



**China Molybdenum Co., Ltd.**  
**Anti-Corruption Policy**

**1 Edition [2020]**

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## Chapter 1 Introduction

The purpose of this Anti-Corruption Policy (the "Policy") is to help ensure compliance by China Molybdenum Co., Ltd. ("Group") and all of its directly or indirectly controlled or majority-owned subsidiaries (collectively, "CMOC") with applicable global anti-corruption laws and related laws about maintaining accurate books and records and implementing adequate internal controls to prevent illegal and improper acts. In particular, CMOC must comply with the U.S. Foreign Corrupt Practices Act of 1977 (the "FCPA"), the anti-corruption laws of the People's Republic of China ("PRC"), the United Kingdom Bribery Act, and the local anti-corruption laws in the countries where CMOC operates, which may impose even stricter requirements. These anti-corruption laws make it illegal to for CMOC, its officers, directors, employees, agents, and anyone acting on its behalf, to bribe Government Officials (as defined in detail below).

In our day-to-day job responsibilities, we frequently come into contact with Government Officials. For example, obtaining rights to explore and develop mining assets—whether through submission of a winning bid, direct negotiation with a foreign government or purchasing an existing concession—may require government approvals. Major construction for new projects often requires permits. Similarly, goods and equipment used in our operations and products regularly pass through customs. Our operations are also heavily regulated in the environmental area. In some countries, Government Officials might request—directly or indirectly—improper payments in connection with CMOC's operations. These are all examples of situations that require our vigilance in complying with anti-corruption laws.

Furthermore, CMOC must not violate any commercial bribery statutes, which prohibit bribes and other improper benefits offered to (or received from) private parties or entities in the context of a commercial relationship or corporate transaction. For example, the PRC Criminal Law and the PRC Anti-Unfair Competition Law respectively impose criminal and administrative liability for acts of commercial bribery that occur within the jurisdiction of the PRC. Many other jurisdictions in which CMOC operates

likewise have commercial bribery statutes, under which CMOC can face significant fines and even criminal penalties for violations.

Consequently, all CMOC personnel and third parties acting on behalf of CMOC are expected to conduct CMOC business legally and ethically. The use of CMOC funds or assets for any unlawful, improper or unethical purpose is prohibited. Improper gifts, payments or offers of anything of value to Government Officials or commercial partners could also jeopardize CMOC's growth and reputation. CMOC forbids bribery of Government Officials or commercial partners and expects full compliance with all applicable anti-corruption laws. For anyone working on CMOC's behalf, it is expected that he or she will comply fully with these laws as well.

Each CMOC company is expected to adopt policies and procedures that educate their employees on applicable local anti-corruption laws, and are designed to promote compliance with applicable laws, based on the company's specific risk profile.

## Chapter 2 Applicability

This Policy applies to all of the CMOC companies as defined above and their financial recordkeeping activities.

## Chapter 3 Summary of Applicable Anti-Corruption Laws

### 1. Prohibited Payments

The FCPA's anti-bribery provisions make it illegal to bribe “foreign officials” to obtain or retain business or an improper advantage. Specifically, the FCPA prohibits making, offering, promising or authorizing any gift, payment or other things of value, with corrupt intent, to a non-U.S. Government Official. The FCPA does not make an exception for cases where a Government Official requests or solicits an improper payment.

The “official bribery” offense under the PRC Criminal Law similarly prohibits the giving or offering of money or other properties to “state functionaries” in order to seek illegitimate gains. The prohibited recipients of bribes include not only state functionaries, but also their close relatives or any other person having a close relationship with the state functionaries. Moreover, the provision or offering of bribes to governmental or quasi-governmental entities such as state organs, state-owned companies, enterprises, institutions and other civic organizations can result in criminal liability under PRC law.

The term “state functionaries” refers to the personnel of any government department or institution, state-owned corporation or enterprise, or civic organization. This term also includes personnel “assigned” by any such governmental organization or state-owned corporation to engage in public service in connection with non-state-owned corporations, enterprises, institutions, and social organizations as well as any other personnel performing public functions according to the law. Additionally, this term should be interpreted as including personnel of any arbitral or judicial authority, quasi-governmental organization, military organization, political party, or public international organization.

For purposes of this Policy, the term "Government Official" means any individual qualifying as either a “foreign official” under the FCPA or “state

functionary” under the PRC Criminal Law, including but not limited to the following:

Type of Government Official	Example
Official or employee of any national, regional, local or other government entity	A customs inspector, police officer or government minister
Elected official	A mayor, legislator or council member
Officer, director, or employee of a government- owned or - controlled company	The CEO of a Chinese mining company
Private person acting temporarily in an official capacity for or on behalf of any government entity	A government consultant acting under government authority
Candidate for political or elected government office	A candidate for the local legislature
Political party or party official or candidate	The head of a local political party
Arbitral or judicial authority	A provincial criminal court judge
Military personnel	A general in the People’s Liberation Army
Officer, employee or representative of a public international organization	An employee of the World Bank, the Inter-American Development Bank or the United Nations
Any person “assigned” by any governmental organization or state-owned enterprise to engage in public service in connection with non-state-owned corporations, enterprises, institutions, and social organizations as well as any other personnel	A person assigned by the state-owned assets supervision and management commission to work at a privately owned company to manage the state-owned shares in the company.

Type of Government Official	Example
performing public functions according to the law.	

As the above list makes clear, there are many types of Government Officials beyond just elected officials. A Government Official can be found at any level of government, whether local, regional or national.

The FCPA and the PRC anti-corruption laws prohibit both direct and indirect payments to Government Officials. That means CMOC and those individuals involved can face liability based on either payments made to Government Officials directly or those made to third parties with knowledge (including constructive knowledge) that the payments will be offered, given or promised to Government Officials. "Third parties" include consultants, agents, contractors and other individuals or entities that represent CMOC before government authorities or Government Officials or those who otherwise interact with the government on CMOC's behalf. Some typical examples of third parties include:

- (a) Licensing agents;
- (b) Service providers;
- (c) Agents or officials who interact with customs officials on our behalf;
- (d) Government relations consultants;
- (e) Consultants retained to assist with obtaining permits or licenses;  
and
- (f) Outside lawyers, accountants and tax advisors who interact with Government Officials.

The FCPA prohibits the payment of "anything of value," which is not necessarily limited to cash. Bribes may include paid trips, lavish gifts, improper contributions to charities, use of a company car, guest-house facilities, school admissions, job offers for the Government Official or his or her friend or relative, personal favors, favorable tax or loan terms, school fees – in short, anything that has a value attached to it. The PRC anti-corruption laws have similarly broad scope with regard to the type of benefits that can be considered bribes and further extend to bribes paid to

close relatives and other persons having a close relationship with Government Officials.

## **2. Commercial Bribery**

Certain anti-bribery laws, such as the PRC Criminal Law and the PRC Anti-Unfair Competition Law, also impose penalties for individuals or entities that offer or give bribes to private parties in the context of commercial relationships. In particular, under the PRC Anti-Unfair Competition Law, “business operators” are prohibited from resorting to bribery, by offering money or goods or by any other means, to any of the following entities or individuals, in order to seek a transaction opportunity or competitive advantage: (1) any employee of the counterparty in a transaction; (2) any entity or individual entrusted by the counterparty in a transaction to handle relevant affairs; or (3) any other entity or individual that is to take advantage of powers or influence to influence a transaction. Discounts to a transaction counterparty or commissions to the middleman of a transaction in the course of transaction activities are allowed only if such discounts or commissions are correctly entered into the accounting books. Individuals or entities that violate this provision are subject to fines and other administrative penalties.

Furthermore, the PRC Criminal Law imposes criminal liability upon individuals or entities that give or offer any property of relatively large amount to personnel of a company, an enterprise, or any other entity for the purpose of obtaining illicit benefits. Perpetrators can be subject to criminal fines and detention, including up to ten years imprisonment when the amount of the bribe meets certain value thresholds.

## **3. General Rule**

Consequently, to comply with the FCPA, PRC anti-corruption laws, and other applicable anti-corruption laws, this Policy establishes a clear rule: CMOC employees, directors, officers, third parties and business partners must not make, offer, promise or authorize any gift, payment or other thing of value to a Government Official or to any other individual or entity with corrupt intent to secure an improper advantage in obtaining or retaining

business. Under this rule, a payment also must not be made, offered or promised to any third party who is likely to provide a gift, payment or transfer of any other thing of value to any individual or entity in violation of this rule. The only exceptions to this rule are for payments that are specifically permitted by this Policy, or payments that have been authorized under the applicable guidelines, policies or procedures of CMOC, consistent with this Policy.

#### **4.Special Payments and Exceptions**

The FCPA permits certain types of payments to Government Officials under very limited circumstances. For example, the FCPA allows certain "facilitating" payments to Government Officials in order to obtain non-discretionary, routine and legal governmental action. Such actions include securing routine permits to do business in a foreign country, ordering police protection or processing of a visa, customs invoice or other government documents that are in good order. However, such payments may not be allowed under other applicable laws and can raise many complex issues. Consequently, CMOC has adopted the following rule:

Facilitating payments are strongly discouraged and may only be used by TFM personnel in narrowly defined circumstances described in the "TFM Policies and Procedures on Facilitation Payments." Facilitation payments are prohibited for all other CMOC personnel. For any facilitation payment allowed pursuant to the TFM policy, full documentation and proper recordkeeping must be maintained. Furthermore, CMOC's Legal and Compliance Department will conduct annual audits to ensure that the facilitation payments were made in strict compliance with TFM's policy.

Similarly, our general policy is that CMOC must not pay any per diems to Government Officials for services they perform in connection with CMOC business (or otherwise) except TFM may pay certain per diems pursuant to the procedures and guidelines set out in the "TFM Policies and Procedures on Per Diems for Government Officials." For any per diem allowed pursuant to the TFM policy, full documentation and proper recordkeeping must be maintained. Furthermore, CMOC's Legal and Compliance Department will conduct annual audits to ensure that the per diems were made in strict

compliance with TFM's policy. Any "administrative fees" paid pursuant to the "TFM Policy and Procedures: Administrative Fees" must also be subject to annual audits supervised by the CMOC Legal and Compliance Department.

Various types of promotional expenses may be allowed under the FCPA and other applicable anti-corruption laws in certain non-corrupt circumstances. For example, certain reasonable, bona fide expenses incurred while promoting CMOC to Government Officials, hosting a tour of Government Officials at a CMOC facility, or entertaining them may be allowed. However, care needs to be taken in planning and executing these types of expenses to ensure they do not involve improper activities or benefits. Do not provide gifts, travel or entertainment to a Government Official or authorize a promotional expense or event for a Government Official without obtaining proper approvals and following the relevant CMOC procedures.

## **5. Recordkeeping, Accounting and Reporting Practices**

CMOC has obligations to maintain accurate books, records and accounts that fairly reflect all transactions and dispositions of assets in reasonable detail. Mischaracterization or omission of any transaction on our books, or failure to maintain proper accounting controls that result in a mischaracterization or omission, is prohibited. Therefore, keeping detailed, accurate descriptions of all payments and expenses is very important.

We must all follow applicable standards, principles, laws and CMOC practices for accounting and financial reporting. Be timely and complete when preparing all reports and records required by management. In dealings with Government Officials, and in other transactions described in this Policy, obtain all required approvals in writing. Then, provide such documentation to the local controller for proper recording. Before paying or authorizing a payment to a Government Official, be sure that no part of the payment is used for any purpose other than one that is fully and accurately described in CMOC's books and records. No undisclosed or unrecorded accounts of CMOC are to be established for any purpose. False or artificial accounts are prohibited.

Any payment to, or promotional expense for, a Government Official should be carefully scrutinized and properly recorded. Separate line items may be required to appropriately record these transactions and all supporting documentation should be retained for audit purposes.

Personal funds must not be used to do what is otherwise prohibited by CMOC policy.

## **6. Penalties and Consequences of Non-Compliance**

The FCPA and the PRC anti-corruption laws imposes criminal liability on both individuals and corporations. For individuals who violate these laws, criminal penalties may include:

- (a) Serious fines;
- (b) Disgorgement of benefits;
- (c) Imprisonment; and
- (d) Other penalties.

Prosecutors also may use other criminal laws, such as fraud, conspiracy and money laundering statutes, which provide for significant penalties. CMOC may not reimburse fines imposed on individuals. Companies can be subject to significant fines and civil penalties, and may be required to return profits from business deemed to be improperly secured.

There are many other negative consequences of non-compliance with anti-corruption laws. An investigation into an alleged violation takes a significant amount of management's time and resources to resolve, even if the result is ultimately favorable. An investigation in the United States or China can trigger investigations in other countries, and vice versa. Additional penalties may apply under the laws of countries other than the United States and China. Allegations of bribery or other corrupt conduct can result in serious reputational and public relations harm to companies and individuals. Corrupt behavior has a corrosive effect upon an entity's culture of ethical behavior. Needless to say, an entity or individual pays a heavy price for corrupt behavior.

Violating the FCPA or any other applicable anti-corruption law will also result in discipline by CMOC, up to and including termination of employment.

## Chapter 4 Third-Party Business Partners

### **1. Risks Associate with Third Parties**

Most anti-bribery and corruption laws, including the FCPA, impose liability on companies which become involved in direct or indirect bribery. This means that CMOC may incur liability where a third party engaged to represent or provide a service to CMOC makes or receives an improper payment or otherwise engages in improper conduct in the course of their work on CMOC's behalf. This exposure may arise notwithstanding that the payment or conduct in question is prohibited by CMOC.

It is very important, therefore, that you take steps to ensure that a third party engaged to represent or provide a service to CMOC does not make or receive any improper payment or otherwise engage in improper conduct in the course of acting on CMOC's behalf.

### **2. Relevant Types of Third Party**

As noted above, examples of relevant types of third party include agents, distributors and service providers (such as sales agents) involved in sales and marketing or the provision of logistics services (such as carriers or freight forwarders), consultants, advisers, contractors, introducers and finders, brokers and anyone else engaged to represent or provide services to CMOC.

### **3. Assessing the Bribery and Corruption Risk Presented by Third Parties**

To minimize the risk of third parties engaged to represent or provide services to CMOC making or receiving an improper payment or otherwise engaging in improper conduct in the course of their work on CMOC's behalf, you should always be diligent in selecting them and in monitoring their activity. The retention of the third party must be supported by a specific, reasonable and documented business need. Prior to entering into an agreement with any third party who may interact with the government or Government Officials on CMOC's behalf, you must perform and document

appropriate, risk-based anti-corruption due diligence. This due diligence should investigate, among other potential risk areas, whether the third party has any connections with the government or with politically exposed persons.

#### **4.Payment to the Third Party**

All fees and expenses paid to third parties must represent appropriate, justifiable and proportionate remuneration, which is commercially reasonable under the circumstances, for legitimate services rendered by the third party.

All payments must be authorized by the relevant management and finance teams, and must be accurately recorded in CMOC's books and records.

Any fees and expenses must only be paid to the third party directly (for example, by making payment by wire transfer to an account in the name of the third party in the geographic location where the third party resides or conducts business). Payments must not be made through another party that has no contractual relationship with CMOC.

#### **5.Keeping Books and Records**

Any CMOC employee who engages a third party to represent CMOC or to provide a service to it must document the due diligence undertaken in respect of the third party (this may apply to third parties with whom CMOC already has a relationship and/or contract, when CMOC is to enter into new relationship with them). Such documentation should be kept together with the written contract as part of the transaction file. CMOC's relationship with any such third party must be documented in standard terms or written agreements. Accurate financial records of all payments must be kept. The relevant Country Manager will be responsible for ensuring that appropriate books and records are maintained.

#### **6.Contractual Provisions**

All contracts with third parties must contain appropriate FCPA and anti-corruption provisions, including representations and warranties, anti-corruption obligations, audit and inspection rights, and termination provisions. Whenever possible, these contracts should also include provisions requiring the third parties to comply with CMOC's applicable policies and procedures, including but not limited to this Policy and the CMOC Supplier Code of Conduct. Please contact the Legal and Compliance Department for the required provisions.

## **7. Monitoring and Enforcement of Third Parties**

Adequate steps must be taken to monitor third parties to ensure their continued compliance with the FCPA and other anti-corruption laws. For long-term contract business partners, CMOC should conduct updated due diligence reviews at least every two years. CMOC will, whenever possible, reserve the right to terminate contractual relationships with any third party who works with or for CMOC if they breach this Policy or any applicable anti-bribery and corruption provisions.

## Chapter 5 Charitable and Political Contributions

### 1. Charitable Contributions

CMOC is an integral part of the communities in which it works. CMOC strives to be a positive contributor to the development of the community and, as a result, it often sponsors various community development programs and makes charitable contributions.

Any charitable donation made on behalf of CMOC or using CMOC's financial resources must be legal under applicable local laws and must not be made with the intention of influencing business or official decisions or gaining a commercial advantage.

As community leaders, Government Officials may sometimes seek out contributions or sponsorships from CMOC. In other cases, a Government Official may ask CMOC to contribute to his or her charitable fund. These contributions may be considered bribes where they are made with the intention of influencing business or official decisions or gaining a commercial or other advantage. Consequently, CMOC employees must not make any charitable donations or other contributions at the request or suggestion of a Government Official (or a close relative or other individual with a close relationship to the Government Official).

### 2. Requirements for Charitable Contributions

Before making any contributions or agreeing to sponsor an event, CMOC employees must take into consideration the following points:

- (a) All requests for contributions must be made in writing, and must include the requester's identity, the anticipated use of the contribution and the amount of contribution expected.
- (b) Before making the contribution, adequate due diligence must be conducted on the entity and the key personnel involved to ensure that CMOC is not exposed to any risk. At minimum, this process

must include a background check on the organization and its key individuals, as well as their relationships with Government Officials. This process must also attempt to establish the organization's track record and reputation.

- (c) All contributions will be made by CMOC and not by an individual employee.
- (d) Contributions will not be made in cash.
- (e) All contributions will be made to organizations or communities, not to individuals.
- (f) All contributions will be evidenced by a receipt that should be maintained on record.

### **3. Political Contributions**

Political contributions or donations and other political expenditures may constitute bribes when they are made with the intention of influencing business or official decisions or gaining an improper commercial or other advantage. Accordingly, CMOC's policy is that we will not make contributions or donations to political parties, other political organizations, or incur any other political expenditure on behalf of CMOC or using CMOC's financial resources.

## Chapter 6 Gifts, Travel and Entertainment

### 1. Gifts, Hospitality and Other Promotional Expenses May be Bribes

The provision and receipt of gifts, hospitality and other promotional expenses are common in business. They can create goodwill and build or maintain legitimate business relations or offer normal courtesy. The provision and receipt of gifts, hospitality and other promotional expenses is generally not unlawful. However, these may be, or appear to be, bribes if, for example, they are provided with the intention of obtaining or retaining business or an improper commercial or other advantage.

If you are in any doubt about what to do with respect to the provision and receipt of gifts, hospitality and other promotional expenses, you must consult the Legal and Compliance Department.

### 2. General Prohibitions

All CMOC employees are strictly prohibited from:

- (a) offering, promising, authorizing or providing any gift, hospitality or other promotional expense to any person or entity; or
- (b) requesting, soliciting, agreeing to receive, accepting or receiving any gift, hospitality or other promotional expense from any person or entity,

if it is:

- (c) within any of the categories of "Gifts, hospitality and other promotional expenses that are never acceptable" as set out in the Gifts, Hospitality and Other Promotional Expenses That Are Never Acceptable set forth below; or
- (d) not in accordance with the Gift Principles set forth below.

These prohibitions apply whether the gift, hospitality or other promotional expense is provided or received directly by you or by someone acting on your behalf. You are responsible for ensuring that you do not

breach these prohibitions. If you are in any doubt about what to do, you must consult the Legal and Compliance Department.

### **3. Gifts, Hospitality and Other Promotional Expenses That Are Never Acceptable**

The provision or receipt of certain types of gifts, hospitality and other promotional expenses are never acceptable, irrespective of value. These are:

- (a) provided for improper advantage: any that is provided (or could reasonably be interpreted as being provided) with the intention of obtaining, retaining or rewarding any improper commercial or other advantage for CMOC or any of its subsidiaries or associate companies, for you, or for any other person or to induce any person to act improperly or to reward them for doing so;
- (b) received for improper advantage: any that is received where you know or suspect that it is offered or provided with the intention of inducing CMOC or any of its subsidiaries or associate companies, you, or any other person to provide any improper commercial or other advantage to any person or to act improperly or to reward CMOC or any of its subsidiaries or associate companies, you, or any other person for doing so;
- (c) conflict of interest: any that may give rise to, or may be seen as giving rise to, a conflict of interest (in other words, a conflict between competing interests which may impair the ability to make objective unbiased business decisions);
- (d) reciprocal: any that is provided or received with the intention or an expectation of reciprocity (i.e., for something in return);
- (e) tenders: any that involve parties in a tender or competitive bidding process where CMOC is tendering or bidding;
- (f) prohibited: any that is known to be prohibited by the other party's organization;
- (g) cash or a cash equivalent: any that comprises cash or a cash equivalent (including cheques, traveler's cheques, gift cards, gift certificates, vouchers, loans and shares or other securities);
- (h) inappropriate: any that is inappropriate or offensive (such as anything that is indecent or sexually oriented) or that might

otherwise adversely affect CMOC's reputation or the reputation of those involved;

- (i) personal capacity or concealed: any that is provided in your personal capacity rather than CMOC's or that is concealed (that is, provided secretly rather than openly); and
- (j) breach of law: any that is in breach of any applicable laws or regulations, including local laws.

#### **4.The Gift Principles**

Any acceptable gift, hospitality or other promotional expense (e.g., drinks, meals, accommodation, golfing events, invitations to conferences or cultural events) must be in accordance with the following principles (the "Gift Principles"). It must be:

- (a) good faith: provided in good faith with the intention only to build or maintain legitimate business relations or offer normal courtesy;
- (b) token or modest: either:
- (c) token and of minimal or nominal value (such as small promotional items, diaries, calendars, or other similar items bearing the logo of CMOC); or
- (d) modest in value and not lavish or extravagant, both in isolation and when considered in the context of other gifts, hospitality and other promotional expenses offered to or by the same party;
- (e) reasonable and appropriate: reasonable and appropriate in terms of the type, the value and the occasion and frequency of provision in the particular circumstances, including local cultural sensitivities;
- (f) reasonable business practice: consistent with reasonable business practice, including local cultural sensitivities; and
- (g) legal: permissible under all applicable laws and regulations, including local laws.

#### **5.Value and Frequency Limits for Non-Government Officials**

Related to the requirement that all gifts, hospitality or other promotional expenses offered or received by CMOC employees be “token or

modest,” CMOC has established the following value limit guidelines that all CMOC employees must follow.

- (a) Any gift, hospitality, or promotional expense provided or offered by CMOC employees generally must not exceed the value limit of RMB 1400 (or the equivalent of USD200 in another currency) per person. Should a CMOC employee wish to provide a gift or hospitality with a value in excess of this limit, he or she must submit the request and obtain pre-approval from the CMOC Legal and Compliance Department (subject to the requirement that the gift or hospitality must not be lavish or extravagant by local economic and cultural standards). When submitting the request for pre-approval, the CMOC employee should comply with and complete the procedure provided in the business gifts and hospitality rules of the local CMOC entity (subject to the approval of CMOC headquarter), and specify the type and value of the gift/hospitality, the name and title of recipient, the organization or entity of the recipient, and the reason for gift/hospitality. Upon receiving such a request, the CMOC Legal and Compliance Department should carefully scrutinize the proposed gift/hospitality to confirm that it complies with this Policy and applicable local policies and rules. Even where the gift/hospitality is technically in compliance with this Policy, the CMOC Legal and Compliance Department may still exercise its discretion to reject the request.
  
- (b) The cumulative value of all gifts provided by CMOC employees to a single individual must not exceed RMB2800 (or the equivalent of USD400 in another currency) per annum. The cumulative value of all hospitality provided to a single individual must not exceed RMB 2800 (or the equivalent of USD400 in another currency) per annum, unless pre-approval is granted from the local Administration Department and Legal and Compliance Department for an additional reasonable hospitality amount according to the business gifts and hospitality rules of the local CMOC entity (subject to the approval of CMOC headquarter).

- (c) CMOC employees generally may accept hospitality with a value of up to RMB700 (or the equivalent of USD100 in another currency) and gifts with a value of up to RMB350 (or the equivalent of USD50 in another currency). CMOC employees should generally decline any gifts that have a value of more than RMB 350 (or the equivalent of USD50 in another currency), but if such a gift cannot be declined, the CMOC employee must identify and surrender the gift to CMOC.

Subject to the rules and guidelines described above, CMOC generally allows gifts to be provided to customers and business partners in connection with national holidays and festivals (such as Chinese New Year and the Mid-Autumn Festival). However, gifts of this nature must generally be centrally procured by CMOC's headquarter or local entity to ensure that they are reasonable in value and consistent with customary business practices.

## **6. Gifts, Hospitality and Other Promotional Expenses – Government Officials**

Special rules apply in respect of Government Officials. This is because in certain countries it can be a crime involving severe penalties to provide, for example, a gift to a Government Official.

You must not provide any money, cash equivalents or anything else of value (including any gift, hospitality or other promotional expense or any other financial or other advantage) to any Government Official for the purpose of influencing the Government Official in the performance of their official functions with the intention of obtaining or retaining business or an advantage in the conduct of business. This is irrespective of whether or not the Government Official actually performs a function improperly.

To ensure compliance with this Policy, the provision of anything of value to Government Officials must be in accordance with the following criteria:

- (a) modest, both in isolation and when considered in the context of other gifts and hospitality offered to the same recipient;
- (b) appropriate and consistent with reasonable business practice;

- (c) provided with the intent only to build or maintain a business relationship or offer normal courtesy, rather than to influence the recipient's objectivity in making a specific business decision;
- (d) not otherwise in breach of this Policy; and
- (e) permissible under all applicable laws.

Additionally, in many cases, the provision of any gift or hospitality to a Government Official requires pre-approval according to the following guidelines:

- (a) Pre-approval must be obtained from the CMOC Legal and Compliance Department before a CMOC employee can offer or provide any gift or hospitality to a Government Official that has a value of more than RMB700 (or the equivalent of USD100 in another currency) per person. When submitting the request for pre-approval, the CMOC employee should specify the type and value of the gift/hospitality, the name and title of recipient, the organization or entity of the recipient, and the reason for gift/hospitality. Upon receiving such a request, the CMOC Legal and Compliance Department should carefully scrutinize the proposed gift/hospitality to confirm that it complies with this Policy and any applicable local policies and rules. Even where the gift/hospitality is technically in compliance with this Policy, the CMOC Legal and Compliance Department may still exercise its discretion to reject the request.
- (b) No gift or hospitality may be provided to a Government Official where the value is more than RMB700 (or the equivalent of USD100 in another currency).
- (c) The cumulative value of all gifts provided by CMOC employees to a single Government Official must not exceed RMB1400 (or the equivalent of USD200 in another currency) per annum. The cumulative value of all hospitality provided to a single Government Official must not exceed RMB1400 (or the equivalent of USD200 in another currency) per annum, unless pre-approval is granted from the CMOC Legal and Compliance Department for an additional reasonable hospitality amount.

- (d) CMOC employees generally must not offer or provide any gifts or hospitality (of any value) to Government Officials during “sensitive periods.” Sensitive periods are periods during which a gift, hospitality, or any other payment may be perceived by a reasonable person as influencing a specific decision to be made by the recipient, including but not limited to periods where CMOC is in the process of applying for license or permits from the relevant government officials and periods where CMOC is engaging in a bidding process in connection with the relevant government entity.
  
- (e) In rare cases, special approval may be granted for reasonable hospitality expenses (not to exceed RMB700 or the equivalent of USD100 in another currency per individual) to be provided to a Government Official during a sensitive period. When submitting the request for pre-approval to the CMOC Legal and Compliance Department, the CMOC employee must specifically identify the circumstances of the sensitive period along with the other information typically required for pre-approval requests. Upon receiving such a request, the CMOC Legal and Compliance Department should carefully scrutinize whether the proposed hospitality complies with this Policy and specifically whether there may be any appearance of an improper motive for the hospitality.

## **7.Prohibition on Personal Payment**

You must never seek to avoid any requirement under this Policy in respect of any gift, hospitality or other promotional expense by paying personally for it.

## **8.Solicitation or Receipt of Gifts**

You must not actively solicit, request or demand any form of gift, hospitality or other promotional expense from any person or organization.

## **9.Gifts, Hospitality and Other Promotional Expenses**

CMOC, through Country Managers in each country, is required to establish, maintain and monitor specific procedures consistent with this Policy for approving, reporting, and recording gifts, hospitality and promotional expenses.

## **10.Guidance and Examples**

Occasional drinks and meals, attendance at sporting, theatre and other cultural events, and gifts of a token or modest value will usually be acceptable. If you are in any doubt, it may be helpful to consider whether you would be embarrassed if your manager or colleagues or anyone outside CMOC were to become aware of the gift, hospitality or other promotional expense.

The intention behind the provision of a gift or hospitality or other promotional expense should always be considered.

The timing of the provision of a gift may also be important. For example, where a contract is about to be awarded, particular care should be exercised. Note, however, that something provided as a reward after an event can still be considered a bribe.

Where hospitality is provided or received, for example in the form of a meal or entertainment (such as a ticket to a sporting or cultural event), the host must be present. This is important in order to help demonstrate a legitimate business purpose for the hospitality.

The following are examples of gifts that are likely to be permissible, provided they do not fall within any of the categories of Gifts, Hospitality and Other Promotional Expenses That Are Never Acceptable set forth above and that are in accordance with the Gift Principles set forth above:

- (a) Contributing towards the legitimate expenses of a customer or supplier (such as travel) so that they can visit one of CMOC's facilities for a legitimate business reason.

- (b) Providing a routine business courtesy, such as a transfer from an airport to a hotel for a site visit.
- (c) Taking a customer or supplier to a sporting event, such as a football match, or to a cultural event, such as the theatre, as part of an exercise designed to build or maintain legitimate business relations with them.
- (d) Hosting an annual event for customers at a hotel with the intention of building or maintaining legitimate business relations with them.
- (e) Giving small ceremonial gifts, or giving gifts at annual festivals or other special occasions, such as the Spring Festival, Christmas or other holidays (in accordance with the gift procurement rule described above).
- (f) Celebrating the successful completion of a transaction with a customer or supplier.
- (g) Giving a one-off or occasional gift rather than one which forms part of a regular pattern of gift giving.
- (h) Giving token gifts of minimal or nominal value, such as small promotional items, diaries, calendars, or other similar items bearing a CMOC logo.

## **11. Travel and Entertainment**

In terms of travel and entertainment for non-CMOC employees, the following guidelines apply:

- (a) Travel must be related to CMOC's business. Prior approval for travel must be sought and maintained for records by the requesting department.
- (b) Tickets and other travel-related expenses must be reasonable and commensurate with the traveler's seniority. At no point can they be considered lavish. These expenses must be in compliance with CMOC's travel policy (e.g., required documentation for reimbursing out-of-pocket expenses).
- (c) CMOC will pay for travel and accommodations directly, on behalf of the traveler.
- (d) CMOC will not provide a per diem to the traveler (except at TFM subject to the TFM per diem policy described above).

- (e) Travel expenses will only be provided for the business associate and not for his or her family members.
- (f) Employees of CMOC should not buy gifts or mementos for the traveler. Similarly, CMOC will not bear the costs related to travel to tourist destinations.
- (g) When offering travel or entertainment to a Government Official, the Government Official should be asked to verify with his or her office that he or she is permitted to accept such invitation without violating the internal guidelines of the public office or any laws.

Similarly, sometimes a business associate, including a Government Official, may be required to travel on CMOC's behalf. Due caution must be exercised in these cases, as this too could be considered a bribe.

## Chapter 7 Monitoring and Review

It is important that we monitor and review the implementation of, and compliance with, this Policy and the associated anti-bribery and corruption procedures. As bribery and corruption risks will change from time to time, it is also important that we regularly review the suitability and adequacy of this Policy and the associated anti-bribery and corruption procedures and make improvements where necessary.

CMOC's Legal and Internal Audit teams will undertake such monitoring and review on an annual basis.

## Chapter 8 Communication and Training

### 1. Training our People

All employees will receive and have ready access to this Policy and associated anti-bribery and corruption procedures.

For all new employees, anti-bribery and corruption training will form part of the induction process and will be provided upon joining CMOC.

Additionally, all employees will receive annual anti-bribery and anti-corruption training. While each CMOC company should aim to provide in-person training to the extent possible, in certain circumstances, it may be suitable to provide training remotely for certain CMOC employees, such as in the form of a live video feed or an online tutorial that has been prepared to cover and evaluate the same topics as the live sessions. Training attendance records will be kept, and training will be regularly monitored and evaluated.

### 2. Background Checks and Monitoring of Employees

As part of the onboarding process for new employees in compliance-sensitive roles, background checks shall be conducted to determine whether the new employee has ever served as a Government Official, whether he or she has any other political connections (such as being related to a current or former Government Official), and whether he or she has any criminal history. Such background checks should be conducted for senior and mid-level managers, employees serving a legal, compliance, or finance function, and employees who are likely to have contact with Government Officials as part of their job responsibilities.

The CMOC companies shall also implement measures to regularly monitor their employees' compliance with this Policy and with applicable anti-corruption laws. Such measures may include requiring employees to annually certify their compliance and disclose any political connections.

### **3.Communicating our Policy to Third-Parties**

CMOC's anti-bribery and corruption commitments should be communicated to CMOC's third party business partners at the outset of the business relationship with them and as appropriate thereafter.

Wherever possible, CMOC should provide training to the relevant employees of its business partners and other third parties engaged to act on behalf of CMOC. This training should at least cover compliance with applicable anti-corruption laws, such as the PRC anti-corruption laws, FCPA, as well compliance with CMOC's relevant policies and procedures (including this Policy). If CMOC is unable to provide training of this nature to a third party, CMOC should otherwise ensure that the third party's employees have sufficient understanding of relevant anti-corruption laws and procedures, such as by contractually requiring the third party to provide such training to its employees.

## Chapter 9 Reporting Violations of the Policy

If you are concerned that a policy has been violated, or have any questions about this Policy, transactions with Government Officials or payment practices, you should discuss it with your supervisor. If you are not comfortable going to your supervisor, you may also contact any of the following:

- (a) The next level of management;
- (b) The manager responsible for the area concerned;
- (c) Your local Compliance Officer;
- (d) The Corporate Legal or Compliance Departments; or
- (e) The CMOC whistle-blower channel.

This channel provides a confidential, easy to use, and always available way for CMOC employees or third parties (such as CMOC's suppliers and business partners) to report suspicious or unethical behavior. You can easily find the channel at [www.cmoc.com](http://www.cmoc.com). Reports submitted through the CMOC whistle-blower channel will typically be received by the CMOC Legal and Compliance Department. Reports can be submitted either anonymously or by name, and regardless of the approach submitted, all reports will be taken seriously and will be duly and promptly considered.

**CMOC will not tolerate retaliation against any employee who reasonably and in good faith raises a question or concern about CMOC's business practices or compliance with applicable laws or regulations, or utilizes the whistle-blower channel.**

## Chapter 10 Compliance with this Policy

All employees must be familiar with this Policy, as well as the other policies that apply specifically to their positions. Many of CMOC's operations will adopt local policies to implement this policy, to comply with local anti-corruption laws and to provide further procedures for review and approval of transactions that raise anti-corruption risk, such as payments to Government Officials.

Moreover, everyone (whether employee, agent and other business partner) must adhere to the laws of other jurisdictions that may apply to our business operations. For example, the UK Bribery Act, which prohibits corruption both in relation to Government Officials and to private businesses (including facilitation payments), applies to UK citizens and operations that are wholly or partly carried out in the UK. If there is any conflict between local laws and this Policy or other CMOC policy or procedures, the stricter rules apply.

CMOC is responsible for establishing and implementing this Policy and may amend, supplement or otherwise interpret this Policy at its sole discretion. If you have any questions about this policy or about compliance with local laws, you should contact the CMOC Legal and Compliance Department.

## Chapter 11 Effectiveness and Interpretation

This Policy shall come into force on the date of signing by the Chairman of the Group and its promulgation.

If any policy previously issued by CMOC conflicts with this Policy, this Policy shall prevail.

This Policy shall be interpreted by the Legal and Compliance Department of the Group.