

## 1. PURPOSE

The overall purpose of the Integrity System is to ensure that Base, each of its officers and employees, and people acting on behalf of Base, acts with absolute integrity.

Base's commitment to conducting its business in a legal, honest and ethical manner is absolute. This commitment flows from the unifying set of beliefs and behavioural expectations of the "Base Way" and is considered critical to achieving Base's long term goals. Conduct associated with bribery and corruption is entirely inconsistent with these beliefs and behavioural expectations and all forms of bribery and corruption are prohibited.

The purpose of this document is to:

- Give effect to the Integrity Policy and set the limits of discretion for Base Personnel (defined below).
- Set out the responsibilities of Base Personnel in observing and upholding the absolute prohibition on bribery, corruption and related improper conduct.
- Provide information and guidance on how to recognise and deal with instances of potential bribery and corruption.

## 2. APPLICATION

This Standard applies to all individuals at all levels who are employed by, act for, or represent Base or its subsidiaries (**Base Personnel**). This includes, but is not limited to, the following:

- Directors.
- Officers.
- Employees.
- Contractors or consultants of Base where they are acting for, or otherwise representing, Base.

This Standard applies to Base Personnel irrespective of their employment status (that is, whether they are employed on a full-time, part-time, fixed term, casual or temporary basis).

## 3. CONSEQUENCES OF NON-COMPLIANCE

A breach of this Standard by a member of Base Personnel:

- may expose the individual and Base to civil and criminal liability (as well as potential exposure for its directors), including imprisonment for the individual;
- may cause Base to breach the terms of its contractual commitments thereby exposing Base to potential significant financial loss; and
- will be regarded by Base as serious misconduct, and will lead to disciplinary action which may include termination of employment or engagement.

## 4. CONCEPTS EXPLAINED

Bribery, corruption, facilitation payments and secret commissions explained:

- **Bribery** is the act of offering, promising, giving or accepting a benefit with the intention of influencing a person who is otherwise expected to act in good faith or in an impartial manner, to

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do or omit to do anything in the performance of their role or function, in order to provide Base with business or a business advantage that is not legitimately due.

- A bribe could be either a direct or indirect promise, offering or authorisation, of anything of value designed to exert improper influence. It may be monetary or non-monetary. For example, it may involve non-cash gifts, political or charitable contributions, loans, reciprocal favours, business or employment opportunities (including the award of business contracts to third parties) or lavish corporate hospitality.
- Bribery may also involve procuring an intermediary or an agent to make an offer which constitutes a bribe to another person or where a bribe is made to an associate of a person who is sought to be influenced.
- For the purposes of the Integrity System, whether the target of the act of bribery works in the public or private sector is irrelevant.
- **Corruption** is dishonest activity in which a director, executive, manager, employee or contractor of an entity acts contrary to the interests of that entity and abuses their position of trust, power or influence for private or personal gain or advantage.
- **Facilitation payments** are typically minor, unofficial payments made for the purposes of securing or expediting a non-discretionary routine government action by a government official or employee. Examples include payments made in the following circumstances, where such payment is not legitimately required:
  - Payment of “inspection fees” for clearance through customs of goods for export, or equipment for import.
  - Payment to an airport customs officer to “fast-track” the processing of your visa and clearance through customs.
  - Additional payments to obtain a required permit, license, or other official document, where all applicable criteria have otherwise been met and prescribed fees already paid.
- **Secret commissions** are typically an offering or giving of a commission to an agent or representative of another person (the principal) to induce or influence the conduct of the principal's business, without that agent or representative disclosing the commission to the principal. For example:
  - A Base employee paying an agent of a potential offtake customer in return for that agent facilitating Base securing favourable commercial terms in the offtake agreement, and that agent did not disclose the payment to the offtake customer, that payment would constitute a secret commission.
  - An agent of Base receiving a payment from a potential construction contractor in return for influencing Base to appoint that contractor, or appointing that provider on terms commercially less favourable to Base, where the agent does not disclose that payment to Base.

## Sources of legal obligations

The primary sources of legal obligations supporting the Integrity Policy and this Standard are the United Nations Convention against Corruption, the OECD Convention on Combating Bribery of Foreign Public Officials in International Business Transactions and the anti-corruption laws of the countries in which Base operates, including:

- **Kenya:** Anti-Corruption and Economic Crimes Act (N° 3 of 2003) and Bribery Act (N° 47 of 2016).
- **Australia:** Commonwealth Criminal Code and *Corporations Act 2001*.
- **Madagascar:** - Law No. 2016-020 dated 1 July 2016.

Base may, in certain circumstances, be legally obliged to report any knowledge or suspicion it has of instances of bribery or corruption, or attempts at bribery or corrupt acts, to applicable regulatory authorities.

## 5. REQUIREMENTS

### All Base Personnel are required to:

- **Never** commit, either directly or indirectly (e.g. through a third party), any act that constitutes bribery or corruption, or any act that may be perceived to constitute bribery or corruption, including the payment of any facilitation payment or the giving or receiving of a secret commission.  
Base Personnel will not suffer any adverse consequences for refusing to commit an act of bribery or corruption (e.g. refusing to make an improper payment) even if this may result in Base losing business or suffering a business detriment.
- Ensure that any gift (including customary gifts), meal, entertainment, travel or other hospitality (referred to as **Gifts**) are not given or received as a reward or encouragement for preferential treatment, and that any such Gift satisfies the criteria for allowable gifts (see further below).
- Avoid conflicts of interest that have the potential to lead to (or the perception of) biased decision making (see further below).
- Complete all training relating to this Standard, where identified as appropriate for them and complete the required annual integrity undertaking in a timely manner.
- Aid in the prevention, detection and reporting of behaviour in contravention of this Standard.
- Ensure that all accounts, invoices, and other documents and records relating to dealings with any external party or third party are prepared and maintained with strict accuracy and completeness. No accounts may be kept “off-book” to facilitate or conceal potential breaches of this Standard.
- Should they reasonably believe or suspect that a breach of this Standard has occurred, or is likely to occur, they must immediately notify their manager or the Integrity Officer (details below) or give notification in accordance with the “Integrity in Action” Whistleblower System. No person will be disadvantaged for giving such a notification in connection with the Integrity System.
- If uncertain as to whether any behaviour is, or may be, a breach of this Standard, or if they have any queries in relation to the Integrity System in general, they should contact the Integrity Officer for clarification.

### Criteria for allowable Gifts:

**Gifts** include customary gifts, meals, entertainment, travel or other hospitality.

- Base Personnel **must**:
  - exercise utmost care when giving or accepting Gifts to protect their reputation, and Base’s reputation, against allegations of improper behaviour and to ensure anti-bribery and anti-corruption laws are not contravened;
  - ensure that Gifts are **MODEST** in value, nature and frequency and comply with local laws and regulations, and local custom. Base Personnel must use good judgment in determining what is “**MODEST**”, bearing in mind that the local concept of what is **MODEST** is relative and a function of the average local income and general standard of living;
  - ensure that any Gift serves only a legitimate business purpose;
  - promptly examine any Gift upon receipt to make an informed assessment of that Gift for compliance with this Standard;
  - ensure that the giving or receiving of a Gift is not prohibited by this Standard (as described below); and
  - obtain prior clearance before giving a Gift to a government official (refer further below).

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- Base Personnel are **prohibited** from giving a Gift to an external party, or receiving a Gift from an external party, when engaging in Base business in the following circumstances:
  - if that Gift does not comply with local laws and regulations, or local custom;
  - where that Gift includes cash, loans or cash equivalents (such as gift certificates or vouchers);
  - if that Gift is offered, promised or given to influence or reward action taken by a person (in particular by a government official) to perform work duties disloyally or otherwise improperly, or reward that person for doing so;
  - if that Gift is in return for, or in exchange for, business services or information or a business advantage;
  - if any approvals are currently before the external party such that the Gift could, or could be seen to, influence or reward action taken by the external party;
  - if the external party is participating in a tender process (or similar) in connection with Base business;
  - if the external party cannot accept any such Gift (many government officials and other private sector representatives cannot accept gifts);
  - if giving or accepting the Gift would cause an unrelated party to form an impression that there is an improper connection between that Gift and a particular business opportunity; and
  - if that Gift is of an inappropriate value or nature or at inappropriate venues, or where that Gift is not designed to further a valid business purpose or relationship.
- Base Personnel require **prior clearance** from their manager-once-removed before giving any Gift to a **government official**. “Government official” for the purposes of this Standard means:
  - an official or employee of a (i) government or government owned enterprise, (ii) government agency or regulatory authority, or (iii) political party or political candidate;
  - any official or employee of an international public organisation such as the United Nations, World Bank or International Monetary Fund;
  - a member of the judiciary or magistracy;
  - an individual who holds or performs the duties of an appointment, office or position created by custom or convention, including some members of royal families and some tribal leaders;
  - a person who is, or holds themselves out to be, an authorised intermediary of a government official; or
  - a relative or associate of any such government official.

**Note:** *Government officials include police officers, customs and tax officials, employees of state owned enterprises, political party officials as well as children and other relatives of a government or political party official.*
- If prior clearance is requested to give a Gift to a government official it must be recorded in the Integrity Register, which will be maintained by the Integrity Officer.
- Any member of Base Personnel who receives a Gift from a third party that is, or may reasonably be perceived to be, **not MODEST** or that does not otherwise satisfy the criteria for receiving a Gift set out above, must report it to their manager or the Integrity Officer, who will then take the appropriate action having regard to the criteria set out in this Standard. Any Gift that is received and reported in accordance with this Standard must be recorded in the Integrity Register.

## Avoiding conflicts of interest:

Potential for conflicts of interest arise when it is likely that an individual could be influenced, or it could be perceived that an individual is influenced, by a personal interest when carrying out their duties. Conflicts of interest that lead to biased decision making may constitute corrupt conduct.

- Base Personnel **must**:
  - avoid any conflict from arising that could compromise their ability to perform their duties impartially; and
  - promptly report any potential or actual conflict of interest to their manager.
- Situations that may give rise to a conflict of interest include situations where an individual has:
  - financial interests in a matter that Base also has an interest, or the individual is aware that their friends or relatives have a financial interest in the matter;
  - directorships/management or ownership of outside organisations;
  - personal relationships with people Base is dealing with that goes beyond the level of a professional working relationship;
  - secondary employment, business, commercial, political or other activities outside of Base which impacts on the individual's duties and obligations to Base; or
  - access to information that could be used for personal gain.
- If a member of Base Personnel is uncertain whether a conflict exists, they should discuss that matter with their manager and attempt to resolve any conflicts that may exist.

## All managers are required to:

- Ensure to the extent reasonably practicable that third parties who are engaged to act on behalf of or otherwise represent Base operate in accordance with the Integrity Policy and this Standard.
- Upon engaging a third party to act on behalf of Base in a material matter, ensure that:
  - sufficient due diligence is performed to ensure that the third party is appropriate to act on behalf of Base;
  - the third party is informed of the Integrity Policy and this Standard and that Base requires the third party to comply with these standards; and
  - if considered appropriate in the circumstances, require that the third party acknowledges in writing that it has read the Integrity Policy and this Standard and agrees to comply with these documents as part of their engagement by Base.
- Before entering into contractual arrangements with third parties in a material matter, perform due diligence to ensure that Base understands the owners and controlling person(s) of such third parties. It will rarely be appropriate to engage a third party connected with a government official (as defined below).
- Ensure that Base's terms of engagement oblige the third party to operate in accordance with relevant anti-bribery and anti-corruption laws.
- Take reasonable steps to monitor the transactions of the third party undertaken on behalf of Base, which may involve periodic due diligence and review.

## The Integrity Officer is required to:

- Administer and monitor compliance with this Standard.
- Be available to answer queries in connection with this Standard.
- Develop and implement appropriate training for Base Personnel relating to this Standard.
- Maintain the Integrity Register.
- Facilitate reporting of any material breaches of this Standard to the Risk Committee.

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The Integrity Officer for the purposes of this Standard is the General Counsel (or their delegate). The Integrity Officer may be contacted by email ([integrity@baseresources.com.au](mailto:integrity@baseresources.com.au)) or by phone (+61 8 9413 7400).

## EXCO is required to:

- Authorise changes to the Integrity System.
- Initiate audits of the Integrity System from time to time.
- Other than for behaviour concerning an EXCO member, assign investigation of any inappropriate behaviour to an appropriate investigator who is independent of the behaviour in question.

## Chairman is required to:

- Assign investigation of any inappropriate behaviour concerning an EXCO member to an appropriate investigator who is independent of the behaviour in question.

## 6. POLITICAL INVOLVEMENT, CHARITABLE DONATIONS AND SPONSORSHIP

### Political involvement:

- Base does not engage in politics and will not, directly or indirectly, participate in party politics or make payments to political parties, individual politicians or political candidates, except in limited circumstances where approved in advance by the Board.
- Base Personnel are **prohibited** from:
  - using Base funds, assets, resources, time or personnel (including in-kind contributions of supplies, equipment and services) to make any political contribution, or assist any political party, individual politician or political candidate;
  - during Base time, undertaking any political activity (including standing for or pursuing electoral office). If an individual's political activity impacts on the individual's performance of their duties and obligations to Base, or in any other way unacceptably impacts Base's legitimate business interests (including its external reputation), the individual must cease the activity or otherwise resign their position within Base;
  - using Base funds to make payments, loans, donations, or gifts to political parties, individual politicians or political candidates;
  - using Base funds to pay admission fees to conferences, dinners or similar events organised by political parties, individual politicians or political candidates or their supporters, or to buy their publications, where there is a fund raising element involved;
  - providing politicians or political candidates or their staff with travel and accommodation other than in accordance with this Standard; and
  - during Base time, or by using Base funds, assets, resources or personnel, suggest to any other member of Base Personnel (directly or indirectly) that they support or continue to support political parties, individual politicians or political candidates.

### Charitable donations and sponsorships:

- Base will not make any charitable donation or sponsorship that could be perceived to be a bribe or payment to gain an improper business advantage.
- Base will only make charitable donations or sponsorships (and associated payments) to incorporated community groups, clubs, associations, not-for-profit organisations, non-government organisations, other community related commercial organisations or academic bodies. Base will not make charitable donations to, or sponsor, organisations that are linked to political parties, individual politicians or political candidates.

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- Charitable donations and sponsorships **must** be:
  - permitted by local law;
  - accurately recorded in all relevant accounting records;
  - for charitable or community purposes;
  - transparently documented in an agreement with the relevant organisation; and
  - **pre-approved** by a General Manager or above.

## 7. Extortion – limited exception

- Base acknowledges that improper demands for payment may be made of a member of Base Personnel in circumstances amounting to "extortion". A payment can be made by a member of Base Personnel, and the prohibitions in this Standard will not apply, where that member of Base Personnel reasonably believes that their life or health is at risk, unless the demand for payment is met. The member of Base Personnel must immediately report the incident to their local Security Manager.
- Where there is no immediate threat to life or health, but a demand for payment has been made accompanied by a threat, the member of Base Personnel should immediately contact their local Security Manager for guidance.

## 8. Review

This Standard will be reviewed annually by the Risk Committee.

## 9. Supporting Documents

- Integrity System Description – BSD009
- Integrity Policy – BPOL009
- Whistleblower System Description – BSD018
- Whistleblower Process – BPR018
- Whistleblower Standard – BST018