

	International Sanctions Guide for employees	Reference	
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CADOGAN PETROLEUM PLC
("Cadogan" or the "Company")

International Sanctions **Guide for employees**

Approved by the Board 16 January 2018

International Sanctions

Guide for employees

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Contact your line manager if you have any queries about this guide.

Line managers can obtain advice by contacting the Company Secretary or the Compliance Officer of Cadogan Ukraine

International Sanctions Guide for employees

Overview	A number of countries and international organisations around the world, including the European Union and the United States, have adopted sanctions against certain countries, organisations and individuals. Sanctions measures can take many forms, depending on the objectives they aim to achieve, but generally try to prevent certain goods, services, finance and know-how being supplied to specified recipients.
Part 1	CADOGAN PETROLEUM'S OBLIGATIONS
Our exposure and commitment	As an undertaking with international operations, Cadogan Petroleum is committed to compliance with all applicable sanctions rules. This Guide sets out the steps that employees and staff of Cadogan Petroleum, including its subsidiaries and joint ventures, must take to ensure that they operate consistently with such rules and do not expose themselves or Cadogan Petroleum to criminal or other penalties. This Guide and its Appendices should be read in conjunction with the Sanctions Policy. These documents together constitute Cadogan Petroleum's <i>Sanctions Compliance Policy</i>. No transactions are to be conducted by or on behalf of Cadogan Petroleum contrary to the Sanctions Compliance Policy or to any applicable sanctions rules.
Who must comply?	This Sanctions Compliance Policy applies to employees and staff of all of Cadogan Petroleum's businesses, in whichever country they are based and in whichever country they operate. Additional policies that may apply in the light of local law will be communicated to those affected, as appropriate. UK, UN and EU sanctions rules apply to Cadogan Petroleum because it is a UK registered company. These sanctions rules also apply to all UK nationals. Certain US sanctions will also apply for example to US citizens working for Cadogan – see below under "US Sanctions".
Why comply?	Any breach of sanctions rules is a serious matter. Your conduct may result in Cadogan Petroleum and/or its officers, managers and employees facing criminal prosecution and substantial fines. The reputational and financial damage to Cadogan Petroleum for a breach of sanctions law will also be severe. Any failure to abide by the Sanctions Compliance Policy will be treated as a very serious matter by Cadogan Petroleum and may result in a disciplinary action, up to and including termination of employment.
What are sanctions?	EU Sanctions (and UK Sanctions post-Brexit) The European Union and many national governments adopt rules and regulations that restrict dealings with certain countries, organisations or individuals, often further to decisions taken by the United Nations. These rules – known as sanctions – are generally intended to achieve foreign policy objectives, such as driving regime change. The EU currently has sanctions in place against over about 20 "Sanctioned Countries". These sanctions apply in all EU Member States. In addition, EU Member States sometimes adopt their own sanctions, on top of those adopted by the EU. Countries that, either directly or because there are designated persons living there, are subject to EU sanctions include: Afghanistan, Belarus, Burundi, Central African Republic, Congo, Egypt, Eritrea, Republic of Guinea (Conakry), Guinea Bissau, Iran, Iraq, Ivory Coast, North Korea, Lebanon, Mali, Somalia, Sudan, South Sudan, Syria, Tunisia, Venezuela, Yemen and Zimbabwe. The list of sanctioned countries changes frequently so you must consult the links at https://www.gov.uk/government/collections/financial-sanctions-regime-specific-consolidated-lists-and-releases for up to date information.

The EU has also imposed restrictions on the supply of certain energy-related technologies, equipment and services to **Russia**. A licence is required for the sale, supply, transfer or export of the technologies to Russia, or for any other country where the technologies are for use in Russia, including its Exclusive Economic Zone and Continental Shelf. A licence will not be granted if there are reasonable grounds to determine that the supply is related to deep water exploration, offshore north of the Arctic Circle or oil from shale formations (through hydraulic fracturing).

Exemptions apply. Further information can be found at https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/384398/14-1284-sanctions-russia.pdf . If in any doubt you must contact the Company Secretary.

Brexit: EU sanctions regimes will not be directly applicable in the UK post-Brexit, so a Sanctions and Anti-Money Laundering Bill was introduced into the UK Parliament in October 2017 which would give the UK the necessary legal powers to continue to maintain existing sanctions regimes currently imposed through EU law, while providing the necessary legal underpinning for the UK to introduce new measures as required in future.

US Sanctions

The United States also has extensive sanctions in place. Sanctions adopted by the US are relevant to Cadogan Petroleum's activities where those activities:

- involve Syria; and/or
- involve "US persons". US citizens and permanent residents, regardless where located or by whom employed, legal entities organised under the laws of the United States and, for certain purposes, their owned or controlled non-US affiliates, e.g. US citizens employed by Cadogan Petroleum or US banks; and/or
- are carried out in the US or a US territory, e.g. employees visiting the United States on business; and/or
- relate to US-origin or US-content items: the movements of goods, materials, technology and software of whole or part-U.S. origin.

In addition to Syria, the US currently imposes sanctions against Cuba (although the extent of these has recently been restricted) and North Korea. US nationals employed by Cadogan Petroleum may not be involved in dealings with these countries. Although some of the US sanctions against Sudan (including the prohibition on US nationals dealing with Sudan) were permanently lifted in October 2017, the country remains in the list of SST and has a number of designated persons.

US sanctions against Iran have recently been lifted except in limited areas but extreme care should still be taken before engaging in activities involving Iran.

If you know or suspect that your transaction involves any of these sanctioned countries and involves or may involve US persons, the US territory, or US-origin products or US-content items, contact either the Company Secretary or Cadogan Ukraine's Compliance Officer

Sanctioned Parties

The United Nations, the EU, the United Kingdom (HM Treasury) and certain other countries, including the United States, and Ukraine (in respect of Russia), issue lists of individuals, corporate and state entities on which they have imposed trade restrictions or prohibitions. These parties are known as "Sanctioned Parties". Sanctioned Parties are often, but not always, resident in sanctioned countries.

A **Consolidated List** of UN, EU, and UK Sanctioned Parties is available at <http://hmt-sanctions.s3.amazonaws.com/sanctionsconlist.pdf>.

The **U.S Sanctioned Parties** ("SDN") List is available at https://2016.export.gov/ecr/eq_main_023148.asp .

Further details of sanctions issued by **Ukraine** in respect of Russian individuals and corporate and state entities can be found at <http://www.president.gov.ua/documents/1332017-2185>

Financial sanctions imposed by the EU are currently in place against certain parties considered to be undermining or threatening the sovereignty and territorial integrity of **Ukraine**. These persons and certain other parties are subject to restrictive measures relating to transferable securities and money market instruments – further details are at <https://www.gov.uk/government/publications/financial-sanctions-consolidated-list-of-targets/ukraine-list-of-persons-subject-to-restrictive-measures-in-view-of-russias-actions-destabilising-the-situation-in-ukraine>

No business dealings are permitted with anyone that is either a Sanctioned Party or owned, controlled, working on behalf of or in any way affiliated with a Sanctioned Party, unless that business has been approved in writing and in advance. These UK Government licences are available in limited circumstances – see <https://www.gov.uk/guidance/licences-that-allow-activity-prohibited-by-financial-sanctions>.

This prohibition applies where Cadogan Petroleum deals with Sanctioned Parties *directly*. It also applies where Cadogan Petroleum deals *indirectly* with Sanctioned Parties through a third party, including through shipping companies or local service providers.

Any of the following might be a **Sanctioned Party**:

- company
- individual
- government-controlled agency
- financial institution
- supplier or service provider
- consultant, agent or facilitator
- prospective employee
- customer.

If you know or suspect that you may be dealing, directly or indirectly, with a Sanctioned Party or an entity owned, controlled, working on behalf, or in any way affiliated with, a Sanctioned Party, you must contact Cadogan Ukraine's Compliance Officer or a member of your legal team.

HOW DOES CADOGAN PETROLEUM FULFIL ITS OBLIGATIONS AND WHAT IS YOUR ROLE IN THIS?

Knowing our
business
partners

Before entering into a new commercial arrangement, Cadogan Petroleum will check whether the business partner is a Sanctioned Party or whether they propose to use a Sanctioned Party in performing services for or on behalf of Cadogan Petroleum. In relation to certain countries this may mean "screening" these direct and indirect commercial partners against both the Consolidated List and, for completeness, the US SDN List. The screening helps to ensure that Cadogan Petroleum does not deal with Sanctioned Parties.

You must not enter into a commercial arrangement without first carrying out a sanctions check. You must contact Cadogan Ukraine's Contract Manager, if you work in Ukraine, or the Manager with responsibilities over Contracts in countries where the position of Contract Manager does not exist for further information as to how this should be carried out if formal procedures have not been put in place in your area or responsibility.

Contractual
Terms

Our Business Partners

If our commercial partners engage in dealings with Sanctioned Parties when providing services to or on behalf of Cadogan Petroleum, or otherwise breach sanction rules, those dealings can expose Cadogan Petroleum and its staff to the risk of criminal proceedings. It is important to ensure that our business partners share our commitment to sanctions compliance.

If we believe that our commercial partners may (because of the subject matter or territory involved) potentially involve Sanctioned Parties, our agreements with them must prohibit

them from dealing with Sanctioned Parties in the provision of services to Cadogan Petroleum. These agreements must also oblige our partners to comply with all applicable sanctions rules.

Our Customers

Our customers bear primary responsibility for ensuring their own compliance with sanctions laws. However, we believe it is important to remind our customer about their obligations, and to make clear that Cadogan Petroleum's trading activities may not be used to help them engage in activities that breach sanctions rules.

Prohibited Items Sanctions rules generally prohibit or restrict the supply or export of certain items for use in Sanctioned Countries, to persons or entities from Sanctioned Countries, or to Sanctioned Parties.

Items prohibited for sanctions reasons typically include arms, certain equipment that could be used for internal repression, and related technology. They may however also include other goods and technology, including equipment for use in certain economic sectors such as oil and gas.

If you believe that any of Cadogan Petroleum's activities may involve the supply of any prohibited items to a Sanctioned Country, you must contact the Company Secretary or Cadogan Ukraine's Compliance Officer

Circumvention It is prohibited to engage in activities intended to circumvent sanctions rules. Circumvention includes, for example, asking an affiliate based outside of the EU to handle a transaction with a Sanctioned Party that Cadogan Petroleum would be prohibited from engaging in under EU rules.

You must not restructure business processes or specific transactions in order to enable an activity that would otherwise be prohibited under the sanctions rules.

If you have a question about whether a particular activity might fall within this prohibition, please contact your Line Manager who will seek advice from the Company Secretary or from a member of your legal team.

Reporting concerns If you have information or knowledge of, or reason to suspect any activity **or** conduct inconsistent with, or in violation of this Guide of the Sanctions Compliance Policy, you must promptly report the matter to the Company Secretary or to Cadogan Ukraine's Compliance Officer.

Remember: you play a critical role in protecting Cadogan Petroleum and yourself from criminal penalties.

Where to go for further information Should you have any questions about this Policy or your responsibilities under it, you should talk to your Line Manager in your business unit or directly to the Company Secretary or to Cadogan Ukraine's Compliance Officer.

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