



COMMERCIAL MALPRACTICE POLICY

CONTENTS

1. BACKGROUND	3
2. GENERAL APPROACH	3
3. THE NEED TO ADDRESS MALPRACTICE RISKS	3
4. SCOPE OF THE POLICY	4
5. POLICY STATEMENT	5
6. ACTIONS CONSTITUTING MALPRACTICE.....	5
7. MANAGEMENT RESPONSIBILITIES	7
8. THE DUTY TO REPORT IRREGULARITIES.....	8
9. OTHER IRREGULARITIES.....	9
10. TOOLS TO IMPLEMENT THE MALPRACTICE POLICY	9
11. INVESTIGATION OF ALLEGATIONS.....	9
12. CONTRAVENTION OF THE POLICY	10
13. ADMINISTRATION	10
14. POLICY APPROVAL.....	10

1. BACKGROUND

- 1.1 Pan African Resources PLC is incorporated in the United Kingdom and has a number of subsidiaries incorporated in the Republic of South Africa as well as a subsidiary incorporated in Dubai and another in Sudan. This group of entities will, for purposes of this Policy, collectively be referred to as “Pan African Resources”, “Pan African” or “the Company”. This Malpractice Policy (hereinafter also referred to as the “Policy”) sets out in general Pan African’s practice and approach in preventing, detecting and dealing with alleged instances of malpractice, as described in section 6 of the Policy.
- 1.2 Pan African has adopted a zero-tolerance approach to any type of malpractice and is committed to protecting its revenue, expenditure, assets, information and reputation from financial gain or other benefit in an unlawful, dishonest or unethical manner. Pan African has a statutory responsibility to take an active stance against fraud, corruption and other malpractice and deal with its occurrence in terms of the legislative prescriptions. This extends to all dealings by Pan African and its representatives, wherever it conducts its business.
- 1.3 This Policy should not be seen as specific and all-encompassing, but rather as an overall framework that establishes the basis for the development of specific policies and control measures that will aid in the prevention, detection and investigation of serious malpractice.

2. GENERAL APPROACH

In terms of Pan African’s **zero-tolerance approach** to fraud, corruption and other serious malpractice, the organisation endeavours to create an environment that discourages fraud and corruption through:

- Applicable policies
- Fraud/corruption awareness campaigns and training
- Encouraging honesty, openness, co-operation and mutual respect across all functions, suppliers/vendors and contractors with whom Pan African conducts business
- An appropriate whistleblowing mechanism which maintains the confidentiality of reports and which prevent any sort of retaliation against those who have reported suspected instances of fraud, corruption or other malpractice.

3. THE NEED TO ADDRESS MALPRACTICE RISKS

- 3.1 Fraud and corruption harm the societies in which these acts are committed and inhibits economic growth and development. Fraud, corruption and other types of malpractice constitute a criminal offence in all the countries in which Pan African operates, and these types of unlawful acts expose Pan African, its employees and representatives to the risk of prosecution, fines and imprisonment, as well as endangering the Company’s reputation.
- 3.2 Pan African is also obliged, in terms of the South African Companies Act of 2008, to establish a social and ethics committee which monitors the Company’s activities with regard to (amongst other matters) the Organisation for Economic Co-operation and Development’s (OECD) recommendations regarding corruption. The said committee reports to the shareholders of the Company on their findings.
- 3.3 Apart from moral and corporate governance considerations, Pan African is also exposed to other risks, such as:

- The directors can be exposed to civil claims if they failed to comply with their common law and statutory duty of care, resulting in the perpetration of fraud, corruption and other serious malpractice
- Pan African may be held vicariously liable for the actions of its employees or agents who have acted unlawfully
- Pan African can be charged with money-laundering even where it negligently receives or possesses the proceeds of unlawful activities
- Pan African is subject to the United States' Foreign Corrupt Practices Act of 1977 and may incur civil and criminal penalties where it fails to maintain proper and correct accounting records and/or where a foreign public official is bribed, in any jurisdiction in the world, by an agent or employee of Pan African
- Pan African is furthermore subject to the provisions of the United Kingdom's Bribery Act of 2010 and can incur criminal liability if it is found that it failed to have adequate procedures in place to prevent bribery, such as where a person associated with Pan African (including an agent) bribed a person in another jurisdiction
- Pan African is also subject to the South African Prevention and Combating of Corrupt Activities Act of 2004 that criminalises the offering or acceptance of any gratification in order to influence another person to act in a biased or improper manner.

3.4 In addition, Pan African has certain legal duties to report unlawful activities, including:

- The duty to report to the South African Police Service (SAPS) its knowledge or suspicion that another person has committed a corrupt act and/or any fraud, forgery, extortion or theft in excess of the prescribed amount of R100,000 or more. The failure by persons in the position of authority within Pan African to report this, amounts to a criminal offence
- The duty to report any suspicious transaction to the Financial Intelligence Centre - failure to do so also constitutes a criminal offence.

3.5 It is therefore clear that it is in the interests of all stakeholders that the fraud, corruption and other commercial malpractice risks which Pan African may be exposed to, should be properly addressed and managed.

4. SCOPE OF THE POLICY

4.1 This Policy applies to any actual or alleged serious malpractice, as described in section 6 of the Policy that is, was or on reasonable grounds suspected to be committed by:

- Pan African and all of its subsidiaries
- the directors, shareholders and employees (whether permanent, fixed term or temporary) of Pan African
- the customers, business associates, agents, contractors, consultants, vendors, third party service providers, or any other person in a business relationship with Pan African, Pan African's subsidiaries or entities otherwise managed or controlled by Pan African (collectively referred to as "Stakeholders" in this Policy) to the extent indicated in the Policy.

4.2 Pan African will furthermore endeavour, where applicable, to enter into disclosure agreements with relevant stakeholders where it deems it necessary to mitigate the risk of fraud and corruption. The purpose of such a disclosure agreement is to facilitate the disclosure of information relevant to the investigation of matters where there is a reasonable suspicion that a stakeholder (including its employees, agents or sub-contractors) acted fraudulently, corruptly or committed another serious malpractice. These disclosure agreements are subject to the legal constraints imposed in law, such as the South African Protection of Personal Information Act of 2013 or the United Kingdom's Data Protection Act of 2018.

5. POLICY STATEMENT

- 5.1 Pan African is committed to the highest standards of personal and professional ethical behaviour. The board of directors of Pan African (the board) have adopted a zero-tolerance approach against any malpractice, and therefore appropriate action will be taken against any person who conducts him or herself in a manner which is in conflict with this Policy.
- 5.2 Pan African furthermore endeavours to comply with the laws and regulations of the countries in which it operates. Amongst others, Pan African will comply with:
- The Prevention and Combating of Corrupt Activities Act of 2004 (PRECCA)
 - The Protected Disclosures Act of 2000 (PDA)
 - The United Kingdom's Bribery Act of 2010 (UKBA) and
 - The United States of America's Foreign Corrupt Practices Act of 1977 (FCPA).
- 5.3 This Policy is supplemented by and should be read in conjunction with the following Pan African policies:
- Code of Ethics
 - Conflict of Interest Policy
 - Protection of Personal Information Policy
 - Diversity Policy
 - Slavery and Human Trafficking Policy
 - Human Rights Policy
 - Legal Action Policy
 - Share Trading Policy (trading in the presence of price sensitive information) and
 - As well as any other applicable Policies.
- 5.4 This Policy has, furthermore, been drafted to ensure compliance with the GRI 205 Anti- Corruption Standard of 2016.

6. ACTIONS CONSTITUTING MALPRACTICE

- 6.1 This Policy is applicable to instances where it is on a reasonable basis suspected that bribery or a fraudulent, collusive, coercive, obstructive or corrupt act occurred, occurs or will occur (Malpractice). For purposes of this Policy (in alphabetical order):
- **"bribery"** is the offering, giving, soliciting, or receiving of any item of value as a means to influence improperly the actions of the Pan African, Pan African's employees, directors, stakeholders or another person
 - **"coercive malpractice"** is impairing or harming, or threatening to impair or harm, directly or indirectly, any person or the property of the person to influence improperly the actions of the Pan African, Pan African's employees, directors, stakeholders or another person
 - **"collusive malpractice"** is an arrangement between two or more persons designed to achieve an improper purpose, including to influence improperly the actions of another person
 - **"concealing a malpractice"** is any agreement or attempt to conceal any malpractice set out in this Policy;
 - **"corruption/corrupt practices"** is the offering, giving, receiving or soliciting, directly or indirectly, of anything of value to improperly influence the actions of Pan African, Pan African's employees, directors, stakeholders or another person

- **“disclosing information”** is the intentional and unintentional disclosure of confidential and proprietary Pan African information to outside parties
- **“environmental offences”** are offences in respect of the disposal of waste and damage to the environment
- **“fraud”** is the intentional making of a misrepresentation with the intent to deceive, resulting in actual or potential prejudice to Pan African or another person
- **“fraudulent malpractice”** is any act or omission, including a misrepresentation, that knowingly or recklessly misleads, or attempts to mislead Pan African, Pan African’s employees, directors, stakeholders or another person to obtain a financial or other benefit or to avoid an obligation and includes the instances referred to in this section of the Policy
- **“human trafficking”** is the practice of forced labour and commercial sexual exploitation among imported and exported trafficked men, women, and children
- **“improper recording of financial transactions”** is the intentional and improper recording, or reporting of financial transactions
- **“money laundering”** is the intentional or negligent involvement in an agreement or transaction to hide the proceeds of unlawful activities
- **“obstructive malpractice”** is deliberately destroying, falsifying, altering or concealing of evidential material to the investigation or making false statements to investigators in order to materially impede Pan African’s investigation into alleged malpractice set out in this Policy; and/or threatening, harassing or intimidating Pan African, its employees, directors, stakeholders or any other person to prevent them from disclosing their knowledge of matters relevant to the investigation or from pursuing the investigation
- **“profiteering”** is the unlawful making of profit by any person as a result of insider knowledge or information of company activities or disclosing such information to third parties
- **“property destruction”** is the destruction, damaging, removal, or inappropriate use of records, furniture, fixtures, equipment or other assets in the possession of or under the control of Pan African
- **“regulatory offences”** are any inappropriate act, such as collusion, bribery or coercion to procure mining licences or similar regulatory approval
- **“terrorist support”** is any financial or other support to an organisation, designated as a terrorist organisation by either of the United States of America, United Kingdom and South Africa
- **“theft”** is the taking of something that another person owns or possess. It includes the misappropriation of funds, securities, inventory, raw and processed materials, information or other assets
- **“unauthorised information access”** is the improper access to information or data in the possession or control of Pan African
- **“unauthorised use”** entails the use of Pan African’s property without consent for own purposes
- **“unauthorised use of electronic devices”** is the inappropriate use of electronic devices provided for use by directors, employees, subcontractors or agents of Pan African
- **“unlawful conduct”** is conduct which is aimed at undermining Pan African or its employees’ good name or reputation.

6.2 The terms “bribery” and “corruption” includes all the offences mentioned in the PRECCA, FCPA and the UKBA, and will include the following:

- attempts to secure an improper advantage in any area, for example environmental permits, customs, dealing with law enforcement or judicial proceedings
- the offer or acceptance of any form of undue gratification or reward, whether or not it can be measured in monetary terms, including employment or lavish hospitality
- all mechanisms for the channelling of undue payments or other benefits, or for masking their purpose, whether as “kickbacks”, subcontracts, purchase orders, consultancy agreements, through agents or any other method

- the acceptance of any unauthorised gift or hospitality
- the failure to record a transaction or the incorrect or improper recording of an entry in the accounting records in order to hide the true nature or extent of a transaction
- the failure to have adequate procedures in place to prevent bribery and
- any deal on improper concessional terms with politically influential individuals or companies or organisations linked with them.

6.2.1 The gratification can take on many different shapes and forms and may include the:

- direct or indirect promising, offering, or authorisation of anything of value
- offer or receipt of any kickback, loan, fee, reward or other advantage and
- giving of aid, donations or anything designed to exert improper influence.

6.2.2 For a criminal conviction it is not necessary to show that:

- Some unlawful act was indeed performed in exchange for the corrupt gratification (the mere offering or accepting thereof is sufficient)
- The person agreeing to the gratification had the intention to perform in terms of the corrupt agreement (mere acceptance is sufficient, even if a person did not have the power or intention to perform the corrupt act)
- The person who had been offered the gratification indeed physically accepted the gratification (an agreement to accept the gratification at some later stage is sufficient to secure a conviction) and
- The exact nature of the gratification offered to influence the receiver was specified at the time the corrupt offer was made or accepted.

6.3 From the aforesaid it clear that the offence is widely defined, and if in doubt as to whether the acceptance or offering of a gratification will be lawful, further guidance should be obtained from an employee's immediate supervisor or the Pan African Group Financial Manager or the Executive: Risk & Security located at Pan African's Corporate Office.

6.4 This Policy must be read with Pan African's Anti-Bribery and Corruption Policy.

6.5 In addition to the aforesaid, the term "malpractice" also includes all instances of serious misconduct, which is:

- any intentional violation of Pan African's Policies and/or applicable laws and regulations which Pan African and/or its directors and/or employees are compelled to adhere to, and that has not already been covered in sub-sections 6.1 to 6.2 and
- of which the contravention of may have serious consequences or reputational damage to Pan African.

7. MANAGEMENT RESPONSIBILITIES

7.1 Management is responsible for the detection and prevention of fraud, corruption and other malpractice as set out in section 6 of the Policy. Each member of the management team must be familiar with the types of improprieties that might occur within his or her area of responsibility, and be alert for any indication of irregularity.

7.2 Any suspected malpractice or irregularities should immediately be reported to the manager's immediate supervisor and the Executive: Risk and Security at Pan African's Corporate Office, as set out in the Pan African Code of Ethics and/or other applicable Policies. The matter so reported should be treated on a confidential

and need-to-know basis by all involved.

7.3 For purposes of this Policy, “management” consists of any person who supervises or controls the functions performed by another person as well as the directors of any entity which forms part of Pan African. The Pan African Group Finance function however has the overall responsibility to ensure the communication, implementation, monitoring and review of this Policy.

7.4 In particular, Management will ensure that:

- It will comply with South Africa’s King IV Codes and the United Kingdom’s Corporate Governance Code of 2018, as far as the management of malpractice is concerned
- Proper processes and procedures are in place to establish the likelihood and impact of the commercial malpractice risks to which Pan African may be exposed to
- Processes and procedures to prevent malpractice, which are proportionate to the identified risks, are in place
- Conflicts of interests that employees or other stakeholders may have, are identified and appropriately managed
- Charitable donations and sponsorships made by Pan African are not used as a disguised form of corruption or bribery
- Due diligence procedures are in place in respect of stakeholders which may expose Pan African to commercial malpractice risks
- Anti-fraud and corruption communications are regularly distributed and that tailored anti-corruption training is provided on a regular basis for directors, employees and/or stakeholders that have been identified as having a high risk of incidents of corruption;
- The anti-fraud and corruption programmes and policies are effectively communicated to Pan African employees and its stakeholders, and implemented within Pan African;
- Proper records of the anti-fraud and corruption communications and training are kept in accordance with the GRI 205 Anti-Corruption Standard and
- Appropriate internal compliance programmes are implemented in order to ensure that:
 - the offences of corruption, fraud, theft, forgery and extortion are in fact detected and reported, as envisaged by section 34 of PRECCA
 - proper records are kept regarding confirmed incidents of fraud and corruption as well as Pan African’s response to these incidents in order to comply with the GRI 205 Anti-corruption Standard and
 - Anti-fraud and corruption programmes are appropriately reviewed and monitored.

8. THE DUTY TO REPORT IRREGULARITIES

8.1 All directors and employees (as set out in section 4 of the Policy) of Pan African must always act in the best interests of Pan African. This includes notifying management and/or another appropriate person or body, as set out in the Whistleblowing Policy, of any matter which may prejudice Pan African.

8.2 The failure by any employee to report any reasonable suspicion that any person, mentioned in the scope of this Policy (as set out in section 4 of the Policy), has committed, attempted to commit or conspired with another person to commit any of the irregularities outlined in section 6 of this Policy, in addition to other legal consequences, constitutes misconduct. If stakeholders suspect that:

- Their own actions (including those of persons associated with them) have, or may have contravened this Policy, they should immediately report the matter on the Pan African whistleblowing line and/or inform the Executive: Risk and Security at Pan African's Corporate Office.
- An employee or another stakeholder of Pan African has contravened this Policy, they should report this promptly and confidentially, preferably in writing, to the Executive: Risk and Security at Pan African's Corporate Office. Alternatively, they should report the matter on the Pan African whistleblowing line. The matter so reported should be treated as confidential by those who report the matter as well as those who receive the report.

9. OTHER IRREGULARITIES

- 9.1 Irregularities not covered in section 6 of the Policy and concerning an employee's moral, ethical, or behavioural conduct, should be resolved by departmental management and/or the Human Resources Department and not in terms of this Policy.
- 9.2 If there is any question as to whether an action constitutes a commercial malpractice, guidance can be obtained from an employee's immediate supervisor and/or the Pan African Group's Financial Manager and/or the Executive: Risk and Security.

10. TOOLS TO IMPLEMENT THE MALPRACTICE POLICY

- 10.1 In order to assist the management of Pan African in carrying out their responsibilities, the following structures, policies, guidelines and systems should be in place:
- An effective accounting system
 - Appropriate processes for internal controls, including authorisation controls, reporting and investigative procedures
 - Appropriate contracts and terms of employment
 - Adequate training and awareness programmes
 - Appropriate disciplinary processes and procedures
 - Policies related to the use of computers, e-mail and the internet
 - Controls reviewed by internal audit
 - An internal security and monitoring team
 - An external audit function
 - A procedure for the investigation of security incidents
 - A confidential reporting system (whistle-blower procedure)
 - Legal guidance on the inclusion of appropriate anti-bribery provisions, guarantees or conditions in the written contracts of employees or representatives, where applicable and
 - Due diligence processes with respect to clients and operations, in particular, for foreign commercial activities.

11. INVESTIGATION OF ALLEGATIONS

- 11.1 All allegations, based on reasonable grounds and reported to Pan African, will be investigated, each to its logical conclusion and reported to the appropriate levels in the organisation for action to be taken, as required by this Policy. Every director, manager, employee and stakeholder is expected to comply with lawful requests by the investigating team.
- 11.2 Management, at the respective operating divisions, has the primary responsibility for investigating all

suspected malpractice as defined in this Policy. If this investigation supports the inference that it is likely that malpractice has occurred, the manager will report to the appropriate designated personnel and, if appropriate, to the board through the audit and risk committee.

11.3 Decisions to prosecute or to refer the preliminary examination results to the appropriate law enforcement and/or regulatory agencies and/or external forensic investigation for independent investigation will be made in conjunction with legal counsel and senior management, as will final decisions on the disposition of the case. Persons who have been mandated to investigate any alleged contravention in terms of this Policy will have:

- Free and unrestricted access to all Pan African records and premises; and
- The authority to examine, copy, and/or remove all or any portion of the contents of electronic equipment (such as computers, mobile devices, digital storage devices), files, desks, cabinets, and other storage facilities on the premises without prior knowledge or consent of any individual (taking cognisance of the Protection of Personal Information Act of 2013) who might use or have custody of any such items or facilities when it is within the scope of their investigation.

11.4 These principles will be further supplemented by Pan African's Fraud Prevention Plan and the Investigative Protocols.

12. CONTRAVENTION OF THE POLICY

Pan African Resources regards any contravention of this Policy as a serious matter which will be investigated and which may lead to disciplinary and/or criminal action. At the same time, any suspected or alleged contravention under investigation must be treated with utmost confidentiality.

13. ADMINISTRATION

The Finance Department is responsible for the administration, revision, interpretation, and application of this Policy. This Policy shall be reviewed annually by the Group Finance Department and revised as needed. The Policy is subject to final approval by the Pan African audit and risk committee, and ratified by the board.

14. POLICY APPROVAL

This Policy was recommended by the audit and risk committee to the board as reflected in the approved minutes of 28 June 2023.

This Policy was approved by the board as reflected in the approved minutes of 29 June 2023.

The policy becomes effective from 29 June 2023 and is subject to biennial review.