
Compliance Manual: Anti-bribery and Corruption

Alta Zinc Limited (**Company**)

Index

Introduction

Anti-bribery and Corruption Policy

Third Party Due Diligence Checklist

Red Flags

Record of Hospitality

Record of Travel Expenses for External Persons

Introduction

The Company is a minerals exploration and development company with a key focus on zinc and holding approximately 178km² of zinc, lead and cobalt endowed tenements and applications in Italy.

The Company flagship Gorno project is located in the Lombardy region in northern Italy. The Company also has other projects in Piedmont region in northern Italy.

The Company is listed on the Australian Securities Exchange (**ASX**).

The Company and each of its controlled entities (**Group**) has a strong set of values and zero tolerance of corruption and bribery. Bribery and corruption are not only incompatible with the Company's values and *Code of Conduct*, but also present significant risk to the Group.

Bribery and corruption cause contracts and commercial advantages to be awarded on the basis of a willingness and capacity to pay bribes, rather than on the merit of the business proposal. This has social, economic and political effects in the jurisdictions where the practice takes place including discouraging foreign capital from entering the market, misallocation of resources, heavy depletion of and damage to natural resources and endangering public order and government institutions. It also impacts on the companies conducting business in the jurisdictions.

Bribery of foreign public officials is a serious crime. Australian companies or individuals that bribe an official in a foreign country can be prosecuted under Australian law and the laws of foreign countries.

The Group is committed to fostering an anti-corruption culture and to ensuring that its activities and transactions are open, transparent, and honest and are conducted in accordance with the Group's policies and the law.

The purpose of this *Compliance Manual* is to outline the legal position in relation to foreign bribery, and to establish a governance framework and business practices to mitigate the risk of foreign bribery and corruption which arises as a consequence of conducting business in foreign jurisdictions.

Each member of the Group should implement this *Compliance Manual* in all business entities over which it has effective control and use its influence to encourage equivalent policies and procedures in other business entities in which it has a significant investment or with which it has a significant business relationship.

Anti-Bribery & Corruption Policy

Contents

	Page
1 Purpose	3
2 Who does this policy apply to?	3
3 Foreign bribery offence	4
3.1 The offence under Australian anti-bribery laws	4
3.2 What is a benefit?	5
3.3 When is a benefit not legitimately due?	5
3.4 Who is a foreign public official?	6
3.5 What is to obtain or retain business or a business advantage that is not legitimately due?	7
3.6 What are the penalties?	7
3.7 Prohibited conduct in other jurisdictions	7
4 No-bribes policy	9
5 Facilitation payments	9
5.1 What are facilitation payments?	9
5.2 No facilitation payments policy	10
6 Political contributions	10
7 Use of Group assets	11
8 Foreign business relationships	11
8.1 General	11
8.2 Due diligence	12
8.3 Agreements with third parties	13
8.4 Joint ventures and consortia	14
8.5 On-going requirements	14
8.6 Red-flags	15
9 Gifts and hospitality	16
9.1 General	16
9.2 Monetary value	16
9.3 Timing of hospitality	17

9.4	Type hospitality	17
9.5	Outside perceptions	17
9.6	Hospitality reporting and record keeping	17
10	Travel expenses	18
11	Charitable contributions and sponsorships	20
12	Internal controls and record keeping	21
13	Raising concerns and seeking guidance	21
14	Incident management	22
15	Consequences of breach	22
16	Audits	22
17	Training	23
18	Communication	23
19	Review of this policy and responsibilities	23
19.1	Board	23
19.2	Senior Management	23
19.3	Company Secretary	24

Anti-Bribery and Corruption Policy

The Alta Zinc Group (**Group**)¹

1 Purpose

Bribery and corruption are illegal, are incompatible with the Company's values and *Code of Conduct* and present a significant risk to the Group. The Group is committed to fostering an anti-corruption culture and to ensuring that its activities and transactions are open, transparent, and honest and are conducted in accordance with the Group's policies and the law.

The purpose of this Policy is to:

- raise awareness of the law relating to anti-corruption and foreign bribery in Australia and internationally;
- establish the standards of behaviour expected of you, and define unacceptable behaviour relating to foreign bribery and corruption;
- set out your obligations to ensure that you and the Group comply with anti-corruption and foreign bribery laws;
- establish procedures and standards designed to detect and deter bribery and corruption; and
- maintain confidence in the Group's integrity and support the Group's business and corporate image within the community.

This Policy aims to ensure that the Group delivers on its commitment to fostering an anti-corruption culture but it does not create any rights in any person including any employee, customer, supplier, competitor, shareholder or other stakeholder.

This Policy is for the protection of the Group and each of the persons covered by the Policy. If you do not understand any part of this Policy, or how it applies to you, you should contact the Company Secretary. Ultimately it is **your** responsibility to make sure that none of your behaviour or conduct constitutes or is perceived to constitute foreign bribery or corruption. This Policy applies in addition to, and not to the exclusion of, the Group's other policies and procedures including the Company's *Code of Conduct* and *Whistleblower Policy*.

This Policy forms part of the Company's *Compliance Manual: Anti-Bribery and Corruption (Compliance Manual)*.

2 Who does this Policy apply to?

This Policy applies to each director, officer, employee, consultant and contractor of the Group. This Policy will also apply to agents and third parties who are engaged by the Group to represent its interests or perform services for the Group.

Each person to whom this Policy applies:

- will be given a copy of this Policy;

¹ The Group consists of Alta Zinc Limited (**Company**), the Company's related bodies corporate as defined under the *Corporations Act 2001* (Cth) and each of the entities identified by the Company's Board from time to time.

- must comply with this Policy;
- will be informed about the content of this Policy as required for their role;
- must attend training as required by their role and location; and
- must report matters or behaviours of concern in accordance with the Company's *Whistleblower Policy* and co-operate with any investigations initiated pursuant to this Policy.

3 Foreign bribery offence

3.1 The offence under Australian anti-bribery laws

It is an offence under section 70.2 of the *Criminal Code Act 1995* (Cth) (**Criminal Code**) to bribe a foreign public official. Under that section, a person must not provide, offer or promise to provide to another person (or cause to be offered, promised or provided):

- (a) a benefit that is not legitimately due to that person; and
- (b) with the intention of influencing a foreign public official (who may be the other person) in the exercise of the official's duties,

in order to:

- (c) obtain or retain business; or
- (d) obtain or retain a business advantage that is not legitimately due to the recipient, or intended recipient, of the business advantage.

To be found in breach, it is not necessary to prove that the business, or business advantage, was actually obtained or retained.

Case study

Someone you know works for a contractor who a Group company sometimes use to fix plant and equipment. He told you that he tried to pay a bribe to a foreign public official to get a permit. The official took the money but, as it turns out, didn't have the ability to grant the permit. Would this still breach the law even though he didn't get the permit?

Yes. It is not necessary to prove that business, or a business advantage, was actually obtained or retained to have a breach of the *Criminal Code*. Although the contractor did not receive the permit, the fact that the contractor intended to obtain the permit as a result of the payment means that his behaviour would contravene the *Criminal Code*.

A person may be guilty of bribery if they aid, abet, counsel or procure the commission of the offence, or conspire to attempt to commit the offence.

The conduct of persons acting for, or on behalf of, a corporation may be a basis for corporate liability under the corporate attribution principles under Part 2.5 of the *Criminal Code*.

Case study

The Company has incorporated a local subsidiary to conduct its Italian operations. You are engaged by the local subsidiary and have been asked to pay an additional "tax" by a local government official. You are concerned that the tax is illegitimate and may actually be a request for a bribe. Therefore, the local government official has suggested that you authorise the Australian parent company to direct the subsidiary to make an electronic transfer. That way, neither he nor the local company will be held responsible, and neither will the parent company as it is too far removed from the transaction. Is this correct?

No, it is not. The term "cause" in the *Criminal Code* encompasses the actions of both the parent company and those of its subsidiary. Given that the parent company is an Australian company (although the subsidiary may not be) it may be found to have violated the *Criminal Code* by directing its subsidiary to make the illegitimate payment.

3.2 What is a benefit?

The benefit referred to under section 70.2 of the *Criminal Code* is any advantage and it is not limited to property. The benefit may be tangible or intangible and extends to confidential information, gifts, hospitality, holidays, entertainment, shares in a company, an offer of employment, forgiveness of debt, travel expenses or the promise of the grant of contracts.

The benefit can be conferred on any party or intermediary as long as there is an intention to ultimately influence a foreign public official in the exercise of his or her official duties. A benefit provided to a relative, friend or even a corporate entity will amount to a breach if the intention to influence a foreign public official is present.

3.3 When is a benefit not legitimately due?

In determining whether a benefit is not legitimately due, the law provides that you must disregard the value of the benefit, any official tolerance of the benefit or the fact the benefit may be, or is perceived to be, customary, necessary or required in the situation.

It is a defence to the offence under section 70.2 of the *Criminal Code* where a written law governing the foreign public official expressly permits or requires the benefit to be given.

If a contract is awarded to a party on uncommercial terms, or as part of an unfair tender process then this will constitute a benefit not legitimately due.

There is no doubt however that a payment made because it was expected, or because it was the "local way", will not provide any protection from criminal prosecution.

Case study

We take a particular government official out for expensive dinners on a regular basis. Recently, we were granted a concession in a region where he has a lot of influence. He has not said that he had anything to do with it, and we did not ask him to do anything. Does our relationship with him mean that the award of the concession is an illegitimate business advantage?

If the official used his position to intervene in the award of the concession so that it was awarded to a Group company when it otherwise wouldn't have been, then this may constitute a contravention of the *Criminal Code*, depending on the nature of the intention behind taking him out to dinner. You should immediately contact the Company's Managing Director, or you can seek advice from the Company Secretary.

3.4 Who is a foreign public official?

A foreign public official is broadly defined under the *Criminal Code* and is designed to capture all levels of government. A foreign public official includes, but is not limited to:

- an employee or official of a foreign government body or public international organisation;
- a person working under contract for a foreign government body or public international organisation;
- any individual who performs the duties of a position created by law, custom or convention of a foreign country or part of a foreign country;
- any individual who is otherwise in the service of a foreign government body or public international organisation such as members of the military or police force;
- members of the executive, judiciary or magistracy of a foreign country or part of a foreign country;
- a member or officer of the legislature of a foreign country or part of a foreign country; or
- any individual who is an authorised intermediary of a foreign public official covered in any of the bullet points above, or holds him or herself out to be the authorised intermediary of a foreign public official.

Public international organisations are essentially bodies constituted by two or more countries such as the United Nations.

You must carefully consider whether the Group's local agents, contractors, suppliers and other business partners may be a foreign public official.

It should also be emphasised that the benefit does not need to be provided, offered or promised (or caused to be provided, offered or promised) to a foreign public official but rather, to any person which may include private individuals and organisations, corporations and foreign governments.

Case study

You wish to engage a regional government official to provide consulting services for the Group's operations in Italy. Is there any issue with engaging a local government officer?

It is not unlawful to engage a foreign public official, at least when the engagement is entirely unrelated to the person's official functions. Foreign bribery offences relate to benefits intended to influence the public official in their capacity as a foreign official; a commercial retainer, in an area unrelated to the official's duties, may generally not be accompanied by such an intention. The risk is, however, that either in fact or perception, the engagement will be related to influencing or taking advantage of the person's official capacity. The key to avoid risk is to ensure that the arrangement is transparent to the foreign government and complies with local law and there are safeguards preventing the official from improperly using the position to assist the Group.

3.5 What is to obtain or retain business or a business advantage that is not legitimately due?

The intention to obtain or retain business is unqualified. The operation of this provision will extend to any decision, or the encouraging of any decision, to award new business, continue existing business or regarding the terms of new or existing business.

A business advantage means an advantage in the conduct of business. In making a determination of whether a "business advantage is not legitimately due", the value of the business advantage, any official tolerance of the business advantage or whether the business advantage is customary or perceived to be customary is to be disregarded. Accordingly, for a business advantage to be legitimately due there must be a legal basis for obtaining the advantage.

Case study

We always contact a local government official who assists us by giving advice and explaining how we should conduct business deals in Italy. He often directs us to certain agents and contractors when we require their services. Recently, he has indicated that he would appreciate some benefit for his guidance, possibly in the form of an overseas trip. What should you do?

The official is asking for a benefit in return for his assistance. If his assistance resulted in the Group obtaining business or a business advantage, which includes obtaining permits or licences or making business contacts that it would not otherwise have made, paying for an overseas trip may constitute bribery. Further, under Italian Law (art. 4 of the Decree of the President of the Republic no. 62/2013) no gift where the value exceeds €150,00 should be made to any public official. You should contact the Company's Managing Director.

3.6 What are the penalties?

Engaging in bribery of a foreign public official (as summarised above) can subject you to criminal liability, including substantial monetary fines and/or imprisonment. As at the date of this Policy, the maximum penalty for an individual who contravenes section 70.2 of the *Criminal Code* is 10 years imprisonment and/or a fine of 10,000 penalty units, currently \$1.7 million.

The penalty for a company can be a fine issued in penalty units or it can be a proportional penalty, calculated according to the value of the benefits obtained from the bribery, or the annual turnover of the company. As at the date of this Policy, if the court can determine the value of the benefit, the penalty is 100,000 penalty units (\$17 million) or three times the value of the benefits obtained; whichever is greater. If the court cannot determine the value of the benefit, the penalty is 100,000 penalty units or 10% of the annual turnover of the company and related bodies corporate; whichever is greater.

The penalties are high to reflect the seriousness of bribery and its consequences. In addition to criminal penalties, any benefits obtained by foreign bribery can be forfeited to the Australian Government under the *Proceeds of Crime Act 2002* (Cth).

3.7 Prohibited conduct in other jurisdictions

Internationally, similar legislation to the *Criminal Code* enables some other countries to prosecute their own citizens and corporations, as well as other persons within their jurisdiction, for bribery of public officials abroad. Some of these laws are more onerous than the *Criminal Code*. You are required to understand and comply with all laws that apply to you or to the Group.

Italy

The relevant Italian Laws on anticorruption are the Legislative Decree no. 231/2001 and the Law no. 190/2012 (**Italian Anticorruption Law**).

The Legislative Decree no. 231/2001 (**Law 231**) introduced the administrative responsibility of companies, stating that companies may be deemed liable for certain crimes, so called “reati-presupposto” (i.e. crimes against the Italian public authorities, corporate crimes, bribery and corruption, falsifying books, fraud, money laundering, market abuse, insider trading, environmental crimes and crimes in violation of the applicable health and safety provisions, etc.), committed or attempted, by its directors, managers, executives or by those working under the direction or supervision of the latter, in the interest of or to the advantage of the companies themselves. Advantage in this context includes but is not limited to more earnings for the company, or less losses to the company.

There are also specific crimes that punish corrupt conduct against the public administration (articles 24, 25 and 25 decies).

According to article 4 of the *Law 231*, a company may also be deemed liable for foreign crimes, unless the foreign authorities are proceeding against the company already.

The consequences of this liability (which the adoption of an updated MOG can avoid, see further below) can be severe: and may involve the payment of fines (currently up to €1.5 million), prohibiting the company from contracting with government, even suspension or ban from the business activities altogether, suspension or withdrawal of licenses and permits and/or exclusion or revocation of financing and subsidies.

Law 231 provides for the company's exemption from liability where the company can prove that:

- (a) the company has adopted and effectively implemented the *Model 231* (so called “**MOG**”) that is a set of principles, provisions and operative procedures that affect the internal functioning of the company as well as the conduct of its external relations and can effectively prevent commission of crimes. The Company's subsidiaries, Energia Minerals (Italia) S.r.l and Strategic Minerals Italia S.r.l will adopt a MOG, which is consistent with this Policy;
- (b) the Board of Directors has appointed a specific internal committee (so called “Organismo di Vigilanza” or “O.d.V.”) with the task of supervising the functioning, efficiency and compliance of the company's conduct with the MOG's principles and the updating of the same;
- (c) the crimes have been committed by fraudulently avoiding to comply with the MOG; and
- (d) the O.d.V has not failed in supervising the functioning and updating of the MOG and the compliance with its rules.

The fundamental principles of the *Model 231* generally are:

- (a) clear definition of roles and responsibilities;
- (b) appropriate financial resources management;
- (c) traceability mechanisms for all work undertaken;
- (d) definition and application of procedures;
- (e) monitoring of the controls and procedures; and
- (f) continuous updating and improvement.

The Law no. 190 of November 6th, 2012 (**Law 190**) was adopted in Italy pursuant to article 6 of the United Nations International Anticorruption Convention of October 31st, 2003, ratified pursuant to the Law no. 116 of August 3rd, 2009 and articles 20 and 21 of the Strasburgo Criminal Anticorruption Convention of January 27th, 1999.

Law 190 was intended to give specific measures in order to ensure the transparency of the activities involving the relationships with the public administrations. Law 190, with the specific intent to fight corruption, introduced the new crime of "private corruption" and it modified the existing crimes of "public corruption", also including such crimes in the list of "reati presupposto" of the *Law 231*. Considering this, with the introduction of the new crime of "private corruption" companies may be deemed liable not only in case of corruption conducts with the public administration but also with private entities. This change has led to a substantial widening of the possible area under which the corruption crimes may be committed.

4 No-bribes policy

The Group prohibits bribery and corruption in any form, whether direct or indirect. You must not commit, be a party to, or be involved in bribery or corruption.

The Group does not permit or condone the giving of benefits (such as making payments, including payments in kind such as gifts, favours, etc.) to influence individuals or organisations to award business opportunities to the Group or to make business decisions in the Group's favour. You must not give or offer to anyone a gift, bribe, inducement, favour or payment of any kind in expectation of preferred treatment of the Company or member of the Group, its employees or anyone associated with the Group.

You cannot, directly or indirectly, offer, promise, request, give, demand, agree to receive or accept a bribe or undue advantage in order to obtain, retain or direct business or secure any other improper advantage in the conduct of the Group's businesses.

Any giving of benefits including the payment of normal discounts and allowances, commissions, fees, entertainment expenses, promotional activities, sponsorships, donations, expenses related to a contract, travel expenses and other customary payments or courtesies in the ordinary course of business must only be made in accordance with this Policy.

This Policy applies when dealing with anyone, whether they are government bodies, foreign public officials or private individuals and organisations.

You will not suffer demotion, penalty or other adverse consequences by the Group for refusing to pay bribes even if such refusal may have adverse consequences for the Group.

5 Facilitation payments

5.1 What are facilitation payments?

In some countries in which the Group operates, you may be asked to make small payments to low-level public officials or government employees, which are called **facilitation payments** under Australian law. These payments are sought to expedite or secure performance of a routine government action of a minor nature.

The types of activities considered under the law to be **routine government actions** include:

- (a) granting a permit, licence or other official document that qualifies a person to do business in a foreign country;
- (b) processing government papers, such as a visa or work permit;

- (c) providing police protection, mail collection or delivery;
- (d) scheduling inspections associated with contract performance or related to the transit of goods;
- (e) providing telecommunication services, power or water;
- (f) loading and unloading cargo;
- (g) protecting perishable products, or commodities, from deterioration; and
- (h) any other activity of a similar nature.

A routine government action does **not** include any decision to award or continue business, or any decision related to the terms of new or existing business.

5.2 No facilitation payments policy

You are prohibited from making facilitation payments, and the Group expects you to make every effort to avoid them.

Responses to demands for a facilitation payment could include:

- questioning the legitimacy of the demand;
- requesting receipts and identification details of the individual making the demand;
- requesting to consult with supervisors/managers; and
- informing the individual making the demand that compliance may result in an offence under the laws of other jurisdictions.

6 Political contributions

The Group does not make any political contribution in any country.

A **political contribution** is a contribution, whether financial or in-kind, to support a political cause. Financial contributions include both cash donations and loans. In-kind contributions include gifts or loans of property, the free or discounted use of the Group's premises or equipment, provision of services, advertising or promotional activities endorsing a political party, purchase of tickets to fundraising events with close associations to a political party.

A **political cause** includes political parties, party affiliated organisations, party officers and political candidates.

If you would like to participate in an event or activity for a political cause, then the activity must be formally registered and approved by the Company's Managing Director.

If you participate as an individual in a political cause or make political contributions, you must make it clear that you are participating on your own behalf and any views expressed are your views and do not represent the views of the Group and you must use your own time and money to participate.

Case study

A former in-country adviser is running as a candidate in an upcoming election. She has approached you seeking a donation from the Group to her campaign. She has not requested cash, but for the company to assist with printing for her campaign material. The former adviser played a significant role in the Group's dealings with government. Should you agree to contribute to her campaign as requested?

No. The Group does not make any political contribution in any country. Political contributions include contributions in-kind, such as assisting with printing for a political campaign.

7 Use of Group assets

Group Property includes all real and intellectual property, plant and equipment and all software owned by the Group (including but not limited to, cash vehicles, premises, computers, photocopies and Group information). You must protect Group Property to ensure availability for legitimate business purposes and ensure all corporate opportunities are enjoyed by the Group. It is important that you protect Group Property which is under your control. You should take appropriate measures to prevent theft, loss, damage or misuse of Group Property.

You must not provide, loan, sell or donate Group Property to any foreign public official, government body or other person or entity, unless it is:

- (a) for the payment for goods or services under an arm's length contractual arrangement on commercial terms; or
- (b) pursuant to an official government or military request; or
- (c) required under the law of the country in question,

and you have first obtained the approval of the Company's Managing Director.

The Group aims to preserve and further the human rights of all people connected with the Group, including the members of the communities in which the Group operates and the wider global community. You must at all times consider and promote the protection of human rights in your conduct, including when paying a benefit or providing or lending Group Property.

8 Foreign business relationships

8.1 General

Engaging agents, consultants, contractors or entering into a partnership, joint venture or consortium or other business relationship is a further area where the Group is potentially exposed to liability as a result of bribery and corruption.

The use of third party agents, consultants and other intermediaries to circumvent the requirements of this policy is expressly prohibited. You must never use another person or entity to do something that you or the Group is prohibited from doing itself (such as improper benefits, kick-backs or secret commissions). You must not direct improper payments through agents, consultants or other intermediaries or third parties.

The Group must not enter into, or continue, a business relationship (with, for example, suppliers, third party agents and other intermediaries, joint venture partners or proposed merger and acquisition targets) if it cannot be satisfied that the entity will behave in a manner consistent with this Policy and in accordance with applicable anti-bribery and anti-corruption laws.

To protect you and the Group from potential liability for bribery or corruption committed by third parties, there are a number of steps that must be taken as set out below.

Case study

The Group wishes to engage an in-country contractor to conduct drilling at one of the Company's projects. Due diligence on the contractor has been completed and revealed that the contractor has its own policies and procedures relating to countering bribery and corruption, but these policies and procedures are not of a standard equivalent to the Group's policies. Can the Group engage the contractor?

The Group will need to consider the standard of the contractor's policies and procedures, and the associated risk that the contractor has engaged in improper business practices. If the Group is satisfied that the contractor has a suitable reputation, qualifications and integrity the Group can address the standard of the contractor's policies and procedures in relation to anti-corruption and anti-bribery by including a clause in the contract with the contractor that the contractor will comply with all relevant anti-corruption and anti-bribery laws and the Group's *Code of Conduct* and *Anti-Bribery and Corruption Policy*.

8.2 Due diligence

In this Policy, a joint venture or consortium partner, agent, consultant, intermediary, contractor or supplier with whom a member of the Group has, or proposes to have, a relationship is referred to as a **Third Party**.

Risk based due diligence should be conducted on all Third Parties (except where the value of the contract or arrangement with the Third Party is less than \$50,000 in Australia, or €50,000 in Italy) in relation to their reputation, qualifications and integrity to determine whether it is appropriate for the Group to enter into any association or agreement with them. You must avoid dealing with a Third Party known or reasonably suspected to be engaging in corrupt conduct or bribery.

A Group member must conduct properly documented due diligence before:

- (a) entering into a joint venture or consortium;
- (b) appointing agents, consultants or intermediaries; and
- (c) dealing with contractors and suppliers.

It is the Group's policy that before entering into an agreement with a Third Party, risk based due diligence must be performed and a written due diligence report completed and approved. The level of due diligence should be guided by the results of a risk assessment process, categorising the Third Party as high, medium or low risk. A *Third Party Due Diligence Checklist* is set out in the *Compliance Manual*. The *Third Party Due Diligence Checklist* sets out a selection of key risk indicators that the Group may use to assess the risk of corruption and bribery related to a Third Party.

If any issues of concern or “red flags” (see further in section 8.6) are identified by the due diligence, the Company’s Managing Director must be informed immediately.

Case study

The agent that my predecessor hired to negotiate on our behalf with local government officials is doing a great job, but his fees seem to be higher than I would have expected and he recently requested an advance payment. What should I do?

Any issues must be completely resolved as you must never continue to use a business partner if you are aware of, or suspect, improper behaviour. You should ask why an advance payment is necessary and confirm that the agent understands the anti-corruption provisions of their contract and what they mean (with any unclear areas discussed) and they acknowledge this understanding. The business partner must comply with all relevant laws at all times, including ensuring that no portion of their fees are being offered directly or indirectly to the benefit of a government official or to anyone to induce them to perform their work duties disloyally or otherwise improperly.

8.3 Agreements with third parties

Arrangements with a Third Party must be transparent and documented in a written agreement with the relevant Third Party. The following should be included in the agreement:

- the remuneration/compensation payable to the Third Party (which must be appropriate and justifiable remuneration for legitimate services rendered or goods supplied);
- a warranty that the Third Party has not engaged in corrupt conduct or bribery;
- an agreement that the Third Party will comply with all relevant anti-corruption and anti-bribery laws and the Group’s *Code of Conduct* and anti-corruption policies and procedures, including this policy;
- a right on the part of the Group counterparty to regularly audit the Third Party’s financial records. The regularity and scope of the audit rights will depend on an assessment of the risk and the steps necessary to mitigate that risk, given the nature of the Third Party’s role and its history;
- an annual certification from the Third Party that it has not breached any anti-corruption or anti-bribery laws or the Group’s *Code of Conduct* and anti-corruption policies and procedures, including this policy;
- a continuing obligation on the Third Party to advise the Group counterparty if any contravention of the above provisions occurs; and
- a right of termination/right of exit if the Third Party does pay bribes or acts in a manner inconsistent with the agreement and the Group’s *Code of Conduct* and anti-corruption policies and procedures, including this policy.

You must ensure that a Third Party counterparty complies with any clauses in such contractual arrangements that you manage or administer.

Case study

I have been approached by an individual who says he has worked for a number of companies with projects in Italy and he can introduce the Group to experienced contractors in the region. He said he requires a fee for such introductions and that the fee would be a percentage of the value of the transaction. Should I deal with this man?

You should not deal with this person until you have completed due diligence on his background, experience and reputation. This request should also be referred to the Managing Director and Company Secretary so that checks can be made on whether such 'finders' arrangements are legal in Italy, and that his contacts and method of doing business are aligned with the Company's *Anti-Bribery and Corruption Policy, Code of Conduct* and values. If the due diligence is satisfactory, and 'finders' arrangements are legal in the relevant jurisdiction and no other applicable laws may be infringed, then it may be appropriate to proceed, provided that a suitable agreement with the 'finder' is entered into that contains provisions that require the 'finder' to comply with the Company's *Anti-Bribery and Corruption Policy*.

8.4 Joint ventures and consortia

Each member of the Group must:

- (a) make sure that joint ventures and consortia over which it maintains effective control have in place an anti-corruption and anti-bribery policy at least equivalent to this Policy;
- (b) where a member of the Group does not have effective control of a joint venture or consortium, make this policy known to the other entities in the venture and encourage them to adopt a policy at least equivalent to this policy for the venture; and
- (c) monitor the policies and performance of joint ventures and consortia and take appropriate action where the policies and practices are inconsistent with this Policy.

Where a member of the Group is unable to ensure that a joint venture or consortium has an anti-bribery and anti-corruption policy at least consistent with this policy, it should have a plan to exit from the arrangement if bribery occurs or is reasonably thought to have occurred.

8.5 On-going requirements

The Group will establish monitoring and re-approval requirements for Third Parties, depending on an assessment of the risk and the steps necessary to mitigate that risk, given the nature of the Third Party's role and its history. This will include regular on-going review of Third Parties and acting on red-flags and changes in risk rankings.

Case study

The Group wishes to appoint in-country advisers to prepare and submit various applications for approval relating to one of the Group's projects by foreign government departments. What steps should the Group take to appoint the advisers?

- Conduct properly documented due diligence on the advisers in relation to their reputation, qualifications and integrity to determine whether it is appropriate for the Group to enter into any association or agreement with them. A due diligence checklist is included in the Compliance Manual for this purpose. You must avoid dealing with an adviser known or reasonably suspected to be engaging in corrupt conduct or bribery. For example, where it is a known practice that the adviser's fee includes a component to enable the adviser to make payments to foreign public officials, then engaging the adviser on these terms will expose the Group to liability for bribery.
- Document the arrangement between the Group and the advisers in writing, and include clauses in the agreement that require the adviser to observe anti-corruption and anti-bribery laws and comply with the Group's policies and procedures in relation to anti-corruption and anti-bribery.
- Determine the appropriate remuneration to be paid to the adviser which must be appropriate and justifiable remuneration for legitimate services rendered.

Establish monitoring and re-approval requirements based on an assessment of the risk and the steps necessary to mitigate that risk, given the nature of the adviser and the adviser's role and history. Review the adviser and act on "red-flags" and changes in risk rankings.

8.6 Red-flags

There may be conduct, circumstances and actions that you come across during your employment or engagement with the Group which constitute warning signs that a Third Party may be engaging in bribery or other forms of corruption. The *Compliance Manual* sets out a non-exhaustive list of examples of "red flags" that you should report to the Company's Managing Director immediately.

Case study

The Group has hired a consultant to assist the Group in obtaining the permits needed for its project. The consultant has asked for a retainer of €50,000 to 'help with the approval process'. Should I make this payment?

No. Before hiring this consultant you should have completed due diligence on the consultant. The Company Secretary can assist you with the due diligence required. Before making any 'retainer' payment, you need to ask how the money will be used. Under the *Group's Anti-Bribery and Corruption Policy*, you must ensure that the money will not be used as a bribe or facilitation payment. The matter should be discussed with the Managing Director before taking any further action.

9 Gifts and hospitality

9.1 General

Offering or accepting gifts and hospitality can be a legitimate part of building relationships. However, gifts and hospitality can also be a form of bribery.

It is important that gifts or hospitality never unduly influence business decision-making or cause others to perceive undue influence. **Gifts** are anything of value given or received where the recipient does not pay fair market value. **Hospitality** is the provision or entertainment or enjoyment where you accompany another person to an event including business meals, invitations or tickets to recreational, sporting or cultural events, as well as associated travel, meals and accommodation.

It is the Group's policy that you and the Group must not offer, solicit or accept gifts in any circumstances.

You and the Group must also not offer, solicit or accept hospitality that could affect, or might appear to affect, the outcome of business transactions of the Group or with the intention of obtaining or retaining future business or a business advantage.

Senior executives of the Group are allowed to offer reasonable and proportionate hospitality and promotional or other similar business expenditure for valid business purposes for example, if the offer is intended to improve the image of the Group, better present the Group's business or establish relationships. The value and nature of the hospitality must be appropriate for the circumstances and in some cases, prior authorisation will be required. Hospitality must always be provided in accordance with the law and local customs, and in an open and transparent manner.

Participating and adhering to local customs and culture is an important aspect of the Group's operations overseas. Therefore you need to sensitively manage this issue.

Hospitality must not be provided to a person or accepted from a person as a reward or encouragement for preferential treatment or in exchange for information (or anything else) and must not be excessive in value, unjustified, in cash or otherwise place the recipient under undue influence.

If you are solicited for a gift or hospitality, or are offered a gift or hospitality that is not in line with this policy, politely decline and explain the Group's practices. You must never solicit a gift or hospitality whether through a direct request or by communicating that it would be desirable.

In deciding whether it is appropriate to give or accept hospitality the following matters must be taken into account.

9.2 Monetary value

Hospitality should only be offered or accepted if it is occasional and of modest value. If the monetary value is excessive or expensive, then the hospitality should not be given or accepted.

Hospitality may only be offered or accepted by senior executives of the Company, and the monetary amounts must not exceed the limits set out in the Group's *Delegation of Authority Procedures* as amended from time to time. All hospitality offered or accepted must be reported to the Company Secretary.

The Group should pay the cost of any gift or hospitality directly to the relevant provider eg. the relevant shop or restaurant. You should report and record any financial transactions to purchase hospitality in accordance with section 9.6 of this Policy.

9.3 Timing of hospitality

It is important to carefully consider the timing of the hospitality as it must not be provided to influence or attempt to influence any person to follow a particular course of action. Under no circumstances should hospitality be provided or received during the course of negotiations between the Group and a third party, or whilst the Group may be tendering for the award of any work. If the timing coincides with the consideration or making of a significant decision in relation to the Group, then it should not be given or accepted.

9.4 Type hospitality

It is imperative that hospitality is of an appropriate nature in accordance with Australian and local customs and expectations. You must be present when any hospitality is given or received by you. If you are not, then it will constitute a gift which is prohibited under the Policy.

9.5 Outside perceptions

Ask yourself the newspaper test: if an article appeared in a newspaper about a decision and action you made, and your family and friends read the article, would you feel good about it or be embarrassed?

If it could be perceived by a third person that there was an improper connection between any hospitality and a particular business opportunity or decision, then the hospitality should not be given or accepted. For instance, the public may be given the impression of anti-competitive behaviour if you exchanged hospitality with representatives of the Group's competitors.

If the action of providing or receiving hospitality could have an adverse effect on the Group's reputation, then you must not take that course of action.

9.6 Hospitality reporting and record keeping

You must report all hospitality you have provided or received to the Company Secretary as soon as possible after the event takes place, but within two business days at the latest. A form for the purpose of providing the information that is required to be provided is contained in the *Compliance Manual* entitled "Record of Hospitality".

Case study

During the course of a meeting with a foreign public official in Italy, you are informed that the foreign public official will be visiting Perth on business unrelated to the Group the following month, and whilst his itinerary is not finalised, he will likely have a free evening. You suggest that the Company host a dinner for him at a restaurant whilst he is in Perth. Before hosting the dinner, you need to consider the following:

- What is the purpose of hosting the dinner? If the dinner has a valid business purpose, for example it is intended to improve the image of the Group, better present the Group's business or establish a relationship; the Company may host the dinner. However, the Company must not host the dinner if it could affect, or might appear to affect, the outcome of business transactions of the Group or with the intention of affecting the outcome of future business.
- Where will the dinner be held? The cost of the dinner must be reasonable and proportionate. Consider whether the cost of the dinner will be such that prior approval will be required in accordance with the Group's Anti-Bribery and Corruption Policy.
- Does the timing of the dinner coincide with the consideration or making of a significant decision in relation to the Group?
- Ask yourself the newspaper test: if an article appeared in a newspaper about the Company hosting the dinner organised by you, and your family and friends read the article, would you feel good about it or be embarrassed? If it could be perceived by a third party that there was an improper connection between the dinner and a particular business opportunity or decision, then the dinner should not be held.

10 Travel expenses

As a general rule, offers or promises to pay for travel expenses (transport, accommodation and incidental expenses), or providing transport and/or accommodation, to foreign public officials or other persons is prohibited.

However, the payment of travel expenses to improve the image of the Group, to promote, demonstrate or explain the Group's business and establish cordial relations is recognised as an established and important part of doing business.

In the circumstances outlined above, the Company's Managing Director may approve travel expenses for a foreign public official or another person if:

- (a) there is no intention to influence the foreign public official or other person in the exercise of his or her duties;
- (b) the expense is appropriate to the relationship and accords with general business practice and local customs;
- (c) the expense is:
 - (i) provided to appropriate individual(s);
 - (ii) preceded by a written invitation describing the arrangements from the Group to the employer of the recipient being offered the travel, including the purpose of the travel;

- (iii) preceded by a written acceptance from that employer, including confirmation that the payment of travel expenses will not influence the individual in the exercise of their duties;
- (iv) at a level no greater than permitted for the Group's employees;
- (v) not extended to include travel (or accommodation) for a relative, associate or other guest of the recipient;
- (vi) where possible, paid for directly to the service provider (ie. reimbursements or per diem payments (ie. daily allowance for expenses) should be avoided); and
- (vii) limited to travel expenses and does not include side-trips.

You must report all travel expenses you have provided or received to the Company's Managing Director and the Company Secretary as soon as possible after the event takes place, but within two business days at the latest. Detailed records of the travel arrangements will need to be retained, including any itineraries and receipts and the documentation referred to in paragraphs (c)(ii) and (c)(iii) above. A form for the purpose of providing the information that is required to be provided is contained in the *Compliance Manual* entitled "Record of Travel Expenses for External Persons".

Case study

A senior official in the Lombardia regional government (Regione Lombardia) has asked to visit the Group's operations in Australia so he can see how the Company conducts its mining and exploration operations in Australia. He has asked if the Company will sponsor his visit. Can the Company pay for his airfares, accommodation, meals and local transport costs?

As a general rule, offers or promises to pay for travel expenses (transport and accommodation expenses) to foreign public officials is prohibited. However, where the purpose of the travel is to demonstrate and explain how the Group operates, this is a valid business purpose and you may seek approval to incur the travel expense from the Company's Managing Director.

However, any such visits should not be used to try and influence the government official in any decision involving the Group. Before agreeing to support such a visit, the visit should be referred to the Company's Managing Director for approval. Further enquiries should be made to determine whether the relevant official is unable to attend unless the Company pays for his costs. Ideally, the relevant government department should pay for the official's airfares, accommodation and meals, with the Company paying for local travel costs and appropriate entertainment. If this is not possible due to budget constraints in the relevant country, then consideration may be given to the Company's support for the visit, provided that this support will not breach any local laws or other applicable laws. Accurate records must be kept of the reason for the visit, the persons contacted within the regional government regarding the visit, the itinerary of the official and all costs involved in relation to the visit.

The government official has asked to spend two days in Bali after the visit is included. Can we pay for transportation and costs associated with the Bali trip? No. Because the side trip to Bali has nothing to do with our business, operations, products or technology, and would not be related to the execution or performance of a contract, there is no legitimate business purpose for the trip and no business rationale for paying these expenses.

11 Charitable contributions and sponsorships

The Group does not make charitable contributions or enter into sponsorship arrangements that could be perceived as a way of obtaining or retaining an improper advantage for the benefit of the Group, or any other person.

Charitable contributions and sponsorships must be permitted by law, and not provided to individuals or to organisations that are linked to a political cause.

Charitable contributions and sponsorships must not be made in circumstances where they may give rise to a potential conflict of interest that could affect a material transaction or decision in relation to the Group. Charitable contributions and sponsorships must also not be made where they could, or could be perceived to, influence a current business situation or be given subsequently as a 'reward' for the awarding of a contract or the making of a favourable decision in relation to the Group's business.

Case study

A Group Company has submitted an application to a foreign government department for the transfer of a mining concession. A foreign public official involved in the consideration of the application has approached you to request that the Group sponsor the local football team which his children are members of. The sponsorship would improve the image of the Group in the local community. Should the Company agree to the sponsorship?

It would not be appropriate in these circumstances for the Group to sponsor the local football team. There is a risk that it may be perceived that the sponsorship could influence the decision on the pending application and/or place the foreign public official in a position of conflict.

Donations must be solely for charitable and community purposes and sponsorships for business promotion purposes.

Case study

I believe that our offer to fund the President's favourite environmental project will help ensure we gain access to some land that we need to expand our local operations. There is nothing wrong with that is there?

There may be. The Group does not offer a community program in exchange for land rights or to inappropriately influence government officials to make a decision in the Group's favour. Our community programs must have an overriding objective of contributing to positive change in the host community in a sustainable manner that is transparent and of high ethical standards consistent with the Group's *Anti-Bribery and Corruption Policy*.

Risk based due diligence must be conducted on the recipients of charitable contributions and sponsorships, and all benefits to be provided to the recipients must be documented in a written agreement. The Group will publicly disclose all its charitable contributions and sponsorships.

Case study

You are approached by the principal of a local school requesting donation of a Group Company's old computers for use by the students at the school. Can you donate the computers to the school?

Yes, subject to:

- the donation being permitted by law;
- donation of the computers being solely for charitable and community purposes;
- risk based due diligence being conducted on the school to make sure that the school is not linked to a political cause;
- the donation being documented in a written agreement; and
- the donation being publicly disclosed.

12 Internal controls and record keeping

The Group will establish and maintain an effective system of internal controls to counter bribery. These internal controls will comprise financial and organisational checks and balances over the Group's accounting and record keeping practice and other business processes related to its anti-bribery and anti-corruption policies and procedures. The system will be subjected to regular review and audit to provide assurance on its design, implementation and effectiveness.

The Group must maintain an accurate and auditable record of all financial transactions in accordance with generally accepted accounting principles. This includes maintaining appropriate records of all hospitality and payments to government officials, employees and others. Entries must not distort or disguise the true nature of any transaction. The following practices must be observed:

- (a) keeping two or more sets of books or accounts is prohibited;
- (b) making false entries or alterations on the books and records is prohibited, and there should not be any back-dated or post-dated documents, false invoices, false applications, statements, other false documents or applications; and
- (c) adequate records must be kept and there must not be concealment of records, or refusal to make certain records available.

You must keep records of your dealings with all external parties, including public officials and government bodies, accurate and transparent.

Misreporting and concealment in the accounting records of bribery and other improper acts is expressly prohibited.

13 Raising concerns and seeking guidance

To be effective, this Policy relies on you to raise concerns and report violations as early as possible. If you become aware of a breach of this Policy, you must immediately notify the Company's Report and Investigation Officer. You are also encouraged to immediately report any concerns about bribery and corruption, including if you are approached or asked to engage in illegal activity. To facilitate the raising

of concerns and reporting of violations, the Company has appointed a Report and Investigation Officer in Australia through whom you should feel able to raise concerns and report violations in confidence and without risk of reprisal. If this person is implicated in the concern, you may raise your concern with the Company Secretary. The Company has adopted a *Whistleblower Policy* to encourage the reporting of concerns and violations (or suspected violations) of this Policy and to provide effective protection from victimisation or dismissal to those reporting by implementing systems for confidentiality and report handling.

14 Incident management

The Report and Investigation Officer must promptly conduct an investigation of all such matters reported to it within the relevant Group business. The investigation must be conducted in a fair and objective manner. The steps taken and the results of the investigation must be documented in reasonable detail.

In addition, if in the Report and Investigation Officer's judgement the matter represents a serious risk to the Group's business (including, but not limited to, a reputational or financial risk) or there is a serious breakdown in internal controls (including breach of this Policy), they must immediately escalate the incident to the Company's Managing Director. If the persons in these roles are implicated in the concern, then the incident should be escalated to the Executive Chairman.

A summary of the incident and the results of any investigation conducted must be reported to the Company Secretary by the person responsible for the investigation within a reasonable time frame.

Where illegal conduct has occurred, this may involve reporting the matter to relevant authorities and in some cases the police.

15 Consequences of breach

As outlined in section 3 of this Policy, bribery of a foreign public official is a criminal offence under the *Criminal Code*. You may also be guilty of bribery if you aid, abet, counsel or procure the commission of the offence, or conspire to attempt to commit the offence. Internationally, similar legislation to the *Criminal Code* enables some other countries to prosecute their own citizens and corporations, as well as other persons within their jurisdiction, for bribery of public officials abroad. Some of these laws are more onerous than the *Criminal Code*.

Breach of this Policy (irrespective of whether law is breached) will also be regarded by the Group as serious misconduct which may lead to disciplinary action including termination of employment, engagement or association with the Group.

This Policy does not contain an exhaustive analysis of the restrictions imposed on, and the very serious legal ramifications of, corruption and bribery. If you who wish to obtain further advice in this matter, you are encouraged to contact the Company Secretary.

16 Audits

The Group is committed to undertaking regular internal audits of this Policy to determine if it is effective, is being complied with and to whether it needs to be updated. As part of this audit, you may be required to sign a statement that you are unaware of any breaches of the Policy, or in the instances you are aware of any such breaches, to declare them. Any declarations would then be investigated in accordance with the Group's procedures.

External audits may also be undertaken to give an independent analysis of this Policy, including the financial and other reporting pursuant to them, as considered necessary.

17 Training

The Group will offer training to you in relation to the anti-corruption policies and procedures of the Group on a regular basis.

The training programme delivered will be appropriate to the audience, and will take into account the characteristics of the particular foreign jurisdiction in question for the purpose of relevance. Specific training will be provided to those individuals who are required to work within high-risk foreign jurisdictions and high-risk roles informing them of the types of situations they are likely to confront and how to deal with these situations. If an employee is re-locating to an identified high-risk foreign jurisdiction, then they will be provided training prior to their arrival.

18 Communication

The Group will communicate this policy to its stakeholders and the wider community by publishing it on the Corporate Governance page of the Company's website.

In addition, this Policy must be communicated to:

- (a) all directors, officers, employees, consultants and contractors before their appointment to, or employment with, the Group, and regularly throughout their engagement, or employment, with the Group; and
- (b) all Third Parties at the outset of the Group's business relationship with them, and as appropriate during the course of their work for the Group.

19 Review of this Policy and responsibilities

The Board has approved this Policy and the oversight of this policy is the responsibility of the full Board. The Board will review this Policy at least annually and make any necessary amendments.

19.1 Board

The Board is responsible for:

- (a) approving this Policy, reviewing this policy and making any changes to the Policy;
- (b) implementing this Policy in all business entities over which it has effective control and using its influence to encourage equivalent policies in other business entities in which it has a significant investment or with which it has a significant business relationship;
- (c) monitoring the effectiveness of the Policy;
- (d) designing training programs on the Policy;
- (e) providing leadership, guidance, advice and direction to promote compliance with the Policy; and
- (f) ensuring effective reporting, escalation and resolution of bribery and corruption compliance issues.

19.2 Senior Management

The responsibilities of senior management include:

- (a) providing leadership, guidance, advice and direction to promote compliance with the Policy;

- (b) implementing the training programmes on the policy designed by the Committee;
- (c) ensuring effective reporting, escalation and resolution of bribery and corruption compliance issues; and
- (d) reporting to the Board as appropriate.

19.3 Company Secretary

The responsibilities of the Company Secretary include:

- (a) maintaining an updated hospitality register and facilitation payment register;
- (b) maintaining accurate records of all information provided to the Company Secretary pursuant to the Policy including details of breaches or any queries it has received;
- (c) reporting to the Company's Board at each Board meeting about all gifts and hospitality and facilitation payments provided or received since the preceding Board meeting. Anti-bribery should be included as a standing Board agenda item; and
- (d) reporting to the Committee on actual or potential breaches of this Policy for the purpose of its annual review.

Revised: 24 June 2021

Third Party due diligence checklist

In this checklist a joint venture or consortium partner, agent, consultant, intermediary, contractor or supplier with whom a member of the Group has, or proposes to have, a relationship is referred to as a **Third Party**.

This due diligence checklist should be used to identify any indications that the relationship with the proposed Third Party might expose the Group's companies, their directors, officers or employees, to allegations of bribery, corruption or violations of any related laws. The checklist should form part of a written due diligence report on a Third Party. Other enquiries may need to be made for other areas of risk that are not related to corruption, such as the environmental and occupational health and safety standards of the Third Party.

All "red flags" or other issues of concern with regards to bribery or corruption exposed by the due diligence process must be identified in the written due diligence report and immediately raised with the Company's Managing Director. The presence of one or more "red flags" does not of itself mean that the contemplated arrangement with the Third Party must be not entered into it. Concerns may be addressed satisfactorily through a number of ways such as the inclusion of contractual clauses in the agreement with the Third Party, the implementation of monitoring mechanisms or the proposed Third Party acting to remedy any issues.

In seeking to obtain adequate information in relation to each of the issues required to be addressed, varying levels of inquiry may be required depending on the whether the Third Party is assessed as low risk, medium risk or high risk. The following is a list of key risk indicators that you may use to assess the risk of bribery and corruption in relation to a Third Party. These indicators may be revealed during the course of your due diligence investigations, signalling a requirement to re-assess the risk in relation to the Third Party. Any "red flag" would also constitute a high-risk factor:

- **Geographic location**

High-risk factors: The geographic location where the Third Party is located and/or operates (as per the contract) is:

- A country perceived to be a high-risk country for corruption (see for example Transparency International's Corruption Perceptions Index).
- A jurisdiction known to have high levels of bank secrecy and presenting a high risk for facilitating illicit financial flows.
- A jurisdiction that encourages or requires organisations to hire local agents to transact business for the government.

- **Industry**

High-risk factors:

- The industry with which the Third Party conducts its business transactions is perceived to present a high risk for corruption (see for example Transparency International's Bribe Payers Index).
- The Third Party belongs to an industry with a history of anti-corruption enforcement security.

- **Background and identity of the Third Party**

High-risk factors:

- Initial high-level searches about the Third Party reveal an obvious problem related to the Third Party's reputation for integrity.
- The Third Party, or any of its senior people, have previously been subject to regulatory action or legal proceedings as a result of alleged breaches of anti-corruption laws.
- The Third Party or any of its senior people, appear on a denied parties/persons list in consequence of national or international sanctions or as a result of past misconduct.
- The Third Party has little or no experience in the relevant industry sector and is unknown to the Group.

- **Connection with government official or entities**

High-risk factors:

- The Third Party, in the course of doing work for the Group, will have frequent interaction with government officials (including customs officials), governmental agencies or government controlled entities.
- The Third Party is wholly or partly (directly or indirectly) owned by a government official/entity or has direct or indirect links with government officials/entities.
- The Third Party has previously worked for government, or is closely connected with the political elite.

- **Compensation structure of the proposed arrangement**

High-risk factors

- The Third Party's compensation is to be based on performance (ie. success fees, bonus fees and other contingency fees).

- The Third Party requires payment by unusual means.
- The Third Party's compensation is to take the form of a political or charitable contribution.
- **Scope of the services**
High-risk factors:
 - The Third Party's role is to enhance the Group's chances of winning commercial and/or government contracts.
 - The Third Party requests discretionary authority to handle local matters alone.
- **Selection of the Third Party**
High-risk factors:
 - The Third Party was recommended by a customer.
 - The retention of the Third Party was encouraged or required by a government official.

The required levels of inquiry are set out in the table below:

Risk level	Required level of inquiry
Low risk	Consult publicly available, freely accessible materials (including conducting searches of the internet, annual reports, media articles, and – within reason – any relevant, freely accessible databases).
Medium risk	<p>Consult publicly available, freely accessible materials (including conducting searches of the internet, annual reports, media articles, and – within reason – any relevant, freely accessible databases).</p> <p>Make inquiries of colleagues and to the extent appropriate, the local business community (including customers of the proposed Third Party) and any contacts you may have with potentially relevant information or experience.</p> <p>Third Party interviews, questionnaires and supporting documents.</p> <p>Make inquiries of relevant embassies, trade commissions and chambers of commerce.</p>

Risk level	Required level of inquiry
	In-country public records such as court filings.
High risk	<p>Consult publicly available, freely accessible materials (including conducting searches of the internet, annual reports, media articles, and – within reason – any relevant, freely accessible databases).</p> <p>Make inquiries of colleagues and to the extent appropriate, the local business community (including customers of the proposed Third Party) and any contacts you may have with potentially relevant information or experience.</p> <p>Third Party interviews, questionnaires and supporting documents.</p> <p>Make inquiries of relevant embassies, trade commissions and chambers of commerce.</p> <p>In-country public records such as court filings.</p> <p>Audit and review of Third Party controls and financial records.</p> <p>Detailed interviews of references, political associates, business associates.</p> <p>Investigative background reports.</p>

Subject	Comments	Source of information
About the Third Party		
1. General information		
1.1 Legal name and trading name		
1.2 Address		
1.3 Phone and fax numbers		
1.4 Website		
1.5 Type of business (eg. individual, corporation, partnership)		
1.6 List of all other names under which the Third Party has conducted business, including the time period for each		
1.7 Jurisdiction where business registered or incorporated		
2. Organisation		
2.1 Names of Third Party's owners, shareholders or principals		
2.2 For each person identified in 2.1, their qualifications, financial information and professional background		

Subject	Comments	Source of information
2.3 If the Third Party is a corporation, the names of the members of its Board and its senior management team		
2.4 What is the nature and history of the Third Party's business operations?		
2.5 List previous or current relationships between the Group and the Third Party showing the period when the relationship was active		
3. Financial information		
3.1 Attach current financial statements as well as those for the last three years if available		
3.2 Why is the Third Party considered to be financially suitable?		
4. Selection		
4.1 How did we come to know the Third Party?		
5. References and checks		
5.1 Names, description and contact information of business references		

Subject	Comments	Source of information
5.2 What is the general reputation in the community of the Third Party in the view of the persons with whom you spoke?		
6. Relationship to government organisations or public officials		
<p>6.1 Is or has the Third Party, its owners, shareholders or principals or any key employee or senior management member of the Third Party ever been:</p> <p>(a) a public official (public official includes persons holding legislative, administrative, military or judicial office for any country; persons exercising a public function for any country, government or governmental agency; employee of a government-owned or controlled enterprise; official or agent of a public international organisation; and political party or official of a political party);</p> <p>(b) employed by a government entity (including a government owned or controlled corporation);</p> <p>(c) an official of a political party or candidate for political office;</p> <p>(d) an official or employee of a public international organisation;</p> <p>(e) a person who acts in official capacity on behalf of any government entity, political party or public international organisation;</p> <p>(f) a member of any royal or ruling family;</p>		

Subject	Comments	Source of information
(g) related (by blood, marriage, current or past business association or otherwise) to any of the above; (h) convicted of a crime (or its equivalent in the local jurisdiction); (i) the subject of any criminal investigation; and/or (j) connected to organised crime.		
7. Red flags		
7.1 Did you find any “red flags” (listed in the Compliance Manual)? If yes, please identify each red flag and describe the results of the investigation into the matter.		
7.2 Indicate whether a private investigation service has been retained to conduct a background check on the Third Party and, if so, attach the relevant report.		
About the business arrangement		
8. Scope of the relationship		
8.1 Describe the nature of the proposed relationship with the Third Party, the services to be provided and the country where the services will be provided by the Third Party.		
8.2 Explain why the proposed relationship is necessary and what is the added value to		

Subject	Comments	Source of information
the Group (e.g. regional knowledge, business prospects, business contacts, less expensive than hiring a full time employee in the territory).		
<p>8.3 Is the Third Party:</p> <ul style="list-style-type: none"> (i) an agent, consultant or other third party representing or otherwise acting for the Group before government or regulatory entities or officials; assisting the Group in obtaining any type of government or regulatory permit, certification, registration, licence or approval; or performing lobbying activities on the Group's behalf; (ii) a transport, logistics or other service provider interacting with customs agents on the Group's behalf; or (iii) any third party submitting tenders to enable the sale of our Group's products or services to government agencies or entities? 		
8.4 Identify prospective customers and indicate if they are governmental or private entities.		
8.5 Describe the commercial arrangement with the Third Party including the contract value and payment terms.		

Subject	Comments	Source of information
9. Compensation and method of payment		
9.1 Explain why the compensation and the structure of the compensation is reasonable and justified, taking into account relevant factors including the proposed Third Party's activities and the local market.		
9.2 Does the expected compensation of the Third Party for its services vary significantly from what is dictated by local custom or local law for similar services? Please explain.		
9.3 Is the compensation for such services higher than what is paid elsewhere for similar services? Please explain.		
9.4 Has the Third Party, or any key employee or senior management member of the Third Party, made comments to the effect that any particular payment, contribution or other activity is needed to “get the business”, “make necessary arrangements” etc.?		
9.5 Is there any substantial basis to believe that business in the country is frequently obtained by bribing officials and/or that such payments are common? What is the country's rating in the Transparency International Corruption Perceptions		

Subject	Comments	Source of information
Index, if applicable? What is the Third Party's view of these issues?		
9.6 Has anyone, including the Third Party, requested that any payment be made out to "cash" or "bearer" or that payments be made in some other similar form? If yes, explain the request in detail.		
9.7 Has anyone, including the Third Party, requested that payment be made partly or wholly to a person or company other than directly to the Third Party? If yes, please explain.		
9.8 Has anyone, including the Third Party, requested that payment be made in a country other than the one in which the services will be performed? Has anyone, including the Third Party, requested that payment be made in a currency different to the currency of the country where the Third Party is located, or of the country in which the services will be performed?		
9.9 Has the Third Party, or any key employee or senior management member of the Third Party, requested any false documentation or structuring of the payment provisions for services?		

Subject	Comments	Source of information
10. Results of due diligence		
10.1 Having reviewed all due diligence reports and documents prepared regarding the potential Third Party, is there anything in those material that raises a concern about the Third Party? If yes, please describe these issues of concern and the Third Party's response when you raised these issues with them.		
11. Compliance		
11.1 Have you or other employees from the Group reviewed and discussed the provisions of relevant anti-bribery and anti-corruption laws with the Third Party? If yes, provide a detailed description of the conversation.		
11.2 Have you provided to the Third Party a copy of the Group's policies and procedures in relation to anti-bribery and anti-corruption and briefed the Third Party on its responsibilities under those policies and procedures?		
11.3 Has the Third Party confirmed its compliance with all laws and regulations of the country in which they are doing business?		

Subject	Comments	Source of information
11.4 Confirm that the proposed Third Party has agreed to the inclusion of standard anti-bribery contractual terms as set out in the Group's Anti-Bribery and Corruption Policy.		
12. Recommendation		
12.1 Based on your answers to all of the questions in this checklist, and any other information in your possession do you (the person completing the checklist) believe that the Group should form a business relationship with this Third Party? Explain response.		

Red Flags

1. You become aware that a Third Party engages in, or has been accused of engaging in, improper business practices.
2. You become aware that a Third Party has a reputation for paying bribes, or requiring that bribes are paid to them.
3. You become aware that a Third Party has a reputation of having a “special relationship” with government officials.
4. A Third Party insists on receiving a commission or fee payment before committing to sign up to a contract with a Group company, or carrying out a government function or process for a Group company.
5. A Third Party requests payment in cash and/or refuses to sign a formal commission or fee agreement, or to provide an invoice or receipt for a payment made.
6. A Third Party requests that payment is made to a country or geographic location different from where the Third Party resides or conducts business.
7. A Third Party requests an unexpected additional fee or commission to “facilitate” a service.
8. A Third Party demands lavish entertainment or gifts before commencing or continuing contractual negotiations or provision of services.
9. You learn that a colleague has been taking out a particular supplier for very expensive and frequent meals.
10. A Third Party requests that a payment is made to “overlook” potential legal violations.
11. A Third Party requests that the Group provides employment or some other advantage to a friend or relative.
12. You receive an invoice from a Third Party that appears to be non-standard or customised.
13. A Third Party insists on the use of side letters or refuses to put terms agreed in writing.
14. You notice that the Group has been invoiced for a commission or fee payment that appears large given the service stated to have been provided.
15. A Third Party requests or requires the use of an agent, intermediary, consultant, distributor or supplier that is not typically used by or known to the Group company concerned.
16. You are offered an unusually generous gift or offered lavish hospitality by a Third Party.
17. A government official makes a strong recommendation to engage a specified agent or consultant.
18. You become aware that an agent or consultant is a former government official or an associate or relative of a government official.

Record of Hospitality

Record of Benefits - Hospitality	
Name of the Company/Employee/Agent/Representative who provided the benefit	
Date benefit was conferred	
Value of the benefit	
Name of the person who authorised the benefit	
Identity of the foreign public official to whom the benefit was provided/in relation to whom the conduct occurred	
If the foreign public official is not the person to whom the benefit was provided, the identity of that other person	
Reason for providing or accepting the benefit	
Any other relevant details regarding the benefit (eg the nature of the benefit and the location it was conferred)	

Are there any additional supporting documents attached? YES/ NO

If yes, what are these?

Please sign and date this record. Please also provide a signed copy to the Company Secretary within two business days of the date of the hospitality.

Signature: _____

Signed by: _____

Date: _____

Record of Travel Expenses for External Persons

Record of Benefits (Travel expenses)	
Name of the Company/Employee/Agent/ Representative	
Date benefit was conferred	
Value of the benefit	
Name of the person who authorised the benefit	
Identity of the foreign public official and/or other person to whom the benefit was provided	
Reason for providing the benefit	
Any other relevant details regarding the benefit (eg the nature of the benefit and the location it was conferred).	

Attach detailed records of the travel arrangements including:

- the written invitation describing the arrangements from a member of the Group to the employer of the recipient being offered the travel, including the purpose of the travel;
- the written acceptance from the employer, including confirmation that the travel will not influence decisions made; and
- any itineraries and receipts.

Are there any additional supporting documents attached? YES/NO

If yes, what are these?

Please sign and date this record. Please also provide a signed copy to the Company Secretary within two business days of the payment of the travel expenses.

Signature: _____

Signed by: _____

Date: _____