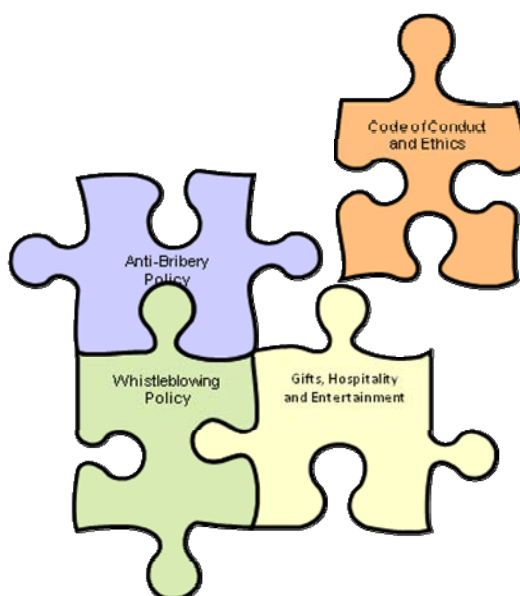

	<b>Sponsorship, Charity and Social Responsibility Policy</b>	Reference	<b>Administration 3 e)</b>
		Version No.	<b>Draft</b>
		Date	<b>January 2014</b>
		Page	<b>1 of 9</b>

## WORKING WITH INTEGRITY

### Sponsorship, Charity and Social Responsibility Policy



Status	Owner	Checked	Approved

	<b>Sponsorship, Charity and Social Responsibility Policy</b>	Reference	<b>Administration 3 e)</b>
		Version No.	<b>Draft</b>
		Date	<b>January 2014</b>
		Page	<b>2 of 9</b>

## 1. ABOUT THIS POLICY

The purpose of this policy is to set out Cadogan Petroleum Group Companies' (hereinafter "Cadogan" or the "Company") policy on sponsorship, charity and social responsibility and your responsibilities under this policy. The policy compliments Cadogan's Anti-Bribery Policy.


The giving and accepting sponsorship or charity can be part of building normal business relationships. This practice can vary between countries and regions and what may be normal and acceptable in one region may not be in another. However, the test to be applied is whether in all the circumstances the sponsorship or charity is reasonable and justifiable. In some instances, the giving and/or receiving of sponsorship or charity can be interpreted as a bribe, which is unlawful, damages the reputation of Cadogan and may lead to criminal prosecution for those individuals involved as well as the Company. The 'perceived' intention behind the sponsorship or charity should always be considered.

The aim of this policy is to ensure that the highest standards of integrity are maintained and that it cannot be suggested that there was an improper motive behind the offer or acceptance of the sponsorship or charity.

The Policy describes Cadogan mission and goals which govern the Company corporate sponsorship and charity activities. The Policy also regulates the procedure of sponsorship and charity aid provision, as well as the criteria for evaluation of amount and assignment of such aid.

Sponsorship and charity provision procedures are defined by the Company in compliance with the legislation of Ukraine and the present Policy. Pursuant to the legislation of Ukraine, the Company shall not provide sponsorship or charity assistance to entities and representatives of legislative and judicial power, as well as political entities.

The Company seeks to establish long-term sponsorship and charity partnership relations and Company employees may be involved in sponsorship and charity projects.

	<b>Sponsorship, Charity and Social Responsibility Policy</b>	Reference	<b>Administration 3 e)</b>
		Version No.	<b>Draft</b>
		Date	<b>January 2014</b>
		Page	<b>3 of 9</b>

## **2. Definitions.**

2.1. Charity activity is defined as Company voluntary activity on disinterested (gratuitous or on easy terms) transfer of property, including monetary resources, disinterested performance of works, provision of services, rendering other assistance to citizens or legal entities. Assignment of monetary and other material resources, rendering assistance in other forms to commercial organizations, as well as support of political parties, movements, groups, and campaigns are not considered charitable activity. (Law On Charity and Charitable Organizations).


2.2. Sponsorship is making of a contribution (in the form of provision of property, intellectual property, services, and performance of works) by a Company (sponsor) to the activity of other legal entity or individual on condition of sponsored entity/ individual disseminating advertising about sponsor and their goods. Sponsor's contribution is recognized as payment for advertising, and sponsor and sponsored entity/ individual are respectively recognized as advertiser and advertising agent. Sponsor may not interfere with the sponsored entity/ individual's activity. (Law On Advertising).

## **3. Company's charity and sponsorship stand and objectives**

3.1. Company support of charity and sponsorship projects is a part of Cadogan image/institutional policy aimed at shaping general public's attitude to the Company as to a socially responsible entity which supports various commercial (as a sponsor), social and charitable projects (as a benefactor), promoting improving of life conditions for various social strata residing on the territories where the Company has its business interests (offices, producing and capable facilities, company partners).

3.2. Company charity objectives:

3.2.1. Strengthen reputation of the Company as a socially responsible entity.

	<b>Sponsorship, Charity and Social Responsibility Policy</b>	Reference	<b>Administration 3 e)</b>
		Version No.	<b>Draft</b>
		Date	<b>January 2014</b>
		Page	<b>4 of 9</b>

3.2.2. Encourage improvements of environmental setting as a source of healthy society.

3.2.3. Provide targeted (direct) support to the categories most in need (children, handicapped of 1-2 groups, senior citizens).

3.3. Company sponsorships objectives:

3.3.1. Strengthen reputation of the Company as a socially responsible entity.

3.3.2. Promoting Company publicity and loyalty to the Company on the part of prospective clients and partners.

3.3.3 Introducing products and services into markets, sales increase.

3.4. Pursuant to the policy of a socially responsible company, the Company may support various projects in the spheres of culture, sport, education, healthcare, environmental protection which promote improving of social environment and development of civic society, permitting the Company to achieve the set charity and sponsorship objectives.


#### **4. Charity and sponsorship budget**

4.1. Sponsorship and Charity Budget shall be drawn up for a 1 year period within the framework of cost-estimate for charitable and PR-activities according to Cadogan Petroleum plc Budgeting Regulations and shall constitute a constituent part of overall Company budget.

4.2. Pursuant to Cadogan Petroleum plc Budgeting Regulations, annual Sponsorship and Charity Budget shall be drawn up and submitted to Financial Department by 30 September of the year prior the budgeted year.

4.3. Consideration /review and approval of annual Company Sponsorship and Charity Budget shall be carried out by the Board by 30 November of the year prior the budgeted year.

4.4. Control over Sponsorship and Charity Budget implementation shall be exercised by Finance Director and Chief Operating Officer.

	<b>Sponsorship, Charity and Social Responsibility Policy</b>	Reference	<b>Administration 3 e)</b>
		Version No.	<b>Draft</b>
		Date	<b>January 2014</b>
		Page	<b>5 of 9</b>

## **5. Forms of charity and sponsorship provided by the Company**

5.1. The Company's sponsorship and charity activities shall be governed by the legislation of Ukraine (Law on Charity and Charitable Organizations, Law on Advertising).

5.2. The Company shall provide charitable aid to legal entities and individuals in the form of gratuitous transfer of monetary resources or purchase of required property (furniture, books, clothing, stationary, medicine, equipment and other objects).


5.3. The Company provides sponsorship assistance to legal entities and individuals in the form of transfer of monetary resources or provision of property, intellectual property, services provision, works performance on condition of sponsored entity/ individual disseminating advertising about Company, its products, services.

## **6. Form of application for sponsorship and charity**

6.1. The Company shall take the decision about participation in a particular sponsorship or charity project only on the basis of respective applications and documents submitted by the applicants (legal entities and individuals), as mentioned in clause 8.6. hereof.

6.2. In order to receive sponsorship of charity aid, the applicant should provide detailed information about the project, its costs, participants, and schedule/timetable and send it to the Company at: 27A Taras Shevchenko Boulevard 01032 Kyiv, Ukraine, to the attention of Chief Operating Officer.

6.3. In case of application for sponsorship, the applicant should provide a detailed description of advantages such sponsorship participation will give to the Company and the list of project sponsors, either those who have undertaken sponsorship obligations or potential ones.

	<b>Sponsorship, Charity and Social Responsibility Policy</b>	Reference	<b>Administration 3 e)</b>
		Version No.	<b>Draft</b>
		Date	<b>January 2014</b>
		Page	<b>6 of 9</b>

6.4. Sponsorship or charity aid application is recommended to include copies of annual statements, publications in press or third party reports of potential importance for making the decision concerning the project.

6.5. Application for sponsorship or charity aid should be submitted to the Company not later than 8 weeks prior to launch of the project.

## **7. Selection criteria and applications consideration procedure**

7.1. Company shall support only those sponsorship and charity projects which are in compliance with the legislative requirements of Ukraine (Law On Charity and Charitable Organizations, Law on Advertising).

7.2. All incoming Applications and documents for sponsorship or charity aid shall be considered and analyzed by the Company not later than 3 weeks from the date of their receipt.

7.3. Applications and documents for sponsorship or charity aid shall be reviewed by Finance Director, Chief Operating Officer and Head of Legal, Ukraine.

7.4. Decision on granting (or refusal to grant) sponsorship or charity aid shall be taken by the Board on the basis of conclusion prepared by the Chief Operating Officer.


7.5. Applications selection criteria:

7.5.1. In applications consideration, the Company shall be guided by the objectives describes in Part 3 hereof, as well as Sponsorship and Charity Budget.

7.5.2. The Company shall support predominantly those projects which have long-term development potential.

7.5.3. The Company shall support projects aimed at dealing with the causes of problems existing in the society, not their consequences.

7.5.4. The Company shall give preference to projects of social importance which were left without government support.

	<b>Sponsorship, Charity and Social Responsibility Policy</b>	Reference	<b>Administration 3 e)</b>
		Version No.	<b>Draft</b>
		Date	<b>January 2014</b>
		Page	<b>7 of 9</b>

7.6. In the course of consideration/ making decisions on Applications, the Company representatives shall hold personal meetings with project managers and/or participants. The applicant should be prepared to make their project presentation before the Company representatives.

7.7. The Company shall inform the applicants about decisions made via mail, e-mail or fax.

7.8. External sponsorship and charity project and projects initiated by the Company departments shall be evaluated on the basis of uniform criteria.

7.9. The Company shall consider all Applications in confidence. The information received and the decision made shall not be disclosed unless agreed otherwise between the Company and the applicant.


7.10. Annually, on their website, the Company shall publish sponsorship and charity activities report with the list of organizations and projects supported during the year.

## **8. Formal procedures for concluding sponsorship and charity agreements**

8.1. In case the Company makes a positive decision regarding Sponsorship and Charity Application, the Company and applicant shall execute a written agreement governing relationship of the parties.

8.2. Sponsorship or Charity Agreement shall specify type and amount of sponsorship or charity aid, rights and liabilities of the parties, as well as insurance and other responsibility issues, as required.

8.3. The Company shall provide sponsorship or charity aid only on the basis of common agreement on such aid. Certain amendments may be made to this type of agreement; however, other agreement types shall not be used.

	<b>Sponsorship, Charity and Social Responsibility Policy</b>	Reference	<b>Administration 3 e)</b>
		Version No.	<b>Draft</b>
		Date	<b>January 2014</b>
		Page	<b>8 of 9</b>

8.4. Sponsorship or Charity Agreement shall be concluded for the period not more than (1) year with possibility of extension.

8.5. Sponsorship and Charity Agreements procedure and conclusion shall be the responsibility of Company Legal/Contracts Department.

8.6. For Applications consideration and Sponsorship and Charity Agreement conclusion, the applicant shall submit the following documents, if available:

*a) For legal entities:*

- \* Copy of organization Charter.
- \* Copy of Registration Certificate.
- \* Bank details.
- \* Copy of balance sheet for the latest reporting period endorsed by tax inspection.

*b) For individuals:*

- \* Document of identification (Passport of a citizen of Ukraine, military service record card, birth certificate).

c) Copies of other documents required by the bank to evaluate Sponsorship or Charity Application.

8.7. Following the results of Sponsorship or Charity Project (Application) consideration, the Company shall not return the documents submitted by applicants (legal entities or individuals).

8.8. Upon completion of the project, the Company shall request the charity recipient or sponsored entity/ individual to provide financial report on intended use of monetary and other resources.



	<p>Sponsorship, Charity and Social Responsibility Policy</p>	Reference	<b>Administration 3 e)</b>
		Version No.	<b>Draft</b>
		Date	<b>January 2014</b>
		Page	<b>9 of 9</b>