

## **ANTI BRIBERY AND CORRUPTION POLICY**

### **1. ABOUT THIS POLICY**

#### **1.1. Purpose**

Australian Rare Earths Limited (**AREL** or **Company**) is committed to acting ethically, honestly and in compliance with all applicable laws in its business and operations and has a zero tolerance for corruption or bribery in any form. The Company expects all persons engaged or employed by the Company and its Related Bodies Corporate (Group) to act in the same manner and not to engage in any form of corruption or bribery.

The purpose of this Anti-Bribery and Anti-Corruption Policy (**Policy**) is to establish certain standards and processes to ensure that all persons employed or engaged by the Group comply with applicable laws, rules and regulations regarding corrupt and fraudulent practices.

#### **1.2. Scope of this Policy**

This Policy applies to all individuals and entities employed or engaged by the Group, including all directors, officers, managers, employees, contractors, consultants and agents of the Company or the Group and any other person representing or acting on behalf of the Company or the Group anywhere across Australia (**Company Personnel**). When contracting with third parties, Company Personnel should have regard to section 6 of this Policy in particular.

This Policy applies to Company Personnel irrespective of their employment status (that is, whether they are employed or engaged on a full-time, part-time, fixed term, casual or temporary basis) and regardless of their geographical location across Australia.

A copy of this Policy is available on the Company's website.

#### **1.3. Bribery**

Bribery and other improper conduct referred to in this Policy is a serious crime and poses significant risk and reputational damage to the Group and Company Personnel.

To ensure that Company Personnel do not engage in activity that constitutes (or could be perceived to constitute) bribery or corruption, this Policy:

- (a) explains the conduct expected of Company Personnel in observing and upholding the Company's commitment to prohibiting bribery, corruption, and related improper conduct; and
- (b) provides information and guidance on how to recognise and deal with instances of (and circumstances having the potential to involve) bribery, corruption, and other improper conduct.

#### **1.4. Further information and support**

This Policy forms part of the Company's overall approach to anti-bribery and anti-corruption, which includes:

- (a) the use of anti-bribery and anti-corruption clauses in contracts with third parties; and
- (b) internal procedures relating to prohibitions on cash payments to third parties and strict accounting controls in instances where such payments are unavoidable.

The Company encourages all Company Personnel to raise any issues or conduct that concerns them with their relevant manager as soon as possible, regardless of how serious the issue or conduct might be. Details of who you should speak to for further information and support are set out in section 11.

## 2. KEY DEFINITIONS

The following table sets out various terms/definitions which are used throughout this Policy and their corresponding meaning:

<b>Bribe</b>	means a benefit offered, promised, or provided to a Government Official or other person in order to gain or improperly influence (by illegal, unethical or dishonest means) any advantage (including any commercial, contractual, regulatory, business or personal advantage).
<b>Business Partners</b>	has the meaning given to it in section 6, and will generally include but is not limited to consultants, contractors, distributors, joint venture partners, co-investors, agents and intermediaries of the Company or Group.
<b>Company</b>	has the meaning given in section 1.1.
<b>Company Personnel</b>	has the meaning given in section 1.2.
<b>Corruption</b>	Means the dishonest offer, promise or provision of a benefit (or causing a benefit to be provided) to any person which would, if received, tend to influence a Government Official in the exercise of their duties.
<b>Facilitation Payment</b>	means a payment or other inducement (including a benefit in kind) provided to a Government Official to secure or expedite a routine government action which the Government Official is already ordinarily obliged to perform. This might include (but is not limited to) payments to expedite the issuing or processing of legitimate visas, the scheduling of inspections, obtaining permits and authorisations, or the connection of telephones or other utility services.
<b>Government Official</b>	means anyone regardless of rank or title who is: <ul style="list-style-type: none"> <li>(a) engaged in public duty in a government agency whether elected or appointed, and at any level of government including national, state or local government entities;</li> <li>(b) a member of any legislative, administrative or judicial body;</li> <li>(c) an employee of a government agency, regardless of rank (including an administrative and/or office worker);</li> <li>(d) an officer or employee of a government-owned or government-controlled entity, including state-owned entities that operate in the commercial sector;</li> <li>(e) an officer or employee of a public international organisation (such as the United Nations, the World Bank or the International Monetary Fund); or</li> <li>(f) acting in an official capacity for a government, government agency, or state-owned enterprise.</li> </ul>

<b>Group</b>	has the meaning given in section 1.1.
<b>Policy</b>	means this Anti-Bribery and Anti-Corruption Policy as maintained on the Company's website (as amended from time to time).
<b>Political Party</b>	includes any political party, politician, elected official or candidate running for public office in any country.
<b>Related Body Corporate</b>	has the meaning given in the Corporations Act 2001 (Cth).
<b>Secret Commission or Kick-back</b>	means an undisclosed payment (including a benefit in kind) which is offered or provided to an agent or representative of a person/company (the 'principal') for the purpose of influencing the conduct of the principal.

### 3. ANTI-BRIBERY AND CORRUPTION

#### 3.1. Further information and support

Bribery can take many forms, is often disguised and may be difficult to trace or detect. Depending on the circumstances, it may include such things as giving or receiving:

- (a) money (or cash equivalents such as shares, vouchers, gift cards, etc);
- (b) gifts, including customary gifts;
- (c) entertainment or hospitality (including upgrades, flights or accommodation);
- (d) discounts;
- (e) Secret Commissions or Kick-backs;
- (f) Facilitation Payments;
- (g) political contributions; and
- (h) sponsorships (whether financial or by endorsement).

Bribery can be direct or indirect, meaning it can include using an agent or intermediary to make a bribe on your behalf, or making a bribe to an associate of a person you want to influence. The offence of bribery can occur even if a bribe is not actually accepted or paid, or if the bribe is unsuccessful (that is, where the advantage sought is not actually gained).

#### 3.2. Prohibitions

Company Personnel must not, either directly or indirectly:

- (a) offer, solicit, promise, give, request, authorise or accept a Bribe or any other improper payment in any form, with the expectation or hope that an advantage will be received or to reward an advantage already given;
- (b) authorise, undertake or participate in any form of Corruption or corrupt business practice whether for their own benefit or the benefit of any member of the Group;

- (c) offer, promise or make a Facilitation Payment;
- (d) offer, promise or give any political contribution unless permitted by section 4 below; or
- (e) offer, solicit, promise, give or accept a gift or hospitality unless permitted by section 5 below.

If you are unsure whether any conduct, behaviour or practice is acceptable under this Policy, you should check with your relevant manager before engaging in that conduct, behaviour or practice

### **3.3. Community support**

For the avoidance of doubt, nothing in this Policy is intended to restrict the Company or Company Personnel from providing general support to the communities in which the Company or the Group operates (including, for example, sponsoring local sporting clubs) so long as they do not do so illegally, unethically or dishonestly and there is no expectation on the part of the Company or any Company Personnel that they will receive a benefit or advantage in return.

## **4. POLITICAL CONTRIBUTIONS**

The Company and Company Personnel must not make any political contributions (in cash or in-kind) to any Political Party. Examples of prohibited political activities and contributions include:

- (a) All dealings with Political Parties which relate to the Group and its business must be conducted at arm's length and with the utmost professionalism to avoid any perception of attempting to gain an advantage.
- (b) The Group may choose to make donations to Political Parties from time to time because the Group believes this would enable any such Political Parties to perform their functions better and to improve the democratic process.
- (c) Any donations to a Political Party must be authorised by the Board and disclosed as required by law. Any donations above a level determined in Commonwealth legislation must be disclosed annually to the Australian Electoral Commission and will be published on its website.

Circumstances may arise where you are invited to attend an event or activity organised by a Political Party as a representative of the Company or the Group. This may be acceptable if, prior to accepting any such invitation, you seek approval from your manager.

You may participate in political activities in your own personal capacity, provided it is understood and made clear that in doing so you are in no way representing the Company or the Group. Such participation, including contributions of time and money, must be conducted entirely on your own account and your political opinions must not be presented as being those of the Company or the Group.

## **5. GIFTS, ENTERTAINMENT AND HOSPITALITY**

### **5.1. General**

Gifts, entertainment and other hospitality are often provided for a legitimate business purpose, such as building legitimate business relationships. However, they must never be used to influence business decisions corruptly or improperly.

Giving or accepting gifts, entertainment and other hospitality may pose a risk to the Group because it can compromise (or have the appearance of compromising) the exercise of objective business judgment. This risk is heightened where Government Officials are involved.

To manage these risks, the Company has developed the following rules in sections 5.2 to 5.5 for giving and accepting gifts.

## **5.2. Giving and accepting gifts, entertainment and other hospitality**

Company Personnel may not give or accept anything of value (including gifts, entertainment or hospitality) to or from any third party unless to do so is in compliance with paragraphs (a) to (g) below:

- (a) it is directly connected to a legitimate business purpose or activity (for example, building or maintaining a business relationship or continuing a business discussion over a meal);
- (b) it is of an appropriate value and nature in line with common business courtesies and considering local custom, the position of the recipient and the circumstances;
- (c) it does not violate local laws or norms;
- (d) it is not in the form of cash or cash equivalents (such as vouchers or gift certificates);
- (e) it is given and accepted openly and not secretly;
- (f) the giving or acceptance of the gift would not cause a third party to form an impression that there is an improper connection between that gift and a business opportunity; and
- (g) it otherwise complies with the limits and requirements of this section 5.

If Company Personnel have any concerns about the appropriateness of a gift, entertainment or hospitality which they give or receive (or intend to give or receive), they should seek prior approval from their relevant manager.

## **5.3. Gifts to Government Officials**

Prior written approval of your manager must be obtained for any gift or hospitality given to or received from any Government Official. Gifts or hospitality of an insignificant value, such as promotional items (for example, pens, notepads, calendars and other branded items) or refreshments offered during a meeting, may be given and accepted without such prior approval.

## **5.4. Gifts to other third parties**

Gifts or hospitality to persons other than Government Officials should never be offered or accepted without the prior written approval of the Company's Managing Director where the value of the gift or hospitality exceeds:

- (a) A\$50 per person in the case of gifts; or
- (b) A\$150 per person in the case of meals, entertainment and hospitality.

Gifts or hospitality of an insignificant value (including those referred to in section 5.3) may be given and accepted without such prior approval.

## **5.5. Gifts register**

All gifts and hospitality offered, provided or received by Company Personnel must be recorded in the Company's Gift and Hospitality Register which is maintained by the Company Secretary, other than gifts or

hospitality of an insignificant value (including those referred to in section 5.3) which may be given and accepted without being recorded.

## **6. DEALING WITH THIRD PARTIES AND BUSINESS PARTNERS**

The Company carefully selects third parties with which it conducts business (including consultants, contractors, distributors, joint venture partners, co-investors, agents and intermediaries) (Business Partners) and seeks to ensure that those Business Partners also abide by applicable anti-bribery and anti-corruption laws. Any improper conduct by a Business Partner may damage the Group's reputation and expose the Group and Company Personnel to criminal or civil liability or other sanctions.

Company Personnel must always obtain pre-approval from the Company's Managing Director before engaging a Business Partner. As part of the pre-approval process, Company Personnel must conduct appropriate due diligence on a potential Business Partner, having regard to various factors such as the location and nature of the proposed relationship/transaction, the value of the proposed transaction, the third party's past conduct, the level of interaction which the third party might have with Government Officials on the Company's (or the Group's) behalf and the existence or otherwise of alternative suppliers of the relevant goods or services.

## **7. CONFLICT OF INTEREST**

Company Personnel must use all reasonable endeavours to avoid business dealings and personal relationships which cause or may cause conflicts of interest with their relationship to the Company or the Group. A conflict of interest arises when a person's position within (or relationship with) any member of the Group or their financial or other personal considerations or interests affect, have the potential to affect, or could have the appearance of affecting, their judgment, objectivity, and independence.

If you are involved directly or indirectly in any outside activities, financial interests or relationships that give rise to an actual conflict of interest or the appearance of one, you must promptly advise your manager and give them details of the conflict. Your manager will ensure the matter is properly reviewed before providing guidance on the appropriate steps to take in response to the conflict. Depending on the circumstances, it may be necessary to excuse yourself from any decision-making process where you have an interest that influences, or may be perceived as influencing, your ability to make an objective decision and to fulfil your responsibilities to the Company or the Group.

## **8. RECORD KEEPING**

The Company and Company Personnel must keep accurate and complete accounts, invoices, and other documents and records relating to dealings with any Business Partner and other third parties. Company Personnel must:

- (a) not make any false or misleading entries in the books and records of the Company or the Group;
- (b) ensure contracts, invoices and other documents relating to relationships with Business Partners or other third parties accurately describe the transactions to which they relate;
- (c) comply with all payment control procedures put in place by the Company from time to time; and
- (d) comply with all requirements to record and obtain approvals for payments and expenses in this Policy (including in relation to gifts, hospitality, entertainment, charitable donations and political donations).

## **9. YOUR RESPONSIBILITIES**

All Company Personnel must always comply with this Policy and take steps to prevent, detect and report behaviour which may breach this Policy. This includes looking out for signs or instances of improper conduct in connection with the Group's business and immediately reporting any actual or suspected improper conduct or other violation of this Policy to the relevant person identified in this Policy.

The Company strongly encourages Company Personnel to report any suspected or actual breach of this Policy. Company Personnel must not retaliate in any way or otherwise cause any detriment to any person who reports in good faith a breach or suspected breach of this Policy, and the Company is committed to ensuring that no person will suffer detriment in circumstances where they have reported a matter in good faith in accordance with the Company's Whistleblower Policy available at the Company's website.

## **10. BREACH OF THIS POLICY**

A breach of this Policy will be regarded by the Company as serious misconduct and will be investigated and addressed by the Company. Depending on the circumstances, consequences may include:

- (a) disciplinary action, including termination of employment;
- (b) cessation of the business relationship with the Company;
- (c) referral of the matter to regulatory and law enforcement authorities; and/or
- (d) criminal and civil penalties or fines, criminal convictions and imprisonment.

A breach of this Policy could also result in serious business consequences for the Company and the Group, such as loss of business and damage to relationships.

## **11. FURTHER INFORMATION AND SUPPORT**

The Company encourages open communication and dialogue regarding this Policy and any matters which may arise in connection with it.

If you have any questions regarding this Policy or would like further information regarding the processes outlined in this Policy, please contact your relevant manager or any one of the following:

Name: Don Hyma  
Position: Managing Director, Australian Rare Earths Limited  
Phone: 0411 644 447  
Email: don@ar3.com.au

Name: Damien Connor  
Position: Company Secretary, Australian Rare Earths Limited  
Phone: 0439 849 207  
Email: damien@ar3.com.au