


POWERCHINA INTERNATIONAL GROUP LTD.

中国电建集团国际工程有限公司

ANTI-CORRUPTION POLICY

反腐败政策

(PCICP-ACP-Rev2.0-2018)

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ANTI-CORRUPTION POLICY

CHAPTER I

INTRODUCTION & POLICY STATEMENT

Article 1: Article 164 and Article 389 of the Criminal Law of the People’s Republic of China directly prohibits both commercial bribery (i.e. bribery of employees of private companies) and public bribery (i.e. bribery of Public Officials, as defined below). Further, China is a signatory to the United Nations Convention Against Corruption, and POWERCHINA INTERNATIONAL GROUP LTD. (“POWERCHINA-INTL” or the “Company”), as a state-owned entity, is bound by its principles.

1 164 389

Therefore, consistent with Chinese and international law, as well as POWERCHINA-INTL’s core ethical values as articulated in the Company’s Code of Ethics and other POWERCHINA-INTL Policies, it is the policy of POWERCHINA-INTL that all directors, employees, contractors, representatives, agents, consultants and venture partners of POWERCHINA-INTL comply strictly with Article 164 as well as with those laws that prohibit bribery or other forms of corruption (e.g. theft of public funds or assets) in countries in which POWERCHINA-INTL conducts business (collectively, “anti-corruption laws”). As used in this Policy, “POWERCHINA-INTL” refers also to all subsidiaries and majority-owned and controlled affiliates and joint ventures of POWERCHINA-INTL.

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Article 2: The purpose of this Policy is to ensure that POWERCHINA-INTL employees

understand the requirements of anti-corruption laws. Strict compliance with anti-corruption laws is a significant responsibility, and all POWERCHINA-INTL employees have an affirmative obligation to become familiar with, and to abide by, this Policy. It serves as a preventive tool to assist employees in recognizing and avoiding potential violations of anti-corruption laws.

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Article 3: Violations of anti-corruption laws can carry severe criminal and civil penalties, and failure to observe their requirements puts the reputation, hard work, business and investments of POWERCHINA-INTL and its employees at risk. In addition, any employee who fails to comply with the standards set forth in this Policy is subject to appropriate disciplinary action by POWERCHINA-INTL, which may include termination of employment.

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Compliance Department or your line manager. If a compliance-related question or concern is directed to a line manager, it shall be the line manager’s responsibility to inform and consult with the Compliance Department, even if the matter has been resolved. Compliance with the Anti-Corruption Policy shall be checked regularly by the Compliance Department, who shall submit its findings to the Compliance Steering Group.

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CHAPTER II

PROHIBITED PAYMENTS AND TRANSACTIONS

Article 6: This Policy prohibits any POWERCHINA-INTL employee or anyone working on POWERCHINA-INTL’s behalf (e.g. agents, lobbyists, intermediaries, consultants and representatives – collectively “Representatives,” as further defined in Chapter IV below) from, directly or indirectly, offering to pay, paying, promising to pay, or authorizing the payment of money or the provision of anything of value (each a “Prohibited Payment”) to a Public Official (as defined in Chapter III below), or to an individual business associate, for the purpose of:

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- Influencing any act or decision of the Public Official or inducing the Public Official to affect or influence any act or decision of a government, a government agency, or a state-owned or state-controlled entity;
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- Assisting POWERCHINA-INTL or any of its partners, contractors or suppliers to obtain or retain business or direct business to POWERCHINA-INTL or any such other person; or
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- Securing any improper advantage. The term “improper advantage” typically refers to something to which an individual or company is not legally or properly entitled, such as preferential treatment in relation to pricing, delivery of goods or services, taxation, customs, procurement, obtaining a license, permit or governmental approval, or other executive, regulatory, judicial or legislative action.

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Article 7: This Policy also expressly forbids bribes, kickbacks and other Prohibited Payments offered, promised or made to individual business associates regardless of whether or not they are Public Officials.

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Article 8: Prohibited Payments include more than just money and may take the form of expense reimbursements, entertainment or hospitality (including meals, entertainment, travel, lodging or transportation), gifts, loans, debt forgiveness, rebates, use of property or equipment, charitable contributions, sponsorships, political donations, job offers or employment, or any other thing of value whether tangible or intangible.

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Illustrative Prohibited Payments that are prohibited by this Policy include, but are not limited to:

- Bribes, kickbacks, influence payments, payoffs or other legally prohibited payments to individual business associates or Public Officials;

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- Payments to any person that contain or imply an understanding that would indicate that all or part of the payment is to be paid by such person to an individual business associate or Public Official as a bribe, kickback, influence payment or payoff;

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- Contributions, in cash or any other form of consideration, to a political party, political party official, candidate for office, a political campaign, or to the holder of elected or appointive office, whether or not lawful where made, for any of the purposes stated above;
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 - Payments to individual business associates or Public Officials, or to a person with familial, personal, or business affiliation with a Public Official or individual business associate, that are or may appear to be related to obtaining business by POWERCHINA-INTL or to obtaining more favorable terms for POWERCHINA-INTL;
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 - Providing anything of value to, entering into any transaction with, or knowingly retaining or employing a family member or close personal friend of a Public Official unless first obtaining the advice and approval of the Compliance Department; and
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 - Payment to an individual business associate or Public Official that is related to the performance of the duties by that individual's company, the individual or the Public Official.
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The foregoing Prohibited Payments are often accompanied by one or more of the following actions; accordingly, the following payments and transactions also shall be prohibited under this Policy:

- Payments or expenses that are falsified or not recorded in the books and accounting records of POWERCHINA-INTL, its subsidiaries or controlled ventures and affiliates;
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- Payments or transactions that are either not accurately reflected on the books of account of POWERCHINA-INTL, or are intentionally reflected improperly on the books of account of POWERCHINA-INTL;
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 - Payments or transactions in which invoices to or by POWERCHINA-INTL do not set forth the true transaction purchase or sale price (exclusive of discounts or concessions granted to or by POWERCHINA-INTL in the ordinary course of business);
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 - Payment by POWERCHINA-INTL for goods or services to a person other than the person with whom POWERCHINA-INTL has contracted for such goods and services, unless the reasons for such payment are adequately documented and an exception has been approved in writing by the Finance Department and a copy of the approval has been provided to the Compliance Department;
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 - Payments or transactions in cash that are not evidenced by a receipt bearing the signature of the cash recipient, who must be the acting party in a buy-sell relationship with POWERCHINA-INTL that is also fully and accurately documented in POWERCHINA-INTL's books and records;
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 - The creation or maintenance for Company purposes or business of any bank account, domestic or foreign, in a name other than the name of POWERCHINA-INTL (or a subsidiary or controlled venture or affiliate); and
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 - Payments that otherwise violate a law or regulation or are of a questionable legality.
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Article 9: This Policy focuses on payments to Public Officials, as defined in Chapter III below. However, it is important to remember that commercial or private sector bribery also

constitutes a crime in most countries and is strictly prohibited by POWERCHINA-INTL policies.

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CHAPTER III

DEALING WITH PUBLIC OFFICIALS

Article 10: Special care must be taken when dealing with Public Officials. The laws of many countries as well as POWERCHINA-INTL Policies include prohibitions or requirements specific to dealings with Public Officials that differ from those relating to dealings with individual business associates.

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Article 11: A “Public Official” should be broadly interpreted and includes the following:

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- Officials, employees and representatives of governments, including consultants and employees of Non-Governmental Organizations insofar as they hold government positions or have decision-making authority with respect to matters affecting POWERCHINA-INTL projects or transactions, directly or indirectly;
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- Candidates for government office;
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- Officers and members of political parties;
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- Members of Royal Families;

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- International organizations (such as the International Monetary Fund, the World Bank, etc.) and their employees and consultants;
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- Officials of state-owned or controlled corporations or entities; and
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- A person in the service of a government, including members of the military, police or civil service.
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Article 12: Even if a Prohibited Payment does not go directly to a Public Official, you may violate anti-corruption laws if you make a payment to a private party and you know, should know, believe, or are aware that the private party intends to turn over all or a portion of that payment to a Public Official.

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CHAPTER IV

USING REPRESENTATIVES

Article 13: “Representative” means any agent, consultant, intermediary, business promoter, business sponsor or any other representative (whether an individual, partnership, corporation or unincorporated entity) retained to assist POWERCHINA-INTL to (i) interact with Public Officials or individual business associates or (ii) to obtain business or promote the distribution, marketing or sales of POWERCHINA-INTL products or services.²

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²“Representative” does not include duly licensed attorneys or similar advocates, lobbyists, public relations firms, chartered accountants or accounting firms (e.g. internal / external auditors, tax advisors) performing legitimate functions in their professional capacities.

Article 14: If a POWERCHINA-INTL Representative makes an improper payment, gift or other Prohibited Payment to a Public Official, POWERCHINA-INTL as well as you individually, may be held liable under applicable anti-corruption laws, even if the Prohibited Payment is made without the express authorization or knowledge of a POWERCHINA-INTL employee. Accordingly, you are required to follow the guidelines and due diligence procedures set forth in this Policy and the Representative Due Diligence Procedure.

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Article 15: The Company will not enter into an agreement with any Representative unless and until appropriate due diligence is performed and a written agreement is duly executed by the parties. If you are solicited by a Representative with respect to any business opportunity, do not make any commitments (oral or written) of any kind until after the required due diligence is completed and the proposed agreement with the Representative has been prepared by the supervisor or manager of the responsible business unit and approved by the Compliance Department, Legal Department and/or other Management officers as necessary.

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Among other goals, the due diligence process should establish that any Representative is not a Public Official (or, in the case of an entity, that no Public Official is an owner, beneficiary or other key participant in that entity). If there is any question whether a Public Official will be directly or indirectly involved in the relationship, immediately consult with the Compliance Department.

Article 16: Once the due diligence is completed on a prospective Representative, the terms of the relationship must be reduced to writing and approved before the contract with the Representative is executed. Oral contracts pose unacceptable business and legal risks to POWERCHINA-INTL and are not permitted. The contract must be executed before the

Representative begins work. The agreement must also comport with POWERCHINA-INTL requirements as set forth in the Due Diligence Procedure.

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Article 17: If a Representative offers, promises, makes or authorizes a Prohibited Payment, POWERCHINA-INTL may be held liable even if it did not authorize the payment. To guard against such liability, POWERCHINA-INTL requires documentation and justification from the Representative for the services rendered before paying any fees or commissions or reimbursing expenses. The business unit and employee(s) responsible for dealing with the Representative must question unusual or excessive expenses, or claims for payment that are not justified in accordance with the contract, and shall notify the Representative of the Company's refusal to pay until such justification is provided.

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Article 18: If you suspect that violations of this Policy have occurred or may occur, including that a Representative has or will make a Prohibited Payment or is otherwise engaged in illegal activities (e.g. theft of Company or public assets), you have an obligation to immediately notify your line manager. If you feel uncomfortable doing so, you must consult with the Compliance Department. Failure to report known or suspected violations of this Policy may result in disciplinary action, including potential termination.

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Article 19: For additional guidance on Representatives, please see the Representative Due Diligence Procedure.

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CHAPTER V

ENTERTAINMENT AND MEALS

Article 20: Reasonable business entertainment expenses do not violate the law if the entertainment is given with the intent only to offer a normal courtesy. This Policy expressly prohibits entertainment given with the intent of influencing a Public Official's or an individual business associate's objectivity in making decisions involving POWERCHINA-INTL. When providing routine and reasonable business entertainment expenses (such as a business lunch), employees must ensure the following:

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- The meal or entertainment costs must be reasonable;
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- The entertainment costs must be within the limits allowed under applicable POWERCHINA-INTL policies;
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- The meal or entertainment must have a legitimate business justification;
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- The expense must avoid the appearance of impropriety - it should be modest and infrequent; and
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- The expense must be in line with local customs and comply with any local laws.
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- The expense must be properly and accurately documented.
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Article 21: As with any expenses, entertainment (including meals, recreation, tickets to sporting, arts or other events) must be recorded properly in POWERCHINA-INTL's books and records with reasonable detail and in a manner that accurately and fairly reflects the true nature and amount of the expenses.

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Article 22: This Policy expressly forbids any entertainment that is of a lavish or indecent manner or that could damage POWERCHINA-INTL's reputation if publicly disclosed.

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Article 23: For additional guidance on Entertainment and Meals, please see the Gifts and Hospitalities Policy.

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CHAPTER VI

PAYMENT OR REIMBURSEMENT OF TRAVEL EXPENSES

Article 24: The payment or reimbursement of legitimate and necessary expenses for the travel, meals and lodging of a Public Official or an individual business associate related to the promotion or marketing of POWERCHINA-INTL's capabilities, discussions regarding POWERCHINA-INTL operations, or contract negotiations, generally are permissible under anti-corruption laws and this Policy if there is a clear and justifiable business reason for each item of expense and the expenses are reasonable.

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Article 25: Travel expenses for Public Officials may be paid or reimbursed only if they have been cleared in advance first with the applicable supervisor or manager of the responsible business unit and then with the Compliance Department. When arranging for travel or covering the travel expenses of a Public Official, keep in mind:

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- POWERCHINA-INTL cannot pay any travel expenses for spouses or other family members of Public Officials.
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- Payments to cover expenses of Public Officials must, whenever possible, be paid directly to vendors (e.g. hotels, airlines and restaurants). If direct payment is not

possible, reimbursement may be made only for expenses for which receipts from the Public Official are obtained.

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- Whenever possible, reimbursement must be made to the Public Official's employer rather than to the individual; but if this is not possible, the reimbursement request shall explain why.
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- POWERCHINA-INTL cannot both cover meals and lodging expenses and provide a per diem for "incidentals".
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- Payments and reimbursements for a Public Official's travel are permissible only for the period of time directly related to POWERCHINA-INTL business.
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Article 26: As with any expenses, all travel expenses must be recorded properly in POWERCHINA-INTL's books and records with reasonable detail and in a manner that accurately and fairly reflects the true nature and amount of the expenses. For further guidance please see the Gifts and Hospitalities Policy.

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CHAPTER VII

CHARITABLE DONATIONS

Article 27: The promotion of charitable causes is an important part of POWERCHINA-INTL's corporate culture. However, donations to charities or similar organizations can in certain circumstances violate anti-corruption laws. Thus, whenever a charitable donation, political contribution, or social contribution by POWERCHINA-INTL is

contemplated, the prior advice and written authorization of the Compliance Department must be obtained. Please see the Gifts and Hospitality Policy for additional details and instructions.

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Article 28: Donations to charities proposed by a Public Official must be reviewed with caution and must never be given, directly or indirectly, to an individual Public Official.

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Article 29: All charitable donations and social contributions must be clearly reflected in POWERCHINA-INTL's books and records.

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Article 30: For additional guidance on Charitable Donations, please see the Gifts and Hospitalities Policy.

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CHAPTER VIII

FACILITATING PAYMENTS

Article 31: Facilitating payments (sometimes referred to as “grease payments”) are small payments for routine, non-discretionary governmental actions normally performed by low-ranking Public Officials engaged in ministerial duties. Because such payments are illegal in many countries in which POWERCHINA-INTL operates and may be considered bribes, POWERCHINA-INTL prohibits such payments, unless the payment is made in the context of an imminent threat to the health, safety or welfare of a POWERCHINA-INTL employee, a member of his or her family, or a co-worker, or for other good cause approved by the Compliance Department (e.g. to protect valuable Company assets from destruction). If you make a payment under these circumstances, you must report it immediately to the Compliance Department. The local finance manager must ensure that such payments are properly recorded on POWERCHINA-INTL's books and records.

CHAPTER IX

ACCOUNTING AND BOOK-KEEPING REQUIREMENTS

Article 32: This Policy also requires POWERCHINA-INTL and each of its subsidiaries and controlled ventures and affiliates to maintain a system of internal controls and keep adequate books and records to ensure that cash and other assets are used for bona fide business purposes and are transferred outside of POWERCHINA-INTL, its subsidiaries and controlled ventures and affiliates only in accordance with established Company policies. As a result, all transactions must be fully and accurately recorded on POWERCHINA-INTL's, its subsidiaries' and controlled ventures' and affiliates' books, records and accounts.

Article 33: All business transactions, including any travel, gifts, entertainment or hospitalities, must be properly authorized, including in accordance with this Policy and the Gifts and Hospitalities Policy, and must be completely and accurately recorded on POWERCHINA-INTL's books, records and accounts. The Company's books and records must be maintained with sufficient detail to accurately and fairly reflect all transactions, including recording a proper measure of value and the time period when the transaction occurred. This Policy's recording obligations apply to all transactions, regardless of the amount.

Article 34: You are expressly forbidden from making false or misleading entries in POWERCHINA-INTL's books and records, including entries that fail to reflect improper or illegal transactions (e.g., kickbacks, bribes and other Prohibited Payments) and/or entries that are falsified to disguise improper transactions. You are also expressly forbidden from making "off-the-books" transactions that are not properly recorded in POWERCHINA-INTL's books, records and accounts. Additionally, no secret or unrecorded fund or asset of POWERCHINA-INTL shall be created or maintained.

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CHAPTER X

COMPLIANCE AND REPORTING PROCEDURES

Article 35: No written policy, statement or guide can substitute for the thoughtful behavior of an ethical Employee, or provide definitive answers to all questions. Because POWERCHINA-INTL cannot anticipate every potential situation, certain policies have been established to help you deal with questions or problems as they arise.

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Article 36: You are encouraged to contact your supervisors, managers and the Compliance Department about behavior that potentially violates anti-corruption laws or policies, and the best course of action to take in a particular situation.

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Article 37: You should be alert to situations that could result in violations of anti-corruption laws or this Policy. If you know or suspect that a violation of applicable anti-corruption laws or this Policy has occurred, you must report it immediately to your supervisor or line manager. If you are not comfortable bringing up the matter with such person, then you must raise the matter directly to the Compliance Department or through the below anonymous whistleblower hotline or email.

[HOTLINE NUMBERS +86-10-58382629 Email compliance@powerchina-intl.com]

[+86-10-58382629 compliance@powerchina-intl.com]

CHAPTER XI

CONCLUSION

Article 38: This Policy is intended as an aid to assist you in understanding and fulfilling your responsibility to comply with POWERCHINA-INTL's anti-corruption policies. It is not intended to make you an expert, but rather to help you identify issues that could arise in the course of your job responsibilities. Always contact the Compliance Department for further guidance.