

Document Details

Anti-Bribery and Corruption Compliance Procedure

Document Number – ELSA-COR-PRO-006

Document Type – Procedure

Circulation Restriction –Internal Use

Security Classification – Official

Summary

This Procedure outlines ELSA’s zero-tolerance attitude towards bribery and corruption and sets out the preventative measures taken by ELSA in that regard.

Revision History

This document will be re-issued in full for each release (i.e. change pages will not be issued). Document update approval will be in accordance with ELSA-QUA-PRO-004.

Rev	Rev Date	Description	Developed by	Approved by
A	4 Sep 2019	Initial Release	Neil Killick	Shirley Yonatan
B	19 January 2021	Minor Updates	Neil Killick	Shirley Yonatan
C	19 May 2022	Minor Updates	Neil Killick	Shirley Yonatan

To ELSA Staff and Contractors

Elbit Systems of Australia Pty Ltd (“**ELSA**” or the “**Company**”) strives to maintain our reputation for conducting business with integrity, high ethical principles and compliance with the laws and regulations governing our activities. As demonstrated by the Company’s Code of Business Conduct and Ethics (the “**Ethics Code**”), all employees, officers and directors must abide by these principles. Compliance with anti-bribery and corruption standards is an integral part of our business practices, and we have **zero tolerance for bribery and corruption**. Accordingly, the Company will not participate in corrupt practices and will take steps to prevent our employees and business partners from taking part in any such practices.

To help us achieve the above, we have adopted this Anti-Bribery and Corruption Compliance Procedure (“**Procedure**”). This Procedure outlines the principles, policies, actions, tasks and responsibilities of the Company to achieve full compliance with applicable anti-bribery and anti-corruption requirements, including those set out in the Ethics Code and all applicable laws and regulations of every jurisdiction in which we do business.

The principles of this Procedure apply throughout the Company. Our employees, contract personnel, officers and directors, wherever their location, must abide by them.

This Procedure is made available to our employees, including temporary and contract personnel, officers and directors. In addition, this Procedure is available on our website at www.elbitsystems.com.au.

Should any employee have questions about the content of this Procedure, or what course of conduct should be taken in any given situation, he or she should always seek guidance from the Company’s General Counsel or me.



Paul McLachlan AO, CSC
Managing Director
Elbit Systems of Australia Pty Ltd
25 January 2021

TABLE OF CONTENTS

1	Purpose	4
2	Reference Documents	4
3	Acronyms, Abbreviations and Definitions	5
	3.1 Definitions	5
4	Commitment to Best Practices	7
5	Zero Tolerance	7
6	Public and Private Sectors	7
7	Numerous Jurisdictions	7
8	Consult Local Law	8
9	Applicability	8
10	Our Guiding Principles	8
	10.1 Overview	8
	10.2 We Commit to the Following	8
	10.3 Payments Made Under Threat of Physical Harm	9
11	Awareness and Training	10
	11.1 Obtaining Guidance	10
	11.2 Training	10
12	Gifts, Business Hospitality and Entertainment	10
	12.1 Policy	10
	12.2 Local Regulations	10
13	Donations	10
	13.1 Political Donations	10
	13.2 Charitable Donations	11
14	Due Diligence	11
15	Reporting Suspected Breaches and Commitment to Investigate	11
	15.1 Reporting Illegal or Unethical Behaviour	11
	15.2 Investigations	11
16	Commitment to Non-Retaliation	11
17	Red Flags	12
	17.1 Overview	12
	17.2 Reporting Red Flags	13
18	Responsibilities	13
19	Failure to Comply	14
20	Periodic Review of Procedure	14

LIST OF TABLES

Table 2-1	Referenced Documents	4
Table 3-1	Definitions	5

1 PURPOSE

1.1 The purpose of this Procedure is to assist our employees, officers and directors, and all of our business partners, in identifying anti-bribery and corruption related issues and in understanding and complying with best practice anti-bribery and anti-corruption standards. This Procedure is to be read in conjunction with the entirety of our anti-corruption compliance program policies and procedures. These policies and procedures include the Ethics Code, this Procedure and the following supporting policies/procedures:

- a. Business Entertainment and Gifts Procedure;
- b. Anti-Bribery and Corruption Due Diligence Checklist;
- c. Whistleblower and Investigations Procedure; and
- d. Supplier Code of Conduct.

2 REFERENCE DOCUMENTS

2.1 This procedure refers to the documents listed in Table 2-1.

Table 2-1 Referenced Documents

Title
Documentation Structure and Control
Code of Business Conduct and Ethics
Anti-Bribery and Corruption Compliance Procedure
Anti-Bribery and Corruption Due Diligence Checklist
Whistleblower and Investigations Procedure
Business Entertainment and Gifts Procedure
<i>Criminal Code Act 1995 (Cth)</i>
<i>Corporations Act 2001 (Cth)</i>
<i>Crimes Act 1900 (NSW)</i>
<i>Crimes Act 1958 (Vic)</i>
<i>Criminal Law Consolidation Act 1935 (SA)</i>
<i>Criminal Code Act 1899 (Qld)</i>
<i>Criminal Code 1913 (WA)</i>
<i>Criminal Code Act 1924 (Tas)</i>
<i>Criminal Code 2002 (ACT)</i>
<i>Criminal Code Act 1983 (NT)</i>
United States Foreign Corrupt Practices Act of 1977

3 ACRONYMS, ABBREVIATIONS AND DEFINITIONS

3.1 Definitions

3.1.1 Table 3-1 defines the essential concepts to understanding the scope of the prohibition on bribery and corrupt conduct. These concepts should be interpreted broadly.

Table 3-1 Definitions

Term	Meaning
Bribery	Bribery is defined in different ways under the laws of different countries. In general, and for the purposes of this Procedure, it is the offering, promising, giving or receiving, "directly or indirectly", of "anything of value" to or from any private or public organisation; or individual (including any "Government or Public Official") in order to derive an inappropriate "business or other advantage" for the Company. This includes the improper offering, promising, giving or receiving of anything of value with the intent to induce a person to perform their duties in a particular way in connection with the Company's business. Bribery takes place the moment something of value is offered.
Corruption	Corruption is broadly defined. It includes the direct and indirect offer, promise, acceptance or solicitation in the conduct of the Company's business of anything of value or advantage as an inducement for an action which is illegal or a breach of trust.
Directly or Indirectly	You are prohibited from engaging in bribery directly or indirectly (such as through a third party intermediary). You may not instruct, authorise or allow a third party to make or receive a bribe on your behalf. You may not make a payment or provide a benefit to a third party, or have a third party receive a payment or benefit, knowing or having reason to know that all or a portion of the payment or benefit may be used for the purpose of bribery. Wilful blindness is not an excuse.
Anything of Value	The thing of value is not subject to any minimum amount or threshold. Anything of value includes not only cash and cash equivalents, but also gifts, entertainment, accommodation, travel expenses, offers of employment and any other benefit of tangible or intangible value.

Term	Meaning
Government or Public Official	<p>References to a Government or Public Official mean an individual who, regardless of position, paid or unpaid, is any of the following:</p> <ul style="list-style-type: none"> a. Any officer or employee of any government (holding an administrative, judicial or legislative mandate) or of a department, office, agency, authority or instrumentality thereof or any person acting in an official capacity for or on behalf of such government (e.g., an entity hired to review bids on behalf of a government agency or to collect custom duties); b. Any person who exercises a public function for or on behalf of any country, territory or political subdivision or for any public agency or enterprise thereof; c. Any officer or employee of a “public international organisation” or any person acting in an official capacity for or on behalf of such public international organisation (public international organisations include, for example, the United Nations, the World Bank, the European Commission, etc.); d. An employee of a company or other business entity in which a governmental body has an ownership interest over which such governmental body may, directly or indirectly, exercise a dominant influence (such employee can qualify as a government official even if he or she is engaged in commercial, rather than governmental, activities); e. A member of a royal family effectively holding a public office, whether or not formally appointed; f. An individual who is otherwise in the service of a government (including service as a member of a military force or police force); a political party, an official of a political party, a member of parliament, or a candidate for political office; g. A member of the judiciary, or a candidate for judiciary; or h. A family member or otherwise close associate of any of the foregoing.
Business or Other Advantage	<p>Business or other advantage includes obtaining new business or gaining any other advantage in connection with the Company’s activities, such as reduction in taxes, tolerance of non-compliance with applicable rules or other favours or preferential treatment.</p>
Facilitation Payments	<p>Facilitation or “grease” payments are small payments to a low-level Government or Public Official to expedite or secure performance of a routine, non-discretionary governmental action, such as obtaining utility services or clearing customs.</p>

Term	Meaning
Supplier	A supplier means any company or organisation or individual that provides goods and/or services to the Company. The definition of "Supplier" is to be interpreted broadly, and is meant to include subcontractors, service providers, agents, consultants and representatives.
Secret Commission	A secret commission is undisclosed consideration or thing of value that is offered or provided to a representative of a person for the purpose of influencing that person in the conduct of their business.

4 COMMITMENT TO BEST PRACTICES

4.1 We are committed to conducting our business with integrity and based upon ethical best practices and principles, including anti-bribery and anti-corruption compliance standards.

5 ZERO TOLERANCE

5.1 The Company has zero tolerance for bribery and corruption. In addition to the need to follow the law, our rejection of bribery has important business benefits, including maintaining our corporate reputation and retaining the confidence of customers and third parties with whom we do business.

6 PUBLIC AND PRIVATE SECTORS

6.1 The prohibitions against bribery and corrupt conduct apply regardless of whether it takes place in the public sector or in the private sector. Bribery is illegal in both contexts. You must not engage in bribery (either giving or receiving things of value to gain an improper business advantage) in connection with any of the Company's dealings or activities involving private or public companies, organisations or individuals. Particular care should be taken in dealings or activities involving Government or Public Officials (as defined in Table 3-1), but it is just as important to remember that private entities and individuals may also be the subject of bribery.

7 NUMEROUS JURISDICTIONS

7.1 The Company is active in numerous markets and must comply with the anti-bribery and anti-corruption laws of many jurisdictions. These include:

- a. *Criminal Code Act 1995* (Cth), *Corporations Act 2001* (Cth), *Crimes Act 1900* (NSW), *Crimes Act 1958* (Vic), *Criminal Law Consolidation Act 1935* (SA), *Criminal Code Act 1899* (Qld), *Criminal Code 1913* (WA), *Criminal Code Act 1924* (Tas), *Criminal Code 2002* (ACT) and *Criminal Code Act 1983* (NT);
- b. United States Foreign Corrupt Practices Act ("**FCPA**"). (Our parent company's shares are publicly traded in the U.S.);
- c. Applicable international conventions, including:
 - (i) The Organisation for Economic Co-operation and Development Convention on Combating Bribery of Foreign Public Officials in International Business Transactions (the "**OECD Convention**");
 - (ii) United Nations Convention Against Corruption; and
 - (iii) Anti-bribery and corruption laws throughout the world applicable in the countries in which we do business.

8 CONSULT LOCAL LAW

- 8.1 This Procedure provides general principles and guidance with respect to anti-bribery and corruption related matters. While the FCPA always applies to us, in some cases, Australian laws (or the laws of the other jurisdictions in which we do business) might vary from or expand upon what is included in this Procedure. You should therefore always consult and follow the applicable local laws.

9 APPLICABILITY

- 9.1 The principles of this Procedure apply to all Company employees, officers, directors and contractors. In addition, the Company will require (through contractual clauses, due diligence and training), that third parties who act on our behalf, including service providers, consultants, distributors, contractors, agents, representatives and suppliers, similarly abide by the requirements of this Procedure.

10 OUR GUIDING PRINCIPLES

10.1 Overview

- 10.1.1 The following principles serve as the basis of this Procedure and serve to guide the conduct of all individuals associated with the Company:

10.2 We Commit to the Following

- 10.2.1 We will have zero tolerance for **offering, promising, paying or accepting** any corrupt payment, benefit or inducement to any person, **whether a Government or Public Official or an employee or agent of a customer, supplier or competitor.**
- 10.2.2 The offence of bribing a foreign public official, as defined in the legislation, is contained in s.70.2 of the *Criminal Code Act 1995* (Cth). It has a number of elements:
- 10.2.3 A person is guilty of an offence if:
- a. the person provides, offers to provide or promises to provide a benefit to another person, or causes a benefit to be provided or causes an offer of the provision of a benefit or a promise of the provision of a benefit to be made to another person; and
 - b. the benefit is not legitimately due to the other person; and
 - c. step (a) was carried out with the intention of influencing a foreign public official (who may or may not 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 which is not legitimately due.
- 10.2.4 It is irrelevant whether:
- a. intention to bribe a foreign public official existed; and
 - b. a business or business advantage was actually obtained or retained as a result of the bribery.
- 10.2.5 The offence of bribing a Commonwealth public official, as defined in the legislation, is contained in s. 141.1 of the *Criminal Code Act 1995* (Cth). It arises where:
- a. a person dishonestly provides, offers to provide, or promises to provide a benefit to another person, or causes a benefit to be provided, or causes an offer of the provision of a benefit, or a promise of the provision of a benefit to be made to another person;
 - b. the person does so with the intention of influencing a public official (who may be the other person) in the exercise of the official's duties as a public official;

-
- c. the public official is a Commonwealth public official and the duties are as a Commonwealth public official.
- 10.2.6 We will maintain **accurate books and records**, in accordance with internal Company financial controls and related procedures and policies. No undisclosed or unrecorded fund or asset may be established or maintained for any purpose. No director, officer or employee will participate in falsifying any accounting or other business record. Every director, officer or employee will respond fully and truthfully to any questions from the Company's internal and/or independent auditors.
- 10.2.7 We will conduct reasonable **anti-corruption due diligence** in connection with **acquisitions**, the formation of **joint ventures** and the engagement of **third parties**. We will not proceed with any transaction or engagement until any concerns or issues relating to corruption have been fully and satisfactorily addressed.
- 10.2.8 We will strongly encourage **reporting**, without fear of retaliation, of any known or suspected bribery or corrupt conduct.
- 10.2.9 We will **investigate** all reports of known or suspected corrupt activity perpetrated by any individual, either employed or in a business relationship with the Company.
- 10.2.10 We must never:
- a. Make **facilitation payments**. Such payments are considered a form of corruption and are prohibited under the local laws of most countries and by the OECD Convention and the United Nations Convention Against Corruption. We must never offer a facilitation payment.
 - b. Engage in **corrupt activities** or activities that could reasonably give the **appearance of corruption**. We attempt to avoid situations creating the appearance of impropriety, including with respect to business entertainment, gifts, conflicts of interest, employment and donations.
 - c. Engage in **bribery**, including receiving or soliciting Secret Commissions. Company employees (including temporary and contract employees), contractors, officers and directors are prohibited from engaging, directly or indirectly, in bribery.
 - d. Allow **third parties**, including service providers, agents, consultants, brokers or distributors, to engage in bribery or corruption on our behalf.
 - e. Do business with **other parties** who are engaged in bribery or corruption.
 - f. **Take retaliatory action** towards employees who, in good faith, report suspected breaches of the *Ethics Code* or this Procedure. Allegations made in bad faith, however, will not be tolerated.

10.3 **Payments Made Under Threat of Physical Harm**

- 10.3.1 We recognise that, in some circumstances, one's personal safety could be at risk. A payment to a Government or Public Official is permissible where there is a credible threat to the life, limb or liberty of the person being asked to make the payment or a third party. If such a situation arises, it must be reported to the Company's General Counsel as soon as possible, and must be accurately recorded in the Company's books and records to reflect the full details of the payment, including the amount and purpose.

11 AWARENESS AND TRAINING**11.1 Obtaining Guidance**

11.1.1 You are expected to be familiar with this Procedure. If you are uncertain about whether a particular activity is improper, employees are encouraged to ask questions about this Procedure and other compliance related issues. You should always feel free to direct any questions to your direct manager, the General Counsel or Corporate General Manager.

11.2 Training

11.2.1 The Company engages in various means of communication and training to make employees, officers and directors aware of this Procedure. As part of our overall ethics training, all Company employees, officers and directors will be provided training regarding anti-bribery and corruption upon their joining the Company. In addition, focused ethics and anti-bribery and corruption training will be provided periodically to applicable professional functions. Also, the Company will make third parties with whom it conducts business aware of this Procedure and, where appropriate, will provide appropriate training.

12 GIFTS, BUSINESS HOSPITALITY AND ENTERTAINMENT**12.1 Policy**

12.1.1 Offering gifts, business entertainment and other hospitality is an area with potential for corrupt conduct. It is the policy of the Company never to offer gifts, business entertainment, hospitality or other personal benefits for improper purposes or as a means to induce someone to act for the benefit of the Company. Moreover, particular care must be exercised with respect to Government or Public Officials. Legal and legitimate hospitality can be interpreted as a bribe, and the difference is hard to define in the abstract. The Company's Business Entertainment and Gifts Policy provides specific guidance on gifts and business entertainment including monetary thresholds, documentation and approval processes.

12.2 Local Regulations

12.2.1 You must be aware that any general monetary threshold established by the Company may exceed what is legal in a particular jurisdiction. Therefore, you must always consult the local laws and regulations of the jurisdiction in which you are doing business.

13 DONATIONS**13.1 Political Donations**

13.1.1 The Company's policy is not to make political donations. Directors, officers and employees may choose to make political donations from their own resources (provided that there is no association between the donation and the Company), but not with a view to influence a third party for the benefit of the Company or in any way that might give the impression that such influence was intended.

13.2 Charitable Donations

- 13.2.1 The Company may make reasonable donations to charities from Company funds, subject to receipt of approvals specified in internal policies. The Company must be certain that such charitable donations cannot be viewed as an attempt to buy influence for its benefit or in any other way as being improper and that such donations are not disguised unlawful payments to private individuals or Government or Public Officials in breach of anti-corruption laws. Accordingly, prior to making any charitable contributions we must take care, including doing due diligence, to verify that the recipient charity is legitimate and that there is no apparent risk that any donation will be diverted to other beneficiaries.

14 DUE DILIGENCE

- 14.1 The Company could be held liable for the conduct of third parties acting on our behalf. Further, when acquiring another company or business we run the risk of reputational damage and financial consequences related to any pre-acquisition conduct and, of course, any conduct that continues once it is acquired by us. Accordingly, prior to proceeding with the engagement of a third party service provider, formation of a joint venture or acquisition of another company, the Company will conduct thorough due diligence on all relevant parties, including service providers, consultants, agents and representatives, subcontractors and suppliers. To provide more guidance on our due diligence procedures, the Company has adopted an Anti-Bribery and Corruption Due Diligence Checklist.

15 REPORTING SUSPECTED BREACHES AND COMMITMENT TO INVESTIGATE**15.1 Reporting Illegal or Unethical Behaviour**

- 15.1.1 The Company encourages all employees to speak up and raise concerns. Raising concerns is a critical step so that we can identify and react to misconduct and protect ourselves from negative consequences. Every employee, contractor, officer and director has a duty to report any potential breach of this Procedure. While fully transparent reporting enables us to conduct a more effective investigation, if the employee wishes, a report may be submitted anonymously. For more information on reporting a suspected breach, please refer to the Whistleblower and Investigations Procedure.

15.2 Investigations

- 15.2.1 The Company will investigate all credible allegations of bribery and corruption. We will take all concerns raised in good faith seriously, and we will investigate suspected misconduct fairly, consistently, confidentially and consistent with the Whistleblower and Investigations Procedure. All directors, officers, employees and contractors of the Company are required to cooperate in such investigations, including providing access to data, equipment and devices used in the course of the Company's business.

16 COMMITMENT TO NON-RETALIATION

- 16.1 No employee who makes a good faith report concerning potential misconduct based on his or her personal knowledge or who cooperates with an internal or external investigation into such potential misconduct will suffer any adverse work-related consequences, provided that such employee has not himself or herself acted improperly. For more information please refer to the Whistleblower and Investigations Procedure.

17 RED FLAGS**17.1 Overview**

17.1.1 “**Red Flags**” are facts or circumstances that raise a concern that a particular transaction, relationship or engagement involves a risk of bribery or corruption. A Red Flag is not definitive evidence of corruption, but it requires that we conduct an inquiry to understand whether:

- a. There is a legitimate and credible explanation;
- b. There is no apparent legitimate explanation; or
- c. The risk of corruption is confirmed and substantiated.

17.1.2 In all dealings with potential or current consultants or representatives, our customers or other third parties, Company directors, officers, employees and contractors must be conscious of any Red Flags that may be present or arise that suggest possible breaches of anti-bribery and corruption standards. If a Red Flag is identified, you must be sensitive to the risk of corruption it presents. It must be followed up and appropriate steps be taken to prevent the Company being implicated in bribery or corruption, which may require the termination of the third party relationship or walking away from an acquisition, joint venture or business opportunity. In the context of acquisitions, teaming/joint ventures and third party service providers, the Company has adopted specific due diligence processes specifically designed to detect and address Red Flags. See the Anti-Bribery and Corruption Due Diligence Checklist.

17.1.3 The following are examples that may suggest potential breaches of this Procedure or represent common areas of corruption compliance risks. If you become aware or suspicious of any Red Flags, including any of the following circumstances, you must immediately raise the issue with the Company’s General Counsel or Corporate General Manager. Please note that the following list of Red Flags is not exhaustive:

- a. **Gifts and Business Entertainment** (see also the Business Entertainment and Gifts Procedure):
 - (i) Extravagant or lavish business entertainment, especially involving a Government or Public Official;
 - (ii) Cash and cash equivalents, including vouchers and gift cards;
 - (iii) Gifts and entertainment during contract negotiations or government tender processes;
 - (iv) Gifts and/or entertainment to family members and friends of Company contacts;
 - (v) Entertainment or hospitality where the host is not present; or
 - (vi) Giving and/or accepting of gifts and entertainment on a frequent basis with the same third party.
- b. **Potential Conflicts of Interest** (see also the Code of Business Conduct and Ethics):
 - (i) An employee, officer or director having any commercial or trading relationship with the Company (in addition to their employment or directorship);
 - (ii) Using Company assets to advance private interests;
 - (iii) Making employment decisions based on a personal, rather than a business basis;
 - (iv) Holding an office or directorship in a company that is in competition with the company, in which the Company has a commercial interest or which receives donations or sponsorships from the Company; or
 - (v) Soliciting employment for a family member or close friend without having disclosed that relationship.
- c. **Third Party Due Diligence Findings:**

- (i) Indications of a close personal relationship between the third party and a Government or Public Official or customer that could improperly influence a decision;
 - (ii) Recommendation of a third party by a Government or Public Official;
 - (iii) Recommendation of a third party who has a personal, family or business relationship with a Government Official;
 - (iv) Insufficient bona fide business reasons for retaining the third party;
 - (v) The third party is not qualified or lacks the necessary experience and resources to perform the functions for which it has been engaged;
 - (vi) Refusal of the third party to contractually commit to compliance with applicable anti-bribery laws and regulations; or
 - (vii) The Company knows or suspects that the third party, any senior personnel that the third party employs or any individuals or entities by whom the third party is owned, controlled or managed, has been involved (or accused or convicted of involvement) in illegal or corrupt conduct or activity, or other violations of law.
- d. **Geographic Risks:**
- (i) The country in which the activity is to take place or where the third party is active or resident does not have a Corruption Perception Index (CPI) score in the top 25% of the countries on the most recent Transparency International CPI (such country being a “**high risk country**”).
- e. **Accounting and Payments:**
- (ii) Payments made or offered in cash, including cash payments or per diems and reimbursements for travel and lodging related expenses, which are paid directly to the Government or Public Officials;
 - (iii) Inadequately documented payments or expenses;
 - (iv) Requests for unusual payment channels or payments in kind;
 - (v) Excessive fees or payments;
 - (vi) Deceptive or inaccurate bookkeeping entries, or accounting procedures which would conceal the true nature of the expenses (e.g. entertainment recorded as a training expense); or
 - (vii) The use of false documents and invoices.

17.2 Reporting Red Flags

17.2.1 It is the responsibility of the employee who observes or suspects a Red Flag to report the matter to his or her supervisor as well as the General Counsel or Corporate General Manager. For more information on reporting conduct, please refer to the Whistleblower and Investigations Procedure.

Remember: if in doubt - consult.

18 RESPONSIBILITIES

18.1 It is the responsibility of all Company personnel to be aware of, understand and comply with this Procedure.

18.2 All board members are responsible for:

- a. Fostering an environment within the Company that makes active fraud and corruption control a responsibility of all officers, employees and contractors;

- b. Articulating clear standards and procedures to encourage the deterrence of fraud and corruption;
- c. Ensuring that all Company personnel receive training in the operation of this Procedure and that the Procedure is available on the Company intranet and as part of the induction of any personnel; and
- d. Using all reasonable endeavours to ensure the detection and reporting of offences should they occur.

18.3 All officers, employees, service providers, consultants, distributors, contractors, agents, representatives and suppliers are responsible for complying with Company policies and procedures, codes of conduct and ethics, avoidance of conflicts of interest and maintaining vigilance in early detection, reporting and prevention of fraud and corruption.

18.4 Managers and supervisors are responsible for:

- a. Communicating and raising awareness of the risks relating to fraud and corruption with their employees and for ensuring compliance with Company policies and procedures; and
- b. Establishing and maintaining adequate internal controls that provide for the security and accountability of Company resources and prevent/reduce the opportunity for fraud and corruption to occur.

19 FAILURE TO COMPLY

19.1 Failure to comply with this Procedure may result in significant civil and criminal penalties against the Company and the individuals involved. Failure to comply may also constitute grounds for disciplinary action against any individual concerned, including the potential termination of their employment, or the termination of any commercial relationship with any entity involved in such failure to comply.

19.2 The Board of Directors will be informed of any material breaches of this Procedure.

20 PERIODIC REVIEW OF PROCEDURE

20.1 The General Counsel will periodically assess the effectiveness of this Procedure. These findings will be reported periodically to the Board of Directors.