

## **BUJAGALI ENERGY LTD ANTI-CORRUPTION CODE OF CONDUCT**

### **I DEFINITIONS**

When used in this Code of Conduct, the terms listed below will have the following meaning:

1. **Applicable Anti-Bribery Laws** means the U.S. Foreign Corrupt Practices Act ("FCPA"), the substantive provisions of the OECD Convention on Combating Bribery of Foreign Public Officials in International Business Transactions Dated 21 November 1997 ("OBCD Convention"), UK Bribery Act 2010 and any applicable implementing legislation, the anti-bribery laws of Uganda and of the home jurisdiction of the supplier and any Subcontractor, as applicable. In the event of a conflict among the anti-bribery laws specified in this definition, the law with the most stringent standard applies.
2. **Close Business Associate** means a current partner, joint owner, joint venture, or co-investor or anyone acting in a similar capacity at any time since the commencement of the Supplier's involvement in the project.
3. **Company** has the meaning set forth in the Preamble.
4. **Supplier** has the meaning set forth in the Preamble.
5. **Supplier Employees** means all employees of the Supplier.
6. **Facilitating Payment or Routine Governmental Action Payment** means any payment or the giving of anything of value not exceeding 50.00 US\$ or its equivalent in value to a Government Official intended to facilitate, expedite or secure the performance of a routine governmental action by such a Government Official in connection with or on behalf of the Supplier or the Company and/or relating to the Project.
7. **Family Member** means a parent, spouse, child, sibling, uncle, aunt, cousin, nephew, niece or dependent.
8. **Government Official** means (i) any officer or employee of a government (other than the U.S. government), department (whether executive, legislative, judicial or administrative), agency or instrumentality of such government, including a regional governmental body or a government-owned or government-controlled business, or of a public international organization; (ii) any person acting in an official capacity for or on behalf of such government, department, agency, instrumentality, or public international organization; (iii) any candidate for a political or government office or appointee to such office; or (iv) any (other than U.S.) political party or an officer or employee thereof.
9. **Hospitality Payment or Expense** means the payment, gift, offer or promise of anything of value to a Government Official for reasonable and bona fide expenditure, such as, but not limited to, travel and lodging expenses, incurred by or on behalf of that Government Official, that is directly related to (1) the promotion, demonstration or explanation of products or services; or (2) the execution or performance of a contract with that Government Official's government or any agency thereof and which action is taken in connection with or on behalf of the Supplier of the Company or the Project.
10. **Improper Payment** means any payment prohibited by this Code of Conduct that is not prohibited by Applicable Anti-Bribery Laws or does not constitute a Prohibited Payment, including Facilitating Payments and Hospitality Payments.
11. **Prohibited Payment** means any offer, gift, payment, promise to pay, or authorization of the payment of any money or anything of value, directly or indirectly, to a Government Official or a Family Member of a Government Official, including for the use or benefit of any other person or

entity, to the extent that such action is taken in connection with or on behalf of the Supplier, a Subcontractor or the Company or otherwise in furtherance of the Project and to the extent that one knows that all or a portion of the money or thing of value which was given or is to be given to such other person or entity, will be paid, offered, promised or given or authorized to be paid by such other person or entity, directly or indirectly, to a Government Official, for the purpose of either (i) influencing any act or decision of the Government Official in his official capacity, (ii) inducing the Government Official to do or omit to do any act in violation of his lawful duty, (iii) securing any improper advantage, or (iv) inducing the Government Official to use his influence with a government or instrumentality thereof to affect or influence any act or decision of such government or instrumentality, provided that a Facilitating Payment or Routine Governmental Action Payment is excluded from this definition. A substantial donation or other contribution to a political party given shortly before or after a political decision on a matter of importance to the Supplier or the Company or in relation to any project or transaction in which the Supplier, a Subcontractor or the Company has a commercial interest that may be mistakenly perceived by the public as a bribe or payment to a Government Official even if permissible under Applicable Anti-Bribery Laws shall also be a Prohibited Payment unless pre-approved in writing by an appropriate compliance or legal officer of the Supplier (and is reported in advance to the Company Compliance Officer).

12. **Project** means the Bujagali Energy Limited hydroelectric project.
13. **Subcontractor** means a contractor (that is not owned or controlled by the government of Uganda) that has entered into one or more direct or indirect agreements with the Supplier to provide services or equipment in connection with the development of the Project with a total value in excess of \$25,000 or its equivalent in value.
14. **Substantive Violation** means the Supplier's or a Subcontractor's violation of Applicable Anti-Bribery Laws (whether or not the Supplier or Subcontractor is subject to jurisdiction in a jurisdiction where any of the Applicable Anti-Bribery Laws could be applied) or the Supplier's refusal to submit to an audit or investigation by independent accountants, counsel or investigators at the request of the Company.

## II

### **ANTI-BRIBERY PROHIBITIONS**

This Code of Conduct (this "Code of Conduct") requires the supplier and all supplier Employees to adhere strictly to the following:

1. It is the intent of the Supplier to not permit any Prohibited Payments or other payments to Government Officials by the Supplier or any Subcontractor or any of their employees or other persons acting on their behalf, except as provided below.
2. The Supplier Employees shall not, either directly or indirectly, make, promise or authorize anyone to make any Prohibited Payment.
3. In some instances, Applicable Anti-Bribery Laws, such as the FCPA, permit certain types of payments to Government Officials, including (a) Facilitating Payments and Routine Governmental Action Payments and (b) Hospitality Payments or Expenses. However, Supplier Employees shall not offer, promise, make or authorize the making of either of these payments without the prior written authorization of an appropriate compliance or legal officer of the Supplier. Any such payment made shall be detailed in the Supplier's books and records.
4. The Supplier shall not engage or enter into any transaction of a material nature with a Subcontractor unless contract provisions to be developed by the Supplier, in consultation with the Company, that incorporate and make applicable to the Subcontractor and its employees the substantive provisions and requirements of this Code of Conduct, have been included in the contract or agreement with the Subcontractor, including an agreement by the Subcontractor (a) to abide by, and to cause its employees to abide by (in the same manner as is required of the Supplier and its employees) the provisions of this Article II, and (b) that, upon the request of the Company, in its sole discretion, exercised in good faith, the Subcontractor shall permit the Company, the Supplier, or independent accountants or investigators selected by the Company, as the Company may determine, to conduct periodic audits of the Subcontractor of compliance with the Code of Conduct.
5. Supplier Employees or Subcontractors shall not be reimbursed for goods, services, or other expenditures unless fully documented and supported by actual, accurate and detailed invoices. Such reimbursements shall be made only by check or wire transfer payable to the Supplier Employee or Subcontractor in the country in which they reside or have a physical business address or to an account in their name at a recognized financial institution. In the rare instances involving small sums of money, where a payee does not have a bank account and payment in cash is, therefore, necessary, the payee shall be required to agree that it shall sign a receipt for the amount received and certify that he or she has not made, promised or authorized the making, and will not make, promise or authorize the making, of any Prohibited Payment.
6. The Supplier shall ensure, and shall cause all Subcontractors to ensure, that material discretionary authority over the control or disbursement of funds or the approval of contracts and agreements with third parties is not delegated to individuals whom they know or of whom they have knowledge, through the exercise of reasonable due diligence, are likely to engage in inappropriate or illegal activities or conduct.
7. The Supplier shall ensure, and shall cause all Subcontractors to ensure, that they engage or retain only individuals whom they know or of whom they have knowledge, through the exercise of reasonable due diligence, are not likely to engage in illegal activities or conduct.
8. The Supplier shall obtain a certificate at the end of each year from the general counsel or compliance officer of each Subcontractor certifying that such Subcontractor and its employees have complied

with the provisions of this Section II (Anti-Bribery Prohibitions) during the course of such year as if the provisions of this Section II were directly applicable to such Subcontractor and its employees.

In order to comply with these foregoing requirements, all Supplier Employees and Subcontractors shall be made aware of the following principles:

- a) Under certain Applicable Anti-Bribery Laws, the Supplier, the Company and any Subcontractor and their respective affected employees may, depending on the circumstances, be fined or imprisoned. Some circumstances as a result of the acts of third parties with which the Supplier, the Company or any Subcontractor conducts business.
- b) A violation of certain Applicable Anti-Bribery Laws can occur without any money ever changing hands. For example, offers or promises to make an Improper or Prohibited Payment may violate Applicable Anti-Bribery Laws even if an actual payment is never made. Moreover, bribes do not have to involve the payment of money; they need only be anything of value. Therefore, the definition of Prohibited Payment is very broad.
- c) The Supplier, the Company and any Subcontractor and any affected individual employees involved in a violation of any Applicable Anti-Bribery Laws can be subject to criminal prosecution. Punishment for companies can include substantial civil and criminal fines that exceed the value that could have been gained as a result of the bribe, as well as injunctive relief. Individuals may be sentenced to lengthy periods of imprisonment and criminal and civil fines, in addition to disciplinary action that may be taken against them by their respective employers.

**III**  
**INDEPENDENT AUDITS**  
**SPECIFIC TO ANTI-CORRUPTION**

The Supplier hereby agrees that the Company may, in its sole discretion, exercised in good faith, conduct periodic independent audits, investigations or reviews of the Supplier to ensure that the Supplier is in compliance with this Code of Conduct. Such audits shall be conducted by the Company or by independent accountants, counsel or other inspectors or investigators appointed by the Company that the Company reasonably determines are suitably qualified, who shall have full access to, conduct a review of, and report any suspicious or questionable activity of any kind to the Company with respect to:

1. The effectiveness of existing anti-corruption compliance programs and codes of conduct;
2. Any books, accounts and records of the Supplier, ·orany of the Supplier's affiliates, subcontractors, Suppliers, agents or representatives that assist in work performed for, services rendered or equipment provided to the Company or in connection with the Project;
3. Any contracts or subcontracts that relate, directly or indirectly, to work performed for, or services or equipment provided to, the Company or in connection with the Project; and
4. Any payments made with funds received from the Company or in connection with any project or transaction involving the Company.

In addition, if the Company has any reasonable concerns that there has been a violation of this Code of Conduct or that any Prohibited Payment was, either directly or indirectly, made, promised or authorized by the Supplier, it shall initiate such an audit. The Supplier's agreement with the Company shall provide that, in any such case, the Supplier agrees to cooperate in good faith with the Company and its representatives in determining whether such a violation occurred. Refusal by the Supplier of a request by the Company to submit to such an audit by independent accountants or investigators shall constitute a Substantive Violation of the Supplier's agreement with the Company. Any Substantive Violation by the Supplier would allow the Company to declare the Supplier in breach of the agreement between the Company and the Supplier unless the Supplier takes appropriate disciplinary measures, to the satisfaction of the Company in its sole discretion, against the employees involved in the Substantive Violation. Any Substantive Violation by the Subcontractor would allow the Company or the Supplier to declare the Subcontractor in breach of the agreement between the Supplier and the Subcontractor unless the Subcontractor takes appropriate disciplinary measures, to the satisfaction of the Company in its sole discretion, against the employees involved in the Substantive Violation.

**IV**  
**DUE DILIGENCE REQUIREMENTS AND OTHER PROCEDURES FOR ENTERING  
INTO ANY AGREEMENT WITH SUBCONTRACTORS**

**A. Required Due Diligence**

The Supplier shall take reasonable steps to ensure that it knows all parties with whom it enters into any agreement, project or transaction, prior to entering into such agreement, project or transaction. The Supplier, in attempting to retain a Subcontractor, shall be responsible for conducting a due diligence investigation. The primary responsibility for the due diligence investigation shall reside with the Supplier, but the Supplier may utilize an outside investigative service.

The following due diligence procedure shall be conducted prior to entering into any engagement agreement with a Subcontractor and for all existing agreements with Subcontractors, and in each instance shall be updated periodically, at reasonable intervals. The results of the due diligence shall be submitted to the Company for review:

1. Obtain a certification or representation from the Subcontractor that it has not been convicted for any financial crime, and that it is not the subject of any formal investigation for making, promising, or authorizing the making, of a Prohibited Payment or Improper Payment, whether or not made, promised or authorized in connection with or on behalf of the Supplier or Company.

If it was formally charged, convicted or was the subject of any such formal investigation, written certifications as to the outcome of such actions shall be obtained from the appropriate authorities, to the extent possible, or independent verification of such information shall be conducted.

In the event that a Subcontractor is unable to provide this certification by reason of having been so formally charged, convicted or been the subject of a formal investigation, such Subcontractor shall provide a certification that details such matters. A Subcontractor who provides this alternative form of certification shall not be engaged without the prior written authorization of the Supplier and the Company.

2. Obtain a certification or representation from the Subcontractor identifying any direct or indirect owner, shareholder, director, officer, employee, Supplier, agent or representative of the Subcontractor that is a Government Official or a Family Member or Close Business Associate of a Government Official. Where applicable, the certification or representation should identify the names and roles of any such Family Member or Close Business Associate of a Government Official.

If any direct or indirect owner, shareholder, director, officer, employee, Supplier, agent or representative of the Subcontractor is a Government Official or a Family Member or Close Business Associate of a Government Official, the Subcontractor shall not be engaged without the prior written authorization of the Supplier and the Company.

3. Conduct an investigation of the Subcontractor to determine whether the amount of compensation sought by the Subcontractor is fair, reasonable and comparable to compensation paid to others for similar services. Requests for compensation that greatly exceed the fair market value are "red flags" that suggest impropriety and necessitate further investigation. A list of additional "red flags" appears below; however, this list is not exhaustive and is not a substitute for the exercise of good judgment.

- a) Use of "shell companies". A "shell company" is a company that has no or nominal operations and no or nominal assets.
  - b) Lack of experience or "track record" with product, field or industry.
  - c) Lack of adequate facilities or qualified staff.
  - d) Allegations related to integrity.
  - e) Reputation for impropriety, unethical or illegal conduct.
  - f) Request to perform services without a written agreement.
- g) Request for excessive or unusually high compensation for services being rendered.
  - h) Supplier or agent has close social or business relationships with Government Officials.
  - i) Supplier or agent is a close relative of a Government Official.
  - j) A Government Official is a director, officer, senior employee of, or has an ownership interest in, the contracting party.
  - k) A Government Official or government customer has recommended or insisted that the Company use a particular intermediary, agent, representative or Supplier.
  - l) Violations of local law or policy.
  - m) Misrepresentations or inconsistencies in representations in the due diligence process.
  - n) Requests for increases in compensation or advances not otherwise contractually allowed during the life of the project.
  - o) Requests for payments in third countries or to third parties.
  - p) Requests for payments in cash or bearer instrument.
4. If in the course of performing due diligence, "red flags" appear, the Supplier and the Company shall be notified immediately and consulted to determine the extent of additional investigation that is necessary regarding the Subcontractor.
  5. Where a direct or indirect owner, shareholder, director, officer, employee, Supplier, agent or representative of the Subcontractor is a Family Member or Close Business Associate of a Government Official, the Supplier shall determine the name and family relationship or business association of any person falling within such category and notify the Company promptly, in writing, of such relationship. Such Subcontractor and such Family Member or Close Business Associate of a Government Official shall not be engaged unless the Supplier and the Company have agreed to such engagement.
  6. Obtain from each Subcontractor an agreement that, upon the request of the Company, in its sole discretion, exercised in good faith, the Subcontractor shall permit the Supplier or the Company or independent accountants designated by the Company, as the Company may determine, to conduct an audit of the Subcontractor in accordance with Section III. In addition, if the Supplier or Company has any reasonable concerns that a Prohibited Payment has been directly or indirectly promised, authorized or made by the Subcontractor, the Supplier shall cause the Subcontractor to cooperate in good faith with the Supplier and the Company and its representatives in determining whether such a violation occurred.

## B. Procedures for Due Diligence

1. The Supplier, in seeking to retain a Subcontractor, shall be responsible for conducting due diligence and submitting all due diligence records, as prescribed herein, to the Company.
2. It is the Suppliers policy not to rely primarily on an outside investigative service for conducting the due diligence investigation. However, in those circumstances in which the Supplier retains such a service to obtain information regarding a party, it shall not constitute the only source of due

diligence and all sources of information shall be identified as fully as possible so as to be able to determine their reliability. The Supplier Employees responsible for conducting the due diligence are required to obtain all necessary information set out herein, may not rely on unnamed sources of an investigative service, and must reach their own independent conclusions.

C. Contracts and Agreements with Subcontractors

All contracts and agreements with any Subcontractor shall include a code of conduct applicable to the Subcontractor and the Subcontractor's employees that incorporates the material provisions of this Code of Conduct including. Without limitation, the right of the Company or the Supplier to declare the Subcontractor in breach for a Substantive Violation.