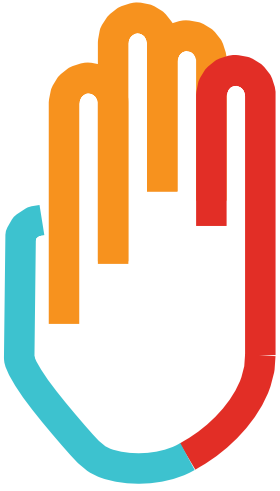
COMPLIANCE PROGRAMME

ANTI-CORRUPTION



BOUYGUES

ANTI-CORRUPTION

COMPLIANCE PROGRAMME

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EDITORIAL

In addition to our Code of Ethics, I wished to implement an Anti-corruption Compliance Programme that will serve as a concrete, operational code of conduct.

The fight against corruption has been stepped up through the introduction of many national laws and major international agreements, which is clearly a good thing for businesses. These laws and agreements encourage businesses to fight against corruption by implementing their own compliance programmes.

Quite obviously, our Group does not tolerate any form of corruption. The Group's future depends on the continuing trust of its customers, employees, shareholders and private or public partners: its growth and development will only be assured if a responsible, transparent and honest attitude towards them is taken.

Refusal of all forms of corrupt practices must be a fundamental obligation for all of us. I particularly draw the attention of senior executives of Group companies and operating entities to their responsibilities in this respect. I urge them to read this Compliance Programme carefully, to circulate it broadly among employees and make sure that its rules on the prohibition, prevention and control of corruption are implemented effectively both in France and abroad.

Everyone must understand that the Group does not tolerate any violation of the rules prohibiting corruption. Anyone who may be exposed to a situation likely to harbour a risk of corruption must receive training and must not be left to handle the problem alone should it arise. Employees must be aware that they can always rely on their line management of their relevant company to assume its responsibilities, to help them deal with the problem with assistance from the ethics officers, and to support them when they take the right decisions.

Martin Bouygues Chairman and CEO

CHAPTER I

ANTI-CORRUPTION COMPLIANCE PROGRAMME

1. PURPOSE OF COMPLIANCE PROGRAMME

This compliance programme (the "Compliance Programme") supplements Article 16 of the Group Code of Ethics, which states that the Group's[1] activity and, in particular, the negotiation and performance of contracts, whether in the private or public sector, must not give rise to bribery, influence peddling or similar offences. It describes the Group's position and the resulting obligations and responsibilities.

Chapter I of the Compliance Programme sets out the anti-corruption reporting, prevention, detection, control and sanction measures in France or abroad that must be implemented by each Business segment[2] of the Group at the initiative of the Business segment Chief Executive Officer.

Chapter II gives a very brief overview of the key anti-corruption legislation, including the offences of bribery, influence peddling and other similar offences. In this Programme, the term "corruption" covers all these offences.

Chapter III describes the Group's rules and recommendations on six practices that are prone to a risk of corruption.

(1) In this Compliance Programme, the term "Group" or "Bouygues group" refers to Bouygues SA and all the companies and entities governed by French or foreign law directly or indirectly "controlled" by Bouygues SA. The concept of "control" is that defined in the provisions of Articles L. 233-3 and L. 233-16 of the French Commercial Code (Code de Commerce) and accordingly covers both "*de jure*" and "*de facto*" control. The principles set out in this Programme apply automatically to all companies or entities that are "jointly controlled". (2) In this Programme, the term "Business segment" refers to each of the main activities of the Group, which are, as of the date hereof, "Construction" (Bouygues Construction), "Property" (Bouygues Immobilier), "Roads" (Colas), "Media" (TF1) and "Telecoms" (Bouygues Telecom).

2. THE GROUP'S POSITION: ZERO TOLERANCE OF CORRUPTION

Corrupt practices are totally contrary to the Group's values and ethical principles. Accordingly, senior executives and employees must not engage in any practices, at national or international level, involving passive corruption or active corruption of a private or public person, either directly or through an intermediary. Nor must they tolerate corrupt practices on the part of sub-contractors, co-contractors or any other partner. Nor must they commit similar offences such as influence peddling, favouritism, unlawful acquisitions of interests or money laundering, etc.

The Group states very clearly that corruption of any kind is not tolerated either in the public or the private sector and is likely to be sanctioned, whether committed in France or abroad.

3. DUTIES OF UNDERSTANDING AND CARE

3.1 Duty of understanding

Everyone must be aware that corruption is a serious criminal offence. An individual or legal entity found guilty of corruption in France or abroad will be subject to severe sanctions and other negative consequences, which can be exacerbated by the fact that legal proceedings may be taken in several countries for the same offence.

Any violation of the national and/or international regulations on corruption could have serious consequences for the Group, including:

- making it more difficult for it to obtain bank credit and raise funds in the markets;

- restricting its access to public and private contracts;

- limiting its ability to conduct business (closure of the relevant Group company or confiscation of its assets; appointment by the legal authorities of a third party to monitor its activities);

- harming its reputation as a result of the massive media interest in bribery and corruption cases and the publication of relevant rulings;

- limiting its resources through very heavy fines.

Everyone must also be aware that anyone who violates the anti-corruption laws could be subject to very severe criminal sanctions (imprisonment and fines) as well as disciplinary action.

Lastly, in France, under the Sapin 2 law*, which came into effect on 1 June 2017, if the Group fails to implement the measures and procedures set forth in this Compliance Programme, it can be sanctioned, at its own cost, by the French Anti-Corruption Agency (with a "*peine de programme de mise en conformité*"), whereby it is legally required to implement a compliance programme under the monitoring of the French Anti-Corruption Agency** for a maximum period of five years.

(*) Law of 9 December 2016 on transparency, anti-corruption and economic modernisation

(**) Agence Française Anti-Corruption or AFA

3.2 Duty of care

All senior executives and employees must take due and proper care in the course of their business activities. Some practices are prone to a risk of violating anti-corruption laws, for example the use of business intermediaries, gifts, hospitality, political contributions, donations to charitable organisations, facilitation payments, lobbying activities, etc. Great care must therefore be taken by all to comply with the principles set out in this Compliance Programme and to question the Legal departments in order to carry out its business activities in the strictest compliance.

Senior executives or employees in charge of an operational entity should take great care in their relationships with partners (customers, direct suppliers, co-contractors, sub-contractors, service providers, advisers, consultants and intermediaries). Senior executives and employees are required to implement the procedures set up by the relevant Business segment for assessing such partners based on the corruption risk map. For example, special care should be taken when the customer imposes certain sub-contractors, co-contractors or other partners. If this is the case, checks must be conducted

by senior executives or employees in order to assess whether they have any links with the customer, particularly at shareholder level. If a partner of the Group violates the anti-corruption laws, the authorities could conclude that the senior executive or employee, or the Group entity, was complicit or took part in the offence.

Generally speaking, senior executives and employees should never enter into a relationship with a third party without knowing whom they are dealing with. They should always obtain sufficient information to ensure, insofar as possible, that they are engaging the Group in a relationship with a reliable, honest person. As part of this duty of care, Group companies shall ensure that their customers, direct suppliers, consultants, intermediaries and partners are serious, reputed professionals and are not registered on any of the exclusion or sanction lists published and updated regularly by various national authorities (e.g. the French Treasury (Direction Générale du Trésor) and, where applicable, the French Anti-Corruption Agency (Agence Française Anti-Corruption), the US Treasury Department's Office of Foreign Assets Control (OFAC), Her Majesty's Treasury (HMT), the US State Department, the Foreign and Commonwealth Office) or international authorities (e.g. the United Nations, the World Bank, the European Union and Interpol).

Group companies shall implement prevention and detection arrangements adapted to the business sectors and geographical areas in which they operate.

Senior executives and employees must exercise special care if a third party suggests using "opaque" or "exotic" financial or legal instruments or vehicles to structure an operation, carry out a project, enter into a transaction or make a payment.

For example, the following instruments or vehicles are red flags that should be reported immediately to the Legal and Finance departments:

- certain types of entity such as trusts, "*fiducies*" or foundations, etc., companies based in "tax havens" or offshore financial centres, or bank accounts domiciled in such places;

- unusual payment techniques or methods such as set off, payment in kind, payment in cash, payment in non-convertible currencies, etc., particularly when they have no direct link with the country where the service is being provided;

- contractual choice of law, jurisdiction or place of arbitration that is not internationally recognised or is located in a country that has a poor corruption perceptions index.

4. RESPONSIBILITY OF SENIOR EXECUTIVES – STATEMENT OF POSITION OF SENIOR EXECUTIVES

4.1 One of the fundamental responsibilities of senior executives of each Group entity is to prohibit corrupt practices and implement information, prevention, control and sanction arrangements to this effect.

This Compliance Programme provides the set of common rules that should be followed, promoted and implemented by all senior executives.

We draw the attention of senior executives to the fact that countries are stepping up the fight against corruption. The United Kingdom paved the way in Europe. France has followed suit, setting up a French

Anti-Corruption Agency at the end of 2016 whose role is to make sure that senior executives draw up and implement an adequate programme containing eight measures to detect and prevent corruption, including adopting and implementing a specific anti-corruption code of conduct. If a company or its senior executives fail to implement these measures, the French Anti-Corruption Agency can impose a fine of up to €200,000 for individuals and €1,000,000 for legal entities.

4.2 Senior executives and management bodies must therefore take measures to prevent and detect acts of corruption and influence peddling committed in France or abroad, and, as such, must make a clearly stated commitment to observe and implement the Compliance Programme.

As such, all executive officers and the governing or management bodies of Group companies (e.g. Boards of Directors, Executive Committees, Management Committees, etc.) must make a written commitment to comply with anti-corruption rules and to implement the Compliance Programme in a form best suited to the Business segment or its organisational structure. The commitment must be firm, unambiguous and known to everyone.

This commitment must be renewed every two years to maintain the due care and attention that should be paid to it by everyone at all times. The regular renewal of this commitment should be used as an opportunity to remind relevant senior executives and employees of the importance the Group places on combating corruption in the conduct of its business.

5. APPOINTMENT OF A COMPLIANCE OFFICER

5.1 The designated Ethics Officer of each Business segment of the Group is appointed as Compliance Officer entrusted with the deployment and operational implementation of the Compliance Programme.

In each Business segment, the Compliance Officer may not change the basic content of the Compliance Programme but may, after assessing the risks, supplement, illustrate or add to it, where warranted, to take account of the specific features of the Business segment and to make the Compliance Programme more effective. Any such additions should only be made at Business segment level, not at the level of one of its subsidiaries. They will become an integral part of this Compliance Programme and must therefore first be approved by the Group Compliance Officer.

5.2 In all major entities of the Business segment, the Legal department director (and/or any duly appointed person in the Legal department) is the contact point for the Compliance Officer.

5.3 Senior executives and management bodies must provide the necessary means to combat breaches of probity, for example the resources required to carry out the necessary investigations. They must give the Compliance Officers and the Legal department directors the authority, powers and means they need to implement the Programme effectively.

The Compliance Officers and Legal department directors may refer to management bodies either to raise a concern or to ask for measures to be taken to ensure the Compliance Programme's effectiveness.

6. INFORMATION AND TRAINING

6.1 Information

The existence of the Compliance Programme must be made known internally throughout the Business segment as well as to the Business segment's customers, direct suppliers, sub-contractors, co-contractors, consultants, intermediaries or partners, by means to be defined by each Business segment. As described below, the Compliance Programme must be available to all employees electronically.

Compliance Officers shall:

- circulate to senior executives and employees memos about specific practices in their Business segment that require special attention with regard to the fight against corruption;

- promptly circulate warning memos or information memos to update the knowledge of senior executives and employees of the Business segment (e.g. new regulations, French or foreign case law, recommendations or interpretations of the French Anti-Corruption Agency or the OECD, anti-corruption legislation or specific issues in the country where the Business segment operates or is considering operating);

- if the Business segment has evidence that a customer, direct supplier, sub-contractor, co-contractor, consultant, intermediary or partner does not have the requisite level of integrity or probity, pass this information around to warn anyone else who might come into contact with that person;

- make sure that the Business segment's Legal department always provides the information that might be needed by senior executives or employees.

All senior executives and heads of operational units, Sales or Purchasing departments must regularly remind their employees of the existence of the Compliance Programme and the prohibitions therein.

At least once a year, the Group and Business segment Compliance Officers will meet to share best practices developed for the Programme's implementation.

6.2 Training

All senior executives, managers and employees exposed to a risk of corruption or influence peddling – in particular those involved in obtaining and negotiating contracts or purchases for their company or those involved in business sectors or geographical areas identified as being at risk in the corruption risk map – must be aware of and understand the anti-corruption laws and regulations as well as the risks involved in their breach. Each Business segment therefore draws up and implements a training programme adapted to the corruption risks specific to the business sectors and geographical areas in which it operates. Such a training programme notably includes:

- a general anti-corruption compliance component, which will be introduced in each Group entity in training modules tailored to the various employee categories concerned. This component shall enable relevant employees to understand what corrupt practices are and remind them of the prevention measures and the legal, administrative or disciplinary sanctions that will apply in the event of breach of the regulations;

- a simple, condensed, general training module, accessible at all times on the intranet through e-learning in line with the Business segment's training policy. This module must be practical, adapted to the specificities of the Business segment and understandable by all employees. It must also include links to this Compliance Programme and the information memos issued by the Compliance Officer referred to in section 6.1 above. Employees should be urged to consult this e-learning programme regularly;

- a specific, more in-depth training module for senior executives, managers and employees most exposed to the risk of corruption and influence peddling, especially for those liable to be posted to countries that have a Transparency International Corruption Perceptions Index of 50 or less (see latest published index; see also page 46) ("sensitive countries"). Thus, within one year of their appointment, employees who are given responsibility for a subsidiary or equivalent entity (division, branch, project, site, etc.) or a sales function (involving contact with customers, suppliers, sub-contractors, co-contractors and/or partners) or an assignment within a Purchasing department are required to attend an anti-corruption training course run by or validated by the Compliance Officer of the relevant Business segment. The Compliance Officer will determine the most appropriate training method and make sure that these employees are given regular refresher courses to keep their knowledge and assessment of the risks up to date. Senior executives and employees liable to be posted to a sensitive country must be experienced professionals and, before their departure, attend a specific anti-corruption refresher course in a form deemed appropriate by the Business segment, that should cover specific local rules and regulations in particular. They will be given the contact details of the Legal department director responsible for the relevant geographical area.

7. PREVENTION AND DETECTION

7.1 Role of senior executives

All senior executives who have operational responsibility for a Group entity (subsidiary, branch, division, etc.) shall implement appropriate corruption prevention and detection measures and procedures and make sure they are effectively applied. In some countries, including France since the introduction of the Sapin 2 law, both the company and its senior executives personally may be held liable for failure to implement such preventive measures and procedures. They will be supported by the Compliance Officer and the Ethics Committee of the Business segment in the deployment and operational implementation of these measures and procedures.

7.2 Role and expertise of Legal departments

Apart from their responsibilities under the Compliance Programme, the Group’s Legal departments are also responsible for providing training and taking preventive actions in the area of best business

practices. For example, they should check all contracts carefully to ensure that they contain the appropriate representations and warranties, undertakings and termination clauses necessary to prevent corruption.

Each Business segment Legal department must have at least one lawyer with experience and expertise in anti-corruption law. The Legal departments must also be able to call on criminal lawyers, a list of which is selected by the Business segment Compliance Officer.

7.3 Role of Finance and Accounting departments

The Group's Financial Principles comprise a set of financial and accounting procedures (including internal accounting controls) developed and implemented by the Group's Finance Departments. Their aim is to mitigate the Group's exposure to risk, and particularly the use of payment systems for fraudulent or corrupt purposes.

Adequate procedures govern opening bank accounts, granting authorities for bank signatures and credit cards, as well as checking invoices (particularly supporting documents for intangible services), and making payments of any kind.

All of these control procedures are designed to ensure that the company's books, records and accounts are not used to conceal corrupt practices or influence peddling.

All employees in the relevant departments play a decisive role in preventing and detecting corruption. They must be aware of the need to follow these procedures scrupulously in order to prevent unlawful practices and that no breach will be tolerated. This is especially the case for three fundamental rules regarding payments: at least two signatures are required for payment authorisations, persons whose authorisation is required must have the ability and experience to assess the justification for and properness of the payment, and payments must not be made without adequate justification.

7.4 Delegation of authority – representation

Delegations of authority to employees in charge of an entity, a department or a project, or who are authorised to make financial commitments or who work in a Sales or Purchasing department, must clearly set out to those granted authorities their obligations to comply with anti-corruption laws and to refrain from corrupt behaviour or similar offences.

7.5 Employment contract – internal regulations

To the extent authorised by labour law, the Group's subsidiaries are recommended to include a clause in the employment contracts of employees responsible for a subsidiary, entity, project, sales function or Purchasing department setting out their obligation to refrain from engaging in corrupt practices.

Furthermore, each Business segment must ensure that all entities within its scope of responsibility integrate the Compliance Programme into their internal regulations after consulting with the employee representatives where required by the applicable regulations.

7.6 Corruption risk map

Each Business segment draws up a risk map to identify, analyse and rank the risks of its entities' exposure to external solicitations of corruption. The risk map should factor in the business sectors and geographical areas in which the entities operate.

The parent company then draws up a Group corruption risk map based on the corruption risk maps provided by each Business segment.

The Business segment Ethics Officer makes sure that the corruption risk map is updated annually and sent to the parent company so that it can update the Group corruption risk map.

The Business segment Ethics Officer uses the risk map to amend and, where necessary, strengthen its partner assessment procedures, and if necessary adapt the Business segment's internal control and assessment arrangements.

7.7 Partner assessment procedures

Each Business segment implements procedures to assess the situation of its customers, direct suppliers, consultants, intermediaries and, more generally, its partners based on the corruption risk map.

The procedures implemented by the Business segment to ensure that its activities comply with the anti-corruption regulations must be effective and justifiable to the authorities, in particular the French Anti-Corruption Agency.

The Business segment Ethics Officer, in liaison with the relevant line managers, must therefore ensure that all of the Business segment's entities can, in accordance with the corruption risk map:

- run an assessment process before entering into a business relationship with a customer, direct supplier, sub-contractor, co-contractor, consultant, intermediary and, more generally, a partner;

- carry out subsequent assessments of its business partners on a regular basis throughout the term of the business relationship; and

- if such an assessment has not already been performed, carry out an assessment of all customers, direct suppliers, sub-contractors, co-contractors, consultants, intermediaries and, more generally, partners with which they already have a business relationship.

This assessment procedure should be based on a compliance checklist drawn up by the Business segment Ethics Officer, which notably sets out:

- the scope of the due diligence to be performed ("know your customer"), sanctions lists to be checked, etc.), based on the corruption risk map;

- internal services, tools and resources (screening software, Business segment Legal department, external advisers and service providers, etc.), which the company can rely on to perform these assessments.

To provide evidence of the performance of such due diligence measures, a summary of the assessments together with the documents (consultations, opinions, search results, etc.) confirming the integrity and probity of the customer, direct supplier, sub-contractor, co-contractor, consultant, intermediary and, more generally, the partner will be, in all cases, retained by the Business segment for a sufficient period, which may not be less than 10 years.

Similar assessment procedures will be implemented by the Group Ethics Officer at parent company level.

7.8 Compliance audit

In accordance with the terms and conditions determined by each Business segment with the support of the Compliance Officer, an audit of the Business segment's compliance with the applicable legislation and the Compliance Programme must be carried out at the following times:

- at inception, or no later than upon formal agreement to, all major projects or significant operations (acquisition or sale of a company, cooperation or consortium agreements, etc.);

- when launching a new business activity; and

- when opening an operation in a new country, particularly if that country does not have a good reputation in terms of corruption, in which case the Business segment Compliance Officer shall provide information alerting the relevant senior executives of the situation in that country.

7.9 Acquisitions of companies

During the due diligence process prior to acquiring a company, special attention should be paid to the target company's compliance with anti-corruption regulations. General or specific warranties must be obtained from the vendor, so that the vendor can be called upon if needed (as the target company will continue to bear the risk of sanctions for improper practices prior to the acquisition), unless otherwise specifically agreed, justified and supervised by the Business segment's senior management, with the support of its Ethics Officer. Senior executives of the newly acquired company will make sure that the information obtained during the due diligence process is verified and that the measures set out in this Compliance Programme are implemented promptly.

7.10 Raising a concern with line management

Senior executives or employees who are in any doubt as to whether a particular practice may involve a risk of corruption should refer to their line manager or Legal department. If they are aware of a practice that might be considered as corrupt, they should inform their line manager and Legal department immediately.

7.11 Whistleblowing

Senior executives and employees may also use the whistleblowing facility set out in the Group Code of Ethics.

The whistleblowing facility complies with Cnil (French data protection authority) instructions (or similar regulations in the relevant country) and with the provisions of the Group Code of Ethics. The facility covers bribery and corruption. Incidents or suspicions should, in principle, be reported to the Business segment Ethics Officer, who is the designated recipient[1] referred to in the Sapin 2 law. If the whistleblower believes that the situation goes beyond the scope of the Business segment, he or she may exceptionally alert the Group Ethics Officer instead of the Business segment Ethics Officer.

The procedure for the raising, receipt and processing of whistleblower alerts is set out in the Code of Ethics and in its appendix entitled "Whistleblowing facility: procedure and rules pertaining to the receipt and processing of whistleblowing alerts".

8. CONTROL AND INTERNAL ASSESSMENT

8.1 Role of senior executives

All senior executives who have operational responsibility for a Group entity (subsidiary, branch, division, etc.) must ensure that their operations are compliant, implement appropriate controls, react to any whistleblowing alert and use the control and assessment methods at their disposal within the Group or Business segment. These methods are described below.

8.2 Group Internal Control Reference Manual

The fight against corruption is treated as a specific topic in the Group Internal Control Reference Manual. A Business segment may add specific provisions to this Manual where necessary to ensure that this Compliance Programme is effective.

Its effectiveness is monitored annually by means of a self-assessment of the internal control principles implemented in the Business segments and their subsidiaries.

Should the self-assessment reveal deficiencies in the implementation of the Compliance Programme, an action plan will be drawn up and implemented promptly.

[1] *The designated recipient ("le référent") referred to in the applicable French regulations.*

8.3 Internal or external audits

During their regular or specific internal audit assignments, the Audit departments, assisted by the Compliance Officers and, as necessary, external lawyers or other service providers, should periodically make sure that the Group's operations comply with the principles of the Compliance Programme and the Group and Business segment Internal Control Reference Manuals. Everyone is required to cooperate with the Internal Audit departments.

The conclusions of the internal audit report will be sent to the Business segment Ethics, CSR and Patronage Committee. They will also be taken into account where necessary to strengthen the Compliance Programme and any other mechanisms implemented to ensure that it is duly and properly followed.

External audit firms may be appointed by the Group and/or a Business segment to detect corrupt practices, particularly where the latter have serious reason for suspicion of reprehensible behaviour.

8.4 Annual appraisals

Implementation of the Compliance Programme and paying due care and attention to preventing corruption are elements taken into account in the annual appraisals of senior executives and department heads (for example, failure to implement anti-corruption prevention and detection measures during the relevant period will be to the senior executives' or department heads' detriment).

8.5 Reporting

As part of the CSR reporting required by French law, the Compliance Officer of each Business segment sends the Group Ethics Officer an annual report on the implementation of the Compliance Programme, the improvements made or to be made, the information circulated, the number of training courses given during the year in the Business segment, and the number of employees who attended the training. The reports are sent to the Ethics Committee of the Business segment and the Ethics, CSR and Patronage Committee of Bouygues SA's Board of Directors. The report should also include information about the action plans drawn up as a result of controls and audits carried out in accordance with sections 8.2 and 8.3 above. This information is also sent to the Accounts Committee of each Business segment.

9. REPORTING LOBBYING ACTIVITIES WITH REGARD TO FRENCH POLITICAL AND ADMINISTRATIVE PERSONNEL

Each Business segment sets up an adequate mechanism for timely reporting to the French High Authority for Transparency in Public life (*Haute Autorité pour la Transparence de la Vie Publique* – HATVP) of all information required by the applicable French regulations on its lobbying activities with regard to French political and administrative personnel, for each interest representative or lobbyist within its scope.

Business segments must, in particular, comply with the instructions set out in the Appendix to this Compliance Programme.

10. LEGAL, ADMINISTRATIVE AND DISCIPLINARY SANCTIONS

10.1 Sanctions for failing to prevent corruption

In the event of failing to prevent corruption, the French Anti-Corruption Agency may, depending on how serious the failing is, issue a notice to the company or refer such failings to the agency's sanctions board. The sanctions board may order the company and its representatives to adapt the company's internal compliance procedures. It may also impose a fine of up to €200,000 on the senior executives and a fine of up to €1,000,000 on the company.

Senior executives will be solely liable for the payment of any fines imposed on them by the agency and may under no circumstances have them paid by the company in any form or by any means whatsoever.

Jurisdictions may also order a company that breaches its obligations with regard to anti-corruption prevention measures to implement a compliance programme at its expense, supervised and monitored by the French Anti-Corruption Agency for a period of up to five years.

10.2. Sanctions – dealing with incidences of corruption

If a Group company discovers an incidence of corruption through its own control measures, it should at first verify the facts and consult the necessary internal and external advisers before taking any legal action such as filing a complaint with the legal authorities.

Senior executives or employees who breach the provisions of the Compliance Programme or engage in bribery or corruption will be liable to punishment, which may include termination of their executive office, disciplinary action and dismissal, even if no legal action is taken.

Senior executives and employees will be responsible for paying any fines and other financial sanctions imposed on them by a court.

The company must end its participation in the established practice and remedy its behaviour at its own initiative. Doing this may be considered as attenuating circumstances.

The company must end all relationships, particularly contractual, with a sub-contractor, co-contractor or any partner that has engaged in bribery or corruption.

The company must cooperate and assist fully in any investigation; it is an offence to hinder the investigators' work.

If the company is accused of corruption, it should consult with its internal and external advisers to determine whether or not to enter into a "Convention judiciaire d'intérêt public"[2] with the legal authorities.

[2] *This is close to the common law "Deferred Prosecution Agreement".*

CHAPTER II

BRIEF OVERVIEW OF ANTI-CORRUPTION LEGISLATION

1. OFFENCES AND SANCTIONS

The following chapter only describes French anti-corruption law as it is not possible here to describe the laws of every country. However, since the introduction of the Sapin 2 law, French legislation is now very similar to that of many other countries and can be considered as representative.

Definition of offences

WHAT IS CORRUPTION?

"**Active corruption**" is offering, promising, giving or agreeing to give a French or foreign public or private entity or person (e.g. national or local elected representative, civil servant, member of an international organisation, senior executive or employee of a company, buyer, trade union representative, etc.) an undue advantage in exchange for acting or refraining from acting in the exercise of their official duties in order to benefit the offender.

"**Passive corruption**" is accepting or soliciting an undue advantage in exchange for acting or refraining from acting in order to benefit the offender.

The offence of corruption is committed even if:

- the advantage is not actually paid or given;

- there was no agreement in principle from the other party;

- the act of corruption is carried out by an intermediary;

- fraudulent intent is not established;

- the advantage offered is not financial but in kind: e.g. vouchers for goods, hiring someone related to the person being bribed, airline tickets, holidays, works, etc.;

- the bribe benefits or is solicited by a senior executive or employee of a private firm.

If a Group company is victim of a practice that constitutes extortion of funds or a similar practice (economic abuse: e.g. abuse of power that seriously and materially impairs the company's ability to fulfil its fundamental undertakings), it must combat the practice using all lawful means available to it. If it cannot do so, it must take the legal remedies or actions open to it.

ARE FACILITATION PAYMENTS CORRUPTION?

"Facilitation payments" are typically small, undue payments made to or requested by a low-ranking government official to secure or expedite a routine administrative procedure (e.g. customs clearance of goods, obtaining a visa, permit, etc.). The value of the payment is assessed by reference to the local context, as a sum considered modest by the person paying it may be very substantial in comparison to the average income earned locally.

The OECD[1] convention does not consider facilitation payments to be corruption but recommends that States "combat this corrosive phenomenon". In the United States, facilitation payments are tolerated

but the conditions to be met in order to be deemed compliant are becoming increasingly restrictive. The UN[2] convention does not make an exception for facilitation payments in its definition of corruption. More importantly, an increasing number of countries such as France and the United Kingdom have clearly stated that facilitation payments are an act of corruption and a criminal offence. The United Nations Resist programme encourages companies not to make facilitation payments, unless the safety of their employees is at stake.

The Group's position is that facilitation payments, initiated by senior executives or employees to obtain an undue advantage, will not be tolerated, except in cases where there is a real, serious, imminent threat to a senior executive's or employee's life, integrity or safety.

(1) OECD - Organisation for Economic Cooperation and Development.

(2) UN - United Nations.

WHAT IS INFLUENCE PEDDLING?

"Active influence peddling" is bribing a person to use their actual or supposed influence over another person to obtain an advantage or favourable decision.

"Passive influence peddling" is agreeing to use one's influence or soliciting an advantage or favour in exchange for using one's influence.

WHAT ARE OTHER OFFENCES SIMILAR TO CORRUPTION?

An offence that exists only in France is favouritism, which is the practice whereby a public authority gives unfair preferential treatment to one person or group to the detriment of another when awarding a public procurement contract or concession agreement. The contract winners can be pursued as the beneficiary of an offence of favouritism if they were aware that it had taken place or for aiding and abetting if they knowingly took part in the process.

In the United Kingdom and in France, since the introduction of the Sapin 2 law, senior executives who fail to implement adequate measures to prevent and detect corruption in their company are liable to criminal sanctions.

In the United States, ignoring red flags and therefore failing to undertake investigations and measures to eliminate the doubt or prevent the offence may be considered as a criminal offence under the anti-corruption laws.

WHAT OFFENCES OFTEN GO HAND IN HAND WITH CORRUPTION?

Corruption may also be sanctioned in the form of breach of trust or misappropriation of company assets (depending on whether the offender is an employee or senior executive). For example, in the Carignon case, the criminal division of the French Supreme Court (*Cour de Cassation*) ruled in 1997 that "*regardless of the short-term advantage it may procure, the use of company assets for the sole purpose of committing an offence such as corruption is contrary to the corporate interest in that it exposes the company to the risk of criminal and fiscal sanctions against itself and its senior executives and harms its standing and reputation*."

Corruption often leads to falsification of accounting records (e.g. inflation of expenses or fees). These offences are liable to very heavy criminal sanctions.

WHAT IS THE STATUTE OF LIMITATIONS?

In France, since the reform of 27 February 2017, the statute of limitations for criminal offences is now six years as of the date on which the offence was committed.

By exception, the statute of limitations for "concealed or dissimulated" offences, such as influence peddling, misappropriation of company assets, unlawful taking of interest and corruption (where the offender has dissimulated or concealed the offence), is six years from the date on which the offence was discovered or could have been detected[3].

The prescription period for action by the French Anti-Corruption Agency is three years as of the date on which the wrongdoing was discovered, if, during that period, no action was taken to sanction the offence.

In the United States, the statute of limitations is five years (plus another three if proof has to be obtained from abroad). There is no statute of limitations in the United Kingdom.

SANCTIONS

France

Corruption and influence peddling are sanctionable criminal offences, both for the perpetrator and his or her company. France is now among the strictest countries in the world in terms of repression.

Penalties, and particularly fines, have been increased.

[3] *However, to avoid an indefinite prescription period, the statute of limitations for such "concealed or dissimulated" offences is capped at twelve years from the date on which the offence was committed*

	Individuals	Legal entities
Main sanctions	• Imprisonment: 5 to 10 years • Fines: €500,000 to €1 million and up to double the proceeds obtained from the offence • An offender or accomplice who reports the offence may have their prison sentence halved	• Maximum fine: five times the fine for individuals
Additional sanctions	• Withdrawal of civic, civil and family rights • Ban on exercising the public office or professional or social activity during which the offence was committed (10 years maximum) • Publication or dissemination of the ruling or decision • Confiscation of the thing used or intended to be used to commit the offence or the thing that resulted from it • Ban from the country for 10 years or indefinitely for foreign offenders	• The Group can be sanctioned, at its own cost, by the French Anti-Corruption Agency (with a "*peine de programme de mise en conformité*"), whereby it is legally required to implement a compliance programme under the monitoring of the French Anti-Corruption Agency for a maximum period of five years. An individual who impedes the application of this sanction is liable to two years' imprisonment and a fine of €50,000. • Confiscation of the thing used or intended to be used to commit the offence or the thing that resulted from it • Publication or dissemination of the ruling or decision • Ban on engaging in a professional or social activity • Placement under legal supervision • Closure of the company's premises used to commit the offence • Ban on taking part in public bids or making public offerings of securities

The punishment for misappropriation of company assets is five years' imprisonment and a fine of €375,000, raised to seven years' imprisonment and a fine of €500,000 in certain cases[4].

The victim may claim compensation in the civil courts. Very shortly, accredited national anti-corruption associations will have the right to force the legal authorities to trigger a criminal investigation into corruption, influence peddling and money laundering.

An important point to note is that if the corruption takes place at the time of entering into a contract, the contract will be null and void. In normal circumstances, when a contract is declared null

[4] *For example, when the offence is committed through accounts opened or contracts taken out with organisations based abroad, or through the intermediary of individuals, legal entities or any organisation, trust or comparable institution based abroad.*

and void, the company can obtain compensation in the amount of the actual costs incurred to the benefit of the public authority. But if the contract has been obtained through corruption, the French courts have ruled that the company is deprived of this right to compensation.

Apart from the criminal sanctions set out above, senior executives and companies that fail to implement procedures and measures to prevent and detect corruption are liable to pecuniary sanctions imposed by the French Anti-Corruption Agency.

Abroad

The criminal sanctions for corruption are as severe in all other countries as they are in France. However, the fines imposed in many countries, particularly the common law countries, are much higher than in France.

Some countries have additional mechanisms that can be accumulated with the sanctions specific to the offence of corruption, for example class actions accompanied by the award of punitive damages (United States, Canada, etc.).

Some countries even go as far as the death penalty (usually commuted to life imprisonment) for public officials found guilty of corruption.

Lastly, everyone should be aware that the same offence may be punishable in several different countries that were connected with the corruption offence.

Sentences handed down in international arbitration cases have adopted the French solution referred to above: when the contract has been voided due to corruption at the time of its conclusion, the corrupting company has been denied all compensation for expenses incurred.

A few international examples illustrate the potential consequences of corruption:

Siemens (Germany)	United States: USD350 million (SEC[1]) and USD450 million (DoJ[2]) Germany: USD854 million • Lawyer's fees: USD1 billion • Appointment of a compliance consultant (former FBI officer). • 12 people sentenced to imprisonment and fines. • Resignation of two Siemens Chairmen and CEOs.
Alstom (France)	United States: USD772 million (DOJ) United Kingdom: investigation pending
Rolls Royce (United Kingdom)	United Kingdom: GBP497 million (SFO[(3)]) United States: USD170 million (DOJ) Brazil: USD25 million
KBR Halliburton (United States)	United States: USD579 million • International arrest warrant against former executives (case ultimately settled).
Total (France)	United States: USD245.2 million (DoJ) and USD153 million (SEC) • Undertaking to improve anti-corruption compliance programme with a compliance consultant appointed by the SEC.
BAES (United Kingdom)	United States: USD400 million United Kingdom: GBP30 million
Daimler (Germany)	United States: USD185 million
Technip (France)	United States: USD338 million
Snamprojetti Netherlands BV/ ENI Spa (Netherlands/Italy)	United States: USD365 million
JGC Corporation (Japan)	USD218.8 million
Odebrecht (Brazil)	United States: USD3.5 billion (DOJ) • 80% of the US fine paid over to the Brazilian authorities

• The DOJ agreed to reduce the fine due to Odebrecht's financial inability to pay the amount of the initial fine.
• Chief Executive sentenced to 19 years' imprisonment in Brazil

(1) SEC - Securities and Exchange Commission (United States).
(2) DoJ - Department of Justice (United States).
(3) SFO – Serious Fraud Office

2. STEPPING UP THE FIGHT AGAINST CORRUPTION

France

The law of 6 December 2013 on combating tax fraud and serious economic and financial crime significantly increased the resources available to combat corruption. For example, it created the National Financial Prosecutor and a central Anti-corruption department within the police force, introduced immunity or reduction of sanctions for “cooperative offenders”, set up protection for whistleblowers, whether employees or civil servants, and broadened the definition of money laundering and authorised special investigation techniques.

More recently, the law of 9 December 2016 on transparency, prevention of corruption and economic modernisation (called the "Sapin 2 law") introduced several new measures to prevent, detect and combat corruption:

CREATION OF THE FRENCH ANTI-CORRUPTION AGENCY

The French Anti-Corruption Agency's role is to assist the competent authorities in preventing and detecting corrupt practices and similar offences. It plays a supervisory role and has its own power of enforcement and sanction.

The French Anti-Corruption Agency is responsible for supervising compliance with the measures and procedures to prevent and detect corruption that large companies are required to implement.

Its personnel can perform on-site inspections at a company's premises.

Following these inspections, the agency may issue a notice to a company found to be at fault and, as appropriate, refer to the sanctions board, which may order the company to adapt its internal compliance procedures and may impose a fine on the company and those senior executives considered to have breached the rules.

The Agency will also report any matters that come to its attention, which might constitute a crime or offence, to the National Financial Prosecutor.

REQUIREMENT FOR LARGE COMPANIES TO IMPLEMENT AN ANTI-CORRUPTION CODE OF CONDUCT

Any company that employs at least 500 people or belongs to a group of companies whose parent company is headquartered in France and employs at least 500 people, and which generates sales or consolidated sales of more than €100 million, is required to adopt and implement a code of conduct describing and illustrating the various types of unacceptable behaviour that may constitute corruption or influence peddling. This code must be included in the internal regulations of the company (and companies comprising the Group).

This Compliance Programme constitutes the anti-corruption code of conduct for all Bouygues group companies.

INTRODUCTION OF A CONVENTION JUDICIAIRE D'INTÉRÊT PUBLIC[5]

Along similar lines to the deferred prosecution agreements (DPA) that exist in the United States and the United Kingdom, the Sapin 2 law has introduced the possibility for a company accused of corruption to reach an agreement with the national public prosecutor provided that criminal proceedings have not already been set in motion.

This innovative procedure allows the company to reach a settlement with the prosecutor rather than become involved in a lengthy trial, the outcome of which may be uncertain.

Under a Convention judiciaire d'intérêt public, the prosecutor may require the company to:

• pay a public interest fine to the French Treasury; the amount of the fine must be commensurate with the benefits obtained by the company from the offences, capped at 30% of its average annual sales in the three years preceding the date on which the offences were discovered;

• carry out compulsory implementation of a compliance programme under the control of the French Anti-Corruption Agency for a period of up to three years to ensure that effective measures and procedures for combating corruption exist and are implemented;

• remedy the harm sustained by the victim, where the victim has been identified.

The Convention judiciaire d'intérêt public must be "approved" by the presiding judge of the *Tribunal de grande instance* (District Court). The approval order does not require or constitute an admission of guilt and is not similar to and does not have the effects of a conviction. Nor does it constitute a criminal record.

However, the approval order, amount of the fine and the agreement are published on the French Anti-Corruption Agency's website.

The Convention judiciaire d'intérêt public does not under any circumstances discharge the company's legal representatives, who remain fully and personally liable for the corrupt practices identified.

EXTENSION OF THE JURISDICTION OF THE FRENCH CRIMINAL COURTS

The Sapin 2 law reaffirms and extends the extra-territorial jurisdiction of the French courts.

Their authority now extends to offences committed by a legal entity or a person that habitually resides in or conducts at least part of its business activities in France, **regardless of nationality**.

The new law has also lifted a number of obstacles that previously impeded the action of the French courts, which now have jurisdiction:

• even where the alleged behaviour is not punishable under the legislation of the country where the wrongdoing was committed;

• even where the victim has not pressed charges in that country; and

• without the need for the public prosecutor to have previously initiated proceedings.

[5] *This is close to the common law "Deferred Prosecution Agreement".*

The French criminal courts, like their UK and US counterparts, now have broader jurisdiction in corruption matters.

HEAVIER PENALTIES

• Compulsory implementation of a Compliance programme (see chapter II. section 1); and
• Fines that can be imposed by the French Anti-Corruption Agency in the event of anti-corruption failings (see chapter I. section 10.1).

PROTECTION OF WHISTLEBLOWERS

The Sapin 2 law protects whistleblowers and relieves them of any criminal liability should they disclose secret information protected by law (except information covered by national defence secrecy, doctor-patient confidentiality and -client-attorney privilege, which are inviolable). It also gives a whistleblower the right to refer directly to the legal or administrative authority in the event of serious or imminent danger or the risk of irreversible damage. It also requires all companies with at least 50 employees to implement appropriate whistleblowing alert receipt and processing procedures and rules for employees and external or occasional workers.

REPORTING OF CERTAIN LOBBYING ACTIVITIES (SEE CHAPTER I. SECTION 9 AND APPENDIX).

France now has a comprehensive, deterrent anti-corruption legislative framework, similar to that of the other major western countries.

Abroad

Countries worldwide are stepping up the fight against corruption.

In December 2016, the US Department of Justice (DOJ) sanctioned Brazilian company Odebrecht for setting up a wide-scale system of corruption in Brazil involving a large number of Brazilian political leaders. Odebrecht was fined USD 3.5 billion (reduced by the DOJ due to the company's inability to pay) and its CEO was sentenced to 19 years' imprisonment by the Brazilian courts. This high-profile scandal precipitated the downfall of the Brazilian President.

While US sanctions imposed under the Foreign Corrupt Practice Act (FCPA) primarily target multinationals, the US authorities are gradually extending their investigations to large organisations or international bodies suspected of corrupt practices, sending out a strong signal that no wrongdoing will go unpunished and that the United States judicial system may reach anyone anywhere. The investigation into FIFA's top executives is an illustration of the US authorities' determination to attack corruption regardless of where it is committed, or of the nationality or country of residence of the wrongdoers. Apart from the US authorities, the Swiss authorities and, now, the French authorities, are involved in this case.

In January 2017, the Serious Fraud Office in the United Kingdom imposed the heaviest sanction ever on a company in the United Kingdom for corrupt practices. Under a Deferred Prosecution Agreement, Rolls Royce plc agreed to pay a fine of USD 611 million as well as a fine of USD 170 million to the US authorities for the same accusations.

In South Korea, a high-profile corruption scandal involving the Samsung group precipitated the downfall of the country's President.

3. INTERNATIONAL CONVENTIONS

The fight against all forms of corruption is a worldwide concern and is the subject of many international conventions, the main ones being presented in the table opposite. By signing these conventions, countries undertake to adopt very severe, effective provisions in the various fields listed in the table.

CONVENTIONS
(number of ratifying States)*

	OECD	UN**	**COUNCIL OF EUROPE** Strasbourg		AFRICAN UNION CONVENTION
			CRIMINAL	CIVIL	
	(43)	(182)	(48)	(35)	(37)
Active corruption	X	X	X	X	X
Passive corruption		X	X	X	X
Money laundering	X	X	X	N/A	X
Obligations to prevent corruption		X		N/A	X
Public sector	X[1]	X	X	X	X
Private sector		X	X	X	X
Judicial cooperation/ extradition	X	X	X	X	X
Promoting broader jurisdiction of States	X	X	X		X
Making corruption a criminal offence	X	X	X	N/A	X
Liability of legal entities	X	X	X		
Deterrent sanctions	X	X	X	X[2]	X
Compensation of victims/restitution of assets		X		X[3]	X
Protection of whistleblowers		X	X	X[4]	X
Audit of accounts	X	X	X	X	X
Lifting of banking secrecy	X	X	X		X
Longer statute of limitations	X	X		X	

N/A: Not Applicable.
(*) Information available at 7 August 2017.
(**) States party to the convention
(1) Only covers corruption of foreign public officials.
(2) Only protects employees with respect to the company they are informing on.
(3) The very purpose of the convention.
(4) The loss to be compensated is extended significantly and covers both loss of assets already sustained as well as opportunity loss and other non-asset losses.

4. EFFECTIVENESS OF REPRESSION: JURISDICTION OF CRIMINAL COURTS – JUDICIAL COOPERATION – REPORTING

Jurisdiction of criminal courts

Under the influence of the international conventions referred to above, most countries have enacted very severe anti-corruption legislation, giving the criminal courts extensive extraterritorial jurisdiction.

For example, contrary to popular belief, the jurisdiction of the French courts is not restricted to offences committed entirely on French soil. It also extends to (i) offences committed only partially on French soil, (ii) offences committed by persons habitually residing in or companies conducting at least a part of their business in France, (iii) offences committed by French citizens abroad and (iv) offences committed by a foreign person when the victim is French. Furthermore, the Sapin 2 law lifted a number of previous impediments to the French courts' ability to pursue and repress offences.

The US courts can pursue and punish foreign individuals or companies that commit corruption abroad **where one of the constitutive elements of the offence has been committed on US soil**: for example, funds channelled via the United States or the US monetary system, exchange of e-mails transiting via the United States, meetings held on US soil, etc.

British courts can punish any offence committed abroad by a person or company **having a "close connection" with the United Kingdom**. A foreign company generating "some of its business" in the United Kingdom may be prosecuted in the United Kingdom: it appears that carrying out just a few transactions in the United Kingdom is sufficient to trigger the jurisdiction of the British courts.

International conventions and national laws aim to close any legal loopholes. All recent legislative developments are intended to make it impossible to use geographical loopholes to escape justice.

Judicial cooperation

Close, regular cooperation between the judicial authorities in the various countries also facilitates the detection and repression of offences.

In France, a public prosecutor for financial crime and a team of specialised magistrates – the Financial division of the Paris District Court (*Tribunal de Grande Instance*) – centralise most of the investigations into international corruption cases. This team is highly experienced and has broad investigative powers. It cooperates closely with the foreign judicial authorities, and particularly the US Department of Justice (DoJ) and the British Serious Fraud Office (SFO).

Generally speaking, international judicial cooperation has made much progress in the past decade, even with countries that were previously reluctant to lift banking secrecy or share information. This has made it easier to gather evidence against offenders. It is through international judicial cooperation that the United States is able to effectively detect offences committed abroad, going as far as sharing the amount of the fine imposed on the offender with the judicial authorities in other countries (see Odebrecht case). In addition, judicial authorities are making more and more extradition requests that are generally accepted. In the FIFA case, the DOJ obtained the extradition to the United States of several people suspected of being involved in corrupt practices from the judicial authorities in Switzerland, Peru and Trinidad and Tobago.

Within the European Union, jurisdictions now cooperate directly, which has contributed to speeding up investigation procedures.

Bilateral conventions between France and many foreign States also help make information sharing more effective. These conventions usually require the foreign judicial authorities to respond to French rogatory commission requests for international judicial assistance positively and within shorter timeframes, and vice versa. The aim of these rogatory commissions is precisely to gather evidence against offenders, particularly through searches and seizure of documents.

Reporting

Judicial cooperation and the effectiveness of repressive measures have also progressed significantly due to the introduction in most large countries of anti-money laundering legislation designed to stop money obtained from illegal sources (e.g. drug trafficking or corruption) from being brought back into the legal economy. This legislation requires many professional firms (financial firms, stock market firms, property professionals, lawyers, accountants, auctioneers, art dealers, etc.) to identify and obtain information about their customers and to report any suspicious transactions or behaviour to specialist organisations (Tracfin in France). The sanctions for failure to report are extremely heavy (in France, from five to ten years' imprisonment and a fine of up to €750,000 or 50% of the laundered funds). In France, some 62,000 suspicious transactions were reported to Tracfin in 2016 alone (up 44% versus 2015).

More generally in France, professional persons or firms that carry out, control or advise on transactions involving financial flows must report the transaction to the public prosecutor if they know that an offence punishable by more than one year's imprisonment (which is the case for corruption) has been committed. The law protects the person reporting the offence against any liability or criminal proceedings (Articles L. 561-1 and L. 561-22 of the French Monetary and Financial Code (*Code Monétaire et Financier*).

In addition, external auditors in France are required to report any offences of which they are aware to the public prosecutor.

Under international pressure, more and more national legislators and regulators are urging if not requiring companies to set up whistleblowing procedures and to protect employees who report corrupt practices – in France, a genuine "whistleblower" status, protected under the French Labour Code (*Code du Travail*), was introduced by the Sapin 2 law in 2016. Public officials who report cases of corruption they come across in the course of their duties are also afforded protection.

Lastly, in some countries, the law provides for plea bargaining (e.g. in the United States, a person can obtain a reduced sentence by providing evidence of offences) or immunity.

The extraterritorial jurisdiction of the French and foreign courts, coupled with stronger judicial cooperation and reporting mechanisms, makes it easier and more effective to track down corruption and pursue offenders throughout the world.

As regards international corruption, offenders are now liable to cumulative sanctions. There is a strong probability that several courts will assume jurisdiction to hear and punish the same offence. Offenders may therefore be liable to heavy sanctions not only in France but also in several other countries.

The cost of legal proceedings (€1 billion in lawyer's fees for Siemens) and internal investigations ordered by the judicial authorities have reached considerable sums. This is in addition to the ensuing cost of implementing stronger compliance programmes and of involving external independent experts appointed by the courts to supervise a company's practices and the effectiveness of its prevention and control mechanisms over a period of several years.

CHAPTER III

GROUP RULES ON SIX PRACTICES PRONE TO A RISK OF CORRUPTION

1. GIFTS AND SERVICES

What to know

Anti-corruption laws prohibit all senior executives or employees from giving gifts, services or other goods of value to another person for the purpose of obtaining an undue advantage or influencing a decision or other action.

Similarly, they prohibit all senior executives and employees from the receiving of gifts, services or other goods of value in exchange for giving an undue advantage or taking a particular decision or other action.

The gifts most frequently considered as corrupt practices are:

- invitations and gifts given to public officials;
- granting cash, loans or advances, vouchers equivalent to a cash gift (gift vouchers, purchase vouchers, etc.), interests in the capital of a company or listed shares;
- carrying out or paying for works (construction, repairs, improvements, decoration of a property);
- free services such as transport, funding school fees, permitting the use of a property;
- lavish invitations or gifts;
- travel or holidays.

It is a serious punishable offence in all countries to offer or give gifts at a time when the recipient is making a decision or is in a position to influence a decision in favour of the giver (e.g. call for tenders, contract negotiations, awaiting an authorisation, change of legislation or regulations, court ruling, arbitration ruling).

The Group's position

The Group's general position is to prohibit the giving or accepting of gifts except in countries where this practice is an accepted, unavoidable business courtesy, in which case it must comply with the rules set out below.

Gifts must never be given or accepted by senior executives or employees during times when a decision is being made that could benefit the company.

What to do

1. RECEIVING A GIFT

1.1 Principle

Senior executives and employees must not solicit or accept gifts of any kind, directly or indirectly, subject to the provisions of section 1.2 below. For example, employees should never allow a third party to pay for their business travel or accommodation and, even more importantly, their personal expenses of any kind (e.g. works, home equipment, travel, holidays, etc.).

1.2 Courtesy or hospitality gestures

The only acceptable gestures are customary practices (e.g. traditional festivities such as Christmas, New Year, etc.) and courtesy or hospitality gestures (business meals, invitations to events) where this practice is an accepted custom and the value of the gesture is reasonable for the country and industry concerned.

Before accepting, senior executives or employees should use their common sense and refuse or return a gift if the gesture is likely to make them indebted to or dependent on the giver (e.g. repeated giving of gifts) or it falls into a prohibited category (e.g. accepting a gift when they are in a position to make a decision that will affect the giver).

Each Business segment sets benchmarks after opinion from its Ethics Committee for the maximum value of gifts that may be accepted by senior executives and employees. The memorandum setting out the benchmarks must state that any senior executive or employee in any doubt whatsoever as to what is or what is not acceptable must contact the Business segment's Ethics Officer.

1.3 Information – Transparency

Employees should report any solicitation or offer of a gift or advantage that falls outside the Group's guidelines to their line manager.

1.4 Inability to refuse

If a gift cannot be refused or returned without overstepping the bounds of politeness and seriously jeopardising the business relationship between the company and the giver, it should be passed to the Business segment Ethics Officer, who will decide what should be done with it (e.g. donation to a charity).

2. GIVING GIFTS

2.1 Principle

Group companies, their senior executives and employees must not give gifts or services other than the customary, courtesy or hospitality gestures defined in section 1.2 above.

2.2 If giving a gift is unavoidable due to local traditions, its value should always be as small as possible in the light of the recipient's position and local customs.

Each Business segment sets benchmarks after opinion from its Ethics Committee for the maximum value of gifts that may be given to a third party by senior executives and employees. The memorandum setting out the benchmarks must state that any senior executive or employee in any doubt whatsoever as to what is or what is not acceptable must contact the Business segment's Ethics Officer. If well-established local customs are significantly different from the benchmark values, prior authorisation should be sought from the Compliance Officer.

2.3 A gift may only be given as a customary, courtesy or hospitality gesture. It should never be given with the aim of obtaining a benefit or decision in favour of the company. It is strictly prohibited under all circumstances to give a gift, regardless of its value or form, when the recipient is in a position to take a decision or influence a decision affecting the company.

2.4 The gift must be clearly recorded in the company's accounting records.

2.5 Receptions (business meals, cocktails, etc.), hospitality or business invitations must comply with the provisions of section 2.3 above and with the customs and standards in the relevant country and industry. Lavish invitations or invitations that aim to make the recipient feel indebted are strictly prohibited.

The Business segments should set benchmark values after opinion from their Ethics Committee to give senior executives and employees a better grasp of what is and what is not acceptable. In France, the tax authorities have stated their position on business gifts. They consider that VAT may be recovered on a gift with a value of no more than €65 including VAT per person per year.

2.6 Accommodation and travel costs for third parties may only be paid when the person's presence is justified in connection with a business assignment and when the person is not classified as a political leader (or forming part of the latter's entourage) or civil servant (site or project visit, promotion, demonstration or presentation of the Group's expertise, travel required pursuant to a contract, etc.). In this case, the travel and accommodation costs of invitees will be paid on the same basis as those of senior executives and employees.

However, a third party's travel and accommodation costs may never be paid by a Group company during a period when that person is required to exercise decision-making power or is in a position to use his or her influence in favour of the Group.

2.7 Senior executives and employees must never use their personal funds to bypass the rules described above, for example to avoid reporting or asking for authorisation to give a gift.

2. POLITICAL FUNDING

In France, legal entities are strictly prohibited from funding the activities of political parties or the career or candidacy of a political person. Many other countries have similar prohibitions.

In others, political contributions are authorised and/or subject to legislation.

The Group's general policy is not to contribute to funding political parties or politicians, either directly or through associations, think-tanks, foundations, etc.

3. PATRONAGE

What to know

Patronage means donating disinterestedly money, goods or services to causes in the public interest, such as social or humanitarian causes, research or protecting or promoting the arts. Patronage in the form of providing services in kind can also be a means of showcasing the company's expertise (e.g. the Hôtel de la Marine prestige renovation project in Paris).

The Group's position

The Group Code of Ethics states that "charitable contributions and patronage initiatives are permitted if they genuinely serve the public interest (humanitarian, cultural or societal cause) and contribute to the civic action defined by the Group or its entities."

A patronage action must never be used as a means to disguise and/or indirectly commit an unlawful act (unlawful payment, corruption, influence peddling, etc.).

What to do

ESTABLISHING A PATRONAGE POLICY

Each Business segment defines the patronage actions that best reflect the nature of their business activities and fall within their CSR policy.

After consultation with their Ethics Committee, they establish a general framework for their subsidiaries to work within, taking account of the Committee's opinions and recommendations.

They also establish procedures for prior approval of patronage actions, at the management level they deem appropriate.

PROHIBITED PATRONAGE ACTIONS

The Group must not take patronage actions in the following circumstances:

- the patronage action is intended to obtain and/or retain a contract, decision or authorisation;
- the beneficiary, under the guise of serving a charitable cause, engages in an activity prohibited by the Group (e.g. funding a political activity);
- the beneficiary and its senior executives have a criminal record or their management has been found wanting by their control organisations (in France, the Audit Court (*Cour des Comptes*);
- the beneficiary is evidently seeking a personal gain or adopts behaviour or management practices suggesting that its members might or could embezzle funds (e.g. the association's general costs represent too high a proportion of donations received);
- the senior executives or employees behind the patronage action obtain a direct or indirect personal advantage (inasmuch as the Group may engage in patronage actions for the benefit of an organisation consisting of a voluntary, disinterested contribution from a senior executive or employee).

Special care should be taken with regard to patronage actions for the benefit of a partner (e.g. local authority, etc.) with which the Group has a business relationship.

DUTY OF ENQUIRY

Before committing to a patronage action, the Group entity must carry out the following checks:

- ensure that the beneficiary's purpose is compatible with the Code of Ethics;
- ensure that the foundation or association has filed its bylaws as required;
- obtain information on the beneficiary, its partners and founders, and its reputation;
- check its activity report and experience and that it has sufficient resources to fulfil its purpose;
- ensure that the organisation's directors have the powers to act in its name;
- ensure that the organisation publishes a report on its activities and keeps true and fair accounting records audited by an external auditor.

CONTRACT

The patronage contribution must be set out formally in a written contract, stating the Group company's intent and reasons.

No contract or amendment to the contract may be signed without the prior written authorisation of an executive officer of the relevant Group company.

The contract must contain an undertaking to respect the Group company's ethical and compliance values, as well as a termination clause in the event of breach.

The Group company must have a right of inspection and a right to receive a copy of the beneficiary's accounts.

PATRONAGE CONTRIBUTION

The patronage contribution may take the form of financial support or a contribution in kind (skills). In the latter case, the equivalent monetary value should be properly quantified and stated in the contract.

Contributions in cash or to accounts whose holder is not identifiable are strictly prohibited.

The contribution must only benefit and be paid to the recipient public or private entity. For example, a financial contribution must never be paid in full or in part to an individual or a public or private entity other than the beneficiary.

The contribution must only be paid in the country where the beneficiary has its registered office or the country where the patronage action will be carried out.

MONITORING CONTRACT PERFORMANCE

The Group company must ensure that its contribution has been used in the public interest, the purpose for which it was intended.

4. SPONSORSHIP

What to know

Sponsorship is contributing to funding or organising an event such as a seminar, conference or sports, arts or leisure event, in order to obtain a potential commercial benefit from its visible participation in the event[1].

(1) This section does not cover advertising sponsorship governed by French Decree No. 92-280 of 27 March 1992 on the obligations of advertising, sponsorship and home shopping service providers.

The Group's position

Sponsorship must form part of the company's marketing or communications strategy and provide potential commercial benefits.

It must never be used as a means of giving an unlawful benefit (unlawful payment, corruption, etc.)

What to do

ESTABLISHING A SPONSORSHIP POLICY

The Business segments each determine the sponsorship actions that fall within their commercial and communications strategy. After consultation with their Ethics Committee, they establish a general sponsorship framework for their subsidiaries to work within, taking account of the Committee's opinions and recommendations.

They establish procedures for prior approval of sponsorship actions, at the level they deem appropriate.

PROHIBITED SPONSORSHIP ACTIONS

The Group must not take sponsorship actions in the following circumstances:

- the sponsorship does not contribute in any way to the Group company's marketing or communications policy;
- the sponsorship action is intended to obtain and/or retain a contract, decision or authorisation;
- the person organising the event on behalf of a public or private entity is manifestly seeking to obtain a direct or indirect personal benefit rather than acting in the interests of the entity;
- the sponsored event is in breach of the Code of Ethics or applicable law, e.g. promotion of religious or political activities, etc.;
- the senior executive or employee initiating the sponsorship is gaining a direct or indirect personal benefit.

Special care should be taken with regard to sponsorship actions for the benefit of a partner (e.g. local authority, etc.) with which the Group has a business relationship.

CONTRACT

The sponsorship agreement must always be set out formally in a written contract signed by an executive officer of the relevant Group company. Any amendment to the sponsorship agreement must also comply with this principle.

The benefits granted to the sponsor in exchange for its contribution to the event should be described in detail and must be proportionate to the size of the contribution.

The contract must contain an undertaking to respect the Group company's ethical and compliance values. Breach of the undertakings may lead to termination of the sponsorship and the agreement.

The sponsor must have a right of inspection and a right to receive documents enabling it to check that the benefits granted are real.

SPONSOR'S CONTRIBUTION

The sponsor's contribution may take the form of a financial contribution or a contribution in kind. In the latter case, the equivalent monetary value should be properly quantified and stated in the contract.

Contributions in cash or to accounts whose holder is not identifiable are strictly prohibited.

The contribution must only benefit and be paid to the recipient public or private entity. For example, a financial contribution must never be paid in part or in full to an individual or a public or private entity other than the event organiser.

The contribution must only be paid in the country where the beneficiary has its registered office or the country where the sponsored event takes place.

MONITORING CONTRACT PERFORMANCE

The Group entity must ensure that the benefits obtained in exchange for its contribution are real and match the provisions of the agreement.

The beneficiary must send the sponsor proof of these benefits, which should be kept on record (catalogue, photo of logo display).

5. USE OF AGENTS OR OTHER THIRD PARTIES PROVIDING COMMERCIAL ASSISTANCE OR SUPPORT (INTERMEDIARIES)

What to know

5.1 Using intermediaries may be a useful and necessary practice for companies seeking to penetrate a new market or which need assistance or support from a qualified professional to develop a commercial offering, respond to a request for proposals, engage in negotiations or other commercial activities or complete a project.

5.2 If the third party appointed to provide commercial assistance or support engages in unlawful practices (for example, by offering, promising or giving an undue advantage, financial or otherwise, to facilitate the transaction, or by buying non-public information from unscrupulous informants), the legal entity that appointed the third party as well as the senior executives or employees involved may be liable to heavy criminal sanctions as a result of the intermediary's corrupt practices.

5.3 International anti-corruption conventions always draw the attention of the signatory countries and the courts to the dangers involved in the use of agents or intermediaries to provide commercial assistance or support. In France, the Sapin 2 law requires companies to carry out an assessment of their intermediaries. Generally speaking, there is always a strong suspicion attached to the use of such intermediaries, particularly in requests for proposals involving a major industrial or infrastructure project. This suspicion has been fuelled by some highly publicised legal cases where it transpired that the method most often used to commit bribery or solicit corruption was through the use of an

intermediary. For example, 90% of corrupt practices reported under the US Foreign Corrupt Practices Act (FCPA of 1977) were committed through an intermediary.

As far as these international conventions or the courts are concerned, regardless of profession, what the intermediary is called, or the nature of the contractual relationship with the company (consultant, expert, commercial agent, advisory company, public relations agency, interest representative, lobbyist, sub-contractor, co-contractor, partner in a partnership, joint venture, interest grouping or consortium, architect, business partner, lawyer, etc.), a third party is always considered to be an intermediary when the service involves providing commercial assistance or support. Special care should be taken in the relationship where the purpose is to help the company obtain a contract, decision or business transaction, or to make contacts, represent the company or act as go-between with a public or private entity, as these services are prone to a risk of inappropriate behaviour.

5.4 In some countries, the profession of intermediaries is recognised and accepted in certain sectors (estate agents, banks, media agencies, advertising agencies, media rights agencies, etc.). These professions are regulated by law; for example, in France, only persons holding an estate agent's licence are authorised to receive payment for their role in a property purchase or sale.

5.5 In addition, some business sectors have always been structured in such a way that they have to use various levels of intermediary, which are institutionalised and governed by professional standards and practices (e.g. the distribution of broadcasting or TV rights, or sale of advertising space).

5.6 Lastly, in some large developed countries, including France since the Sapin 2 law, companies are legally required to implement internal procedures and systems to prevent and combat bribery and corruption. The internal measures and precautions described below are those expected by the authorities responsible for supervising companies and sanctioning breaches of the requirement to pay due care and attention when using intermediaries for commercial purposes.

The Group's position

The use of intermediaries is strictly prohibited by the Group where the purpose is to carry out activities which the Group does not have the right to do itself.

The Group prohibits any form of assistance or support from an intermediary where the purpose is to intervene or exercise influence, either directly or indirectly, exclusively or partially, in obtaining or attempting to obtain an order, decision, authorisation or other advantage from a public or private entity or person, by using unlawful practices, for the benefit of a Group company.

Group entities, senior executives and employees must not seek assistance or support from an intermediary when a serious doubt remains as to the integrity of that intermediary after completing all the precautionary procedures set out in the Compliance Programme.

If there is serious reason or information to suspect that an intermediary is acting in breach of the above principle, the business relationship must be terminated immediately.

When a country's law recognises and regulates certain forms of intermediation in certain business activities, its provisions must be strictly observed. Special care and attention should be paid when selecting and using these professionals, as regulated intermediary services must not be used for unlawful purposes.

When a business sector is structured as described in section 5.5 above, the Business segment establishes, adopts and defines (after agreement from the Group's Ethics Officer and with the support of the Business segment Compliance Officer) in a Business segment compliance programme the ethical rules and best practices applicable to these institutionalised forms of intermediation, making sure that they respect the spirit, rigorous requirements and ethical principles of this Compliance Programme.

What to do

ENQUIRIES PRIOR TO USING AN INTERMEDIARY

Group companies using the services of an intermediary should first check its integrity and worthiness. Enquiries must be made before an agreement is entered into. It is essential to know whom you are dealing with before entering into a business relationship with an intermediary.

If a Business segment decides to seek the help of a specialised external organisation to make its enquiries, that organisation must only use lawful means of enquiry and must provide proof of its professionalism and reliability, e.g. an organisation such as ADIT (a leader in strategic analysis). The Business segment Ethics Officer selects the organisations that meet these requirements, oversees the enquiries and gives a copy of each report to the company intending to use the intermediary's services.

Use of these organisations is particularly recommended when a Bouygues group company uses an intermediary for business abroad, or more generally when the intermediary is a company governed by foreign law.

CHECKS

The following checks must be carried out before entering into a contract with an intermediary:

- the intermediary has to be a legal entity, the only acceptable exception being when specific legislation on intermediation expressly permits individuals to act as intermediaries;
- the intermediary is duly registered, has bylaws and has fulfilled the legal publicity requirements;
- the intermediary's annual accounts are approved and published in accordance with the law and made available to the relevant Group entity which intends to use its services;
- the intermediary has a real physical base and its registered office is not artificially hosted by a bank, law firm or other letter box facility;
- the intermediary has its own resources, which are adequate for the services it will provide, e.g. employees;
- the intermediary's normal business activity is providing the relevant services; its business activities are real; its customers are serious, well reputed companies; the intermediary is known for the expertise it can provide; its expertise is suitable for the service it intends to provide;
- the intermediary has in-depth knowledge and experience of the country in which the service will be provided.

RED FLAGS

The circumstances described below should be considered as red flags and the intermediary should not be used when:

- the intermediary engages in an activity, has contractual or financial relationships, or any other business or private relationship that might give rise to a conflict of interest with the client of the relevant project. For example, the intermediary is an elected representative or holds a public or private office related to the client, or is in a position to contribute to decisions about the project;
- prior enquiries have not been sufficient to obtain the requisite information about the intermediary, its accounts, reputation, achievements, durability or resources;
- the hiring of an intermediary is requested or imposed by the authority, legal entity or person organising the request for proposals, negotiating the business transaction or making the decision affecting the Group entity;
- the intermediary asks to remain anonymous, intends to act through a nominee (person or entity), refuses to disclose the name of its shareholders, refuses to provide previous professional references that would enable a conflict of interest to be detected;
- the intermediary has a known family or other close relationship with the persons responsible for the request for proposals, negotiations or decisions affecting the Group entity;
- the intermediary seeks an exclusive relationship with the public or private client, thereby cutting out the company's representative;
- the intermediary seeks a disproportionate fee: entirely success-related, a very high or uncapped amount; an unusually high fee compared with the value of the services provided; request for unusually high expense refunds or for undocumented expenses;
- the intermediary seeks unusual payment terms: payment in cash, high advance payments; payments to a bank account whose holder cannot be identified or in another country purely for tax reasons or in a country deemed to be a tax haven, or to the account of a third party; payments in kind (e.g. shares in a company);
- the intermediary seeks a hidden fee in addition to the contractually agreed fee, or suggests a structure in which the Group would be contributing to tax fraud;
- the intermediary refuses to endorse the values promoted by the Group (Code of Ethics, Compliance Programme);
- the intermediary has a criminal record, particularly for bribery and corruption or similar offences.

After analysis of the specific risks to the Business segment's activities, the Compliance Officer will establish the key hazard points, for example identifying the industries subject to heightened due diligence with regard to intermediaries.

CONTRACT

The relationship between an intermediary and a Bouygues group company must be always governed by a written contract.

The contract must state the purpose of the assignment and a description of the resources to be used by the intermediary to carry out its assignment.

The contract and any amendments thereto must be drafted with assistance from the relevant Legal department, which will keep an original of the contract and any amendments on file.

The contract and any amendments must be signed or at least jointly signed by the Group company's executive officer (or, if the Business segment is not structured into subsidiaries, by the operational manager of the branch, division or geographical region concerned). If the Group company is a local subsidiary with a low sales figure (to be defined by the Senior Management of the Business segments) or in the case of a company created specifically for a project (subsidiary, economic interest grouping, joint venture, etc.), the executive officer must, prior to signing the contract or an amendment thereto, obtain written approval from his or her line manager (depending on the Business segment, either country, region or division head, or the entity's Chief Executive Officer).

If the intermediary's fee exceeds a pre-set threshold, the Group company's executive officer or the line manager referred to above should inform the Chief Executive Officer and Ethics Officer of the Business segment by e-mail before signing the contract or an amendment thereto.

The threshold is set by the Chief Executive Officer of the Business segment after advice from its Ethics Committee. If the Business segment has several branches or divisions with different business activities, different thresholds may be set. The purpose is to advise the Chief Executive Officer of the Business segment beforehand of all significant intermediary contracts (and any amendments thereto) at the level of each of its major business activities.

Below the threshold, the operational manager directly reporting to the Chief Executive Officer of the Business segment and in charge of the activity concerned is informed beforehand. This is not necessary if the operational manager is the person who has already given the prior written consent referred to above.

If the company operates in a country or is involved in a project in a country whose Transparency International Corruption Perceptions Index is lower than that of France, the Business segment Ethics Officer must be informed by e-mail before the contract (or any amendment thereto) with the intermediary is signed.

The intermediary must not have the power or authority to commit the relevant Group company (other than certain limited exceptions agreed beforehand in writing by the executive officer who signs the contract).

The intermediary must contractually undertake to comply with:

- regulations in the country where the relevant Group company operates;
- regulations in its own main country of operation;
- regulations in the country where the project is located;
- ethical and compliance values promoted by the Group.

More generally, the intermediary must contractually undertake to comply with the international anti-corruption and anti-money laundering conventions. It must expressly agree to refrain from engaging in corrupt practices or influence peddling with public or private agents involved in the project.

INFORMING THE ETHICS OFFICER

Each entity draws up a list of intermediary contracts (and any amendments thereto) entered into by companies within its scope of authority and sends it promptly to the Business segment Ethics Officer.

If a company intends to enter into more than one intermediary agreement for the same project or in the same country, the company's executive officer should first advise the Business segment Ethics

officer by e-mail, giving reasons for the decision to enter into more than one intermediary agreement for the same project or in the same country.

CONTRACT ADMINISTRATION

The signatory company should appoint a person responsible for contract administration, who will check that the contract is properly performed (amendments, e-mail exchanges, checking invoices, monitoring activity reports, etc.). The following documents should be retained and then archived:

- prior enquiries;
- signed contract and any amendments thereto;
- studies, records of contract or contract amendment performance;
- progress reports or minutes of meetings (to justify the real, serious, tangible nature of the services provided).

The contract administrator should not be someone who has a reporting line to the senior executives in charge of the company's sales function.

Use of commercial intermediaries

INTERMEDIARY'S FEES – PAYMENT TERMS

The intermediary's fee must always be consideration for genuine, justifiable services. It must reflect the substance of the service provided and be commensurate with the services, their complexity and the length of the assignment.

Special care should be paid when committing to a success fee and the following rules and principles should be scrupulously followed:

- It is forbidden to include a success fee for obtaining a contract, amendment to a contract or decision;
- An intermediary's fee may not be paid entirely in the form of a success fee;
- When payment of some form of success fee for the services provided by the intermediary cannot be avoided, it must be reasonable and must under no circumstances exceed the amount of the fixed fee. In all cases, it must be approved beforehand by the Business segment Ethics Officer.

There are three specific exceptions to this rule:

- An intermediary's fee may be paid entirely in the form of a success fee in cases where the law governing the intermediary's service expressly requires it (for example, the French law on estate agents prohibits any payment to the agent before the sale or letting is completed);
- If the law or code of conduct governing the intermediary's profession permits (for example, in some countries, the profession of lawyer or insurance broker), a success fee may be added to the intermediary's fixed fee in consideration for the result obtained, but this should be exceptional and only on condition that the success fee does not represent consideration for services other than those provided by the relevant profession; the amount must always be within the customarily accepted limits and be approved beforehand by the relevant line manager (for example, the Business segment Legal department head in the case of lawyers);
- A commitment to pay a success fee may be made to an investment bank given the specific nature of this activity provided that the service is a genuine investment banking service and that the

commitment has been authorised beforehand in both principle and amount by the Group's Chief Financial Officer.

Each Business segment draws up instructions defining the acceptable fee levels and payment terms for intermediaries in the form of grids, scales, hourly rates, etc.

If the intermediary has its registered office in the same country as the project, it must have a bank account and be paid in that country.

If the intermediary does not have its registered office in the same country as the project, it may either have a bank account and be paid in the country of the project or the country where the intermediary is based, provided that this is not purely for tax purposes.

The contract entered into with the intermediary must set out the terms and method of payment, which must be traceable.

Intermediaries should be paid in euros, the currency of the country where they are based or where the project is located or the currency of the project contract.

Intermediaries' fees are paid on a percentage of completion basis. Intermediaries must submit documented invoices (i.e. with the requisite supporting documents) in accordance with the regulations in the country where the invoices are issued and the country where they are paid.

Payments to intermediaries must be authorised in accordance with the Group's payment authorisation procedures, in addition to which the signature of both the executive officer of the company using the services and his or her line manager is always mandatory.

Payments must be properly accounted for in the Group company's accounting records.

6. LOBBYING (INTEREST REPRESENTATION)

What to know

A company may contribute to public debate and reflection on a proposed law or the implementation of a law, a regulation or public policy, by giving its opinion or providing its technical expertise. This practice is known as lobbying.

If this practice is not conducted transparently or if it is not strictly limited to the definition given above, the person and the company involved run the risk of being accused of corruption, influence peddling, favouritism or interference.

Lobbying is strictly regulated in many foreign countries (e.g. United States and Canada) and at the European Union level.

In France, lobbying has been legally regulated since the enactment of the Sapin 2 law, which has introduced an obligation of transparency and reporting to the High Authority for transparency in public life (*Haute Autorité de la Vie Publique* – HATVP), as well as an obligation to refrain on companies whose senior executives or employees are engaged in lobbying activities.

The Group's position

The Group may engage in lobbying to make its activities better known and understood.

Employees, senior executives and external service providers acting for the Group shall not offer a benefit of any kind with a view to influencing a decision. More generally, they must undertake to observe the applicable regulations, codes of conduct and the ethics policy promoted by the Group and particularly the ban on engaging in corrupt, unfair or anti-competitive practices.

What to do

1. GENERAL INFORMATION

Senior executives of the Group and the Business segments are responsible for defining and determining lobbying objectives and policies. These policies must be in line with the Group's values and its CSR approach and comply with the applicable regulations.

Each Business segment shall each keep a list of the Interest Representatives acting for the Group, whether they are employees or external to the Group.

Each Business segment is responsible for registering, updating and reporting the required information to the HATVP on the companies, senior executives and employees in its scope who engage in lobbying activities.

2. LOBBYING RULES TO BE FOLLOWED BY COMPANIES, SENIOR EXECUTIVES OR EMPLOYEES

Lobbying activities must always be conducted in compliance with the law, which means that all Group companies and all senior executives or employees engaging in lobbying activities must conduct them with probity and integrity.

Any company, senior executive or employee engaging in lobbying activities must, accordingly:

- **For lobbying activities conducted with respect to French political and administrative personnel, comply with the transparency and HATVP reporting requirements;**

- **For lobbying activities conducted in any country and in respect of any person, refrain from:**
  - offering or giving those persons presents, gifts or advantages of a significant value;
  - inciting those persons in any way to breach the ethical rules applicable to them;
  - approaching those persons with a view to obtaining information or decisions by fraudulent means;
  - obtaining or attempting to obtain information or decisions by deliberately providing those persons with incorrect information or by attempting to mislead them in any way;
  - organising seminars, events or meetings where speeches made by those persons are remunerated in any form whatsoever;
  - using information obtained from those persons for commercial or advertising purposes;
  - selling to third parties copies of documents emanating from a government, administrative or independent public authority or using the headed paper or logo of those public authorities and administrative bodies;
  - breaching any of the principles listed above in dealings with the direct entourage of one of those persons.

3. REGULATIONS – ACCREDITATIONS

The lobbying activity undertaken by a Group entity must comply with any existing accreditation system or specific legislation and, in particular, with the accrediting organisation's code of conduct. The Group entity must obtain accreditation when required or check that it has been obtained by any external service providers used.

4. PROFESSIONAL ORGANISATIONS – THINK-TANKS

Persons designated to represent a Group entity within a professional organisation or think-tank must ensure that the lobbying objectives and methods adopted by those organisations comply with the rules described above. They also make sure that those organisations adopt a similar code or internal regulations.

5. RECOURSE TO AN EXTERNAL "INTEREST REPRESENTATIVE" FOR LOBBYING PURPOSES

Choice of Interest Representative: duty of enquiry

An Interest Representative may only be selected after appropriate enquiries and checks have been made as to his or her professionalism, morality (in particular pledge to refrain from corrupt, unfair or anti-competitive practices), compliance with the applicable regulations and the absence of any conflict of interest or ban on conducting lobbying activities.

The hiring of or recourse to the services of former political figures (Ministers, Presidents of local authorities, etc.) or civil servants of national or international institutions must comply with the rules governing their status (e.g. time lapse after standing down, etc.). In any event, the services of such people for lobbying purposes may only be used in areas covered by their previous functions after a time period specified by law has elapsed after they stand down (currently three years in France, unless the regulations stipulate a longer period).

When selecting an Interest Representative to act outside France, the Legal department is required to provide all information about the applicable lobbying regulations and obligations in the relevant country and with respect to the relevant stakeholders.

Red flags

Persons may not represent the Group if:

- they cannot demonstrate that they have the requisite experience and resources for the purpose;
- they refuse to accept the mandatory clauses in the written contract;
- they refuse to be accredited officially;
- they have a criminal record, particularly for bribery and corruption or similar offences;
- they are elected national, European or international representatives currently in office, or members of a ministerial office, parliament or independent administrative authority, or they hold a local, national, European or international public office.

Mandatory contractual provisions

The Interest Representative's assignment must be set out formally in a written contract.

The Interest Representative's assignment shall be restricted to making contacts and speaking out in the circumstances defined by the relevant Group entity. The Interest Representative may under no circumstances be authorised to take decisions, for example make a commitment or sign a contract in the name and on behalf of the relevant Group entity.

The contract must contain a signed statement acknowledging that there is no conflict of interest in the service to be provided in the assignment.

The Interest Representative must contractually undertake to comply with the Group Code of Ethics and Compliance Programme, in particular the principles relating to benefits, gifts and invitations. The contract must prohibit any corrupt, unfair or anti-competitive practices.

If there is an ethics charter governing lobbying activities in the relevant country or business sector, the Interest Representative must undertake to comply with it and the contract must contain all the provisions required by the charter.

Any breach of the Group's ethical principles, Code of Ethics and, more generally, the applicable regulations may lead to termination of the contract.

Fees, payment terms, contract administration and monitoring

The provisions applicable to intermediaries as regards fees, payment terms, contract administration, monitoring and archiving also apply to Interest Representatives.

CHAPTER IV

USEFUL LINKS AND REFERENCES

INTERNATIONAL FINANCIAL INSTITUTIONS – Exclusion lists

World Bank (WB)

List of Cross Debarred firms and individuals: lists of firms and individuals barred from World Bank programmes or other actions due to violations of its fraud and corruption policy;

and

Listing of ineligible firms and individuals: lists the same firms and individuals.
http://web.worldbank.org/external/default/main?theSitePK=84266&contentMDK=64069844&menuPK=116730&pagePK=64148989&piPK=64148984

African Development Bank (AFDB)

http://www.afdb.org/en/about-us/structure/integrity-and-anti-corruption/

https://www.afdb.org/en/projects-and-operations/procurement/debarment-and-sanctions-procedures/

Asian Development Bank (ADB)

List of sanctioned entities for integrity violations:
http://lnadbg4.adb.org/oga0009p.nsf/sancALL1P?OpenView&count=999

Cross debarred entities:
http://lnadbg4.adb.org/oga0009p.nsf/sancCrossDebarred?OpenView&count=999

See also, as regards cross debarred entities, the following link:
https://lnadbg4.adb.org/oai001p.nsf/Content.xsp?action=openDocument&documentId=04F8B397472FD5CD4825804F0003769A

INTERPOL

Covers 190 States. Publishes various lists of wanted persons. http://www.interpol.int/en

UNITED STATES – Exclusion lists published by ministries

Public Procurement

System for Award Management (SAM)
United States government website concerning public procurement that combines the CCR/FedReg, ORCA, and EPLS tools.
https://www.sam.gov/

US Treasury Department – OFAC (Office of Foreign Assets Control)

The OFAC keeps a "**Specially Designated Nationals and Blocked Persons List**", whose assets are blocked in the United States and with whom business relationships are prohibited. https://www.treasury.gov/resource-center/sanctions/SDN-List/Pages/default.aspx

US Department of Commerce – Bureau of Industry and Security (BIS)

Denied Persons List: Prohibits export business with names on the list.
http://www.bis.doc.gov/dpl/default.shtm

Unverified List: Any transaction with the firms on the list should raise a red flag and impose heightened due diligence.
http://www.bis.doc.gov/enforcement/unverifiedlist/unverified_parties.html

UNITED KINGDOM

https://www.gov.uk/sanctions-embargoes-and-restrictions

UNITED NATIONS – Export restriction measures decided by the Security Council

Security Council resolution (annual), which may contain embargo or asset freeze measures.
http://www.un.org/french/docs/cs/

See also: http://www.un.org/fr/sc/documents/resolutions/

EUROPEAN UNION

External Action

Sanctions or restrictive measures
http://eeas.europa.eu/cfsp/sanctions/index_en.htm

Consolidated list of EU financial sanctions and Consolidated list of persons, groups and entities subject to EU financial sanctions

https://eeas.europa.eu/headquarters/headquarters-homepage/8442/consolidated-list-sanctions_en

TRANSPARENCY INTERNATIONAL

The Corruption Perceptions Index (CPI) updated yearly by country
http://www.transparency.org/cpi

APPENDIX

REPORTING OF LOBBYING ACTIVITIES WITH RESPECT TO FRENCH POLITICAL AND ADMINISTRATIVE PERSONNEL

1. Each Business segment must set up an adequate system for the timely reporting to the French High Authority for transparency in public life (*Haute Autorité pour la Transparence de le Vie Publique* – HATVP) of all information required by the applicable French regulations on its lobbying activities with regard to French political and administrative personnel, in accordance with the rules stipulated in French decree no. 2017-867 of 9 May 2017 on the digital register of interest representatives.

2. The Business segment should report to the HATVP on each "**interest representative"** in its scope.

3. "**Interest representative"** means any legal entity within the Business segment scope where one of its senior executives, employees or members engages **on a principal or regular basis** in activities intended to influence a public decision, in particular the content of a law or regulation, by **making contact** with French political and administrative personnel, including but not limited to the following:

- members of the Government or cabinet ministers;
- members of parliament, their employees and other parliamentary officials and employees;
- employees of the President of the Republic;
- the director general, secretary general or their deputies and members of a board or commission with the sanctioning power of an independent administrative authority (AMF,[1] Arcep,[2] CSA,[3] ADLC,[4] etc.) or an independent public authority;
- persons exercising a position or functions at the Government's decision for which they have been appointed by the council of ministers;
- presidents of regional or departmental councils, mayors of municipalities with more than 20,000 inhabitants, elected regional or departmental representatives, committee chairs of municipalities with more than 100,000 inhabitants, directors, deputy directors and chiefs of staff of regional or departmental councils;
- some positions of head of department and deputy director of central government administrations, heads of public administrative bodies, the position of director and secretary general of decentralised state services, the position of director general of regional and departmental services and those of towns with more than 150,000 inhabitants, the position of director general or director of some public bodies (some inter-municipal co-operation structures, associations of local authorities, the position of secretary general, deputy secretary general, director general and director of the city of Paris, etc.).

(1) Autorité des marchés financiers (the French securities regulator)
(2) Autorité de régulation des communications électroniques et des Postes (the French telecoms regulator)
(3) Conseil supérieur de l'audiovisuel (the French broadcasting authority)
(4) Autorité de la concurrence (the French competition authority)

4. The activity of influencing public decisions is deemed to be the **principal activity** of senior executives, employees or members when they devote, at their initiative, **more than half of their time** to an activity that consists of lobbying activities directed at the French political or administrative personnel listed above with the intention of influencing one or more public decisions, and in particular one or more legislative or regulatory measures.

   Senior executives, employees or members are deemed to engage in the activity of influencing a public decision a **regular basis** when, at their own initiative **at least ten times in the last twelve months,** they have entered into contact with the French political and administrative personnel listed above with the intention of influencing one or more public decisions, and in particular one or more legislative or regulatory measures.

5. However, **entering into contact** within the meaning of point 4 above does not include applying for, in accordance with the laws and regulations:

- the issuance of an authorisation or the benefit of an advantage, the grant of which is a right for those persons that meet the legal conditions for obtaining such authorisation or benefit; or

- filing an administrative appeal or taking steps that are, by virtue of the applicable law, required for the issuance of an authorisation, exercise of a right or grant of an advantage.

6. The Business segment Ethics Officer designates a department or manager at Business segment level responsible for compiling the information to be reported to the HATVP for all "interest representatives" in its scope. He or she makes sure that all of the Business segment's relevant senior executives and employees put each of its "interest representatives" in a position to comply with the legal obligation to report to the HATVP.

7. The Business segment Ethics Officer draws up and circulates to relevant senior executives and employees of the Business segment a memorandum setting out the scope and content of their transparency obligation, a comprehensive list of the French political and administrative personnel covered by the regulations, the nature and extent of the information to be disclosed, the reporting frequency, and contact details for the Business segment department or manager responsible for centralising the information and reporting to the HATVP.

8. "Interest representatives" who do not provide the requisite information either at their own initiative or at the HATVP's request are liable to one year's imprisonment and a fine of €15,000. Any further offence within three years of receiving a written caution from the HATVP is liable to the same punishment and fine.

9. The Group Ethics Officer sets up a similar reporting system for relevant senior executives and employees of the parent company and entities within its scope.

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The Bouygues group's Code of Ethics and Compliance Programmes (Competition, Anti-corruption, Financial Information and Securities Trading, Conflicts of Interest, and Embargoes and Export Restrictions) can be consulted on the Group’s Intranet site (ByLink).

DISCLAIMER

This document gives an overview of applicable French regulations as at 1 June 2017.

Any updates shall be made available exclusively on the Group’s intranet.