



SCP code of conduct



Annex to internal regulations
December 2018



Sharing water,
building the future



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Respecting the code of conduct and applicable sanctions

- SCP attributes special importance to the respect of its core values, which include **ethical behaviour** and **integrity** on the part of all those who work for the company, whether on a permanent or temporary basis.
- SCP considers integrity and, more specifically, the **fight against corruption** in all business practices to be essential for its long-term prosperity. As a company with a majority of public shareholders, it is imperative to lead by example.
- This code is at **the heart of the measures** SCP has taken to support its staff on a daily basis. It sets out the rules to be respected when tackling corruption and influence-peddling, and provides for the establishment of an internal professional alert system. It also meets the demands of the Sapin II law (1).
- The company's executives, employees and partners have all been made aware of the code, which seeks to impose **zero tolerance in terms of corruption**.
- It represents a **serious commitment**, to which I expect all those employed by SCP to adhere.



Bruno VERGOBBI
General Director

¹ The law n° 2016-1691 of 9 December 2016 pertains to transparency, the fight against corruption, and bringing business practices up to date.

Preamble



The code of good conduct applies to everyone: executives, corporate officers and permanent employees¹ within the company, as well as business partners (service providers, intermediaries, suppliers, customers, etc.).

SCP's executive panel has a duty to lead by example, and the company's management ensures that the code is applied.

In accordance with article 17 of the Sapin II law, SCP has taken specific measures to tackle corruption, especially by mapping risks, providing training for the most vulnerable employees, and establishing a pertinent internal control system.

This Code of Conduct (hereafter referred to as «the Code») is a new development in this ongoing process.

It is embedded in SCP's internal regulations, as well as those of its French subsidiaries.

In particular, the Code serves to remind all concerned of the underlying principles regarding the fight against corruption and influence-peddling. It therefore seeks to identify any and all related risks within SCP, and sets out the rules of conduct to be adopted in such situations.

It can be consulted on the company's Intranet and Internet sites.

All our business partners (service providers, intermediaries, suppliers, customers, etc.) are expected to comply with the Code's principles, or at least apply equivalent standards of their own.

The Code does not claim to be exhaustive and is not intended to cover all situations with which its employees may be confronted. However, it lays down the rules according to which they must make decisions.

As a result, all those concerned should read the rules set out in the Code, understand them, and show adequate judgment and good sense when faced with different potential issues.

¹ Employees with permanent contracts and temporary contracts (interns, fixed-term contracts, professional training contracts, temporary workers, on-site service providers).



What is corruption and influence-peddling ?



These are serious and illegal acts.

► Corruption¹



Corruption is a crime rooted in the «grey areas» of business, and is particularly prevalent in exchanges with third parties (suppliers, service providers, intermediaries, partners, etc.).

It involves taking or, as the case may be, not taking a decision as part of one's functions in exchange for giving or receiving a benefit in kind or a sum of money. It may be active (the briber), or passive (the bribee).

Corruption is said to be **public** when it involves people working in public functions (hereafter referred to as «public agents»²), and **private** when the violation only involves natural or legal persons working in the private sector.

Active corruption : as an SCP employee, I remunerate or offer benefits to a third party, whether public or private.

Example : I bribe a customs official in order to accelerate customs clearance for the material which I need to carry out works.

Passive corruption : SCP or one of its employees accepts a payment or benefit.

Example : I step in to help a customer and accept a personal payment for my actions.

¹ Corruption - **Criminal penalties** (art. 432-11, 433-1 and 433-25 CP):

- Natural persons : 5 to 10 years of imprisonment and €500,000 to 1,000,000 in fines, or double the amount of the violation;
- Legal persons : €2.5 to 5 million, or double the amount of the violation, together with additional punishments.

² 'Public Agent' is a broad term covering all persons with public authority, as well as those involved in public service work or elected officials, whether working for themselves or for others. It also encompasses all persons considered to be public agents in virtue of national law.

► Influence-peddling¹



Influence-peddling occurs when an unwarranted donation or benefit in kind is offered or agreed to, so that the beneficiary uses his influence, whether real or perceived, in order to gain a favourable decision from a public authority.²

Passive influence-peddling : as an SCP employee, I am contacted by a representative of a public authority or service (the State, local authorities, etc.) with a view to influencing an internal SCP decision. Such influence would be of benefit to a third party which has either paid or offered benefits in kind to the representative.

Example : as an SCP employee working in the customer service department, an elected representative asks me to open an account with preferential conditions for a person who has sold his influence.

Active influence-peddling : as an SCP employee, I contact and pay a representative of the administration or of a public service, with a view to influencing a decision taken by a third party.

Example : as an SCP employee, I pay a public person in order to influence the result of an engineering call for tender in SCP's favour.

► Favouritism³



Favouritism represents an assault on freedom of access and equality between candidates in the awarding of public contracts and delegation of public services.

As an SCP employee, I support or influence a decision regarding the choice of candidate during a call for tender for a contract, which contravenes the rules of public procurement.

Example : during the negotiation phase, I communicate competitors' offers to my preferred supplier, so that he can adapt his offer accordingly.



If faced with this kind of proposal, one must decide whether :

- Laws and regulations are being respected ?
- The proposal is in accordance with the Code of conduct and in the company's interest ?
- There is no personal interest involved ?
- One would feel uncomfortable if the decision were made known ?

If faced with doubts of an ethical nature or relating to the way of doing business, all those who are aware of this Code can express themselves in full confidentiality to their line manager of the Legal, Audit and Quality department.

¹Influence-peddling - **Criminal penalties** (art. 432-11, 433-1 et 433-25 CP) :

- Natural persons : 5 to 10 years of imprisonment and €500,000 to 1,000,000 in fines, or double the amount of the violation ;
- Legal persons : €2.5 to 5 million, or double the amount of the violation, together with additional punishments.

² In accordance with articles 432-11, 433-1 and 433-25, committing a crime concerning influence-peddling results in the same penalties as committing a crime concerning corruption.

³Criminal penalties : two years of imprisonment and €30,000 in fines, together with additional punishments.

The main business rules governing SCP

This section gives information on how to interpret and implement the rules to be respected by all Employees within the framework of their activities, in order to alert the company and fight against corruption.

► Gifts and invitations

Offering or accepting gifts and invitations is often seen as an act of courtesy which can strengthen business relations. Nevertheless, the rules governing the fight against corruption prohibit offering gifts, invitations or other means to a third party with a view to securing an unwarranted advantage or exercising any kind of influence over an official action without justification.

Consequently, accepting gifts or invitations may be considered as an overt form of corruption.

Examples : offering a gift within the framework of a request for authorisation or securing a permit from a public agent.

► General rules

Regarding Gifts

When offering or receiving gifts, one must comply with the following rules :

Gifts in the form of cash or equivalent (e.g. gift vouchers) **are forbidden..**

As a matter of fact, it is advised to limit gifts to company-related promotional/ advertising objects. Local or regional gifts can be accepted if their nominal value is below the threshold indicated in the Specific Rules.

It is advised to avoid any gifts offering or receiving to or from a public agent, with the exception of company-related promotional/ advertising objects.

They may only be received or offered **if they respect the local law**, and they must remain exceptional

Employees are invited to **share their gifts** around their department..

Regarding Invitations

Invitations given to or received from business partners must comply with the following rules :

Accepting or offering invitations on the part of the Employee (business dinners, professional events, work meetings etc.) are only tolerated if they are clearly linked to the Employee's usual activity as well as SCP's projects and activities, and if they are not systematic or lavish.

In case of site supervisions, Employees must avoid recurring invitations throughout the duration of the works.

As an matter of fact, the nominal value of the invitation must remain below the threshold indicated in the Specific Rules.



Specific rules

Employees must communicate SCP's rules regarding gifts and invitations to their business partners, and enquire about their rules.

Regarding Gifts :

- The value of gifts must be reasonable and correspond to the circumstances, as well as being in line with common business practices (e.g. end-of-year gifts, etc.)..

- They must not interfere with any important decision-making (competitive tenders, calls for tenders, site inspections, acceptance of works, etc.).

Accepting and offering gifts is tolerated providing that their value is below €150 inc. tax per year and per business partner. If their value is greater than this amount, authorisation may be granted by superiors, or the gift may be returned together with a letter of thanks reminding the sender of SCP's rules regarding the acceptance of gifts.



Regarding Invitations (including restaurants) :

- Accepting and offering invitations (end-of-assignment meals, etc) is tolerated providing that their value is reasonable and below €150 inc. tax per year and per business partner.

- If the offers and invitations are above €150 inc. tax and of a more exceptional nature (shows, sports events, etc.), and/or outside usual working hours (weekends, days off, bank holidays), it is essential to request prior authorisation from the line manager.

- Employees may only accept an invitation to an event if the business partner making the invitation is present at the same event.

- As a general rule, invitations must not interfere with any important decision-making (competitive tenders, calls for tenders, site inspections, acceptance of works, etc.).

The main business rules governing SCP

► Contractual relations

The risk of corruption exists whenever SCP enters into business relations with different partners within the framework of its professional activities. Indeed, in certain circumstances, a company may be held liable for acts of corruption committed by its business partner.

► SCP's business partners

SCP's business partners are suppliers / sub-contractors, intermediaries, consultants, real estate purchasers or sellers, and customers.

► Checking a partner's integrity before entering into a business relation

Before entering into business relations with potential partners, it is necessary to carry out prior checks on the partners' integrity (due diligence). Such checks must be adapted to and in proportion with each partner's particular situation, and must respect internal procedures.

► Contracts

- The **laws governing public procurement** must be rigorously adhered to : freedom of access, equality among candidates and transparency, at the risk of incurring **penalties for favouritism** in particular.
- Vigilance is required regarding **relations with partners during the tender** and contract implementation phases.
- Vigilance is required **to ensure** relations with partners are **not over-friendly**.

► Relations with partners

- Relations **must take the form of contracts**, and/or the rules of engagement in public procurement must **be respected**, when applicable, both in France and internationally.
- Explicit causes must be included, certifying that **co-contractors comply with anti-corruption rules and laws**, as well as with SCP's code of conduct, and contracts must be terminated in the event that these rules are violated.
- Contracts with **countries under national embargo** are forbidden. Through their procedures and commitments, SCP and its collaborators respect all rules and regulations relating to international sanctions and embargos imposed by any competent authority, especially the European Union and the United States of America.
- Transactions in dollars, with the exception of local logistical or local travelling expenses, must be authorised by the General Director before the contract is established, since the use of this currency places us under American anti-corruption legislation.

► Payments proceedings

- With the exception of local logistical or local travelling expenses, payments may not be made in cash without express approval from the referent Director. Similarly, payments may not be made without a duly approved contractual agreement.
- A **duly approved invoice** is necessary for payments, which, except in the case of justified exceptions, take **place via bank transfer** into the business partner's account. **The beneficiary's bank details must be checked beforehand.**
- Payments by cheque must remain exceptional and are justified only when bank transfers are impossible. Cheques must be made out only to co-contractors.

The main business rules governing SCP

- They must always correspond to an **appropriate payment in proportion** to the service provided.
- Vigilance is required when making payments to bank accounts which are **domiciled abroad**.
- For public and private procurement, payments must be made according to **accepted amounts and calculations**.
- Vigilance is required for **off-market** quantities and prices, which are subject to additional approvals.
- Comparative checks are required between the **financial conditions** set out in the contract and the invoices

► Checking services performed

The **reality** of services delivered must be checked in-situ, especially for **buried works**.

► Customer advantages

Employees may not offer **advantages, discounts or deferred invoicing to customers** unless they have been previously authorised by management decisions or procedures, in accordance with internal rules.

► Recourse to intermediaries

The use of intermediaries or customers who may attempt to cover up acts of corruption, especially abroad, is prohibited. Only genuine, legal and necessary services are authorised.

— Employees are forbidden from :

- Offering **paid services which are not subject to contracts (interventions, repairs, supply of materials and/or services, etc.)**
- Granting **access to premises, materials, data or any Company asset** to unauthorised third parties in exchange for rewards, especially cash, which have not been previously contractualised in due form.



Ethical concepts to be respected



► Conflict of interest

? This represents any situation in which **the Employees' personal interests differ** from those of their functions or responsibilities and, by extension, SCP's interests.

It is essential that Employees remain extremely vigilant and alert in this respect, since a conflict of interest may hide an act of corruption.

Examples :

- As an SCP employee, I allow a farmer who is a friend of mine to benefit from special price reductions for a major irrigation project, without prior authorisation from the management.
- I systematically call on the same service provider, this provider being a member of my family or circle of acquaintances.



STEPS TO TAKE

Put SCP's interests first by refusing to take into consideration any personal, financial or family interests.

In the case of potential or proven conflicts of interest : Employees must alert their line managers as soon as possible and, at the very least, before any decision is made regarding relations with the business partner in question. In this case, Employees must abstain from participating in the decision-making process.

► Lobbying

? This refers to pressure groups who seek to influence the decision-making process in favour of their own interests, which are driven by economic gain. Examples of lobbies include agriculture, energy and the environment, etc.

Examples :

- A particular group pressurises SCP in order to influence its investment choices.



STEPS TO TAKE

- As an SCP director, I exercise **integrity and transparency** in all my relations, whatever the situation and interest defended.
- I ensure that all investment or financing decisions are collectively **approved in a transparent manner.**
- I provide reliable and objective information, without seeking to obtain or reveal information or decisions by exerting or submitting to pressure of any kind.
- I do not seek to obtain or grant unwarranted political or regulatory advantages.
- I ensure that interest groups¹ respect this Code and all applicable regulations in the pursuit of their activities.

¹ Interest groups are legal persons governed by private law, public establishments or public groupings pursuing industrial and commercial activities, chambers of commerce and industry and chambers of trades and crafts, in which an executive, employee or member is mainly or regularly charged with influencing public decisions, especially concerning the content of a law or regulatory act. Interest groups are also natural persons who are not employed by legal persons, but who pursue a professional lobbying activity on an individual basis.

Ethical concepts to be respected



► Donations-patronage-sponsoring

? SCP may be required to work on behalf of civil society by giving donations and pursuing patronage or sponsoring activities, especially to charity organisations. Such work may be considered as an act of corruption when it seeks **to gain unwarranted advantages.**



STEPS TO TAKE

These actions are authorised as long as they respect the laws and regulations in force. They must never be used in conflicts of interests, nor to obtain an advantage, exert unwarranted influence on a decision, or benefit natural persons. The decision to grant a donation must be taken collectively and in a transparent manner by SCP.

► Financing political activities

? This refers to any direct or indirect contribution seeking **to support a political party, candidate or elected representative.** Such acts may be considered or interpreted as direct or indirect corruption.



STEPS TO TAKE

All contributions, whether financial or in kind, direct or indirect, paid by the company or by its Employees in the company's name, to **any political organisation, party or individual, are strictly forbidden.**

Employees must separate their personal political activities from their professional activities within the company, in order to avoid any situation which may lead to a conflict of interest. Needless to say, Employees may take part in personal political activities in their free time, away from the company premises, with their own financial resources, and without referring in any way to their employment.



Ethical concepts to be respected



Facilitation payments

? Facilitation payments are sums of money or gifts, often modest, which are sought by public agents with a view to obtaining or accelerating the processing of certain administrative acts.



STEPS TO TAKE

- It is my duty to hinder this practice by :
 - informing the agent that I must pass this request on to my manager and reveal the agent's identity,
 - refusing to pay in cash,
 - informing my manager if such a request arises, and reminding the agent involved that this type of payment is forbidden by SCP,
 - telling business partners that SCP wishes to forbid this practice.
- I must inform my manager and always request a receipt if the payment seems to be legally questionable.

HOWEVER, I **never refuse** to make a facilitation payment if I feel **threatened or that my safety or freedom is at risk**. In this case, I inform my manager as soon as possible, and SCP will look into the possibility of reporting the crime to the competent authorities.

I must never :

- attempt to hide a facilitation payment
- ask third parties to make facilitation payments on my behalf.

Acquisitions, acquisition of stakes and joint project companies

? These refer to **inter-company financial operations** : the acquisition of a part or the whole of a company, or the signing of a contract with another company for a common objective. This rule also applies to EIGs (economic interest groups) or project companies with partners.



STEPS TO TAKE

- Check that the target or partner **does not and has not behaved wrongfully** with regard to the anti-corruption laws in force, and that it respects current anti-corruption legislation.
- Beware of** any commercial and financial repercussions, as well as damage to the company's reputation if the risk proves to be real.
- Include an anti-corruption clause in :
 - auditing processes prior to such operations, especially in the case of checks provided for by law,
 - contracts and agreements signed within the framework of such operations.

Respecting the code of conduct, applicable sanctions and professional alerts



The General Management ensures that all Employees are aware of the code and respect it.

Interpreting and respecting the code

As stated in the preamble, all Employees must **read, understand and respect** the code of conduct.

For any questions relating to the code of conduct or its interpretation in a particular context, all Employees **are encouraged to turn to their direct or indirect line managers, or contact the legal, audit and quality department.**



Consequences following violation of the Code

For SCP, any behaviour which contravenes the rules set out in this Code **may damage its reputation and adversely affect its business**, and also **incur the risk of making repairs for any harm done or facing criminal penalties**. For its Employees, violation of the anti-corruption rules set out in the Code can, in justifiable circumstances, expose them to **sanctions provided for in the internal rules, as well as personal criminal or civil prosecution**.

Respecting the code of conduct, applicable sanctions and professional alerts

► The professional alert system

SCP has implemented a professional alert system which is intended to make it easier for Employees to **report behaviour or situations which contravene the Code of Conduct**.

This system is **intended to supplement rather than replace the usual information channels which already exist (employee-representative bodies or line managers)**.

The professional alert system offers Employees an extra guarantee of protection in the case of reports.

In practice, any Employee may file a report by filling in a specific form on the following dedicated website : <https://www.alertcys.io>



More information on how the professional alert system works and the guarantees it provides to Employees is available in the following document : **«Procedure for collecting and processing a report or alert»**.

