



Anti-Bribery and Anti-Corruption Policy

1. Overview

Carbon Energy Limited and its subsidiary companies (collectively “Carbon Energy” or “the Company”) are committed to responsible corporate governance, including ensuring that appropriate processes are in place to promote compliance with anti-bribery and anti-corruption laws in countries where Carbon Energy operates.

To the extent that laws and regulations in any countries are more rigorous or restrictive than this Policy, those laws and regulations should be followed by the Company in that country. Carbon Energy may, from time to time, provide country-specific directions for operating in countries outside of Australia.

Carbon Energy strives to maintain high ethical standards and has adopted this Policy to promote full compliance with Anti-Corruption Legislation, as well as any other anti-bribery and anti-corruption laws and regulations that operate in specific regions where Carbon Energy does business.

Accordingly, the Board has endorsed this *GOV-POL-22 Anti-Bribery and Anti-Corruption Policy* to support *GOV-POL-10 Code of Conduct* and our governance framework.

2. Definitions

In this Policy the following words or phrases mean the following:

Anti-Corruption Legislation means the Commonwealth Criminal Code and the Corporations Act 2001 (Cth) and applicable anti-corruption laws of the countries in which Carbon Energy operates.

Bribery means the offering or providing (or authorising the offer or provision) of any loan, gift, lavish hospitality, donation, payment, or any other thing of value directly or indirectly, in cash or in kind, to or for the benefit of any Official or Third Party with the intention to influence corruptly or dishonestly in order to obtain or retain business or to secure any improper advantage for Carbon Energy.

Business Associates means third party companies and individuals (such as joint venture partners, consultants and agents) acting on Carbon Energy’s behalf, whether directly or indirectly, by representing Carbon Energy’s interests to foreign governments in relation to international business development or to secure any improper advantage for Carbon Energy.

Corruption means the misuse of public office or power for private gain; or misuse of private power in relation to business outside the realm of government.



Facilitation Payment means payments of nominal amounts to persons in order to secure or speed up the performance of a Government Official's routine governmental duties or actions where the payment is not considered customary and/or legal in the local jurisdiction.

Government Official means anyone regardless of rank or title who is:

- engaged in public duty in a government agency whether elected or appointed, and at any level of government including national, state or local government entities;
- a member of any legislative, administrative or judicial body;
- an employee of a government agency, regardless of rank including an administrative and/or office worker;
- an officer or employee of a government-owned or government-controlled entity, including state-owned entities that operate in the commercial sector;
- an officer or employee of a public international organisation (such as the United Nations, the World Bank or the International Monetary Fund); or
- acting in an official capacity for a government, government agency, or state-owned enterprise.

Item of Value or anything of value includes cash, travel, meals, gifts, and other tangible or intangible benefits.

Official means a Government Official, political party, official or officer of a political party or candidate for political office.

Personnel means all persons acting on behalf of Carbon Energy at all levels, including officers, directors and employees of the Company.

Secure an improper advantage includes obtaining any commercial or financial benefit.

Third Party means any individual or organisation other than Officials, with whom Carbon Energy personnel come into contact during the course of their employment or business relationships associated with the Company.

3. Purpose of this Policy

The purpose of this Policy is to:

- outline Carbon Energy's position on Bribery and other corrupt behaviour;
- outline responsibilities of Carbon Energy Personnel in observing and upholding our position on Bribery and Corruption; and



- promote the use of legitimate business practices in promoting Carbon Energy's position on issues before government authorities and in the marketplace.

4. Scope

This Policy applies to all Personnel and Business Associates of the Company. This Policy supplements, and does not replace, *GOV-POL-10 Code of Conduct*.

5. Compliance and Training

Internal control systems and procedures will be audited regularly to ensure that they are effective in minimising the risk of non-compliance with this policy.

All Personnel are required to understand and comply with this Policy and to follow the reporting requirements set out in this Policy. To this end, regular and appropriate training on how to comply with this Policy will be provided to all executives, managers and other relevant Personnel.

The prevention, detection and reporting of Bribery and other improper conduct addressed by this Policy are the responsibility of all those working for or engaged by Carbon Energy. All Personnel should be vigilant and immediately report any breaches or suspicious activity.

6. Consequences of Breaching this Policy

Bribery and the related improper conduct addressed by this Policy are very serious offences.

If Carbon Energy or one of its subsidiaries is found to have taken part in Bribery or any other related improper conduct addressed by this Policy it could face significant fines and suffer reputational damage.

Breach of this Policy by Personnel:

- could expose such person to severe criminal (a fine or imprisonment or both) and civil liability (a financial penalty and liability for damages); and
- will be regarded as serious misconduct, leading to disciplinary action which may include termination of employment.

7. Policy

7.1 Prohibition against Bribery and Corruption

Carbon Energy strictly prohibits Personnel engaging in or tolerating Bribery or any form of Corruption.



Carbon Energy's corporate values require that in all aspects of business all Personnel act honestly, adhere to the highest ethical standards, and act in compliance with all relevant legal requirements. In this respect Personnel must not engage in Bribery or any other form of Corruption.

The prohibition of Bribery under this Policy includes the provision or conveying of anything of value to any Third Party, Official or family members of Officials, whether directly or indirectly, to secure any improper advantage or to obtain or retain business. This means that Personnel must not:

- offer, promise or give an Item of Value with the intention of influencing an Official or Third Party who is otherwise expected to act in good faith or in an impartial manner, to do or omit to do anything in the performance of their role or function, in order to provide Carbon Energy with business or an improper advantage; or
- authorise the payment or provision of Items of Value to any other person, if it is known, or reasonably should have been known, that any portion of that payment or Item of Value will be passed onto an Official or Third Party to secure an improper advantage to obtain or retain business ; or
- engage, or procure, a Third Party to make a payment or provide an Item of Value to an Official or Third Party, (or to procure another person to make such payment or provision), in order to secure an improper advantage or obtain or retain business.

The prohibition of Bribery under this Policy also includes the request or acceptance of (or the agreement to accept) anything of value from an Official or Third Party either:

- intending that, in consequence, a function or activity should be performed improperly (whether by the requestor/acceptor or another person); or
- where the request, agreement or acceptance itself constitutes the recipient's improper performance of a function or activity; or
- as a reward for the improper performance of a function or activity (whether by the recipient or another person).

7.2 Extortion

Carbon Energy condemns improper demands for payment from Personnel, referred to in many parts of the world as "extortion". A payment can be made where Personnel reasonably believe that his/her or another's life or health is at risk unless a demand for payment is met, provided the person immediately reports the incident to the Chief Executive Officer and Company Secretary.

Absent an immediate threat to life or health, where an improper demand for payment has been made under threat of confinement or serious destruction of company property, the Chief Executive Officer or Company Secretary should be contacted immediately for guidance.



7.3 Interactions with Official and Third Parties must be Compliant

All interaction with Officials and Third Parties must comply with this Policy, and the Company and Personnel must not take any direct or indirect actions with the intention of influencing an official or Third Party.

Exchanges of gifts, discounts or hospitality (including customer travel and accommodation) made in the ordinary course of business may compromise – or appear to compromise – the exercise of objective business judgement. These may also give rise to conflicts between the personal interests of Personnel and the interests of Carbon Energy. Personnel must be cautious when offering or receiving gifts, discounts or hospitality, and only do so where these are:

- Token, seasonal or due to a special occasion or local custom, and in line with the accepted business practice; and
- Not seen to impair business judgement, particularly in connection with an anticipated or pending business transaction or regulatory approval.

If you are in any doubt as to the appropriateness of any gift or entertainment, you should consult your manager or the Company Secretary before it is given or accepted or otherwise as soon as possible.

The prohibitions under this Policy include a prohibition on Personnel using personal funds to undertake any interaction or transaction that is prohibited under this Policy.

7.4 Documentation and Recordkeeping

Personnel must keep complete and accurate business records, including financial, human resources, payroll and environmental records, and not create false, misleading or artificial entries to conceal improper payments or corrupt activity. Any errors or falsification of documents must be promptly reported to the appropriate manager or the Company Secretary, and corrected. All applicable control and approval procedures must be followed.

All expenses relating to gifts and hospitality provided by Carbon Energy must be recorded the Company's Gift & Hospitality Register in accordance with *GOV-MP-09 Gift & Hospitality Register Procedure*.

7.5 Prohibition of Facilitation Payments

Carbon Energy does not condone the making of Facilitation Payments and the making of these by any Personnel is prohibited.

If you are in any doubt as whether a payment is considered customary and/or legal in the local jurisdiction, you should consult the Company Secretary before it is given or otherwise as soon as possible.



7.6 Political Contributions and Charitable Donations

Carbon Energy prohibits Personnel from making political contributions to candidates for any foreign political office on behalf of the Company.

This Policy does not seek to curtail an individual's freedom to make political contributions in their personal capacity.

The context of any other political contributions is key in determining their appropriateness. For instance, it is permissible for Carbon Energy to make a payment to attend a political function in circumstances where such payment could not be construed as an attempt to influence the political party.

If you are in any doubt as to the appropriateness of any political contribution, you should consult the Company Secretary before it is given or accepted or otherwise as soon as possible.

Carbon Energy is committed to the communities in which it does business. In order to ensure that donations made by Carbon Energy are for proper purposes, Personnel must only make donations on behalf of Carbon Energy to charitable organisations previously approved by the Company. Authorisation of charitable donations must only be made within the relevant levels of authority, and is subject to Chief Executive Officer and Company Secretary approval.

7.7 Sponsorships

Sponsorships differ from charitable donations in that, apart from providing a benefit to the organisation, event or activity being sponsored, they are also aimed at obtaining a marketing benefit for Carbon Energy. Sponsorships can create problems where they are seen to improperly induce or reward a discretionary favourable action or the exercise of influence.

Carbon Energy will not sponsor events or activities that are:

- inconsistent with Carbon Energy's values and *GOV-POL-10 Code of Conduct*; and/or
- linked to any organisations or individuals that could bring Carbon Energy into disrepute.

Authorisation of sponsorship arrangements must only be made within the relevant levels of authority, and is subject to Chief Executive Officer and Company Secretary approval.

7.8 Reporting Violations and Suspected Misconduct

Any Personnel or stakeholder who believes that a violation of this Policy or any laws has been committed, is being committed, or is being planned, should report the matter immediately to their manager or use the procedure set out in the *GOV-POL-17 Whistleblower Policy*. A copy of *GOV-POL-17 Whistleblower Policy* can be found on the Carbon Energy website.

If anyone is unsure whether a particular act constitutes Bribery or a Facilitation Payment, or has any other queries, they should ask the Company Secretary.



7.109 Protection

Carbon Energy prohibits retaliation against anyone reporting such suspicions.

Personnel who wish to raise a concern or report another's wrongdoing, or have refused pressure to either accept or offer a bribe, should not be worried about possible repercussions. Carbon Energy encourages openness and will support anyone who raises genuine concerns in good faith under this Policy.

8. Review of this Policy

A formal review of this Policy takes place annually. This Policy will be submitted for review by the Audit and Risk Committee, who will make recommendations to the full Board. The Board is responsible for approving this Policy.