



Anticorruption Policy & Procedures



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1. Purpose and Scope

The purpose of this Anticorruption Policy and Procedures (the “Anticorruption Policy” or “Policy”) is to help ensure compliance by ProEnergy with the Foreign Corrupt Practices Act of 1977, as amended (the “FCPA”), and the antibribery and anticorruption laws of other countries in which ProEnergy conducts business (collectively, “Anticorruption Laws”).

The FCPA has two primary sections. The first section makes it illegal for U.S. persons, including U.S. companies and their subsidiaries, officers, directors, employees and agents, and any stockholders acting on their behalf, to bribe Foreign Officials. The second section requires U.S. companies and their subsidiaries to keep accurate and complete books and records and to maintain proper internal accounting controls.

ProEnergy is committed to the highest level of ethical behavior and compliance with all laws and regulations. While the Company may operate in a challenging commercial environment and in countries where corruption can be widespread, ProEnergy will not tolerate any form of bribery or corruption. Any breach of this policy will be regarded as a serious matter by the Company and is likely to result in a disciplinary action.

No employee, or third party acting on behalf of ProEnergy, may corruptly offer, promise, grant or authorize the giving of money or Anything of Value to anyone, directly or indirectly, in connection business dealings in order to obtain or retain business or to secure an improper advantage for ProEnergy.

It is also prohibited to request, agree to receive or accept Anything of Value (directly or through a third party) that may affect an independent judgment in the conduct of business or on behalf of ProEnergy.

All Company employees and Intermediaries are expected to conduct Company business legally and ethically. The Company will conduct every international business transaction with integrity, regardless of differing local manners and traditions, and will comply with the laws and regulations of the United States, particularly the provisions of the FCPA and the laws and regulations of each foreign country in which the Company operates.

2. Who Must Follow This Policy?

This Anticorruption Policy applies to all:

- ProEnergy affiliates and subsidiaries
- ProEnergy officers, directors and employees
- Intermediaries

3. Questions or Concerns

Any questions or concerns pertaining to the administration of or compliance with this Policy should be addressed to the Chief Compliance Officer.

If an employee has a reason to believe that any action does not comply with the law, this Policy or any other relevant ProEnergy policy or procedure, the employee must report that action immediately through one of the following channels:

- Your supervisor
- Management
- Human Resources
- Company legal counsel
- Chief Compliance Officer
- You also can use the Ethics HelpLine at <https://proenergy.ethix360.com> or make a toll-free call in the US 1-844-463-2368 and Argentina 0800-999-1457.
 - HelpLine reports can be made anonymously
 - HelpLine is available 24 hours a day, seven days a week
 - Translators are available
 - HelpLine reports will be forwarded to the Chief Compliance Officer

ProEnergy will not permit any retaliation by any Board of Directors' member, executive, employee, or any other party for any report. If an employee feels that he or she has been retaliated against, the employee should immediately report the matter to Human Resources and the Chief Compliance Officer.

4. Responsibilities of all Company Employees Involved in International Matters

Although on the surface the FCPA's requirements and prohibitions seem straightforward, in practice FCPA issues are often difficult. Every employee or Intermediary whose duties are likely to lead to involvement in or exposure to any of the areas covered by the FCPA is expected to become familiar with and comply with this Policy to avoid inadvertent violations and to recognize potential issues in time for them to be appropriately addressed.

EMPLOYEES: Each employee is responsible for understanding this Policy, participating in training and complying with the Policy. In addition, each employee is responsible for ensuring no gifts, payments or offers of gifts, payments or Anything of Value are made or authorized to Foreign Officials without following the procedures set forth in this Policy.

MANAGERS: Each manager and supervisor is responsible for understanding this Policy, and participating in training and ensuring that employees comply with this Policy and that activities are approved per the approval process outlined within this Policy.

CHIEF COMPLIANCE OFFICER: The Chief Compliance Officer – who reports directly to the Compliance Committee of Board of Directors – is responsible for ensuring compliance with the Anticorruption Laws and this Policy, performing periodic audits, obtaining certifications of compliance from employees and Intermediaries and maintaining proper anticorruption compliance and oversight files. The Chief Compliance Officer is also responsible for reviewing requests for authorization of facilitation payments and promotional or marketing expenses and for approving such requests when such payment, entertainment, gift or offer would not violate either any Anticorruption Law or this Policy. The Chief Compliance Officer is responsible for the day-to-day administration and implementation of this Policy and for ensuring communication and training with regard to this Anticorruption Policy.

ACCOUNTING AND AUDITING DEPARTMENTS: The Accounting and Audit Departments are responsible for maintaining accounting and record keeping books and for auditing compliance to ensure that the assets of ProEnergy are disbursed only as authorized by management, as set forth in this Policy.

5. Prohibited and Restricted Payments

On their face, the kinds of payments prohibited by the FCPA appear to be fairly straightforward, but in practice it can be quite complex to determine what kind of transactions are covered. The law recognizes that companies must interact with Foreign Officials in many ways to conduct business, and establishes guidelines for acceptable and unacceptable behavior in those interactions. Compliance with those guidelines, which are the basis for this Policy, requires vigilance on the part of all employees.

The FCPA prohibits the offer, promise, authorization or payment of a bribe or Anything of Value to a Foreign Official in order to secure improper influence over official actions that may affect ProEnergy. This prohibition is extremely broad.

The definition of a bribe or Anything of Value is also very broad and covers: (1) cash payments; (2) non-cash “payments,” benefits and favors; and (3) in certain circumstances, otherwise legitimate business expenditures such as gifts, entertainment and hosted travel or training. The FCPA prohibits these payments whether they are made directly or indirectly through third parties, such as consultants, agents and joint venture partners.

5.1 INTERACTIONS WITH FOREIGN OFFICIALS

The FCPA applies to interactions with Foreign Officials. For purposes of this Policy, a Foreign Official means any officer or employee of a foreign government (i.e., other than the United States) or any department, agency or instrumentality thereof, or of a “public international organization,” any person acting in an official capacity for or on behalf of a foreign government or government entity or of a public international organization, any foreign political party or party official, or any candidate for foreign political office.

Thus, Foreign Officials include not only elected officials, but also consultants who hold government positions, members of political parties, candidate for foreign political office, employees of companies owned in whole or part by foreign governments, political party officials, officials of public international organizations and others. Indeed, the U.S. Government has made it clear that it is possible for even low-level employees of companies with some level of government ownership or investment to be considered Foreign Officials under the FCPA.

The term “public international organization” includes such organizations as the World Bank, the International Finance Corporation, the International Monetary Fund and the Inter-American Development Bank. The Chief Compliance Officer should be contacted if there is a question as to whether an organization should be treated as a public international organization for the purpose of this Policy.

Under this Policy, Foreign Officials also include spouses and other immediate family members of Foreign Officials so that giving Anything of Value to dependents of officials shall be considered in the same manner as giving Anything of Value directly to the officials themselves. Payments to other relatives must also be scrutinized in advance, and safeguards imposed, to protect against the risk that the relatives could act as conduits to the official.

Critical to ProEnergy’s business is the very broad definition under U.S. law of “instrumentalities,” which includes state-owned or controlled companies. In many instances, employees of such companies are not treated or thought of as government officials in their home country. Under the FCPA, however, they are Foreign Officials.

5.2 CASH AND NON-CASH PAYMENTS: “ ANYTHING OF VALUE ”

Requests by Foreign Officials for payments that would violate the FCPA arise in varied settings and can be much more subtle than a direct request for a kickback or bribe. The FCPA prohibits the provision of Anything of Value to a Foreign Official for improper purposes. This term is very broad, and can include any item of pecuniary value, including, for example:

- Gifts
- Gifts or sales of stock or other investment opportunities in other than an arm’s length transaction for demonstrated fair market value, e.g., buying from an official at inflated prices or selling to an official at deflated prices
- Charitable or social contributions
- Employment offers
- Contracts or other business opportunities awarded to a company in which a Foreign Official holds a beneficial interest
- Medical, educational or living expenses
- Travel, meals, lodging, shopping or entertainment expenses

There is no exception in the statute for either items of de minimis value or for gifts that are traditional or customary in another country.

5.3 PROHIBITED PAYMENTS

As a practical matter, past enforcement actions have shown that the FCPA’s prohibition against improper payments to obtain or retain business or to secure any other improper advantage covers virtually any improper payment made in a business context.

For example, employees and Intermediaries must not pay or give things of value to Foreign Officials, directly or indirectly to:

- Obtain an interest in, or otherwise to acquire, construction or operations interests
- Prevent some governmental action, such as the imposition of a large tax or fine, or the cancellation of an existing government contract or contractual obligation
- Obtain a license or other authorization from a government (such as the right to import goods and equipment)
- Move any shipment of goods, parts or documents through customs
- Obtain visas or work permits
- Obtain confidential information about business opportunities, bids or the activities of competitors
- Obtain the right to open an office, to secure a zoning ruling or to influence the award of a government contract
- Influence the rate of taxes that would be levied on the business
- Obtain relief from government controls
- Resolve governmental disputes, e.g., the resolution of tax deficiencies or a dispute over duties payable
- Resolve commercial litigation in foreign courts
- Affect the nature of foreign regulations or the application of regulatory provisions
- Secure any improper advantage

5.4 INTERMEDIARIES

The FCPA prohibits both direct and indirect payments to Foreign Officials. Thus, ProEnergy can face FCPA liability based on improper payments made by its employees or Intermediaries, whether or not ProEnergy knew of the payments.

ProEnergy's reputation for conducting its business using only legal and ethical means can be undone by a single act by a third party that was chosen as its Intermediary. Thus, for business and legal reasons, practice of fairness and professionalism must extend to the activities of all employees and Intermediaries.

In many instances, the use of an Intermediary is an essential element of doing business in a foreign country. As discussed above, the prohibitions of the FCPA include payments to Foreign Officials made by any Intermediary. Local Intermediaries are retained and selected in part for their knowledge of, and access to, persons in the relevant market and their ability to contribute to the success of development efforts. For this reason and because fees ultimately paid to an Intermediary may be significant, there is a need to be sensitive to potential abuses.

In those circumstances where retaining an Intermediary is appropriate, to protect against the business and legal risks of dealing with third parties who do not share the same commitment to fair dealing or possible violation of the FCPA, ProEnergy must carefully choose its Intermediaries.

All Intermediaries must be identified and selected on the basis of objective and written evaluation criteria, e.g., selected on the basis of identifiable commercial and technical competence and not because he or she is related to an important Foreign Official.

Attached as Appendix A is a list of "red flags" to keep in mind when retaining and doing business with Intermediaries. This list is not exhaustive.

The presence of any red flags should be brought to the immediate attention of the Chief Compliance Officer. ProEnergy should not retain or do business with any Intermediary without first consulting with, and obtaining the written approval of the Chief Compliance Officer in accordance with this Policy.

Prior to engaging or entering into an agreement with any Intermediary, contact the Chief Compliance Officer who will direct you on the process for engaging an Intermediary. They will also maintain a written file on each request, perform the appropriate anticorruption due diligence and obtain the necessary approvals.

These criteria apply regardless of whether the Company initiates the relationship with the Intermediary, or if the Company is approached by the Intermediary with a business opportunity.

In instances where ProEnergy will be retained as a service provider or subcontractor, the Company should conduct due diligence on any counterparty that may be in contact with a Foreign Official. The due diligence, which may differ from the due diligence to be performed on an Intermediary, shall be tailored to the circumstances and risks.

The appropriate level of due diligence to be performed on a potential Intermediary should be determined through a risk-based analysis. That is, the degree of due diligence will vary based on a number of factors including, without limitation, the industry, country, size and nature of the transaction, historical relationship with the Intermediary, the Intermediary's qualifications and the number and types of red flags. More specifically, the Chief Compliance Officer follows these recognized due diligence principles:

1. The Company must understand the qualifications and associations of each Intermediary, including its business reputation and relationship, if any, with Foreign Officials. The degree of scrutiny should increase as red flags surface.
2. The Company must have an understanding of the business rationale for including the Intermediary. Among other things, the Company should understand the role of and need for the Intermediary and ensure that the contract terms specifically describe the services to be performed. Additional considerations include payment terms and how those payment terms compare to typical terms in that industry and country, as well as the timing of the Intermediary's introduction to the business. Moreover, the Company should confirm and document that the Intermediary is actually performing the work for which it is being paid and that its compensation is commensurate with the work being provided.
3. The Company must undertake some form of ongoing monitoring of third party relationships. Where appropriate, this may include updating due diligence periodically, exercising audit rights, providing periodic training and requesting annual compliance certifications by the Intermediary.
4. The Company shall notify Intermediaries of its Code of Business Conduct, this Policy and its commitment to ethical and lawful business practices. The Company shall also obtain assurances from Intermediaries, through certifications or otherwise, of reciprocal commitments.

Due diligence on each Intermediary should additionally include:

- Obtain written approval of the CEO/President, Chief Operating Officer or Chief Commercial Officer to initiate the process to retain the Intermediary applicant

- Have the applicant complete the Company's Intermediary Application and provide such other information as may be requested
- Cross check the applicant, its principal stakeholders, subsidiaries and related parties against the U.S. Government's Consolidated Screening List, which collects information on individuals who are restricted from certain exports, reexports or transfers of items. The Consolidated Screening List is available on the export.gov website (http://export.gov/ecr/eg_main_023148.asp)
- Search the Internet and other public sources of information for any suspicious data concerning the applicant or related parties
- Check applicant's references included on the Application
- Conduct an in-person or phone interview with the applicant to go over the Application to ensure that it is complete and correct and to review the requirements of the FCPA and this Policy
- Prepare a written memorandum summarizing the results of the due diligence investigation, highlighting any risks identified and steps taken to mitigate those risks
- Obtain written approval of (i) CEO/President, Chief Operating Officer or Chief Commercial Officer and (ii) Chief Compliance Officer to retain the applicant as an Intermediary and the commercial terms for such engagement
- Execute a written agreement with the Intermediary, the form of which must receive the written approval of ProEnergy's Legal Department. Although the terms of such agreements may vary based upon the relationship between the parties, the transaction at hand and the local jurisdiction, each written agreement shall (a) require compliance with the FCPA and ProEnergy's policies including, but not limited to, this Policy; (b) require the Intermediary to generate and preserve, for a period of five years, records pertaining to any amounts spent in connection with the work performed for ProEnergy, including any direct or indirect payment, offer, promise, authorization of payment of Anything of Value to a Foreign Official; and (c) permit ProEnergy to audit and review such records upon request.

Once any relationship has been entered into with an Intermediary, ProEnergy, through the Chief Compliance Officer, will be vigilant in monitoring the relationship.

Monitoring the relationship should include creating a written record, updated on a regular basis, of: (i) the work performed on behalf of ProEnergy; (ii) any contacts between the Intermediary and Foreign Officials, (iii) any money spent in performing work on behalf of ProEnergy, (iv) an assessment of the value of the services provided by the Intermediary and (v) the ongoing need for the relationship. While the frequency of these written reports will vary based on the nature of the work performed by the Intermediary, for sales agents they should be prepared, at the very least, on an annual basis. Likewise, ProEnergy will exercise its contractual audit rights on sales agent Intermediaries no less than every two years. ProEnergy will audit other Intermediaries in accordance with prudent practice in the compliance industry.

5.5 GIFTS, TRAVEL & ENTERTAINMENT

The FCPA does not prohibit all payments to, or on behalf of, Foreign Officials. While certain expenditures are more likely to raise red flags, payments will be allowed if they are (a) reasonable, (b) bona fide, and (c) directly related to the promotion, demonstration or explanation of ProEnergy's products or services or the execution or performance of a contract.

Employees shall not make or authorize any gift, payment or offer of Anything of Value to any Foreign Official, whether on the local, regional or national level, unless approved under this Policy. This Policy specifically outlines the very limited circumstances – modest entertainment, meals, promotional items, gifts of a nominal value and other business courtesies – when items of value can be given to Foreign Officials. Nominal value means U.S.\$100.00 or less. Such entertainment, meals, promotional items, gifts of a nominal value and other business courtesies may not be made except in accordance with this Policy.

The employee must obtain written approval from the Chief Compliance Officer before: (a) making a payment or giving Anything of Value to a Foreign Official or (b) making a charitable contribution outside of the U.S. The process and procedures for obtaining approval will be established by the Chief Compliance Officer. There are a limited number of situations where prior approval is not required, and these are discussed below. Of course, in all cases, any expenses must be fully and accurately described and a written record maintained.

5.5.1 GIFTS TO AND ENTERTAINMENT OF FOREIGN OFFICIALS

The FCPA does not prohibit gift-giving. Rather, it simply prohibits the payments of bribes, including those disguised as gifts. Gifts, travel and entertainment can be provided to Foreign Officials only to the extent that they meet the criteria and approval requirements set forth in this section.

Gifts of promotional items do not require prior written approval from the Chief Compliance Officer. Company promotional items are: (a) corporate gifts of nominal value with the Company logo permanently affixed and (b) event tickets of the sort regularly purchased by the Company for promotional purposes (i.e., sporting, concert or rodeo tickets), but only if an employee accompanies the recipient to the event (special purchases of tickets will still require pre-approval). Even though prior approval is not required for these sorts of gifts and entertainment expenses (other than for special purchases of tickets), the value of such gifts or entertainment and the recipient(s) must be reported to the Chief Compliance Officer and properly recorded.

Meals for Foreign Officials do not need prior written approval from the Chief Compliance Officer if they do not exceed what is generally considered a reasonable business courtesy. Meals are reasonable when they are limited social invitations which are given to Foreign Officials, and that do not carry business obligations or present potential for embarrassment. Generally, meals with a per-person value of less than U.S. \$100.00 would be considered reasonable. A copy of the employee's expense report showing the (itemized) value of the meal (or other appropriate documentation) as well as the recipients must be recorded properly for the Company's records.

In all cases, expenses relating to gifts, entertainment or meals given to Foreign Officials must be:

- Directly related to either the promotion, demonstration or explanation of products or services, or the execution or performance of a contract with a foreign government, agency or instrumentality thereof
- Reasonable in light of customary gifts and entertainment
- Provided for a purpose other than to induce a Foreign Official to misuse his/her official position
- Certain not to create the appearance of being an improper payment or a conflict of interest
- Infrequent, i.e., not more than six times each year, unless Chief Compliance Officer consent is

received

- Legal under the foreign country's written laws, rules or regulations (many foreign ministries or agencies or public international organizations have separate hospitality rules)
- Fully disclosed, as appropriate, to the foreign government
- Properly recorded in the Company's books and records. The employee responsible for overseeing the gift or entertainment expense must submit supporting documentation to the Accounting Department so that the payment or expense can be accurately described and reflected in Company's books and records.

5.5.2 HOSTING FOREIGN OFFICIAL TRAVEL

On occasion, the Company may receive requests to host Foreign Officials for training, either at the Company's facilities or at training opportunities sponsored by outside vendors such as universities, industry related organizations and others. Similarly, the Company may desire to host Foreign Officials to promote its products and services. It may also be asked to host Foreign Officials outside of their host country at technical or operations meetings, other project meetings or negotiating sessions. These requests may be required under contractual commitments, or requested or offered outside of those commitments. In addition, the Company may determine independently that it is necessary to host a Foreign Official for similar reasons.

When these instances occur outside the Foreign Official's home country, extend more than one day, and involve airfare, hotel, transportation and meal expenses, these meetings will tend to involve more significant expense amounts. As such, they pose higher anticorruption and public relations risks than routine in-country hosting and entertainment of Foreign Officials.

Guidelines governing all meeting and training sessions of Foreign Officials outside an official's home country are set forth in the Appendix B.

In all cases, it is important to ensure that the employee or Chief Compliance Officer communicates clearly in advance, and preferably in writing, to the Foreign Official, what expenses will and will not be covered by the Company. A failure to do so can increase legal risks as well as the potential for misunderstandings with the Foreign Official.

5.5.3 FACILITATION OR "GREASE" PAYMENTS

In recognition of the standard practices in some countries, the FCPA grants a narrow exception permitting certain Facilitation Payments made in furtherance of routine governmental action that involves non-discretionary acts. Routine government action does not include a decision to award new business or to continue business with a particular party. Nor does it include acts that are within an official's discretion or that would constitute misuse of an official's office.

The Company's policy is to consider these payments only when it is lawful to do so under applicable Anticorruption Laws. The Company's Legal Department must be consulted to determine, with the help of local experts, whether such payments are legal under local laws.

Examples of such routine governmental actions include actions ordinarily and commonly

performed by a Foreign Official in:

- Obtaining permits, licenses or other official documents to qualify a person to do business in a foreign country
- Processing governmental papers such as visas
- Providing police protection, mail pick-up and delivery or scheduling inspections
- Providing phone service, power and water supply, loading and unloading cargo or protecting perishable products or commodities from deterioration

An employee cannot make, arrange for, agree to or otherwise authorize a Facilitation Payment without the prior written approval of the Chief Compliance Officer. An employee may, however, seek written approval before the need for any specific Facilitation Payment arises, and such approval may be tailored as circumstances reasonably require, including the approval of a category or categories of Facilitation Payments. Therefore, employees should consider whether they will be in a jurisdiction where facilitation payments might be necessary and seek approval in advance accordingly. Any Facilitation Payment actually made must be reported to the Chief Compliance Officer immediately.

In addition, as discussed below in Section 5, any Facilitation Payment must be accurately recorded in the Company's books and records.

5.5.4 ACTIONS IN ACCORDANCE WITH LOCAL LAW

The FCPA also contains an affirmative defense for payments to Foreign Officials that are lawful under the written laws and regulations of the Foreign Official's country. That being said, most countries have laws prohibiting the payment of bribes to government officials. Further, no country has written laws permitting bribery. Thus, no payment shall be made by any employee or Intermediary to a Foreign Official in reliance upon the written laws of the local country without the prior written approval of the Chief Compliance Officer or Legal Department.

5.5.5 DONATIONS TO FOREIGN CHARITIES

The Company believes in contributing to the communities in which it does business and permits reasonable donations to foreign charities and to other recipients either ad hoc or under a social investment program. However, the Company needs to be certain that donations to foreign-based charities and other recipients are not disguised illegal payments to Foreign Officials in violation of the FCPA. It must also be confirmed that the charity does not act as a conduit to fund illegal activities in violation of U.S. anti-money laundering or other laws. Therefore, before making a donation to a charitable entity the following guidelines must be followed.

- **REQUEST FOR APPROVAL:** A written request, in the form of Appendix F, describing the charity, including the name of persons contacted and attaching any supporting documentation, should be submitted to the Chief Compliance Officer. The donation should generate publicity or goodwill for the Company and demonstrate the Company's commitment to the community, whether local, regional or national.
- **BACKGROUND CHECK ON CHARITABLE ORGANIZATIONS:** Before authorizing any

payment to a foreign charity, the Company should confirm that the relevant charity is in fact a bona fide organization and not an entity controlled by or for the benefit of a Foreign Official or a conduit to fund terrorism or other illegal activity, and that the donation is not being made for an improper purpose. Steps to verify a charity's authenticity can include: (i) obtaining from the charity its articles of incorporation, statements from independent accountants, and/or information reflecting the charity's purpose and key management personnel; (ii) requesting receipts, reports and/or other documents that demonstrate how the charity will use the funds; (iii) obtaining related information about the charity from the local office of the U.S. Embassy; (iv) obtaining a written opinion from local counsel; (v) conducting Internet searches on the charity, the charity contact person(s) and related parties; and (vi) checking charity, the charity contact person(s) and related parties against the U.S. Government's Consolidated Screening List, which collects information on individuals who are restricted from certain exports, re-exports or transfers of items. The Consolidated Screening List is available on the export.gov website (http://export.gov/ecr/eg_main_023148.asp). The results of the background check should be reduced to writing and maintained in the Company's files in the form of Appendix F.

- **APPROVAL:** Prior to sending a donation to any foreign charity, the Legal Department should authorize, in writing, the donation and affirm that it does not violate applicable laws, rules or regulations.
- **RECORD RETENTION:** Documentation that substantiates the donation, e.g., receipts, should be retained and recorded properly in the Company's books and records. Supporting documentation relating to the donation must also be forwarded to the Accounting Department so that the payment or expense is accurately described and reflected in the books and records.

5.5.6 FOREIGN POLITICAL CONTRIBUTIONS

It is the Company's policy that under no circumstances shall Company funds be used to make political contributions to political parties or candidates in countries other than the U.S. (and then only in accordance with other Company policies and procedures on political contributions), even if such contributions are permitted by a country's written laws. This policy is not intended to discourage or prohibit national employees of a host country from voluntarily making personal political contributions, from participating in the political process on their own time and at their own expense, from expressing their personal views on legislative or political matters or from otherwise personally engaging in political activities in such country. Expatriate employees should, as a rule, refrain from participating in the political process in foreign countries.

5.6 EMERGENCY HEALTH AND SAFETY PAYMENTS

This Policy does not affect a situation in which an employee is required to make a payment to avoid a risk to personal health or safety. There is no prohibition on payments made in response to extortionate threats of physical harm. Although any such situations should be avoided if possible, neither the FCPA nor this Policy prohibits forced or extorted payments in such circumstances. (It should be noted, however, that this exclusion does not extend to economic coercion or threats of financial harm.) Any payment made pursuant to this section must be immediately reported to the Chief Compliance Officer and must be accurately recorded in the Company's books and records.

6. Record keeping and Internal Accounting Control Provisions

The record keeping provisions of the FCPA require publicly held U.S. companies to establish and maintain a system of internal controls that ensures that all transactions and dispositions of assets occur only with management's authorizations, and that all such transactions are recorded accurately and in reasonable detail in the companies' books, records and accounts. Even though the Company is not publicly held, adhering to the Company's internal controls and keeping detailed, accurate descriptions of all payments and expenses is crucial for compliance with this Policy.

6.1 RECORD KEEPING, ACCOUNTING & PAYMENT PRACTICES

The FCPA prohibits the mis-characterization or omission of any transaction on a company's books, or any failure to maintain proper accounting controls that result in such a mis-characterization or omission.

Accordingly, employees must follow applicable standards, principles, laws and practices for accounting and financial reporting. In particular, employees must be timely and complete when preparing all reports and records required by management. In connection with dealings with public officials and with other international transactions explained in this Policy, employees must obtain all required approvals. Prior to paying or authorizing a payment to a Foreign Official, employees and Intermediaries should be sure that no part of such payment is to be made for any purpose other than that to be fully and accurately described in the Company's books and records. All payments to a Foreign Official must be reported as such. No undisclosed or unrecorded accounts are to be established for any purpose. False or artificial entries are not to be made in the books and records for any reason. Finally, personal funds must not be used to accomplish what is otherwise prohibited by this Policy.

6.2 FINANCIAL CONTROL SYSTEMS AND ACCOUNTING REQUIREMENTS

Broadly speaking, there are several key threshold requirements that govern the Company's operation of its financial control system:

- Transactions are executed in accordance with management's general or specific authorization; Transactions are recorded as necessary: (1) to permit preparation of financial statements in conformity with generally accepted accounting principles ("GAAP") or any other criteria applicable to such statements, and (2) to maintain accountability for assets
- Access to assets is permitted only in accordance with management's general or specific authorization
- The recorded accountability for corporate assets is compared with the existing assets at reasonable intervals and appropriate action is taken with respect to any differences

These requirements apply to all Company entities and offices, whether in the United States or in international locations.



7. Related Foreign Laws

Although this Policy primarily focuses on compliance with the FCPA, it is necessary to remain equally attentive to compliance with applicable local laws of each of the countries in which the Company operates or seeks to operate. These laws include bribery laws and the laws, regulations and policies that govern the activities of public officials, such as conflict of interest and ethics rules, tax laws and others.

As a result of several important international conventions in recent years, more than 60 countries prohibit, as a matter of domestic law, illicit payments to government officials in other countries. Consequently, the domestic laws in many of the countries now include their own versions of the FCPA.

In addition, the international movement against official corruption has spawned new cooperation mechanisms between U.S. enforcement officials and their foreign counterparts, which significantly increase the risk of investigation and prosecution. For example, the U.S. Securities and Exchange Commission (“SEC”) has entered into bilateral information-sharing and/or cooperation agreements with more than 30 foreign securities regulators. The U.S. Department of Justice (“DOJ”) also regularly teams with foreign enforcement officials to pursue corruption cases.

As a result, when employees are involved in a transaction or activity that touches on a foreign jurisdiction, they should work with the Chief Compliance Officer and Legal Department to familiarize themselves with local law and ensure compliance with its provisions.



8. Related U.S. Laws

The FCPA’s prohibitions work in tandem with prohibitions and penalties under a range of other U.S. laws. These include mail and wire fraud, tax fraud, conspiracy laws and, most recently, the Money Laundering Control Act.

Following the acts of terrorism upon the U.S. on September 11, 2001, the U.S. Patriot Act broadened requirements for U.S. companies to prevent and detect money laundering and terrorist financing in the conduct of legitimate business. In the course of conducting its business, ProEnergy may engage in financial transactions with foreign entities, including contracts with foreign companies, governments and foreign charitable organizations. To ensure that these transactions do not facilitate money laundering or other illegal activity, ProEnergy will conduct reasonable due diligence into the identity and reputation of the organization or individual, the identity of its principals, the nature of the organization’s business and its ties to other entities.

Additional guidance on these provisions can be obtained from the Chief Compliance Officer and Legal Department.

9. Penalties

The FCPA imposes criminal liability on both individuals and corporations. For individuals who violate the anti-bribery provisions of the FCPA, criminal penalties include fines of up to \$250,000 and imprisonment of up to five years. ProEnergy may not reimburse any fine imposed on an individual. Corporations may be fined up to \$2 million. Fine for both individuals and corporations can go much higher, however, under a law called the Alternative Fines Act, which allows courts to impose a penalty of up to twice the benefit obtained from the improper payment.

In addition to criminal penalties, either the DOJ or the SEC can bring a civil action against any company that violates the anti-bribery provisions, and against any officer, director, employee or agent of a company, or a stockholder acting on behalf of a company who violates the Act. Both individuals and corporations are subject to civil penalties of \$16,000 per violation. In an SEC enforcement action, the court may impose an additional fine of up to the greater of (1) the gross pecuniary gain that resulted from the violation, or (2) for individuals, up to \$100,000, and for corporations, up to \$500,000. The DOJ and the SEC may also obtain injunctions to prevent FCPA violations.

Individuals who willfully violate the accounting provisions of the FCPA may be fined up to \$5,000,000, imprisoned up to twenty years or both. A corporation may be fined up to \$2,500,000 per violation. Alternatively, both individuals and corporations violating the FCPA's accounting provisions may be subject to fines of up to twice the amount of any pecuniary gain or loss resulting from such violation.

In short, the financial risk associated with an FCPA violation is massive for both the Company and its employees. Penalties in some recent cases have amounted to hundreds of millions of dollars with individuals sentenced to extensive prison terms.

DISCIPLINARY ACTIONS

The Company strives to impose discipline that fits the nature and circumstances of each Policy violation. Violations of a serious nature may result in suspension without pay, loss of pay, loss or reduction of merit increase, bonus or stock option award, or termination of employment.

10. Anticorruption Training

Each employee who is reasonably expected to (a) directly work on or in support of an international project or opportunity, (b) directly or indirectly have contact with Foreign Officials or governments on international business development or retention will be required annually to: (1) attend a training session; and (2) complete, sign and return an annual certification to the Chief Compliance Officer. All other full-time employees are required to complete certification, sign and return an annual certification to the Chief Compliance Officer no less than every other year.

11. Review and Audit of Anticorruption Program

The Chief Compliance Officer is responsible for continuously seeking to improve and enhance this Policy's effectiveness by (a) annually reviewing and updating this Policy as necessary and (b) testing adherence to this Policy, measuring the Company's compliance culture, ensuring the strength of its internal controls, detecting new risk areas and identifying best practices. Such review shall take into account information including key risks; business initiatives; overall employee understanding of company values, ethics and policies; the enforcement environment; new laws and regulations and industry best practices; and the best practices of companies of a comparable size, industry and organizational structure.

Internal Audit should complete its corrective action plan for Internal Assessment of Anticorruption Policy and Program and provide regular updates to the Compliance Committee.

Internal Audit, as part of its regular monitoring program, should review payments to vendors, intermediaries, sales agents and any other parties that ProEnergy may engage within the normal course of business, from the Accounts Payable disbursement files, specifically identifying invoices with higher risk profiles. For example, consecutively numbered invoices from the same vendor, invoices on the same date from the same vendor, round dollars and vendors with the same physical address, etc.

Internal Audit should regularly review the Vendor Master File for vendors with banking addresses outside the country of business.

Internal Audit should audit the intermediary due diligence process to determine if high risk third parties are subjected to due diligence and escalate where appropriate.

Every year, the Company shall perform at least one internal audit to test compliance with this Policy. Every other year, the Company shall have an audit performed by a third party. The scope of each audit shall be determined by the Chief Compliance Officer and approved by the Compliance Committee of the Board of Directors. The number of audits to be performed in any years may be greater if the facts or circumstances so dictate.

12. Appendices

The Chief Compliance Officer may create, eliminate, amend or modify appendices and forms as he or she deems necessary for the effective and efficient administration of this Policy and to comply with Anticorruption Laws.



13. Definitions

“Anticorruption Laws” has the meaning set forth in Section 1.

“Anticorruption Policy” or “Policy” has the meaning set forth in Section 1.

“Anything of Value” or “Item of Value” has the meaning set forth in Section 5.2.

“Bribery” generally involves receiving, giving, promising, authorizing or offering money, a gift, other benefit or Anything of Value to someone in business or government in order to obtain or retain a commercial advantage or to induce or reward the recipient for acting improperly or where it would be improper for the recipient to accept the benefit.

“Chief Compliance Officer” has the meaning set forth in Section 4 and may also be the Compliance Office.

“Compliance Office” shall mean the Chief Compliance Officer.

“Facilitation Payment” has the meaning set forth in Section 5.5.3.

“FCPA” has the meaning set forth in Section 1.

“Foreign Official” has the meaning set forth in Section 5.1.

“Hospitality” means a provision of friendly and generous reception and entertainment, such as meals, invitations or tickets to social entertainment, cultural or sporting events. Hospitality may also include travel accommodations.

“Intermediary” means any agent, consultant, representative, broker or other person or firm of U.S. or any other nationality who has or is likely to have contact with a foreign customer or Foreign Official on behalf or in support of ProEnergy.

“Kickback” is a form of negotiated bribery in which a commission is paid to the bribe-taker as an illegal fee (money, goods, services or Anything of Value) for the services rendered. The purpose of the kickback is usually to encourage the other party to cooperate in a fraud or another illegal scheme.

“Nominal Value” has the meaning set forth in Section 5.5.

“ProEnergy” means ProEnergy Holding Company, Inc. and its affiliates and subsidiaries.



Appendix A

“Red Flags”

1. The proposed Intermediary has a history of improper payment practices.
2. The transaction or the proposed Intermediary is in a country where there is widespread corruption.
3. The transaction or the proposed Intermediary is in a country that has a history of bribes and kickbacks.
4. The transaction or the proposed Intermediary is involved in or with an industry that has a history of FCPA violations.
5. The proposed Intermediary refuses to agree to comply with the FCPA.
6. The proposed Intermediary has a family or business relationship with a government official.
7. The proposed Intermediary has a poor business reputation.
8. The proposed Intermediary insists that its identity remain confidential or refuses to divulge the identity of its owners.
9. A government customer recommends or insists on use of a particular intermediary or consultant.
10. The proposed Intermediary does not have offices or a staff.
11. The proposed Intermediary does not have significant experience, qualifications or a proven track record.
12. The proposed Intermediary insists on unusual or suspicious contracting procedures.
13. The fee or commission to be paid to the proposed Intermediary is unusually high.
14. The payment mechanism to be utilized is secretive or unusual.
15. The proposed Intermediary submits inflated or inaccurate invoices.
16. The proposed Intermediary requests cash or bearer instrument payments.
17. The proposed Intermediary requests payment in a jurisdiction outside its home country that has no relationship to the transaction or the entities involved in the transaction.
18. The proposed Intermediary asks that a new customer be granted an excessive credit line.
19. The proposed Intermediary requests unusual bonus or special payments.
20. The proposed Intermediary requests an unusual advance payment.
21. The termination of a business relationship with a proposed Intermediary by another entity under suspicious or inadequately explained circumstances.
22. Heavy reliance on political/government contacts, as opposed to industry knowledge and skill, to promote the Company’s interests.
23. The proposed Intermediary has no established business presence in the country.
24. A lack of supporting documentation for transactions.
25. The proposed Intermediary resists executing a written agreement, anti-bribery or audit provisions.



Appendix B

Guidelines for Hosting Officials

GUIDELINES FOR HOSTING OFFICIALS OUTSIDE OF THEIR HOME COUNTRY

Because the hosting of Foreign Officials involves the payment or reimbursement by the Company for travel and travel-related expenses (including, for example, transportation, lodging, meal and incidental expenses) of individual government officials, they raise FCPA issues. Paying the travel expenses of any Foreign Official must be carefully reviewed and structured to ensure compliance with the FCPA and applicable laws of the official's country. In addition to the FCPA, the laws or regulations of a Foreign Official's country will in most cases contain provisions that govern the payment or reimbursement of expenses incurred by the official. Even where the local laws permit ProEnergy to pay an official's expenses, there may be legal requirements applicable to the handling, accounting and reporting of such payments. These laws and regulations must also be considered when planning ProEnergy-paid official travel.

Because of the many business and legal considerations that apply to official travel, proposals for ProEnergy-paid travel are subject to the following procedures and review requirements.

APPROVAL PROCESS AND REQUIREMENTS

Advance approval from the Chief Compliance Officer is required for all payments of travel and travel-related expenses for Foreign Officials. Unscheduled or special trips made to accommodate Foreign Officials (for example, travel on a ProEnergy plane) must also be pre-approved in this same manner.

For travel outside the official's home country: (1) the "FCPA Pre-Approval Form" (Appendix D), (2) a description of the business meetings, activities and entertainments scheduled during the trip, and (3) a schedule of expenses to be reimbursed or paid, must be presented to the Chief Compliance Officer as early as possible in advance of the hosting for consideration and approval.

Each visitor will have a business sponsor who will coordinate all benefits to be received with the Chief Compliance Officer as necessary. No department may incur charges before the FCPA Pre-Approval Form has been approved.

Appendix C

Guidelines on Payments of Expenses

PAYMENTS FOR EXPENSES

AIRFARE

- Airfare expenses paid for by ProEnergy should mirror ProEnergy travel policies. The business sponsor will ensure that all airline travel is arranged by the ProEnergy Corporate Travel Department.

LODGING EXPENSES

- Lodging expenses paid for by ProEnergy should include only accommodation costs (including reasonable expenditures for meals) actually incurred in business class hotels and only during the period of the particular meeting, facility visit, seminar, event, or en route to those activities.
- ProEnergy will follow standard expense reimbursement policies with respect to incidental charges at hotels, including, for example, laundry, telephone usage, movies, mini-bar items, access to fitness facilities and hotel spa services.
- The business sponsor will ensure that lodging arrangements are made by the ProEnergy Corporate Travel Department.

LOCAL TRANSPORTATION EXPENSES

- ProEnergy should pay only for incidental and local transportation associated with the official's participation in the relevant activities. Thus, for example, ProEnergy may reasonably pay for a standard car to transport an official to and from his or her hotel and the relevant sites (including ProEnergy-hosted entertainment), but may not reasonably pay for an official to have a car at his or her disposal for personal use (for example for a long weekend of sightseeing.)
- The business sponsor will ensure that transportation arrangements are made by the ProEnergy Corporate Travel Department.

MEALS AND ENTERTAINMENT EXPENSES

- Within the context of hosted travel, the appropriateness of paid meals and entertainment will be evaluated using the criteria set forth in the Policy and in consideration of the overall hosting agenda. Meals are reasonable when they are limited social invitations which are given to numerous Foreign Officials, and that do not carry business obligations or present potential for embarrassment. Generally, meals with a per-person value of less than U.S. \$100.00 would be considered reasonable.
- The business sponsor is responsible for ensuring that meals and entertainments do not exceed what has been approved in advance.

GIFTS TO AND ENTERTAINMENT OF FOREIGN OFFICIALS

- Gifts can be provided to Foreign Officials only to the extent that they meet the criteria and approval requirements set forth in this Policy. Gifts of ProEnergy promotional items do not require

prior written approval. ProEnergy promotional items are: (1) corporate gifts with the ProEnergy logo with the logo permanently affixed; (2) event tickets of the sort regularly purchased by the Company for promotional purposes (i.e., sporting, concert or rodeo tickets), but only if an employee accompanies the recipient to the event (special purchases of tickets will still require pre-approval). Even though a FCPA Pre-Approval Form is not required for these sorts of gifts and entertainment expenses (other than for special purchases of tickets), the value of such gifts or entertainment and the recipient(s) must be properly recorded. Frequency of hospitality must be carefully monitored, as the cumulative effect of frequent hospitality may give rise to the appearance of impropriety. Hospitality for an individual should not exceed six events in any calendar year unless Chief Compliance Officer consent is received in writing.

FORM OF PAYMENT

- Cash payments to Foreign Officials to cover travel and travel-related expenses are prohibited. Exceptions may be granted where special circumstances require them and the payments are approved in advance by the Chief Compliance Officer and later documented accurately in the Company's records.
- Unless a per diem has been approved, payments to cover expenses should be paid directly to vendors (i.e., airlines, hotels, car rental companies) and not to the official. Where direct payment is not possible, reimbursement is contingent upon the official's provision of receipts for the expenses for which reimbursement is requested, and, wherever possible, should be paid to the Foreign Official's government rather than to the individual Foreign Official.

PER DIEMS

- Per diem allowances, which many foreign governments prefer and in some cases mandate as the means of expense reimbursement for their officials, present inherent FCPA risks as monies given directly to an individual Foreign Official. The use of per diems is discouraged. Where per diems are required by the foreign government or government agency, or cannot otherwise be avoided without significant business disruption, they are permitted only with advance, written approval of the Chief Compliance Officer.
- Per diems may be paid to cover the expenses of visiting officials, where consistent with local law, at a rate determined by ProEnergy based on the reasonable cost of accommodation at the site visited or as required by local law.

COMMUNICATION OF HOSTING PARAMETERS

In all cases, it is important to ensure that ProEnergy communicates clearly and in writing to the Foreign Official what expenses will and will not be covered. A failure to do so can increase legal risks as well as the potential for misunderstandings with the Foreign Official. Accordingly, a letter memorializing all of the key terms of the hosting, including what expenses will and will not be covered, should be sent prior to the commencement of the hosting. The Chief Compliance Officer will work with the business sponsor to draft this sort of letter.

Appendix D

FCPA Pre-Approval Form

This form is intended for use in obtaining approval before: (1) making a payment or giving Anything of Value to a Foreign Official; or (2) making a contribution for a charitable purpose.

Business Sponsor _____ Date _____

Type of Interaction *(Mark an appropriate box)*

Gifts

Entertainment/Hosting/Travel

Charitable Contributions/Social Investment/Scholarships

Other _____

1. DETAILED DESCRIPTION OF THE PROPOSED TRANSACTION *(Attach relevant supporting documentation, i.e., charitable contributions/social investment project descriptions, agendas, course schedules and other communications.)*

2. WHY SHOULD PROENERGY ENGAGE IN THIS ACTIVITY? *(What is the business purpose?)*

3. WAS THE ACTIVITY SUGGESTED BY THE GOVERNMENT OR A GOVERNMENT OFFICIAL? *(If required by contract or by law, please describe the contract or law/regulation requiring the activity.)*

	Per Person	Total
Airfare		
Transportation		
Hotel		
Meals		
Conference or Course Fees		
Per Diem Amount		
Gifts		
Entertainment		
Amount of Contributions		
TOTAL ESTIMATED EXPENSES		

5. PROENERGY ENTITY MAKING CONTRIBUTION(S)/REIMBURSING EXPENSES:

6. DESCRIBE HOW AND TO WHOM PAYMENTS WILL BE MADE: *(Attach any background information you have about the organization.)*

7. APPROVALS

Requestor _____

Requestor Manager _____

Chief Compliance Officer _____

8. CONTROL NUMBER *(To be completed by Accounting Department Manager)*

9. INTERNAL ACCOUNT CODING *(To be completed by Accounting Department Manager)*

Appendix E

Intermediary Approval Checklist

When considering the initial engagement or renewal of an engagement of an Intermediary who might have contact with Foreign Officials for the purpose of obtaining or retaining business for ProEnergy, please complete the Intermediary Application section of this form and provide it to the Chief Compliance Officer (compliance@proenergyservices.com) to complete the remaining sections.

Intermediary			
Business Sponsor's Name		Business Sponsor's Signature	
Intermediary Applicant's Name		Intermediary Applicant's Business	
Intermediary Applicant's Address(es)		Purpose for Intermediary Applicant's Retention	

Required Approval Section				
APPROVAL ITEM	AUTHORIZED APPROVER(S)	APPROVER'S NAME	APPROVER'S SIGNATURE	DATE
Initiation of Intermediary Approval Process	CEO/President or Chief Commercial Officer			
Intermediary Applicant and Terms	CEO/President or Chief Commercial Officer			
Intermediary Applicant & Terms	Chief Compliance Officer			
Terms	Legal Department			

Required Procedure for Intermediary Retention		
	YES (Attach documentation to the extent possible)	NO (State reasons if unable to complete)
1. CEO/President or Chief Commercial Officer has approved initiation of this Intermediary applicant approval process by signing in the space above.		
2. Compliance Office has received a completed Intermediary Application from applicant.		
3. Compliance Office has considered if applicant, its principal stakeholders, subsidiaries and related parties raise any of the red flags in Appendix A; there are no red flags or any identified red flags are described in this form or documents attached here.		
4. Applicant, its principal stakeholders, subsidiaries and related parties are not listed on the U.S. Government's Consolidated Screening List. (https://www.export.gov/consolidated_screening_list)		
5. Compliance Office has searched the Internet and other public sources of information for any suspicious data concerning applicant, its principal stakeholders, subsidiaries and related parties and has found none.		
6. Compliance Office has checked applicant's references included on the Application.		
7. Compliance Office has conducted an in-person or phone interview with applicant to review the Application to ensure it is complete and correct and to review the requirements of the FCPA and the Anticorruption Policy.		

Appendix F

Donations to Foreign Charity Approval Checklist

Any donation to a foreign charity must be approved before it is made. To obtain approval for any donation to a foreign charity, coordinate with the Chief Compliance Officer (compliance@proenergyservices.com) to complete the Charity Information section and steps 1 to 9 in the Checklist below and then obtain the Required Approval Signatures. After the donation has been made, coordinate with the Chief Compliance Officer to complete step 13 in the Checklist.

Charity Information			
Submitter's Name		Submitter's Signature	
Charity's Name		Charity Contact Person(s)	
Charity's Address(es)		Proposed Donation	
Charity's Business/Purpose of Donation		Publicity/Good Will to be Recognized	

Required Approval Section				
APPROVAL ITEM	AUTHORIZED APPROVER(S)	APPROVER'S NAME	APPROVER'S SIGNATURE	DATE
Approval of Donation	Chief Compliance Officer			
Approval of Donation	Legal Department			

Checklist for Foreign Charitable Donations		
Required Procedure for Intermediary Retention	YES (Attach documentation to the extent possible)	NO (State reasons if unable to complete)
1. The proposed donation is not at the request of a Foreign Official.		
2. No Foreign Official is associated with the charity; or, if a Foreign Official is associated with the charity, the Foreign Official cannot make decisions regarding any aspect of ProEnergy's business.		
3. The proposed donation is not conditioned upon ProEnergy receiving any business or other benefits.		
4. The donation is consistent with the company's internal guidelines on charitable giving.		
5. Receipts, reports or other documents indicate how the charity will use the donated funds.		
6. The charity's articles of incorporation, statements from independent accountants, and/or other information identifying the charity's business and key management personnel indicate that the charity is a bona fide organization, and not a conduit to fund terrorism or other illegal activities.		
7. Searches of the Internet and other public sources of information did not reveal any suspicious data concerning the charity, the charity contact person(s) and related parties.		

Checklist for Foreign Charitable Donations

Required Procedure for Intermediary Retention	YES (Attach documentation to the extent possible)	NO (State reasons if unable to complete)
8. The local office of the U.S. Embassy has been contacted to obtain information about the charity.		
9. There are no red flags or any red flags are identified in this Checklist or documentation attached hereto.		
10. The charity, the charity contact person(s) and any related parties are not listed on the U.S Government's Consolidate Screening List. (http://export.gov/ecr/eg_main_023148.asp)		
11. Chief Compliance Officer or Compliance Office approves the donation and determines that it is consistent with the company's internal guidelines on charitable giving by signing in the space above.		
12. Legal Department approves the donation and affirms that it does not violate applicable laws, rules or regulations, including, but not limited to, cash transaction reporting requirements, by signing in the space above.		
13. Documentation that substantiates the donation – e.g., a receipt – together with any other relevant information concerning the donation, have been forwarded to the Accounting Department for proper and accurate description in ProEnergy's books and records.		