



ACN 149 349 646

## ANTI-BRIBERY AND CORRUPTION POLICY

Galan Lithium Limited and its subsidiaries (together **Galan** or the **Galan Group**) take a zero-tolerance approach to bribery and corruption and is committed to conducting all its business activities in compliance with the laws and with honesty, fairness and integrity at all times.

The Galan Group is subject to the laws and regulations of the countries in which it operates and is dedicated to upholding the laws and regulations, including those that relate to bribery and corruption.

Galan is vested in being a sound corporate citizen.

### Who is Covered by this Policy?

Galan's Board, executive, employees, contractors, consultants and associates (**Personnel**) must understand and adhere to this policy at all times and:

- conduct all business activities in an honest and ethical manner;
- be committed to acting professionally, fairly and with integrity in all business dealings and relationships;
- not permit the making of any inappropriate promises or rewards (whether financial or in kind) to foreign public officials in order to achieve unfair advantage or benefit; and
- resist any efforts made by others (including existing or potential suppliers, customers, contractors, consultants etc) to unfairly affect any official decision-making process in order to achieve unfair advantage or benefit.

### Application of Australian Law

Bribery and corruption are serious risks for Australians doing business offshore. Bribery of a foreign official is a serious crime under Australian law (see below), punishable by fines and imprisonment. In addition, most, if not all, countries have laws that prohibit offering or giving a benefit to government officials to improperly influence their actions. Australians and Australian companies may be subject to prosecution under multiple foreign and domestic laws in multiple jurisdictions.

Bribery, like all forms of corruption, is highly corrosive. It has significant detrimental effects on international trade, damages investor confidence and unnecessarily adds to the cost of goods and services to the consumer. When this involves a foreign official, who carries responsibility on behalf of many, the detrimental effect is compounded. It should not be treated as a normal or inevitable part of doing local business in any country.

Bribery of a foreign official is illegal under Australian law. The offence is set out in section 70.2(1) of the *Criminal Code Act 1995* (Commonwealth). A person is guilty of this offence if:

- the person provides a benefit to another person; and
- the benefit is not legitimately due to the other person; and
- the first person does so with the intention of influencing a Foreign Public Official (who may be the other person) in the exercise of the official's duties as a Foreign Public Official in order to:
  - obtain or retain business; or
  - obtain or retain a business advantage.

The maximum penalties are severe for an individual (up to 10 years imprisonment and/or a fine of up to 10,000 penalty units (currently \$1.8 million) and for companies (the greater amount of 100,000 penalty units or a proportional penalty, which is calculated with regard to the value of benefits obtained from Bribery or with regard to the annual turnover of the company).

Foreign Public Official includes:

- employees, contractors or officials of a foreign government department, agency, state owned or
- controlled entity;
- employees, contractors or officials of a public international organisation;
- members of a foreign military or police; and
- members of the executive military or court system of a foreign country.

### **Bribery and Corruption Definitions**

Personnel must never give, offer, promise, accept, request or authorise a bribe, 'kick-back', facilitation payment, secret commission, corrupt or other irregular payment, whether directly or indirectly.

Bribery is the giving, offering, promising, accepting, requesting or authorising of a benefit as an inducement for an action which is illegal, unethical, improper or a breach of trust, in the course of business.

Corruption refers to any dishonest activity in which Galan Personnel acts contrary to Galan's interests and abuses their position of trust in order to achieve some personal gain or advantage for their self or for another person or entity. It includes offering or receiving bribes or kickbacks.

Bribery is unlawful in all countries in which the Galan Group operates and may expose Galan and its Personnel to criminal prosecution and serious penalties in multiple countries.

A bribe may take many forms, including monetary and non-monetary, for example:

- Cash or cash equivalents eg. gift cards, cheques, shares
- Gifts, extravagant, inappropriate or unusual entertainment or hospitality
- Travel and accommodation
- Personal favours, including e.g. offers of employment, loans
- Facilitation payments (see below)
- Political contributions (see below)
- Donations and sponsorships (see below)

Personnel must never give, offer, promise, accept, request or authorise a bribe or corrupt payment in any form to win business or influence a business decision in Galan's favour, secure any improper advantage, or which has the intention that a function should be performed improperly.

Galan's prohibition against bribery and corruption applies equally to persons in the public and private sectors. It also extends to indirect forms of such payments (such as the use of a business partner to offer the benefit, or the giving of a benefit to an associate or relative of the person who is sought to be influenced), and to facilitation payments.

Facilitation Payments (or back handers or grease payments) are generally accepted to be small payment or payment in kind generally made to a low level public official to expedite actions which that official would ordinarily perform as part of their job. Such payments are generally of a minor nature for the sole or dominant purpose of securing or expediting the performance of a routine government action. They often occur in dealings with government, customs, immigration or tax officials, when obtaining permits, licenses or other government papers and in other circumstances.

Galan prohibits Facilitation Payments, secret commissions and money laundering. Money laundering is the process by which a person or entity conceals the existence of an illegal source of income and then disguises that income to make it appear legitimate.

However, Galan recognises that there may be exceptional emergencies where Personnel are under threat of violence or personal harm should a Facilitation Payment not be made. Such exceptional emergencies may arise if a payment is required to protect against loss of life, limb or liberty. If Personnel have to make such a payment in such an exceptional emergency, they should report this as soon as reasonably practicable to the Managing Director and Company Secretary.

Political Contributions to political parties, state-owned or controlled entities or Government Officials, or at their request, require prior approval from Galan's Board, which must be sought through the Chairman.

Contributions of this nature must always be made in accordance with applicable laws and regulations, accurately recorded in Galan's books and records and comply with all relevant Galan policies.

Payments or donations for the purpose of improperly influencing a political party, state-owned or controlled entity or Government Official are never permissible.

Donations and sponsorships may be made in the form of voluntary, financial or in-kind contributions to legitimate charities, sporting clubs, cultural clubs or their associated events. Donations and sponsorships must always be made in accordance with applicable laws and regulations, accurately recorded in Galan's books and comply with all relevant Galan policies.

Any donation or sponsorship must be legal and ethical under local laws and practices and the relevant charity, sporting or cultural group must not be politically or ethically controversial.

When making a donation a sponsorship, care must be taken to ensure that the charity, sporting or cultural group are legitimate, reputable and financially solvent, and are not used as a scheme to conceal bribery or a conduit to divert funds to unintended beneficiaries.

The offering and acceptance of moderately valued gifts, entertainment or hospitality is in some cultures customary and in accordance with local business etiquette.

The offering or receipt of gifts, entertainment or hospitality should always be guided by the business purpose, value (token or modest), good faith intentions, reasonableness, appropriateness and consistency with local business practice and laws.

Personnel should be guided by the following:

- Gifts, entertainment or hospitality should not be offered or accepted during any commercial negotiations or tender process.
- Unduly lavish or extravagant gifts, entertainment or hospitality should never be accepted.
- Gifts, entertainment or hospitality should not be offered or accepted, to or from, governmental officials or representatives, politicians or political parties.
- Gifts, entertainment or hospitality should not be offered or accepted if there is any form of suggestion that a return favour will be expected or implied.
- Gifts, entertainment or hospitality should not be offered or accepted in cash or cash equivalent vouchers.

### **Dealings with a Third Party**

Third Party means any individual or entity with whom Galan Personnel come into contact during the course of their engagement with Galan and includes existing and potential suppliers, customers, contractors, consultants, joint venture partners, business contacts, finders, advisors and government and public bodies.

Personnel must exercise due care and diligence when retaining any Third Party to act on Galan's behalf and when monitoring their performance. Policy expectations should be clearly communicated to and accepted in writing by those persons.

Before entering into or renewing any transactional arrangement with a Third Party, particularly where 'red flags' are present or a transaction is otherwise considered high risk, risk-based due diligence should be conducted. The degree of due diligence will depend on the risk profile of the Third Party, though the following steps should be taken:

- Evaluation of the background, experience, qualifications, associations and reputation of the agent or business partner to identify any potential 'red flags';
- Assessment and documentation of the business rationale for engaging the agent or business partner (and documentation of the specific services to be provided in the contractual terms);
- Communication of Galan's expectations for ethical behaviour to prospective agents or business partners, and negotiation of contractual assurances that the parties will comply with those expectations;
- Confirmation and documentation that the agent or business partner is performing the work for which it is being paid and that the payment is commensurate with the service or work;
- Monitoring and review of the activities of the agent or business partner at regular intervals. This may be done through exercising audit and inspection rights in the agreement with the party.

Examples of 'red flags' which may indicate a high-risk transaction or relationship include:

- Third Parties that may have a reputation for paying bribes, having special relationships with foreign government officials and/or have been accused of improper business practices.
- Third Parties that request the provision of employment or some other advantage to one of their relatives, friends or associates.

- Travel requests to sponsor or support a trip for a government official.
- Receipt of a Third Party invoice that appears to be non-standard or customised.
- Third Parties that offer Galan and/or its Personnel lavish promises or rewards.
- Excessive commissions to agents or other third parties, particularly those acting on Galan's behalf in interactions with government officials or entities.
- Unreasonably large discounts to third party distributors.
- 'Consulting agreements' that include only vaguely-described services.
- Third Parties that are shell companies incorporated in an offshore jurisdiction and/or requests for payments to be made to offshore bank accounts.
- Bank account payment requests that are not in the Third Parties name.
- Close associations between a Third Party and a relevant Government Official, or involvement of a Third Party at the express request of a relevant Government Official.

### **Accounting Records**

Galan is committed to accurately and transparently documenting all transactions in its accounting books and records.

All transactional documentation relating to dealings with any Third Party must be prepared and maintained with strict accuracy and completeness. No transactions may be kept 'off-record' to facilitate or hide improper dealings.

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

All Personnel are encouraged to raise concerns about any issue or suspicion of malpractice at the earliest possible stage. If Personnel are unsure whether a particular act constitutes bribery or corruption, these should be raised with the Company Secretary.

Suspected breaches of this Policy must be reported to the Chairman, the Managing Director and the Company Secretary.

Concerns may also be raised in accordance with Galan's Whistleblower Policy.

### **Protection**

Galan encourages transparency across the Galan Group and will fully support any Personnel who raises genuine concerns in good faith under this policy, even if they turn out to be mistaken.

Galan 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. Detrimental treatment includes dismissal, disciplinary action, threats or other unfavourable treatment connected with raising a concern.

### **Consequences of Breach**

Any breach of this Policy may expose Galan, the Galan Group and Personnel to serious criminal and civil liability, including imprisonment and significant financial penalties.

Personnel who breach this Policy will face serious disciplinary action, which could result in:

- dismissal for misconduct or serious misconduct;
- black-listing and termination of any relationship with a Third Party; or
- referral to law enforcement agencies.

### **Training and Communication**

Initial training forms part of the Galan induction process for all Personnel who are engaged by the Galan Group and regular training and communication will be provided as necessary.

Galan has a zero tolerance to bribery and corruption which must be communicated to all existing and potential Third Parties at the outset of any engagement and re-iterated with any further engagement of an existing Third Party.

### **Policy Responsibility and Review**

The Galan Board has overall responsibility for this Policy and will be reviewed by the Board on an annual basis.

All Personnel must understand and comply with this Policy.

### **For and on behalf of the Board**

**Galan Lithium Limited**  
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