



## ANTI-CORRUPTION POLICY

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## ABOUT THIS POLICY

Bribery is a criminal offense. It carries severe penalties for companies and severe penalties and disciplinary issues for any officers and employees who are involved in any offense. The position of PolyMet Mining Inc., including all of its subsidiaries (“PolyMet”), on the issues of bribery and corruption is clear. The offer, payment, authorizing, soliciting and acceptance of bribes are practices unacceptable to PolyMet.

PolyMet’s success is founded on a reputation built over many years as being an honest and reliable business partner. Many of our investments and business relationships outlast individuals, governments and even political systems. Any profit which may result from a business venture improperly obtained will be more than outweighed by the damage done to the long-term business objectives and reputation of PolyMet.

Please read this Policy carefully. It is essential that you observe the spirit as well as the letter of the principles and procedures set out in this document when acting on behalf of PolyMet in all jurisdictions. Any guidance as to what this Policy requires or any suspicions that breaches of this Policy or anti-corruption laws are occurring or may occur must be raised or reported as set out below.

This Policy is designed to help you, as a PolyMet employee, to play your part in securing PolyMet’s long-term objectives.

One goal of this Policy is to ensure that all of our staff and, where necessary, parties with whom we do business have an awareness of and comply with the applicable laws and regulations which relate to bribes and other forms of corruption.

We also have a wider and more fundamental goal. We want each of you to understand and subscribe to the “PolyMet culture.” Put at its simplest, that culture requires you – irrespective of subtleties of legal interpretation in different countries – to abide at all times by the highest ethical standards. Our aim is to not only establish a set of rules, which ensure compliance with laws and regulations, but also to maintain and develop a culture of compliance and ethical behavior within PolyMet.

## **Individual Responsibility**

We have a philosophy of giving responsibility to individuals within PolyMet to build business relationships and to develop business. With that responsibility comes the obligation to recognize that your conduct will affect PolyMet and its reputation and that you must, in all of your business dealings, comply with the principles contained in this Policy.

## **The Compliance Committee**

Laws differ from country to country. Officers and employees, on occasion, may be faced with situations where what is acceptable and what is unacceptable will not be clear. Recognizing the difficulties officers and employees may face, we have established a PolyMet Compliance Committee (PCC).

The PCC has the following duties: to develop, determine and keep under constant review PolyMet's policies for the prevention of unethical business practices and misconduct, and to determine and review the procedures and guidelines necessary to realize such policies, such as PolyMet's Third Party Due Diligence Guidelines.

The members of the PolyMet Compliance Committee include the CFO, corporate controller, compliance officer and legal counsel.

## **How to Raise Concerns**

If you ever have a concern that any conduct or proposed course of action might be improper and/or in breach of any applicable laws or regulations relating to bribes or other corrupt payments, then you must refer that concern to your supervisor, manager or the appropriate compliance contact.

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# 1 Introduction

If you have any questions on this Policy or you are unclear on how you should act in a particular situation, you must before acting, ask your supervisor, manager or the appropriate compliance contact.

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This Policy sets out the rules and guidelines for PolyMet on the prevention of bribery and corruption.

It applies to all permanent and temporary employees, directors and officers as well as contractors (where they are under a relevant contractual obligation), and, to the extent provided for in this Policy, all “associated persons” of PolyMet and their employees.

“Associated persons” means, for the purposes of this Policy, any individual or company that acts on behalf of PolyMet or otherwise performs any services for or on behalf of PolyMet in any capacity whatsoever. A typical example is a sales agent, but advisers,

consultants, brokers and joint venture partners, for example, may also be associated persons. PolyMet employees must take all appropriate steps to ensure as far as possible that associated persons comply with this Policy, and it is important that our interaction with these groups is documented and accounted for appropriately and transparently.

Further specific requirements, such as due diligence processes and requiring appropriate contractual undertakings to comply with these principles, are set out in this Policy, Third Party Due Diligence Guidelines and other related guidelines.



## 2 What is bribery?

Bribery is a form of corruption. Defined simply, corruption is the misuse of entrusted power for private benefit.

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A bribe is any financial or other advantage that is offered, provided, authorized, requested or received as an inducement or reward for the improper performance of a person's relevant function or the receipt of which in itself would constitute improper conduct. In some jurisdictions it can include simply conferring any value or advantage on an employee or individual employed as an agent if there is a risk that its acceptance will be concealed from the employer.

A bribe can include money, or any offer, promise or gift of something of value or advantage. It need not necessarily be of large value at all. It might include entertainment, travel, incentive programs, signing bonuses, an offer of employment or internship, overpaying government suppliers, or rebates or "kickbacks" in relation to services provided to PolyMet. It might also include intangible benefits such as the provision of information or assistance in obtaining a benefit or advantage.

For these purposes, a "relevant function" can include any function of a public nature, any activity connected with a business, any activity performed in the course of a person's employment and any activity performed by or on behalf of a body of persons (e.g., a company). Any such function is performed "improperly" by a person if they perform it in breach of what would be expected of them by a reasonable person by reference to any applicable requirements of good faith, impartiality or any position of trust which that person may hold.

Importantly, specific rules apply to dealing with public officials. A bribe in this context can also

include offering or providing to public officials any financial or other advantage in order to (or even having the intention to) influence them in any way in their official capacity for the purpose of obtaining an advantage. This can include influencing a public official to do something which is within the scope of their public duties or which they may otherwise have done in any event.

For these purposes, "public officials" can include the following. This list is not exhaustive:

- any officer, employee or representative of, or any person otherwise acting in an official capacity for or on behalf of, a "government authority";
- "government authorities" for this purpose include national or local governmental institutions; associations, enterprises or companies owned or controlled by governments; and supra-national organizations;
- legislative, administrative or judicial officials;
- an officer of, or individual holding a position in, a political party or a political candidate; or
- a person who otherwise exercises a public function for or on behalf of any country.

Section 3 of this Policy sets out an overview of how the various applicable laws should be applied to your day to day business dealings on PolyMet's behalf. If you are still unclear or have any other questions, you should consult your supervisor, manager or the appropriate compliance contact.

# 3 Applying the law on bribery in practice

The criminal and civil prohibitions on bribery mean that you must observe the following rules and principles at all times.

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## 3.1 Bribes

Officers, employees and associated persons of PolyMet must never solicit, accept, offer, provide or authorize bribes of any kind or anything which may be construed as a bribe either directly or indirectly. No officer, employee or associated person of PolyMet may perform his or her functions improperly in anticipation or in consequence of any bribe.

All officers, employees and associated persons of PolyMet take responsibility for knowing what the law permits in any relevant country of operation regarding any benefits given or received by them or on their behalf. This includes whether any particular person with whom they are dealing is a public official.

If you are unsure of the details of any potentially applicable anti-corruption law you should seek further guidance from your supervisor, manager or the appropriate compliance contact.

## 3.2 Facilitation payments

A public official may, in return for a small payment, offer to enable or speed up a process that is his or her duty to perform such as issuing permits, licenses, or other official documents, processing governmental papers, such as visas and work orders, providing police protection, mail pick-up and delivery, providing utility services and handling cargo. Such payments are often called facilitation payments. Facilitation payments should not be made.

If you are in any doubt as to whether a requested or proposed payment may constitute a facilitation payment or if you have other questions in connection with facilitation payments you should first contact your supervisor, manager or the appropriate compliance contact.



### 3.3 Extortion

PolyMet and its officers, employees and associated persons shall reject any direct or indirect request by any third party (including but not necessarily limited to a public official) for a bribe, even if PolyMet is extorted with adverse actions.

PolyMet recognizes that, in rare situations, an employee's own welfare and safety could be at risk if he or she fails to comply with such a request. If you find yourself in this situation, you should never put yourself in danger and should take reasonable actions to remove yourself from danger. You should promptly report any such situation to the appropriate compliance contact.

### 3.4 Gifts and entertainment

Exchanging gifts and entertainment can create goodwill and establish trust in relationships with counterparties and other business partners. It is important, however, that the following guidelines are followed in all cases.

#### 3.4.1 General requirements

PolyMet's officers, employees and associated persons may give and receive appropriate, lawful business gifts and entertainment in connection with their work for PolyMet, provided that all such gifts and entertainment satisfy the general principles set out in this Policy and are not given or received with the intent or prospect of influencing the recipient's decision-making or other conduct.

Whenever you are considering offering, accepting or providing gifts or entertainment (which include, for example, meals, charitable and sporting events, parties, and concerts), you must ensure that such gifts or entertainment shall:

- be in good faith, occasional, appropriate and reasonable;
- comply with any applicable laws, including those which may apply to any relevant public officials or government authorities;
- comply with any policy or procedure related to gifts and entertainment applicable at your marketing office or industrial operation;
- constitute a normal business courtesy (such as paying for a meal or shared taxi);
- not reasonably be capable of being regarded in any way as a bribe (e.g., that it was offered, provided, authorized, requested or received as an inducement or reward for the improper performance of a relevant function of the recipient or its offer, provision, request or receipt was otherwise improper);
- where gifts or entertainment are provided, be approved and personally reclaimed in accordance with the appropriate business expense policies and procedures of the relevant company; and
- never be a payment of cash.



## 3 Applying the law on bribery in practice CONT'D

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### 3.4.2 Obtaining further guidance

If you are in any doubt as to the appropriateness of a gift or offer of entertainment you should take the matter to your supervisor, manager or the appropriate compliance contact who will determine what course of action should be taken. Depending on the circumstances, and after discussion with your superior, a gift received may be:

- retained by you;
- donated to a charity of your choice; or
- returned to the giver.

### 3.5 Intermediaries

An “intermediary” means, for the purposes of this Policy and Third Party Due Diligence Guidelines, any third party engaged by or on behalf of PolyMet to assist in:

- obtaining and/or maintaining business;
- engaging with government authorities regarding the obtainment of licenses, permits and other government authorizations or regarding levies, taxes and duties (“government decisions”); or
- maintaining relations with government authorities, including lobbying (see 3.11 below).

They may include, for example, business agents, consultants and advisers. They may also include, for example, licensing specialists, accountants and other professionals who have been appointed to assist in engaging with government authorities regarding government decisions.

The use of intermediaries does not absolve you or PolyMet from responsibility since actions undertaken by them in support of PolyMet’s business may be legally attributable to PolyMet.

Detailed guidance as to the key points and procedures for appointing intermediaries are set out separately in PolyMet’s Third Party Due Diligence Guidelines which form part of this Policy. In summary, those guidelines set out the due diligence required before PolyMet may engage any intermediaries. They also make clear that intermediaries should be made aware of PolyMet’s rules and guidance on corruption. Their services must not be engaged if they are not willing to conform to these standards.

If you are in any doubt as to whether this Policy or PolyMet’s Third Party Due Diligence Guidelines apply to the engagement of any particular third party you should seek further guidance from the appropriate compliance contact.



### 3.6 Joint ventures

A “joint venture” means, for the purposes of this Policy, any commercial arrangement entered into by PolyMet with one or more other entities (or “joint venture partners”) through which there is an agreement to jointly undertake a specific business enterprise or share in the profit of a business venture under a profit share agreement.

Joint venture partners are expected to operate with integrity and will be required to refrain from paying or receiving bribes on behalf of PolyMet.

Joint venture partners should give assurances to PolyMet that they will conform to all applicable anti-corruption laws. Failure by them to observe such applicable laws could create an exposure for PolyMet, as the acts of the joint venture partners could be legally attributable to PolyMet. PolyMet’s relationship with any joint venture partner should be subject in advance to appropriate due diligence and should be recorded in writing in suitable detail.

In some instances, the joint venture arrangement is entered for an extensive or indefinite period of time. It is important that appropriate due diligence is undertaken whenever new commercial arrangements are entered into with the joint venture partner, including the provision of loans or the undertaking of a new, separate business enterprise.

Detailed guidance as to the key points and procedures for entering into joint ventures are set out separately in PolyMet’s Third Party Due Diligence Guidelines, which form part of this Policy.

### 3.7 Community investment projects

In some instances, PolyMet is requested by business partners or government authorities to contribute to major public or other projects in the relevant local jurisdiction. This can include, for example, the development of local capacity or infrastructure (such as the construction of a local school or stadium).

Such practices are often referred to as community investment projects. PolyMet’s relationship with third parties arranging the community investment project should be subject in advance to appropriate due diligence.

Detailed guidance as to the key points and procedures for contributing to community investment projects at the request of business partners or government authorities are set out separately in PolyMet’s Third Party Due Diligence Guidelines, which form part of this Policy.

### 3.8 Procurement

Contractors, suppliers and other business partners must be engaged through a fair, formal process that includes, where appropriate, written anti-corruption requirements.

You must ensure that all activities and transactions are properly authorized, accurately recorded and undertaken in a manner consistent with PolyMet policies and applicable anti-corruption laws.

You should base any procurement and contracting decisions on the best value expected to be received, taking into account the merits of price, quality, performance, competency, compliance and suitability (including sustainability criteria). No officers or employees may solicit or accept any financial or other advantage which is offered, provided, authorized, requested or received as an inducement or reward for the improper performance of their duties related to procurement or contracting decisions.

Officers and employees must be vigilant in considering the risks presented by any potential procurement or contracting partners. If you have any concerns as to whether engaging any third party may violate the principles set out in this Policy, particularly by reference to the “being alert” incidents set out at section 4.2, you must refer those concerns to your supervisor, manager or the appropriate compliance contact.

### 3.9 Political contributions

#### *3.9.1 Political contributions by, on behalf of or in the name of PolyMet*

As part of our business principles PolyMet does not permit any of its funds or resources to be used to contribute to any political campaign, political party, political candidate or any of their affiliated organizations.

#### *3.9.2 Personal political contributions by employees and other individuals*

PolyMet officers and employees may make personal political contributions and be involved in political activity in their own time. However, since they are also employees of PolyMet and their activities may sometimes be mistaken for the activities of PolyMet, they must:

- not use company time, property or equipment to carry out or support their personal political activities;
- always make clear that their views and actions are their own and not those of PolyMet; and
- never seek reimbursement in any manner from PolyMet for such contribution.

### 3.10 Charitable contributions and sponsorship

PolyMet and its officers, employees and associated persons may make charitable contributions or sponsorships on behalf of or in the name of PolyMet only for bona fide charitable purposes (i.e., given to a charitable or other not-for-profit organization for which no tangible benefit is received, or expected to be received, by PolyMet).

However, this must be in accordance with all applicable laws and regulations. Guidance as to the key points and procedures for making charitable contributions are set out separately in PolyMet's Third Party Due Diligence Guidelines which form part of this Policy.

### 3.11 Lobbying

Although PolyMet does not directly participate in party politics, it does on occasion engage in policy debate on subjects of legitimate concern to its business, employees, customers and end users and the communities in which they operate. Any PolyMet officer, employee or associated person who lobbies on behalf of PolyMet must comply with all requirements of applicable laws and regulation (including but not limited to complying with the laws and regulations relating to registration and reporting). Guidance as to the key points and procedures for lobbying on behalf of PolyMet are set out separately in PolyMet's Third Party Due Diligence Guidelines, which form part of this Policy.

### 3.12 Further specific due diligence

Depending on the extent of bribery risk which any particular partnership, arrangement or project may raise and the identity and nature of the operations of any relevant partners, further specific due diligence and anti-corruption certifications may be required before PolyMet engages in such partnership, arrangement or project. If you are in any doubt as to the degree of due diligence and the form and substance of the anti-corruption certifications that may be required, you should seek further guidance from the appropriate legal and compliance contact.

### 3.13 Record keeping

PolyMet shall maintain a record of the following:

- all due diligence undertaken in relation to, and all approvals of, any of the relationships or projects subject to PolyMet's Third Party Due Diligence Guidelines; and,
- a record of any refusal of approval of any such relationships or projects together with a summary of the reasons for such refusal.

All transactions must appear accurately and properly in PolyMet's books and records. They must be carried out pursuant to current internal control requirements.

PolyMet employees must keep accurate records and evidence of any permitted travel, hospitality, entertainment, gifts and any other expenses incurred or receipts taken on behalf of PolyMet. Employees must submit such records and evidence to the relevant accounting department on a timely basis.

Strict adherence to established procedures for opening and closing bank accounts is also necessary to ensure proper control over disbursement of funds.



# 4

## Alerting PolyMet to bribes and other corrupt practices

If you have any concern that the making or receipt of a payment or the taking of a particular course of action might breach anti-corruption laws or the principles contained in this policy, or if you suspect that breaches of corruption laws or this policy may be occurring or are about to occur, you must refer that concern to your supervisor, manager (provided they are not the subject of your suspicion or query), or the appropriate compliance contact or report the contravention confidentially by phoning Norton Rose Fulbright, PolyMet's Canadian corporate counsel, at (613) 780-8665 and leaving a detailed message.

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### 4.1 No penalty

No employee will suffer demotion, penalty or other disciplinary action for reporting a suspected breach of this Policy, or for refusing to pay a bribe even when PolyMet may lose business as a result of the employee's refusal to do so.

### 4.2 Being alert

Officers, employees and associated persons of PolyMet should always be alert in relation to potential occurrence of corruption, such as:

- a customer, agent or other associated person who has a close personal or professional relationship (whether as employee, contractor, associate, family member or close acquaintance) with or, in the case of a company, which is beneficially owned by, a government, public official or other relevant third party (such as a potential customer);
- a customer, agent or other associated person who was recommended by a public official or other relevant third party (such as a customer);
- unusual or suspicious requests such as for payments that are in cash, urgent, unusual or unexplained and for the use of shell companies or blind trusts for any proposed transaction;
- large payments for lavish entertainment or travel expenses for third parties;
- lack of transparency in expenses and accounting records of an agent or other associated person;
- lack of facilities one would usually expect of an associated person carrying out services on behalf of PolyMet;
- reference checks against a customer, agent or other associated person revealing a flawed background or track record and/or raises concern as to the third party's integrity;

## 4 Alerting PolyMet to bribes and other corrupt practices CONT'D

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- a refusal to agree to non-corruption provisions in agreements or to provide full details of what services a third party will carry out or has carried out on behalf of PolyMet;
- requests to prepare or execute false or inaccurate documents and any indication that information has been deliberately omitted from PolyMet's records;
- statements that should put one on notice (such as an associated person boasting about their connections or suggesting that no questions be asked about how they are able to get things accomplished); and
- business operations in a country or region with a history of corruption.

The presence of one or more of these incidents does not necessarily prevent PolyMet or any associated persons from progressing with any particular business opportunity. However, further guidance from the appropriate compliance contact will be necessary as well as, if considered appropriate by compliance, further enquiries or due diligence before any further action is taken in relation to any suspicious transactions, requests or other courses of action.



## 5 Training

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All relevant PolyMet officers and employees (whether permanent or temporary) are to receive regular and appropriate training relating to this and related policies and procedures, and any newly hired officers and employees will receive such training as part of their induction.

The extent and nature of such training shall be defined by reference to their business unit and will reflect the risks facing an employee in their role in that unit.

Records of all completed training sessions undertaken by officers and employees are maintained by the appropriate compliance or Human Resources contact.



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## Breach of anti-corruption laws or these rules and guidelines

PolyMet regards any breach of applicable anti-corruption law or the rules and guidelines contained in this Policy and PolyMet's Third Party Due Diligence Guidelines as a very serious matter. If reasonable grounds exist for demonstrating deliberate or grossly negligent conduct then dismissal may follow. PolyMet will not hesitate to involve the law; however, it will ensure that breaches are objectively investigated and that staff involved will have the right to state their case.

PolyMet employees in breach of applicable anti-corruption laws may also be subject to civil and/or criminal prosecution. The business relationship with non-employees of PolyMet who breach this Policy will be terminated.

PolyMet's internal audit function will conduct periodic non-financial risk reviews including reviews of the compliance records maintained by Human Resources.





