

## ANTI-BRIBERY AND ANTI-CORRUPTION POLICY

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## 1.0 INTRODUCTION

Lycopodium (and its subsidiaries) is committed to conducting all of its business activities fairly, honestly with integrity, and in compliance with all applicable laws, rules and regulations. Its Board, management and employees are dedicated to high ethical standards and recognise and support the Company's commitment to compliance with these standards.

This document defines Lycopodium's policy on the avoidance of bribery and corruption. It has the endorsement of the Board of Directors and will be regularly reviewed by the Board to ensure that it reflects any changes in applicable laws and developments in acceptable standards for the conduct of business. Our Company is committed to maintaining the highest ethical standards and vigorously enforces the integrity of its business practices wherever it operates throughout the world. The Company will not engage in bribery or corruption.

Adherence to the clear guidelines set out in this policy will enable the Company and its employees comply with anti-bribery and anti-corruption laws and governmental guidance. The policy reflects the Board's wish to embed a culture of best practice in anti-bribery and anti-corruption measures, and enforcement of the policy will reduce the risk that the Company or any employee will incur any criminal liability or reputational damage. Lycopodium's staff are expected to use their judgement not just to avoid malpractice but to promote good practice.

## 2.0 SCOPE

This policy applies to all Lycopodium's employees worldwide.

## 3.0 DEFINITIONS

### **Business integrity**

Business integrity involves the application of the Company's core values. The opposite of integrity is dishonest behaviour, including corruption that could undermine Lycopodium's reputation for fair dealing.

### **Corruption**

Corruption can include graft, bribery, facilitation payments or other forms of improper business practice. It has the same attributes as set out under Bribery above. It can be summarised as the misuse of entrusted power or office, whether in the public or private sector, for private gain.

### **Kickbacks**

Kickbacks arise when suppliers or service providers pay part of their fees to the individuals who give them the contract or some other business advantage.

### **Facilitation payments**

Facilitation payments are small bribes to officials with a view to speeding up routine governmental transactions to which the payer is already entitled. Examples include payments to speed up customs clearances and extra fees to officials to secure electricity connections.

## **4.0 POLICY**

### **4.1 Bribes and Kickbacks**

The Company does not take part in acts of corruption, or pay bribes or receive kickbacks either directly or indirectly.

The Company prohibits its employees from engaging in acts of corruption, and from paying bribes or kickbacks to, or accepting bribes or kickbacks from, public officials and private individuals such as the representatives of companies with which the Company does business.

A typical example of indirect bribery would be a case where the Company employs a commercial agent to help it win a government contract. The agent is paid by commission based on a percentage of the contract fee, and part of that commission is passed on to a government official. The Company does not tolerate such practices in any form or wherever paid.

It is the responsibility of all employees who are involved at any time in engaging the services of external consultants, suppliers or advisers to make such individuals aware of the content of the Company's Anti-Bribery and Anti-Corruption policy at the outset of the relationship and on a regular basis thereafter.

### **4.2 Facilitation Payments**

The Company and its employees will not make facilitation payments even if such payments are local practice or custom. The Company accepts that refusal to make illicit payments may lead to commercial delays, for example, in the processing of government papers, and that there may be a commercial cost to the company attributable to this policy.

If Company employees encounter a demand for a facilitation payment, or think they are likely to do so, they should report the situation to their line manager without delay. Line managers will then ensure that the Subsidiary Company's Managing Director is informed at the earliest possible opportunity.

The Company recognises that demands for facilitation payments are often backed by a form of extortion and that in exceptional circumstances resistance may not be feasible. An extreme example would be a demand for payment to secure an emergency admission into hospital. In such circumstances, the Company accepts that staff will need to use their best judgement. Staff must report any incident where they feel forced to make a facilitation payment to their line manager at the earliest opportunity. The Company will stand by employees who find themselves placed in exceptional situations provided that the employee has provided absolute transparency as to the circumstances surrounding a payment shortly after the incident has occurred.

### **4.3 Public Officials**

Bribing or corrupting a public official is a serious offence, can carry severe penalties and can cause significant reputational damage. This policy provides detailed guidelines on gifts and hospitality. Approval must be secured in advance in relation to gifts or benefits received from or offered to public officials, particularly the giving of anything of value to a public official. Offers of internships to

government officials or employees of state-owned enterprises must be approved in advance by the Company's Managing Director.

#### **4.4 Gifts, Hospitality and Expenses**

Company employees may not offer to, or accept from, third parties, gifts, hospitality, rewards, benefits or other incentives that could affect either party's impartiality, influence a business decision or lead to the improper performance of an official duty. Similarly, they may not offer or accept cash donations.

Company employees may offer and accept 'reasonable' and 'proportionate' gifts and entertainment, such as dinner, theatre parties or sporting events. In determining what is 'reasonable' and 'proportionate', employees should consider the value of the gift or benefit (see below), as well as the frequency with which the same or similar gift or benefit is offered. In all cases they must ensure that the gift or benefit:

- is being given as an expression of goodwill and not in expectation of a return favour (a gift designed to secure a return favour could be seen as a bribe)
- is commensurate with generally accepted standards for hospitality taking into account the norms for the industry / professional sector in which it is offered
- is being provided openly and transparently, and is of a nature that will not cause the company embarrassment if publicly reported
- complies with local laws and regulations, including the recipient's own rules (bearing in mind that government rules on offering and receiving gifts or benefit are often particularly tight)
- meets the value limits set by the company and has all required approvals. In cases of uncertainty, employees must seek advice from their line managers.

Employees must seek prior approval from their office / group managers for all gifts or benefits received or offered with a value of more than A\$500 (or equivalent) prior to final acceptance. Subsidiary Managing Directors can approve the offering or acceptance of gifts or hospitality up to a maximum notional value of A\$1,000 or equivalent. Any gifts or hospitality with a notional or actual value in excess of A\$1,000 or equivalent must be approved by the Company's Managing Director who will, at his discretion, consult the Board. All approvals must be given in writing, and records of gifts received, from whom and by whom, must be recorded in corporate gift register established for such purpose.

If prior approval cannot be realistically obtained before the initial acceptance of a gift or hospitality, the employee must report and seek retrospective approval, or otherwise, at the required level as soon as possible after initial acceptance.

Spouses or partners may be included in an invitation to, for example, a sporting event or dinner, where this does not create or give the appearance of an inducement. The same approval limits apply in the case of joint invitations.

## **4.5 Personal Conflicts of Interest**

Company employees must avoid situations or transactions in which their personal interests could conflict or might be seen to be in conflict with the interests of the Company. This includes: acting on any client information gained through their employment with the company for personal gain; passing such information to a third party; or acting in any way that could be construed as insider trading.

Conflicts of interest can arise if individuals have a personal interest in business dealings involving the Company. Personal interest can be direct or indirect, and refers not only to personal interests but to those of family members and friends. If there is a potential for conflict, the interests of the company must take priority.

Employees must disclose any personal conflict of interest or perceived conflict to their line manager.

## **4.6 Charitable Donations**

As part of its corporate citizenship activities, the Company may support local charities or provide sponsorship, for example, to sporting or cultural events. Any such sponsorship must be transparent and properly documented. The Company will only provide donations to organisations that serve a legitimate public purpose, and which are themselves subject to high standards of transparency and accountability. Appropriate due diligence must be conducted on the proposed recipient charity and a full understanding obtained as to its bona fides.

## **4.7 Political Activities**

The Company has a policy of strict political neutrality; it does not make donations to any political parties, organisations, or individuals engaged in politics. The Company will co-operate with governments and other official bodies in the development of policy and legislation that may affect its legitimate business interests, or where it has specialist expertise.

Employees are entitled to their own political views and activities, but they may not use Company premises or equipment to promote those views or associate their views with those of the Company.

## **4.8 Business Relationships**

The Company expects its business partners to approach issues of bribery and corruption in a manner that is consistent with the principles set out in this policy. This requirement applies to agents, subcontractors and joint venture partners. In cases where the company is unable to ensure these standards, it will reconsider the business relationship.

### **4.8.1 Agents, Representatives and Subcontractors**

This policy applies with particular force to commercial agents, representatives and subcontractors. In many reported international corruption cases, agents have passed on part of their commissions as bribes. The company prohibits such practices.

In order to maintain the highest standards of integrity, employees must confirm:

- they are fully briefed on the background and reputation for integrity of agents, representatives and subcontractors before hiring them. The Company will conduct due diligence enquiries to review the integrity records of agents, representatives and subcontractors before entering a commercial relationship with them
- the engagement process is fully documented; and that final approval of the selection of agents, representatives and subcontractors is made by someone other than the person selecting or managing the company's relationship with them
- agents, representatives and subcontractors are fully briefed on the company's Anti-Bribery and Anti-Corruption policy, and have made a formal commitment in writing to abide by it
- fees and commissions agreed will be appropriate and justifiable remuneration for legitimate services rendered.

Once agreements have been signed, the Company will continue to monitor its relationships with agents, representatives and subcontractors to ensure that there are no infringements of its Anti-Bribery and Anti-Corruption Policy. Contractual agreements will include appropriate wording making it possible to withdraw from the relationship if agents, representatives or subcontractors fail to abide by this policy.

#### **4.8.2 Joint Venture Partners**

The need for documentation and careful reviews of the Company's partners' integrity records applies equally to the process of setting up and managing joint ventures. The Company will use its influence so that joint ventures meet high integrity standards. Where the Company has majority control, it will mandate that the joint venture adopts the concepts and approach to bribery and corruption as set out in this policy.

#### **4.8.3 Suppliers and Contractors**

The Company will maintain a procurement procedure for appointing suppliers and contractors which is open, fair and transparent. The selection of contractors will be based on an evaluation of professional merit, and not on personal recommendations.

The Company will communicate its Anti-Bribery and Anti-Corruption policy to its suppliers and contractors, and it will expect them to abide by the principles set out in the policy when working on the company's behalf. If those principles are breached, the Company will reserve the right to terminate the contract.

### **5.0 ACCOUNTS AND AUDITS**

Lycopodium's policies require employees to keep accurate accounts throughout the Company's operations. In no circumstances will Lycopodium and its subsidiaries keep parallel accounts.

Lycopodium's regular auditing procedures will include a review of the local circumstances that may make particular offices or projects vulnerable to corruption, and the defences and strategies that are in place to mitigate such risks.

## **6.0 DISTRIBUTION**

The Company will make this policy available on the Company's intranet for all employees.

## **7.0 AUTHORITY AND RESPONSIBILITY**

### **7.1 Managing Director**

- If in any doubt about the application of this policy refer to the Board of Directors.

### **7.2 Subsidiary Managing Directors**

- If in any doubt about the application of this policy refer to the Lycopodium Limited's Managing Director.

### **7.3 All Lycopodium's Employees**

- Seek advice from their line manager in cases of uncertainty about how to apply this policy.
- Consult their line manager if they suspect that a Company employee is engaged in bribery, corruption, fraud or any other unacceptable or unethical conduct.
- Consult a representative of the Board of Directors in confidence if they suspect that a company employee is engaged in bribery, corruption, fraud or any other unacceptable or unethical conduct and are unable to speak to their line manager.

## **8.0 NON-COMPLIANCE**

### **8.1 Company**

Failure to comply with this policy could lead to the following consequences for the Company:

- Criminal or civil liabilities for the company including unlimited fines and imprisonment.
- Serious reputational damage including media comment.
- Debarment from tendering for public sector contracts.
- The unenforceability of contracts entered into as a result of acts of bribery, fraud or other illegality

### **8.2 Employees**

Failure to comply with this policy could lead to the following consequences for employees:

- Personal criminal liability followed by fines or imprisonment.



- Disciplinary action initiated by the company, including dismissal.
- Personal reputational damage.

## **9.0 MONITORING**

The Chief Financial Officer will, at regular intervals, make arrangements for audit of compliance with this policy on an office and function basis, and will include the results of such audits in reports to the Audit Committee of the Board.

## **10.0 RELEVANT LEGISLATION**

All national laws relating to bribery and corruption, especially such laws that are in place in jurisdictions where Lycopodium has an office(s) or carries out its work, are of importance to the Company.

## **11.0 SYNOPSIS**

The Company and its employees are:

- prohibited from offering, promising or paying a bribe of any kind
- prohibited from soliciting, accepting or receiving a bribe of any kind
- prohibited from giving or offering anything of value to a public official
- required to comply with the Company's guidelines and authorisation levels in relation to the giving and receipt of gifts and hospitality
- prohibited from making facilitation payments and
- required to complete due diligence into all agents, representatives, suppliers, contractors, joint venture partners and all those with whom a business relationship is established in order to enable the Company to offer its services to its clients.