

## ETHICAL & COMPLIANCE PRINCIPLE

# 道德与合规性原则

### INTRODUCTION & STATEMENT

China Three Gorges Corporation (hereinafter called ‘CTG’ or ‘the Company’) continued success and global growth can only be maintained and guided by the Core Values of Dedication, Responsibility, Innovation, and Harmony. This *Ethical & Compliance Principle* (hereinafter called ‘the Principle’) defines and guides CTG’s commitment to maintaining and fostering compliance, and being recognized both in China and globally as an ethical company.

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We are committed to complying with the law wherever we do business and to adhering to our own high ethical standards. No employee may compromise our *Ethical & Compliance Principle*, and no objectives should be accepted if they can be achieved only by compromising *the Principle*.



## Scope

*The Principle* applies to all employees and all business partners, who are also expected to adhere to *the Principle* in all of their dealings with or on behalf of CTG. All employees should comply with *the Principle* and all applicable laws, regulations, and policies. Any employee who fails to comply with *the Principle* shall be subject to disciplinary measures, which may include the termination of his/her employment.

## Leadership

Management team's responsibilities go beyond those of other employees. They must actively promote *the Principle* and CTG's Core Values in the workplace, showing commitment through their actions. Management teams are directly charged with demonstrating that the Company puts *the Principle* first in everything we do. They must be vigilant in preventing and correcting to any violations, and in protecting employees who report them.

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## Guidance

All the line managers or the compliance departments that in charge of audit, disciplinary supervision and legal are important resources, employees should consult whenever they have questions about *the Principle*, CTG policies, or any legal or ethical concerns.

## CORE POLICIES

CTG maintains — and may implement further — ethical compliance policies and procedures regarding various aspects of our operations and conduct. Below are the key policies and guiding principles that employees are required to comply with.

### Prevention of Fraud and Criminal Conduct

CTG has been an advocate for a fair, transparent, and corruption-free environment. Fraud, deception, falsification of records, bidding documents, or other materials will never be tolerated under any circumstances. Theft or abuse of the Company property or of a position of trust is absolutely unacceptable. Such actions directly contradict our fundamental principle of Integrity.

Moreover, it is the personal responsibility of all employees to know the laws, regulations, and requirements relating to their jobs. Any breach of these laws or other legal or regulatory requirements may lead to civil or criminal prosecution as well as damage to CTG's reputation. Activities which could involve CTG in any unlawful or proscribed unethical practices are therefore prohibited.

## Anti-Corruption

We prohibit, under all circumstances, the use of bribery and similar practices in any form and at all levels of our business. We prohibit the offer, giving or acceptance of a bribe or kickback in any form, direct or indirect, from or to any person or party, including customers, representatives, contractors, suppliers, and government officials. CTG aims to ensure that its business success remains based on our competitiveness, performance and the quality of our products, services, and technologies.

No employee (nor anyone working on our behalf) may offer, promise, authorize, give, or receive bribes, any type of commercial or financial advantage, or other payments or items of value that are intended to influence any act or business decision, secure any improper advantage, or compromise independent judgment. Employees must not offer, promise, or give money, services, gifts, or other items of value (including hospitality) in order to obtain or retain business or otherwise benefit CTG; and they must not receive money, services, gifts, or other items of value (including hospitality) for having given the Company's business to an individual or organization.

In some cultures, good business relations may sometimes involve the exchange of symbolic gifts and hospitality. If the ultimate goal is to improperly influence business decisions, however, employees may not give, offer, or accept such gifts or hospitality (including money, loans, invitations, expense payments or reimbursements) or any other form of special treatment from anyone involved in business dealings with CTG.

### Dealings with Business Partners

CTG's commitment to ethics and compliance extends to our dealings with business partners, and we expect that our business partners will respond to CTG's value and *the Ethical & Compliance Principle*. We request that improper payments are not being channeled through intermediaries including joint venture partners, consultants, agents or other representatives, suppliers, and subcontractors.

3/4 **Customers:** CTG must treat all of its customers honestly and fairly. Employees who negotiate contracts must ensure that any statements, communications, and presentations made to customers are accurate and truthful. Customers' confidential, sensitive and private information may never be disclosed by any employee to any person except as is required or permitted within the contract and under applicable law.

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3/4 **Subcontractors and Suppliers:** Bribery and kickbacks in all forms, and conflicts of interest, between or among CTG and its subcontractors and suppliers, are strictly prohibited. CTG requires its suppliers and subcontractors to strictly comply with all applicable legal requirements related to their activities.

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3/4 **Representatives:** Any representative acting on CTG's behalf is required to comply with all applicable laws and regulations and with CTG's *Ethical & Compliance Principle*. Improper payments, fraudulent practices, and other criminal, improper, or unethical conduct



cannot be conducted through the use of representatives in any situation; and employees with any knowledge or suspicion of such conduct by a representative must report the matter immediately to the Compliance Department who's in charge of disciplinary supervision, audit and as may otherwise be provided in the Company's policies and procedures. Further, representatives may only be engaged in activities in accordance with the Company policy, procedures, and approval requirements.

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$\frac{3}{4}$  **Government Officials:** Contracts with government-owned or public entities require legal and integrity compliance with the highest standards and must be conducted with the highest business ethics. Special care should be used when dealing with state-owned or public entities or when seeking government approvals, licenses, permits, and similar approvals. In order to prevent conflicts of interest, special care also must be given to the hiring of former or current government employees, which will only be permitted in accordance with the Company policy, procedures, and approval requirements.

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### Conflicts of Interest

Conflicts of interest distort judgment and generally are improper. All employees must avoid any situation that involves or may involve a conflict of interest.

Business decisions and actions must be based solely on the best interests of the Company, and must not be motivated by personal considerations or relationships. Relationships with prospective or existing suppliers, subcontractors, representatives, contract employees, customers, competitors, or regulators must not

## Fair Competition

CTG expressly prohibits participation in any agreement with our competitors that have improper intent or effect of fixing prices, distorting a bidding process, dividing a market, limiting production, or boycotting a customer or supplier. Employees must not exchange sensitive information with competitors in infringement of competition or anti-trust laws. Generally speaking, competition laws forbid agreements or activities that restrain trade or limit competition, and prohibit attempts to monopolize. CTG is committed to vigorous and fair competition in compliance with all applicable laws and in keeping with recognized international standards.

## Confidentiality

Each employee is required to keep confidential and not to disclose or use any confidential information belonging to the Company, or belonging to a third party which has been received by the Company pursuant to a confidentiality agreement, or which has been received by the Company in circumstances where it is clear that the information is proprietary and confidential.

Employees who may have access to confidential and proprietary data, including information on customers and suppliers, must only be those whose function and responsibilities specifically include the handling, use, and communication of such data, and such data must never be improperly disclosed (either within the Company or to a third party) or misused.

### Internal Controls

Our books and records must always be truthful and complete, and prepared with the utmost accuracy and integrity. Books and records must be supported by sufficient documentation so as to provide a full and auditable record of the transaction.

Employees who maintain or submit false documentation or who maintain off-books accounts or other means of avoiding or subverting the Company's internal controls will be subject to severe sanctions.