

ANTI-FRAUD BRIBERY AND CORRUPTION POLICY

1. Introduction

As an integral part of achieving its responsibilities, CIC Capital Ltd. (CIC) demands the highest standards of integrity, behavior, practice, performance and accountability during the conduct of its business activities. CIC intends to fully comply with the requirements of all United Kingdom (UK) fraud-related legislation, including the 'Bribery Act 2010', and all anti-bribery and corruption laws in the countries in which it conducts business.

The general standards required are outlined in the '**Code of Business Conduct**' – these standards are applicable to all 'Workers' (which collectively includes permanent, contract, temporary and trainee staff; and any other person or organization 'associated' with CIC's activities).

All Workers are required to contribute towards maintaining a culture of honesty and ethical behavior, and to implement measures to ensure that fraud, bribery and corruption are pro-actively prevented, detected, managed and reported. Workers must also, at all times, seek to safeguard the resources for which they are responsible, and maximize CIC's benefit from the use of these resources. Fraud, bribery and corruption may present threats to these resources (which include, but are not limited to, buildings, land, equipment, materials, cash, staff time, hardware, software, trade secrets, confidential information and intellectual property).

Any practices which are incompatible with this 'Anti-fraud, Bribery and Corruption Policy' will not be tolerated. CIC has a zero-tolerance approach to all forms of fraud, bribery and corruption within its business especially as our head office is located in Beijing, China. We expect our Workers and, where appropriate, associated third parties, to comply. CIC will actively investigate all breaches or suspected breaches of this Policy and, if appropriate, invoke disciplinary measures against any Worker found to be involved in fraud, bribery or corruption, and take prompt action to remedy the breach and prevent any repetition of such breach. In appropriate circumstances, CIC will also invoke contractual sanctions against any associated third party who is found to have committed bribery-related offences. Any attempted fraud, bribery or corruption will be treated as seriously as if such action had actually been committed.

2. Purpose

The purposes of this 'Anti-fraud, Bribery and Corruption Policy' are as follows:

- Summarise the obligations for CIC imposed by the Bribery Act 2010;
- Set out CIC's zero-tolerance policy towards fraud, bribery and corruption;
- Define the meanings of fraud, bribery and corruption, and provide some examples that could potentially be observed in the workplace;
- Summarise CIC's policies in relation to political and charitable donations sponsorship arrangements, facilitation payments, and the prevention of bribery-related actions by associated third parties working on behalf of CIC;
- Outline the responsibilities of all Workers, to ensure that appropriate actions are taken to prevent and detect fraud/corruption; and practical guidance for Workers who may be requested to make an inappropriate payment;
- Outline the procedures to be followed where fraud, bribery or corruption is suspected or detected.

3. The Bribery Act 2010

The UK Government has introduced new legislation, the Bribery Act 2010 (the 'Act'), enforceable from 1 July 2011. The Act, which covers the criminal law relating to bribery, has been described as one of the toughest pieces of anti-corruption legislation in the world, raising the bar above the standard set by the United States' Foreign Corrupt Practices Act (FCPA), which was adopted in 1977. The new Act is a result of the UK committing to take on a leading role in reducing bribery and corruption, whilst supporting international trade by introducing clear rules on the conduct of business.

There are three specific criminal offences for an individual under the Act;

- Offence of offering, promising or giving a bribe;
- Offence of bribing a foreign public official;
- Offence of requesting, agreeing to receive, or accepting a bribe.

The Act also creates a new offence for a company which fails to prevent a bribe being paid, by anyone 'associated' with that company, to a foreign public official or other person, in order to obtain or retain a business advantage for the company. A person will be deemed to be associated with the company if that person provides services for, or on behalf of, the company.

The definition of such an associate could include an employee, agent, supplier, contractor, consultant, subsidiary, intermediary, or business partner (joint venture or consortium). CIC's only defense is to be able to prove that it had 'adequate procedures' in place to prevent bribery being committed by someone associated with it (in accordance with guidelines published by the UK's Ministry of Justice).

There are serious criminal penalties for committing a bribery offence under the Act, including up to 10 years in prison or an unlimited fine for individuals. In addition, organisations or persons convicted may also have to pay a fine, the level of which is unlimited.

4. Policy on Fraud, Bribery and Corruption

CIC strictly prohibits any form of fraud, bribery and corruption, whether direct or indirect. CIC regularly assesses its bribery-related risks in all aspects of its business/operations, and has identified the following main areas as particularly vulnerable to instances/allegations of bribery:

- Political donations (see section 7 below);
- Charitable contributions (see section 8 below);
- Sponsorships (see section 9 below);
- Dealings with associates (see section 12 below);
- Gifts and hospitality (refer to the separate 'Gifts and Hospitality Policy').

It is important to note that this list is not exhaustive, and all Workers should be mindful of the general anti-bribery principle underpinning this Policy, throughout their conduct and dealings on behalf of CIC. In addition, this list may be updated periodically, following re-assessments of CIC's bribery-related risks.

5. Definitions of Fraud, Bribery and Corruption

'**Fraud**' is a broad term referring to the intentional use of deception, for the purpose of obtaining some kind of prestige; monetary profit or an unfair/dishonest advantage; or to avoid an obligation. It may result in loss or damage to another individual/organization.

'**Bribery**' refers to a deliberate act of offering, giving, receiving, or soliciting 'something of value', for the purpose of expecting to influence the 'action' of another person in the discharge of their employment, public or legal duties. The offering or giving of a bribe is referred to as 'active bribery', whilst the receiving or soliciting of a bribe is referred to as 'passive bribery'.

The 'something of value' refers to any inappropriate inducement or reward, but not necessarily money – it could include gifts; hospitality; loans; payment of fees; promises of employment or interests in business; and/or other advantage or favor that the recipient views as valuable.

The intention of the bribe could be to obtain services which the person receiving the bribe is prohibited from providing, or to obtain preferential treatment for something that the person receiving the bribe is required to do by law (this bribe is referred to as a '**facilitation payment**' – see section 9 below for more details). It is worth noting that a bribe will still be an offence under UK law, even if the bribe is committed overseas.

'**Corruption**' involves the intention to abuse the entrusted power and official duties of another person, for the purpose of receiving 'something of value' (an inducement/reward) for personal gain. Corruption typically involves the payment of a bribe to induce someone in a powerful position to act inappropriately or illegally.

6. Examples of Fraud, Bribery and Corruption

There are many types of actions that may constitute fraud, bribery and/or corruption, but the following are a few examples:

- Any act, which is dishonest or contrary to CIC's business interests;
- Forgery or alteration of any financial document, including those related to bank accounts and payment instruments;
- Misappropriation of funds, securities, supplies, or other assets;
- Impropriety in the handling/reporting of money or financial transactions;
- Profiteering as a result of insider knowledge;
- Inappropriate disclosures to other persons regarding the activities engaged in, or contemplated by, CIC;
- Accepting or seeking anything of material value from vendors or persons providing goods/services to CIC. Please refer to the '**Gifts and Hospitality Policy**' for further guidance in relation to the receiving or giving of gifts/hospitality;
- Inappropriate destruction or disappearance of records, furniture, fixtures, or equipment;
- Making a facilitation payment of any amount, even if the payment is a generally accepted practice in that particular country explained (except if the payment is made in the rare circumstance of duress, where strict rules apply).

If you are uncertain whether an action may potentially constitute fraud, bribery or corruption, Workers must contact the Head of Internal Audit or the Group General Counsel.

It should also be noted that there are other types of actions which may not necessarily constitute fraud, bribery or corruption, but would be considered as 'improprieties/irregularities' (whether moral, ethical or behavioral). These types of actions are not covered under this 'Anti-fraud, Bribery and Corruption Policy'.

7. Political Donations

Political donations refer to contributions of anything of value to support a political goal – including donations made to persons/organizations which are close to political parties or other political institutions. These donations present particularly high risks for bribery and corruption, and are illegal in many countries.

Consequently, it is prohibited for Workers to make any political contributions on behalf of CIC, as it would be perceived as inappropriately ‘buying influence’. Particular care should be taken in assessing requests for funding from organizations which may themselves provide funding to political parties, including trade unions and ‘think tanks’.

8. Charitable Donations

Charitable donations may often be made for reasons of a personal interest, and used to disguise bribes and corrupt payments.

Consequently, such donations on behalf of CIC are not permitted, unless they are to established charities with recognized charitable aims, and formally approved by the Chief Executive (or properly approved in accordance with the Delegations of Authority).

9. Sponsorships

Commercial sponsorship occurs when a company enters into a contractual agreement with a third party, under which the company makes payments in return for the opportunity to advertise its products/services through logos, promotional flyers or advertisements. Commercial sponsorship agreements are a relatively high risk area, particularly where they are agreed in countries which have a poor record of preventing corruption.

Consequently, it is prohibited to enter into any such sponsorship agreements, or make any sponsorship payments, on behalf of CIC – unless formally approved by the Chief Executive Officer. Any such agreements would be formally documented; subject to appropriate due diligence; and provide specific advertising opportunities and commercial benefits for CIC.

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10. Facilitation Payments

Facilitation payments are usually small payments made to secure or speed up routine actions – these actions (which are often undertaken by public officials) may include issuing permits, licenses, consents or immigration visas, or for releasing goods held in customs.

Facilitation payments of any amount (no matter how small) on behalf of CIC are strictly prohibited, even if such payment is a generally accepted practice in a particular country. These types of payment must never be made to influence another person in carrying out their business duties (especially where a public official is not permitted or required, by written law, to be influenced by the payment), or to obtain/retain any business or business advantage. Facilitation payments are only permitted if made in the rare circumstance of duress, where you genuinely fear for your safety (loss of life, limb or liberty), where strict rules apply (see Practical Guidance in section 11).

11. Practical Guidance for Workers Being Requested to Make an Inappropriate Payment/Reward (a 'Facilitation Payment')

DO:

- Refer to this Policy in any situation where you suspect bribery or corruption may be occurring, or where there is an increased risk of corrupt activity.
- Act in a transparent way, and only influence the decisions of business partners and public officials through formal commercial arguments.
- Consider whether there are particular risks associated with a relationship or contract, which may require increased due diligence to prevent or identify corruption.
- Be aware of situations which present a 'high risk' of potential bribery being encountered – such as the giving of gifts/hospitality; making any form of 'facilitation payment'; making any political or charitable donations; participating in any form of sponsorship; giving anything of value to a public official; and engaging agents, consultants or other third parties to undertake activities on behalf of CIC.

DON'T:

- Use your position within London Mining to ask for personal gifts, hospitality or other benefits.
- Influence the decisions of business partners and public officials by paying bribes, giving gifts or arranging excessive hospitality.
- Use third parties (such as consultants and agents) in connection with the offering, granting or accepting of bribes.
- Conclude agreements with third parties (such as consultants and agents) whose integrity and qualifications were not reviewed in advance through appropriate due diligence.
- Act in a way which you would not like to see reported in the media or to public authorities.

Practical Guidance for Workers Being Requested to Make an Inappropriate Payment

The following guidance should assist Workers to deal with a situation in which they are faced with having to offer an inappropriate payment (or reward), in order to facilitate a business activity or transaction.

- The payment/reward should be immediately refused, politely but firmly. You should make reference to CIC's relevant policies, such as the 'Code of Business Conduct', 'Anti-fraud, Bribery and Corruption Policy' and the 'Gifts and Hospitality Policy'. It is important that you make it clear to the person making the demand that, if you make such a payment, it may mean that you, CIC, and possibly the official's organization, may be committing an offence under UK Law.
- If the suggestion or demand for payment continues, you should ask for official documentary proof that the payment is payable. If such proof cannot be supplied (as evidence of the validity of the payment), you should again politely refuse, and ask to speak to a more senior official.
- If it appears that the payment genuinely cannot be avoided (for example, if you are under duress and genuinely fear for your safety – loss of life, limb or liberty), you should contact the Chief Executive Officer for immediate guidance.
- If you are unable to contact your Chief Executive Officer, or if it is determined that you have no option but to pay, you should make the payment. However, you must also endeavor to obtain some evidence of the transaction and immediately report it to the Chief Executive Officer. You should also document when, where, how and to whom the payment was made, including the names of any other senior officials involved or mentioned.
- If any such situation ever occurs, you must report it to the Chief Executive Officer, as soon as practically possible. A full account of the incident should be provided, including details of the location, and the names of the involved company/official. You must record the amount of the payment; the purpose of the payment; and the reasons why the payment was made.

- The Chief Executive Officer must ensure that the incident is promptly followed up with the relevant receiving company/authority, to ensure that the payment can be properly investigated and documented/evidenced. The Chief Executive Officer should determine whether any further action needs to be taken, to ensure that a similar incident is not repeated, and ensure that such action is documented on file.
- If the receiving company/authority refuses to take adequate action to investigate the incident, it must be promptly reported to the relevant Country Manager. A full account of the incident must be provided in writing, and this must be retained on file.
- The Chief Executive Officer will promptly report the incident to the Board so that the need for further action can be determined.

12. Prevention of Bribery by Associates

Under the Act, CIC may become criminally liable where an act of bribery has been committed by a person or organization associated with it. CIC's only defense would be able to demonstrate that it had established 'adequate procedures' to prevent bribery being committed by someone associated with it.

Accordingly, CIC requires screening and due diligence procedures to be carried out in respect of its associated third parties – agents, suppliers, contractors, consultants, subsidiaries, intermediaries, and business partners (joint venture or consortium). This is essential to ensure that the highest ethical standards are maintained, in order to protect CIC from the risk of it being associated with illegal or corrupt payments/practices undertaken on its behalf. Workers who engage any third parties (persons or organizations) to work on behalf of CIC, must ensure that these parties are aware of, and acknowledge compliance with, this Anti-fraud, Bribery and Corruption Policy.

In order to determine which associates may present a bribery risk for CIC, a risk assessment must be conducted on all potential associates. This risk assessment must be carried out by Workers in respect of all associates prior to the appointment of, or engagement with, the relevant associate. This risk assessment, which must be thoroughly documented, must consider the following non-exhaustive list of 'red flags' to identify possible bribery risks in relation to associates:

- Dealings in countries with a history of bribery and corruption (see Transparency International's 'Corruption Perceptions Index' – in particular, higher risk countries are those with a score of 5 or less);
- Close ties with the UK Government, any overseas Government, or any Government agency in the UK or overseas;
- Poor or non-existent anti-bribery policy;
- Poor or non-existent records of monitoring compliance with its own anti-bribery policy;
- Extensive use of third party agents and intermediaries, particularly in countries with a history of bribery and corruption;
- Adverse media comments on business dealings;
- Evidence of extravagant gifts, hospitality or expenses;
- Odd payments or unexplained accounts in financial records (where available for review).

Following completion of the risk assessment, Workers should promptly report any particular concerns about the relevant associate to their Chief Executive Officer, where there may potentially be a heightened bribery risk. Such associates will need further due diligence to be conducted prior to engagement. If it is subsequently determined that the associate should be engaged, they will be required to commit contractually to observing CIC's Anti-fraud, Bribery and Corruption Policy throughout their duties on behalf of CIC. Workers must keep compliance by associates under review, and report any suspected unlawful conduct or breaches of contractual obligations to their Manager.

13. Responsibilities for Managing the Risk of Fraud, Bribery and Corruption

It is the responsibility of all Workers to ensure that risks related to fraud, bribery and corruption (in addition to general business/operational risks) are appropriately identified, managed and mitigated. Specifically, CIC Board through the Chief Executive Officer is responsible for diligently endeavoring to promptly detect, and hopefully prevent, misappropriation and other irregularities.

Consequently, it is essential that all Workers are familiar with the types of improprieties that might occur within their area of responsibility. It is essential that all Workers proactively consider the possibility that fraud, bribery and/or corruption may occur, and maintain continual alertness to any indication of irregularity.

Once the key risks have been evaluated, appropriate on-going action must be taken to adequately mitigate those risks. Subsequently, any changes in operational procedures or the business environment must also be re-assessed, to ensure that any impacts which might increase or change the risk of improprieties are properly taken into account.

Good corporate governance procedures are a strong safeguard against fraud, bribery and corruption. Consequently, adequate supervision, scrutiny and healthy skepticism must not be seen as distrust, but simply as good management practice, which help to shape attitudes and create an environment opposed to inappropriate behavior. Managers must set an example by refusing to endorse improper behavior, and by dealing swiftly and robustly (in accordance with guidance from the Board with those who attempt to defraud or corrupt CIC.

14. Reporting Suspected Fraud, Bribery and Corruption

CIC expects all Workers to be continuously vigilant, and to immediately report any concerns related to actual or suspected dishonesty; fraudulent activity; public interest issues (such as concern that the organization is not complying with legal obligations); or breach of CIC's policies/procedures. A '**Whistle-blowing Procedure**' is in place to enable Workers to raise potential concerns, so that these can be appropriately investigated and resolved. The 'Whistleblowing Procedure' provides guidance on what concerns should be reported, and the facilities available for reporting. Great care must be taken during the reporting (and subsequent investigation) of suspected wrong-doings. This is essential, in order to avoid mistaken accusations or alerting suspected individuals that an investigation is in progress. Workers should never attempt to personally conduct investigations, interviews or interrogations related to any suspected wrong-doing. All identified and reported cases will be fully investigated and, where justified, disciplinary and/or legal action will be taken against any individual or group involved. All necessary steps will be taken to recover any losses and costs incurred.

15. Investigation Reporting and Follow-up

The key steps and responsibilities involved in a typical investigation into alleged fraud, bribery or corruption are summarized in the following points and apply to all investigations:

- a) At the conclusion of the investigation, Internal Audit will produce a report for the Chief Executive, relevant senior management and the Chairman of the Audit Committee. The report will give as much detail as possible, with particular focus on how the impropriety occurred and what improvements need to be made to avoid such occurrences in the future.
- b) Any significant failure of supervision, or breakdown of stipulated controls, must be promptly rectified by the Board.
- c) Any lessons learnt that have a wider applicability to other parts of CIC will be to the Chairman of Audit Committee, in order to mitigate the risk of similar occurrences elsewhere.
- d) Chief Executive Officer will prepare a periodic report for the Audit Committee summarizing paramount and most reporting will be at a summary-level only.
- e) Throughout every investigation and reporting process, confidentiality will be paramount and most reporting will be at a summary-level only.