

# ANTI-BRIBERY AND CORRUPTION POLICY

## Document Control

This procedure is a controlled document.

If you become aware of any changes or corrections that are required, contact the Company Secretary on +61 8 9226 2011.

REV	DESCRIPTION	REVIEWED BY	DATE	APPROVED BY	DATE
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## 1 OVERVIEW

### 1.1 INTRODUCTION

This Policy specifies the principles of business conduct and ethics to be followed by the directors, officers and employees of Hartshead Resources NL (“Hartshead” or the “Company”) and its subsidiaries (together, the “Group”). It also applies to all agents, agency staff, casual workers, seconded staff, consultants, intermediaries and others who act on behalf of or are engaged by any member of the Group (“associated persons”).

This document comprises guidance in relation to specific provisions for the prevention of bribery and corruption. It also provides guidance on how to try to ensure that third parties who act on our behalf follow equivalent standards.

The Group expects all its directors, employees and associated persons to comply and act in accordance, at all times, with this Policy. Failure to comply with this Policy by an employee or director is grounds for disciplinary action up to and including immediate termination of employment or directorship.

This Policy is supported by separate detailed procedures where appropriate to give it effect in practice and to provide further guidance as to its interpretation. If additional guidance is required you should seek it from a member of the board of directors of Hartshead (the “Board”).

### 1.2 GENERAL STATEMENT OF PRINCIPLES

One of Hartshead’s core values is to uphold responsible and fair business practices. It is committed to promoting and maintaining the highest level of ethical standards in relation to all of its business activities and in all our dealings with our stakeholders, including our employees, shareholders, host governments, business partners, contractors and suppliers, and agents, and we expect our business partners, contractors, suppliers and agents to apply equivalent standards. The Group’s reputation for maintaining lawful business practices is of paramount importance and this Policy is designed to preserve these values. The Company therefore has a zero tolerance policy towards bribery and corruption and is committed to acting fairly and with integrity in all of its business dealings and relationships and implementing and enforcing effective systems to counter bribery and corruption.

All employees and associated persons are required to:

- comply with any anti-bribery and anti-corruption legislation that applies in any jurisdiction in any part of the world in which they might be expected to conduct business
- act honestly, responsibly and with integrity
- safeguard and uphold the Company’s core values by operating in an ethical, professional and lawful manner at all times.

Bribery of any kind is strictly prohibited. Under no circumstances should any provision be made, money set aside or accounts created for the purposes of facilitating the payment or receipt of a bribe.

The Company recognises that industry practices may vary from country to country or from culture to culture. What is considered unacceptable in one place may be normal or usual practice in another. Nevertheless, a strict adherence to the guidelines set out in this Policy is expected of all employees and associated persons at all times. If in doubt as to what might amount to bribery or what might constitute a breach of this Policy, then the matter should be referred to a member of the Board.

### 1.3 DEFINITIONS

Reference	Definition
ABC	means Anti-Bribery and Corruption
ABC Laws	Includes: UK Bribery Act 2010; Australian Criminal Code Act 1995; and Foreign Corrupt Practices Act 1977.
Bribery	Means giving or receiving an undue reward to influence the behaviour of someone in government or business to obtain commercial advantage
Government Official	Includes: <ul style="list-style-type: none"> <li>• An official or employee of a government or government owned enterprise;</li> <li>• An official or employee of a government agency or regulatory authority;</li> <li>• An official or employee of a political party or a political candidate;</li> <li>• Any official or employee of an international public organisation such as the United Nations, World Bank or International Monetary Fund;</li> <li>• A member of the judiciary or magistracy;</li> <li>• An individual who holds or performs the duties of an appointment, office or position credited by custom or convention, including some members or royal families and some tribal leaders;</li> <li>• A person who is, or holds themselves out to be, an authorised intermediary of a government official;</li> <li>• A relative or associate of such government official; and</li> <li>• Police officers, customs and tax officials, employees of state owned enterprises, political party officials as well as children or other relatives of a government or political party official.</li> </ul>

## 2 LEGAL FRAMEWORK

Compliance with this Policy is of vital importance to Hartshead. This is because all members of the Group worldwide are potentially criminally liable for violating international laws which apply to anti-bribery and corruption. Various laws are applicable to the Group worldwide and in particular the countries in which Hartshead operates in. Likewise anti-bribery and corruption laws in place in Australia, the United Kingdom and the United States have application beyond the boundaries of these countries. Anti-bribery and corruption laws relevant to Hartshead include:

- *Australian Criminal Code*
- *UK Bribery Act 2010*
- *Foreign Corrupt Practices Act 1977 (USA)*

Criminal violations could result in significant fines and imprisonment (up to \$2.1 million and 10 years imprisonment under the *Australian Criminal Code*) for individuals for each violation. Individuals could also be subject to additional criminal fines and penalties under local laws. Hartshead could face various sanctions, including criminal indictment and fines, disgorgement of any ill-gotten gains, the prohibition to do business with government entities and the appointment of a compliance monitor to oversee its business operations. In addition to this of course is the considerable reputational damage that any such violation would cause Hartshead and any individuals so involved

### **3 HARTSHEAD POLICY FRAMEWORK**

This Policy is supported by the following documents:

- 3.1 Code of Conduct
- 3.2 Travel Policy and Procedure
- 3.3 International Safe Travel Plan
- 3.4 Whistleblower Policy

Copies of these reference materials can be accessed via the Company's website or made available upon request to Company Secretary, Matthew Foy (matt.foy@ftcorporate.com.au)

### **4 CONFLICTS OF INTEREST**

Refer to clause 1.5 of the Code of Conduct.

### **5 FAIR COMPETITION AND COMPLIANCE WITH THE LAW**

Hartshead is committed to the principle of free and fair competition in business. In general we support all laws which prohibit restraints of trade, unfair practices, or abuse of economic power. As a Group we will comply with national and local laws in the countries where we operate.

We will not enter into arrangements that unlawfully restrict our ability to compete with other businesses, or the ability of any other business organization to compete freely with the Group. Employees are prohibited from entering into or discussing any unlawful arrangement or understanding that may result in unfair business practices or anticompetitive behaviour.

### **6 BRIBERY AND CORRUPTION**

Bribery means the giving or receiving of an undue reward to influence the behaviour of someone in government or business to obtain commercial advantage.

The direct or indirect offer or payment of a bribe in any form is unacceptable, as is the solicitation or receipt of a bribe from others

In particular the payment of money or the provision of gifts or services to Government Officials in order to influence them in any decision concerning the Group is strictly prohibited.

Employees must not:

- offer, promise or give a financial or other advantage to another person (i.e. bribe a person), whether in Australia or abroad, with the intention of inducing or rewarding improper conduct;
- request, agree to receive or accept a financial or other advantage (i.e. receive a bribe) for or in relation to improper conduct; or
- bribe a Government Official.

Employees can be held personally liable for any such offence and senior managers of the Company may also be held individually liable if he/she consented to or connived in the commission of the offence.

It is also an offence for an employee or an associated person to bribe another person in the course of doing business intending either to obtain or retain business, or to obtain or retain an advantage in the conduct of business, for the Company. The Company can be liable for this offence where it has failed to prevent such bribery by associated persons. As well as an unlimited fine, it could suffer substantial reputational damage.

## 7 GIFTS AND HOSPITALITY

Hartshead strictly forbids employees to solicit cash, gifts or hospitality from any business counterparty for their or their family's benefit. Offers of modest gifts or hospitality may be occasionally given or accepted provided they could not be considered to be sufficiently extravagant to influence the business relationship with, or create an obligation to, that business counterparty.

Before giving or receiving a gift, employees are required to check that the gift complies with the requirements below:

- **Made for the right reason:** You may give or receive a gift as an act of appreciation or to develop a business relationship
- **No obligation:** The gift must not place the recipient under any obligation
- **Reasonable value:** The gift must not be inappropriately lavish or excessive and accord with general business practice and local customs
- **Infrequent:** You must not give or receive gifts on a frequent basis
- **Made openly:** The gift must be given or received openly. If made secretly and undocumented, then the purpose will be open to question
- **Not personal:** The gift must be given in the Company's name and received in the counterparty's name (or vice versa), not in the giver's personal name

The following gifts/hospitality may never be given or accepted:

- Cash or cash equivalents
- Gifts or hospitality without any business reason or where no business partner is present
- Gifts or hospitality which are intended to, or may be seen to, influence a pending decision process
- Gifts or hospitality which are not in compliance with applicable laws or this Policy or which would cause embarrassment to you if it were made known to the press or to colleagues.

All gifts and hospitality, whether given or received, are subject to agreed approval procedures and the relevant details must be entered into the Company's Gifts & Hospitality Register, maintained by the Deputy Company Secretary. Refer Appendices A and B for an example of the Gifts Form and Gifts and Hospitality Register.

All gifts or hospitality to Government Officials require prior approval from a member of the Chief Executive Officer, or in the case of the Chief Executive Officer, the Chairman of the Board.

Refer Appendix C for Quick Reference Examples related to gifts and entertainment. Employees should seek guidance in advance for special situations.

## 8 GOVERNMENT OFFICIAL FACILITATION PAYMENTS

Hartshead's policy is to be open and transparent in its dealing with Government Officials and not to seek to influence their decision making process in favour of the Group by the payment of money, or the provision of gifts or services of any kind.

Facilitation payments, which are payments to Government Officials to induce them to perform (or to speed up the performance of) routine functions which it is their duty to perform anyway, are considered to be bribes and are therefore prohibited in all but a very limited number of circumstances. This applies whether

they are made directly by an employee of the Group or are made on our behalf by a third party agent or intermediary.

It is recognised that in some countries such payments may be common practice to expedite the performance of a process by a Government Official, and that without the making of such payment the process may take longer or may not be performed at all. However this does not constitute a valid argument for making of facilitation payments.

The only circumstances when facilitation payments may be made is where there is a threat to life, safety or liberty of the individual. An example would be a policeman who refuses to intervene in an assault or a fireman who refuses to put out a fire if not paid. If an employee makes a payment under these extraordinary circumstances, he or she should report this immediately to the Company Secretary or the Board.

## **9 CHARITABLE DONATIONS**

Hartshead is committed to supporting the wellbeing of the communities in which we work and makes contributions to local charitable causes in line with this objective. However it is against Group policy to make a charitable donation in order to secure an improper business advantage or to influence the decision of any Government Official.

A charitable donation means small or large amounts of financial resources provided voluntarily to a charitable organisation to support a cause of initiative with no expectation of commercial gain in return.

All charitable donations are subject to agreed approval procedures and the relevant details must be entered into a Company's Charitable Donations Register (refer Appendix D). The Company's Charitable Donations Register is maintained by the Deputy Company Secretary.

Details of the donation must be contained in a written document to be sent to, and countersigned by, the recipient of the donation. Such document should also provide for the recipient of the donation to agree, if requested by the Company to provide a report on the use of the donation, to permit the Company to have the right to audit the use of the donation and that if so requested, permit access and assistance at all reasonable times during business hours to enable the Company to conduct such audit.

## **10 POLITICAL CONTRIBUTIONS**

Hartshead has a policy of not giving financial or other support to political parties or to political campaign efforts as this may be perceived as an attempt to gain an improper business advantage. Employees may pursue political activity in their capacity as private citizens provided that they do so in a personal capacity outside of work time and they do not portray themselves in any way as representing the Group.

## **11 DUE DILIGENCE – IDENTIFICATION OF GOVERNMENT AND OTHER HIGH RISK RELATIONSHIPS**

It is imperative that Hartshead identify and monitor its more risky relationships. It is the responsibility of all Hartshead's entities to identify and monitor its most risky relationships with government-owned or affiliated business partners, government regulators and large commercial accounts. Special care must be exercised in these relationships, particularly as they relate to the hiring of intermediaries and the providing of gifts, entertainment or other business courtesies.

## **12 INTERMEDIARIES**

An intermediary is a person or a company (e.g. an agent, representative or a consultant) which facilitates arrangements or links deals between the Company and a third party.

An intermediary may only be appointed for legitimate business reasons and not as a means of influencing decisions by the "back-door".

The following is required when working with an intermediary:

- The agreement with the intermediary must be concluded before the services are rendered.
- The compensation must be proportionate to the services provided.
- There is no indication that the compensation or parts of it will be used as a bribe or facilitation payment.
- The intermediary must evidence clean criminal records to the Company's satisfaction.
- Where applicable, the intermediary must be duly registered for the services being provided.

You must get approval from a member of the Board prior to engagement of an intermediary if one of the following occurs:

- Any of the above requirements are not fulfilled.
- The Intermediary or third party has its seat in a high risk country (Corruption Perception Index of Transparency International of 10 or less).
- Payments are to be made in cash.
- Payment is to be made to a person or company which did not render the services.
- Payment is to be made to an off-shore bank account (including Switzerland and Liechtenstein).
- The Bank account of the intermediary is in a different country than the place of residence of the intermediary or registered seat of the company which employs the intermediary.
- The intermediary is part of the public sector
- The intermediary is employed or (also) engaged by the third party with whom the intermediary is facilitating arrangements or links for the Company.

### **13 BUSINESS COUNTERPARTIES, SUPPLIERS AND AGENTS**

Hartshead expects its business counterparties including associated persons to abide by an equivalent behaviour to that contained in this Policy. Accordingly those employees charged with negotiating contracts with business counterparties, including associated persons, which may include joint venture partners, contractors, suppliers, agents and other intermediaries are obligated to establish, to the best of their ability, whether the counterparty in question has an equivalent policy, and, if it does not, to use all reasonable endeavours to get the party in question to agree in writing to abide by the standards set out in this Policy.

### **14 RESPONSIBILITIES**

#### **14.1 Company Personnel Responsibilities**

Company Personnel are required to:

- (a) read, understand and comply with this Policy in all of the Company's dealings;
- (b) act ethically and with integrity, avoiding even the appearance of impropriety;
- (c) attend and participate in training sessions relating to the Company's Anti-Bribery and Corruption Compliance Program;
- (d) maintain timely, accurate and complete records of all expenditures and payments; and

- (e) immediately report any suspicious activities in good faith.

In addition, Company Personnel who exercise managerial supervision over Company Personnel and/or Third Parties must also:

- (a) ensure all persons under his or her supervision understand their obligations under this Policy;
- (b) never request or suggest that Company Personnel and/or Third Parties pursue or achieve business results at the expense of breaching this Policy or an Applicable Law;
- (c) create an environment that enables and encourages others to raise concerns; and
- (d) respond appropriately to questions and concerns related to this Policy (including referring Company Personnel and/or Third Parties to Compliance, if appropriate).

#### 14.2 Record Keeping

- (a) The Company must keep financial records and have appropriate internal controls in place which will evidence the business reason for making payments to Third Parties.
- (b) You must declare and enter all gifts and benefits in a gift and entertainment register (Register).
- (c) You must ensure that all expenses and claims relating to Hospitality and Gifts or expenses incurred to Third Parties are submitted in accordance with the Company's expenses procedure and specifically record the reason for the expenditure.
- (d) All accounts, invoices, memoranda and other documents and records relating to the dealings with Third Parties should be prepared with and maintained with strict honesty, accuracy and completeness. No accounts can be kept 'off-book' to facilitate or conceal an Advantage for and Improper Purpose or Improper Performance

### 15 GOOD FAITH REPORTING

The Company encourages raising concerns in good faith and expects you to report all activity which does or may breach this Policy or any of the Applicable Laws.

To report suspicious activity, please contact Company Secretary, Matthew Foy (matt.foy@ftcorporate.com.au), or alternatively refer to the Company's Whistleblower Policy, available on the Company's website or made available on request to the Company Secretary.

There will be no retribution of any kind for reports made in good faith.

### 16 REPORTING AND COMPLIANCE

Refer to clause 1.13 of the Code of Conduct. The Board or a committee of the Board should be informed of any material breaches of this policy as soon as possible.

## APPENDIX A - Gifts Form

### Requisition Form – Gifts, Meals and Entertainment

Under no circumstances should customary gifts be given as a quid pro quo for favourable treatment by a government official and NEVER given in connection with ongoing or future business activities with Hartshead

<b>FROM:</b>	
<b>DEPARTMENT:</b>	
<b>DATE:</b>	

<b>1</b>	<b>Requestors Name:</b>	
<b>2</b>	<b>Date Received:</b>	
<b>3</b>	<b>Description of Gift and Quality:</b>	
<b>4</b>	<b>Estimated Value (Currency):</b>	
<b>5</b>	<b>Purpose:</b>	
<b>6</b>	<b>Recipient (Position &amp; Title):</b>	

**Submitted By:**  
[Name / Title]

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**1<sup>st</sup> Level Approved By:**  
[Name / Title]

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**1<sup>st</sup> Level Approved By:**  
[Name / Title]



**APPENDIX B – Gifts Register**

Date of Gift	Cost/Amount of Gift	Description of Gift	Private Entity / Government Official (Name/Position)	Purpose of Gift	Name of Authorising Company Officer	Date Authorisation Received

## APPENDIX C – Quick Reference Examples

### Gifts

	Types	Occasions	Individuals
<b>Appropriate</b>	<ul style="list-style-type: none"> <li>• Company logo items</li> <li>• Items with no market value</li> <li>• Token gifts</li> <li>• Courtesy gifts</li> </ul>	<ul style="list-style-type: none"> <li>• When culturally appropriate (ie. During Spring Festival or Mid-Autumn Festival)</li> <li>• In exchange for hospitality</li> </ul>	<ul style="list-style-type: none"> <li>• Representatives of government departments with whom no bid or deal is pending</li> </ul>
<b>Inappropriate</b>	<ul style="list-style-type: none"> <li>• Cash, stocks, other negotiable instruments</li> <li>• Any other instruments of value, such as gift coupons</li> <li>• Jewellery</li> <li>• Alcohol</li> <li>• Cigarettes or cigars</li> <li>• Reimbursement of expenses</li> <li>• Forgiveness of debt</li> <li>• Promise of employment or personal favours</li> </ul>	<ul style="list-style-type: none"> <li>• Before/during submission of bids</li> <li>• Before contract signing</li> <li>• Frequent giving to one individual</li> <li>• When overall situation gives an appearance of impropriety</li> <li>• Receipt of gifts is prohibited by the law or recipient's employer</li> </ul>	<ul style="list-style-type: none"> <li>• Representatives of government departments with whom a bid or deal is pending</li> <li>• Receipt of gifts is prohibited by the law or recipient's employer</li> </ul>

### Entertainment

	Types	Occasions	Individuals
<b>Appropriate</b>	<ul style="list-style-type: none"> <li>• Business meals</li> <li>• Non-meal refreshments as part of hospitality</li> <li>• Cultural or sporting events</li> </ul>	<ul style="list-style-type: none"> <li>• Where business is conducted during or immediately after/before the entertainment</li> </ul>	<ul style="list-style-type: none"> <li>• Representatives of government departments with whom no bid or deal is pending</li> </ul>
<b>Inappropriate</b>	<ul style="list-style-type: none"> <li>• Massage parlours</li> <li>• Adult entertainment and adult movies</li> <li>• Illegal activities</li> <li>• Recreational events where a Company employee does not attend with the customer/recipient</li> </ul>	<ul style="list-style-type: none"> <li>• Before/during submission of bids</li> <li>• Before contract signing</li> <li>• Frequent entertaining of one individual</li> <li>• When overall situation gives an appearance of impropriety</li> <li>• Receipt of entertainment is prohibited by the law or recipient's employer</li> </ul>	<ul style="list-style-type: none"> <li>• Representatives of government departments with whom a bid or deal is pending</li> <li>• Receipt of entertainment is prohibited by the law or recipient's employer</li> </ul>



**APPENDIX D – Charitable Donations Register**

DONATION	ORGANISATION	DATE GIVEN	VALUE	TAX DEDUCTIBLE