

Anti Bribery and Corruption Policy

1 Bribery and corruption policy

Faroe Petroleum plc ('Faroe') and its subsidiaries (the 'Group') expects the highest standard of behaviour and conduct of its directors, officers and employees, together with all agents, co-ventures, contractors, suppliers and other third parties acting or purporting to act on its behalf or on behalf of any member of the Group.

The Group's policy is to conduct business in an honest way, and without the use of corrupt practices or acts of bribery to obtain an unfair advantage. The Group will not tolerate bribery or corruption in any form and wherever it may occur.

As well as exposing the Group to potentially unlimited fines and other sanctions and individual employees and directors to unlimited fines and/or imprisonment pursuant to the UK Bribery Act 2010 (the 'Act'), and otherwise, the Group recognises that bribery and corruption can cause serious damage in the societies within which it is conducted, can fund organised and other crime, and can cause irreparable damage to its reputation and business.

This Policy sets out the main policies, procedures and mechanisms adopted by the Group following appropriate risk assessment that are intended to prevent and/or effectively combat instances of bribery or corruption in the course of the Group's business and ensure compliance with applicable anti-bribery and anti-corruption laws in those countries where the Group conducts business.

2 Board responsibility

The board of directors of Faroe (the 'Board') has responsibility for promoting and enforcing this Policy to ensure that there is no place for bribery or corruption in any form.

At Board level, the Chief Executive Officer ('CEO') has responsibility for ensuring that senior management and key individuals involved in business decisions on behalf of the Group are aware of this Policy and will promote the principles underpinning it and any policies adopted in support of it. The CEO retains primary responsibility for making clear statements of the Group's culture and the standards expected of its people.

3 Compliance

The Legal Manager shall have delegated responsibility for overseeing the operation of this Policy.

Compliance with this Policy shall be monitored and assessed as part of the Group's internal risk management programme.

4 Risk management

Risks of corruption arising shall be monitored and assessed as part of the Group's internal risk management programme.

5 Employee procedures and personnel handbook

Recruitment practices and employment terms and conditions shall reflect the Group's Policy including provision for:

- vetting or the taking of references to confirm an individual's suitability for given roles (where appropriate),
- briefing and agreement to this Policy; and
- clear disciplinary procedures which entitle Faroe to take appropriate disciplinary action against employees who are involved in any conduct in breach of this Policy.

The Group's personnel handbook (the 'Personnel Handbook'), which includes general anti-bribery and corruption guidelines, can be found on the Faroe Intranet.

6 Gifts and hospitality

Group employees shall abide by the rules and guidelines with respect to gifts and hospitality set out in the Personnel Handbook and any other codes of conduct or business rules adopted by the Group.

7 Charitable giving and political donations

Group employees shall abide by the rules and guidelines with respect to charitable giving and political donations set out in the Personnel Handbook and any other codes of conduct or business rules adopted by the Group.

8 Facilitation payments

Facilitation payments are bribes and should not be paid.

Group employees shall abide by the rules and guidelines with respect to facilitation payments set out in the Personnel Handbook and any other codes of conduct or business rules adopted by the Group.

9 Communication and training

Group employees shall be made aware of this Policy and the related provisions of the Personnel Handbook and training on anti-corruption matters shall be provided to Group employees as considered proportionate and appropriate to their function and role within the business.

Group employees shall be made aware of how they may properly report instances of potential corruption including, for example, pursuant to the Group's rules and guidelines on whistle blowing, details of which are set out in the Personnel Handbook.

10 Due diligence

Before entering into any business relationship, Faroe shall, where appropriate, conduct due diligence on:

- the country in which the business is to be conducted;
- its potential business partners or agents;
- the proposed project or business transaction; and
- to assess the risk of corruption.

The level of due diligence, if any, required in any given instance shall be proportionate to the location of the business, the relevant counterparty/ies and the relevant transaction.

Appropriate due diligence may involve taking legal accounting advice from one or more competent local advisers who shall be engaged via the Legal Manager.

11 Decision making process

Having identified a significant level of risk pertaining to a particular project or proposed business transaction, the decision as to whether to proceed shall be referred to the Board by the CEO, following consultation with the Company Secretary and the Legal Manager.

12 Financial controls

Financial controls have been established within the Group to limit access to physical cash and bank accounts through segregation of duties and responsibility limits throughout the accounts payable processes to minimise the risk of a corrupt act being committed against another individual or

organisation (e.g. employees, clients, business partners, sub-contractors or suppliers) or of any corrupt act being committed against the Group by another individual or organisation.

Whilst these controls do not provide 100% guarantees against anti-corruption practices, reviews and monitoring of financial results by the finance teams within the Group add a further level of detection.

The Group's financial controls are reviewed regularly via the Audit Committee and also as part of the Board's annual review of internal controls.

13 Supply chain management

Faroe shall utilise appropriate procurement and contract management procedures with a view to minimising, so far as reasonably practicable, the opportunity for corruption by sub-contractors or suppliers against the Group.

Faroe will, so far as reasonably practicable, seek to ensure that its co-ventures, suppliers and other third parties with which it does business, have in place policies which explicitly prohibit the making of corrupt payments and reflect the requirements of the Act.

14 Queries, reporting suspicions and investigating

Faroe has procedures in place to enable employees to report instances of suspected corruption in a safe and confidential manner as described in the Group's rules and guidelines regarding whistle blowing, details of which are set out in the Personnel Handbook.

Faroe shall ensure that allegations of corruption are properly investigated by appropriately qualified individuals following consultation with the CEO and Legal Manager and where appropriate results of such investigations are reported back to the individual who made the original complaint.

Any questions in respect of this policy may be directed to the CEO or the Legal Manager.

All allegations of corruption involving Faroe shall be directed to and reported in confidence to the CEO.