



## ANTI-BRIBERY AND ANTI-CORRUPTION POLICY

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### GUIDELINES FOR COMPLIANCE WITH THE *CORRUPTION OF PUBLIC OFFICIALS ACT*

Sun Peak Metals Corp. and its subsidiaries (collectively, the “**Company**”) are committed to conducting its business in accordance with all applicable laws, rules and regulations and the highest ethical standards.

The purpose of this Anti-Bribery and Anti-Corruption Policy (the “**Policy**”) is to reiterate the Company’s commitment to full compliance by the Company, its subsidiaries and affiliates, and its officers, directors, employees and agents with Canada’s *Corruption of Foreign Public Officials Act* (the “**CFPOA**”) and any local anti-bribery or anti-corruption laws. This Policy supplements all applicable laws and provides guidelines for compliance with the CFPOA and this Policy applicable to the Company’s operations world-wide.

#### **Compliance and Reporting**

This Policy applies to every Company employee, consultant, agent and other third party representatives, including senior executive and financial officers, and to members of our Board of Directors (collectively referred to as “**Company personnel**”) and reflects the standards to which the Company expects its business associates, partners, agents, and consultants to adhere when acting on the Company’s behalf. This Policy applies to all of the Company’s operations worldwide.

The Company expects all of the Company personnel to take all reasonable steps to prevent a violation of this Policy, to identify and raise potential issues before they lead to problems, and to seek additional guidance when necessary. If you have any questions about this Policy or wish to report a suspected violation of this Policy, please contact the Chair of the Company’s Audit Committee. Information on how to reach the Chair of the Company’s Audit Committee can be obtained by contacting the head office of the Company at (604) 536-2711.

#### **I. OVERVIEW OF THE ANTI-CORRUPTION LAWS**

##### **What are Bribery and Corruption?**

Corruption is the misuse of public power for private profit, or the misuse of entrusted power for private gain. Bribery is the offer, promise, or payment of cash, gifts, a loan, excessive entertainment, or an inducement, advantage or benefit of any kind offered or given to a foreign public official or to a person in a position of trust to influence that person’s views or conduct or

to obtain an improper advantage. Bribery and corruption can take many forms, including the provision or acceptance of:

- cash payments;
- phony jobs or “consulting” relationships;
- kickbacks;
- political contributions;
- charitable contributions;
- social benefits; or
- gifts, hospitality, and reimbursement of expenses.

There are laws throughout the world combating bribery and corruption, particularly with respect to government officials, including laws that apply to the Company’s international activities, such as the CFPOA. Although the CFPOA is Canadian legislation, it applies to the Company and its subsidiaries anywhere in the world.

The Company respects anti-bribery and anti-corruption laws, even where the perception is that such standards are loosely enforced by local authorities. The Company seeks to conduct its business in compliance with applicable laws and requires all Company personnel and agents to avoid any activity that could implicate the Company in any unlawful practice. More particularly, the Company seeks to comply with the CFPOA and with similar anti-bribery laws of other countries, including laws implementing international anti-bribery conventions and local laws prohibiting bribery of government officials.

**Company personnel and agents are strictly prohibited from offering, paying, promising or authorizing any bribe, kickback or other thing of value to any government official or government employee, directly, or indirectly through a third party, to secure any contract, concession or other improper advantage for the Company.** Company personnel or agents who make such payments are subject to appropriate disciplinary action by the Company, including termination, as well as the legal consequences of applicable laws.

Any payment to a government official, directly, or indirectly through a third party, including extravagant entertainment or gifts, for the purpose of obtaining or retaining business or improperly influencing some matter in favour of the Company, may be considered to be a bribe and may result in violation of applicable laws. Accordingly, all Company personnel and agents shall comply with the CFPOA and any applicable laws on the provision of and reimbursement for gifts, entertainment, meals, and travel, and with relevant Company policies that may be put in place from time to time.

### **No Payment of Bribes**

**The main obligation that applies to all Company personnel: you must not pay any bribes.**

You must not offer, promise, authorize, or agree to give or acquiesce in giving, to a foreign public official or to any person for the benefit of a foreign public official, either directly or indirectly:

- cash payments or in-kind payments;

- inducements of any kind, including but not limited to excessive entertaining; or
- a loan, reward, advantage or benefit of any kind,

if in so doing there might be even an appearance that the advantage or benefit would create an obligation on any recipient or improperly influence the recipient to act or refrain from acting in a way that would influence an official exercise of discretionary authority.

You should avoid placing yourself in a position where a bribe could be requested, if at all possible. If you believe that you may have been solicited for a bribe, contact the Chair of the Company's Audit Committee as soon as possible for assistance.

## **II. QUESTIONS AND ANSWERS ON HOW TO COMPLY WITH ANTI-CORRUPTION LAWS**

Corruption can be a concern in a number of situations, including the provision of gifts or social benefits and interaction with third parties. In addition, sometimes it is difficult to tell whether a particular individual is a foreign public official for purposes of anti-bribery and anti-corruption laws. The questions and answers below are designed to provide more guidance on how to address such situations. If you have a question about bribery or corruption, you can contact the Chair of the Company's Audit Committee, who will treat your call as confidential.

### **Who is a Foreign Public Official?**

This policy prohibits the making of payments and the giving of inducements to foreign public officials. Laws prohibiting the bribery or corruption of foreign public officials or government officials typically define government official broadly to include any appointed, elected, or honorary official or any career employee of a government, of a government owned or controlled enterprise, or of a public international organization (such as the World Bank), or an individual acting in an official capacity for such government, entity, or organization. The definition encompasses officials in all branches of government: executive, legislative, and judicial. The definition often also includes political parties and party officials and candidates for political office. A person does not cease to be a government official by purporting to act in a private capacity or by the fact that he or she serves without compensation.

Under the current CFPOA, "foreign public official" means:

- a person who holds a legislative, administrative or judicial position of a foreign state;
- a person who performs public duties or functions for a foreign state, including a person employed by a board, commission, corporation or other body or authority that is established to perform a duty or function on behalf of the foreign state, or is performing such a duty or function; and
- an official or agent of a public international organization that is formed by two or more states or governments, or by two or more such public international organizations.

The law does not prohibit all business transactions with foreign public officials or government officials, but since those transactions carry special risks, they must be reviewed to determine what additional safeguards may be necessary to protect the Company. For that reason, it is

important that all personnel be able to identify who is a foreign public official or government official.

Below are just a few examples of government officials relevant to the Company's business:

- government ministers and their staff;
- ambassadors;
- military and police personnel;
- all employees of government-owned or controlled corporations, whether they are managers or clerks, full-time or part-time, union or non-union;
- members of legislative bodies and judges;
- provincial governors;
- regional officials;
- judges;
- officials of government departments and agencies, including customs, immigration, environment, petroleum and others; and
- private persons "acting in an official capacity" with respect to a particular matter.

Payments to close relatives of government officials, such as spouses and children or other immediate family members, may be treated by enforcement authorities as direct payments to the official and, accordingly, may constitute violations of anti-corruption and anti-bribery laws. **Any business dealings with close relatives of government officials therefore require careful scrutiny. You should consult with the Chair of the Audit Committee before entering into any transactions with such persons.**

### **Is it Permissible for the Company to Contract with Governments and State-Owned Entities?**

In the Company's operations world-wide, the Company has opportunities that involve contracting with a government or state-owned entity. The CFPOA and other anti-corruption laws do not prohibit companies from entering into a contract with a government, including public works projects. However, payments made under those projects must comply with the anti-corruption laws and often trigger other special legal requirements. This includes transactions with entities that are state-owned or state-controlled, which can include public universities, hospitals, telephone companies, or power companies. Payments or benefits to officials of those entities will likewise raise issues. **For these reasons, Company personnel must consult with the Chair of the Audit Committee before entering into a contract with a government or a state-owned or state-controlled entity.**

### **What is the Policy Regarding Engagement of Third Parties?**

Under some anti-bribery and anti-corruption laws, including the CFPOA, the Company can, in some circumstances, be held liable for payments made by third parties who may have dealings with government officials.

Liability can arise whether or not the third party is subject to the CFPOA, whether a contractual relationship exists with the third party, and whether the Company actually knows of the payment. If Company personnel are wilfully ignorant of the possibility that the third party will make an

improper payment or commitment, and particularly if they disregard “red flags” signalling the possibility of a payment or commitment, the law may be violated.

The most important steps the Company can take to protect itself from liability for improper payments made by third parties who may have contacts with government officials are: (1) to choose carefully its business partners, agents, consultants, and other third parties, which means proper due diligence on a third party; and (2) to identify in advance and address any red flags that a proposed relationship may raise.

It is important that you consult with the Chair of the Audit Committee on proposed contractual or investment relationships in connection with business outside Canada that may directly or indirectly involve government officials, so that any legal risks can be identified and addressed. Contractual provisions and safeguards will be important, and **no third party should be asked to work on the Company’s behalf in circumstances that may involve dealing with government officials without there being a written contract in place or other document in which the consultant acknowledges and agrees to abide by the standards set out in this Policy.** In addition, ongoing monitoring of the relationship to ensure the Company is not put at risk by the conduct of a third party is essential.

The discussion below highlights some of the key aspects of engaging third parties that may have dealings with government officials, and some of the key questions that may arise, including types of “red flags”.

*a) Who could be considered a third party?*

Any of the following:

- agents, brokers, representatives, or finders;
- contractors, suppliers, or employees of any contractors or suppliers;
- government officials or their relatives or associates; or
- consultants.

This list is not exhaustive. If you have any doubts, consult the Chair of the Audit Committee.

*b) What about engaging an agent or consultant who might give bribes?*

The fact that an agent or consultant, and not a staff member, ultimately provides an improper benefit to a government official will not insulate the Company from damage to its reputation or potential legal responsibility.

We must clearly communicate to our consultants the Company’s approach to providing benefits to government officials and ensure that our consultants comply with that approach. Any unusual charges by consultants that could conceal improper benefits to government officials should be queried. Failure to do so could result in liability under anti-corruption or anti-bribery laws.

When engaging an agent or consultant that may have dealings with a government official you should take appropriate steps designed to ensure that:

- the consultant is engaged for *bona fide* purposes;
- we undertake adequate due diligence with respect to consultants before hiring them;
- any “red flags” (see below) are addressed;
- the consultant is provided with a copy of this Policy or advised of how they can obtain a copy of this Policy;
- the consultant is aware of and avoids conflicts of interest;
- any compensation paid to the consultant can be defended as representing appropriate and justifiable remuneration for the legitimate service rendered; and
- where possible, the consultant is engaged using a written contract which contains appropriate protections for the Company or other document in which the consultant acknowledges and agrees to abide by the standards set out in this Policy.

If you have any concerns about any consultants used by the Company, please consult the Chair of the Audit Committee.

c) *What are “red flags”?*

Here are some “red flags” to be on the lookout for in proposed third party relationships because they can often be used to make an indirect bribe:

- payments to shell companies or to companies whose ownership is not transparent;
- payments to offshore bank accounts;
- payments to entities owned or controlled by government officials, their close relatives, or business associates;
- “donations” to individuals;
- cash transactions;
- doing business with people or entities that are known to engage in bribery or who are suspected of engaging in bribery; and
- requests for false or misleading documentation.

If you become aware of any of these situations or others that suggest the possibility of improper payments, it does not necessarily mean that improper conduct is underway; however, they should not be ignored. The existence of a red flag requires further inquiry, and the entering into or continuing of a relationship with a third party where a red flag has been identified must be carefully considered. If you have any doubts, consult with the Chair of the Audit Committee.

**What are the Consequences of Bribery and Corruption?**

Giving a bribe or making an improper offer can subject the Company and its employees to fines, even imprisonment, either in the country where the government official works, or in Canada, or sometimes in the employee’s home country. Consequences may also include the confiscation of corporate profits that have arisen as a result of the bribe being made, loss of contracts, and other penalties.

In addition, in some countries, the government official in question can be punished by anything up to the death sentence.

Giving a bribe or making an improper payment is a serious violation of this Policy, which can lead to discipline up to and including termination of employment.

### **Are There Any Policy Exceptions?**

There are limited exceptions to this Policy prohibiting the offering or making of payments or inducements to government officials. These exceptions will generally apply only in very narrow circumstances and are limited to the exceptions, if any, as may be set forth in the CFPOA as amended from time to time. **Company personnel must consult with the Chair of the Company's Audit Committee before making a payment that might fall into a policy exception, except as provided below.**

a) *Is there an exception for facilitation payments?*

In some circumstances, a payment to a government official might qualify under an exception provided in some laws for payments made to secure routine governmental actions. Such so-called "facilitating" payments are payments made to expedite or facilitate:

- the issuance of a permit, licence or other document to qualify a person to do business;
- processing non-discretionary governmental papers such as visas and work permits;
- providing services normally offered to the public, including mail pick-up and delivery, telecommunications services, power, or water service; or
- providing services normally provided as required, such as police protection, loading and unloading of cargo, the protection of perishable products or commodities from deterioration or the scheduling of inspections related to contract performance or transit of goods.

As these examples show, facilitating payments merely expedite actions that should be performed in any event and do not involve discretionary action by the government official. Payments made to induce a government official or employee to ignore his or her lawful duty are not facilitating payments. An official decision whether to award new business or continue business with a particular party or to grant a discretionary license or permit will never be considered routine governmental action. Payments made to cause an official to disregard local law are likewise not facilitating payments. In addition, facilitating payments are typically small; the larger the payment, the less likely it will be defensible as a facilitating payment.

**Because of the many legal and business issues posed by facilitating payments, the Company strongly discourages their use.** Moreover, the anti-bribery and anti-corruption laws of some countries prohibit such payments.

**Except where circumstances make it impossible (for example, time differences or lack of communications capacity), prior approval of the Chair of the Company's Audit Committee or such relevant local management representative as approved in writing by the Audit Committee as having authority to make such decisions, should be obtained before making any facilitating payment.**

### **What Do I Really Need to Know?**

### **The Ground Rules to Remember:**

This Policy shows that the CFPOA and other anti-corruption laws have wide scope and hidden complexities. These complexities do not, however, relieve any Company personnel of an individual responsibility to comply with the law and to enforce the Company's policy of full compliance. The on-the-spot reactions of individual employees to requests for payments and rumours of red flags are critically important to the Company's ability to prevent payments, and to protect the Company and individuals from liability.

So, remember:

- \* **If you hear rumours of improper payments or identify any red flags in the course of carrying out the Company's business, report them to the Chair of the Company's Audit Committee immediately.**
  
- \* **If you receive a request for payment that you suspect may be improper from an official, joint venture partner, or a third party:**
  - **Refuse to make the payment; explain that the Company does not make such payments.**
  
  - **Instruct the joint venture partner or third party that they are not authorized to make the payment on the Company's behalf and explain that the Company cannot continue to do business with them if they make the payment.**
  
  - **Make clear that your refusals are absolute.**
  
  - **Consult with other members of management regarding the next steps.**

Company personnel may encounter particular pressure to make improper payments in countries where extraordinary competition exists for business opportunities. Company personnel must be vigilant not to be tempted by assertions that such practices are common or condoned in that country. While that may be true in some cases, it will not shield the Company or the individual employee from liability.

As you pursue business opportunities, keep in mind the need for constant vigilance. Besides the need to comply with the laws and this Policy, there is the practical consideration that we should endeavour to avoid even the appearance of impropriety, even if a particular payment or donation can be deemed lawful. All possible payments, including prospective contracts, joint ventures, donations, and gifts and entertainment for government officials, should be assessed beforehand in this light. Suspicious patterns of payments or gifts can trigger the potential for serious public affairs damage and/or investigation by enforcement authorities. This is all the more reason why successful compliance is more than satisfying a formula on paper. All of these issues involve judgment calls that should be made with the advice of the Company's Audit Committee. At the same time, common sense plays an important role. Company personnel should apply their common sense, informed by the guidance contained in this Policy.

### **Further Information**

Your commitment to compliance with this Policy is essential to the Company's efforts to conduct its business with honesty and integrity and in accordance with the laws of those countries in which it operates. For further information about these policies, please contact the Chair of the Company's Audit and Risk Committee. Information about how to access the Chair of the Company's Audit and Risk Committee is available by contacting the head office of the Company at +1 (604) 536-2711 or [info@sunpeakmetals.com](mailto:info@sunpeakmetals.com).