

# PASPALLEY

## Paspaley Anti Bribery and Corruption Policy

29 September 2022

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### 1 Background

Paspaley Pearls Group (PPG) is absolutely committed to conducting its business and all associated activities ethically and with integrity. In this Policy, **PPG** refers collectively to the group of related companies of which Pearl Corporation of Australia Pty Ltd is the ultimate holding company, as well as each company in the group.

PPG takes its responsibility and commitment to act with integrity very seriously, and so:

- does not engage in corrupt business practices;
- complies with all applicable anti-bribery and corruption laws (defined below); and
- maintains and implements appropriate measures to prevent bribery and corruption by PPG and its directors, officers, employees, contractors, subcontractors, agents, and any other party representing it or performing services on its behalf.

PPG's businesses and operations are in Australia and overseas, and each is exposed to integrity and/or corruption risk.

Corruption comes in many forms, most of which are criminal conduct and all of which are against PPG's ethics. Corrupt conduct can have very serious consequences for PPG as well as for individuals involved in the conduct, including significant criminal and civil penalties or liabilities, criminal convictions, and imprisonment. Business consequences associated with corrupt conduct can also be very serious, and may include reputational damage, loss of business, damage to relationships, and exclusion from business opportunities.

The purpose of this Policy is to:

- (a) explain what conduct is expected of PPG and its directors, officers, employees, contractors, subcontractors, agents, and any other party representing it or performing services on its behalf, as well as its business partners and joint venturers, in upholding PPG's standards; and
- (b) provide information and guidance on how to recognise and deal with potential instances of bribery and corruption, to assist you to comply with this Policy and your legal obligations.

Of course, no policy can outline or anticipate all situations that might arise in the course of business, nor can it provide examples of every type of corrupt conduct. The objective of the Policy is to provide you with the knowledge to identify potential issues so that you can apply the Policy or know where to obtain assistance if you are unsure of what to do.

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### 2 Who does this Policy apply to?

This Policy applies to PPG and its directors, officers, employees, contractors, subcontractors, agents, and any other party representing it or performing services on its behalf or under its operational control (collectively "**Company Personnel**").

PPG expects that its business partners and joint venture partners will have similar values and similar policies that apply to their dealings, including their dealings with PPG. PPG expects that its business partners and joint venture partners will comply with this Policy, even where PPG has no operational control of the partner.

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### 3 What is bribery and corruption and what are anti-bribery and corruption laws?

**Anti-bribery and corruption laws (ABC Laws)** means laws prohibiting bribery and corruption in various jurisdictions that may apply to the activities of PPG, its business partners, joint venturers or third parties operating on its behalf. The most relevant such laws include:

- the *Criminal Code Act 1995* (Cth), the *Corporations Act 2001* (Cth), and any other anti-corruption law of the Commonwealth or States of Australia (including any applicable State Criminal Code, common law, law of equity, statute, regulation or other instrument made under statute or by any government agency);
- the *Foreign Corrupt Practices Act 1977* (US) and the *Bribery Act 2010* (UK);
- anti-corruption laws of any country or territory in or with which PPG conducts business.

Many of these laws have ‘extraterritorial reach’, and so regulate conduct anywhere in the world (even if minimal connections exist between the conduct and the country of the law). These laws are broad and prohibit corrupt conduct in relation to both public activities (eg, corrupt conduct involving domestic and/or foreign public officials) and private activities (eg, corrupt conduct involving only private entities).

**Bribery** is offering, promising, giving or accepting anything of value with the intention of improperly influencing a person’s performance of their duties.

Bribery or corrupt conduct can take many forms, is often disguised and may be difficult to trace or detect. Some examples of common types of bribes or corrupt conduct, and things often used to disguise such conduct, include:

- money (cash or cash equivalent such as shares, gift cards, etc);
- discounts;
- unreasonable or extravagant gifts, entertainment or hospitality (including free or discounted upgrades, free or heavily discounted flights, accommodation or other products);
- benefits and ‘perks’ to relatives, including employment, education, training, etc;
- enhanced fees/commissions (or inflated or false invoices);
- unwarranted allowances or expenses;
- kickbacks;
- “facilitation payments” also known as “grease payments” (see below);
- political/charitable contributions;
- uncompensated use of company services or facilities;
- information;
- another advantage not legitimately due (whether financial or not); or
- anything else of value.

It helps to bear in mind that:

- Bribery may be indirect, for example, involving an intermediary or agent of the person giving or accepting the bribe.
- Bribes need not involve large sums of money and in fact, a bribery offence can occur even if no money is exchanged at all.
- The offence of bribery can occur even if the bribe is 'unsuccessful' (eg, the outcome sought/conduct sought to be induced does not occur).

**Corruption** means dishonest activity involving the abuse of position and/or trust to get an advantage or benefit not legitimately due (whether a personal advantage or an advantage for a company). It includes a bribe but captures a broader category of unethical or dishonest conduct. It is also often present or disguised as set out above. Corrupt conduct (including bribes) is prohibited even where it is expected or typical under local customs or norms.

A **facilitation payment** is a small payment or other inducement provided to a Public Official (and accurately recorded in the company's books) in order to secure or expedite a routine function that the Official is ordinarily obliged to perform already (such as the grant of a license or customs approval).

**Public Official** is a broad term, extending beyond the common understanding of the term. It includes, without limitation:

- any official or employee of a government (whether national, state/provincial or local) or agency, department or instrumentality of any government (whether judicial, legislative, executive, national, state, local, or otherwise);
- any official or employee of a government-owned or controlled entity (including state owned or controlled enterprises);
- any official or employee of any public international organisation (for example, the UN, the World Bank, etc);
- any person acting in an official function or capacity for such government, agency, instrumentality, entity or organisation;
- any person who holds or performs the duties of any appointment created by custom or convention or who otherwise acts in an official capacity (including some indigenous or tribal leaders who are authorised and empowered to act on behalf of the relevant group of indigenous peoples and members of royal families);
- any official or agent of a political party, or candidate for political office; or
- any person who holds themselves out to be an authorised intermediary of a public official.

Many more persons than you might expect will be Public Officials, especially in countries across Asia-Pacific. If you are unsure whether an individual is a Public Official, please contact PPG's ED, CFO, COO or legal counsel.

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## 4 Complying with this Policy and ABC Laws

### 4.1 What conduct is required?

PPG and Company Personnel must:

- (a) act in accordance with the values and responsibilities set out in PPG's policies and procedures;

- (b) read, understand and comply with this Policy and related Policies, including the Gifts, Entertainment and Hospitality/Charitable Donations and Sponsorships Policy, and the Whistleblower Policy;
- (c) report, in accordance with clause 7 below, instances where improper payments (including facilitation payments) are requested as soon as possible after the request is made;
- (d) be alert for warning signs of corrupt conduct and immediately report to, and seek guidance from those persons mentioned in clause 7 below, any suspected or actual violation of this Policy;
- (e) maintain accurate records of dealings with third parties;
- (f) recognise, and if appropriate, reward individuals for actively seeking to comply with and enforce this Policy, including those who refuse to engage in bribery or other corrupt conduct;
- (g) conduct appropriate due diligence into potential counterparties, agents, joint venturers and other business partners and, so far as reasonably possible, require an undertaking or assurance that they will comply with this Policy or that their own anti-bribery and corruption policies are consistent with this Policy and are being followed (see below at 6, Dealings with third parties, such as agents, contractors and business partners); and
- (h) use appropriate contractual requirements in agreements with third parties to ensure that PPG has adequate protections (including, for example, warranties and guarantees) and rights (including, for example, notification, indemnification, audit, and termination). Advice with respect to appropriate contractual terms can be obtained from Paspaley's legal section.

#### 4.2 What conduct is prohibited?

PPG and Company Personnel must not directly or indirectly engage in bribery or other corrupt conduct, including:

- (a) giving, offering to give, accepting or requesting a bribe in any form (and must not cause another to do so either);
- (b) making a facilitation payment (or causing or allowing one to be paid on your behalf)-- such payments are prohibited *even where they are typical under local customs or norms*;
- (c) authorising, undertaking or participating in any form of corrupt business practice (such as a scheme that gives any improper benefit, kick-back or secret commission to anyone) whether for their own benefit or the benefit of PPG;
- (d) engaging any third party to do something that PPG or any Company Personnel is prohibited from doing under this Policy; or
- (e) retaliating in any way or otherwise taking adverse action against/causing any detriment to any person(s) for reporting a suspected potential violation of this Policy where there are reasonable grounds to suspect such a violation.

If you are not sure whether particular conduct, behaviour or practices are acceptable you must check with PPG's ED, CFO or COO before engaging in the behaviour.

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## 5 Dealings with Public Officials

- (a) Dealings with Public Officials carry a higher degree of corruption and bribery risk than other business dealings. To help better reduce this risk:
  - (i) PPG makes no political donations to any political party, politician or candidate for public office in any country unless the donation has been approved in advance by either PPG's Chairman or ED; and
  - (ii) attendance at party-political functions must be approved in advance by either PPG's Chairman or ED and is only permitted where there is a legitimate business reason and attendance is recorded by PPG.
- (b) There may be circumstances where giving gifts, entertainment or hospitality (including travel) to Public Officials is a legitimate and justifiable business activity. In such cases, Company Personnel must:
  - (i) obtain prior approval for the gift, entertainment or hospitality from PPG's Chairman, ED, CFO or COO (or his/her nominee); and
  - (ii) ensure that the gift, entertainment or hospitality otherwise complies with this policy and the Gifts, Entertainment and Hospitality/Charitable Donations and Sponsorship Policy.
- (c) Some jurisdictions in which PPG operates may have strict restrictions on exchanging gifts and hospitality with Public Officials and the reimbursement of Public Officials' expenses. Relevant PPG Personnel must inform themselves of any such restrictions in the jurisdictions in which they operate and must comply with such requirements in addition to this policy.

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## 6 Dealings with third parties, such as agents, contractors and business partners

Actions of third parties engaged by PPG pose a particular risk, as PPG may be held civilly and/or criminally responsible for the acts of third parties representing it, such as subsidiaries, joint venture partners, business partners, controlled entities, contractors, agents and any other persons that perform services on its behalf (**third parties**). To help minimise the risk posed by third party relationships, PPG must conduct appropriate due diligence and abide by appropriate risk management procedures.

Generally speaking, Company Personnel must:

- (a) ensure that PPG undertakes appropriate and documented due diligence regarding the integrity, reputation, credentials and qualifications of the third party. Due diligence will be "appropriate" if it is in proportion to the corruption risk posed by the third party in the circumstances. Third parties in emerging economies and those who are or who are dealing with Public Officials pose heightened risk;
- (b) ensure that any 'red flags' identified during the due diligence or any time thereafter are raised and satisfactorily assessed and resolved (see clause 7 below);
- (c) ensure that the fees payable to the third party are reasonable for the services rendered. Ad valorem or percentage-based fees may not be agreed without prior approval of the PPG Chairman or ED (or his/her nominee);
- (d) inform the third party about this Policy and require that the third party either agrees in writing to comply with this Policy, or has appropriate anti-bribery and corruption policies of its own;

- (e) ensure that the agreement with the third party includes terms in relation to anti-bribery and anti-corruption, as appropriate, based on the risk assessment of the third party (including clauses relating to matters such as warranty, guarantee, reporting, audit, termination and indemnification); and
- (f) ensure that specified Company Personnel have oversight of and undertake regular reviews (as appropriate) of the third party's performance to monitor relevant performance and prevent misconduct.

It is the responsibility of the relevant Business Unit Managers engaging the third party to ensure that these requirements are met. As required, advice with respect to appropriate contractual terms can be obtained from Paspaley's Legal section.

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## 7 What if someone requests a Facilitation Payment or Bribe?

If you observe or suspect that an individual or entity has offered, solicited or engaged in Bribery (including a Facilitation Payment), you should immediately report your suspicion to your manager, PPG's ED, CFO or COO, or otherwise in accordance with the Whistleblower Policy. If you are uncertain about conduct or have questions, you should seek guidance and/or advice from PPG's ED, CFO, COO or legal counsel.

The following 'red flags' are common indicators of bribery and corruption:

- (a) a request for abnormal cash payments;
- (b) pressure for payments to be made urgently or ahead of schedule;
- (c) requests for commissions which do not match the services provided;
- (d) payments being made through unrelated third parties;
- (e) missing documents or records of meetings or decisions;
- (f) internal procedures or guidelines not being followed; and
- (g) a person who insists on dealing with specific business associates him/herself.

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## 8 Record Keeping

PPG must keep accurate and complete records, which evidence the business reason for making any payments to third parties and document due diligence assessments/reports. Internal control systems and procedures adopted to comply with this Policy will be the subject of regular internal audits by PPG's CFO (or nominee, under supervision of the CFO) to provide assurance that they are effective in mitigating the risk of non-compliance.

You must ensure that:

- (a) expenses relating to hospitality, entertainment, gifts or expenses made to or received from third parties are submitted in accordance with the Gifts, Entertainment and Hospitality/Charitable Donations and Sponsorships Policy;
- (b) all accounts, invoices, notes and other documents and records relating to dealings with third parties, such as customers, suppliers, business contacts, and any public official are prepared and maintained with accuracy and completeness;
- (c) no accounts are kept "off the record" for any reason, including to facilitate or conceal any improper payments;
- (d) no false or misleading entries are made in the accounting or other records of PPG for any reason;

- (e) all contracts and other documents accurately describe the transactions to which they relate; and
- (f) all applicable control and approval procedures are followed.

No payment on behalf of PPG may be approved without adequate supporting documentation, nor may it be made with the intention or understanding that all or part of such payment is to be used for any purpose other than that described in the documents supporting the payment.

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## 9 Implementation, training and communication

The PPG Executive Director is responsible for the implementation of this policy. He will report to the Board of Pearl Corporation of Australia Pty Ltd at each Board meeting regarding the ongoing administration and monitoring of this Policy, any reports or other notices given under the Policy, outcomes of any audits and any need to review or amend this Policy. PPG encourages open communication regarding this Policy and any matters which may arise under it.

PPG will communicate this Policy to its directors, officers, employees and contractors across PPG through its established communication channels and will provide training where appropriate.

As no Policy such as this can address every possible situation that may arise to which it may apply, this Policy and the related Policies are intended to serve as a source of guiding principles and to encourage open dialogue and communication.

If any Company Personnel is uncertain about the content or effect of this Policy, they should seek guidance from PPG's ED, CFO, COO or legal counsel.

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## 10 What happens if this Policy is breached?

PPG may consider any breach of this Policy to be serious misconduct, and any such breach will be appropriately investigated and addressed by PPG.

Disciplinary action may be taken against anyone who breaches this Policy. The nature of such action will depend on the severity of the breach but may include a reprimand, formal warning, demotion, and/or termination of employment. Depending on the circumstances, PPG may also refer matters to regulatory and law enforcement agencies.

As noted at the outset of this Policy, in most countries, bribery and many other forms of corruption are crimes, which can have very serious consequences for a company and individuals involved in the conduct, including criminal and civil penalties or fines, criminal convictions and imprisonment. Business consequences can also be very serious, and include potential liabilities, loss of business, damage to relationships, exclusion from opportunities, and other such outcomes.

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## 11 Review of this Policy

PPG's ED is responsible for keeping this Policy up to date. A formal review of this policy takes place periodically, and the policy will be updated in light of legal developments and any improvements suggested by experience during the intervening period. Outcomes from audits (including any special audits and/or investigations) will also be taken into account in updating the Policy.

This Policy will be submitted for review by the Board of Paspaley Pearling Company Pty Ltd. That Board is responsible for approving the Policy as it applies to PPG and each PPG company.

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## **12 Related documents**

This Policy should be read in conjunction with the Gifts, Entertainment and Hospitality/Charitable Donations and Sponsorships Policy, and Whistleblower Policy.

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This Privacy Policy may change from time to time. It is made available as part of our HR Manual, which is accessible on the group's intranet site and also in hard copy at relevant company sites. This Privacy Policy was last updated on 27 September 2022.