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# CK Infrastructure Holdings Limited

## Anti-Fraud and Anti-Bribery Policy

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## Table of Contents

1. Policy Statement
  2. Prohibition on Improper Payments, Kickbacks and Other Forms of Bribery
  3. Political and Charitable Contributions and Sponsorships
  4. Facilitation Payments
  5. Gifts and Hospitality
  6. Procurement of Goods and Services by the Group and Other Business Partners
  7. Third Party Representatives
  8. Communication and Training
  9. Books and Records
  10. Reporting of Bribery and Suspicious Activity
- Appendix 1: Fraud
- Appendix 2: Bribery

## 1. Policy Statement

- 1.1 CK Infrastructure Holdings Limited (the “**Company**” or “**CKI**”, together with its subsidiaries and controlled affiliates, the “**Group**”) is committed to upholding high standards of business integrity, honesty and transparency in all its business dealings, which is integral to the corporate culture of the Group. 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 is accountable to the implementation of the Group’s anti-fraud and anti-bribery efforts (including 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, 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. The 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, where appropriate (as further described in paragraph 7 below). The Company encourages its business partners, including suppliers to abide by this Policy.
- 1.5 This Policy sets out the minimum standards of conduct to which all Employees are required to adhere in respect of anti-fraud and anti-bribery. Employees should read this Policy from time to time in conjunction with the relevant policies governing the same subject matter including, without limitation, the CKI Employee Code of Conduct and the CKI Supplier Code of Conduct.
- 1.6 All Employees must maintain objectivity and avoid conflict of interest and subordination of judgment in the performance of their duties and responsibilities for the Group. They must disclose their interests in which a conflict may arise. Please refer to the CKI Employee Code of Conduct (Conflict of Interest).
- 1.7 All Employees are required to adhere to this Policy, as well as any additional requirements set by their employing company or by any applicable 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, or where appropriate, may also be referred to regulatory/law enforcement authorities.

1.8 Questions in relation to this Policy should be directed to the Company's internal audit department or legal department, 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 (including in private or public office) in order to obtain any improper business or other improper advantage for their individual, family or 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 (including in private or public office) in return for providing or arranging the provision of any improper business or other improper advantage in relation to their individual, family or 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, illegal or otherwise inappropriate and, if so, employees must refrain from making any such arrangement.

## **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 offer or 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 Company's corporate affairs department, to the Company's Group Managing Director for consideration. Employees shall be cautious that charitable donations and sponsorships may in some circumstances constitute a disguised form of bribery. Should an Employee have any doubt on the genuineness of a charitable donation/sponsorship request, it should be referred to the Company's corporate affairs department.

#### 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. 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 their employing company of 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.

#### 5. Gifts and Hospitality

5.1 Business gifts and hospitality (referred to here as “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 or its group;
- (c) they must be appropriate and consistent with reasonable business practice;
- (d) 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;
- (e) they should never be offered in return for financial or personal gain or favour; and
- (f) 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; “everyone else does it” is not sufficient justification. Consider whether public disclosure of the business courtesy would cause embarrassment to the Group or the recipient; 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/receiver of the business courtesy. Such records must be preserved.
- 5.5 Each company within the Group is to set a pre-approved maximum limit for the giving, and receiving, of gifts (including gift cards, gift certificates or vouchers), above which prior written approval must be sought from an executive director of the Company. The pre- approved maximum limit for receiving or giving gifts at the Company level shall not exceed US\$200 equivalent. Whilst the pre-approved maximum limit for other companies within the Group will be determined in accordance with local professional and industry standards and may vary from country to country, such maximum limit for receiving or giving gifts shall not exceed US\$200 equivalent. In determining whether to approve gifts of a value higher than the pre-approved maximum, an executive director of the Company shall follow the principles set out in paragraphs 5.2 and 5.3 above.
- 5.6 Please note that in the People’s Republic of China there are internal regulations applicable to the central government that provide gift limits as applicable to public officials of central party and government organs. Where Employees engage with such individuals as part of their work, they are required to check these internal regulations and to ensure that they do not provide business courtesies in excess of the regulations.
- 6. Procurement of Goods and Services by the Group and Other Business Partners**
- 6.1 The Group is committed to dealing with its suppliers (direct and indirect), contractors and sub-contractors, business partners and products and service providers (“**business partners and suppliers**”) in a fair, honest and professional manner, while seeking best value for the business. Potential business partners and suppliers are treated on an equal basis and no unmerited favouritism is to be shown in the procurement of goods and services. The Group conducts its procurement practices in a fair and transparent manner and Employees must act with due care and diligence when evaluating prospective business partners and suppliers. Proper measures will be taken if these business partners and suppliers are found to be in breach of laws and regulations.
- 6.2 The Group works with business partners and suppliers that demonstrate adherence to the best practices. The Group will not deal with business partners and suppliers (and other potential business partners and suppliers) known to be paying bribes and/or engaging in corrupt activity. Proper measures will be taken should these business partners and suppliers are found to be in breach of laws and regulations. Appropriate levels of diligence are to be conducted by adequately skilled persons in the selection and renewal of new and existing business partners and suppliers commensurate with the bribery risk associated with a particular relationship. Please also refer to the CKI Supplier Code of Conduct for more details.

## 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 but are not limited to 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 these Third Party Representatives allow the subject Group companies to terminate the agreement should the Third Party Representative breach this Policy;
  - (d) ensure that all fees and expenses paid to Third Party Representatives represent appropriate and justifiable remuneration, which is commercially reasonable under the circumstances, for legitimate services rendered by the Third Party Representative; 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. At a minimum, key Employees are to 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 for their field of business.
- 8.2 It is every Employee's responsibility to counter fraud and bribery by adhering to this Policy.
- 8.3 It is the responsibility of every manager to communicate this Policy to his/her subordinates. 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.

8.5 Employees must not pay for business courtesies personally as a means of evading the requirements of this Policy.

## 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. Reporting of Bribery and Suspicious Activity

10.1 If an Employee becomes aware of any actual or suspected breach of this Policy, he/she must report such incidents in accordance with the reporting and escalation procedures established by his/her employing company. See also the CKI Whistleblowing Policy - Procedures for Reporting Possible Improprieties which provides a mechanism for Employees and those who deal with the Group to raise concerns on any suspected impropriety, misconduct or malpractice through confidential reporting channels.

10.2 The timely reporting of actual or suspected breaches of this Policy lies with the finance manager having responsibility for the operation in which the incident occurs and ultimately lies with the finance director or finance officer of the relevant division, who is to report actual or suspected incidents of bribery, theft, fraud or similar offences to the Company's Chief Financial Officer if the amount involved is greater than the de minimis amounts as agreed (if any) between the Company's Chief Financial Officer and executive director or finance director or finance officer of the relevant division from time to time. All such matters must also be notified to the Head of Internal Audit for independent review and reporting to the Company's Audit Committee.

10.3 Notification for cases above the agreed de-minimis amounts should be made by phone or confidential email or fax as soon as the Business Units management becomes aware of the incident, and in any event within one working day. Reasonable liaison should then be maintained with the Company's Chief Financial Officer and/or the Company's Head of Internal Audit, as applicable, in order to ensure they are kept fully apprised of material developments in the case and able to offer forensic or other assistance as appropriate.

10.4 To facilitate the formal risk review and assessment by the Group, all business units should keep a register recording both suspected and actual incidents regardless of the amounts involved, and report the relevant statistics to Company's Chief Financial Officer on a quarterly basis, where appropriate. In addition, all the relevant information related to such cases should be made readily available for independent review and follow-up by the Head of Internal Audit who then should report to the Company's Audit Committee accordingly.



## CK Infrastructure Anti-Fraud and Anti-Bribery Policy

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- 10.5 Employees are actively encouraged to report any concerns regarding fraud and bribery. Procedures are in place to ensure that such complaints are logged and investigated and that 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.
- 10.6 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.

**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 suffer 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 not limited to:
  - (a) obtaining financial advantage or any other benefit 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 misstatement 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 advantage, directly or indirectly, to a public servant (e.g., officers, members and employees of public bodies), any employee of a company, private individual 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, or any improper advantage in obtaining or retaining business. 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 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 and hospitality, and sponsored travel and accommodation;
  - cash payments, including cash equivalents such as gift cards and vouchers, for example, those given by or to employees or business partners such as agents, introducers or consultants;
  - other favours, provided by or to public officials, business partners and 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 arouses suspicion of bribery, the Employees involved should report the matter in accordance with the 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 and the United States, have enacted anti-bribery laws which apply to actions taken outside the borders of those countries (*i.e.*, extraterritorially). For example, the United States Foreign Corrupt Practices Act ("FCPA") applies to the actions of U.S. citizens, U.S. permanent residents, companies headquartered in the U.S. or incorporated under the laws of a U.S. state and companies that list on a U.S. exchange, even if the activity takes place outside the United States. In addition to British citizens and UK-incorporated companies, United Kingdom Bribery Act ("UKBA") can also apply to companies wherever incorporated which carry on a business or a part of a business in any part of the United Kingdom. Breach of these laws can lead to severe penalties for companies and individuals.

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