

## Policy on Anti-corruption and Bribery

### Objectives

In accordance with the Company policy on Governance and Ethics, the Mongold and its subsidiaries (the “Company” or “Mongold”) undertakes to uphold all laws, including those relevant to countering bribery and corruption, in all of the jurisdictions in which it operates. Of specific relevance to the Company are the laws of the Mongolia and Singapore, including Law of Mongolia on Anti-corruption 2006 and Prevention of corruption act 1960 Singapore. These specific statutes directly govern our conduct both at home and abroad.

Aside from the statutory obligations, the reputation and integrity of Mongold is reliant on the conduct all business being managed in an honest and ethical manner. Bribery and corruption are not tolerated. It is good business practice for the Company to be committed to acting professionally, fairly and with integrity in all its business dealings and relationships and implementing and enforcing effective systems to counter bribery to the best of its endeavours.

The business benefits by rejecting bribery and corruption because:

- Mongold's reputation is preserved;
- Business partners can have confidence that Mongold does not become involved in corruption and by extension, our business partners are not associated with a corrupt company; and
- Mongold's end-customers can be confident that they are not associated with a corrupt supplier.

The purpose of this document is to:

- Set out Mongold's responsibilities, and of those working for the Company, in observing and upholding our position on bribery and corruption; and
- Provide information and guidance on how to best recognise and deal with bribery and corruption issues.

Bribery and corruption are criminally punishable for individuals including imprisonment. If the Company is found to have taken part in corruption it could face unlimited fines and damage to its reputation. The Company therefore takes its legal responsibilities very seriously and so must every employee and associate of the Company.

### Who Is Covered

The requirements of this document applies to all individuals working at all levels and grades, including senior managers, officers, directors, employees (whether permanent, fixed-term or temporary), consultants, contractors, trainees, seconded staff, homeworkers, casual workers and agency staff, volunteers, interns, agents, sponsors, or any other person associated with the Company, or any subsidiaries or their employees, wherever located (collectively referred to as “workers” in this policy).

A third party is any individual or organisation which comes into contact with the workers of the Company during the course of their work, and includes actual and potential clients, customers,

suppliers, distributors, business contacts, agents, advisers, and government and public bodies, including their advisors, representatives and officials, politicians and political parties.

### **What Constitutes a Bribe?**

In terms of the applicable legislation a bribe-related offence is an inducement or reward offered, promised, or provided in order to gain any improper commercial, contractual, regulatory or personal advantage. It is also an offence to fail to prevent a bribe from taking place.

There is no distinction between the bribery of a corporate official or public official.

### **Acceptable Gifts and Hospitality**

There is no blanket prohibition on the normal (custom and practice) and appropriate hospitality (given and received) to or from third parties.

If a gift is offered to a worker covered by this policy that could be construed by others as improper, the offer of the gift must be reported to that worker's Department Manager whose approval is required before such a gift can be accepted. An assessment will be made in regard to local customs and traditions.

A record of any gift, entertainment or other personal favour or assistance given or received which has a value in excess of US \$100 must be approved by the Department Manager and CEO on the Gifts/Hospitality Form (which can be provided by Administration). The form is then submitted to the Corporate Office Administrator who holds the Gift/Hospitality Register which is reviewed by the Board on a quarterly basis. Any concerns raised by the Board and consequent actions are relayed to the workers involved by the Chief Financial Officer ("CFO").

The giving or receipt of gifts is acceptable if the following requirements are met:

- It is not made with the intention of influencing a third party to obtain or retain business or a business advantage, or to reward the provision or retention of business or a business advantage, or in explicit or implicit exchange for improper favours or benefits;
- It complies with local law;
- It is given in the Company's name, not in the worker's name;
- It does not include cash or a cash equivalent (such as gift certificates or vouchers);
- It is appropriate in the circumstances taking into account local customs;
- Taking into account the reason for the gift, it is of an appropriate type and value and given at an appropriate time;
- It is given openly, not secretly; and
- Gifts offered to, or accepted from, government officials or representatives, or politicians or political parties, require the prior approval of the worker's manager.

Typical practices that may be considered gifts which would be acceptable and do not require disclosure are cups of coffee, paying taxi fares for shared rides or company promotional items of nominal value.

The custom and practice of giving business gifts varies between countries and regions and what may be normal and acceptable in one region may not be in another. The test to be applied is whether

in all the circumstances the gift or hospitality is reasonable and justifiable. The intention behind the gift must always be considered.

### **Unacceptable Gifts, Hospitality and Behaviour**

Workers must not seek, offer, or accept any payments, gifts, benefits, or entertainment beyond that which is considered as normal and legitimate business practice. It is not acceptable for a worker (or someone on the worker's behalf) to:

- Give, promise to give, or offer a payment, gift or hospitality with the expectation or hope that a business advantage will be received, or to reward an improper business advantage already given;
- Give, promise to give, or offer a payment, gift or hospitality to a government official, agent or representative to influence a decision to be made by them;
- Accept payment from a third party that you know or suspect is offered with the expectation that it will obtain a business advantage for them;
- Accept a gift or hospitality from a third party if you know or suspect that it is offered or provided with an expectation that a business advantage will be provided by us in return;
- Threaten or retaliate against another worker who has refused to commit a bribery offence or who has raised concerns under this policy; or
- Engage in any activity that might lead to a breach of this policy.

If there is any doubt on the acceptability of gifts/hospitality in accordance with this policy, the worker must discuss with their manager in the first instance, or if still in doubt with the CFO.

### **Facilitation Payments**

Facilitation payments are typically small, unofficial payments made to secure or expedite a routine government action by a government official. While they are not commonly paid in the UK/Australia/Canada, they are common in some other jurisdictions in which the Company operates.

Facilitation Payments are not acceptable to the Company, unless exigent circumstances exist - that is in circumstances where there is a threat of loss of life, limb, or liberty to the worker. Facilitation payments are bribes and under the UK Bribery Act are regarded as such irrespective of their size or frequency.

If a worker is asked to make a payment on the Company's behalf, the worker should always be mindful of what the payment is for and whether the amount requested is proportionate to the goods or services provided. A request for a receipt which details the reason for the payment should always be made. If there are any suspicions, concerns, or queries regarding a payment, these should be raised with the worker's manager.

### **Kickback Payments**

Kickbacks are typically payments made in return for a business favour or advantage. All workers must avoid any activity that might lead to, or suggest, that a facilitation payment or kickback will be made or accepted by the Company.

Suppliers who offer kickbacks will no longer be used for business.

## **Donations**

The Company may make contributions to political parties, but these are never made in an attempt to influence any decision or gain a business advantage and are always publicly disclosed. The Company recognises that charitable giving is part of being a good corporate citizen and is a good way to build goodwill in the communities in which it operates. The Company only makes charitable donations that are legal and ethical under local laws and practices and such charitable donations must be approved by the Board of the Company or the Donations Committee, dependent on the value. Approval of such charitable donations by the Board may take considerable time as the Company must first conduct extensive due diligence of the recipient to ensure that any donation made by the Company would be consistent with its legal obligations.

No donation of any kind may be offered or made by a worker without the prior approval of the CFO.

## **Your Responsibilities**

All workers must ensure that they read, understand, and comply with this document. Any clarification or issues on any of the points contained within this document must be raised with you manager or the CFO.

The prevention, detection and reporting of bribery and other forms of corruption are the responsibility of all those working for the Company and/or under the Company's control. All workers are required to avoid any activity that might lead to, or suggest, a breach of these requirements.

The worker must notify their manager as soon as possible on suspicion that a conflict with these requirements has occurred or may occur in the future. Failure to notify the Company of a breach of these requirements is, in itself, considered a breach of the requirements.

Any worker who breaches this policy will face disciplinary action that could result in termination of contract for gross misconduct.

Furthermore, any worker who breaches this policy and is found guilty by a court of competent jurisdiction may face significant fines and / or imprisonment. The UK Bribery Act 2010 provides for the possibility of an unlimited fine and / or imprisonment.

## **Record-Keeping**

The Company maintains financial records in accordance with statutory requirements which require appropriate internal controls which evidence each and every business transaction, including the date, value, and reason for the transaction. In the case of payments, the identification of the correspondent party is a requirement.

All expense claims relating to hospitality, gifts or expenses incurred to for / with / on behalf of third parties must be submitted in accordance with the Company Expenses/Travel procedures.

Where documentation is not to acceptable standards, workers involved in the transaction may be required to make a statutory declaration relating to the details of the transaction.

All accounts, invoices, memoranda and other documents and records relating to dealings with third parties, such as clients, suppliers, and business contacts, must be prepared and maintained with

strict accuracy and completeness. No accounts can be kept "off-book" to facilitate or conceal improper payments.

Acceptance of all hospitality or gifts over a value of US \$100 are required to be recorded on the Gift/Hospitality Form, signed by the Department Manager and CEO, and submitted to the Corporate Office Administrator. The register will be reviewed on a quarterly basis by the Board of Directors.

### **How to Raise a Concern**

All employees and third parties are encouraged to raise concerns about any issue or suspicion of malpractice at the earliest possible stage. Where it is unclear whether a particular act constitutes bribery or corruption, or any other related queries, should be raised with the Department Manager or CFO.

An employee must advise their manager as soon as possible if they are directly offered a bribe by a third party, are asked to make one, suspect that this may happen in the future, or believe that they are a victim of another form of unlawful activity. If the employee is not comfortable raising the issue with their manager, they may report the matter directly to the CFO or any other Director of the Company.

### **Protection**

Workers who refuse to accept or offer a bribe, or those who raise concerns or report another's wrongdoing, may sometimes be concerned about possible repercussions. The Company encourages openness and will support anyone who raises genuine concerns in good faith, even if they turn out to be mistaken.

The Company is committed to ensuring no one suffers any detrimental treatment as a result of refusing to take part in bribery or corruption, or because of reporting in good faith their suspicion that an actual or potential bribery or other corruption offence has taken place or may take place in the future. For this policy, detrimental treatment includes dismissal, disciplinary action, threats, or other unfavourable treatment connected with raising a concern. Where there is belief of suffering from any such treatment, the worker may raise the issue formally using the Grievance section of the Company's Human Resources Procedure.

### **Communication**

The Communication of this policy forms part of the induction process for all new workers and will be re-iterated at least annually as part of the Company's ongoing programme of communications on ethical behaviour.

The Company's approach to bribery and corruption is also communicated to all suppliers, contractors, and business partners at the outset of business relationships and as appropriate thereafter.

### **Risk Scenarios / "Red Flags"**

The following is a list of possible red flags that may arise during the course of working for Mongold and which may raise concerns under various anti-bribery and anti-corruption laws. The list is not intended to be exhaustive, does not necessarily mean an illegal activity has taken place and is a guide only.

If any of these red flags are encountered the employee must report them promptly to their Department Manager or the CFO:

- The employee becomes aware that a third party engages in, or has been accused of engaging in, improper business practices;
- The employee learns that a third party has a reputation for paying bribes, or requiring that bribes are paid to them, or has a reputation for having a "special relationship" with foreign government officials;
- A third party insists on receiving a commission or fee payment before committing to sign up to a contract with us, or carrying out a government function or process for us;
- A third party requests payment in cash and/or refuses to sign a formal commission or fee agreement, or to provide an invoice or receipt for a payment made;
- A third party requests that payment is made to a country or geographic location different from where the third party resides or conducts business;
- A third party requests an unexpected additional fee or commission to "facilitate" a service;
- A third party demands lavish entertainment or gifts before commencing or continuing contractual negotiations or provision of services;
- A third party requests that a payment is made to "overlook" potential legal violations;
- A third party requests that employment or some other advantage is provided to a friend or relative;
- Receipt of an invoice from a third party that appears to be non-standard or customised;
- A third party insists on the use of side letters or refuses to put terms agreed in writing;
- Receipt of invoices for a commission or fee payment that appears large given the service stated to have been provided;
- A third party requests or requires the use of an agent, intermediary, consultant, distributor or supplier that is not typically used by or known to us;
- An offer of an unusually generous gift or lavish hospitality by a third party;
- Government officials insist on supplies of materials for them to carry out their duties;
- Government officials insist on payments in cash rather than through cheque or Electronic Transfer; or
- Rates charged by Government officials exceed the statutory charges.

