.e. the law of the country where he is based) to be influenced by what is offered.

Examples of situations to watch out for include offering something e.g. to a government official, to influence them to award a contract or licence, or give a consent, to win business for MOG, to ensure MOG keeps business, or to gain any other type of business advantage for MOG. If so, this will be a bribe.

Another example would be e.g. if a low level government official asks for €50 in Italy to issue a visa or allow goods to be unloaded when they are not entitled to and are just keeping the money. More information on this type of situation can be found at C below (Facilitation Payments).

**NB. The definitions of bribery are complicated. If you are ever in any doubt, please contact the Anti-Bribery Officer. Please also refer to the Practical Examples at the end of this Anti-Bribery Policy.**

**NB. Bribery includes making a payment directly or through a third party.**

Remember "bribery" includes offering, promising and paying bribes and requesting, agreeing to receive or accepting bribes.

#### **A4. What sort of things can be a bribe?**

A bribe involves offering money or **ANYTHING** of value/benefit (including nominal value) but obviously only in the circumstances 1-4 above.

Some examples of what amounts to "anything of value" include any of the following:

- cash
- a lunch
- a cheap branded gift with the Company's logo
- tickets to an event e.g. a Grand Prix
- any form of corporate hospitality/entertainment
- hotel accommodation
- plane tickets
- reimbursing hotel, travel or other expenses e.g. to a government official

a holiday  
a gift e.g. a watch  
payment of education for a family member of the recipient  
an offer to build a road/school etc in country

**NB. It is also "bribery" to be the recipient or request or agree to receive or accept bribes in the above scenarios.**

**A5. How can the UK Bribery Act affect actions abroad e.g. in Italy?**

Mediterranean Oil and Gas Plc is a UK company with connections to the UK through its directors. Regardless of where in the world acts occur, Mediterranean Oil and Gas Plc and its directors may still be criminally liable for certain acts including acts of its subsidiaries. This Policy, therefore, applies to all acts worldwide and to all MOG subsidiaries wherever they are incorporated or operate.

**A6. Does MOG's no bribes policy cover payments to or from all types of third parties?**

Yes.

The above rules apply to bribes to or from any third party. It is not just limited to bribes paid to government officials and includes bribes paid to any third parties including private companies.

This includes:

- (i) public/government officials at national, local or international level (whether their role is legislative, administrative or judicial and whether elected or not); and
- (ii) directors, officers or employees of wholly or partly state-owned or controlled entities (including any ministries, agencies or sub-agencies); and
- (iii) political candidates, officials or those working for political parties; and
- (iv) officials or agents of public organisations (including any private organisation exercising a public function); and
- (v) directors, officers, employees or agents of private companies; and
- (vi) any individual acting on behalf of any entity (whether a company, partnership or anything else).

**NB. It is still a bribe if the money is not paid directly to a third party but to someone else e.g. to pay a hotel or airline direct for accommodation or flights used by the third party.**

**A7. What are the key areas of risk for our business?**

Particularly dangerous situations include:

- (i) dealing with government officials in country when bidding for licences/contracts/seeking consents as any offers of e.g. hospitality or anything of value may give the appearance of being intended to influence the official. That is why you must comply with the rules in

- this Policy on corporate hospitality even if perfectly legitimate and gifts referred to under the heading B in this Policy below;
- (ii) lobbying of government officials at local and national level;
  - (iii) conduct of third parties e.g. contractors engaged by MOG. This is one of the key risk areas for MOG's business because MOG may be held liable for a third party's bribe paid while working on MOG business. Payment of small sums to low level officials in Italy is likely to be the biggest risk here (see section C on Facilitation Payments below);
  - (iv) conduct of our joint venture partners. Again, MOG could be held liable for acts of its joint venture partners in certain circumstances.

More information on dealing with third parties is explained further in section D below.

Please see the Red Flags at the back of this Policy. Please also refer to the Practical Examples at the end of this Policy for situations which you should look out for.

#### **A8. Improper Payments/Kickbacks**

You should never make any improper payments to any third party which constitute a bribe as explained in the sections above. This includes what are sometimes referred to as "kickbacks" i.e. you should never transfer/pay a portion of a contract payment to employees or anyone connected with another contracting party or use potentially misleading techniques such as subcontracts, purchase orders or consulting agreements to channel payments to public officials, employees of another contracting party, their relatives or business associates.

#### **A9. Reporting bribes**

**What should I do if I suspect a bribe has been or may have been paid by someone working for MOG or a third party on behalf of MOG?**

Report it immediately to the Anti-Bribery Officer, whose details are at the back of this Policy and, in Italy, to the Supervisory Committee also.

**What should I do if I suspect I or someone else working for MOG has been offered a bribe?**

Report it immediately to the Anti-Bribery Officer, whose details are at the back of this Policy and, in Italy, to the Supervisory Committee also.

**What should I do if someone demands a bribe from me with or without threats?**

Report it immediately to the Anti-Bribery Officer, whose details are at the back of this Policy and, in Italy, to the Supervisory Committee also.

**NB. Please refer to the Frequently Asked Questions at the back of this Policy for information on the reporting process.**

#### **B. Gifts and Hospitality**

**B1. What is MOG’s policy on giving gifts and hospitality to third parties or receiving gifts or hospitality from third parties?**

The underlying principles of this Policy are that:

- (i) the receiver of a gift or hospitality should not, as a consequence, feel beholden to the giver;
- (ii) the giver should not provide gifts or hospitality because they feel obliged to do so.

**B2. What is a gift or hospitality?**

A gift is something given for which no payment is made e.g. cash, tickets to a football game, food, a branded item, wine, plane tickets and similar.

Hospitality (also referred to as entertainment) covers invitations to lunch, dinner, sporting events, trips abroad, payment of hotel accommodation, flights and similar activities.

**B3. What sort of gift or hospitality is not permitted?**

MOG totally prohibits any gifts or hospitality given with the intention of influencing a third party to give MOG business or to do MOG a favour. Likewise, gifts or hospitality given after the event as a reward for business or for doing a favour are prohibited.

**NB. Indirect gifts such as to a child of a client/third party must also be avoided as they are not permitted.**

Please refer to the examples in the Practical Examples at the back of this Policy for scenarios which are and are not permitted in relation to corporate hospitality and gifts.

**B4. What sort of gift or hospitality is permitted?**

MOG recognises, however, that, in most circumstances, corporate hospitality is an entirely appropriate and normal part of doing business and, that, in some parts of the world, gifts are customary.

Where possible gifts should bear the logo of the giver’s organisation but, in all cases, they should comply with the criteria below.

Gifts and hospitality may be given to third parties provided they are:

- (i) given to establish or improve good business relations, promote MOG’s business or image or for some other bona fide reason;

- (ii) reasonable and proportionate in amount and scale to the status and seniority of the person receiving them;
- (iii) not lavish i.e. not excessively expensive;
- (iv) not to one of the Excluded Persons referred to in B4 below (in which case prior consent of the Anti-Bribery Officer is required);
- (v) within the financial limits set out under the heading Financial Limits at B5 below;
- (vi) not given in cash or cash equivalent e.g. vouchers or cheques;
- (vii) not loans;
- (viii) comply with local laws of the country in question;
- (ix) given openly and not secretly;
- (x) do not involve insalubrious premises or illegal substances or excessive consumption of alcohol.

**NB. These provisions apply to all gifts and hospitality offered to any third party, whether given directly or to a relative, or other connected person.**

In the case of gifts or hospitality received, these must comply with items (i)-(iii) and (v-x) above and should not be from one of the persons at (iv) above.

**NB. Please note, however, that all gifts and hospitality to or from certain persons listed below under Excluded Persons require prior approval from the Anti-Bribery Officer.**

**NB. If you are ever in doubt whether something complies with local laws, please consult the Anti-Bribery Officer.**

#### **B5. Excluded Persons**

- (i) Public/government officials at national, local or international level (whether their role is legislative, administrative or judicial and whether elected or not);
- (ii) Directors, officers or employees of wholly or partly state-controlled entities (including any ministries, agencies or sub-agencies); and
- (iii) Officials or agents of public organisations (including any private organisation exercising a public function).

#### **B6. Financial limits for Gifts and Hospitality**

MOG has imposed the following financial limits on gifts and hospitality. This applies to all gifts and hospitality provided by any individual within MOG to any third party individual, or received by any individual within MOG from any third party.

In other words, it relates to gifts or hospitality you personally have offered a particular individual in any third party company or organisation.

**NB. You are not expected to aggregate gifts or hospitality offered by other MOG personnel to the recipient. Nor are you expected to aggregate gifts/hospitality you have provided to a particular recipient with gifts or hospitality offered to other individuals within the same organisation as the recipient.**

The same policy applies to gifts or hospitality received by you.

	<b>Maximum monetary value (euros)</b>	
Gift (excluding cash or cash equivalent eg vouchers or cheques which is never permitted)	50 (per occasion)	
Meal (value of meal which recipient of hospitality is receiving)	100 (per person per occasion)	
Other Entertainment	100 (per person per occasion)	

**What is not permitted?**

Gifts outside the parameters laid out above without the approval of the Anti-Bribery Officer.

**B7. Gift and Hospitality Log**

**Do I have to report all gifts or hospitality?**

Yes.

In order for MOG to monitor the gifts and hospitality offered or received by MOG personnel, all MOG personnel are required to email the Anti-Bribery Officer within 3 working days of any gift or hospitality being given/received (along with a copy of the receipt in the case of gifts/hospitality given) so that the Anti-Bribery Officer can log it in the Gift and Hospitality Log.

Notifications should include the following information:

- (i) Hospitality/Gift offered/received;
- (ii) date offered/received;
- (iii) recipient and recipient company/party offering the hospitality;
- (iv) reason for the hospitality/gift;
- (v) value of the hospitality given/estimated value of hospitality received; and
- (vi) where hospitality has been given, a copy of the relevant invoice/receipt should also be provided.

**NB. All records will be periodically reviewed by the Anti-Bribery Officer.**

**B8. What should I do if I am offered a Gift or Hospitality outside the above parameters?**

If you are offered gifts or hospitality falling outside of the above parameters, please decline them. If you do receive gifts or hospitality outside the above parameters, report it to your immediate supervisor and the Anti-Bribery Officer and, in Italy, to the Supervisory Committee also.

**B9. What should I do if I want to offer or receive Gifts or Hospitality outside the above parameters?**

If there is a reason you believe an exception ought to be made, please seek consent from the Anti-Bribery Officer before giving/accepting the gift or hospitality. Do not accept any such gift or hospitality unless written consent has been received from the Anti-Bribery Officer.

**B10. Can you give me guidance on what is/is not acceptable Hospitality/an acceptable Gift?**

Yes. Please consult the Practical Examples at the end of this Policy.

**C. Facilitation payments**

**C1. What is a facilitation payment?**

Facilitation payments are payments made to any type of government official anywhere in the world at any level but typically at local level to secure routine governmental action (such as processing visas, providing mail delivery, unloading cargo, providing police protection, provision of telephone or utilities etc).

Typically, the amount requested is fairly low e.g. €50, 100, 200.

**NB. Payments to obtain/retain a contract are not facilitation payments. They do not relate to routine daily matters.**

**C2. Are facilitation payments permitted?**

No.

The UK Government has made it clear that facilitation payments are a bribe and, if large or paid repeatedly, the Serious Fraud Office has indicated it will consider it in the public interest to prosecute the company. MOG's policy is not to pay facilitation payments. You should not make any facilitation payments.

**C3. What should I do if I am in a situation where I feel concerned about my immediate safety if I refuse to make a facilitation payment?**

If you are ever genuinely concerned for your own safety, make the payment and then immediately report it to the Anti-Bribery Officer giving details of the amount paid, where and who to and the reasons you were concerned for your safety.

**C4. What should I do if I believe MOG’s business is going to be inconvenienced or damaged by not making a facilitation payment?**

The position remains that facilitation payments are not permitted. Please consult the Anti-Bribery Officer to discuss what you can do.

Consider also taking some or all of the following steps

- (i) refuse the request for payment in the first instance;
- (ii) ask on what basis the money is being demanded;
- (iii) ask for the identity of the official making the demand;
- (iv) indicate it is a bribe under UK law to make the payment and you cannot make it;
- (v) ask to speak to the superior of the official;
- (vi) say that it will be necessary to inform the UK embassy of the payment.

**NB. The Anti-Bribery Officer will keep a written Log of any facilitation payments notified to him/her.**

**C5. What should I do if I make or may have made a facilitation payment?**

If you ever make a facilitation payment or are unsure whether you have made one, notwithstanding this Policy, please notify the Anti-Bribery officer immediately.

**C6. Can you give examples of what amounts to a facilitation payment?**

Yes. Please consult the Practical Examples at the end of this Policy.

**D. Working with third parties**

**D1. What is a third party?**

A third party is anyone working with or on behalf of MOG who is not an employee. This includes but is not limited to:

- (i) consultants, agents and intermediaries e.g. local in country agents retained to represent MOG or to fulfil certain tasks;
- (ii) contractors e.g. drilling contractors or logistics/transport companies;
- (iii) joint venture partners; and
- (iv) suppliers who provide services on behalf of MOG.

**D2. Is it ok to use third parties?**

Yes, subject to the points below.

MOG believes that great care should be exercised when working with third parties. The UK Bribery Act 2010 introduces a new offence for companies that fail to prevent a bribe being paid by a third party associated with them on their behalf, regardless of whether they knew about the bribe or not.

Great care therefore needs to be taken when selecting third parties for MOG to work with and to represent us.

### **D3. Who can engage third parties?**

Only persons in a management role may engage third parties and then only if the due diligence process for third parties has been followed as explained below.

If you are not a person at management level, you should immediately refer any matter concerning the engagement of a third party by MOG to a person occupying a management role.

### **D4. Due diligence of third parties pre-engagement process**

Before any third party is engaged, the matter must be referred to the Anti-Bribery Officer. Depending on the nature of the contract, they will then decide whether the Third Party due diligence process needs to be completed.

This involves considering a series of issues regarding the level of risk in entering into a contract with the relevant third party as well as ensuring sufficient protection is given to MOG insofar as this is reasonably commercially possible.

For example, MOG would normally expect third parties with whom it intends to enter into certain types of relationship to sign up to MOG's Anti-Bribery Policy or to have a similar Policy in place themselves.

### **D5. Is there anything I should do before MOG enters into a contract with a third party?**

Yes. Please refer any possible third party contract or arrangement to the Anti-Bribery Officer as soon as any possibility arises of engaging any third party to carry out any acts on behalf of MOG.

**NB. Do not engage any third party without the Anti-Bribery Officer's clearance.**

### **D6. When should I consult the Anti-Bribery Officer?**

As soon as negotiations with the third party begin.

### **D7. In Country Agents**

Do I have to refer any potential arrangement with an in country agent to the Anti-Bribery Officer?

Yes. This falls within the Due Diligence of Third Parties Pre-engagement Process.

## **D8. Contractors**

Do I have to refer any potential contract with a third party contractor providing e.g. drilling services to the Anti-Bribery Officer?

Yes. This falls within the Due Diligence of Third Parties Pre engagement Process.

## **D9. Joint Ventures**

Do I have to refer any potential joint venture to the Anti-Bribery Officer?

Yes. This falls within the Due Diligence of Third Parties Pre Engagement Process.

**NB. Joint ventures includes contractual joint ventures e.g. joint operating agreements as well as joint ventures to be conducted through a separate legal entity.**

## **D10. Is a written contract necessary with third parties?**

Yes. All contracts with third parties must be in writing. Never agree to anything verbally.

**NB. Never just sign a contract produced by a third party. Always refer any requirement for a contract or any draft documentation produced by the other side to someone at management level.**

### **Why is this necessary?**

MOG will generally insert clauses in its contracts with third parties where reasonably commercially feasible to ensure third parties adhere to its Anti-Bribery Policy and to enable any contract to come to an end if this is not the case.

Other key provisions are likely to include not engaging sub-contractors without MOG's consent and that expenses will only be paid against receipt of proper supporting documentation.

**NB. The Anti-Bribery officer will also consider whether the contract needs to be reviewed to ensure it complies with local laws, rules and regulations.**

## **D11. No sub-contracting or sub-agency**

If you are personally responsible for a contract with a third party, always ensure that either the contract prohibits sub-contracting, sub-agencies/delegation of duties by the third party to another third party without MOG's consent or the contract requires the third party to ensure any sub-contractors, sub-agents etc agree to abide by this Policy or the equivalent.

## **D12. Do I have to do anything once the contract has been signed?**

Please send a copy of any contract, when signed, to the Anti-Bribery officer within 7 days after signature.

**D13. Can you give me any further guidance on contracts with third parties?**

Yes. Please consult the Practical Examples at the end of this Policy.

**E. Business Expenses**

**E1. What is the Policy on reimbursement of business expenses for MOG staff?**

Please refer to the separate Business Expenses Policy document, a copy of which can be obtained from the Finance Department.

**E2. What is the Policy on use of directors' corporate credit cards?**

Only legitimate reasonable, bona fide business expenses documented by invoices or other evidence can be reimbursed.

**E3. Can a third party be reimbursed by MOG for travel, accommodation or other expenses?**

Yes, provided the expenses:

- (i) are genuine and supported by written evidence e.g. receipts; and
- (ii) are directly related to MOG's business; and
- (iii) are not payments to Government/public officials (national, local or international and whether elected or not), directors, officers or employees of wholly or partly state owned or controlled entities (including any ministries, agencies or sub-agencies); or officials of public organisations (including any private organisation exercising a public function) unless approved in advance by the Anti-Bribery Officer; and
- (iv) relate to expenses incurred by the third party, not someone else; and
- (v) payment is being made to a bank account known to belong to the third party, not an unknown account; and
- (vi) you have no reason to believe the payment is being forwarded on to a third party.

**E4. Can you give me some examples of genuine and non-genuine third party expenses?**

Yes. Please consult the Practical Examples at the end of this Policy.

**F. Accountability**

**All personnel must ensure that the acts of all company personnel and any expenditure by or on behalf of MOG are accountable.**

**F1. What does accountability mean?**

Accountability means that the acts of MOG’s personnel and use of MOG’s funds are transparent and can be accounted for and explained.

**F2. What is required in terms of accountability?**

All MOG personnel must take responsibility to the extent that their role permits to ensure:

- (i) The maintenance of proper accounting records and reliable financial information.
- (ii) All books and records fully and fairly reflect all receipts and expenditures.
- (iii) Documents must not be issued which do not accurately record the transactions to which they relate and all transactions must be documented.
- (iv) There must be no undisclosed or unrecorded funds of the Company for any purpose i.e. no “off the books” payments or secret accounts.

**NB. This Policy extends to expenses incurred by third parties for which reimbursement is requested as well as expenses incurred or transactions undertaken by personnel of the Company.**

**F3. What is prohibited in terms of accountability?**

- (i) Undisclosed or unrecorded funds of the Company e.g. a slush fund.
- (ii) Any false or misleading records that omit transactions, do not correctly reflect the true nature of the transaction or attempts to create “off balance sheet” transactions.

**F4. What should I do if I suspect money is not being properly accounted for in MOG’s books and records?**

Report the matter immediately to the Anti-Bribery Officer and, in Italy, to the Supervisory Committee also.

**F5. What situations do I need to look out for?**

Please consult the Practical Examples at the end of this Policy.

**G. Political Contributions and Lobbying**

**G1. Are political contributions permitted by MOG?**

No.

MOG prohibits **all payments to political parties** whether directly or indirectly. This includes:

- (i) Donations, loans, pledges (conditional or otherwise), gifts and subscriptions.
- (ii) Payment for dinners, conferences, purchase of publications and similar where a significant fundraising element for a political party is involved.

- (iii) Any payments to lobbying firms, other organisations or charities which are fronts for or which channel funds to political parties or individual politicians.

**NB. The above does not prohibit individual personnel from participating in the normal political process purely in their capacity as individual citizens.**

## **G2. Lobbying activities**

Sometimes lobbying is a cover for paying a bribe if payments are being channelled by lobbying firms to political parties or individual politicians. This is strictly prohibited and great care must be taken when engaging anyone to carry out services which include lobbying services in any way.

**No firm shall be engaged to carry out any lobbying activities on behalf of MOG** without the prior approval of the Board of Mediterranean Oil & Gas Plc. Any contract with a third party which includes lobbying services must be approved by the Anti-Bribery Officer in advance and must include a provision requiring the third party to comply with this Anti-Bribery Policy.

## **H. Engagement of Government/Public Officials**

### **H1. Is the engagement of Government/Public Officials permitted?**

MOG prohibits the engagement/employment by MOG of any person currently occupying a position as a:

- (i) Public/government official in any country, whether at national, local or international level (whether their role is legislative, administrative or judicial and whether elected or not).
- (ii) Director, officer or employee of a wholly or partly state-owned or controlled entity (including any ministries, agencies or sub-agencies).
- (iii) Political candidates, officials or those working for political parties.
- (iv) Officials or agents of public organisations (including any private organisations exercising a public function)

in all cases **UNLESS prior Board approval of Mediterranean Oil & Gas Plc is obtained.**

**NB. This prohibition does not apply to persons previously occupying such a position although any previous role will be considered as part of the Due Diligence of Third Parties Pre engagement Process.**

## **I. Charitable Contributions**

### **I1. What is MOG's policy on charitable contributions?**

No contributions shall be offered or made to any charity/ charitable trust or the equivalent using MOG funds unless the prior approval of the Anti-Bribery Officer has been obtained and, in the

case of a formal charitable programme, the programme has been approved by the Board of Mediterranean Oil & Gas Plc.

No charitable payments shall be made to or through any of the persons referred to at H1 above without the consent of the Anti-Bribery Officer.

**J. Corporate Social Responsibility**

**J1. What is MOG's policy on Corporate Social Responsibility?**

Any Corporate Social Responsibility activity including road or school building or other investment in infrastructure, educational sponsorship or other similar projects requires Board approval and any payments require the prior approval of the Anti-Bribery Officer.

The Anti-Bribery Officer may need to take local law advice on whether the proposed activity is permitted or required to be taken into account by the relevant government official when taking decisions regarding licences. If it does not do so, this may be a bribe under the UK Bribery Act 2010.

**K. Conflicts of Interest**

**K1. What is a conflict of interests?**

Anything which could interfere with you carrying out your duties on behalf of MOG objectively and effectively.

This includes family or other relationships, outside associations or interests including shareholdings or directorships in other companies.

**K2. Are conflicts of interest permitted?**

No. You should never allow your outside interests to conflict with that of MOG.

**K3. What should you do if you feel you may have a conflict of interests?**

Report it to your immediate supervisor or the Anti-Bribery Officer and, in Italy, to the Supervisory Committee also, who will advise you what to do. Also check your contract of employment as there may be relevant information in it.

**K4. Can you give me some examples of conflicts of interests?**

Yes. Please consult the Practical Examples at the end of this Policy.

**L. Personal Gain**

**L1. What is MOG’s policy on making a personal gain from your position with MOG?**

You should consult your contract of employment on this issue but, unless this provides any exception for you, MOG personnel should not make a personal gain using opportunities or information or property acquired from your position for MOG.

**L2. What should I do if I think someone is infringing this policy?**

Report the matter immediately to the Anti-Bribery Officer and, in Italy, to the Supervisory Committee also.

**L3. Can you give me some examples of inappropriate benefiting from a position within MOG?**

Please consult the Practical Examples at the end of this Policy.

## **Frequently Asked Questions**

**1. What should I do if I am unsure about the meaning or application of the Anti-Bribery Policy?**

If you are ever in doubt, you should first consider the General Principles and ask whether what is happening is consistent with those Principles. You should also consider any applicable Specific Principles.

MOG encourages you to discuss the matter with your supervisor or the Anti-Bribery Officer.

**2. What should I do if I suspect breaches of the Anti-Bribery Policy by other MOG personnel or third parties with whom we work closely?**

If any personnel observes or knows of or just suspects possible or actual breaches of this Anti-Bribery Policy, it is that individual's responsibility to report the matter promptly to the Anti-Bribery Officer and, in Italy, to the Supervisory Committee also. Please give as much detail as possible to enable the matter to be investigated including a means of contacting you.

**3. Will the fact that I have reported the matter be kept confidential?**

MOG will only disclose this information to those within MOG who need to know and will strive to maintain your confidentiality.

**4. Do I have to give my name when reporting something?**

It helps us to investigate a complaint if you do so but, if you really do not want to, you can keep your identity secret. It helps if you give us a contact phone number or email address in case we need to obtain further information but this is not compulsory. Please give as much detail as possible about the matter.

**5. Will I be prejudiced by having made a report to the Anti-Bribery Officer?**

Absolutely not. MOG strongly encourages staff to report all suspicions. Provided the report is made in good faith, you will not be prejudiced in any way, regardless of whether your suspicion was proven or not.

**6. What should I do if I am unsure whether any wrongdoing has occurred?**

Report it to the Anti-Bribery Officer and in Italy to the Supervisory Committee also and let them decide what to do next.

**7. When should I report something to the Anti-Bribery Officer?**

As soon as you have any suspicion.

**8. Can I wait to obtain more evidence or look into the matter myself?**

No. Absolutely not. In order to protect all persons, you must report the matter as quickly as possible.

**9. I think I have already done something in breach of the Anti-Bribery Policy. Should I just keep quiet about it?**

No, absolutely not. Please report it immediately to the Anti-Bribery Officer and, in Italy, to the Supervisory Committee also.

**10. What is the position where we are operating in different countries where their laws may be different to this Anti Bribery Policy?**

All countries may have their own rules and regulations. These should be adhered to but, where local laws are less stringent than this Anti-Bribery Policy, the Anti-Bribery Policy should always be followed. If you are in doubt, please speak to the Anti-Bribery Officer. In Italy, you must adhere to this Policy and the Code of Ethics, Organisational Model and any other relevant documentation in force in accordance with Legislative Decree 231 of 2001 and subsequent modification.

## **Red Flags**

The following may be indicators of a bribery situation or that a third party may be a high risk partner to do business with:

1. Requests for unusual or excessive commission or fees.
2. Requests for large sums to be paid in cash.
3. Statements that money is needed to “get the business”.
4. Requests for payments to unknown/offshore accounts.
5. Requests for payments to a third party.
6. Requests for “bogus” consultancy agreements, sub-contracts, purchase orders.
7. Unwillingness to involve superiors.
8. Refusal to comply with the Anti-Bribery Policy.
9. A party has a dubious reputation.
10. A party lacks expertise or experience in the sector.
11. A party works with other parties with a dubious reputation.
12. Close relationship to government officials.

## PRACTICAL EXAMPLES

### B. Gifts and Hospitality

#### **B3. What sort of gift or hospitality is not permitted?**

##### Scenario 1

Your Company needs to obtain consent to a farm-out agreement from a foreign government. You know that the key Minister's wife enjoys coming to London to go shopping in Harrods. One of the Directors suggests inviting the Minister and his wife to London for a 2 week all expenses paid stay at the Dorchester hotel.

##### Scenario 2

You are trying to reach an agreement with the Oil Minister for an exploration licence. He notices your computer when you visit him which cost you £2000. He asks if he can have one as a token that your Company "is serious about wanting the licence." You agree.

##### Scenario 3

You need a government consent from a foreign government for a key deal to go through. You arrange a gala dinner 1 month before they are due to make their decision with luxury food, expensive entertainment and a gift worth £500 per head to take home.

##### Scenario 4

You offer to fly a group of foreign officials to London for a meeting. You put them up in a 5 star hotel for 3 nights at the Company's expense. They attend a meeting which lasts 1 hour.

##### Scenario 5

Your Company is trying to agree an off take agreement with a third party which could potentially be worth £10 million but is not the only company in the running. After a boozy dinner with a senior employee of the third party, he asks if you could give his daughter a job in your office but tells you not to mention to your colleagues that she is his daughter.

##### Scenario 6

A foreign minister is in London. You want to obtain an exploration licence. You take him to lunch at Gordon Ramsay and order an expensive bottle of wine: total price £800.

#### **B4. What sort of gift or hospitality is permitted?**

##### Scenario 1

A foreign government Minister whom you are keen to talk to as you wish to obtain an exploration licence is in London and you invite him to lunch. You take him to lunch to tell him about your Company and why it wants the licence. The bill costs £180 for 2.

#### Scenario 2

At Christmas, you give all your contractors a bottle of wine worth £25.

#### Scenario 3

Your CEO invites a Minister (currently in London) of a country in which the Company is dependent on exploration licences to the Company's box at Ascot to meet with senior management.

#### Scenario 4

Whilst in an African country where you have various production licences, you invite the Oil Minister to dinner at the best restaurant in town. You know that he only ever eats there.

#### Scenario 5

Due to the busy schedule of 1 of the directors who is needed to attend an important meeting with a foreign government official, you can only meet the government official in New York. You fly him to New York at the Company's expense, pay for dinner and take him to a baseball match. You have your meeting and pay the hotel bills of yourselves and the official. Your Anti-Bribery Officer knows about the meeting and approved it in advance.

### **B10. Can you give me guidance on what is/is not acceptable Hospitality/an acceptable Gift?**

Please see scenarios at B3 and B4 above.

#### **Conclusion**

It is recognised that expenditure on corporate hospitality which is designed to improve an organisation's image or to establish or improve good business relations or promote/provide information about your business is an important part of doing business. Reasonable and proportionate hospitality is likely to be acceptable, but the more lavish the hospitality, the more likely it is to be perceived as a bribe.

### **C. Facilitation Payments**

#### **C6. Can you give examples of what amounts to a facilitation payment?**

### Scenario 1

You are in Italy. You are asked for US\$20.00 at immigration Control by a junior official for “a visa” even though none is required.

### Scenario 2

A shipment of critical drilling equipment has arrived at the local port in Italy where you have drilling operations and is awaiting transport to the relevant location. When the contractor comes to collect the equipment, a customs officer says the paperwork accompanying the shipment does not have all the required information.

The customs officer indicates that it will take 2-3 weeks to resolve the problem. However, a fee of US\$100 could be paid to ensure expedited “processing” of the documentation in its current form which would only take 1 day. The contractor has been hanging around and you have heard at the Company what is going on.

### Scenario 3

You are setting up a local office in Malta. You ask for phone lines to be installed. You are told there is a long waiting list of 3 weeks but if you pay a \$100 “special fee for me” to the local official it will be done immediately.

### **Conclusion**

Facilitation payments are a bribe and are therefore forbidden. The only situation where a facilitation payment may be made is when an individual is genuinely concerned for their immediate physical safety. If such an event occurs, the reporting procedure at C3 should be followed as soon as possible.

## **D. Contracts with Third Parties**

### **D13. Can you give me any further guidance on contracts with third parties?**

#### Scenario 1

Your company is trying to settle a dispute between its Italian subsidiary and a Italian company. A third party offers to broker a deal. He says he is a former government minister but is acting in his personal capacity. You retain the minister under the terms of a consultancy agreement to facilitate the ongoing negotiations.

The minister, without the knowledge of your Company, offers two directors of the Italian company a bribe in Italy to persuade the Italian company to settle the dispute for less than it is really worth.

#### Scenario 2

One of your subsidiaries enters into a joint venture agreement with a local company.

The local company, without your knowledge, offers a bribe to a local official to ensure an exploration licence is granted to the joint venture.

### Scenario 3

You engage as a consultant a former Minister who says he knows lots of people and hopes to secure you an important licence in country. He does so at quite a high fee but you later learn that part of the fee was paid to the current Minister for awarding the licence.

### Scenario 4

A subcontractor to one of the Company's drilling contractors is unable to get some key equipment through customs in country unless he pays \$100. He pays it and does not tell your Company about it. He does this on a regular basis.

## **Conclusion**

The above scenarios demonstrate the inherent risk when engaging with third parties. This is why the procedure set out at section D is essential for the protection of the Company and to reduce the risk of bribes being paid by third parties on its behalf.

Third party contracts should, where practicable, contain clauses requiring the third party to comply with your Anti-Bribery Policy and imposing on any contractor an obligation to pass this requirement down the chain to their subcontractors. You cannot control every situation where third parties are involved but you do need to protect your own Company as far as possible by having these appropriate procedures in place.

## **E. Business Expenses**

### **E4. Can you give me some examples of genuine and non-genuine third party expenses?**

#### **Genuine expenses**

A Dutch consultant is retained by your Company to manage the process of obtaining required exploration licences in country. The consultant flies to the key locations, holds meetings and flies back to report to you.

The consultant submits receipts for his expenses and claims reimbursement from the Company by way of an electronic transfer to a Dutch bank account and you pay his consultancy fees.

#### **Non-genuine expenses**

### Scenario 1

The same consultant as above submits an expenses claim that includes items of expenditure that seem unreasonably large. Furthermore, the consultant asks that a portion of the expenses be paid into an unidentified numbered Swiss bank account.

### Scenario 2

The same consultant asks for \$200,000 expenses upfront for “entertaining.”

### Scenario 3

The consultant is unable to provide receipts for \$10,000 of expenses.

### **Conclusion**

In order to mitigate the risk of bribes being paid on behalf of the business by third parties, their expenses must be properly specified, documented and accounted for as per section E.

## **F. Accountability**

### **F5. What situations do I need to look out for?**

#### Scenario 1

A Director tells you to transfer money to a third party consultant to form a special fund which is not in the Company’s name and tells you not to tell the Finance Department or record it in the books and records of the company.

#### Scenario 2

An employee who is on his way to France to try to obtain an important government consent asks a member of the accounts department for \$3000 cash and says to record it in the books and records of the Company as payment for flights.

#### Scenario 3

You see that an employee is claiming £1,500 expenses for “entertainment” when he took a Minister out for a boozy night but he cannot produce a credit card receipt.

#### Scenario 4

A consultant your Company engages asks for US\$20,000 on account to cover “miscellaneous expenses”. He does not provide any detail as to what the expenditure will cover.

### **Conclusion**

Undisclosed or unrecorded or improperly recorded expenditure heightens the risk of Company funds being used for bribery. Appropriate transparency and accountability regarding expenditure by staff and third parties is vital. See sections E and F for further details.

## **K. Conflicts of Interest**

### **K4. Can you give me some examples of conflicts of interests?**

#### **Scenario 1**

A director or employee of your Company holds shares in a company that is a direct competitor. The director or employee benefits from the success of the competitor company by way of dividends.

When planning the company's proposals for future acquisitions, the director or employee considers the territories in which the competitor company operates and may be tempted to tailor the company's plans to avoid competing with the competitor company for acquisition of valuable assets.

#### **Scenario 2**

An employee of your Company is preparing an application for an exploration licence in Italy on behalf of the Company. The employee's husband works for a Dutch company that is applying for a licence regarding neighbouring offshore deposits. The first successful producer of oil in the area will have a commercial advantage going forward because it will have more interest from investors and cash flow to upgrade its operations at a faster pace.

The employee's husband's bonus is dependent on being the first successful producer in the area.

The employee may be tempted to make a deliberate error in relation to the licence applications in order to stall your Company's future production.

#### **Conclusion**

Outside interests can impact on performance of duties to a business and lead to damaging consequences. That is why all actual or potential conflicts of interests must be reported in accordance with section K.

## **L. Personal Gain**

### **L3. Can you give me some examples of inappropriate benefiting from a position within MOG?**

### Scenario 1

A director of your Company is tasked with finding prospects for the company's first acquisition. Following acquisition, the company would direct a significant amount of investment into the relevant local area and would provide ongoing employment to hundreds of people.

On a business trip to Italy, the director meets with the Head of the local region, who gives the director a watch worth £10,000 as a gift and implies that further gifts would be forthcoming if the company's first acquisition was made in the region.

### Scenario 2

You are an employee of the business. You learn some important information whilst at work about a competitor obtaining a crucial licence. You tell your wife who buys shares in your competitor immediately.

### Other scenarios

See further relevant scenarios at K4 above.

### **Conclusion**

Taking a personal gain where it is available as a result of your position with a business could well amount to acceptance of a bribe by you personally and by the business itself. It would also be a conflict of interest. That is why, unless previously authorised, personnel are not permitted to make personal gains using opportunities or information or property acquired as a result of their position with the business.

**Your Anti-Bribery Officer**

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