

# **Shougang Fushan Resources Group Limited**

## **Whistleblowing Policy**

**(Adopted on 22 March 2012)**

# WHISTLEBLOWING POLICY

## 1. INTRODUCTION

Shougang Fushan Resources Group Limited (the “Company”) and its subsidiaries (collectively “Group”) are committed to achieving and maintaining the highest standards of openness, probity and accountability. Employees at all levels are expected to conduct themselves with integrity, impartiality and honesty. It is every employee’s responsibility and in all interest of the Group to ensure that any inappropriate behaviour that compromise the interest of the staff, shareholders, investors, customers and the wider public does not occur. It is also critical to maintain a good corporate image and raise the standard of corporate governance of the Company. To this end, the Company has devised a whistleblowing policy (the “Policy”).

## 2. PURPOSE AND APPLICABLE AREA

The purpose of formulating the Policy is to increase the awareness of maintaining internal corporate justice and regard this as a kind of internal control mechanism. It provides the employees with reporting channels and guidance on whistleblowing. The term “whistleblowing” refers to a situation where an employee (permanent or temporary employee) decides to report serious concerns about any malpractice which he/she has become aware or genuinely suspects that the Group has been or may become involved in. This Policy is designed to encourage employees to raise serious concerns internally, in a responsible and effective manner rather than overlooking a problem or blowing the whistle outside. The content of this Policy is applicable to all employees of the Group in Hong Kong or outside Hong Kong.

## 3. POLICY

This Policy is intended to assist individual employees (permanent or temporary employees) to disclose internally and at a high level, information which the individual believes shows malpractice or impropriety. It is not designed to further any personal disputes, question financial or business decisions taken by the Group nor should it be used to reconsider any staff matters which have been addressed under the grievances procedure already in place. Whistleblowing matters may include but are not confined to:

- Breach of legal or regulatory requirements
- Criminal offences, breach of civil law and miscarriage of justice
- Malpractice, impropriety or fraud relating to internal controls, accounting, auditing and financial matters
- Endangerment of the health and safety of an individual
- Damage caused to the environment
- Violation of the rules and regulations of the Group or the rules of conducts applicable within the Group
- Improper conduct or unethical behaviour likely to prejudice the standing of the Group or to adversely affect other staff of the Group

- Deliberate concealment of any of the above

### **3.1 Protection and Confidentiality**

It is the Company's policy to make every effort treating all disclosures in a confidential and sensitive manner after employee reports concern about any of the above matters. The identity of the individual employee making the allegation will not be divulged without the employee's consent. However, there may be circumstances in which the Company may be required or legally obliged to reveal the employee's identity, for example, where an investigation leads to legal proceedings being initiated. If this is the case, the Company will take all reasonable steps to ensure that the employee suffers no detriment. Harassment or victimization of a genuine whistle blower will be treated as gross misconduct, which if proven, may result in dismissal.

### **3.2 Untrue Allegations**

In making a disclosure, individual employee should exercise due care to ensure the accuracy of the information. No matter the allegations are being proven, employee will not be at risk of suffering any form of retribution as a result provided that he/she is acting in good faith and reasonable manner. On the other hand, disciplinary action may be taken against employee who is proven to raise false and malicious allegations deliberately. In an extreme case vexatious or wild allegations could give rise to legal action on the part of the persons complained about.

### **3.3 Acknowledgement and Recognition**

The Company places great value upon creating an environment where employees would maintain the highest standard of ethics, honesty, openness and accountability. The Company recognizes that it requires courage and personal quality such as righteousness, loyalty and impeccable integrity for an employee to step out and blow the whistle. These personal qualities and positive behaviours demonstrated by the whistleblowers are well acknowledged by the Company.

## **4. PROCEDURE**

### **4.1 Reporting Channel**

#### **4.1.1 Reporting Channel for the Company**

Employee who has a legitimate malpractice concern can inform the respective Division/Department Head of the concern. The Division/Department Head should then raise the matter with the Managing Director. If the concern involves the Division/Department Head, or for any reason the employee would prefer the Division/Department Head not to be told, the employee may raise the matter direct with the Managing Director. In the case of a concern about the Managing Director, the employee can raise the matter with the Chairman. The Managing Director or the Chairman may designate an appropriate person or set up an inquiry to investigate the matter.

If the concern involves a Director, the employee can report directly to the Chairman. The Chairman, depending upon the circumstances, may consider nominate an appropriate investigating officer or set up a special committee to investigate the matter independently.

The Managing Director or the Chairman should report the matter to the Audit Committee at appropriate time in the above circumstance.

If for any reason the employee would prefer not to raise the malpractice concern with the Division/Department Head, the Managing Director, the Vice-Chairman and/or the Chairman, the employee may take the complaint direct to the Chairman of the Audit Committee. The Chairman of the Audit Committee will review the complaint and decide how the investigation should proceed.

#### **4.1.2 Reporting Channel for the Subsidiaries of the Company**

Employee of the subsidiaries who has a legitimate malpractice concern can inform the respective General Manager of the subsidiary concerned. The General Manager of the subsidiary concerned should then raise the matter with the Internal Audit Department of the Company or, if no Internal Audit Department has been set up, the Managing Director. If the concern involves the General Manager of the subsidiary concerned, or for any reason the employee would prefer the General Manager of the subsidiary concerned not to be told, the employee may raise the matter direct with the Internal Audit Department of the Company or, if no Internal Audit Department has been set up, the Managing Director. If the General Manager of the subsidiary or the employee raises the matter with the Internal Audit Department, the Internal Audit Department should then report the matter to the Managing Director. The Internal Audit Department or the Managing Director will review the complaint and decide how the investigation should proceed. The Internal Audit Department or the Managing Director should report the matter to the Audit Committee at appropriate time in the above circumstance.

#### **4.1.3 Reporting Format**

Disclosures can be made in person or in writing. If the disclosure is made in writing, it should be sent to the Managing Director, the Chairman or the Chairman of the Audit Committee or the Internal Audit Department (applicable to subsidiaries) as appropriate at 6th Floor, Bank of East Asia Harbour View Centre, 56 Gloucester Road, Wanchai, Hong Kong, in a sealed envelop clearly marked “Strictly Private and Confidential – To be Opened by Addressee” to ensure the confidentiality. Employees are required to put their name to any disclosures they make. Anonymous complaints would usually not be considered. The Company will hold it a serious disciplinary offence for any person to seek to prevent a communication of malpractice concern reaching to the Managing Director, the Chairman or the Chairman of the Audit Committee or the Internal Audit Department (applicable to subsidiaries), or to impede any investigation which he/she or anyone on his/her behalf may make.

If there is evidence of criminal activity, activity on solicitation and acceptance of advantages or breach of legal and regulatory requirements, the party responsible for the internal investigation may legally be obliged to inform the relevant public or regulatory bodies such as the Hong Kong Police Force, the Independent Commission Against Corruption or the Security and Futures Commission or other relevant regulatory body as appropriate.

#### **4.2 Investigation Procedure**

The format and the length of an investigation will vary depending upon the nature and particular circumstances of each complaint made. The matters raised may

- be investigated internally;
- be referred to the relevant regulatory body;
- be referred to the External Auditor; and/or
- form the subject of an independent inquiry.

The Managing Director, the Chairman, the Chairman of the Audit Committee or the person designated to investigate the complaint or the Internal Audit Department (applicable to subsidiaries) will write to the complainant wherever reasonably practicable of the concern being received:

- acknowledging that the concern has been received;
- advising whether or not the matter is to be investigated further and if so what the nature of the investigation will be;
- giving an estimate of how long the investigation will take to provide a final response; telling the complainant whether any initial enquiries have been made, and whether further investigations will take place, and if not, why not.

### **5. EFFECTIVENESS, INTERPRETATION, ENFORCEMENT AND AMENDMENT OF THE POLICY**

- 5.1 The Policy is implemented on the date of approval of the board of directors of the Company.
- 5.2 The board of directors of the Company is responsible for the interpretation of this Policy and supervise the enforcement of this Policy.
- 5.3 Any amendment to this Policy must be reviewed by the Audit Committee and then submitted to the Board for approval.