



Tractebel Ethics & Compliance policy

## Integrity Referential



**“Our ethics principles are the foundations of our business and a key driver for our future growth. All Tractebel staff must be committed to fully respect and promote these ethics principles in an exemplary way. To be compliant with Ethics is a basic rule that should be integrated in all our business activities. We are all accountable for it, at all levels and, as already clearly stated before, a zero-tolerance policy will be applied towards any instances of non-compliance. Doing business with Ethics is a condition number one.”**

Philippe Van Troeye – Tractebel Chief Executive Officer



Integrity is one of the 4 fundamental principles on which Tractebel has based its ethics and compliance program. It serves as a framework for implementing the principle of “behaving honestly and promoting a culture of integrity”.

As approved by the Tractebel Board of Directors and its Executive Committee, this referential, as part of the Tractebel Ethics & Compliance Program, aims to be an effective tool for all Tractebel staff who must adopt it in their daily activities to behave in an exemplary way.

This integrity referential gathers together the policies and procedures dedicated to the prevention of fraud, corruption and influence peddling. The highest international standards served as a basis for the establishment of the Tractebel anti-corruption program, which meets the requirements set out in the ISO 37001:2016 standard.

This Integrity Referential applies to all Tractebel subsidiaries, controlled entities, and each person acting on behalf of any Tractebel entity. It is also part of our global objective of achieving excellence with integrity in all our activities by continuously measuring and improving our performance.

# 1. Definitions and regulatory panorama

## 1.1. Definition of fraud

Is considered as a fraud any action or any behavior, of any nature or purpose, of an employee, of a service provider acting for the Group or of a Group entity, aiming at misleading or at taking advantage of someone, by violating any applicable law or breaching any mandatory standard stipulated by the Group.

Fraud can take multiple forms, such as:

- deliberate falsification, concealment, or destruction of data and/or documents
- false entries or declarations
- manipulation of accounts
- counterfeiting
- money-laundering
- swindling
- intrusion into computer systems
- corruption (see 1.2. below).

Fraud is characterized by:

- an act or omission
- violation of a reference framework: applicable laws, the company's rules
- sometimes by concealment, in order for the perpetrator of the fraud to escape the application of the law, to earn money, to obtain undue advantages, to preserve his/her reputation, etc.

## 1.2. Definition of corruption<sup>1</sup>

Corruption is a specific form of fraud. Whether public or private, corruption can be:

**Active:** giving, offering or promising any undue advantage (pecuniary or other) in return for an advantage that a person is likely or assumed to be likely to procure, either directly or indirectly.

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<sup>1</sup> The definitions described in this document are based on United Nations Convention Against Corruption, the U.K. Bribery Act (UKBA), the U.S. Foreign Corrupt Practices Act (FCPA) and the French Sapin II law and may be different from applicable legislation.

**Passive:** soliciting, approving, accepting, or receiving any undue advantage for oneself or others, in return for an advantage likely or assumed to be likely to be procured, either directly or indirectly.

Corruption can take multiple forms, such as:

**Cash benefits:** bribes, credits, kickbacks, false invoice, sponsorship in order to obtain an undue advantage, facilitation payments (amounts intended to accelerate the completion of a formality to which the beneficiary is entitled (for instance: visa, clearance, etc.);

**Benefits in kind:** provision of services, invitations, gifts, internship or hiring, etc. The corruption is then often accompanied by a fraud intended to conceal it;

**Extortion:** when a person attempts to obtain advantage through violence, threats of violence or coercion;

**Influence peddling:** when the corrupt individual abuses their actual or presumed influence to procure a decision favorable to a third party from an authority or public body;

**Extortion by a public official:** when a public official or person entrusted with a public mission receives or demands duties, contributions, taxes or other levies that they know are not due, or when such person grants in any form and for any reason any exemption from any public duties, levies, taxes or charges in violation of laws or regulations.

### 1.3. Regulatory panorama

Most countries have implemented laws that punish bribery and the acceptance or solicitation of bribes by public and private subjects, combined with civil and criminal sanctions, which may be extremely relevant, and which are in some cases not time-barred.

These legal norms enable countries to carry out economic policies. In particular the U.K. Bribery Act (UKBA), the U.S. Foreign Corrupt Practices Act (FCPA) and the French Sapin II law, have an extraterritorial reach that enables countries to exercise jurisdiction against offenders in their courts, wherever the offense was committed and whatever the nationality of the offender.

Moreover, a single act of corruption may be sanctioned in several jurisdictions, as the French and European principle of double jeopardy (non bis in idem ) does not systematically apply in international litigation.

The TractebelL anti-corruption commitments are part of the Group's corruption prevention actions. They apply to all staff from all TractebelL entities, business consultants, business and financial partners, subcontractors and suppliers, and to partners and beneficiaries in patronage and sponsorship projects. The effective implementation of these commitments is a potential mitigating factor that may lighten sanctions incurred.

More generally, Tractebel's anti-corruption policies and procedures reflect the Group's ambition to follow the highest international standards of ethics and compliance, such as the UN convention against corruption and the OECD Guidelines for Multinational Enterprises.

On the other hand, as part of its commitment to fight against corruption, the Group has also taken a voluntary commitment beyond the regulatory framework, by joining the United Nations Global Compact – the 10th principle of which relates to combating corruption – and the French section of the Transparency International NGO, organization of civil society dedicated to the fight against corruption. Tractebel joined the Belgium section of Transparency International.

## **2. Impacts for the company and for employees**

### **2.1. Potential impacts of fraud and corruption risks for the company**

Fraud and corruption generate financial costs that can be high and hard to recover, but, more broadly, they represent major risks of various kinds for companies:

#### **Strategic risk**

A case of corruption can be a handicap to external growth and can destabilize a merger or an acquisition price. A company found guilty of corruption can, in extreme cases, be forced to close sites, pull out of a country, or, more commonly, can find itself on a blacklist excluding it from certain contracts and forcing it to rethink its development strategy.

Moreover, many company stakeholders (rating agencies, industrial customers, partners, etc.) will require it to provide ethical and transparency guarantees before entering into a relationship with it.

## **Image and reputation risk**

When a case of corruption is made public, the resulting impacts can be more and more severe. Indeed media coverage of a corruption case undermines the trust of the public and of customers. Any conviction or suspicion of fraud invalidates the efforts that the company has made to pursue operational excellence and comply with the ethical and societal norms of public opinion, and causes lasting damage to its credibility and to its legitimacy to operate, and also causes the financial markets to question and potentially to penalize the company.

## **Budget and financial risk**

There is obviously a direct budget risk, in terms of the fines imposed on the company, the repayment of undue profits (past and future), and the loss of turnover caused by project closures. There are also indirect consequences such as site closures, exclusion from contracts (especially public ones) or from funding (by blacklisting by the World Bank in particular), etc.

All of these consequences translate into a reduction in earnings, in distributed profit and in prospects of growth. This is likely to undermine the confidence of financial markets in the long term and therefore lower the company's share price.

Within the company, corruption masks the actual competitiveness of products and services and hinders their continual adaptation to market requirements. In economic terms, corruption skews the principle of transparent and fair competition. At national level, especially in the poorest countries, it diverts public resources away from actions to promote social progress and runs counter to the principles of democratic transparency and accountability. For all these reasons, corruption is subject to heavy penalties including fines, imprisonment and, for the individuals convicted, deprivation of civic rights.

## **Internal cohesion risk**

Fraud and corruption are unethical processes, in profound contradiction with the Group's values and commitments, that can do lasting damage to the internal climate: they impact the staff motivation, the sense of belonging and the loyalty of current employees, and also undermine the Group's ability to attract the best talented people.

## 2.2. Potential impacts of fraud and corruption risks for employees

Fraud and corruption, be they active or passive, also put guilty employees at personal risks: they expose themselves to civil and criminal prosecution (legal costs, fines of up to several million euros, imprisonment, residence restrictions in some countries, etc.), as well as negative individual impacts on their working life (job loss, difficulty finding a new job) and their social life (family breakdown, social isolation, etc.).

More and more, the judicial authorities tend to also prosecute the managers of the entities whose employees have committed acts of corruption, for lack of effective implementation of the appropriate compliance program, for failure to fulfill the duty of prevention and control, etc.

Tractebel adopts the Zero Tolerance policy towards fraud, corruption and violations of human rights, meaning that any proven failure to comply with Tractebel's Ethics & Compliance program and the reference texts indicated below may result in corrective and/or disciplinary sanctions. Moreover, such failure can also lead to criminal prosecution and sanctions.

## 2.3. Protection of employees against retaliation

Tractebel staff will not suffer any sort of retaliation for refusing to participate in, or turning down, any activity in respect of which they reasonably judged there to be a risk of bribery that has not been mitigated by the organization.

## 3. Tractebel reference texts

Tractebel's ethics and compliance program is based on 4 levels of reference texts:

1. **The Tractebel Ethics & Compliance Policy**, which establishes the culture of integrity and zero tolerance towards any illegal or unethical actions and adopts the Group Ethics Charter, and other policies and procedures, as the foundation for its Ethics & Compliance Program.
2. **The Group Ethics charter**, which sets out the general framework within which each employee's professional behavior must fit, presents the Group four fundamental ethics principles and describes the Group's ethics and compliance organization, and the **Practical guide to ethics**, which supports the implementation of ethics in everyday life by presenting concrete examples by theme.
3. **The referentials**, which unify the policies and procedures used by Tractebel for the concrete implementation and development of ethical culture within the Group: integrity referential, human rights referential/human rights policy and ethics compliance referential.

**4. The codes of conduct on lobbying and in supplier relations**, which set out the implications of the Group's ethical commitments for specific professional categories.

To date, the following policies and procedures (see the architecture of Tractebel ethics and compliance reference documents, and presentation of the below policies and procedures on Tractebel website and Ethics & Compliance pages on the Group intranet) are gathered in the integrity referential:

- Tractebel Geographical Strategy and Footprint Policy
- Business consultant policy
- Gift, hospitality & technical trip policy
- Ethics, environmental and societal responsibility clause
- Due diligence policy on partners related to investment projects
- Due diligence policy in the context of patronage and sponsorships
- Due diligence policy for suppliers and subcontractors
- Policy on the incorporation of ethics into HR processes
- Note on ethics due diligence for external/internal recruitment of persons most exposed to ethics risk
- Policy for the prevention of conflicts of interests

The Guidelines for managing early warning signs also contribute to the Group culture of integrity.

For any information or details relating to these different themes, refer directly to the policies and procedures mentioned above, available via the Tractebel Ethics & Compliance pages on the intranet.

## **4. Tractebel's staff responsibilities**

Any and all Tractebel staff, including payroll employees and externals acting for or on behalf of Tractebel, must be committed to fully respect and promote such culture of integrity in an exemplary way. Everyone in Tractebel is accountable for it, at all levels.

All Tractebel staff must observe the provisions of the applicable reference texts described above, which includes, but are not limited to, the following responsibilities:

- Behave honestly and promote the culture of integrity
- Act in an exemplary manner being accountable for the Ethics & Compliance program, in particular the anti-corruption provisions
- Familiarize and comply with the applicable laws, regulations and policies
- Follow all mandatory trainings foreseen for their specific function
- Identify and report any breach or potential breach, or unattended risks

## 5. The Ethics & Compliance line

To promote the ethics & compliance activities worldwide Tractebel counts on a network of Ethics & Compliance Officers (ECOs), under the leadership of the Chief Legal, Ethics & Compliance Officer and the Head of Ethics & Compliance.

The Group has put in place the following whistleblowing channel, which is open to any employee, as well as to any person outside the Group (customer, supplier, etc.), to report breaches or suspected breaches of the company's ethical rules of which he or she may have become aware: [ethics@engie.com](mailto:ethics@engie.com), Toll-free hotline **00 800 2348 2348**.

The contact email of the Ethics & Compliance Line is [ethics@tractebel.engie.com](mailto:ethics@tractebel.engie.com)

You may find the complete list of ECOs, their perimeter of responsibility, and contact channels, through the following [link](#).