

LocalCover Sanctions and Anti-Bribery and Corruption Policy

1.1 Policy statement

LocalCover Worldwide Limited and its related parties (**LocalCover**) take a zero-tolerance approach to bribery and corruption and are committed to integrity and ethical business practices and to conducting business in an honest and ethical manner.

Many countries have laws which prohibit benefits being provided to government officials with the purpose of influencing them in carrying out their duties.

There are also legally imposed sanctions set down by governing authorities which prevent certain commercial activities and dealing with certain prohibited persons in countries on which sanctions may be imposed from time to time.

LocalCover is committed to complying with all applicable laws and standards.

LocalCover has adopted the measures outlined in this Policy to:

- » prevent corrupt or unethical conduct;
- » provide guidance about acceptable forms of entertainment, hospitality and gifts; and
- » avoid breaching international trade sanctions.

1.2 Application of the Policy

This Policy must be observed by all:

- » directors, officers and employees of LocalCover (**Company Personnel**);
- » distributors and representatives (including agents, consultants and contractors) of LocalCover (**Business Partners**); and
- » persons who have entered into a Master Retailer Agreement (MRA) with LocalCover and their directors, officers and employees (**Retailers**).

Appropriate action will be taken in respect of any Company Personnel who breach this Policy including additional training, and where appropriate, warnings, suspension or termination. Breaches by Business Partners or Retailers will be dealt with by the terms of the engagement or appointment.

2. Bribery

Company Personnel, Business Partners and Retailers must not:

- (a) provide, offer or promise, either directly or indirectly, a bribe to a public official with the intention of obtaining or retaining business or a business advantage;
- (b) provide, offer or promise, either directly or indirectly, a bribe to any person;
- (c) permit, encourage or facilitate any other person to provide a bribe to a public official or another person;
- (d) request, receive or agree to receive a bribe;
- (e) make a facilitation payment in connection with a government action;
- (f) use false or fraudulent documents, including by establishing off-the-book accounts or falsifying accounts or transactions; or
- (g) intentionally and improperly destroy documents or financial records without the prior written consent of LocalCover.

A **facilitation payment** is a payment of a small amount to secure or expedite a routine governmental action to which a person is otherwise lawfully entitled. Examples of such action include, but are not limited to, obtaining permits or licences, processing governmental papers such as visas and providing mail pick-up and delivery.

A **bribe** can be money or anything of value, including but not limited to cash, travel, gifts, entertainment, employment and directed charitable donations which are provided to influence a person to improperly exercise their duty. Such benefit may be provided, offered or promised directly or indirectly. A benefit offered to a public official which is permitted by written foreign law applicable to the official will not be prohibited.

A **public official** includes:

- » any officer, official, employee or contractor of a government or government owned/controlled entity;
- » a public international organisation;
- » a department or agency of a government or public international organisation;
- » a member of the executive, judiciary or magistracy of a country;
- » a member or officer of the legislature of a country;
- » any person acting in an official capacity for a government or public international organisation; and
- » political parties or candidates.

3. Gratuities and reimbursement of expenses

3.1 Entertainment, hospitality and gifts

LocalCover acknowledges that entertainment, hospitality, sponsored travel or accommodation and the giving of modest gifts (together, **Gratuities**) can, in appropriate circumstances, be legitimate business activities. The framework in this Policy is not intended to prohibit reasonably and proportionate Gratuities. It is designed to prevent Gratuities where there is an intention to influence, induce or reward improper performance, in which case the Gratuity will be considered a bribe.

This Policy applies to any Gratuities provided in the course of LocalCover's activities, including Gratuities provided or received by LocalCover, Company Personnel or a Business Partner.

Company Personnel, Business Partners and Retailers can only provide a Gratuity to a public official or another person where:

- (a) there is no intention to influence the recipient or any other public official or person to exercise their duty improperly;
- (b) the Gratuity is occasional, modest and reasonable, having regard to all of the surrounding circumstances, including the average income and standard of living in the recipient's place of residence;
- (c) the Gratuity is not extravagant and does not create the appearance of impropriety or bribery;
- (d) the Gratuity is not of an explicit or inappropriate nature and does not involve an explicit or inappropriate venue;
- (e) if the Gratuity involves sponsored travel or accommodation:
 - (i) there is a documented commercial benefit to LocalCover of sponsoring the travel or accommodation (for example, travel to visit relevant operations);
 - (ii) the travel or accommodation is no more than is reasonably necessary to achieve that benefit (for example, travel is limited to relevant decision makers and does not include spouses); and
 - (iii) travel or accommodation payments are made by LocalCover directly to recognised travel providers; and
- (f) prior written approval is obtained from the CFO or his or her deputy and if the Gratuity has a value of more than NZ\$300 the Managing Director.

Company Personnel must also not receive Gratuities which would not meet the criteria applied to those provided by LocalCover.

When seeking the written approval required, Company Personnel, Business Partners and Retailers must provide LocalCover with the following information:

- » the name and role of the recipient;
- » a description of the Gratuity, including dollar value;
- » the name and position of Company Personnel, Business Partner or Retailers providing the Gratuity;
- » the reason behind the provision of the Gratuity;
- » the date the Gratuity is to be provided; and
- » any other information reasonably required by LocalCover.

3.2 Reimbursement of expenses

Other than expenses which are occasional and of modest value (having regard to all of the surrounding circumstances) Company Personnel, Business Partners and Retailers must not, without the prior written approval of the Managing Director, offer or promise to reimburse or pay expenses incurred by a public official or any other person.

Reimbursement or payment of expenses may be approved if:

- (a) there is a legitimate connection between the expenses and LocalCover's legitimate business interests (for example, where the expenses are reasonable travel expenses incurred as a result of a person attending LocalCover's premises or an event hosted by LocalCover);
- (b) the reimbursement or payment does not create the appearance of impropriety or bribery; and
- (c) the reimbursement is provided directly to the government, government agency or organisation which the public official or other person represents or the payment is made directly to the third party provider of the goods or services.

4. Trade sanctions

4.1 Sanctions

LocalCover, Business Partners and Retailers will not engage in prohibited commercial activities in respect of countries for which trade sanctions are currently imposed (**Sanctioned Country**).

The summary table attached as Appendix A to this document which details the sanctions imposed by the United Nations (**UN**) and Australia on LocalCover, together with US and European Union (**EU**) sanctions for which compliance is deemed appropriate as a result of the potential legal and commercial consequences for LocalCover of any non-compliance with these trade sanctions. The table also addresses the US "state sponsor of terrorism" designations.

4.2 Sanctioned countries

The following countries have sanctions currently imposed by at least one of the sources mentioned above:

- » Afghanistan
- » Argentina
- » Belarus
- » Bosnia and Herzegovina
- » Burundi
- » The Central African Republic
- » China
- » Cote d'Ivoire
- » Crimea or Sevastopol
- » Cuba
- » The Democratic Republic of Congo
- » Democratic People's Republic of Korea (North Korea)
- » Egypt
- » Eritrea
- » Former Federal Republic of Yugoslavia/Western Balkans
- » Guinea-Bissau
- » Iran
- » Iraq
- » Lebanon
- » Liberia
- » Libya
- » Macao Special Administrative Region
- » Moldova
- » Myanmar (Burma)
- » Pakistan
- » The Republic of Guinea
- » Russia
- » Rwanda
- » Serbia and Montenegro
- » Sierra Leone
- » Somalia
- » South Sudan
- » Sudan
- » Syria
- » Tanzania
- » Tunisia
- » Uganda
- » Ukraine
- » Venezuela
- » Yemen
- » Zimbabw

The inclusion of a country in the above list does not necessarily indicate that LocalCover will not be able to operate in that country. However, approval is required under this policy before dealing with customers or Retailers in these countries. The approval process is described in paragraph 4.4 below.

4.3 Approved Destinations

LocalCover operates in the following approved countries, including by engaging with Business Partners and Retailers in those countries and by authorising Retailers to supply to customers in those countries (**Approved Destinations**):

- » Australia
- » Canada

4.4 New Destinations

Before issuing any LocalCover Destination Notice for, or dealing with a person in, a country which is not an Approved Destination Company Personal are required to seek approval from the Managing Director.

The Managing Director will then consider:

- » whether the Destination is subject to trade sanctions;
- » if so, whether any activities in or dealings with, the Destination would be permitted under those trade sanctions; and
- » whether the LocalCover Destination Notice can be issued.

The Managing Director may then add that country to the Approved Destinations list.

5. Interactions with Business Partners and Retailers

5.1 Due diligence

Due diligence must be conducted before the appointment of any Business Partner or Retailer. Due diligence must also be conducted on an ongoing basis.

The extent of the necessary due diligence enquiries will depend on a range of factors, including the location, nature of services, corporate structure and reputation of the Business Partner or Retailer. At a minimum, due diligence will involve:

- (a) corporate structure inquiries (e.g. Dun & Bradstreet);
- (b) assessment of the Business Partner or Retailer's country of domicile and country of payment, and risks associated with tax evasion or money laundering;
- (c) media searches;
- (d) business references;
- (e) review of applicable economic and trade sanctions (including reviewing against the applicable lists of persons subject to sanctions);
- (f) assessment of location specific corruption risks using the Transparency International Corruption Perception Index and the World Bank's Worldwide Governance Indicators; and
- (g) consideration of any "red flags" arising in the course of due diligence. Some examples of red flags include:
 - a history of improper payment practices;
 - refusal or reluctance to disclose the identity of owners, directors or officers, or insistence upon confidentiality;
 - unusual or secretive payment methods or a request for cash or bearer instrument payments;
 - a request of unusual bonus or special payments, or a request of payment in a jurisdiction outside the Business Partner or Retailer's home country with no relationship to the transaction or entities involved.

Business Partners and Retailers who exhibit an increased risk profile on the basis of the above inquiries and analysis will be subject to further investigations. This may include a full in-country due diligence analysis by a suitable organisation.

Their appointment will also require approval from Managing Director.

5.2 Conduct of Business Partners and Retailers

To ensure LocalCover is not exposed due to the inappropriate conduct of Business Partners or Retailers:

- (a) Arrangements with any Business Partners and Retailers should:

- (i) require the Business Partner or Retailer to comply with applicable laws and this Policy;
 - (ii) confirm that no director, officer or owner of the Business Partner or Retailer is a public official;
 - (iii) Define the Business Partner or Retailer's obligations to LocalCover;
 - (iv) include provisions enabling LocalCover to terminate or suspend the agreement for potential violations of applicable laws or this Policy; and
 - (v) provide LocalCover with a mechanism to request all necessary information to enable an audit of the Retailer's compliance with the arrangement.
- (b) Company Personnel must not make payments to a Business Partner or Retailer if the ultimate destination of the funds is not clear or if the fees appear to be disproportionate to the legitimate services being provided (having regard to all of the surrounding circumstances, including the average income and standard of living in the relevant country).
- (c) Business Partners and Retailers must:
- (i) certify their compliance with applicable laws and this Policy annually; and
 - (ii) provide LocalCover with a report on compliance with applicable laws and this Policy on request.

6. Training

Induction training on this Policy will be provided to all new Company Personnel, Business Partners and Retailers. All Company Personnel will receive training on this Policy on at least an annual basis. Training is mandatory and will be tailored to the situations most relevant to particular personnel.

Where a line manager, the Managing Director or General Counsel determines that further training of particular Company Personnel or all Company Personnel is required, such training will be arranged and will be mandatory.

Company Personnel, Business Partners or Retailers who are unclear about the operation of this Policy or its application to a particular situation should contact the Managing Director.

7. Reporting breaches

Any suspected breaches of this Policy and any other suspicious or corrupt interactions between public officials or any other persons and Company Personnel, Business Partners or Retailers must be reported in accordance with paragraph 8 below or directly to the Managing Director.

Any express or implied requests from public officials or other persons for bribes must also be reported.

8. Whistleblowing

Any Company Personnel, Business Partners or Retailers may report of a breach of this Policy or other suspicious or corrupt interactions to:

Email: notification@localcover.com

The person reporting the breach or inappropriate conduct will be protected from victimisation or harassment, discrimination, demotion, dismissal or current or future bias as a result of making the report.

A person making a report of a breach or other inappropriate conduct may choose to remain anonymous or request that their name be kept confidential.

9. Monitor and review

The Managing Director will monitor compliance with this Policy on an ongoing basis, and the Policy will be formally reviewed annually to ensure the Policy and procedures set out in the Policy remain effective and appropriate for LocalCover's business operations.

The Sanctioned Countries List will be reviewed and revised twice yearly, or more frequently as required, by the Managing Director.

Any changes or updates to the Sanctioned Countries List and any inclusion on the Sanctioned Countries List, particularly of countries with whom LocalCover currently has dealings, or may have had prior dealings, will be brought to the attention of the LocalCover Board immediately by the Legal Department.

The Legal Department will determine what action (if any) is required to ensure that LocalCover complies with the trade sanctions which have been imposed on the country.

10. Applicable Laws

LocalCover complies in full with the laws and regulations of countries in which we operate, including:

- in Australia, the Criminal Code Act 1995, Charter of the United Nations Act 1945 and Autonomous Sanctions Act 2011;
- in the UK, the Bribery Act 2010; and
- in the US, the Foreign Corrupt Practices Act 1977.

Anti-bribery and corruption laws and trade sanctions may have the extra-territorial reach, and many jurisdictions in which LocalCover operates have equivalent or similar laws, all of which LocalCover and its Company Personnel, Business Partners and Retailers must comply with.