



**LEO LITHIUM LIMITED**  
**ACN 638 065 068**

**ANTI-BRIBERY AND CORRUPTION POLICY**

<b>DATE</b>	<b>ACTION</b>	<b>CHANGE</b>	<b>REVISION</b>
28.04.2022	Adoption of Policy	N/A	-

## **1 INTRODUCTION**

The Board of Directors of Leo Lithium (**Leo Lithium**) is committed to conducting its business activities in an ethical, lawful and socially responsible manner, and in accordance with the laws and regulations applicable to its operations.

It is also a business and legal imperative. The reputation of Leo Lithium as an ethical business organisation is important to its ongoing success. Engaging in bribery and corrupt conduct constitutes a serious offence with criminal and civil penalties and exposes Leo Lithium to significant reputational damage.

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## **2 POLICY APPLICATION**

This Anti-Bribery and Corruption Policy (**ABC Policy**) applies to all of Leo Lithium's officers and employees and we require that all consultants, secondees, contractors, agents and intermediaries representing Leo Lithium also comply with it (all the foregoing collectively, the **Leo Lithium Employees**).

Leo Lithium Employees must:

- (a) not engage in bribery or corrupt conduct of any kind nor conceal such conduct;
- (b) comply with all laws and regulations prohibiting bribery and corrupt conduct applicable to Leo Lithium and its operations;
- (c) comply with this ABC Policy and all the procedures Leo Lithium adopts to prevent bribery or corrupt conduct; and
- (d) report any concern or suspected or potential breach of this ABC Policy immediately.

This ABC Policy is available in the Corporate Governance section of Leo Lithium's website ([www.leolithium.com](http://www.leolithium.com)).

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## **3 WHAT IS BRIBERY AND CORRUPTION**

Bribery and corruption involve offering, promising or giving a benefit, a favour, a gift or anything of value with the intention of unduly influencing the behaviour of a person or a public official in the performance of their duty, in order to obtain or retain business or some other improper advantage. It is important to note that merely offering a bribe is generally enough to constitute the offence (regardless of whether the bribe is accepted or the improper advantage is in fact obtained) and that relevant laws apply to bribery of public officials but also bribery in a commercial context. Schedule 1 contains examples of "red flags" indicating that further inquiry is appropriate to verify that there are no potential bribery or corruption issues.

The following are prohibited behaviours under the ABC Policy.

### 2.1 Offering, paying or receiving bribes to or from public officials.

Offering, making or receiving a bribe to or from a public official is strictly prohibited.

Australia is a signatory to the OECD Convention on Combating Bribery of Foreign Public Officials in International Business Transactions and has enacted legislation prohibiting the offering, paying, causing or promising of anything of value to both foreign and domestic public

officials. The legislation enables Australian regulators to prosecute its citizens and corporations for the bribery of public officials in Australia and other countries.

Contravention of public sector anti-bribery and corruption laws of Australia and of other countries has serious criminal and civil consequences, such as imprisonment or fines.

#### 2.2 Offering, paying or receiving kick-backs or secret commissions and money laundering.

Offering, making or receiving a 'kick-back' or a secret commission as an inducement or reward for doing or not doing something, or showing or not showing favour or disfavour to any person in relation to business matters, is also prohibited. Secret commissions typically arise where a person or entity offers or gives a commission to an agent or representative of another person which is not disclosed by that agent or representative to their principal. (Such a payment is generally made as an inducement to influence the conduct of the principal's business.)

Money laundering is also prohibited. 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.

#### 2.3 Private sector bribery or corruption.

Contravention of Australian state and territory anti-bribery and corruption laws, and of laws of other countries dealing with private sector bribery or corruption, also has serious criminal and civil consequences, such as imprisonment or fines, and is strictly prohibited.

#### 2.4 Offering or accepting gifts and hospitality beyond acceptable business courtesies.

The practice of accepting or offering gifts, entertainment or hospitality varies between countries, regions and industries. What may be normal and acceptable in one may not be in another. It is a matter to be approached conservatively and with care by Leo Lithium Employees and Leo Lithium.

Offering, making or receiving a gift, business courtesy or hospitality can create an obligation or be construed or used by others to allege favouritism, discrimination, collusion or similarly unacceptable practices. Leo Lithium Employees must not give, seek or accept in connection with Leo Lithium's business any gifts, meals, refreshments and entertainment which go beyond common courtesies associated with the ordinary and proper course of business. Leo Lithium Employees must avoid everything that could reasonably be construed as a bribe or an improper inducement.

Any gift, entertainment or other personal favour or assistance given or received which has a value in excess of the amount determined from time to time for each jurisdiction in which Leo Lithium operates and available from the Anti-Bribery Officer must be approved in advance by the Anti-Bribery Officer and entered into the gifts and entertainment register maintained by the Anti-Bribery Officer (Gifts and Entertainment Register).

#### 2.5 Assisting public officials with travel, conference or accommodation expenses other than in specified circumstances.

Sometimes, particularly in developing countries, Ministers or departmental or other public officials will seek to attend conferences at which Leo Lithium is speaking or otherwise has a presence or will suggest visiting Leo Lithium's operations in Australia, and will request assistance with associated travel, registration fees or accommodation.

Generally, the purpose of doing so will be legitimate - for instance a Minister may wish to understand how Leo Lithium operates its existing exploration or mines in Australia in order to

gain insight into how Leo Lithium may go about developing and operating a mine in the Minister's own country. Often, absent support from Leo Lithium, there will be no budget available for the relevant activity.

These factors notwithstanding, any request for financial assistance in these circumstances must be approached with care. No assistance must be provided without the prior authorisation of the Anti-Bribery Officer and if the assistance sought is significant it must not be given without the prior approval of the Board (for instance it would not be appropriate to pay the travel and accommodation expenses of a foreign Minister for the purposes of visiting Leo Lithium's operations in Australia without the prior approval of the Board).

#### 2.6 Making donations other than in accordance with the following.

(i) *Political donations*

All dealings with politicians and government officers which relate to Leo Lithium and its business activities must be conducted at arm's length and with the utmost professionalism to avoid any perception of attempting to gain an advantage.

Any political donations must be authorised in advance by the Board and comply with the local law and government policies of the jurisdiction where the donation is made. They must also be recorded accurately in Leo Lithium's accounts.

Attendance at political gatherings, meetings and functions in a professional capacity is permitted where there is a legitimate business purpose. Records of attendance (and the cost of attendance) must be declared in the Gifts and Entertainment Register.

(ii) *Charitable donations*

Leo Lithium may make charitable donations that are legal and ethical under local laws and practices. In some countries, charities can be used as a screen for illegal bribes. Accordingly, care must be taken to ensure that the charity or cause is legitimate.

A charitable donation may only be offered or made in accordance with any relevant corporate policy on charitable donations, and with the prior approval of the Anti-Bribery Officer. The Anti-Bribery Officer may put in place standing authorities for managers to make donations to specified levels provided that these are consistent with delegated authorities, are reviewed annually, and are made available to Leo Lithium's auditors.

Charitable donations to any organisation in aggregate in excess of the amount determined from time to time for each jurisdiction in which Leo Lithium operates and available from the Anti-Bribery Officer require the prior approval of the Board.

#### 2.6 Improper dealing in relation to accounting records

Intentionally or recklessly making, altering, destroying, concealing or doing something with an accounting document with the intention of concealing or disguising the receiving or giving of a bribe or any corrupt activity is strictly prohibited and is a criminal offence under Australian law.

## **4 LEO LITHIUM'S PROCEDURES IN IMPLEMENTING AND MONITORING COMPLIANCE**

### 3.1 Education and training

Leo Lithium will provide annual education and training to officers and relevant Leo Lithium Employees in relation to the issue of bribery and corruption and this ABC Policy. The purpose of the education and training will be to assist officers and those Leo Lithium Employees in their understanding of what conduct is prohibited and unlawful and how to recognise and manage instances of bribery or corruption.

### 3.2 Dealing with third parties

It is important that where Leo Lithium proposes to engage a third party, it implements appropriate controls to ensure that the actions of the third party will not involve any bribery or corrupt conduct. For these purposes, a "third party" may include actual or potential agents, consultants, advisers, distributors, suppliers, purchasers or contractors.

Third parties that pose particular risk to Leo Lithium of breaching anti-bribery laws include those that operate in developing or emerging economies (which includes many Asian or African countries) and are involved in negotiating any business arrangements or transactions with the public or private sector on behalf of Leo Lithium (including seeking grant, retention or extension of mining tenure or ancillary rights, bidding for tenders, negotiating supply contracts, arranging leases or licences or providing transportation or customs clearance services).

The Anti-Bribery Officer is responsible for determining which third parties require specific anti-bribery controls, and where they do the nature of those controls. The Anti-Bribery Officer will make that determination having regard to this policy, the nature and location of the work being undertaken by those third parties, and any guidelines issued by Leo Lithium from time to time. Additionally, if any "red flags" exist in relation to a third party then the proposed dealing must be referred to the Anti-Bribery Officer to determine relevant anti-bribery controls even where that third party would not otherwise fall into a category in respect of which controls are normally required.

Any required scrutiny will be to a level necessary for Leo Lithium to reach a reasonable level of confidence that it is engaged in a normal, legitimate business transaction. That varies with the corruption risk. Ultimately, Leo Lithium needs to be sure that, if it is required to defend its actions before a judge or prosecutor, it is confident that it will be able to defend its dealings as being with a bona fide third party. Consequently, the nature of the controls the Anti-Bribery Officer may prescribe will vary, and could include any one or more of the following:

- (a) initial screening of third parties to determine whether the level of risk in relation to them puts them "in scope" for additional inquiry. That assessment may involve third parties being assessed against specified risk factors such as geographic location, industry, background and identity, connection with government officials or entities, their compensation structure and how their selection came about;
- (a) mandating specified due diligence inquiries, including where necessary administering questionnaires, and including satisfactory resolution of all "red flags";
- (b) obtaining external due diligence reports from reputable providers;
- (c) obtaining internal and external legal advice on the proposed dealing; and
- (d) requiring approval processes and appropriate pre and post approval risk mitigation and monitoring including:
  - (i) verification of the provenance of money coming in;

- (ii) controls to ensure proper application of money going out;
- (iii) where there is payment to a government or government entity, controls to ensure and verify that the payment is being made into the State treasury and is subject to appropriate transparency, audit and where appropriate parliamentary oversight;
- (iv) appropriate transparency by Leo Lithium regarding the dealing;
- (v) in appropriate cases and at appropriate junctures audit of compliance with this ABC Policy, additional or verifying due diligence and periodic compliance certifications; and
- (vi) confirmation that all payments will be made in accordance with approved processes, will be subject to usual audit processes and, where appropriate, will be reflected in Leo Lithium's accounts in the usual way.

### 3.3 Acquisitions and joint ventures

#### (a) *Acquisitions*

Unless the Anti-Bribery Officer determines otherwise (which he or she may do for instance in the case of an acquisition in Australia of an interest in a mining venture from a major reputable mining company), prior to any acquisition of a new company or business (including of an interest in a joint venture), anti-bribery due diligence must be undertaken, and a due diligence report completed to a level of detail and of a standard required by the Anti-Bribery Officer. Detailed written records of those investigations must be retained.

Any "red flags" identified during the due diligence process must be raised with the Anti-Bribery Officer and resolved to the Anti-Bribery Officer's satisfaction. Acquisition and joint venture arrangements must not be entered into until the issues identified during due diligence have been satisfactorily resolved.

All acquisition agreements to which Leo Lithium is a party must include all Leo Lithium's standard anti-bribery and corruption and other provisions addressing the subject matter of this ABC Policy (as approved by the Anti-Bribery Officer).

#### (b) *Joint ventures*

Where Leo Lithium effectively controls a joint venture, the joint venture must comply with this policy.

Where Leo Lithium is party to a joint venture, but does not have effective control of the joint venture, Leo Lithium must exercise its influence to assist the joint venture to avoid improper conduct.

### 3.4 Certain Transactions always require prior Board approval

Certain transactions are by their nature inherently risky and must always be elevated to the Board for prior approval before being entered into.

The following transactions fall into that category (and are additional to transactions identified elsewhere in this ABC policy as requiring prior Board approval):

- (a) any consultancy role where the consultant is unusually close to a Government or any Government Minister or official (notwithstanding that there may be no official or commercial ties between those parties);

- (b) engagement of a party to help with commercial negotiation of a contract with a Government or government entity outside Australia (other than in a purely professional capacity such as in the capacity of a tax or legal adviser);
- (c) where a counterparty has a current or historical political connection (whether through family, business relationships, current or past government roles or appointments, current or historical holding of an elected position or otherwise); and
- (d) any transaction where elements of the transaction have no apparent justifying commercial rationale (for instance where a shell company or party that apparently brings nothing of evident value to the transaction is nonetheless the recipient of a significant payment, or where money or money's worth is passing to a party as an apparent windfall or in payment for an asset the recipient apparently received for free).

### 3.5 Facilitation payments

A facilitation payment (or grease payment) is 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 customs, immigration or tax officials, when obtaining permits, licenses or other government papers and in other circumstances.

Leo Lithium prohibits facilitation payments.

However, Leo Lithium recognises that there may be exceptional emergencies where a Leo Lithium Employee is 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 a Leo Lithium Employee makes a payment in such an exceptional emergency, he or she should report this as soon as reasonably practicable to the in-country Accountant/Financial Controller who must notify the CFO.

### 3.6 Investigations and audits

Any potential breaches of this ABC Policy will be properly recorded, investigated and dealt with. This ABC policy and related procedures will additionally be subject to periodic audit and review. Periodic risk assessments will also be undertaken to identify bribery and corruption risk. The objective of any such audit or assessment is to determine whether breaches of the policy were properly recorded, investigated and dealt with and the policy or any of the procedures contained within it need to be updated as a result of any breaches.

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## **5 YOUR RESPONSIBILITIES**

Leo Lithium Employees are expected to ensure that they understand the ABC Policy and the impact this has on their areas of responsibility. In particular, Leo Lithium Employees must:

- (a) endeavour to comply with the terms of the ABC Policy;
- (b) undertake all requisite training provided in relation to the laws and regulations relating to bribery and corruption and the ABC Policy; and
- (c) immediately report any concern, suspected or potential breaches of the ABC Policy to either:
  - (i) an executive director of Leo Lithium;
  - (ii) the Anti-Bribery Officer; or a Whistleblower Protection Officer in accordance with Leo Lithium's Whistleblower Protection Policy, which is available in the Corporate Governance section of Leo Lithium's website.

All material breaches of the ABC Policy must, where appropriate, be reported immediately to the Board.

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**6 CONSEQUENCES FOR BREACHING THE ABC POLICY**

Any suspected breaches of the ABC Policy will be thoroughly investigated. Any material breaches of the ABC Policy will also be reported to the Board.

In circumstances where a breach of the ABC Policy is established, appropriate disciplinary and remedial actions will be taken.

Leo Lithium reserves the right to inform the appropriate authorities where it is considered that there has been criminal activity or an apparent breach of any law.

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**7 REVIEW**

The Board, in conjunction with the Audit and Risk Management Committee, will review the ABC Policy periodically to ensure that it is operating effectively and whether any changes are required.

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**8 CONTACT DETAILS**

If you are in any doubt regarding this policy, you should contact the Company Secretary at:

Leo Lithium Limited,  
Level 3, 31 Ventnor Avenue  
West Perth, WA 6005

Phone: +61 8 6149 6100  
Email: cosec@leolithium.com

**SCHEDULE 1**

**POTENTIAL RISK SCENARIOS: "RED FLAGS"**

The following is a list of bribery and corruption "red flags" that may arise during the course of working for or providing services to Leo Lithium. The list is for illustration purposes only and is not intended to be exhaustive.

If you encounter any of the following, you must report them promptly in accordance with section 4 of the ABC Policy.

- (a) The jurisdiction involved (other than Mali) has a high level of perceived corruption risk (using the Transparency International Corruption Perceptions Index as a guide).
- (b) The transaction involves an industry with a high level of historical anti-bribery violations.
- (c) You learn that a third party engages in, or has been accused of engaging in, improper business practices, or has a reputation for colourable dealings.
- (d) You learn that a third party has a reputation for paying bribes or requiring that bribes are paid to it.
- (e) The third party is or has been unusually close to a Government or any Government Minister or official or has suspicious current or past political connections (whether through family, business relationships, current or past government roles or appointments, current or historical holding of an elected position or otherwise).
- (f) How a third party is "able to get things done" is puzzling having regard to the apparent lack of qualifications, resources or expertise of that third party.
- (g) A third party appears to lack the requisite capability, staff qualifications or expertise to provide the services or goods for which it is being engaged.
- (h) Leo Lithium is being pressed by another party to engage the third party.
- (i) References from others call into question whether a third party is ethical.
- (j) A third party such as a lawyer, accountant or intermediary is undertaking work outside that party's area of expertise and would not normally be directly involved in the type of project or business activity for which it is being retained.
- (k) A third party suggests in the context of a transaction that a donation be made to a political party or particular charity.
- (l) Aspects of a transaction with a third party lack commercial rationale or any transaction payments appear not to be arm's length.
- (m) A third party demands payment that is excessive or not commercially explicable.
- (n) A third party insists on receiving a commission or fee payment before committing to sign up to a contract with Leo Lithium, or carrying out a government function or process for Leo Lithium.
- (o) 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 or otherwise seems to wish to avoid a "paper trail".
- (p) A third party requests that payment is made to a country or geographic location different from where the third party resides or conducts business.
- (q) Payment is requested to anonymous bank accounts or to an entity or person not party to the transaction or to an opaque jurisdiction or a shell company.

- (r) A third party requests an unexpected additional fee or commission to “facilitate” a service.
- (s) A third party demands lavish entertainment or gifts before commencing or continuing contractual negotiations or provision of services.
- (t) You learn that a colleague has been taking out a particular supplier for very expensive and frequent meals.
- (u) A third party requests that a payment is made to “overlook” potential legal violations.
- (v) A third party requests that Leo Lithium provide employment, assistance with international education, or some other advantage to a friend or relative.
- (w) You receive an invoice from a third party that appears to be non-standard or customised.
- (x) A third party insists on the use of side letters or refuses to put terms agreed in writing or to enter into a usual contract.
- (y) A third party is reluctant to accept Leo Lithium’s standard anti-bribery and corruption contractual provisions or is reluctant to provide an anti-bribery and corruption certification.
- (z) You notice that Leo Lithium has been invoiced for a commission or fee payment that appears large given the service stated to have been provided.
- (aa) 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 Leo Lithium.
- (bb) You are offered an unusually generous gift or offered lavish hospitality by a third party.