

Sequa Petroleum N.V.
Group Procurement Policy

1. INTRODUCTION

This Policy is designed to ensure that commitments are made on the Company's behalf only by authorised individuals, after adequate review, and that those commitments are properly recorded, reported to Group, and that expenditure on any project is controlled.

2. APPROACH TO CONTROL OF EXPENDITURE

Sequa has three levels of control on commitment and control of expenditure:

- 2.1 A work programme and a corresponding budget should be agreed with the Supervisory Board for each calendar year. Local regulations may require annual budgets and reporting and these should conform to group budgets.
- 2.2 An AFE is required to be approved by the Management Board for each major item of project expenditure in the Budget. JV partners are required to approve AFEs where the JOA states that this is necessary.
- 2.3 Commitments can only be made through a Purchase Order (which shall only be created pursuant to a contract or standard procurement terms and condition as applicable) raised against an approved AFE, or budget item not requiring AFE.

3. COMMITMENT LEVELS

The following authorisation limits are in place:

- Commitments are normally made under an approved AFE or, where AFEs are not required, an approved budget.
- For items outside the approved budget, individual commitments up to a value of \$150,000 may be authorised by the Chief Executive Officer (CEO). Items above this level must be approved by the Supervisory Board.
- An individual may delegate their approval authority. Delegations in approval authority must be communicated in writing to the CFO.
- Single, dual and delegated authorisation limits currently in force for SPNV are as detailed in the document 'Sequa Petroleum Approval Matrix'.

4. CONTRACTS, TERMS & CONDITIONS (Ts & Cs)

Company standard terms and conditions or standard- form contract should be used and approved by the Legal Department before signing.

For commitments for supplies and services for which the Legal Department doesn't otherwise require context-specific contracts, company standard Ts & Cs may be used, provided they are approved by the Legal Department before signing.

Where suppliers do not use Sequa Petroleum documents, then agreed amendments to supplier standard form contracts will be made and approved by the Legal Department before signing.

A Register of Contracts and Tenders is to be kept by the General Counsel and Company Secretary who acts as Secretary to the Tender Committee.

5. TENDER COMMITTEE

A. TERMS OF REFERENCE

The Tender Committee scrutinises proposed contract awards on behalf of the Management Board in order to approve the necessary funding and ensure sufficient internal reporting of the contracting process.

The Tender Committee shall meet on a monthly basis to review the following:-

- review planned tender awards subject to limits provided herein
- approval for funding of tenders and contracts, subject to the general principles set out below;
- details of all tenders, including the nature of the contract, budget provision, number of tenders received, value of successful tender, name of successful tenderer and, if the successful tenderer was not the lowest tender, the reasons for selection of the tenderer;
- Where local legislation requires selecting bidders solely on price, the procurement department is required to notify the Tender Board prior to tender issue. On a discretionary basis, the Tender Board may require review of the scope, vendor pre-qualification standards, and the tender package (including draft contract) prior to authorizing the tender process to proceed;
- routine review of procurement compliance with Company's procurement policy;
- review of compliance with applicable European and National Public Procurement and other statutory procurement legislation, and
- on-going review of contracts and billing processes in light of best practice, Company policy, and the law.
- Where local legislation or a JOA provide stricter controls these must be followed.

B. MEMBERSHIP

The Membership of the Tender Committee is:

- Chief Financial Officer, Chairman
- Technical Director
- Chief Operating Officer
- General Counsel and Company Secretary, Secretary

C. QUORUM

Three members.

D. SECRETARIAT

The General Counsel and Company Secretary will act as Secretary to the Tender Committee.

E. BRIBERY ACT COMPLIANCE

The General Counsel and Company Secretary shall have an overall responsibility for ensuring Bribery Act compliance within the Company and for

keeping the Tender Committee and Supervisory Board informed of such compliance issues at all times (Principle 2 of the Bribery Act Guidance).

The General Counsel and Company Secretary shall be the internal and external contact for whistleblowing according to the Group Whistleblowing Policy.

Staff will be made aware of the company's business principles and will be provided with suitable training.

The asset manager responsible for a project shall have primary responsibility for communicating the company's business principles and bribery act obligations to third party contractors and joint venture partners.

The General Counsel and Company Secretary shall ensure that recruitment processes and employment contracts are Bribery Act compliant. The General Counsel and Company Secretary shall ensure that the company's contracts are Bribery Act compliant.

F. ANNUAL REVIEW OF BRIBERY ACT COMPLIANCE

The General Counsel and Company Secretary and CFO, with the assistance of the Tender Committee, shall be responsible for an annual review of risk assessment procedures and shall report to the Supervisory Board at year end.

All employees shall certify that they have read, understood and complied with the Group Code of Conduct on an annual basis.

Detailed Guidance Notes for staff use are provided.

On behalf of the Management Board
of Sequa Petroleum N.V.

Jacob Broekhuijsen
Chief Executive Officer

15 January 2015