

**1. INTRODUCTION:**

- 1.1 The Board of Directors of SAKNAFTA has determined that, SAKNAFTA should formalize its policy on compliance with the anti-corruption laws,
- 1.2 This Anti-Bribery & Corruption Policy (the "Policy") will supersede any other existing SAKNAFTA policies relating to bribery and corruption.
- 1.3 The Financial manager is the Financial Manager.

**2. POLICY STATEMENT:**

- 2.1 It is SAKNAFTA's policy to conduct all of its business in an honest and ethical manner. SAKNAFTA takes a zero-tolerance approach to bribery and corruption and is committed to acting professionally, fairly and with integrity in all its business dealings and relationships. It is the goal of SAKNAFTA to avoid acts which might reflect adversely upon the integrity and reputation of the Company.
- 2.2 Individuals involved in corrupt activity may be fined or sentenced to imprisonment. Further, if SAKNAFTA or any of its employees or associated persons (e.g., contractors, agents or subsidiaries) is found to have taken part in corruption, SAKNAFTA could face an unlimited fine, and it could face serious damage to its reputation both in the public markets and in the countries in which it operates. SAKNAFTA therefore takes its legal responsibilities very seriously.
- 2.3 SAKNAFTA is committed to upholding all laws relevant to countering bribery and corruption in each of the jurisdictions in which it operates. SAKNAFTA, its employees and associated persons will be bound by the most stringent requirements of these laws in respect of its conduct in all jurisdictions they operate, even if such conduct would otherwise be permitted by the local law of a particular jurisdiction.
- 2.4 The purpose of this Policy is to:
  - set out the responsibilities of SAKNAFTA, and all individuals who work for SAKNAFTA, in observing and upholding the Company's position on bribery and corruption; and this Policy applies to SAKNAFTA and all of its subsidiaries. Accordingly, this Policy will refer to SAKNAFTA and its subsidiaries as "SAKNAFTA" or the "Company"
  - provide information and guidance to those individuals working for SAKNAFTA on how to recognize and deal with bribery and corruption issues.
- 2.5 In this Policy, "third party" means any individual or organization with whom you may come into contact during the course of your work for SAKNAFTA, and includes actual and potential customers, suppliers, distributors, business contacts, agents, advisers, and government and public bodies, including their advisors, representatives and officials, politicians and political parties.

**3. APPLICATIONS OF THE POLICY:**

3.1 The Policy applies to all directors, managers & employees, family members, consultants and contractors of SAKNAFTA. Compliance with this Policy constitutes terms of service for each director, conditions of employment for each manager and employee, and conditions of providing services to SAKNAFTA for each consultant and contractor. Each such person agrees to be bound

by the provisions of this Policy upon notification of the most recent copy being given to them or upon notification that an updated version has been placed on SAKNAFTA's website for review.

3.2 This Policy extends across all of the Company's business dealings and in all countries and territories in which the Company operates. All persons covered by this Policy, in discharging their duties on behalf of SAKNAFTA, are required to comply with the laws, rules and regulations applicable in the location in which SAKNAFTA is performing business activities, and in particular with respect to anti-bribery and corruption laws, rules and regulations. Where uncertainty or ambiguity exists, please contact the financial manager who may seek further legal advice.

**4. FORMS OF BRIBERY AND CORRUPTION:**

4.1 For purposes of this Policy, each of the examples in 4.2 to 4.4 below is referred to as a "bribery offence".

4.2 Bribes (a) A bribe is an inducement or reward offered, promised or provided in order to gain any commercial, contractual, regulatory or business or personal advantage.

(b) An inducement is something which helps to bring about an action or desired result.

(c) A business advantage means that SAKNAFTA is placed in a better position (financially, economically, or reputationally, or in any other way which is beneficial) either than its competitors or than it would otherwise have been had the bribery or corruption not taken place.

4.3 Kickbacks are payment of any portion of a contract made to employees of another contracting party or the utilization of other techniques, such as subcontracts, purchase orders or consulting agreements, to channel payment to public officials, political parties, party officials or political candidates, to employees of another contracting party, or their relatives or business associates.

4.4 Extortion means to directly or indirectly demand or accept a bribe, facilitation payment or kickback.

**5. ANTI-BRIBERY AND CORRUPTION STANDARDS:**

5.1 It is prohibited for SAKNAFTA or its directors, managers, employees, consultants or contractors to:

(a) give, promise to give, or offer, a payment, gift or hospitality to a third party or otherwise engage in or permit a bribery offence to occur, with the expectation or hope that an advantage in business will be

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received, or to reward a business advantage already given.

(b) give, promise to give, or offer, a payment, gift or hospitality to a third party to "facilitate" or expedite a routine procedure.

(c) accept a payment, gift or hospitality from a third party if you know or suspect that it is offered or provided with an expectation that a business advantage will be provided by the Company in return.

(d) threaten or retaliate against another employee or worker who has refused to commit a bribery offence or who has raised concerns under this Policy.

(e) engage in any activity that might lead to a breach of this Policy.

5.2 Non-compliance with the Policy may result criminal or civil penalties which will vary according to the offence. An employee acting in contravention of the Policy will also face disciplinary action up to and including summary dismissal.

## **6. GIFTS AND HOSPITALITY:**

6.1 This Policy does not prohibit normal and appropriate hospitality (given or received, in accordance with SAKNAFTA's Gifts & Hospitality Policy) to or from third parties.

6.2 SAKNAFTA's Gifts & Hospitality guidelines in the employee handbook sets out when it is, and is not, appropriate for you to make or receive gifts and / or hospitality from a third party. Please refer to the employee handbook for further details. In the event of inconsistency, this Policy supersedes the Gifts & Hospitality Policy.

## **7. RED FLAGS:**

7.1 The following is a list of "red flags" that may indicate the possible existence of corrupt practices and should be kept in mind by all those subject to this Policy:

(a) Use of an agent with a poor reputation or with links to a foreign government.

(b) Unusually large commission payments or commission payments where the agent does not appear to have provided significant services.

(c) Cash payments, or payments made without a paper trail or without compliance with normal internal controls.

(d) Unusual bonuses to foreign personnel for which there is little supporting documentation.

(e) Payments to be made through third party countries or to offshore accounts.

(f) Private meetings requested by public contractors or companies hoping to tender for contracts.

(g) Not following SAKNAFTA policies or procedures - abusing the decision-making process.

(h) Unexplained preferences for certain sub-contractors.

(i) Invoices rendered or paid in excess of contractual amounts.

7.2 This list is not exhaustive and you should be alert to other indicators that may raise a suspicion of corrupt activity.

#### **8. RESPONSIBILITIES UNDER THE POLICY:**

8.1 All directors, managers, employees, consultants and contractors of SAKNAFTA must read, understand and comply with this Policy and the following related policies:

(a) Code of Business Conduct & Ethics;

(b) employee handbook.

8.2 All directors, managers, employees, consultants and contractors of SAKNAFTA must participate in all training provided by the Company.

8.3 The prevention, detection and reporting of bribery offences and other forms of corruption are the responsibility of all those working for SAKNAFTA or under its control. All such persons are required to avoid any activity that might lead to, or suggest, a breach of this Policy.

8.4 If you are asked to make a payment on the Company's behalf, you should always be mindful of what the payment is for and whether the amount requested is proportionate to the goods or services provided. You should always ask for a receipt which details the reason for the payment. If you have any suspicions, concerns or queries regarding a payment, you should raise these with the financial manager, wherever possible, prior to taking any action.

8.5 All directors, managers, employees, consultants and contractors of SAKNAFTA must notify the financial manager or make a disclosure (see Section 11 below) as soon as possible if they believe or suspect that an action in conflict with this Policy has occurred, or may occur in the future, or has been solicited by any person.

8.6 Any person who breaches this Policy will face disciplinary action, which could result in dismissal for gross misconduct. SAKNAFTA reserves its right to terminate its contractual relationship with other persons if they breach this Policy.

#### **9. ASSOCIATED ENTITIES:**

9.1 It is a violation of the Policy to make any corrupt payments through any subsidiaries, agents, intermediaries, business partners, contractors or suppliers (individuals or organizations) of SAKNAFTA ("Associated Entities") or to make any payment to a third party where there is any reason to believe that all or a portion of the payment will go towards a bribe.

9.2 The relationship with agents and other intermediaries must be fully documented using the Company's standard terms and conditions for appointment, which shall include compliance with the Policy and prohibit Associated Entities from making or receiving any bribes on the Company's behalf.

9.3 Compensation paid to Associated Entities must be appropriate and justifiable and for the purpose of legitimate services rendered.

9.4 Associated Entities are required to keep proper books and records available for inspection by the Company, its auditors and/or investigating authorities.

**10. RECORD-KEEPING:**

10.1 SAKNAFTA will be required to develop, implement, monitor and maintain a system of internal controls to facilitate compliance with this Policy, as well as to foster a culture of integrity and maintain high ethical standards throughout the Company.

10.2 SAKNAFTA must keep financial records and have appropriate internal controls in place which will evidence the business reason for making payments to third parties, for a period of 6 years.

10.3 All transactions must be executed in accordance with management's general or specific authorization. Transactions must be recorded as necessary to permit preparation of financial statements in conformity with local Financial Reporting Standards.

10.4 All business partners of the Company should have in place internal controls and procedures that fit these criteria and enhance compliance with this Policy.

10.5 The Company will maintain available for inspection accurate books and records that fairly document all financial transactions, risk assessments and due diligence.

10.6 All directors, managers, employees, consultants and contractors of SAKNAFTA must seek approval for any gifts given or received and record them on the Gift Register in accordance with the Gifts & Hospitality guidelines in the employee handbook.

10.7 All expenses incurred to third parties relating to hospitality, gifts or expenses must be submitted in accordance with the relevant SAKNAFTA group company policies and the reason for the expenditure must be specifically recorded.

10.8 All accounts, invoices, memoranda and other documents and records relating to dealings with third parties should be prepared and maintained with strict accuracy and completeness. No accounts or cash funds may be kept "off-book" to facilitate or conceal improper payments. The use of false documents and invoices is prohibited, as is the making of inadequate, ambiguous or deceptive bookkeeping entries and any other accounting procedure, technique or device that would hide or otherwise disguise illegal payments.

10.9 To ensure the effectiveness of internal controls, business and finance personnel of the Company will review transactions and expense/payment requests for warning signs that signal an inadequate commercial basis or present excessive risks.

**11. REPORTING VIOLATIONS OF THIS POLICY:**

11.1 All directors, managers, employees, consultants and contractors must adhere to SAKNAFTA's commitment to conduct its business and affairs in a lawful and ethical manner. All directors, managers, employees, consultants and contractors are encouraged to raise any queries with the financial manager.

11.2 In addition, any director, managers, employee, consultant and contractor of SAKNAFTA who becomes aware of any instance where SAKNAFTA receives a solicitation to engage in any act

prohibited by this Policy, or who becomes aware of any information suggesting that a violation of this Policy has occurred or is about to occur is required to report it to the financial manager.

11.3 Persons who refuse to engage in or permit a bribery offence, or who raise legal or ethical concerns or report another's wrongdoing, are sometimes worried about possible repercussions. SAKNAFTA aims to encourage openness and will support anyone who raises genuine concerns in good faith under this Policy, even if they turn out to be mistaken. No directors, managers, employees, consultants and contractors of SAKNAFTA will suffer demotion, penalty, or other

adverse consequences for refusing to engage in or permit a bribery offence or for raising concerns or for reporting possible wrongdoing, even if it may result in the Company losing business or otherwise suffering a disadvantage.

11.4 SAKNAFTA has also adopted a Whistle Blower Policy which provides procedures for reporting violations of laws, rules, regulations or SAKNAFTA's corporate policies.

11.5 SAKNAFTA prohibits retaliatory action against any person who raises a concern in good faith.

**12. INVESTIGATION AND DOCUMENTATION OF REPORTS:**

12.1 Any report of solicitations to engage in a prohibited act or possible violation of the Policy will be investigated initially by the financial manager. Where the matter is deemed potentially serious it will be promptly reported to the Chief Executive Managers, the Human Resources Director, and where appropriate, to the Chairman of the Board, and the following procedure will be followed:

(a) The report will be recorded and an investigative file established. In the case of an oral report, the party receiving the report is also to prepare a written summary.

(b) The Human Resources Director will promptly commission the conduct of an investigation. At the election of the Human Resources Director, the investigation may be conducted by SAKNAFTA personnel, or by outside counsel, accountants or other persons employed by the Human Resources Director. The investigation will document all relevant facts, including persons involved, times and dates. The Chief Executive Managers or the Human Resources Director shall advise the Board of Directors of the existence of an investigation.

(c) The identity of a person filing a report will be treated as confidential to the extent possible, and only revealed on a need-to-know basis or as required by law or court order.

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(d) On completion of the investigation, a written investigative report will be provided by the persons employed to conduct the investigation to the Chief Executive Managers and the Human Resources Director. If the investigation has documented unlawful, violative or other questionable conduct, the Chief Executive Managers or the Human Resources Director will advise the Board of Directors of the matter.

(e) If any unlawful, violative or other questionable conduct is discovered, the Chief Executive Managers shall cause to be taken such remedial action as the Board of Directors deems appropriate under the circumstances to achieve compliance with the Policy and applicable law, and to otherwise remedy any unlawful, violative or other questionable conduct. The persons employed to conduct the investigation shall prepare, or cause to be prepared, a written summary of the remedial action taken.

(f) In each case, the written investigative report (or summary of any oral report), and a written summary of the remedial action taken in response to the investigative report shall ANTI-BRIBERY & CORRUPTION POLICY 8 be retained along with the original report by or under the authority of the Human Resources Director.

### 13. RESPONSIBILITIES OF MANAGERS:

13.1 Managers will have full authority to implement the Policy within their spheres of responsibility. The measures taken by managers will be proportionate to the risks associated with their areas of responsibility but may include: (a) devising, implementing and maintaining systems and controls designed to prevent bribery, minimize the risk of bribery and detect instances of bribery; (b) ensuring that employees are aware of the Policy; and (c) ensuring that employees participate in anti-bribery training and that training specific to the needs of particular employees or job functions is provided when appropriate.

13.2 A manager to whom an employee's concerns are expressed must act promptly and escalate the matter in accordance with this Policy.

13.3 Where it is decided that further investigation is not appropriate the reporting employee must be given a prompt and full explanation of the reasons for reaching this conclusion. ANTI-BRIBERY & CORRUPTION POLICY 10

### 14 COMMUNICATIONS OF THE POLICY

14.1 To ensure that all directors, managers, employees, consultants and contractors of SAKNAFTA are aware of the Policy, a copy of the Policy will be provided to them and they will be advised that the Policy is available on SAKNAFTA's website for their review. All directors, managers, employees, consultants and contractors of SAKNAFTA will be informed whenever significant changes are made. New directors, managers, employees, consultants and contractors of SAKNAFTA will be provided with a copy of this Policy and will be educated about its importance.

14.2 Training on this Policy will form part of the induction process for all new directors, managers, employees and consultants of SAKNAFTA All existing directors, managers, employees and consultants will receive relevant training on how to implement and adhere to this Policy.

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14.3 SAKNAFTA's zero-tolerance approach to bribery and corruption must be communicated to all suppliers, contractors and business partners at the outset of our business relationship with them and as appropriate thereafter. For advice on these communications, please contact the financial manager.

#### **15 RESPONSIBILITIES FOR THE POLICY:**

15.1 The Company's Board of Directors has overall responsibility for ensuring this Policy complies with SAKNAFTA's legal and ethical obligations, and that all those under SAKNAFTA's control comply with it.

15.2 The Financial manager has primary and day-to-day responsibility for implementing this Policy, and for monitoring its use and effectiveness. Management at all levels is responsible for ensuring those reporting to them is made aware of and understand this Policy.

#### **16 MONITORING AND REVIEW:**

16.1 The Financial manager will monitor the effectiveness and review the implementation of this Policy, considering its suitability, adequacy and effectiveness. Any deficiencies identified will be rectified as soon as possible.

16.2 Internal control systems and procedures will be subject to audits to provide assurance that they are effective in countering bribery and corruption.

16.3 All directors, managers, employees, consultants and contractors of SAKNAFTA are responsible for the success of this Policy and should ensure they follow the procedures set out herein to disclose any suspected wrongdoing.

16.4 All directors, managers, employees, consultants and contractors of SAKNAFTA are invited to comment on this Policy and suggest ways in which it might be improved. Comments, suggestions and queries should be addressed to the financial manager.

#### **17 CONSEQUENCES OF NON-COMPLIANCE WITH THE POLICY:**

17.1 Failure to comply with this Policy may result in severe consequences, which could include internal disciplinary action or termination of employment or consulting arrangements without notice. Violation of this Policy may also constitute a criminal offence under US, Honduran or Canadian laws. If it appears in the opinion of the Board that any director, managers, employee, consultant or contractor of SAKNAFTA may have violated such laws, then SAKNAFTA may refer the matter to the appropriate regulatory authorities, which could lead to civil or criminal penalties for SAKNAFTA and/or the responsible person.

**18 PERSONAL SAFETY:**

18.1 The Company is engaged in conducting business in places where personal safety may not be guaranteed by local officials. If you are subjected to an immediate threat to personal safety, you may put your personal well-being first, even if it means that you make a payment that contravenes this, Policy.

18.2 The details of all incidents must be reported to the financial manager immediately.

**19 CHARITABLE CONTRIBUTIONS AND SOCIAL BENEFITS:**

19.1 SAKNAFTA is committed to making a positive difference in the communities in which they operate. As part of this commitment, SAKNAFTA will consider requests from governments and local organizations to contribute to local cultural activities or contribute to the development of or to provide goods and services to local infrastructure near its mineral projects.

19.2 Requests must be carefully considered to ensure that the contributions made will be used for the intended lawful purposes.

19.3 No charitable contribution, sponsorship or similar contribution shall be given unless it has been pre-approved by the financial manager, or such other person designated in writing by the board of directors of the Company.

**20 QUERIES:**

20.1 If you have any questions about how this Code should be followed in a particular case, please contact the financial manager or the Chief Operating Managers of SAKNAFTA in the first instance on +202 25604666.

**21 PUBLICATIONS OF THE POLICY:**

21.1 This Policy will be posted on SAKNAFTA's website at [www.SAKNAFTA.com](http://www.SAKNAFTA.com).

Amr Farrag  
SAKNAFTA Chairman

