



PALADIN

Clean energy. Clear future.

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Anti-Bribery and Corruption Compliance Policy

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1 LETTER FROM THE CHAIRMAN

To: All Officers, Employees, Agents, Consultants, Contractors, Suppliers and Representatives (collectively, **Representatives**) of Paladin Energy Ltd (ACN 061 681 098) (**Paladin**).

Dear All

Paladin is a uranium mining company with a mine in Namibia (currently on care and maintenance) and exploration projects in Australia and Canada. Paladin is listed on the Australian Securities Exchange and the Namibian Stock Exchange.

Paladin's core values of honesty and integrity are central to all of its relationships with its Representatives, as well as in its business dealings. Paladin has zero tolerance for corruption and bribery in all of its forms. To ensure that Paladin's core values are reflected in all of its business dealings, it is committed to upholding both the letter and spirit of the laws, regulations and international standards that apply to its operations.

Ethics and behaviour are individual responsibilities, and high standards of behaviour are expected of all Paladin Representatives regardless of their position in, or relationship with, Paladin. Paladin has prepared this Policy to ensure that all Representatives are able to understand and adhere to the provisions of the Australian Criminal Code and where relevant, the laws of other jurisdictions, which it is subject to, in relation to corruption, fraud, domestic bribery and bribery of foreign public officials.

In regard to bribery of foreign public officials, the Canadian *Corruption of Foreign Public Officials Act* and Division 70 of the *Criminal Code Act 1995* (Cth) (**Australian Criminal Code**) are key pieces of the legislative framework within which Paladin operates. In some circumstances, Paladin's operations may arguably be subject to the United Kingdom's *Bribery Act 2010* and the United States' *Foreign Corrupt Practices Act 1977* (**FCPA**). Paladin will endeavour to ensure that its Representatives comply with all applicable foreign bribery laws, which will be referred to collectively as **Foreign Bribery Laws**.

Paladin Representatives are expected to adhere to all of the anti-corruption and bribery laws and regulations that govern Paladin's conduct. Violation of the law by any Paladin Representative will not be tolerated. A violation of the law, or unethical behaviour which may affect Paladin's reputation, will be subject to immediate disciplinary action, which may include termination. Paladin also reserves the right to terminate any association or business relationship with any Representative that violates the law.

This Policy only represents a part of Paladin's compliance programme. Paladin Representatives are expected to be familiar with, and adhere to, Paladin's compliance programme in its entirety, including Paladin's *Code of Business Conduct and Ethics* and this Policy. Paladin will provide training in accordance with this Policy and will enforce its policies to ensure that a culture of compliance exists throughout Paladin's global operations.

If you have any questions or comments regarding Paladin's compliance programme, please contact Paladin's Compliance Committee, on +61 8 9423 8197 or by email: PDN-ComplianceCommittee@paladinenergy.com.au.

Cliff Lawrenson
Chairman
Paladin Energy Ltd



2 INTRODUCTION

2.1 Bribery is a Global Issue

Bribery and corruption have a serious impact on the social, economic and political environment of many countries. Bribery is not a victimless crime. It debases human rights and destroys confidence in democracy and the legitimacy of government. The effects of bribery and corruption are most felt by the world's poorest people.

Effect of International Bribery

International bribery assumes many guises, but wherever the practice occurs, it inhibits economic development and distorts competition. It disrupts distribution channels, destroys incentives to compete on quality and price, undermines market efficiency and predictability, and ultimately denies many people the right to a minimal standard of living. It creates non-tariff barriers to foreign trade and causes economic deadweight losses that reduce firms' and nations' long-term competitiveness. One of bribery's most sinister features is its corrosive effect on the public's respect for the rule of law and therefore on the entire structure of a society. It can swiftly undermine a government's legitimacy, and it often destabilizes the fragile process by which democratic ideals and institutions develop.

(W Hamra, 2000 "Bribery in International Business Transactions and the OECD Convention: Benefits and Limitations", *Business Economics Journal*, October, vol. 35, issue 4, page 33)

Since the late 1990s, bribery and corruption globally have reached a scale, and penetrated business dealings in both the developing and industrialised world to such an extent, that policy makers and organisations around the world have been forced to confront the issue proactively. Both developed and developing countries are taking steps to eliminate bribery and corruption worldwide, with measures including enactment of anti-corruption laws with broad reach, aggressively enforced and requiring proactive measures from business. The UK Bribery Act 2010 provides a good example, with a corporate offence of failing to prevent bribery.

Paladin is committed to the fight against all forms of bribery and corruption. We aim to achieve our goals whilst supporting and fostering development in the communities in which we operate. Paladin expects all of its Representatives to comply with both the letter and spirit of the laws that govern Paladin's operations worldwide and with Paladin company policy, including this Policy and Paladin's *Code of Business Conduct and Ethics* (available on Paladin's website).

2.2 Types of Bribery

Foreign Bribery

As part of the global effort to combat foreign bribery, 44 countries worldwide have ratified the Organisation for Economic Cooperation and Development's *Convention on Combating Bribery of Foreign Public Officials in International Business Transactions (OECD Convention)*. Australia and Canada have implemented the OECD Convention into their domestic legislation, making bribery of foreign public officials an offence.

Both the Canadian *Corruption of Foreign Public Officials Act* and the Australian Criminal Code have extra-territorial operation (that is, they can reach conduct anywhere in the world) and regulate the conduct of Canadian and Australian citizens, residents and corporations overseas. Additionally, in some circumstances, Paladin's operations may be subject to the United Kingdom's *Bribery Act 2010* and the United States' *Foreign Corrupt Practices Act 1977 (FCPA)*, which are aggressively enforced.



Although not identical, there are substantial similarities in all of these foreign bribery laws. Accordingly, in this Policy, the phrase **Foreign Bribery Laws** will be used when referring to general obligations under these anti-corruption laws.

Domestic Bribery and Fraud

In each country that Paladin operates, there are a range of domestic laws prohibiting bribery and fraudulent conduct (**Anti-fraud and Bribery Laws**). These laws prohibit both public and private bribery as well as fraudulent conduct, ranging from obtaining property or a financial advantage by deception to false accounting (such as not keeping accurate or complete books and records).

2.3 Purpose of this Policy

The purpose of this Policy is to educate and inform Paladin Representatives about Paladin's commitment to anti-corruption and bribery requirements arising from the Foreign Bribery Laws and the various laws prohibiting fraudulent and corrupt behaviour generally. This Policy is intended to be a common sense manual to enable Paladin Representatives to understand and comply with their obligations under these laws.

Paladin is committed to ensuring that its corporate culture promotes transparency and does not tolerate fraudulent or corrupt conduct - wherever it operates or does business. Where it suspects fraudulent or corrupt conduct, Paladin will investigate and take appropriate action. Such action may include termination of employment of any employee, or ending its association with any Representative, who seeks to illegitimately influence any person in the exercise of their official duties or who is otherwise involved in any fraudulent or corrupt behaviour. Action may also include reporting conduct to law enforcement or regulatory authorities.

Tolerance of bribery and corruption in some of the countries in which Paladin operates does not affect Paladin's commitment to legal compliance and best business practice. Paladin will make every effort to ensure that it adheres to the laws and regulations which govern its operations, including the Foreign Bribery Laws and the Anti-fraud and Bribery Laws.

Of course, no policy or Policy line 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 this Policy is to provide you with the knowledge to identify potential issues so that you can apply this Policy, or know where to obtain assistance if you are unsure of what to do.

2.4 Compliance with this Policy

All Paladin Representatives must be familiar with this Policy, follow the procedures outlined within and cooperate with any investigation initiated pursuant to this Policy. Adherence to this Policy and the *Code of Business Conduct and Ethics* is a condition of employment or association.

As well as termination of employment or association with Paladin for non-compliance with this Policy, there could also be criminal consequences and penalties for both the individual involved and Paladin.

The consequences for any breach of Foreign Bribery Laws by individuals or by Paladin may be severe. For example, committing a foreign bribery offence under the Australian Criminal Code could result in:

- for an individual - a fine of up to \$2.2 million and / or a term of imprisonment of up to 10 years; or
- for a company - the greater of a fine of \$22.2 million, three times the value of benefit obtained through foreign bribery, or 10% of the annual turnover of the company and its subsidiaries during the period of 12 months ending at the month in which the bribery occurred.



Other potential consequences include:

- a fine of up to NAD\$500,000 and / or a term of imprisonment of up to 25 years for bribing anyone in Namibia (whether a local official or not); and
- a fine of up to \$2.2 million and / or a term of imprisonment of up to 10 years for making a false entry or omitting making an entry in Paladin's accounting records in Australia.

The consequences for non-compliance with the obligations identified in this Policy can extend beyond these criminal penalties and termination of employment or association with Paladin. Other potential consequences for individuals include restitution of any benefits (for example by forfeiting your own property to repay Paladin for any losses suffered), difficulty finding employment in a similar industry, disqualification from holding management positions and international travel restrictions.

3 PALADIN'S COMPLIANCE COMMITTEE

All Paladin Representatives must ensure that they understand permissible actions in any dealings with foreign public officials and acceptable behaviour in light of general fraud and domestic bribery obligations.

If any Paladin Representative has any questions or comments in relation to the Paladin policies set out in this Policy, or concerns that conduct (past, suspected or potential) may constitute or give rise to a violation, they should contact Paladin's Compliance Committee:

In writing: Compliance Committee
Paladin Energy Ltd
Level 8, 191 St Georges Terrace
PERTH WA 6000

By email: PDN-ComplianceCommittee@paladinenergy.com.au

By phone: Chair of Compliance Committee
(Being the person responsible for Paladin's legal function)
By Telephone: +61 8 9423 8197

As well as responding to Representative concerns, the purpose of Paladin's Compliance Committee is to oversee Paladin's anti-bribery and corruption compliance regime, including to:

- implement the regime (including training Representatives, where appropriate);
- monitor the effectiveness of the regime;
- promote and maintain a culture of compliance;
- help manage Paladin's relationships with Representatives (including ensuring appropriate procurement measures, due diligence and contractual provisions);
- investigate reports of alleged violations of Paladin's policies, in accordance with Paladin's *Whistleblower Policy*;
- maintain records relating to the regime; and
- report to the Board of Directors and the Audit Committee as appropriate.

The Compliance Committee will periodically review and record the scope of its activities, its role and its reporting obligations to ensure it meets best practice standards and the requirements of Paladin and the Board.



4 WHAT IS FOREIGN BRIBERY?

Paladin and its subsidiaries are directly affected by Australian and Canadian foreign bribery laws, and may also be affected by other Foreign Bribery Laws. There are substantial similarities between these Foreign Bribery Laws. Therefore, the elements of the offence of bribery of a foreign public official as set out in the Australian Criminal Code are explained in detail throughout this Policy.

4.1 Foreign Bribery Offence

Under the Australian Criminal Code, it is an offence for a person (which includes a corporation), to offer or provide someone (directly or indirectly), a benefit which is not legitimately due to that person, with the intention of influencing a foreign public official in the exercise of the official's duty in order to obtain or retain business or a business advantage which is not legitimately due.

4.2 Permissible and Prohibited Payments

The payment of normal discounts and allowances, commissions, fees, entertainment expenses, expenses for normal sale promotion activity and services, expenses related to a contract with a foreign country and other customary payments or courtesies in the ordinary course of business should only be made in accordance with this Policy.

The use of Paladin's funds or assets, either directly or indirectly, for any bribe, kickback or other impermissible benefit is strictly prohibited.

5 KEY PROVISIONS OF FOREIGN BRIBERY

Each of the key elements of the foreign bribery offence are explained in the following sections.

5.1 Who is a "foreign public official"?

A wide range of people who may not be directly linked to, or employed by, a foreign government are considered to be foreign public officials for the purpose of the Foreign Bribery Laws including:

- an employee, contractor, official or someone in the service of a:
 - foreign government or agency;
 - foreign government-controlled company; or
 - public international organisation,
- an individual who holds, or performs the duties of, a position under a foreign law or custom;
- a member of a foreign military or police force;
- a member of the executive, legislature, judiciary or magistracy of a foreign country, including a politician or judge; and
- an individual who is, or holds themselves out to be, an authorised intermediary of a foreign public official.

Although it is important to recognise who is and isn't a foreign public official, please note that Paladin company policy in relation to payments, gifts and other benefits applies regardless of someone's position or status.

Case Study: Foreign Public Officials

In 2002, Glaxo Smith Kline, an American pharmaceutical company, was found, through the actions of its subsidiaries operating in a number of foreign countries, to have violated the FCPA.



The subsidiaries were making payments to foreign doctors for the purpose and effect of influencing the doctors' decisions so that the pharmaceutical company could obtain or retain business with them and the hospitals that employed them. The doctors were accepted as foreign public officials within the meaning of the FCPA because they were employed by hospitals owned by foreign governments.

5.2 What is a "benefit"?

A benefit can be any advantage or reward and is not limited to money or property. Examples of benefits include:

- direct and indirect payments;
- shares or options;
- gifts;
- meals and entertainment;
- assumption or forgiveness of debt;
- offer of employment;
- payment of travel expenses; and
- personal favours.

Depending on their size, frequency and the circumstances, such benefits have the potential to be misused as a cover for bribes or improper payments by those seeking to get favourable treatment or improperly influence decisions. Sometimes, even where there is no such intention, benefits can give the appearance that such improper influence is occurring, especially when they occur at times where such influence may be advantageous, for example, when negotiations are underway or a tender ongoing. This potential to improperly influence objective business judgement or create a conflict between the personal interests of individuals and the interests of Paladin creates risk.

Case Study: Non-monetary Benefit

In 2009 an employee from construction company Brilliant Ray, was sentenced by Hong Kong's Independent Commission Against Corruption to two months imprisonment for violating Hong Kong's Bribery Ordinance. The employee had offered 15 boxes of moon cakes to police officers who he had dealings with during the end of his company's project. The police officers returned the moon cakes the following day. This occurred 11 days before the Mid-Autumn Moon Festival, a time when the cakes are traditionally offered as gifts.

This case is an example of a non-monetary benefit and highlights that irrespective of the value or the customary nature of the benefit, if the intention behind the benefit is to obtain or retain business or a business advantage, the benefit will be held to be a bribe.

5.3 What does it mean to give or offer a benefit?

The definition of Foreign Bribery in Australia includes terms that encompass to "provide, cause to be provided, offer to provide, or cause an offer to provide" a benefit.

The terms "offer" and "cause" as used in the Foreign Bribery Laws have a broad meaning which encompasses both direct and indirect offers or conferrals of a benefit.



For example, someone can be said to have “offered” a benefit, or “caused” a benefit to be offered to a foreign public official even where they have not actually made the offer or given the benefit themselves, but have helped or told someone else to do so, or turned a blind eye to an agent doing so on their behalf.

Therefore if a Paladin employee or Representative directs another person or entity to pay or offer to pay a bribe, their actions could potentially implicate themselves and the other person or entity (including another employee or Representative) by their conduct, as well as Paladin itself, in the commission of an offence. In other words, all the persons or parties involved directly or indirectly in the payment or offering of a bribe may be found to have committed the offence of foreign bribery. This would also be a breach of Paladin's *Code of Business Conduct and Ethics* and will be subject to sanction by Paladin.

5.4 When can Paladin be guilty of the foreign bribery offence?

Paladin will have committed the foreign bribery offence if one of its employees or Representatives:

- commits the foreign bribery offence;
- whilst acting within the scope of their actual or apparent authority; and
- in circumstances where Paladin expressly, tacitly or impliedly authorised or permitted the commission of the offence.

A key issue is the circumstances in which Paladin can be said to have authorised or permitted the payment of a bribe by one of its employees or Representatives.

5.5 Constructive Knowledge

Paladin and its directors may be guilty of the foreign bribery offence even if they do not have actual knowledge of the offence. A failure to have adequate policies or procedures in place that are proportionate and appropriate to manage a bribery or corruption risk can give rise to liability should bribery or corruption occur.

United States and United Kingdom court decisions have held companies and their directors responsible for the actions of employees and Representatives, in the absence of actual knowledge of their actions, because they did not have adequate measures in place to manage bribery risk, or did not adequately question procedures in circumstances where it ought to have been reasonably obvious, or there was a high probability, that a breach of a foreign bribery law may occur.

If a company or its directors turn a blind eye to or avoid acquiring knowledge of breaches, this may amount to “wilful blindness” or deliberate or reckless conduct, which will attract elevated penalties.

The United States and United Kingdom experience clearly shows that having inadequate controls in place to identify deficiencies in procedures and payments may give rise to a foreign bribery offence.

5.6 What does “intention” mean?

A critical element of foreign bribery is the “intention to influence” a foreign public official in the exercise of his or her duties. Whether a person or a corporation “intends” to influence someone is a matter of fact, which can be inferred from the circumstances. Intention to influence or obtain a certain result can exist whether or not the desired result is actually achieved. This means a failed bribe or inducement is still an offence.

5.7 How can Paladin, as a company, be said to have “intended” to bribe someone?

Paladin will have committed the offence of foreign bribery if a Paladin Representative, acting within the scope of their actual or apparent authority, acts in contravention of the Foreign Bribery Laws in



circumstances where Paladin either expressly, tacitly or impliedly authorised or permitted the commission of the offence.

One way in which it can be established that Paladin authorised the commission of an offence is by showing that Paladin's directors or a "high managerial agent" (an employee, agent or officer with duties of such responsibility that his or her conduct may be fairly assumed to represent company policy), intentionally, knowingly or recklessly engaged in the relevant conduct or expressly, tacitly or impliedly authorised the commission of the offence.

5.8 Turning a "Blind Eye"

Paladin may also be found to have committed the offence of foreign bribery if:

- a corporate culture existed within Paladin that directed, encouraged, tolerated or lead to non-compliance with the Foreign Bribery Laws; or
- it can be shown that Paladin failed to create a corporate culture that required compliance.

This means that where a culture of non-compliance is found to exist, Paladin could be held responsible for a bribe paid by an employee even if the bribe was not directly authorised by Paladin's directors or management.

To ensure that Paladin has a culture of compliance, Paladin requires that every Representative, as far as possible, is aware of the laws and regulations prohibiting foreign bribery.

Paladin will provide training in accordance with this Policy and will enforce its policies and encourages transparency and open communication to ensure that a culture of compliance exists throughout Paladin's global operations.

As well as ensuring that Paladin's corporate culture requires internal compliance, it is essential Paladin's culture of compliance is recognised and adhered to outside the company. Paladin will exercise due diligence before entering a relationship or agreement with third parties, including agents or contractors, and approval from a manager (who must act in accordance with the appropriate authority matrix) or a director is required before entering such a relationship or agreement. All Representatives acting on Paladin's behalf are contractually required to comply with Paladin's *Code of Business Conduct and Ethics* and this Policy.

Case Study: Turning a blind eye

Frederic Bourke was convicted of conspiring to violate the FCPA by acting through third parties to influence public officials in the Republic of Azerbaijan in connection with the privatisation of a state-owned oil company. He was sentenced to one-year's imprisonment and ordered to pay a \$1 million fine. The Court expressly acknowledged that Bourke did not have actual knowledge of the FCPA violations, but nevertheless found that he had himself breached the FCPA because he "knew of the high probability that the bribes were being paid" to Azerbaijan officials and "took steps to ensure that he did not acquire knowledge" of any wrongdoing.

5.9 What is a "business advantage"?

To constitute a bribe, a benefit must be given or offered in order to:

- obtain or retain business; or
- obtain or retain a business advantage.



In general terms, a business advantage is an advantage gained that assists in the conduct of the business. Examples of things that would constitute a business advantage include a tax concession, the granting of a licence or permit in circumstances where it may not otherwise be granted and access to information not publicly available concerning upcoming tenders that provided an advantage over other prospective tenderers.

Case Study: Business Advantage

In 2009, Latin Node, an American telecommunications company, pleaded guilty to violating the FCPA and agreed to pay a fine of \$2 million. It was alleged that between 2004-2007 Latin Node paid over \$1 million in bribes to officials at Hondutel, a wholly state-owned telecommunications authority in Honduras. In exchange, Latin Node received a business advantage in the form of a reduction of operating costs because it received preferred telecommunications rates and continued operations in Honduras.

5.10 When is a benefit or business Advantage “not legitimately due”?

Foreign Bribery Laws prohibit the giving or offering of a benefit that is “not legitimately due” in order to obtain or retain business, or a business advantage that is “not legitimately due”.

A benefit or a business advantage is legitimate when, for instance, it is given or offered in accordance with the law of the foreign country or it is given or offered to pay legitimate, reasonable expenses with a demonstrable business purpose.

In some circumstances, illegitimate (or illegal) payments will be disguised as government charges, levies or taxes. A business advantage awarded because of the receipt of a payment, benefit or gift, rather than on the basis of merit, will be illegitimate.

If you are asked to make a payment, give a gift or confer a benefit that is not in accordance with Paladin's standard business practice, as set out in the *Code of Business Conduct and Ethics* or this Policy, you must seek advice from a manager, director or Paladin's Compliance Committee (who can, if necessary, refer the matter to Paladin's legal advisors), before the payment is made or the gift or benefit is conferred. A key point to remember is that any benefit which does not stand up to careful independent scrutiny cannot be considered to be legitimate and should not be made.

The following factors are not relevant to the determination of whether a benefit or business advantage is legitimately due:

- the fact that the benefit or business advantage is customary, or perceived to be customary;
- the value of the benefit or business advantage; or
- any official tolerance of the benefit or business advantage.

You must not ignore possible foreign bribery consequences just because a gift or benefit is considered customary, even if it is of little value or officially tolerated. At law, when assessing whether a benefit is “not legitimately due” the customary nature of any gift is irrelevant.

Participating in and adhering to local customs is an important aspect of Paladin's licence to operate in Africa. Therefore, you need to sensitively manage this issue and be especially wary of any customary gift that is unusual or potentially inappropriate and that could raise a foreign bribery risk. It is also important to remember that, as illustrated by the Moon Cake Case referred to previously, the intention behind the gift/benefit will be particularly scrutinised and may be inferred from the timing of the gift.



6 LEGITIMATE CONFERRAL OF BENEFITS

6.1 Gifts

Reasonable gifts will not violate the principles set out in this Policy, the *Code of Business Conduct and Ethics*, the Foreign Bribery Laws or domestic bribery laws unless they are made with the intention of obtaining or retaining future business or a business advantage that is not legitimately due.

Gifts can take many forms. A gift can be a payment, payment in kind (which includes the provision of goods or services), personal favours or entertainment. It is anything of real value to the public official. Accepting or offering gifts of moderate value is acceptable in situations where it is legal and in accordance with Paladin's best business practice.

Paladin employees and Representatives must not give or accept gifts of any kind that could be reasonably regarded as unduly influencing the recipient or creating a business obligation on the part of the recipient. The approval of a Paladin manager, director or Paladin's Compliance Committee must always be obtained before giving or offering a gift. If there is any doubt about whether a gift should be given or accepted, the question should be referred to a Paladin manager or director who must then seek advice from the Compliance Committee (who can refer the matter to Paladin's lawyers if necessary).

It is essential that all Paladin employees and Representatives comply with Paladin company policy in relation to gifts, and that they be seen to comply with Paladin's policies and the laws and regulations that govern Paladin.

Examples of appropriate Gifts

Flowers, chocolates, merchandise bearing Paladin's logo (hats/t-shirts/umbrellas) or small amounts of inexpensive wine.

Examples of inappropriate Gifts

Cash, expensive jewellery, first class airline tickets, holidays, electronic goods, expensive wine or extravagant purchases of any description.

When deciding whether it is appropriate to give or accept a particular gift, a number of issues must be taken into account including:

- the monetary value of the gift - Is the gift excessive or expensive? If so, the gift should not be given or accepted;
- the timing of the gift - Are there any negotiations or contracts being settled? If the giving or receipt of a gift coincides with an important business decision, the gift should not be given or accepted;
- the outside impression conveyed by giving or accepting the gift - If there may be an impression formed by a third party that there is an improper connection between any gift or hospitality and a particular business opportunity, then the gift should not be given or accepted; and
- the type of gift - Certain gifts should never be given or accepted, including cash, drugs or other controlled substances.



Case Example: Inappropriate Gifts

Between 2000 and 2003, Lucent Technologies Inc. paid travel expenses for approximately 315 business-and-leisure trips by Chinese government officials and inappropriately recorded those trips as legitimate business expenses.

Prior to entering into contracts with Chinese state-owned telecommunications companies, Lucent provided Chinese government officials with trips to the U.S. to attend seminars or visit Lucent facilities and engage in leisure activities. Lucent spent over \$1.3 million in travel, per diems, meals, and lodging expenses for at least 65 pre-sale visits. As a result of these trips, Lucent estimated that it stood to make more than \$80 million in potential contracts.

After entering into contracts with the state-owned telecommunications companies, Lucent paid travel, per diems, meals, and lodging expenses for dozens of trips by Chinese officials ostensibly for training and factory inspection in the U.S., Australia, Germany, and Japan. These trips usually consisted of little or no business and enormous amounts of sightseeing and entertainment. Lucent spent at least \$2 million on these trips and received at least \$50 million in business, with the opportunity for \$2-\$3 billion of revenue in the future.

Lucent also paid or offered to pay for education opportunities for Chinese officials and their relatives, including \$171,000 for tuition and living expenses, \$21,687 for an MBA programme in China, and \$8,600 for an internship.

Lucent improperly recorded all of the above payments as sales and marketing expenses and did not implement a compliance programme to ensure it complied with the FCPA.

The DOJ entered into a non-prosecution agreement with Lucent where it agreed to pay a fine of \$1 million. In regards civil proceedings, Lucent agreed, without admitting or denying the SEC's allegations, to pay a \$1.5 million fine.

6.2 Meals and Entertainment

As with gifts, reasonable entertainment expenses will not violate the principles set out in this Policy, the *Code of Business Conduct and Ethics* or the Foreign Bribery Laws unless they are made with the intention of obtaining business or a business advantage being received in return for the meal or entertainment. Meals and entertainment must not be excessive and must be fairly and accurately accounted for in the company's books and records as set out below.

6.3 Limitations on Giving and Receiving Benefits

In situations other than those involving public officials, Paladin Representatives must not offer, give or accept:

- benefits which are in excess of the common courtesies associated with normal business practice;
- benefits which do not have a justifiable business purpose (for example, building a business relationship or continuing business discussions over a meal);
- gifts of cash or cash equivalent (eg gift certificates, loans, shares or options);
- benefits which might be perceived to impair independent business judgement, particularly in connection with an anticipated or pending tender, business transaction or the like.

In any event always ensure that any benefit (whether accepted or not) is promptly recorded in the company's gift and entertainment register in accordance with the below:

- gifts valued at more than \$100 (per person), or multiple gifts cumulatively worth more than \$250 (per person) in any one year period;



- any entertainment or hospitality which is valued at more than \$250 (per person).

Items to be recorded in the gift and entertainment register must be sent to the Company Secretary who will maintain the same. The gift and entertainment register will be reviewed at appropriate junctures by the Compliance Committee, but in any event no less than once per year.

Paladin officers, employees and Representatives should be aware that offering or receiving benefits, of any value, at a sensitive time in a business relationship (for example, when a tender or transaction is in a key phase) would not be appropriate.

6.4 Political and Charitable Donations

Paladin officers, employees and Representatives are prohibited from making donations to political parties, organisations, incumbents, candidates or any public official on behalf of Paladin. However, Paladin may choose to make political donations because Paladin believes this would enable any such political parties to perform their functions and to improve the democratic process. All political donations must be approved by the Compliance Committee before being made.

Paladin may make charitable donations that are legal and ethical under local laws and practices. In some countries, charities can be used as a screen for illegal bribes. Accordingly, care must be taken to ensure that the charity or cause is legitimate. To address these risks, charitable donations on behalf of Paladin must:

- be made to approved not-for-profit organisations whose goals reflect Paladin's values;
- be approved by the Compliance Committee;
- be accurately recorded in Paladin's business records;
- not be made to individuals or for-profit organisations;
- not be made in cash or to private accounts; and
- be consistent with this Policy.

7 WHAT IS A FACILITATION PAYMENT?

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. It is not uncommon for public officials in some jurisdictions to make such demands, although they are generally against the law of the jurisdiction and are a form of extortion.

Some examples of routine government actions commonly associated with demands for facilitation payments include:

- granting or processing a permit, licence, visa or other official document;
- providing police protection, mail collection or delivery, telecommunication services and power and water supply;
- scheduling inspections associated with contract performance or related to the transit of goods;
- providing customs clearance;
- loading and unloading cargo; and
- protecting perishable products, or commodities, from deterioration.

Facilitation payments are illegal under the laws of most other jurisdictions (including Canada and the UK) and it is often difficult to differentiate between a facilitation payment and a bribe. While there is a currently a defence available for facilitation payments under Australia's foreign bribery laws, the



Australian government recommends that individuals and companies make every effort to resist making facilitation payments. Some companies have been successfully prosecuted for such payments even where a defence exists (because the defence is narrowly construed and frequent small payments taken together, such as repeated customs facilitation payments, will be considered together, and so no longer meet the 'minor' payment criteria for the defence).

Facilitation payments:

- are a form of corruption;
- are illegal in most countries; and
- open the door to more serious issues of corruption.

Company Representatives must not make such payments even where they are typical under local customs or norms **unless** they reasonably believe that there is an immediate and credible threat to their or another's physical safety or security absent payment, in which case such payments are permitted. If such a payment is necessary, it must be recorded accurately in the company's financial records and reported to your line manager and the CFO.

7.1 Record Keeping for Facilitation Payments

In the event of an immediate and credible threat to physical safety or security absent payment, a facilitation payment may be made must be recorded in Paladin's records as soon as possible after the payment. The record must set out:

- the value of the benefit concerned;
- the date on which the conduct occurred;
- the identity of the foreign public official or other person in relation to whom the conduct occurred;
- particulars of the routine government action that was sought to be expedited or secured by the conduct;
- the nature of the threat to safety or security; and
- the person's signature or some other means of verifying the person's identity. ("person" refers to the person who gave the benefit).

The onus of establishing that a payment was a facilitation payment, not a bribe, lies with Paladin. Therefore, accurate records must be kept of all payments made, in accordance with Paladin company policy on record keeping and internal company controls set out in this Policy.

Paladin has created a form to capture the required information relating to any facilitation payment. Representatives must complete this form and provide the completed record to the Compliance Committee within 2 working days after making a facilitation payment (see attached form) or, if the payment is made during business travel, within 2 working days of the end of the business travel.

8 GENERAL FRAUD AND CORRUPTION

As outlined above, the individual and company penalties for foreign bribery are severe. For all other forms of fraud and corruption, Paladin is likely to suffer financial loss and reputational damage, but the offences are mainly directed at penalising the individuals involved.

Paladin has a zero-tolerance policy towards fraudulent and corrupt behaviour and such behaviour is unacceptable. This type of behaviour undermines Paladin's legitimacy and negates the social development work that Paladin does in the communities in which it operates.



Fact

It is estimated that the typical organisation loses 5% of its annual revenue to fraud. Applied to the estimated 2020 Gross World Product, the figure translates to a potential total fraud loss of more than US\$4.2 trillion. The median loss caused by occupational fraud cases in the study was US\$125,000, but overall average loss per case was US\$1.5 million.

(Association of Certified Fraud Examiners, "Report to the Nations", 2020 Global Study on Occupational Fraud and Abuse)

8.1 What is Domestic Bribery?

In the African countries in which Paladin operates, as well as in Australia and Canada, there are domestic bribery laws that make it an offence to bribe a local public official. There are also laws which make it an offence to bribe anyone, regardless of their position or status.

These domestic bribery laws involve similar concepts as those described above for the Foreign Bribery Laws and therefore Paladin's company policy in relation to payments, gifts and other benefits applies regardless of someone's position or status.

8.2 What is Fraud and Corruption?

A range of specific criminal offences for fraudulent and corrupt conduct generally also arise in the countries in which Paladin operates.

Corruption is a broad concept that encompasses essentially any activity using one's position or relationship with Paladin for personal gain. It relevantly includes dishonest activity in which a Representative of Paladin acts in a way contrary to the interests of Paladin or misuses their position in order to achieve personal gain or an advantage for others.

For the purposes of this Policy it is sufficient to understand that fraud is a particular type of corrupt activity. Relevantly, fraud includes any dishonest activity by Representatives causing financial loss to Paladin, including theft of money or other property by deception, deliberate falsification of documentation or improper use of information or position for personal financial benefit.

As with foreign bribery, a "benefit or personal gain" is not restricted to a monetary benefit - it could include preference for job selection, avoidance of disciplinary action or personal favours.

Common examples of fraud include:

- theft of cash, plant, equipment, inventory, intellectual property or other confidential information;
- false invoicing;
- financial reporting fraud;
- obtaining property, a financial advantage, or any other benefit by deception (e.g. falsifying expense claims);
- causing a loss, or avoiding or creating a liability by deception (e.g. false accounting);
- release or use of misleading or inaccurate information for the purposes of deceiving, misleading or to hide wrongdoing;
- insider trading;
- providing false or misleading information to Paladin, or failing to provide information where there is an obligation to do so;



- making, using or possessing forged or falsified documents;
- bribery, or corruption (e.g. payment or receipt of kickbacks);
- causing unauthorised benefits to be given to a second party (e.g. manipulation of a tender process);
- bid or tender rigging;
- falsification of supplier quotes resulting in inflated procurement costs;
- fraudulent payment to fictitious suppliers or service providers;
- falsification of financial statements; and
- unlawful use of the Paladin's computers, motor vehicles, telephones (including mobile telephones) and other property or services.

Paladin will routinely review compliance with fraud and corruption policies and procedures to monitor activities and safeguard assets, particularly in Paladin's high-risk areas, including by formally auditing compliance.

9 REPORTING AND RECORD KEEPING

9.1 Integrity of Record Keeping and Accounts

Paladin is committed to maintaining the integrity of all company books and records so that they provide an accurate account of all transactions. The integrity of records is essential for maintaining stakeholder confidence and ensuring compliance with the laws that apply to Paladin, including the Australian Corporations Act 2001 (Cth) and the Foreign Bribery Laws.

It is Paladin's policy that all books and records be kept so that they fully and fairly reflect all transactions, receipts and expenditures by Paladin. In furtherance of the policy, the following shall apply:

- no numbered or secret account or undisclosed or unrecorded funds or asset of Paladin shall be maintained or established for any purpose;
- no false or incomplete entry shall be made in the books and records of Paladin for any reason and no Representative shall engage in any arrangement that results in a false or incomplete record; and
- no transaction shall be effected, and no payment shall be approved or made, on behalf of Paladin with the intention or understanding that any part of such payment is to be used for any purpose other than that described by the documents supporting the payment.

You must ensure all expenses relating to hospitality, gifts or expenses incurred in relation to third parties are submitted in accordance with this Policy. No payment on behalf of the Company 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.

10 WHISTLEBLOWER POLICY: REPORTING VIOLATIONS

Paladin's *Whistleblower Policy* governs the process by which Paladin Representatives can notify the Compliance Committee, including anonymously (see contact details on page 6 of this Policy), or any supervisor or manager whom he or she is comfortable approaching, of potential or suspected violations of various matters, including:



- legal or regulatory requirements (including the Foreign Bribery Laws and Anti-fraud and Bribery Laws); and
- company policy, including as set out in the *Code of Business Conduct and Ethics* or this Policy.

All Paladin Representatives who report potential or suspected violations of the *Code of Business Conduct and Ethics*, this Policy or any laws that apply to Paladin can be confident that all reports will be dealt with and treated with absolute confidentiality, in accordance with Paladin's *Whistleblower Policy*, and that there will be no retaliation against any such person for the mere fact of having reported a suspected issue.

Paladin's *Whistleblower Policy*:

- is a strong indicator that Paladin is committed to and complies with its legal and ethical obligations;
- enables individuals to feel that Paladin is properly addressing their concerns; and
- does not penalise individuals for fulfilling their obligation to ensure that Paladin's conduct meets its policies on compliance and ethics.

For more information please refer to Paladin's *Whistleblower Policy* available on its website.

11 OBLIGATION TO COMPLY WITH LAW

Paladin is committed to building and maintaining a reputation for integrity and honesty. This reputation depends on its Representatives complying with the law.

Paladin expects the highest standards of ethical conduct from all of its Representatives, regardless of their position in, or relationship with, Paladin. Paladin requires adherence to both the letter and the spirit of all laws and regulations that govern Paladin. Adherence is a term of employment or association with Paladin. Violation of the law by any Representative may subject the Representative to disciplinary action including termination of employment or association with Paladin. It may also be reported to law enforcement or regulatory authorities.

Adherence to laws includes ensuring compliance with all financial, economic and trade sanction laws that apply to Paladin's business. This includes never exporting or importing sanctioned goods to or from a jurisdiction in contravention of a sanction law or engaging with an entity or person that is owned or controlled by persons or entities that are designated under sanction laws.

Paladin Representatives are responsible for ensuring that their actions do not violate the law. If a Paladin Representative is directed to do something which they believe to be unlawful, they are expected to report the incident to a member of Paladin management, a director or to Paladin's Compliance Committee in accordance with this Policy. All complaints and reports will be treated confidentially in accordance with Paladin's *Whistleblower Policy* and no retaliation against a person making a report will be tolerated.

Paladin managers are responsible for ensuring that the employees who report to them are aware of Paladin company policy as set out in this Policy and the *Code of Business Conduct and Ethics*. Managers should ensure that new employees attend relevant training sessions to assist them in understanding Paladin company policy. Managers must report any violations of the principles set out in the Policy or the *Code of Business Conduct and Ethics* to Paladin's Compliance Committee or to Paladin's directors.

Paladin will, through its directors and senior management, endeavour to maintain a work environment where frank and open discussion is encouraged and expected, without fear of retribution. Paladin will ensure that any allegations of violation of any laws that apply to Paladin will



be treated confidentially, investigated thoroughly and dealt with appropriately in accordance with the procedures set out in this Policy.

Every Paladin Representative is required to understand and comply with the laws that apply to Paladin, including the Foreign Bribery Laws and Anti-fraud and Bribery Laws.

12 TRAINING AND COMMUNICATION

Paladin will communicate this Policy to its Representatives through its established communication channels and will provide training where appropriate.

13 REVIEW OF POLICY

This Policy will be reviewed regularly and updated accordingly.



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Clean energy. Clear future.

14 FACILITATION PAYMENT RECORD

Name of the Company / Employee / Agent / Representative	
Date of Facilitation Payment	
Value of Facilitation Payment	
Identity of Foreign Public Official and/or to whom the Facilitation Payment was provided	
Details of the Facilitation Payment (including purpose of Facilitation Payment and location and imminent threat to safety or security involved)	

Are there any additional supporting documents attached? YES / NO

Please sign and date this Facilitation Payment Record. Please also provide a signed copy to Paladin’s Compliance Committee.

Signature:

Signed by:

Date:

NB: A payment is a facilitation payment only if the value of benefit is minor in nature, it is for the sole or dominant purpose of expediting or securing performance of a routine government action of a minor nature, and a signed record is made of the details and recorded in Paladin records.



Report of Suspected Corruption, Bribery or Fraud
Privileged and confidential

Please complete as much of the following information as is known based on initial internal inquiries.

To Paladin Compliance Committee

From:

Date:

Detailed description of suspected Bribery or Fraud

(include location, persons suspected of involvement, amount if known, how detected, date/period of suspected incident/s)

Action taken to date

Outline of any management actions taken to date

Other

Any other information that may be relevant to the investigation



Revision History

Version No	Date/Change	Description	Approved
00	4 July 2012	Initial Compliance Policy	Yes
01	18 October 2012	Amended to incorporate general corruption, bribery and fraud issues	Yes
02	27 August 2013	Amended to incorporate changes to Canadian legislation	Yes
03	5 November 2013	Amended to include pro-forma Discovery of Bribery or Fraud	Yes
04	18 May 2015	Review	Yes
05	4 May 2017	Review and amended to incorporate changes to the ratification of the OECD Convention and the changes in bribery penalties under the Australian Criminal Code.	Yes
06	8 June 2018	Review.	Yes
07	2 April 2019	Amendment to Chairman's Letter	Yes
08	5 June 2020	Amendment to Chairman's Letter	Yes
09	24 February 2022	Annual Policy review. Amendments include minor changes to Chairman's letter, update to paragraph 6.3, 6.4 and 7.	Yes

Date adopted: 4 July 2012
