



Anti-Corruption Policy

Introduction

Valverde Power Solutions (Valverde) is committed to strict compliance with all applicable anti-corruption legislation and to maintaining the highest ethical standards in their business dealings and relationships. Valverde's commitment is set out in this ***Anti-Corruption Policy*** (this "**Policy**").

This Policy is intended to provide Valverde personnel ("**employees**") with basic knowledge and concepts relating to bribery. It is to be read and applied together with the Valverde Anti Bribery Guidance (the "**Guidance**").

This Policy cannot and will not provide definitive answers to every bribery related question. Instead, this Policy aims to provide you with the tools to identify potential bribery issues. When these issues arise, immediately contact the Anti Bribery Officer for further guidance.

Non-compliance with this Policy may result in severe criminal or civil penalties which will vary according to the offence and could include imprisonment. Any employee acting in contravention of this Policy may also face immediate disciplinary action up to and including termination for cause.

Interpretation/Definitions

"Associated entities" includes, but is not limited to any subsidiaries, agents, intermediaries, contractors, suppliers, representatives or any other outside parties acting on behalf of Valverde (individuals or organizations). "Corruption" involves the misuse of power by someone to whom it has been entrusted, for personal gain. "Foreign public official", for purposes of this Policy, should be interpreted broadly and includes a person who:

- a. holds a legislative, administrative or judicial position in a foreign government (including any political subdivision, department, branch or agency of that government or its political subdivisions);
- b. performs public duties or functions for a foreign government, including a person employed by a board, commission, corporation or other body or authority that is established to perform a duty or function on behalf of the foreign government, or is performing such a duty or function;

- c. is an official or agent of a public international organization (such as the United Nations); or
- d. is a relative or close associate of the officials referred to above.

Purpose of Policy

The purpose of this Policy is to prevent bribes and improper payments and to establish procedures to ensure that Valverde's business is conducted in an honest and ethical manner in compliance with relevant laws, regulations and the Organization for Economic Co-operation and Development's Guidelines for Multinational Enterprises relating to bribery.

Scope of Policy

This Policy extends across all of Valverde's business dealings and in all countries and territories in which Valverde operates. This Policy applies to all employees (whether permanent or temporary), officers, directors, agents, consultants and managers of Valverde and other associated entities who conduct business on Valverde's behalf.

It is the responsibility of every director, officer and employee of Valverde and any third party or associated entity acting on behalf of Valverde to understand this Policy and to seek help from the Anti Bribery Officer when there is any question or doubt as to how these rules apply in a given situation.

Statement of Policy

Bribery is strictly prohibited.

Valverde has a zero-tolerance approach toward bribery and corruption. Employees must comply with all applicable anti-corruption laws. Although a particular action may be lawful under Canadian law, it might not be lawful under the local laws and regulations of a particular foreign country, or vice versa.

For purposes of this Policy "bribery" is defined as where anything of value (even token value) is:

- a. offered or promised;
- b. given (directly or indirectly);
- c. requested; or
- d. accepted,

to influence a third party to perform their job improperly, or as a reward for having done so. It includes, but is not limited to, bribes paid to government or public officials.

Even where nothing is actually given or received, an offer or request can, in itself, amount to bribery.

It will still be a bribe where payment has been made/offered/requested/accepted via a third party.

Payment, Offer or Promise of Anything of Value

An offer or promise can constitute a bribe, even if the intended recipient does not actually receive the payment. Likewise, an offer or promise can be a bribe, regardless of whether or not the intended recipient accepts or agrees to the payment.

“Anything of value” should be interpreted broadly to include anything (whether monetary or non-monetary) that provides a benefit to the intended recipient. It may include favours, loans and loan guarantees, kickbacks, the use of property, job offers, political contributions or the payment of expenses or debts.

Given Directly or Indirectly

This definition of bribery covers bribes given directly or indirectly through third parties (e.g. agents) or other means (e.g. share offerings). Never authorise nor allow any third party working with or for Valverde, such as a contractor or joint venture partner, to pay bribes on behalf of Valverde.

Improper motive

A payment to influence a third party to perform their job improperly, or as a reward for having done so, should also be interpreted broadly to cover bribes intended to secure or retain business or improper advantages in the course of business.

Facilitation Payments Are Prohibited

A facilitation payment is never to be paid. They are a bribe if not official fees.

Facilitation payments are typically small payments made to foreign government officials to secure or expedite a routine action or service to which an individual or company is otherwise legally entitled (such as speeding up the processing of a visa application).

When Valverde personnel and associated entities encounter demands for facilitation or other similar payments they should immediately report the incident to the Anti Bribery Officer. All requests for facilitation payments must be reported in this manner.

Gifts, Meals and Entertainment

The underlying principle of this Policy is that a gift or hospitality should not be given with the intention of seeking to improperly influence the recipient.

Valverde totally prohibits all gifts or hospitality given on behalf of Valverde with the intention of improperly influencing a third party to give business to Valverde or do it a favour. Similarly, employees are to never accept or request hospitality from someone seeking to improperly influence an employee.

The provision of any hospitality to a public official is expressly prohibited by Valverde without prior authorisation from the Anti-Bribery Officer.

If the value of hospitality exceeds the Valverde approved limit (per person, per occasion) or the Valverde approved limit, an employee must obtain prior approval from the Anti Bribery Officer (in writing) before giving such gift or incurring the expenditure.

If an employee is offered a gift, the employee should seek advice from its manager immediately. Gifts should be accepted if they are token only and in accordance with accepted business practices.

All gifts and hospitality (provided or received) must be reported to the Anti Bribery Officer within 3 working days of giving or receiving them and must include the details of such gift or hospitality. The Anti Bribery Officers will ensure that all gifts are properly documented in Valverde's books and records.

Valverde recognises, however, that subject to the above, the provision/receipt of hospitality is a normal part of doing business. For that reason, Valverde permits hospitality given to/received from third parties provided the hospitality is:

- a. Not in cash or cash equivalent or in the form of a loan;
- b. Given to establish or improve good business relations, promote Valverde's business or image, or for some other bona fide business reasons;
- c. Reasonable and proportionate in amount and scale to the status and seniority of both the person giving and receiving it – i.e. not lavish;
- d. Not to a public official;
- e. Within the Valverde approved limits;
- f. In compliance with the local laws of the country in question where the hospitality is provided; and
- g. Not involving insalubrious premises or illegal substances or excessive consumption of alcohol.

Political Involvement and Charitable Donations

Valverde does not participate in party politics and does not make contributions to political parties or politicians.

Persons subject to this Policy may not, in any manner, participate in politics (including lobbying) on behalf of Valverde or make any political or charitable donations on behalf of Valverde without the prior approval of the Board of Valverde. Of course, Valverde does not restrict or prohibit employees from participating in the political process as an individual citizen.

Top Level Commitment, Review, Oversight and Training

The Board of Directors of Valverde is committed to this Policy and will provide the necessary leadership, resources and active support for management's implementation of this Policy.

The Anti Bribery Officer is responsible for the implementation and oversight of this Policy, ensuring it is carried out consistently with clear lines of authority. The Anti Bribery Officer shall regularly report to Audit Committee and the Board of Directors concerning the implementation and effectiveness of this Policy.

The Audit Committee is responsible for reviewing the adequacy of this Policy and regularly reporting on its implementation and matters arising thereunder to the Board of Directors of Valverde taking into account relevant developments and evolving international laws and industry standards. The Audit Committee will oversee the development, maintenance and testing of Valverde's anti-corruption standards and procedures designed to evaluate and improve their effectiveness.

Valverde's commitment to this Policy will be reflected in human resources practices including recruitment, promotion, training, performance evaluation, remuneration and recognition.

Valverde will provide periodic anti-corruption training to Valverde personnel and associated entities (where appropriate) on this Policy and its associated anti-corruption standards, procedures and preventative measures. The nature and frequency of the training will vary depending on the role of the individual (or associated entity) and the likelihood that such person or entity will confront corruption issues. The nature and frequency of such training will be established by the Chief Executive Officer, in consultation with the Audit Committee and Board of Directors from time to time.

Valverde's executives, directors, officers, managers, employees and contractors must ensure that they complete any anti-corruption training that they are required to undertake as directed by Valverde's Board of Directors and management, from time to time.

Employees and Contractors

Employees and contractors are expected, as part of their normal duties, to do the following:

- a. familiarize themselves with this Policy and the Guidance, as well as related policies;
- b. participate in any anti-corruption training provided by Valverde;
- c. familiarize themselves with and comply with any policy and procedure manuals which apply to their jobs; and
- d. immediately report any actual or suspected bribe, allegation of bribery made by a third party or breaches of policies and procedures which come to their attention in accordance with the Reporting and Escalation section below.

Associated Entities/Agents

It is a violation of this Policy to make any corrupt payments through associated entities or to make any payment to a third party where there is any reason to believe that all or a portion of the payment will go towards a bribe.

Only persons at management level may enter into contracts with third parties on behalf of Valverde.

Never make an agreement on behalf of Valverde with a third party verbally. All contracts must be in writing.

All proposed contracts must be approved by the Anti Bribery Officer prior to signature and copies of signed contracts must be sent to the Anti Bribery Officer within 7 days after signature.

Prior to Valverde retaining, or entering an agreement with, an associated entity (including agents and intermediaries), Valverde's management and legal counsel shall conduct appropriate risk-based due diligence, including without limitation, researching and documenting in writing the reputation, background and past performance of the prospective associated entity as appropriate in the following areas: management information, ownership information, affiliations, qualifications, financial information, reputation, references, compliance with local law, compensation and manager certification (i.e. the manager proposing retention of the associated entity certifying that he or she has conducted due diligence, that relevant persons from the associated entity have been personally interviewed and that there is no reason to believe that the associated entity has violated this Policy or will violate this Policy in regard to future activities on behalf of Valverde).

Valverde should in all instances inform associated entities of its commitment to complying with anti- corruption laws and this Policy, take measures reasonably within its power to

ensure that its business partners and other associated entities comply with anti-corruption laws and practices and seek reciprocal compliance commitments from such associated entities.

Any violation by such business partners, associated entities or their representatives related to services performed for Valverde or assets in which Valverde has an interest must be immediately reported to the Anti Bribery Officer, who will consult with the Chair of the Audit Committee, the Corporate Secretary and other directors and advisors to determine the appropriate action to be taken.

In particular, Valverde will take measures reasonably within its power to ensure that:

- a. any payment made to an associated entity represents no more than the amount outlined in the written agreement with the associated entity and is an appropriate remuneration for legitimate services rendered by such associated entity;
- b. no part of any such payment is passed on by the associated entity as a bribe or is otherwise in contravention of applicable laws or this Policy;
- c. it maintains a record of the names and contract terms for all associated entities who are retained by it in connection with transactions with foreign public officials; and
- d. the activities of the associated entity are monitored to ensure that there is no breach of applicable laws or this Policy.

The employment or retention of individuals related to, dependent on, recommended by or requested by foreign public officials, agents and other associated entities can lead to a violation of this Policy and anti- corruption/conflict of interest laws. Valverde will take reasonable steps within its power to ensure that associated entities acting on its behalf do not hire or retain such employees and candidates.

Risk Assessment and Due Diligence and Warning Signs

Standard business risk assessments will be conducted periodically to determine the level of controls necessary for a particular aspect of Valverde's operations, including in relation to procurement and tender processes. Specific policies and procedures will be adapted and implemented to proportionately address risks as they arise. Records and documentation must be kept of each risk assessment as part of the system of internal controls and record keeping.

Valverde will conduct appropriate due diligence to inform risk assessments and ensure compliance with this Policy.

While the list is not exhaustive, and warning signs will vary by the nature of the transaction, expense/payment request, geographical market or business line, common warning signs that should be considered as part of any due diligence include:

- a. that an associated entity has current business, family or some other close personal relationship with a foreign public official, has recently been a foreign public official or is qualified only on the basis of his influence over a foreign public official;
- b. a foreign public official recommends or insists on the use of a certain business partner or associated entity;
- c. an associated entity refuses to agree to anti-corruption contractual terms, uses a shell company or other unorthodox corporate structure, insists on unusual or suspicious contracting procedures, refuses to divulge the identity of its owners, or requests that its agreement be backdated or altered in some way to falsify information;
- d. an associated entity has a poor reputation or has faced allegations of bribes, kickbacks, fraud or other wrongdoing or has poor or non-existent third-party references;
- e. an associated entity does not have an office, staff or qualifications adequate to perform the required services; or
- f. an expense/payment request by an associated entity is unusual, is not supported by adequate documentation, is unusually large or disproportionate to products to be acquired, does not match the terms of a governing agreement, involves the use of cash or an off-the-books account, is in a jurisdiction outside the country in which services are provided or to be provided, or is in a form not in accordance with local laws.

In the early stages of any potential merger or acquisition, the Chief Executive Officer will review and assess the appropriate level of due diligence requirements in order to ensure anti-corruption compliance is adequately considered and addressed in due diligence and integration efforts.

Reporting and Escalation

An employee must immediately report in accordance with the procedures set out in this Policy when an employee:

- a. uncovers an instance of bribery;
- b. suspects that a bribe has been, or is in the process of being, paid or received or merely discussed; or
- c. receives or otherwise becomes aware of information which suggests that a bribe is in the process of being paid or received or merely discussed.

If an employee becomes aware of, or suspects that bribery or a breach of this Policy has taken place, the employee must immediately report that information to the Anti Bribery Officer (an employee may report it confidentially in accordance with Valverde's **Reporting of Inappropriate Activity Policy**).

All reports will be treated in confidence and fully investigated with legal counsel. Every effort will be made to provide anonymity if it is requested, consistent with legal requirements to report to appropriate legal authorities or comply with investigations.

Once an employee has reported a suspicion or concern, the matter should not be discussed with any person other than those responsible for investigating it until otherwise notified or the information is made public.

An employee will not suffer demotion, penalty or other adverse consequences for refusing to pay or reporting bribes even if such refusal may result in Valverde losing business.

An employee are entitled to raise concerns about the violations or potential violations of this Policy in confidence and without risk of reprisal. The “no retaliation” provisions in Valverde’s Code of Business Conduct and Ethics applies to reports made pursuant to this Policy and retaliation by anyone as a consequence of Valverde personnel or associated entities making a good faith report of a possible violation of the law or this Policy is strictly prohibited.

Non-compliance with this Policy may result in criminal or civil penalties which will vary according to the offence and could include imprisonment. Any employee acting in contravention of this Policy may also face immediate disciplinary action up to and including termination for cause.

The Chief Financial Officer will provide a quarterly report to the Audit Committee based upon information provided by appropriate managers, employees and associated entities. Such report will include, but not be limited to:

- a. a list of gifts, meals and entertainment provided to third parties (including public officials and their relatives or close associates) including a confirmation that such costs have been disbursed in compliance with Valverde’s policies and procedures. This can also include a lump sum cost for small promotional items;
- b. a list of business expenditures and promotional costs (including travel costs) and a confirmation that such costs have been disbursed in compliance with Valverde’s policies and procedures;
- c. a list of existing associated entities that interact with foreign public officials (including agents and intermediaries), the status of their due diligence and amounts paid to them from Valverde or related entities/associations;
- d. a list of charitable contributions, social program contributions or sponsorships, the recipients’ names and titles or political parties the recipient is affiliated with, the amount of the contributions and confirmation that such contributions have been made in compliance with Valverde’s policies and procedures; and
- e. any payments to protect health and safety made pursuant to this Policy.

Internal Control and Record Keeping

As part of Valverde’s system of record keeping, Valverde will maintain an effective system of internal controls to counter violations of this Policy, including financial and organizational checks and balances over Valverde’s accounting practices and other business processes.

All of Valverde's personnel are responsible for ensuring that:

- a. Valverde's accounting records accurately reflect the transactions to which they relate;
- b. All books and records fully and fairly reflect all receipts and expenditures;
- c. Documents are not issued which do not accurately record the transactions to which they relate;
- d. There are no undisclosed or unrecorded funds of Valverde for any purpose – i.e. no secret accounts;
- e. No expenses are paid without appropriate receipts and approval by an employee's manager; and
- f. No third party is reimbursed for expenses or other expenditure incurred by them on behalf of Valverde unless full receipts are provided.

All transactions must be executed in accordance with management's general or specific authorizations. Transactions must be recorded as necessary to permit preparation of financial statements in conformity with International Financial Reporting Standards and to maintain accountability for assets. To the extent possible, all business partners of Valverde should have in place internal controls and procedures that fit these criteria and enhance compliance with this Policy, and Valverde should encourage these practices.

The use of false documents and invoices is prohibited, as is the making of inadequate, ambiguous or deceptive bookkeeping entries and any other accounting procedure, technique or device that would hide or otherwise disguise illegal payments. There must be no off-the-books or secret accounts.

To ensure the effectiveness of internal controls, business and finance personnel of Valverde will review transactions and expense/payment requests for warning signs that signal an inadequate commercial basis or present excessive risks.