



Power Assets Holdings Ltd.  
電能實業有限公司

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# **Anti-Fraud and Anti-Bribery Policy**

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February 2021



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## 1. Policy Statement

- 1.1 Power Assets Holdings Limited (the “Company”) and its subsidiaries (collectively, the “Group”) is committed to upholding high standards of business integrity, honesty and transparency in all its business dealings. The Company strictly prohibits any form of fraud or bribery, and is committed to the prevention, deterrence, detection and investigation of all forms of fraud and bribery.
- 1.2 The Board of the Company is accountable for the implementation of the Group’s anti-fraud or bribery efforts (including core values, code of conduct, risk management, internal controls, communication and training, oversight and monitoring). Executive Directors of the Company are responsible for ensuring the effective implementation and in particular, the monitoring and investigation of any material fraudulent or bribery activities committed within the Group.
- 1.3 Fraud or bribery damages a company’s reputation and undermines its relationship with its regulators and its customers, business partners and competitors. It may lead to criminal prosecution of or regulatory action against a company or its employees, resulting in the imposition of criminal or civil penalties, including fines and imprisonment, and could damage a company's business. Definition of fraud and some examples of fraudulent behaviour that may impact the Group are set out in Appendix 1 to this Policy.
- 1.4 This Policy applies to the Group, and to all directors, officers and employees of the Group (which for these purposes includes temporary or contract staff) (the “Employees”), as well as its Third Party Representatives (as further described in paragraph 7 below).
- 1.5 All Employees are required to comply with this Policy, as well as any additional requirements set by their employing company or by local law (which may be stricter than those set out in this Policy), the breach of which may lead to disciplinary action that might ultimately result in termination of employment and/or personal civil or criminal sanctions.
- 1.6 This Policy sets out the minimum standards of conduct to which all Employees are required to comply. This Policy should be read in conjunction with the Company’s Code of Conduct.
- 1.7 Questions in relation to this Policy should be directed to the Company’s internal audit function, or to the senior member of management designated by the local management of an Employee’s employing company.



## **2. Prohibition on Improper Payments, Kickbacks and Other Forms of Bribery**

- 2.1 Guidance on what could constitute “bribery” is contained in Appendix 2 to this Policy.
- 2.2 Employees are strictly prohibited (whether acting in their own capacity or on the Group’s behalf) from:
- (a) offering, promising, giving or authorising, directly or indirectly, any bribe or kickback to or for the benefit of any person (whether in private or public office) in order to obtain any improper business or other improper advantage for the Group;
  - (b) soliciting, accepting or receiving (whether for the Group’s benefit, their own benefit or that of their family, friends, associates or acquaintances) any bribe or kickback from any person (whether in private or public office) in return for providing any improper business or other improper advantage in relation to the Group’s business;
  - (c) otherwise using illegal or improper means (including bribes, favours, blackmail, financial payments, inducements, secret commissions or other rewards) to influence the actions of others; or
  - (d) acting as an intermediary for a third party in the solicitation, acceptance, payment or offer of a bribe or kickback.
- 2.3 As well as complying strictly with the provisions in this Policy, Employees must exercise common sense and judgment in assessing whether any arrangement could be perceived to be corrupt or otherwise inappropriate.

## **3. Political and Charitable Contributions and Sponsorships**

- 3.1 It is the Group’s general policy not to make any form of donation to political associations or individual politicians. Employees must not use any funds or assets of the Group for contributions to any political party or candidate for public office. In addition, no Employee may make any political contribution as a representative of the Group or create the impression that he or she is acting as a representative of the Group. If any requests are made for political contributions by the Group, such requests should be referred, via the head of the Company’s public affairs function, to the Chief Executive Officer for consideration. Please also refer to the Company’s Media, Public Engagement and Donation Policy.
- 3.2 Charitable donations and sponsorships may in some circumstances constitute a disguised form of bribery. Therefore, such activities should strictly follow the procedures set out in the Company’s Media, Public Engagement and Donation Policy.



#### **4. Facilitation Payments**

4.1 Facilitation payments (i.e. payments demanded in return for speeding up or securing the performance of routine government actions, such as obtaining visas, permits or licences) are prohibited in most countries. Facilitation payments are payments that may constitute a bribe. If the Employee is in doubt, he/she has to consult the Company's legal counsel before making any facilitation payment. There may be rare occasions, in particular where an Employee is under duress (i.e. at risk of loss of life, limb or liberty), where such payments might be acceptable. If in those circumstances a facilitation payment is made, the Employee must notify the head of his/her business unit the matter as soon as reasonably practicable in accordance with the reporting and escalation procedures established by their employing company. Records of any facilitation payments are to be maintained and preserved in accordance with the Company's retention policy. The records must expressly state the nature, purpose, value, date and details of the giver and receiver of the facilitation payment.

#### **5. Gifts and Hospitality**

5.1 Business gifts and hospitality (the "Business Courtesies") are customary courtesies designed to build goodwill among business partners. In some cultures, they play an important role in business relationships. However, a problem may arise when such courtesies compromise, or appear to compromise, the ability to make objective and fair business decisions. Offering or receiving any gift, gratuity or hospitality that might be perceived to unfairly influence a business relationship should be avoided. The following guidelines apply at all times.

5.2 Business Courtesies must comply with the following principles:

- (a) they must be reasonable and not excessive;
- (b) they must be of modest value, both in isolation and when considered in the context of other gifts and hospitality offered to the same recipient (please refer to the Company's Code of Conduct for the maximum allowable limit of advantage(s));
- (c) they must be appropriate and consistent with reasonable business practice;
- (d) they must be offered or received in an open and transparent manner;
- (e) they must be 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;



- (f) they should never be offered in return for financial or personal gain; and
- (g) they must be permissible under all applicable laws, rules and regulations. When dealing with a public official, the official's country will often have laws imposing limits on the level of hospitality and gifts which can be accepted, and those laws must be strictly adhered to. When dealing with the private sector, gifts or hospitality should not exceed any limits imposed by the recipient's organisation.

5.3 Employees should use good judgment. It is not a sufficient or acceptable justification to claim that "everyone else does it". Employees should consider whether public disclosure of the Business Courtesy would cause embarrassment to the Group or the recipient and, if so, it should not be provided or accepted. In determining whether a specific business courtesy lies within the bounds of acceptable business practice, employees are encouraged to discuss the issue with their supervisor.

5.4 Each Group company is to have a procedure in place whereby Business Courtesies outside the normal course of business are documented and recorded, whenever accepted, given or rejected. The record must expressly state the nature, purpose, value (if known) and date of the Business Courtesy and also details of the giver and receiver of the Business Courtesy. Such records must be preserved in accordance with the Company's retention policy.

5.5 Each company within the Group is to adhere to the Company's Code of Conduct for the maximum allowable limit of giving, and receiving, of gifts (including gift cards and gift certificates or vouchers) and advantages, above which prior written approval must be sought from an Executive Director of the Company. In determining whether to approve gifts or advantages of a value higher than the maximum allowable limit, the Executive Director shall follow the principles set out in paragraphs 5.2 and 5.3 above.

5.6 Employees must not pay for Business Courtesies personally as a way to evade the requirements under this Policy.

## **6. Procurement of Goods and Services by the Group and Other Business Partners**

6.1 The Group is committed to dealing with its customers and suppliers in a fair, honest and professional manner, while seeking best value for the business. Potential suppliers are treated on an equal basis and no unmerited favouritism is to be shown in the procurement of goods and services according to the Company's commercial procedures. The Group conducts its procurement practices in a fair and transparent



manner and Employees must act with due care and diligence when evaluating prospective contractors and suppliers. Proper measures will be taken should these suppliers/vendors are found to be in breach of laws or regulations.

- 6.2 The Group will not deal with contractors and suppliers and other potential business partners known to be paying bribes and/or engaging in corrupt activity. Appropriate levels of diligence are to be conducted by adequately skilled persons in the selection and renewal of new and existing contractors and suppliers and other business partners (such as a joint venture partner) commensurate with the bribery risk associated with a particular relationship.

## **7. Third Party Representatives**

- 7.1 Anti-bribery legislation in some countries imposes criminal liability for a company's failure to prevent bribery by anyone providing services for or on behalf of the company. The Group is committed to promoting anti-fraud and anti-bribery practices amongst any third-party representatives it engages ("Third Party Representatives"). Examples of Third Party Representatives could include advisers, agents, consultants, introducers and finders, and political lobbyists. The prohibitions in this Policy apply to Third Party Representatives engaged to represent the Group's interests, breach of which could result in termination of their engagement.
- 7.2 To minimise the risk of Third Party Representatives engaging in inappropriate conduct, Group companies should:
- (a) always act with due care and diligence in selecting Third Party Representatives and in monitoring their activity;
  - (b) ensure that Third Party Representatives are aware of and respect this Policy;
  - (c) consider that the contractual agreements with Third Party Representatives should allow for termination of their engagement if this Policy is breached;
  - (d) ensure that all fees and expenses paid to Third Party Representatives are appropriate and justifiable remuneration, which is commercially reasonable under the circumstances, for legitimate services rendered by the Third Party Representatives; and
  - (e) keep accurate financial records of all payments.



## **8. Communication and Training**

- 8.1 Each Group company is to ensure that Employees are informed about and understand this Policy, including applicable local procedures and requirements, and that there is a clear escalation procedure for reporting actual or suspected breaches of this Policy and suspicious activity. Each Group company is to make this Policy available to all Employees (whether in hard copy or online) and to provide briefings to new Employees. Employees should receive regular training relating to fraud and bribery risks faced by their organisation, as well as compliance with laws, regulations and standards of conduct which are relevant to their field of business.
- 8.2 It is every Employee's responsibility to counter fraud and bribery by complying with this Policy.
- 8.3 It is the responsibility of every manager to communicate this Policy. Managers should ensure that all Employees reporting to them, and external parties within their area of responsibility working on behalf of their respective companies, understand and comply with the prohibitions in this Policy.
- 8.4 No Employee will suffer demotion, penalty, or other adverse consequences for refusing to pay bribes even if such refusal may result in the Group losing business.

## **9. Books and Records**

- 9.1 Each Group company should establish a robust financial and accounting control system, including adequate segregation of duties, authorisation controls and logging of entries or changes to ensure the accuracy and completeness of its books of account, as well as to prevent or detect any irregularities. Such system is subject to regular review and audit.
- 9.2 Accurate records of all company transactions and (where required under paragraph 5.4) Business Courtesies must be kept. All receipts and expenditures must be supported by documents that describe them accurately and properly. The falsification of any book, record or account of any company within the Group is prohibited.

## **10. Fraud Risk Assessment**

- 10.1 Fraud Risk Assessment Mechanism should be established and Fraud Risk Assessment should be conducted on a regular basis.





## **11. Reporting of Bribery and Suspicious Activity**

- 11.1 If an Employee becomes aware of any actual or suspected breach of this Policy, he/she must report such incidents in accordance with the Company's Code of Conduct or any other reporting and escalation procedures established by his/her employing company.
- 11.2 To facilitate the formal risk review and assessment by the Group, all functional units should keep a register recording both suspected and actual incidents regardless of the amounts involved, and report the relevant statistics to the head of the internal audit function on a quarterly basis. In addition, all the relevant information related to such cases should be made readily available for independent review and follow-up by the internal audit function.
- 11.3 Employees are actively encouraged to report any concerns regarding fraud and bribery. Procedures are in place to ensure that such complaints are logged, investigated and appropriate action is taken. All reports of fraud or bribery are to be investigated and appropriate sanctions employed. Complaints are to be treated confidentially to the extent possible, and Employees raising legitimate concerns in good faith are to be protected. Retaliation of any kind against any Employee for making good-faith reports about actual or suspected violation of this Policy will not be permitted.
- 11.4 Employees must cooperate fully and openly with any investigation into alleged or suspected corrupt activity or breach of this Policy. Failure to cooperate or to provide truthful information may also lead to the Employee being subject to disciplinary action, up to and including dismissal.

- E N D -



## Appendix 1: Fraud

1. The term “fraud” commonly encompasses deceptive conduct with the intention of making some form of financial or personal gain, or making another person suffers a loss. It includes, but is not limited to, deception, bribery, forgery, extortion, theft, conspiracy, embezzlement, misappropriation, false representation, concealment of material facts, and collusion.
2. Examples of general types of fraudulent behaviour that may impact the Group include but are not limited to:
  - (a) obtaining financial advantages or any other benefits by deception or abuse of authority granted by virtue of official position or duty;
  - (b) unauthorised trading activities involving conflict of interest and/or gaining of personal interests;
  - (c) improper use of business information not released to the public and/or commercially sensitive information;
  - (d) theft, unauthorised use and/or disposal of Group assets or resources;
  - (e) false accounting and/or misleading disclosures;
  - (f) false declaration of work performed or mis-statement of materials used in projects; and
  - (g) false payroll, false invoicing or false expense claims.
3. There is no set monetary threshold that defines a fraud. It is not necessary for the fraud to be successful to be viewed as a fraud.



## Appendix 2: Bribery

1. Bribery involves giving or offering to give any advantages, directly or indirectly, to a public servant (i.e. officers, members or employees of public bodies) or any employee of a company or other person connected with a business, as an inducement or reward for or otherwise on account of such person's conduct in relation to their employer's/principal's affairs. It also involves soliciting or accepting bribes.
2. Bribery usually occurs where a person offers advantages to another as an inducement or reward for the recipient's improper performance of duties (usually to win or retain business or advantages), or where the recipient abuses his/ her authority or position for personal gain. Bribery can also take place where the offer or payment is made by or through a third party.
3. Bribes and kickbacks can consist of anything of value (i.e. an "advantage"), including:
  - gifts, excess entertainment or hospitality, and sponsored travel and accommodation;
  - cash payments, whether by or to employees or business partners such as agents, introducers or consultants;
  - other favours provided by or to public officials, suppliers or customers, such as engaging a company owned by a member of a public official or customer's family;
  - free use of a company's services, facilities or property; and
  - loans, loan guarantees or other extensions of credit on preferential terms, or other intangible forms of preferential treatment.
4. If any dealings with a person/entity with whom the Group does or proposes to do business that arouse suspicion of bribery, they should report the matter in accordance with the Company's Code of Conduct or any other reporting and escalation procedures established by their employing company.
5. Bribery is a criminal offence in most countries/regions. Some countries, notably the United Kingdom (UK) and the United States (US), have enacted anti-bribery laws which apply to the actions of citizens and domestic companies even if the activity takes place outside the UK or the US. The anti-bribery laws in the UK and US can also apply to companies wherever incorporated which carry on a business or a part of a business in any part of the UK and US. Breach of these laws can lead to severe penalties for companies and individuals.