

## 1. INTRODUCTION

Bribery is the giving of benefits to others to improperly influence how they perform their duties in order to obtain an advantage. Corruption is the abuse of entrusted power for private economic gain.

Law enforcement agencies in the US and Canada are increasingly focusing on their efforts on enforcing laws prohibiting bribery and corruption (collectively, "bribery") of foreign public officials.

While the legislative provisions differ by jurisdiction, the principles behind them are relatively uniform. To comply with the legislation, organizations are expected to have a program of risk-based compliance controls designed to prevent and detect bribery by those acting on their behalf.

The Teranet group of entities (the "Teranet Group") are committed to conducting their respective businesses fairly, honestly and openly without improper influence. Specifically, the Teranet Group supports the principles of the OECD Convention on Combating Bribery of Foreign Public Officials in International Business Transactions and will not knowingly deal with individuals or entities who offer or give bribes or participate in any other form of corrupt behaviour, nor will we knowingly support any project or transaction that involves the offering or giving of a bribe, contrary to Canadian or international laws.

## 2. SCOPE

This policy applies to all Directors and employees within the Teranet Group and their dealings with agents or consultants retained to act on our behalf. Each of these individuals is a representative of the Teranet Group and has a duty to:

- conduct business activities in compliance with this Policy; and
- report any suspected violations in accordance with the Teranet Group Code of Conduct or contractual obligations.

## 3. BRIBERY COMPLIANCE CONTROLS

The Teranet Group prohibits bribery by its representatives and strives to counter bribery in all aspects of its business with reasonable controls that are proportionate to its bribery risks. This section sets out the framework for the controls currently in place that address key bribery risk areas.

While bribery legislation prohibits both giving and receiving bribes, the primary focus of sections 3.1 and 3.2 below is to set standards for controls to prevent and detect situations where individuals or entities within the Teranet Group might give bribes to others. Other Teranet Group policies set out prohibitions and controls that address the receipt of bribes within the Teranet Group.

### 3.1 Risk Assessments

Bribery risks are evaluated as part of the annual enterprise risk assessments conducted by each of the business areas having regard to the size of the business, the sector and the countries in which they operate and the people and entities with whom they do business, including the extent to which their business may be conducted through third-party intermediaries or agents. The assessment of these risks is made in light of the effectiveness of the controls in place, including policies and procedures, employee training and audit oversight.

Bribery risk assessments will also be conducted for each new investment or business initiative (collectively, "New Business") requiring the Board of Directors approval, which will include a risk assessment of any agents involved in the New Business. If the residual risk ranking assessed for the New Business is moderate or above, the approval request presented to the Board of Directors

must include a section setting out the residual bribery risk ranking and summarizing the bribery risk factors involved and mitigating controls in place.

## 3.2 Policies and Procedures

Bribery risks are addressed through policies and procedures dealing with the areas summarized below:

- Due diligence on employees, agents, sub-contractors, consultants, partners and investment targets must be conducted as warranted by the risks involved in the arrangement. Particular focus is to be given to third parties used to expand or maintain business. The due diligence must be documented prior to engagement or entering into a transaction.

In addition to any required terrorist and sanctions checks, reasonable due diligence may include further background checks on individuals and entities to detect problems with past conduct and reputation. In appropriate circumstances, it may also include confirming the existence of adequate ongoing organizational controls for bribery. The extent of the due diligence conducted must take into account any heightened risks for particular entities, regions and industries with historical corruption problems as well as risks particular to the transaction, including lack of transparency and requests for unusually high fees or unusual payment patterns or financial relationships.

- Policies that set minimum due diligence requirements include the Teranet Group Terrorist Financing and Money Laundering Policy.

- Contractual representations relating to compliance with applicable laws must be considered in all business dealings as warranted by the risks involved in the arrangements and market practices, including service contracts to engage third parties to act on our behalf.

The extent of the representations will depend on the risks involved in the arrangements and market practices but should confirm that parties with whom we contract have complied or will comply, as appropriate, with all applicable laws and regulatory requirements. These general representations would cover bribery legislation, although in higher risk situations more specific representations may be appropriate.

- Gifts, entertainment, donations or other benefits given to third parties to further business opportunities for the Teranet Group are permitted in accordance with our policies if they are routine. Giving non-routine benefits may also be permitted in some circumstances provided they are reasonable and provided in good faith.

Approval from the individual's manager or a member of the Teranet Legal Services Group team must be obtained before providing or offering to provide a non-routine benefit, whether to be given directly to the party or indirectly by third parties acting on our behalf. Cash gifts are prohibited other than authorized political donations.

- These issues are addressed in the Teranet Group Code of Conduct. Limits on giving donations and sponsorships are detailed in the Teranet Group Political Donations Policy.

- Internal controls have been designed to ensure that all expenditures and receipts are described accurately and in sufficient detail to allow monitoring to prevent and detect bribery. This includes processes for controlling the establishment of bank accounts, signing authorities, payments to third parties and cash advances.

## 3.3 Training and Communication

A training and communication program will be developed to communicate the need to be aware of bribery risks, particularly those relating to international transactions and dealings with public officials. The training will focus on employees in business areas where bribery risks are highest and will be tailored to the employee's role. The training will cover applicable legal requirements and organizational policies and procedures addressing bribery.

### **3.4 Employee Certification and Reporting System**

Compliance with this policy will be included in employee annual certification of policy compliance. A reporting system and resolution process is in place to enable employees who become aware of potential bribery affecting Teranet Group business to report matters to Senior Management. These include an anonymous whistle-blowing ethics hotline and related employee protections against reprisal.

The Teranet Group Code of Conduct and similar policies detail the obligations and procedures for reporting and investigating violations of the Code of Conduct, which encompass workplace-related violations of any laws or policies, including bribery.

### **3.5 Audit Oversight**

Audit oversight of business operations is carried out through an internal audit program as well as an annual external audit.