

INTEGRITY STANDARD

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1 PURPOSE

The overall purpose of the Integrity System is to ensure that Base, each of its officers and employees, and each person 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 is enshrined in the unifying set of beliefs and behavioural expectations comprising the "Base Way" and is considered critical to achieving Base's long-term goals. Conduct associated with any form of 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 Standard 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 actual, potential or suspected 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 or a contractor or consultant).

Unless the context requires otherwise, references to **Base** in this Standard are to Base Resources and each of its subsidiaries from time to time.

3 CONSEQUENCES OF NON-COMPLIANCE

A breach of this Standard by an individual considered to be 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 material reputational damage to Base and 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

4.1 BRIBERY, CORRUPTION, FACILITATION PAYMENTS, SECRET COMMISSIONS AND PER DIEMS EXPLAINED:

- **Bribery** is the act of offering, promising or giving a benefit, or causing a benefit to be offered, promised or given, with the intention of **improperly influencing** a person who is otherwise expected to act in good faith or in an impartial manner, to 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 or to provide a personal advantage for an individual.
 - 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 an 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 (which includes the gain or advantage of the individual in question or a person with whom the individual has a close relationship). Corruption includes any Base Personnel accepting or **receiving a bribe**.
- **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. 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, licence, or other official document, where all applicable criteria have otherwise been met and prescribed fees have already been 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.

- **Per diems** are daily allowances paid to cover meals and minor incidentals for attendance at a particular location.

4.2 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. Such circumstances may include where Base has a reasonable belief that a person has requested a bribe from a member of Base Personnel.

5 REQUIREMENTS

5.1 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 paying any **facilitation payment** or giving or receiving 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**) is not given or received as a reward or encouragement for preferential treatment, and that any Gift given or received 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**).
- Report any actual, potential or perceived conflicts of interest using the prescribed conflicts of interest declaration form promptly after becoming aware of an actual, potential or perceived conflict of interest.
- Complete all training relating to this Standard, where identified as appropriate for them and complete the prescribed annual integrity undertaking in a timely manner, if required to do so because of their role or position.
- Report any behaviour they observe by other Base Personnel in contravention of this Standard and otherwise aid in the prevention, detection and reporting of such behaviour.
- 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 reasonably likely to occur, or if any Base Personnel has been or reasonably believes they are likely to be on the receiving end of conduct involving bribery from an third party, they must immediately notify (i) their manager or the Integrity Officer (details below) or (ii) make a report in accordance with the Whistleblower Standard. No person will suffer any detriment or otherwise be disadvantaged for giving such a notification in connection with the Integrity System. Details of reports received by the Integrity Officer in accordance with this Standard will be recorded in the Integrity Register.
- 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.

5.2 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).
- 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.
- Except in the case of the provision of meals and refreshments to government officials while attending locations at the request of Base that are MODEST (which are covered in the bullet point below):
 - Base Personnel below a General Manager level require **prior clearance** from their manager-once-removed before giving any Gift to a **government official**.
 - Base Personnel at a General Manager level or above require **prior clearance** from their manager before giving any Gift to a **government official**.
- Meals and refreshments provided to a government official during a site visit that are MODEST are permitted and do not require prior clearance. Meals and refreshments provided to government officials while attending other locations at the request of Base that are MODEST require prior clearance from the General Manager accountable for events occurring at the relevant location.
- Payment of (or otherwise funding) a per diem or committee allowance, including to a government official, for attendance at a particular location or meeting will not constitute a Gift for the purposes of this Standard, provided the following strict conditions are satisfied:
 - the payment is MODEST and reflective of the incidentals likely to be reasonably incurred by the individuals in order to attend the relevant location or meeting;
 - the payment complies with local laws and regulations or local custom;
 - the individual's attendance at the relevant location or meeting is for a legitimate business purpose; and
 - the payment is either:
 - pre-approved by the General Manager accountable for events occurring at the relevant location; or
 - in the case of an allowance, is in accordance with an agreement or charter applying to the committee and such agreement or charter (as the case may be) specifies the allowance amount and was approved by a General Manager; and
 - the payment is only made following receipt of a signed allowance sheet from the individual in question and accurately recorded in all relevant accounting records as being a payment of a per diem or allowance (as the case may be).
- The term "government official" is defined broadly and for the purposes of this Standard means:
 - an official or employee of or an individual who is acting on behalf of a (i) government or government owned enterprise, (ii) government body or agency or regulatory authority, or (iii) political party;
 - a person standing or nominated as a candidate for a government or public office;

- any official or employee of an international public organisation such as the United Nations, World Bank or International Monetary Fund;
- a member of the executive, legislature, judiciary or magistracy;
- an individual who holds or performs the duties of an appointment, office or position under any law or 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, the request itself, whether clearance is given, the requesting party and the party whose clearance is required must be recorded in the Integrity Register 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.

5.3 AVOIDING CONFLICTS OF INTEREST:

- A conflict of interest arises when an individual is influenced by a personal interest (or a personal interest of someone who they have a close relationship with) when carrying out their duties. A conflict of interest may be actual, perceived, or potential.
- A **potential** conflict of interest will exist when an individual's personal interests (or the personal interests of someone who they have a close relationship with) could reasonably be expected to create a conflict of interest in the future.
- A **perceived** conflict of interest will exist if a reasonable person would consider that an individual's personal interests (or the personal interests of someone who they have a close relationship with) could create a conflict of interest, whether this is actually the case or not.
- 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 actual, potential or perceived conflict of interest to their manager using the prescribed conflict of interest declaration form.
- 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. For example, it would be a potential conflict of interest where the individual owns or otherwise has an interest in land where Base is conducting, or plans to conduct, exploration activities;

- 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.

5.4 ALL MANAGERS ARE REQUIRED TO:

- Use reasonable endeavours to ensure 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 (which includes matters involving engagement with a government official), ensure that:
 - there is a written contract in place with Base recording the terms of the third party's engagement;
 - 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 above).
- 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.

5.5 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, or reports of bribery attempts, to the Environment, Social and Ethics (ESE) Committee.

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) or by phone (+61 8 9413 7400).

5.6 THE MANAGING DIRECTOR IS REQUIRED TO:

- Authorise changes to the Integrity System.
- Initiate and oversee audits of the Integrity System and integrity risk assessments from time to time.
- Other than for behaviour concerning the Managing Director, assign investigation of any inappropriate behaviour to an appropriate investigator who is independent of the behaviour in question.

5.7 CHAIR IS REQUIRED TO:

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

6 POLITICAL INVOLVEMENT, CHARITABLE DONATIONS AND SPONSORSHIP

6.1 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, in which case it must be recorded in the Integrity Register.
- 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, unless approved in advance by the Board;
 - 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 (see the section titled "Requirements" above); 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.

6.2 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 generally 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.
- In limited circumstances that are consistent with the spirit and intent of this Standard, with the prior approval of the Managing Director, Base may make a charitable donation to government, or work in collaboration with government in respect of a charitable donation. Any such charitable donation must be recorded in the Integrity Register.
- 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 writing with the relevant organisation; and
 - unless otherwise specified, **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 or the life or health of another person 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 ESE Committee.

9 SUPPORTING DOCUMENTATION

- Integrity System Description – BSD009
- Integrity Policy – BPOL009
- Annual Integrity Undertaking
- Conflicts of Interest Declaration Form
- Integrity Register
- Whistleblower System Description – BSD018

- Whistleblower Process – BPR018
- Whistleblower Standard – BST018