



**ANTI-BRIBERY, ANTI-CORRUPTION,  
ANTI-MONEY LAUNDERING, ANTI-TERRORIST  
FINANCING  
AND ECONOMIC SANCTIONS POLICY**

**As adopted by the Board of Directors  
of CES Energy Solutions Corp.**

**CES ENERGY SOLUTIONS CORP.**  
(the “Company”)

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## 1. INTRODUCTION

Anti-bribery and anti-corruption (“**ABC**”) legislation seeks to ensure that companies do not use bribes, improper payments, gifts or inducements of any kind to obtain, retain or direct business or secure an improper advantage. Anti-money laundering (“**AML**”) and anti-terrorist financing (“**ATF**”) legislation criminalize money laundering and the financing of terrorist activities. Economic Sanctions (“**ES**”) laws advance the foreign policy and human rights objectives of Canada, the United States and other jurisdictions by imposing restrictions on dealings with designated persons and in other areas.

Punishments for violating these laws include fines and imprisonment.

The Company has a policy of strictly complying with these laws and has established this ABC, AML, ATF and ES Policy (the “**Policy**”) that is tailored to the Company’s jurisdictions of operations, activities and risk profile.

This Policy facilitates compliance with the ABC, AML, ATF and ES laws applicable to the Company. In the case of:

- ABC legislation, these include Canada’s *Corruption of Foreign Public Officials Act* (the “**CFPOA**”) and the United States *Foreign Corrupt Practices Act of 1977* (the “**FCPA**”); and
- AML, ATF and ES legislation, these include for Canada the anti-money laundering and anti-terrorism provisions in the *Criminal Code* (Canada) (the “**Criminal Code**”) and the anti-terrorism regulations made under the Criminal Code, the *Proceeds of Crime (Money Laundering) and Terrorist Financing Act* (Canada) (the “**PCMLTFA**”), the *United Nations Act* (the “**UN Act**”) and the economic sanctions regulations made pursuant to the *Special Economic Measures Act* (“**SEMA**”), the UN Act and the *Freezing Assets of Corrupt Foreign Officials Act*<sup>1</sup> (“**FACFOA**”). In respect of the United States, the U.S. Department of the Treasury’s Office of Foreign Assets Control (“**OFAC**”) administers and enforces economic and trade sanctions based on US foreign policy and national security goals, while the *Bank Secrecy Act* (the “**BSA**”), the United States Code and The Anti-Money Laundering Act of 2020 (the “**AML Act**”). While the Company is not regulated under any of the PCMLTFA, the BSA and the AML Act, it considered them in developing the Policy.

Corresponding laws of all countries where business is conducted by the Company that may be applicable to it will similarly be considered in the application of this Policy. Further, to the extent

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<sup>1</sup> Technically, FACFOA is an anti-corruption law but for compliance purposes is similar to an ES law because persons are designated under FACFOA.

that applicable laws or regulations have or are amended to create stricter requirements, these will overtake the requirements of this Policy.

## **2. POLICY STATEMENT**

A fundamental principle that the Company regards as foundational to good business practice is zero tolerance in relation to ABC, AML, ATF and ES matters, wherever and in whatever form they may be encountered. The Company is committed to conducting all of its business in an honest and ethical manner in every country where it operates, including complying with ABC, AML, ATF and ES laws. As such, as the Company's representatives, all of the Company's employees, consultants, advisors, agents, contractors and other representatives ("**Representatives**") are expected to conduct business in full compliance with such laws and in an ethical manner at all times, regardless of any competitive or business pressures or pressures exerted by local custom in a particular jurisdiction.

In relation to ABC matters in particular, neither the Company nor its Representatives will give, pay or promise anything of value to obtain, retain or direct business, or to secure an improper advantage of any kind and the Company will strive to avoid even the perception of impropriety or conflict of interest or act in a way which might reflect adversely upon the integrity or reputation of the Company. To that end, it is prohibited to use any of the Company's funds or assets for any illegal, improper or unethical purpose.

If the Company or any of its Representatives is found to have taken part in prohibited activities, the Company could face fines and other penalties, and it could face serious damage to its reputation in commercial endeavors, the capital markets and with its shareholders and other stakeholders.

The Company therefore takes its legal responsibilities very seriously.

## **3. APPLICATION OF THE POLICY**

This Policy applies to the Company and all of its subsidiaries in all of the jurisdictions in which they operate, and includes their respective Representatives, whether or not they are Canadian citizens or residents and regardless of whether they are located inside or outside of Canada or the United States. Each employee, consultant and contractor will be provided with or directed to a copy of this Policy and all agreements with such persons will include a provision that the person must abide by this Policy at all times. All such persons are responsible for understanding and complying with this Policy.

Failure to comply with this Policy may result in disciplinary action, up to and including termination of employment or contract. Individuals who participate in violations of certain ABC, AML, ATF or ES laws may also face criminal prosecution and, in the event of conviction, fines and imprisonment.

A copy of this Policy is available on the Company's website at: <https://www.cesenergysolutions.com/investor-relations/governance/> and in addition may be obtained from the Director of Legal at any time.

#### 4. BRIBERY AND CORRUPTION

A “**bribe**” is typically anything of value (such as, but not limited to, cash, cash-equivalents, entertainment, or other gifts or courtesies) given in an attempt to affect a person's actions or decisions in order to gain or retain a business advantage. It is prohibited to bribe any person, either directly or indirectly, including by means of kickbacks to the other person or their relatives or business associates.

When doing business in a foreign country, "favours" may seem customary or harmless, particularly when they are supposedly customary. However, all directors, officers, employees and Representatives need to be cautious of such "favours". If there is any suspicion that a payment, customary or otherwise, may be illegal or inappropriate, contact the Company's Director of Legal for guidance. Knowledge of whether any matter is illegal or inappropriate includes conscious disregard and deliberate ignorance of facts that indicate a high probability that the conduct is illegal or inappropriate.

ABC laws prohibit both direct and indirect payments to third parties - which means that the Company can be liable for improper payments made by our Representatives or other agents or other business associates on our behalf if we knew or should have known that such persons were likely to engage in such activities.

#### 5. MONEY LAUNDERING

Money laundering is the process by which funds derived from crime are given the appearance of lawfully derived money. There are three steps in money laundering:

- a) **Placement** involves placing the proceeds of crime in the financial system;
- b) **Layering** refers to multiple steps to move proceeds and or convert proceeds into other assets to disguise their criminal source; and
- c) **Integration** involves placing the apparently legitimate proceeds back in the economy.

Money launderers are often innovative in developing money laundering techniques. Any suggestion that a proposed or existing customer is involved in crime is an indication of potential money laundering concerns. Unusual concerns about secrecy such as not wanting mail to go to the listed home address or uncommon curiosity about internal systems, controls and policies may also indicate potential money laundering activity. Unusual concerns or difficulties regarding client identification information is also an indicator of potential money laundering.

Under Canadian law, a money laundering offense involves various acts committed with the intention to conceal or convert property or the proceeds of property (e.g. money) knowing or believing that these were derived from the commission of a designated offense, such as illegal drug trafficking, bribery, fraud or forgery.

Any employee that has any suspicion or indication of potential money laundering activities must immediately report the matter to the Director of Legal and not take any further steps with respect to the matter including processing any transaction.

## 6. TERRORIST FINANCING

Terrorist financing is knowingly collecting or providing property, including funds, either directly or indirectly, for terrorists or terrorism. The Criminal Code and the PCMLTFA prohibit terrorist financing in Canada, while a number of laws, including the United States Code and the AML Act, address terrorist financing in the United States. These laws and regulations also prohibit dealing with designated terrorists or groups or with any entity (even if not designated) that has as one of its purposes or activities facilitating or carrying out any terrorist activity.

The methods used by terrorist groups to generate funds from illegal sources are often very similar to those used by “traditional” criminal organizations. For this reason, transactions related to terrorist financing may look a lot like those related to money laundering.

Any employee that has any suspicion or indication of potential terrorist financing activities must immediately report the matter to the Director of Legal and not take any further steps with respect to the matter including processing any transaction.

## 7. ECONOMIC SANCTIONS

Economic Sanctions impose restrictions on Canadians and Americans in relation to dealings with designated persons, exports and imports and other matters. The primary issue for the Company considering the nature of its business are the prohibitions on dealing with “designated persons” (for Canadian purposes) or “specially designated nationals”<sup>2</sup> (for US purposes).

While the specific prohibitions in respect of sanctioned persons or entities will vary by country, and exemptions may be available from the prohibitions that otherwise apply, these can relate to a wide range of dealings, including providing services to such persons or entities, dealing in certain property (wherever situated) held by or on behalf of such persons or entities, facilitating certain transactions involving such persons or entities, making goods available to such persons or entities.

A list of current sanctions and sanctions search tools can be found at the following links (collectively, the “**Sanctions Lists**”):

- Canada - [https://www.international.gc.ca/world-monde/international\\_relations-relations\\_internationales/sanctions/current-actuelles.aspx?lang=eng](https://www.international.gc.ca/world-monde/international_relations-relations_internationales/sanctions/current-actuelles.aspx?lang=eng)
- United States - <https://sanctionssearch.ofac.treas.gov/>

Any employee that has any suspicion or indication of a potential ES compliance issue must immediately report the matter to the Director of Legal and not take any further steps with respect to the matter, including processing any transaction or reaching any conclusions about ES compliance. Such determinations are to be made exclusively by the Director of Legal.

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<sup>2</sup> “Specially Designated Nationals” are individuals and companies owned or controlled by, or acting for or on behalf of, targeted countries and includes individuals, groups, and entities, such as terrorists and narcotics traffickers designated under programs that are not country-specific.

## 8. COMPLIANCE

The Company has implemented a process whereby the Company will first determine if that person is related to or connected with a country that is subject to sanctions prior to doing business with such customer or counterparty.

If a customer or other counterparty is located or resides outside of the Canada or the United States, or the transaction involves the payment or receipt of money to sources or recipients outside of Canada or the United States, the Company will then screen the person or the person's major shareholders, directors and officers through the Sanctions Lists. The Company will conduct a similar screening process upon receiving a notification from an employee as to any suspicion or indication of a potential ES compliance issue with an existing relationship.

Any Representative involved in such transactions are required to notify the Director of Legal so that the required screens can be completed. If the Director of Legal determines that there are reasonable grounds to suspect that such dealings could be related to a money laundering or a terrorist financing offense, or raise ES issues, the Director of Legal is to take such actions or other precautions as he or she deems necessary to achieve strict compliance with all applicable laws including, but not limited to, the following:

- a) immediately cancelling an existing contract to the extent the terms and conditions permit or, in the case of a new relationship, not entering into the intended contract or relationship;
- b) not processing any payment to the counterparty;
- c) instructing the employee to more closely monitor dealings with the counterparty;
- d) notifying law enforcement; and
- e) to the extent determined necessary, seeking external advice and assistance to investigate the circumstances and ensure compliance by the Company with all applicable laws.

Employees may not, under any circumstances, notify or advise any person, except another employee of the Company with a need to know for the purposes of complying with this Policy and the applicable law that a matter has been referred to the Director of Legal or was referred to law enforcement.

The Director of Legal will also, before engaging any third party Representatives, require from any such third party: (i) assurances of compliance with this Policy and the provisions of all ABC, AML, ATF and ES laws; (ii) submission to appropriate monitoring and audit procedures by or on behalf of the Company, at the Company's discretion; (iii) agreement that it shall not retain any sub-agent, sub-contractor or representative without the Company's prior written consent; and (iv) acknowledgement that such engagement may be terminated if there is a violation of the foregoing undertakings, representations, and agreements.

## 9. FORMS OF PAYMENT

### (a) *Background*

Generally, the Company accepts only those forms of payment set out in section 9(b).

Employees should be aware that although a form of payment may be acceptable under this Policy, the Company's credit requirements may be more restrictive.

### (b) *Acceptable Forms of Payment*

The Company accepts payment from its counterparties by either of the following methods:

- (i) Electronic Funds Transfer (“EFT”) or wire transfers from the counterparty's account at an internationally, federally provincially or state regulated financial institution;
- (ii) Cheques made by the counterparty from the counterparty's account at an internationally, federally provincially or state regulated financial institution; or
- (iii) payment by credit card in the name of the counterparty or by a third-party payor.<sup>3</sup>

## 10. INVESTIGATION AND DOCUMENTATION OF REPORTS

Any Representative who becomes aware of any instance or information involving an actual or potential violation of this Policy is required to report it to the Director of Legal. Any such report will be investigated initially under the supervision of the Director of Legal. Where the matter is deemed potentially serious it will be promptly reported to the Chair of the Audit Committee, and, where appropriate, to the Chair of the Board, and the following procedure will be followed:

- The report will be recorded and an investigative file established. In the case of an oral report, the party receiving the report is also to prepare a written summary.
- The Chair of the Audit Committee will promptly commission the conduct of an investigation. At the election of the Chair of the Audit Committee, the investigation may be conducted by Company personnel, or by outside counsel, accountants or other persons employed by the Chair of the Audit Committee. The investigation will document all relevant facts, including persons involved, times and dates. At his discretion, the Chair of the Audit Committee may advise the Board of the existence of an investigation.
- The identity of a person filing a report will be treated as confidential to the extent possible, and only revealed on a need-to-know basis or as required by law or court order.
- On completion of the investigation, a written investigative report will be provided to the Chair of the Audit Committee by the persons employed to conduct the investigation. If the investigation has documented unlawful, violative or other questionable conduct, the Chair of the Audit Committee will advise the Board of the matter.

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<sup>3</sup> The Company will likewise screen third parties that pay on behalf of counterparties in accordance with this policy. The Company will not accept payment from anyone who is in violation of the AML, ATF and Economic Sanctions laws applicable to the Company.

- If any unlawful, violative or other questionable conduct is discovered, the Director of Legal shall cause to be taken such remedial action as the Board deems appropriate under the circumstances to achieve compliance with the Policy and applicable law, and to otherwise remedy any unlawful, violative or other questionable conduct. The persons employed to conduct the investigation shall prepare, or cause to be prepared, a written summary of the remedial action taken.
- In each case, the written investigative report (or summary of any oral report), and a written summary of the remedial action taken in response to the investigative report shall be retained along with the original report by or under the authority of the Chair of the Audit Committee.

## **11. LAW ENFORCEMENT AND REGULATORY REPORTING OBLIGATIONS OF THE COMPANY**

ATF and ES laws impose general obligations on persons to report to law enforcement any property of designated persons or terrorist groups that is in their possession or control or transactions or proposed transactions in respect of such property.

### **General Duty to Review and Report**

The Director of Legal, or an employee under the supervision of the Director of Legal, is required to review the records of the Company on a regular basis to determine whether the Company is in possession or control of property owned or controlled by or on behalf of a person or group listed in the regulations set out in Appendix A to this Policy. This may be done by using a third-party service or software or by manual searches.

The Company will manually screen its current counterparty list against the persons or groups listed in the regulations set out in Appendix A to this Policy. The Director of Legal will work with the Company's accounting and finance teams to update the policy list and run those names against the names set forth in the Appendix A regulations.

If the name(s) check reveals a clear match with a designated person, then the Director of Legal should promptly seek advice from counsel as to how to proceed with the required disclosure to law enforcement. No payments of any kind to the counterparty should be made until legal advice has been received.

If the name(s) check reveals a partial or potential match with a designated person, then further investigation must be done. If a match is excluded, the Company may proceed to do business with the counterparty. If not, advice from counsel should be sought before proceeding further with the counterparty.

No communications may be made to a counterparty or any other person to assist them in evading legal requirements or violating any law.

## **12. RECORD-KEEPING AND RETENTION**

All accounts, invoices, receipts, memoranda and other documents and records (financial or otherwise) relating to dealings with third parties must be prepared and maintained with strict accuracy and completeness and in reasonable detail so that they fairly reflect all business

transactions. No accounts or cash funds may be kept "off-book" to facilitate or conceal improper payments. False or artificial expense reports or accounting entries are not permitted for any reason.

Any documentation required by this Policy shall be retained in accordance with the Company's document retention policies, but shall, in any case, be retained at least five (5) years from the date the relationship with the counterparty is terminated.

### **13. RESPONSIBILITY AND REVIEW**

The Board has overall responsibility for ensuring that this Policy complies with the Company's legal and ethical obligations, and that all those under the Company's control comply with it. The Director of Legal has primary and day-to-day responsibility for implementing this Policy. Management at all levels is responsible for ensuring that those reporting to them are made aware of and understand this Policy.

The Director of Legal will review the implementation of this Policy periodically as he or she deems appropriate, considering its suitability, adequacy and effectiveness in the context of the operations of the Company and its legal obligations.

Internal control systems and procedures will be subject to assessment by the Director of Legal and the Audit Lead, Process and Controls and, where appropriate, formal review by third parties, to provide assurance that they are effective in answering to the Company's legal and ethical obligations pursuant to ABC, AML, ATF and ES laws.

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## APPENDIX A

### **REPORTING OBLIGATIONS UNDER CANADIAN ECONOMIC SANCTIONS LAWS AS OF JUNE 22, 2021**

#### **A. REGULATIONS REQUIRING IMMEDIATE REPORTS TO RCMP/CSIS**

##### **Regulations Establishing a List of Entities under the Criminal Code:**

The below text is from the *Criminal Code*, and can be found at this link: <https://laws-lois.justice.gc.ca/eng/acts/c-46/page-15.html#h-116461>

**83.1 (1)** Every person in Canada and every Canadian outside Canada shall disclose without delay to the Commissioner of the Royal Canadian Mounted Police or to the Director of the Canadian Security Intelligence Service

(a) the existence of property in their possession or control that they know is owned or controlled by or on behalf of a terrorist group; and

(b) information about a transaction or proposed transaction in respect of property referred to in paragraph (a).

#### **B. REGULATIONS REQUIRING (I) IMMEDIATE REPORTS TO RCMP OR IN SOME CASES CSIS AND (II) CONTINUING DETERMINATIONS**

##### **Iran SEMA:**

From this link: <https://laws-lois.justice.gc.ca/eng/regulations/SOR-2010-165/FullText.html#h-760123>

**10 (1)** Every person in Canada, every Canadian outside Canada and every entity set out in section 9 must disclose without delay to the Commissioner of the Royal Canadian Mounted Police or to the Director of the Canadian Security Intelligence Service

(a) the existence of property in their possession or control that they have reason to believe is owned, held or controlled by or on behalf of a listed person; and

(b) any information about a transaction or proposed transaction in respect of property referred to in paragraph (a).

##### **Libya UNA and SEMA**

From this link: <https://laws-lois.justice.gc.ca/eng/regulations/SOR-2011-51/FullText.html#h-779531>

**24 (1)** Every person in Canada, every Canadian outside Canada and every entity referred to in subsection 23(1) must disclose without delay to the Commissioner of the Royal Canadian Mounted Police or to the Director of the Canadian Security Intelligence Service

(a) the existence of property in their possession or control that they have reason to believe is owned, held or controlled by or on behalf of a designated person;

(b) the existence of property in their possession or control that they have reason to believe is owned, held or controlled by or on behalf of a listed person; and

(c) any information about a transaction or proposed transaction in respect of property referred to in paragraph (a) or (b).

### **Yemen UNA**

From this link: <https://laws-lois.justice.gc.ca/eng/regulations/SOR-2014-213/FullText.html#h-1187894>

**9 (1)** Every person in Canada, every Canadian outside Canada and every entity set out in section 8 must disclose without delay to the Commissioner of the Royal Canadian Mounted Police or to the Director of the Canadian Security Intelligence Service

(a) the existence of property in their possession or control that they have reason to believe is owned, held or controlled by or on behalf of a designated person; and

(b) any information about a transaction or proposed transaction in respect of property referred to in paragraph (a).

### **United Nations Al-Qaida and Taliban Regulations**

From this link: <https://laws.justice.gc.ca/eng/regulations/SOR-99-444/FullText.html#h-1249964>

**8 (1)** Every person in Canada, every Canadian outside Canada and every entity set out in subsection 7(2) must disclose without delay to the Commissioner of the Royal Canadian Mounted Police or to the Director of the Canadian Security Intelligence Service

(a) the existence of property in their possession or control that they have reason to believe is owned, held or controlled by or on behalf of

(i) a person associated with the Taliban, or

(ii) a person associated with ISIL (Da'esh) or Al-Qaida; and

(b) any information about a transaction or proposed transaction in respect of property referred to in paragraph (a).

### **Regulations Implementing the United Nations Resolutions on the Suppression of Terrorism**

From this link: <https://laws.justice.gc.ca/eng/regulations/SOR-2001-360/FullText.html#h-672977>

**8 (1)** Every person in Canada, every Canadian outside Canada and every entity set out in section 7 must disclose without delay to the Commissioner of the Royal Canadian Mounted Police or to the Director of the Canadian Security Intelligence Service

(a) the existence of property in their possession or control that they have reason to believe is owned, held or controlled by or on behalf of a listed person; and

(b) any information about a transaction or proposed transaction in respect of property referred to in paragraph (a).

**C. REGULATIONS REQUIRING IMMEDIATE REPORTS TO GLOBAL AFFAIRS CANADA  
(DFAIT)**

**Iraq UNA**

From this link: <https://laws-lois.justice.gc.ca/eng/regulations/SOR-2004-221/FullText.html#h-712888>

**7 (1)** Every person in Canada and every Canadian outside of Canada who is knowingly in possession or control of any property described in paragraph 5(1)(a) shall without delay notify in writing the Director of the United Nations, Human Rights and Economic Law Division of the Department of Foreign Affairs and International Trade.