



Anti-Bribery Policy

Policy Number: LEG-0002-11-07

Effective Date: 10-July, 2007

1 **PURPOSE**

The purpose of this Policy is to advise all Boart Longyear employees and business units globally that the payment of bribes to government officials is prohibited under the laws of the countries in which Boart Longyear operates, including but not limited to the Australian Criminal Code Amendment Act (Bribery of Foreign Public Officials) (“Bribery of Foreign Officials Act”) and the U.S. Foreign Corrupt Practices Act (“FCPA”). Boart Longyear is committed to conducting operations ethically and in compliance with the law. This commitment applies throughout Boart Longyear regardless of where we are doing business. Employees of Boart Longyear are fully responsible for understanding this Policy and their obligations under it, and are expected to comply with it. Where applicable legal requirements are more stringent than as set forth in this Policy, Boart Longyear will follow the law.

Compliance with such aforementioned laws is particularly important since Boart Longyear and its subsidiaries conduct business in emerging markets in which (i) government officials are frequently engaged in commercial and financial activities for their own accounts, (ii) corruption and related problems are common, and (iii) legal standards and enforcement policies are developing, but are often unclear and inconsistently applied. In such circumstances, special vigilance is important to ensure compliance with anti-corruption and related legislation. It is crucial that competitive pressures in such an environment do not undermine our commitment to ethical conduct and compliance with the law.

Adherence to this Policy and applicable law is the obligation of all employees, directors and officers of Boart Longyear and of each domestic and foreign subsidiary, partnership, venture or other business association that is effectively controlled by Boart Longyear directly or indirectly.

2 **POLICY**

2.1 Anti-Bribery

The anti-corruption laws prohibit Boart Longyear employees (as well as any third party intermediaries, such as a sales agent, distributor, consultant or partner) from offering, promising, authorizing or paying anything of value to any official, any political party or official thereof, or any candidate for public political office, in order to influence the official for the purpose of obtaining or retaining business or securing some other improper advantage

2.2 Accounting Standards

The FCPA and relevant Australian and other legislation requires that Boart Longyear maintain a system of internal accounting controls and make and keep books and records which, in reasonable detail, accurately and fairly reflect transactions and dispositions of assets. False, misleading or incomplete entries in such records or statements in other documents or contracts are prohibited. No undisclosed or unrecorded fund or account may be established for any purpose.

Each Boart Longyear office shall maintain a system of accounting controls that provides reasonable assurances that (i) transactions are executed in accordance with management authorization; (ii) transactions are recorded so as to permit preparation of accurate financial statements and to maintain accountability for assets; (iii) access to assets is permitted only in accordance with management authorization; and (iv) appropriate auditing functions are conducted.

2.3 Money Laundering

Money laundering is the process by which one conceals the existence of an illegal source of income and then disguises that income to make it appear legitimate. Use by Boart Longyear of proceeds tainted by illegality can give rise to liability in the United States and in other countries in which Boart Longyear operates. Employees should consult the Company's *Anti-Money Laundering Policy* (available on the intranet site under the Global Policy Library) and contact the Legal Department if they are aware of suspicious circumstances leading them to believe that any transaction might involve the payment or the receipt of proceeds of any unlawful activity.

2.4 Penalties for Violations

Failure to comply may result in civil and criminal sanctions. Penalties can be severe; for example, criminal penalties against Boart Longyear could include fines of up to USD\$2 million for violating the FCPA and up to AUD\$33,000 for violating the Bribery of Foreign Officials Act for each violation. Individuals can be fined up to USD\$100,000 and imprisoned for up to five years under the FCPA and up to AUD\$66,000 and imprisoned for up to 10 years under the Bribery of Foreign Officials Act. Penalties may be higher in other jurisdictions where Boart Longyear operates. Failure to comply with this Policy also may result in disciplinary action, up to and including termination of employment. Finally, a breach of this Policy may cause significant reputational damage to Boart Longyear.

3 **DEFINITIONS**

- 3.1 **Foreign Official** is an officer or employee of a foreign government (or any department, agency or instrumentality thereof), or a "public international organization" or any person acting in an official capacity for or on behalf of any such government (or department, agency or instrumentality thereof) or public international organization. Public international organizations include such organizations as the International Monetary Fund and the European Bank for Reconstruction and Development.

It is important to note that foreign officials also include employees of government- owned or government-controlled commercial entities.

- 3.2 **Knowledge** under the FCPA is broader than “actual” knowledge. In order to violate the FCPA’s anti-bribery provisions, an individual must “know” that the payment is being offered. Under the FCPA, knowledge exists when a person is aware that a “result is substantially certain to occur” or a person has a “firm belief that such circumstance exists.” Conscious disregard, deliberate ignorance and willful blindness will not avoid liability. This same standard of knowledge is also used for money laundering violations.

4 **AREAS OF PARTICULAR CONCERN**

4.1 **Transactions with Intermediaries and Partners**

Boart Longyear can be liable not only for the actions of its own employees, but also in certain circumstances for the actions of its intermediaries, including agents, consultants, lobbyists, representatives or other third parties where Boart Longyear has “Knowledge” (see definition above) of the likelihood of an improper payment being made. One cannot avoid liability by choosing to ignore the situation or “looking the other way”. If there are “red flags” that raise questions, then there is a duty to inquire.

A. Red Flags

In an intermediary situation, there are many issues that may trigger “red flags”. Answering YES to any of the following questions constitutes a “red flag”:

- The relationship of the intermediary to the governmental entity or contracting party

Questions to Ask:

Is the intermediary a government official or closely related to a government official?

Is the intermediary’s company owned in part by a government official or his family?

- The size of the payment to the intermediary

Questions to Ask:

Is the payment excessive in light of payments made by Boart Longyear elsewhere for similar services?

Is the payment excessive in light of local custom or local law for legitimate services?

- The nature of the payment to the intermediary

Questions to Ask:

Has the intermediary made comments to the effect that a particular amount of money is needed in order for him to “get the business”, “make the necessary arrangements”, etc.?

Are there strong indications that business in that country can only be done by bribing officials?

- The services to be performed by the intermediary

Questions to Ask:

Is it illegal for the intermediary to act as such in that country and with relation to that contract?

Are the services of the intermediary unnecessary?

Have the services been suggested as a means to provide cover for a prohibited payment?

- The method and manner of the payment to the intermediary

Questions to Ask:

Will the payment be all or partly in cash or a bearer instrument?

Will the payment be made partly to another person or company?

Will the payment be made in a country other than the one where the services were rendered?

Has the intermediary requested any false documentation, e.g., false invoicing or failure to report the payment to host country fiscal authorities?

- Reputation of the intermediary

Questions to Ask:

Does the intermediary have a reputation for dishonesty or ineffective service?

Are business references unavailable to confirm the expertise, experience and integrity of the intermediary?

If you are aware of any red flags involving an intermediary, contact the Legal Department. Pursuant to this Policy, further investigation is required.

B. Due Diligence

A due diligence investigation should include a review of reputation, expertise, experience and past performance of potential intermediaries or partners; their connection, if any, to government officials; the reasonableness of the proposed payment arrangements under the circumstances; and the business purpose for entering into the transaction. In certain situations, it may be necessary to hire

private investigators to verify the reputation, credibility and financial stability of an intermediary or partner. No such investigation should be undertaken without the prior approval of the Legal Department.

C. Contracts with Intermediaries

It is Boart Longyear policy that all contracts for retention of the intermediaries be approved in advance by the Legal Department. Certain standard provisions designed to ensure compliance with the standards set forth in this Policy and which have been developed by the Legal Department shall be included in all such

Hypothetical Situation and Response

Situation

You are having difficulty obtaining a permit to conduct drilling operations in a country where corruption is common. You are told by the regulators that if we retain a certain intermediary to prepare the necessary paper the permit will be expedited. However, the intermediary requires a substantial fee, significantly in excess of the value of preparing paperwork.

Red Flags

In these circumstances there is a strong possibility that the intermediary, having been designated by the government, will pay a portion of the fees we pay to a government official. Entering into such an arrangement would subject the company to a significant risk of liability under relevant anti-corruption laws. Remember that payments which are prohibited if made directly are also prohibited if made indirectly.

Response

This intermediary cannot be retained by us without prior review and approval by the Legal Department.

agreements.

4.2 Doing Business with Government Officials

Payments to government officials may be made only in compliance with this Policy and applicable law. Prior to any such payment being made to an official, the Legal Department must determine that such payment complies with applicable law. Such payments must be accurately recorded and are subject to regular review by Boart Longyear.

Retaining a government official (as an agent, lobbyist, consultant, etc.) may be permissible, but must be handled with caution. Such relationships must be structured so that they meet the requirements of applicable law. No such relationship may be negotiated without the prior approval of the Legal Department.

Similar caution must be exercised where a potential employee or agent is affiliated with an organization which could be deemed to be a government instrumentality, has a familial relationship with a government official or was previously engaged in government service. The FCPA may apply if an entity in which a governmental body exercises control or maintains any ownership interest (*i.e.*, if such entity is a government instrumentality under the FCPA) is a joint venture partner of Boart Longyear or if a government official has an equity interest in, or serves as a director or officer of, the joint venture partner or the joint venture itself. Special care must be taken in such situations to ensure that no funds of Boart Longyear are paid, loaned, given, or otherwise transferred, directly or indirectly, to any government official, or to any entity in which such person is known to have a material interest, except with the prior written approval of the Legal Department. This would include the payment of directors' fees and any similar form of compensation. If you have any doubts as to whether an entity is a government instrumentality, you should consult with the Legal Department before proceeding.

4.3 Hospitalities and Gifts

Under certain circumstances, and consistent with the standards of applicable anti-bribery laws, certain hospitalities such as transportation, accommodations, meals, entertainment and nominal gifts may be extended to government officials. All such hospitalities and gifts must (i) have a clear and legitimate business purpose which is directly related to Boart Longyear's commercial objectives; (ii) be reasonable in amount and bona fide; and (iii) be offered only in connection with the promotion, demonstration or explanation of Boart Longyear's services or products, or the execution or performance of a contract with a foreign government or agency thereof. The provision of any such hospitalities and gifts should be infrequent since the cumulative effect of regular hospitalities or gifts may create the appearance of improper conduct. In addition, hospitalities and gifts may not be lavish or extravagant. No hospitalities should be extended or gifts given to family members or relatives of government officials without the prior approval of the Legal Department. It is advisable that Boart Longyear pay for hospitalities itself, rather than reimburse the individual. Under certain circumstances it may be necessary or appropriate to notify the applicable governmental agency that such expenses will be paid by Boart Longyear. Further, such hospitalities and gifts must be permitted under local law and should conform to generally accepted local customs.

Personnel are required to consult with the Legal Department before proceeding to assume responsibility for payments which would fall within this category of permissible expenses. In all cases, adequate documentation in connection with such requests for payment must be submitted to the Legal Department. Such documentation must (i) describe the nature of expenditure and its business purpose; (ii) indicate how such expenditure relates to promotion, demonstration, or explanation of products or services or relates to execution or performance of a contract with a foreign government or agency; (iii) identify those individuals, including name and title, who receive the hospitality or gift; (iv) indicate the value of the hospitalities or gifts and amounts involved; and (v) describe the manner of payment.

Hypothetical Situation and Response

Situation

You are negotiating a sale to a state-owned company in Dubai and have just completed the documents which now await the approval from the official of the government agency that owns the company. Your contacts at the company advise you that they are planning to visit London next week, accompanied by the state official and his family, and that they believe that this would be a good opportunity for you to demonstrate your commitment to the project by covering the expenses of the official and his family during their stay in London.

Red Flags

There is no legitimate business purpose for these expenses and the fact that this official is responsible for issuing the permit makes any benefit extended to him a problem.

Response

The company is not permitted to cover these expenses. Generally, covering the expenses of a government official's spouse and children is also prohibited.

4.4 Charitable Contributions and Support for Social Projects

Monetary and other contributions to charities, social projects and funds, including schools, educational funds and infrastructure projects, should be handled with caution because they can be conduits for corrupt payments. In order to minimize this risk, Boart Longyear requires an appropriate investigation be conducted into such charities and projects. Any such contributions require prior approval of the Legal Department.

5 **FACILITATING PAYMENTS**

There are certain limited exceptions to the FCPA and the Bribery of Foreign Officials Act. Payments to foreign government officials are not prohibited when the purpose is to facilitate or expedite certain "routine governmental action." Examples of routine governmental actions include obtaining permits or licenses, processing government papers (such as visas), and providing phone service and other utilities. Such exceptions are not, however, recognized under the anti-bribery laws of some nations in which Boart Longyear operates. The Legal Department must be consulted prior to making any such facilitating payment.

5.1 Prohibited Payments to U.S. and Australian Government Officials

Boart Longyear prohibits offering payments, favors or gifts to U.S. and Australian government personnel. The promise, offer or delivery to an official or employee of the U.S. or Australian government of a gift, favor or other gratuity in violation of these rules would not only violate Boart Longyear's policy, but could also be a criminal offense. Payments of gratuities to state and local government officials also may violate applicable state and local laws.

6 **ACCOUNTING AND DOCUMENTARY REQUIREMENTS**

6.1 Documentary Accuracy

Boart Longyear requires that documents prepared to evidence a transaction accurately reflect the parties, the payment arrangements and the purposes of the transaction. Such documents should include language regarding awareness of and agreement to comply with the laws presented in this policy. Documents prepared by other parties to a transaction should be carefully reviewed by the Legal Department to ensure that Boart Longyear's standards are met.

6.2 Internal Controls

Compliance with Boart Longyear's accounting and internal control procedures is mandatory. Of particular significance are the following:

A. Record Keeping

All accounting records, expense reports, invoices, vouchers, records of gifts, business entertainment or other expenditures, and contracts or agreements must be accurately and completely reported and recorded.

Intentionally submitting false or misleading documentation will result in immediate disciplinary action. No Boart Longyear funds or assets may be used for any unlawful, improper or unethical purpose. All Boart Longyear financial books and records must be maintained in accordance with applicable accounting and auditing standards, Boart Longyear procedures and applicable law governing the maintenance of corporate books and records.

No transaction will be made on Boart Longyear's behalf with the intention or understanding that the transaction or payment is other than as described in the document evidencing the transaction or supporting the payment. All corporate assets must be properly protected and asset records regularly compared with actual assets. Proper and prompt action must be taken to reconcile any variances.

B. Support for Expenses

Requests for expense reimbursements must be approved in accordance with Boart Longyear policy. Supporting documentation, including original receipts, invoices or other relevant Global Expense Reporting documents, for the expense reimbursements must be filed with the expense reports and maintained for a reasonable period of time established by the accounting department. Such

documentation must state (i) description of the expenditure; (ii) purpose; (iii) identification of the recipient; (iv) amounts involved, and (v) manner of payment.

The approval process will be monitored for compliance with Boart Longyear standards, policies and guidelines.

C. Wire Transfers

The practice of transferring funds to the off-shore accounts of employees, intermediaries, consultants and third-party vendors is not permissible unless the recipient provides proper supporting documentation and the transactions are authorized by the Legal Department.

Petty Cash

All petty cash accounts must be maintained with strict controls to ensure their use is limited to proper purposes and that each use is appropriately documented. No undisclosed or unrecorded Boart Longyear funds may be established for any purpose. Any amounts paid from such accounts should be properly supported as

Hypothetical Situation and Response

Situation

You are responsible for the sale of drilling equipment for a customer in South Africa. In tracking the importation of the equipment, you learn that a mid-level manager, a South African national, responsible for customs clear of the equipment, made a \$10,000 payment to a local customs official to "correct" import documents and reduce customs duties on the equipment. The manager has obtained the funds from the office's petty cash account and has arranged for the payment to be recorded in the general ledger as a "consulting fee."

Red Flags

The payment itself will be considered a bribe, subjecting the Company to potential criminal penalties, and the creation of a false record creates additional potential liability for the Company.

Response

No one should ever create a false record or description of any transaction. described above, recorded and reflected in the accounting records.

7 PROCEDURES

Any employee who is aware of or suspects that Boart Longyear or any of its employees may be involved in making improper payments to government officials, or who has questions about a particular payment, should contact Boart Longyear's Corporate General

Counsel, or Legal Department. Boart Longyear's Legal Department can provide additional guidance to you in this area.

POLICY APPENDIX

7.1 Referenced Policies, Guidelines or Documents

- Anti-Money Laundering Policy

8 **REVISION HISTORY**

Revision	Date	Comments
001	August 3, 2010	Corrected formatting
002	July 23, 2012	Global Policy project
003	August 12, 2015	Changed to word "should" to "must" in section 5