

# CMAC-THYSSEN'S ANTI-CORRUPTION POLICY

Activities linked to bribery and corruption are poor business practices. All corruptly obtained contracts lack enforceability. Furthermore, allegations of corruption could seriously damage us and our business relationships. Cmac-Thyssen Mining Group Inc. ("**Cmac-Thyssen**") considers corruption and bribery to be not only illegal and unethical, but also financially costly.

Cmac-Thyssen and its directors, officers, employees are subject to and must comply with Canada's *Corruption of Foreign Public Officials Act*, as well as other relevant laws. We must exercise reasonable diligence and care not to unknowingly support a transaction that involves a bribe, as well as to maintain accurate books and records at all times. Failure to do so could lead to imprisonment for individuals and large fines for our company, in addition to reputational issues and loss of contracts.

## 1 Who must follow this policy?

This policy applies to

- all directors, officers, employees and anyone who works at Cmac-Thyssen anywhere in the world;
- any other person or entity working or providing services on behalf of Cmac-Thyssen, including sales agents, consultants, contractors, suppliers and temps; and
- all Cmac-Thyssen operations anywhere in the world, including Cmac-Thyssen operated joint ventures.

## 2 What are the consequences of not following this policy?

Everyone subject to this policy is expected to be familiar with and to strictly comply with this policy. Violations of this policy are grounds for disciplinary action up to and including immediate termination. A violation of this policy may also be a violation of the law and may result in civil or criminal penalties for Cmac-Thyssen and the individual involved.

Anyone who has direct knowledge of potential violations of this Policy but fails to report such potential violations will be subject to disciplinary action. Anyone who misleads or hinders investigators inquiring into potential violations of this Policy will be subject to disciplinary action.

In all cases, disciplinary action may include termination of employment.

Any third party who violates the terms of this Policy, who knows of and fails to report to Cmac-Thyssen potential violations of this Policy, or who misleads investigators making inquiries into potential violations of this Policy may have their contracts re-evaluated or terminated.

## 3 What is bribery?

Some of the words and phrases used in this policy may have large or broad definitions. "**Bribery**" includes offering or agreeing to offer or give a loan, reward, advantage or benefit of any kind to any person:

- in exchange for an act or omission by the recipient in connection with the performance of the recipient's duties or functions; or

- to encourage the recipient to use his or her position to influence any acts or decisions of the state or organization for which the recipient performs duties or functions.

Even if you do not pay a bribe directly, payments or other advantages or benefits to a person or his or her family members or close friends may be considered a bribe.

Some kinds of bribes are given special categories. “**Facilitation payments**” are unofficial payments (usually involving a small amount) to a public official (often at a low level) to secure or expedite a routine action or service to which an individual or company is entitled. Facilitation payments are prohibited.

#### **4 Who is at risk of becoming a target of bribery?**

Bribery occurs both in the public and private sectors. A “**politically exposed person**” is anyone who presents a higher risk for becoming a target of bribery or corruption as a result of holding influence or a position of authority. Examples include heads of state, ambassadors, members of parliament, senators, judges, and other government officials. Some countries may have narrower or broader criteria for identifying politically exposed persons. In this policy, a politically exposed person includes both foreign and domestic politically exposed persons.

Special rules apply to public officials because of the risk of bribery or the perception of bribery. “**Public official**” includes both obvious public officials, such as officials of government agencies or departments, as well as individuals you may not normally think of as being public officials, such as:

- an official or employee of a government or state-owned enterprise (crown corporations, sovereign wealth funds, export finance agencies, etc.);
- an official or employee of a government or regulatory authority;
- an official or employee of a political party or a political candidate (whether or not elected into a position);
- any official or employee of an international public organization such as the United Nations, World Bank or International Monetary Fund;
- other companies or organizations over which governments or their instruments exercise direction and control, even if they do not hold a controlling interest;
- regulatory or judicial bodies (such as securities commissions);
- an individual who holds or performs the duties of an appointment, office or position created by custom or convention, including some members of royal families and some tribal leaders;
- a person who is, or holds themselves out to be, an authorized intermediary of a public official; or
- a relative, friend or business associate of a public official.

#### **5 Are any other kinds of payments subject to this policy?**

Yes. Some kinds of payments, such as donations and sponsorships, are perfectly legal in their own right but are subject to this policy. However, they are sometimes improperly used to disguise or hide bribes. Cmac-Thyssen does not condone or permit such misuse. Sponsorships, charitable donations, and other kinds of donations are subject to this policy to prevent this misuse.

Charitable donations and sponsorships must be for legitimate purposes. They cannot be a bribe in disguise. Charitable donations and sponsorships must not be made to individuals.

See Cmac-Thyssen's Donation and Sponsorship Plan for more information.

This policy prohibits committing, being a party to, or otherwise being involved in bribery, corruption or extortion of any kind. Cmac-Thyssen has a zero tolerance approach toward bribery and corruption.

**Cmac-Thyssen prohibits all forms of bribery.** You cannot pay, offer to pay, promise to pay or accept anything of value, directly or indirectly (through agents or otherwise), in money, property, services or any other form, for the purpose of influencing an official act, obtaining, retaining or directing business from or to any person, or securing any improper advantage.

The prohibition against bribery includes facilitation payments.

## **6 How do I recognize bribery?**

Not all corruption involves exchange of money or material objects. Corruption can involve the exchange of information or favours. For example, an employee for a government-owned corporation decides to seek a higher-paying job in the private sector. He knows that his department is planning to purchase new computers and software. The contract will be very lucrative for the seller. He tells one of the suppliers who competes for the department's business about the procurement and planned specifications in advance of its public announcement, trading this information for a new, higher-paying job with the supplier. Such an arrangement is illegal.

Special care must also be taken to ensure that bribes are not made indirectly to or for the benefit of a public official.

For example, providing a gift or other benefit to a relative of a public official can constitute an improper payment or a bribe. You must not ignore circumstances that raise a suspicion that a payment may constitute an improper payment or bribe. Any suspicious circumstances must be investigated.

## **7 How do I know if a benefit to someone in the private sector is a bribe?**

Bribes in the private sector can be more difficult to identify. Some companies permit their employees to receive gifts and entertainment. You must confirm that the recipient is permitted to receive the benefit under any policy applicable to him or her.

## **8 What should I do if a public official asks for a bribe?**

If you are asked by a public official to provide something of value in return for influencing an official act or decision, obtaining, retaining or directing business to or from any person, or securing any improper advantage, you must:

- decline, or state that it is not within your authority to accommodate the official; and
- immediately report the incident to your manager, who will consult with Cmac-Thyssen's Direction to determine the appropriate action to be taken.

If you become concerned that a public official is not operating within the scope of their duties, report it to your manager. Protect yourself during any further dealings from allegations that you have acted improperly by bringing a witness to subsequent conversations.

## **9 Complete and accurate records are required**

Books and records must be accurately kept in accordance with applicable laws and accounting standards. In many jurisdictions, including Canada, it is an offence to knowingly falsify any book, record, or account, or even knowingly fail to implement a system of internal accounting controls.

## **10 Are there any exceptions?**

There is only one exception. Payments to protect your health and physical safety are permitted. When you face extortion demands that involve explicit or implicit threats to your personal health or safety, you may make payments which would otherwise be prohibited. In such circumstances, Cmac-Thyssen must ensure that such payments are recorded in our books and records accurately as extortion payments made to preserve personal health or safety of an employee.

Accordingly, in the unlikely event you must make a payment to protect your health or safety, to be able to rely on this exception, you must report the extortion and the payment as quickly as reasonably possible to your manager and Cmac-Thyssen's Direction.

## **11 Gifts and entertainment**

Cmac-Thyssen will only offer, give or receive gifts, entertainment or travel for appropriate business purposes.

The exchange of gifts, entertainment or travel can build goodwill in business relationships, but they should never be given as a means of improperly influencing another person's decision-making nor our own business decisions.

This policy helps ensure that Cmac-Thyssen's business practices comply with all applicable laws and rules and that accurate books and records are kept reflecting these business practices. In some departments, more restrictive rules may apply.

## **12 What constitutes a gift or entertainment?**

A **gift** is **anything** of value that is offered or given. For example, cash, gift certificates, anything of value, or use of another company's vehicle.

**Entertainment** is an event or activity not directly related to Cmac-Thyssen's business. For example, sporting events, concerts, or meals.

**Third-party travel** is travel expenses of third parties. This does not include your own accommodation and travel expenses while on Cmac-Thyssen business trips.

Cmac-Thyssen encourages its employees to use good judgment when giving or accepting gifts or entertainment. Discretion and moderation are required. When in doubt, always consult your supervisor.

## **13 Acceptable gifts and entertainment**

Gift-giving and entertainment is permissible when appropriate in certain circumstances. We recognize that gift-giving and entertainment can be a legitimate way of building and maintaining business relationships.

In order to satisfy the policies of Cmac-Thyssen, the benefits that you offer or accept must follow the following rules:

- a. Be given or received in the name of Cmac-Thyssen;
- b. Be customary in type and value, in the context of the relevant culture;
- c. Be given or received openly; and
- d. Not be given more frequently than required for legitimate business purposes of Cmac-Thyssen.

Gifts must not be given or received while a bid process is underway or as part of a pitch, unless the gifts are Cmac-Thyssen-branded items of nominal value, and it is prohibited to offer or accept entertainment. This does not apply to reasonable (non-extravagant) meals that are associated with promoting, demonstrating or discussing Cmac-Thyssen's business.

**(a) Gifts**

Gifts must be modest in value and should consist of Cmac-Thyssen-branded merchandise whenever possible.

The following gifts are **prohibited**:

- a. Cash or cash equivalents;
- b. Items of significant value or may appear to others to have significant value;
- c. Gifts that could be interpreted as a bribe;
- d. Gifts that violate local law or are prohibited by the recipient's organization; and
- e. Gifts given in exchange for non-cash benefits.

**(b) Entertainment**

Cmac-Thyssen personnel cannot offer or accept entertainment that is:

- a. Not related to a legitimate business purpose (including travel for friends and family);
- b. Unduly extravagant or excessive; or
- c. Could reflect negatively on Cmac-Thyssen's reputation.

When we provide entertainment, our employees should participate with the recipients, and when we receive entertainment the host should be present.

In order to comply with this policy, an offer of entertainment from Cmac-Thyssen must be sent to the employer of the recipient and acceptance from that employer must be received.

**(c) Third-party travel**

Third-party travel must be reasonable in value, should be for legitimate business purposes. In the wrong circumstances, these expenses could be viewed as a bribe. ]

All travel must involve executing or performing a contract or be in the normal course of Cmac-Thyssen's business. It must not include expenses incurred by a person associated with the recipient.

In order to comply with this policy, an invitation regarding the travel arrangements should be sent from Cmac-Thyssen to the employer of the recipient, and acceptance from that employer must be received

#### **14 Gifts & entertainment – Public officials**

Concerns about an appearance of corruption, bribery or other unethical behaviours are even more serious when the recipient is a public official, as defined in this policy.

**You must never offer gifts or entertainment to public officials or pay for officials' travel expenses unless you receive written approval from the Direction of Cmac-Thyssen. .**

Although not all gifts or entertainment are illegal or unethical, very strict rules apply.

Approval of your business unit's divisional president and of the Vice-President of Cmac-Thyssen are required.

All activities linked to bribery can result in consequences up to and including imprisonment.

#### **15 Political involvement**

Cmac-Thyssen does not participate in party politics or political activities, and it does not make payments to political parties or individual politicians. Any lobbying by Cmac-Thyssen must be in compliance with applicable legislation.

Individuals subject to this policy may engage in politics but only in their own personal capacity. Cmac-Thyssen does not restrict in any manner Cmac-Thyssen personnel from participating in the political process where they act purely as individual citizens and where the participation does not involve Cmac-Thyssen funds, assets, resources, time or personnel, and does not occur on Cmac-Thyssen's premises.

#### **16 Books and records**

Cmac-Thyssen is required to keep accurate books and records which give a true and fair view of Cmac-Thyssen's business. "**Books and records**" is a broad term which includes financial, accounting and tax accounting systems.

The requirement to keep accurate books and records exists to prevent bribery and corrupt practices, unrecorded, misidentified or secret accounts, or the creation of records which do not properly and fairly record all transactions.

Having this system requires that everyone collaborates to accurately report all business expenditures. Speak with your manager if you are unsure what records you must keep.

#### **17 Competition and antitrust laws**

Most jurisdictions, including Canada, have antitrust or competition laws. These laws make it a crime to engage in certain acts which tend to lessen competition between businesses. Cmac-Thyssen and persons subject to this policy must not engage in anti-competitive acts prohibited by the jurisdictions where Cmac-Thyssen does business. Disobeying these laws is a criminal offence, and will result in fines of millions of dollars, and even imprisonment of the individuals involved.

Types of anticompetitive acts which are prohibited include:

- **Price fixing:** You must never discuss prices with a competitor for any reason. In some jurisdictions, individuals have been convicted merely for confirming prices offered to customers without any actual agreement to fix prices.

- **Bid rigging:** Bid rigging is an illegal strategy for reducing competition when bids or tenders are sought. Bid rigging includes arranging for all suppliers but one to submit an artificially high bid (cover bidding and bid rotation), withholding bids in some procurement processes (bid suppression), or agreeing with competitors to carve up the market where bidding will occur (market division). All bid rigging is illegal.
- **Abuse of market dominance:** This occurs where a company that has a large market share for a particular product or service (generally higher than 35%) takes steps to exclude or punish potential competitors. For example, this could involve pricing below cost with an intention to recover lost profits once competition is eliminated.
- **Deceptive marketing practices:** Cmac-Thyssen must never make false or misleading statements about its products and services or its competitors' products and services.

Many conspiracies are not the result of elaborate planning but arise as a result of casual conversations between businesses about how less direct competition would make life easier for everyone. For this reason, you must never discuss Cmac-Thyssen's bids, prices or business plans with competitors.

## **18 Are all agreements with competitors illegal?**

No, though many are. This is a very specialized and technical area of the law, so you must always contact the President or Vice-President of Cmac-Thyssen if you are even thinking about sharing information or entering into any sort of agreement with a competitor.

Teaming, partnership or joint venture agreements that have been disclosed to potential customers are usually permissible, provided all relevant laws concerning disclosure are complied with and prior approvals from relevant government authorities are obtained, if required.

## **19 Integrity standards required to do business with Cmac-Thyssen**

Cmac-Thyssen expects its business partners and commercial agents to adopt and apply business integrity standards similar to Cmac-Thyssen's. These standards include Cmac-Thyssen's Anti-corruption Policy and Cmac-Thyssen's Donation and Sponsorship Plan.

## **20 What are red flags?**

A red flag, or warning sign, is any evidence suggesting bribery or non-compliance with this policy. If red flags are raised they must be investigated. Examples of common red flags include:

- A government entity or public official has an interest in or exerts influence over the third party;
- A director, officer or owner of the third party is a politically exposed person;
- The third party was recommended by a public official or a politically exposed person;
- A search of local media or the Internet reveals allegations that the third party has engaged in bribery, or other illegal, unethical or corrupt conduct;
- The third party requests that some or all of its contract be kept secret from its employer or otherwise go undocumented;
- The third party refuses to agree to contract terms relating to anti-corruption;

- The third party is seeking a commission or level of compensation greater than the normal market rate for comparable work, or is requesting unusual payment terms (e.g., payments being made to another jurisdiction, or through a third party individual or company);
- The third party requests that it be paid in a different country than the one where it is doing business; and
- The third party cannot provide appropriate references, or does not appear to have commercial relationships with other companies like Cmac-Thyssen.

Cmac-Thyssen, and you personally, may be found guilty of corruption if you ignore red flags. Ignorance of misconduct **is never** a defence if you are wilfully blind or ignore illegal behaviour.

## **21 Speaking up!**

Everyone at Cmac-Thyssen has a responsibility to speak up about suspected violations of this policy.

If you suspect activity that may be a violation of this policy, you must report the matter to your manager. Likewise, you must always speak up if you are asked to do something that goes against this policy. If you feel that it would be inappropriate to report the matter to your manager, you can report to the President or the Vice-President of Cmac-Thyssen.

Managers must report any suspicion, allegation, report or occurrence of violation of this policy to more senior management, who must report the matter to Cmac-Thyssen's President or Vice-President.

Cmac-Thyssen investigates all suspected violations.

## **22 How does Cmac-Thyssen address actual or potential retaliation?**

We realize that it can be hard to raise concerns. We understand that employees may be worried about possible retaliation. We aim to encourage openness and will support employees who raise genuine concerns under this policy, even if they turn out to be mistaken.

No retaliation will be tolerated. Any employee involved in threatening or retaliating against colleagues who have raised concerns will be subject to disciplinary action, including termination.

If you feel that you have been subject to retaliation, you should report this to your manager, Human Resources Director, Vice-President or President.

We can assure you that if an employee raises a good faith concern about a potential issue, management will take appropriate action to investigate and respond.

## **23 Further information**

If you have any questions about this policy, please contact your manager or supervisor, or Vice-President.

This policy may be amended and updated from time to time. Persons subject to this policy will be required to complete annual training on this policy.

All Cmac-Thyssen employees, officers, directors, and agents will be required to annually complete the certification attached at Annex A, confirming they have read and understood this policy.

## ANNEX A

### ANTI-CORRUPTION COMPLIANCE CERTIFICATION

- 1 I, [NAME], a [EMPLOYEE / OFFICER / DIRECTOR / AGENT] of Cmac-Thyssen Mining Group Inc. ("Cmac-Thyssen"), do hereby certify that I have complied and will comply with Cmac-Thyssen's Anti-Corruption Policy and with any applicable anti-corruption laws, including but not limited to Canada's *Corruption of Foreign Public Officials Act*, and will continue to comply with them for the duration of my [EMPLOYMENT / POSITION / CONTRACT] with Cmac-Thyssen.
- 2 I hereby confirm that should I learn of any past or anticipated failure to comply with the Anti-Corruption Policy or with any applicable anti-corruption or related laws, including but not limited to Canada's *Corruption of Foreign Public Officials Act*, I will immediately advise the Vice President of Cmac-thyssen.
- 3 I hereby certify that, in accordance with Cmac-Thyssen's Anti-Corruption Policy, all books, records, and accounts for which I am responsible, or of which I am aware through my business activities on behalf of, accurately and fairly reflect all transactions and dispositions of the Cmac-Thyssen's assets.

#### **CMAC-THYSSEN MINING GROUP INC.**

Per: \_\_\_\_\_

Name:

Title:

Date: