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China Three Gorges Corporation

Compliance Manual

of China Three Gorges Corporation



2021

Compliance Initiative

The importance of compliance is fundamental to experience gained in the successful construction and operation of the Three Gorges Project and an important foundation contributive to the high-quality development of China Three Gorges Corporation ("CTG"). In order to further build consensus on compliance, clarify compliance program, cultivate compliance culture, strive to build a model enterprise with full governance, regulated operation and rules-driven management, abiding by the law and integrity, and help to realize the goal of "peak carbon dioxide emissions, carbon neutral" as well as develop rapidly into a world-class clean energy group with strong innovation ability and global competitiveness, CTG hereby formulates the Compliance Manual of China Three Gorges Corporation ("*Compliance Manual*").

The *Compliance Manual* sets forth the basic requirements and norms for CTG and its employees in production and operation, market behavior, business contacts, business ethics and social responsibility from five aspects, namely, code of compliance, company and employees, corporate governance and operation, company and society, as well as consultation and complaint, and specifies the general program for compliance operation of CTG and compliance expectation for its employees and stakeholders.

CTG hereby solemnly commits to and launches the compliance initiative to its stakeholders:

We must strictly abide by the laws and regulations of China and the host countries (regions) where our business is carried out, always adhere to our high standard of ethics, and devote to building ourselves into a model enterprise in line with domestic and foreign ethics. We must observe strictly the *Compliance Manual*, and must not accept any business objective which can only be achieved by sacrificing moral principles and violating the compliance concept.

CTG and its subsidiaries, as independent market players, shall do business independently under the guidance of innovation-driven development and high quality supply, strictly follow the code of conduct in the market economy, deem integrity and compliance operation as the basic bottom line and core competitiveness for business development, and compete in the market fairly. Meanwhile, they also actively accept the supervision of regulators and the public, play an exemplary role in fulfilling the corporate social responsibility, and promote and guarantee their sustainable and healthy development.

All the employees shall abide strictly by the requirements of the Compliance Manual, perform job responsibilities according to the laws and regulations, and treat colleagues, clients, suppliers, contractors and other business partners fairly. All the employees shall bear in mind that any violation of the Compliance Manual will be deemed as a serious incident because it will probably have a destructive impact on CTG and other colleagues, and damage CTG's reputation. Given this, all the employees shall strictly abide by the Compliance Manual while carrying out their work.

We expect and encourage our business partners to uphold the Compliance Manual, and work with us to practice the concept of compliance operation, and contribute to the coordinated development of global economy, society and environment.

China Three Gorges Corporation
Board Chairman

曹鸣山

China Three Gorges Corporation
President

王琳

Manual Instructions

 Note: in this Manual, "CTG" refers to China Three Gorges Corporation, its affiliates and subsidiaries at various levels.

● Basis of Formulation

In accordance with the *Compliance Management Regulations* (Trial) of CTG, the *Compliance Manual* is formulated to guide the employees to establish the consciousness of rules, lay solid conceptual bottom lines, and form the basic program and guidelines for legal and compliance operations across CTG.

● Scope of Application

The *Compliance Manual* is applicable to CTG and all its employees. Moreover, anyone acting on behalf of CTG shall also follow relevant provisions of the *Compliance Manual*.

The CTG's subsidiaries at various levels implement the *Compliance Manual* through their decision-making procedures. CTG also encourages and suggests its shareholding companies to implement the *Compliance Manual* through corresponding decision-making procedures.

● Application Requirements

All the employees shall carefully study the *Compliance Manual*, master the basic requirements of compliance management, and strictly abide by this Manual.

Besides the *Compliance Manual* which sets forth the basic code of conduct of the employees at the macro level, the employees shall also abide by the laws, regulations, national policies and other rules and regulations of CTG.

In case of inconsistency between the *Compliance Manual* and local laws, regulations, public order or good customs of the host country or region where CTG's overseas business is carried out, the strictest standards shall be followed.

If you have doubts about compliance or don't know how to deal with a situation, please consult relevant department in a timely fashion.





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01

Code of Compliance





Definition of Compliance

The term “compliance” as referred to herein means that the operations of CTG and its employees conform to the external compliance requirements, such as the laws, regulations, regulatory provisions, industrial norms, international conventions and rules, business practices, code of ethics, etc., and the internal rules and regulations of CTG.



Compliance Objectives

Create compliance culture through the scientifically designed and efficiently running compliance management system, and promote compliance of all employees and businesses to systematically avoid compliance risks and lay a compliance foundation for building a world-class and everlasting enterprise.



Compliance Concept

Practice all-round compliance, ensure joint development

Stick to the bottom line of compliance operation, implement the compliance requirements to all posts and links of CTG to ensure all-round compliance, guarantee steady and long-term development of the clean energy and ecological and environmental protection business, continuously promote high quality development of CTG, and strive to realize joint development of the clean energy and Yangtze River ecological and environmental protection businesses.



Management Principles

CTG adheres to the following principles in its compliance management



Comprehensive coverage

Make compliance requirements cover all leaders, departments and employees, and prioritize compliance management throughout all business areas and processes.

Responsibility enhancement

business management must comply with relevant provisions. Competent business departments and units must fulfill the compliance management responsibility when carrying out business, and establish an effective compliance management system to guarantee compliance of business conduct.



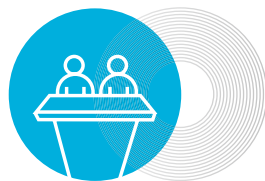
Coordination and interaction

The connection and integration of compliance management and legal construction, internal risk control, audit and other work shall be carried out on the basis of institutional construction and oriented by system integration to guarantee effective operation of the compliance management system.



Objective and independent operation

The leading department of compliance shall perform duties independently, enjoy the rights to know and investigate necessary for its duty performance without interference of other departments or persons.



Basic Requirements

Observance to rules and laws

Strictly comply with the laws, regulatory provisions and industry code of conduct of China and the host countries (regions) where the business is carried out, as well as the international treaties, universal compliance standards like the compliance supervision provisions for multilateral development banks, and the public order and good customs.

Compliance responsibility

CTG executives at various levels are obligated to set an example for compliance, and shall rely on their exemplary behavior and influence to internalize compliance into the team's responsibility and make compliance become the employees' conscious action. All the executives shall, within their scope of responsibility, commit no actions that violate laws and rules or avoid supervision.

The employees bear the compliance responsibility to their jobs. They shall know well and abide by the laws, regulations, norms and rules related to their job responsibilities, work and go through procedures in strict compliance with the laws and regulations, forwardly identify, forthwith make report and prevent corresponding compliance risks.



02

Company and Employees





Building Harmonious Labor Relations

The employees are the precious resources and wealth of CTG. CTG treats every employee in a fair and objective way, and safeguards the legal rights and interest of each employee.

● Employing staff in compliance with laws and regulations

CTG concludes, performs, changes, cancels or terminates the employment contracts with the employees by adhering to the principles of legality, fairness, equality, voluntariness, consensus and good faith.

● Treating employees equally

CTG is willing to work together with people of different races, countries, cultures, religions, ages, genders, physical conditions and gender identities.

CTG strictly bans discrimination in employment, provides all the employees with fair and reasonable working environment, and determine the recruitment, salary and benefits, job transfer, reward and punishment strictly in light of the skills, competence and performance of employees to guarantee that no one is discriminated against.



● Safeguarding the legal rights and interests of the employees

CTG respects and cares about the employees, and safeguards their legal rights and interests. It has established a sound occupational health and safety system and a labor protection system to guarantee the physical and mental health and life safety of the employees, paid remuneration as stipulated in law, and taken out social insurances for the employees. It respects the employees' rights of personal liberty, rest and vacation and employment, and will not restrict the employees' choice of work with any illegal reasons or by any illegal means, and will eliminate forced labor regardless of the reason.

CTG continuously improves the employee training system with multiple levels, fields and forms to help the employees improve their occupational skills and realize lifelong learning and all-round development.

When formulating rules and regulations involving the vital interests of the employees or making decisions on significant issues, CTG performs the democratic procedures and fully listens to the opinions and suggestions of the employees to guarantee their legal rights and interests.



Building a Favorable Working Environment

CTG strives to create a caring and people-oriented organizational cultural environment, provide a good platform for the employees to develop their business, and attach importance to the self-growth and self-actualization of the employees.

The employees shall be dedicated and diligent, and contribute to the achievement of the organization's strategic objectives. Also, they shall abide by professional ethics and work discipline, continuously improve their performance, and never engage in the activities unrelated to work at any workplace or working hours. The employees shall respect, trust and treat each other sincerely. The employees are advocated to respect individual differences and oppose discrimination, harassment or improper speech and behavior against professional ethics.



Avoiding Conflict of Interest

When carrying out business activities, the employees shall give priority to the interests of CTG, and not their personal interests, do their utmost to avoid conflict of interest, forthwith report to relevant department on potential conflict of interest, and take the initiative to avoid it when making decisions and carrying out relevant work.

⦿ No violation of non-competition

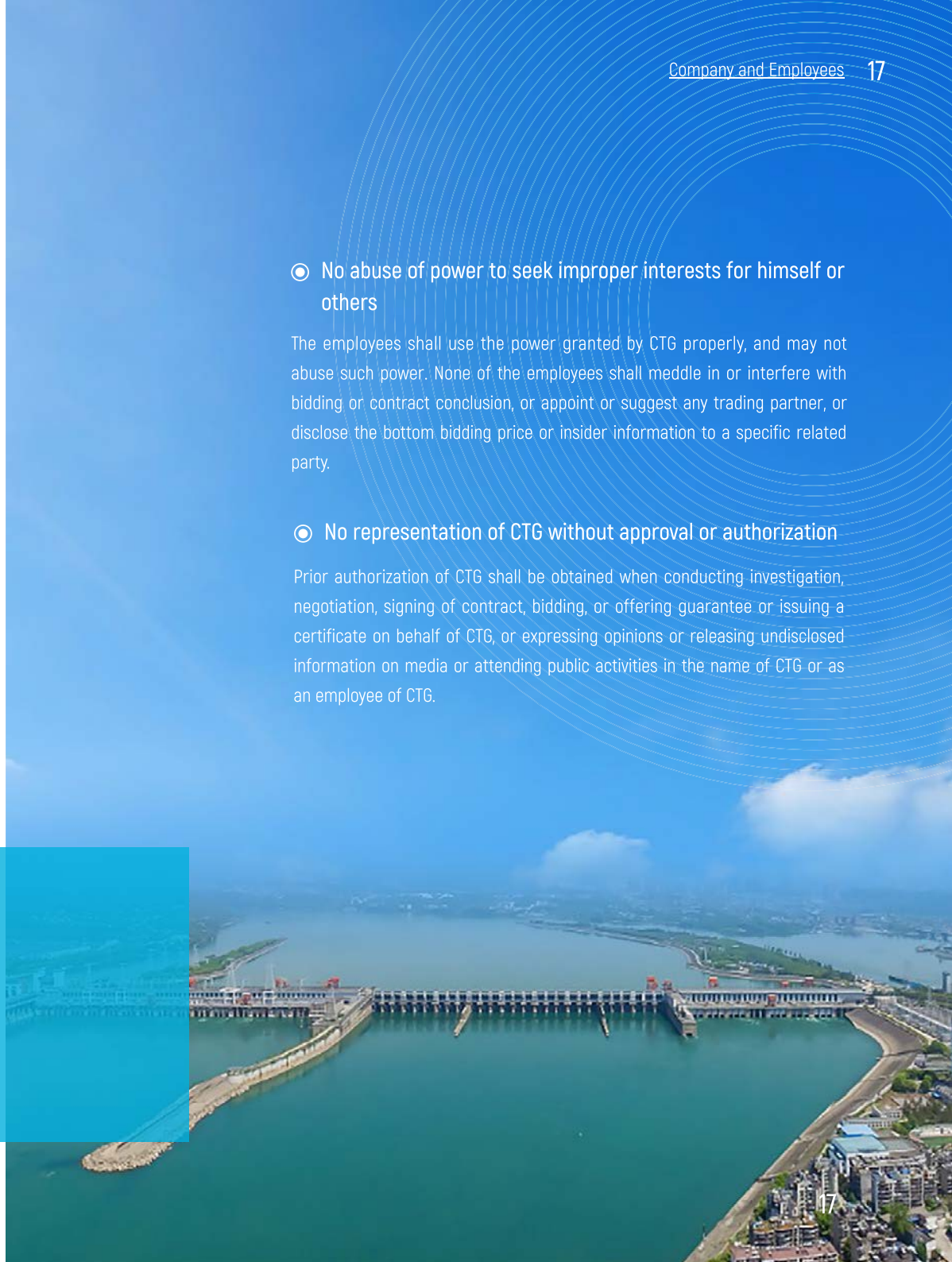
The employees shall not take advantage of their positions to run the same business as CTG for his own sake, with or for others, or provide assistance to competitors. The employees, after retirement or leaving post, shall be subject to the non-competition as stipulated in laws, regulations or the labor contract.

⦿ No abuse of power to seek improper interests for himself or others

The employees shall use the power granted by CTG properly, and may not abuse such power. None of the employees shall meddle in or interfere with bidding or contract conclusion, or appoint or suggest any trading partner, or disclose the bottom bidding price or insider information to a specific related party.

⦿ No representation of CTG without approval or authorization

Prior authorization of CTG shall be obtained when conducting investigation, negotiation, signing of contract, bidding, or offering guarantee or issuing a certificate on behalf of CTG, or expressing opinions or releasing undisclosed information on media or attending public activities in the name of CTG or as an employee of CTG.



03

Corporate Governance and Operation





Corporate Governance

CTG shall persist in governance in accordance with the laws and its articles of association, establish and improve the decision implementation supervision mechanism which matches powers with responsibilities, and realizes coordinated operation and effective checks and balances. Significant decisions shall not be carried out unless going through the compliance demonstration and review. CTG shall strengthen the top-level institutional design to build a complete, scientific, rules-driven and effective system.

CTG shall strictly manage the dispatched shareholders' representatives, directors, supervisors and senior executives, and exercise the shareholders' rights to its wholly-owned, holding and participating companies in accordance with the laws, regulations and articles of association, and shall not directly determine specific issues of its subsidiaries in violation of the procedures, or make false capital contribution or abscond with capital contribution.

The directors, supervisors and senior executives shall perform the duties of loyalty and diligence to the Company, and shall not damage the interests or reputation of the Company. Moreover, they shall follow the laws, regulations, articles of association and rules of procedure, and make decisions within their term of reference other than against the procedures; report in advance when getting involved in any related-party transactions, apply for recusal, and shall not interfere in relevant decisions by any means.



Quality, Safety and Environmental Protection

CTG shall strictly conform to the governing laws, regulations, regulatory rules and standards on quality control, safety production, health of employees, public security, etc.

Quality control

CTG shall adhere to the quality control policy of "quality first, responsibility, comprehensive management, and pursuit excellence", continuously improve and effectively operate the quality management system, implement the quality control responsibility, and control quality strictly to eliminate quality defects and hazards, build projects of high standards and high quality, and render excellent products and services.

The employees shall identify the quality requirements, quality objectives and quality responsibility of their respective posts, strictly follow relevant rules, and take responsibility for their own output quality.





● Safety management

CTG shall adhere to the "people oriented, life first" principle, plan for both development and safety, pursue the safety production policy of "safety first, prevention first and comprehensive treatment", continuously improve the safety management system, fulfill the safety production responsibility, and carry out safety management of all employees and processes to effectively prevent safety risks, curb production safety accidents, and spare no efforts to build an intrinsically safe enterprise.

The employees shall strictly abide by the rules, regulations and operating instructions for production safety, accept education and training on production safety to improve the skills for safety production and strengthen the ability to prevent accidents and deal with emergencies, and when recognizing any accidental hazard or other unsafe factors, forthwith report as stipulated in the alert mechanism, develop an alert response plan, and handle in a timely fashion.



● Environmental protection

CTG shall firmly respect, adapt to and protect nature, and strictly abide by the red line of ecological and environmental protection, continuously promote green and low-carbon development, and promote the harmonious coexistence between human beings and nature. Also, it shall adhere to source prevention and early intervention, promote environmental friendly investment and procurement, carry out the whole-process and all-round environmental management, and continuously improve the environmental protection performance and risk resistance ability. CTG shall strictly follow the environmental protection requirements throughout the whole process of project from planning, construction, operation to closure,

and implement the subject accountability; fulfill the water and soil conservation and vegetation restoration, control and reduce waste water, waste gas and wastes emission in accordance with stricter standards, and reduce greenhouse gas emission to contribute to the global response to climate change.

The employees shall shoulder the environmental protection responsibility, actively participate in environmental protection activities, advocate green and low-carbon production and life style, save and intensively use resources, and resolutely avoid waste.

CTG applies its quality, safety production and environmental requirements to its contractors, subcontractors and suppliers.





Finance, Taxation and Assets

CTG has strictly complied with the laws and regulations on finance, taxation, asset management, etc.

Financial and tax management

The employees shall strictly abide by the accounting principles and the laws and regulations on financial management, perform the accounting and financial reporting obligations truthfully, objectively, comprehensively and immediately, and shall not prepare or provide false financial information.

CTG shall strictly abide by domestic and foreign tax laws, and pay taxes as stipulated in law.

Asset management

Any organization or individual of CTG is prohibited from infringing the legal rights and interests of relevant stakeholders by such means as hiding properties, fabricating debts, etc.

The employees shall properly use and manage assets of CTG, acquire and dispose assets strictly according to the legal procedures, and shall not use the assets for illegal or other unauthorized purposes.

CTG shall legally obtain and hold the licenses, qualifications and certificates applicable to its business, and shall not lease, lend, transfer or borrow any license, qualification or certificate.

Intellectual property protection

CTG shall fulfill the confirmation, utilization, license and transfer of intellectual properties according to laws and regulations, and investigate infringements as stipulated in law. Also, it shall respect the intellectual properties of others, and obtain license from owners of the intellectual property that it intends to use.

Inventions created by the employees in work or mainly by making use of CTG resources belong to service invention-creation. The employees, without consent or approval of CTG, shall be prohibited from producing, reproducing, storing, keeping, tampering with or damaging the intellectual properties of CTG.





Information Management

CTG shall abide by the laws, regulations and regulatory requirements of China and the host countries (regions) where its business is carried out on network security, data protection and archive management, as well as relevant international rules and treaties, and shall not intentionally infringe upon the rights and interests of others, and also protect its own rights and interests from infringement.

● Strengthening network security

CTG shall build well its network security system, adhere to the bottom line thinking, and carry out an extreme survival stress test and emergency response drill to ensure no risk at all. CTG shall conduct regular network security risk assessment to improve the ability to handle network security emergencies.

The employees shall use network as stipulated in laws and regulations, and shall not use network to spread illegal or false information. Moreover, the employees shall strengthen the network security awareness, and intensify the network security protection and emergency management.



● Confidentiality and data protection

CTG shall strictly abide by the national laws and regulations on keeping confidentiality of state secrets, actively prevent disclosure, highlight key points, legally manage and keep confidentiality of the state secrets and sensitive information, and protect trade secrets to avoid leakage of secrets.

The employees shall strictly abide by the national laws and regulations on confidentiality and the confidentiality system of CTG, and when recognizing any leakage or hazard, forthwith stop and report to enable CTG to take timely remedies.

CTG shall effectively prevent and deal with privacy protection and data security risks, manage and use relevant personal information for legal purpose, guarantee the security of personal information, and protect personal privacy.

If the host countries (regions) where the business is carried out have strict laws and regulations on collection and use of personal information (including the information of clients or business partners), CTG shall strictly abide by such laws and regulations within the scope of application, and protect the privacy of others.



● Insider information management

CTG shall make comprehensive, accurate and timely disclosure of relevant information as stipulated in relevant laws, regulations and regulatory requirements. The employees who gain access to publicly undisclosed financial information, business information or other important information of CTG due to job or duty, without authorization, shall by no means disclose or render insider information to any third party, or make use of insider information for illegal transaction and illegal interests.

The employees shall also abide by other insider information management rules and laws of the host countries (regions) where the business is carried out.



Compliance of Key Business

Clean energy development and ecological and environmental protection business form the two pillars of CTG's strategic arrangement. The launch of key business in compliance with laws is of great significance to accomplish the strategic objectives.

CTG shall strictly abide by the laws, regulations, policy requirements, industrial rules and management standards on clean energy development, and pursue the compliance of all life cycle and all business processes in project development, construction, operation, and management. CTG shall also adhere to the new development concept, bravely climb new heights of science and technology, develop clean energy with high standard and high quality, and strive to create more excellent projects. CTG shall insist on ecological priority and green development, promote clean energy projects in a scientific and orderly manner, and pursue development in protection and protection in development to better benefit the people.

CTG shall strictly implement the Chinese policies, laws, regulations and technical standards regarding the construction of ecological civilization, improve the environmental management system, arrange and implement ecological and environmental protection measures related to project construction and operation, participate and play a due role in the ecological restoration and environmental protection of the Yangtze River Economic Belt as stipulated in law.



04

Company and Society



Client Relations

CTG aims at fulfilling the people's yearning for a better life, and providing clients with clean power and water and beautiful ecological environment by producing clean, low-carbon, safe and efficient energy and promoting the ecological and environmental protection of the Yangtze River. CTG shall operate legally and honestly, respect and protect the legal rights and interests of clients.

● Business partners

The business partners of CTG shall respond to the compliance requirements of CTG.

CTG follows the principles of equality, voluntary and fairness in business contacts, treats all business partners equally and honestly, and refuses discrimination. CTG adheres to the good faith principle. Both parties shall guarantee that all declarations, information and business statements provided are accurate and authentic, and ensure mutual confidentiality of trade secrets and sensitive information.

Any third party agency or individual acting on behalf of CTG shall comply with all relevant laws and regulations and the compliance requirements of CTG.

● No commercial bribery

CTG forbids all kinds of bribes in business links. None of the employees shall directly or indirectly provide, offer or accept any form of bribes, kickbacks or special treatments, such as cash and cash equivalents, valuable gifts, unreasonable entertainment, and improper donations and sponsorship, etc., for, to or from any person or related party (including clients, representatives, contractors, suppliers and government officials) for the purpose of influencing business decisions or seizing improper benefits.



Community Relations

CTG supports the development of community public welfare undertakings, and avoids infringing upon the legitimate interests of local communities and the public while carrying out business. It strengthens communication with the non-governmental organizations and the public in the host countries (regions) where the business is carried out, and fully consults with the parties concerned on conflicts and problems met for proper resolution in accordance with the laws and regulations.

Business Contacts

● Fair competition

CTG strictly abides by relevant laws, regulations and international conventions, and participates in market competition fairly. CTG explicitly forbids concluding contracts with the competitors which attempt to manipulate price, disturb the bidding process, segment the market, curb yield, and boycott certain client or supplier without justified reasons, etc., or have already done so. The employees are prohibited from violating the anti-unfair competition law or anti-monopoly law, or exchanging sensitive information with competitors.

● Anti-money laundering

CTG always complies with all applicable anti-money laundering laws, and has established corresponding regulations and procedures to prevent its employees from getting involved in money laundering or being used by criminals.

The employees shall gain full understanding of their business partners, fulfill the due diligence, and cooperate with those with legal funding source and good reputation in business activities. Also, they shall not accept cash payments which do not meet the requirements, or remit money to non-transaction accounts or abnormal accounts, and in case of any suspicious activities or any doubt before trading, shall forthwith consult relevant department, and keep relevant evidences.

Compliance with the investment and trade control

CTG strictly abides by the international rules and the laws, regulations and regulatory rules of the host countries (regions) where its business is carried out on visa, customs, homeland security, entry and exit, employment, etc. Before launching international business, it shall thoroughly understand and strictly abide by the applicable industrial policies, trade control or sanctions, as well as laws, regulations and regulatory provisions on national security review of the Chinese government and the host countries (regions) where its business is carried out, conduct overseas investment and trade, and obtains the license or authorization for export or resale of controlled commodities, services and technologies as stipulated in law, as well as strictly follow the provisions on destination, user and purpose within the scope of license or authorization.

CTG shall never carry out prohibited or restricted overseas investment projects as provided in the negative list of the Chinese government.



Social Responsibility

By embracing the social responsibility concept of “Benefiting the World like Water Benefiting All Things”, CTG strives to unify social benefits and economic benefits and create the best comprehensive value of economy, society and environment.

CTG conforms to the applicable laws and regulations on human rights protection, national human rights action plan and international conventions of human rights, and consciously resists the acts disregarding or trampling on human rights. In addition, it respects stakeholders, and incorporates their reasonable expectations and requirements into its business activities. Moreover, it operates transparently and morally, publicizes the decisions and activities which will have a material impact on local society, economy and environment, and carries out business activities pursuant to the moral behavior requirements generally accepted by the international community. CTG also insists on joint development, and make great efforts to promote the economic growth, social progress and environmental protection of the host countries (regions) where its business is carried out, and to realize joint, sustainable development with local community as well as mutual benefit and win-win result with business partners.



05

Consultation and Complaints



Compliance Consultation

The employees may directly consult with his immediate superior, relevant functional department or the office of the compliance committee of CTG (Enterprise Management Department) on compliance doubts arising from reading or use of this Manual or in daily work.

Tel: 010-57081609

Compliance Complaints

Any organization or individual of CTG is obligated to truthfully and accurately report and feedback on relevant compliance risks and noncompliance information in major business operation and management behaviors, including the formulation and implementation of rules and regulations, decision on major issues, conclusion of major contracts, investment and operation of major projects, etc. Complainants' personal information and the information provided will be kept strictly confidential.



Tel: 010-57081609

Email: Ctg_hegui@ctg.com.cn

Implementation and Feedback

Executives at various levels of CTG are responsible for the implementation of the *Compliance Manual*. Each department and unit shall regularly supervise and check the applicability of the *Compliance Manual* in accordance with laws, regulations and changes in business environment, and forthwith feed back to the office of the compliance committee of CTG.

Reward and Accountability

CTG shall commend and reward the employees who have strictly followed the applicable laws, regulations, rules, the Compliance Manual and relevant compliance provisions of CTG, performed duties diligently, or made direct contribution to avoidance of major noncompliance risks, adverse effect or losses, as the case may be. Conversely, it shall investigate the liabilities of persons who violate relevant provisions of the Compliance Manual in accordance with the laws, regulations and relevant provisions of CTG, and transfer those suspected of committing crimes to judicial organs to investigate their legal liabilities.

06

Compliance Commitment



I, the undersigned, confirm that I have carefully read and understood all contents of the *Compliance Manual* of China Three Gorges Corporation, recognize and am willing to practice the compliance concept of CTG, perform the compliance obligations, study relevant provisions, know the compliance requirements, understand and am willing to undertake the liabilities arising from violation of relevant provisions.

I hereby solemnly promise:

1. Abiding by the laws, regulations, industry management norms and business regulatory requirements, as well as the rules, regulations and *Compliance Manual* of CTG, strictly following the work discipline, and performing duties diligently as required;
2. Consciously abiding by the social order, good customs, social morality and business ethics, and safeguarding the brand image of CTG;
3. Guiding, encouraging, and supervising people around me to abide by and follow relevant laws and regulations, as well as the rules and *Compliance Manual* of CTG;
4. Actively participating in the compliance training organized by CTG, enhancing the compliance awareness, spreading compliance culture, and continuously improving the ability to perform duties according to relevant provisions; and
5. Never participating in the activities against laws and regulations, and forwardly reporting through the compliance complaint platform when recognizing behaviors against laws and regulations, or the rules and regulations or *Compliance Manual* of CTG.

Promiser:
MM/ DD/ YY

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