



## **Mergers and Acquisitions Compliance and Risk Management Policy**

SundaGas takes seriously its Compliance responsibilities in all areas. Managing risk exposure and potential non-compliance is critical in avoiding damaging consequences such as harm to relationships with regulators and third parties, limitations on business activities, and reputational damage. Such risks often result from the merger with or acquisition of a non-compliant target. This Policy sets out steps for tackling compliance risks in Mergers and Acquisitions ('M&A').

### **Prior to Transaction**

Any M&A transaction entered into by SundaGas will be based on detailed due diligence, to include an assessment of the target's risk management practices (including its policies and procedures relating to anti-corruption, anti-money laundering, sanctions, and criminal and regulatory risk). M&A timelines are often aggressive, meaning that due diligence processes may be condensed, which increases the compliance risks. However careful due diligence of the above risk areas will not be compromised.

Compliance Due Diligence shall consider the areas below as appropriate:

- Accounting Practices
- Confidential Information
- Conflicts of Interest
- Document Management / Retention
- Employment Laws
- Government Contracting
- Harassment
- Intellectual Property
- Money Laundering
- Political contributions / Bribery / Lobbying
- Sanctions
- Purchasing and Tendering
- Taxes
- Health, Safety and Environment
- Antitrust / Competition Law
- Workplace Security

M&A transaction due diligence must consider whether the target company has formal risk management systems and frameworks in place. Elements of the risk evaluation include:

- The level of management commitment and oversight to risk management
- The extent of buy-in to the risk management process at the board of directors' level
- The adequacy of policies and procedures and the extent to which they are actually implemented
- The adequacy of the monitoring and reporting processes
- The existence of business interruption plans and back-ups
- The level of compliance and internal controls



## Post- Transaction

Post-acquisition or merger, implementation of SundaGas policies and procedures relating to compliance is critical to the ultimate success of the transaction. The following principles will underpin the integration of a target company:

- Leadership — top-down commitment to compliance from all levels of management
- Risk assessment — a risk-based approach to identify priorities and areas of focus
- Standards and controls — rules and protocols to control behaviour
- Training and communication — conveying adequate and practical guidance
- Monitoring, auditing and response — ongoing monitoring of the effectiveness of compliance measures themselves, coupled with adequate response mechanisms

In applying these compliance best practice principles in a post-integration context, the following key steps should be taken as soon as possible after closing:

- Risk assessment: Regulatory risks can be minimised by taking proactive steps to detect key risk areas and infringements upfront (rather than a reactive approach to compliance issues)
- Integration: Apply SundaGas existing policies and procedures to the target, provide training to all relevant staff across key risk areas, implementing SundaGas' monitoring, audit and response mechanisms, and ensuring a top-down commitment to compliance. The extent of integration required will, of course, depend on what compliance regime the target already has in place
- Remediation: If any historic or ongoing infringements are discovered as part of a risk assessment or audit, immediate steps should be taken to end the relevant conduct. The merged entity should also consider potential remedial steps, such as disclosure to the relevant authorities

The Chief Executive Officer is responsible for the implementation of this policy and will make the necessary resources available during M&A initiatives to realise our corporate responsibilities.

Dr. Andy Butler  
Chief Executive Officer