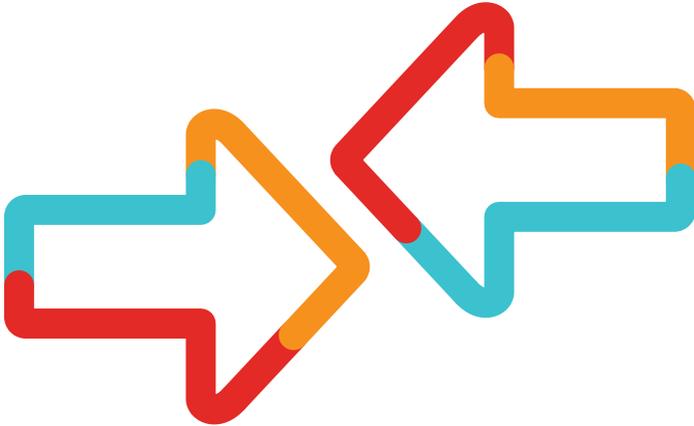


# CONFLICTS OF INTEREST

COMPLIANCE  
PROGRAMME



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# EDITORIAL

A conflict of interest between an employee or senior executive and the Group always creates a difficult situation. Although such situations can usually be resolved through common sense and professional conscience, I nonetheless wished to implement a Conflicts of Interest Compliance Programme in addition to our Code of Ethics. Its objective is to prevent and deal with conflict of interest situations in our organisational structures and to provide senior executives and employees of the Group with a concrete, operational code of conduct.

The Group must respect the private lives and freedom of its employees. This Programme simply and clearly reminds senior executives and employees that during the course of their employment or professional duties, they are expected to behave with loyalty and integrity towards their company at all times and that the Group's legitimate interests must always take precedence over their own personal interests when there is a conflict between the two.

Martin Bouygues  
Chairman and CEO

## 1 PURPOSE OF COMPLIANCE PROGRAMME

This compliance programme (the "Compliance Programme") supplements Article 5 of the Group<sup>1</sup> Code of Ethics. Its purpose is to deal with situations where an employee or senior executive of the Bouygues group is faced with a conflict of interest in the course of his or her employment or executive role.

## 2 CONFLICTS OF INTEREST IN BUSINESS – FUNDAMENTAL RULES

### 2.1 Employees' obligations

In accordance with employment contracts, employees owe a duty of loyalty and integrity to the company during the course of their employment relationship. They must not engage in activities that compete with their employer's business, either on their own behalf or on behalf of a third party.

### 2.2 Definition of conflict of interest

There is a conflict of interest when the personal interests of an employee, senior executive or executive officer of the Group are in conflict with or compete with the interests of the Group company they work for.

The concept of personal interests should be understood in the broadest sense of the term. It may involve the person's direct interests (material or

simply moral) as well as the interests of a closely associated person (someone in their immediate entourage or entity with whom/which they have direct or indirect relationships).

### 2.3 Principles

Senior executives and employees must avoid placing themselves in a conflict of interest situation.

If a conflict of interest arises, employees or senior executives must under no circumstances put their own interest before that of the company.

Senior executives or employees who intentionally place themselves in a conflict of interest situation by seeking to gain a personal advantage or interest in the course of their work are guilty of wilful misconduct. They may also be committing a criminal offence, for example on the grounds of abuse of confidence or misappropriation of company assets.

When it is impossible to avoid a conflict of interest, the situation must be handled carefully as the relevant employee is no longer in a position to act independently and impartially. Employees should protect themselves against such situations and make sure that the company's interest is always safeguarded.

The fundamental principles that apply are based on the following key obligations:

- duty to implement the preventive rules effective in the Group;
- duty of transparency;
- duty to refrain.

*(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".*

## **3 RELATIONS WITH PARTNERS (SUPPLIERS, CUSTOMERS, SERVICE PROVIDERS, ETC.)**

Conflicts of interest can easily arise when a senior executive or employee or a closely associated person has a relationship with or interest in one of the Group's partner companies (e.g. supplier, service provider, sub-contractor, customer) or a rival company.

### **3.1 Preventive measures**

The first rule is to avoid placing oneself in a conflict of interest situation.

#### **REFRAIN FROM ACQUIRING EQUITY INTERESTS IN A PARTNER**

Senior executives or employees should not acquire equity interests in a partner or rival company. This principle does not apply to buying shares in listed companies as part of the routine management of a portfolio of stocks and shares.

#### **REFRAIN FROM ACCEPTING DIRECTORSHIPS OR EXECUTIVE OFFICES WITH A NON-GROUP PARTNER**

Senior executives or employees should not take up directorships or executive offices with a partner company (customer, supplier, sub-contractor, etc.) or a rival company.

#### **REFRAIN FROM DOING PERSONAL BUSINESS WITH THE COMPANY OR ENTERING INTO A RELATIONSHIP WITH A PARTNER**

Senior executives or employees should avoid situations such as proposing that their company buy or lease an asset or property which they

own or is owned by someone with whom they have family, friendship or other ties.

They should not work for a partner or competitor in any way whatsoever while employed by a Group company.

It is prohibited to use contacts with Group suppliers or other business relationships for the purpose of selling or buying personal assets.

### **3.2 Measures to be taken if a conflict of interest arises**

However, there are circumstances where a conflict of interest cannot be avoided.

**3.2.1** Senior executives or employees in a conflict of interest situation should systematically disclose full details with no omissions to their line manager and the Human Resources department.

**3.2.2** They must refrain from acting or being involved as a representative of the company. They must also refrain from taking part in any decision-making process involving the conflict of interest.

The first rule when faced with a conflict of interest is to use common sense. The following example provides a framework for assessing the situation and deciding what to do.

Example: an employee's spouse (or close family member) works for a supplier while the employee works in the Purchasing department (or a department in charge of negotiating and/or performing a contract with that supplier).

In this case:

- either the employee's job is not remotely involved, even indirectly, with the process of selecting the supplier or preparing or negotiating the contract. On the face of it, therefore, there is no conflict of interest.

However, as a precaution, the employee should report the situation to his or her line manager and/or Human Resources department (or any other person designated by the Business segment<sup>1</sup>) and comply strictly with a duty of confidentiality prohibiting him or her from disclosing any information of a professional nature about the company that could be of interest to the relevant partner or customer.

- or the employee's job involves him or her directly or indirectly in the business relationship, in which case there can clearly be a conflict of interest. Even if the employee seeks to act honestly and fairly in the company's interest and to comply scrupulously with the principles of the Group or the Business segment, he or she still runs a risk of being unable to act independently or impartially even perhaps without realising it.

It is therefore essential for the employee to immediately inform his or her line manager and/or Human Resources department (or any other person designated by the Business segment), who will then assess the situation and take a decision in the company's interest in accordance with the procedures applicable in the

Business segment. This decision will typically involve asking the employee not to take part in a particular decision, transaction or negotiation and to take the appropriate measures to maintain the confidentiality vital to the business relationship.

**3.2.3** After advice from its Ethics, CSR and Patronage Committee, each Business segment implements rules and procedures governing the purchase by senior executives or employees of products or services provided by its companies. If senior executives and employees are allowed to purchase these products and services and if the Business segment decides to give them reasonable preferential terms, the Business segment must (i) establish general rules that apply to everyone alike, (ii) define the products and services as well as the quantities that may be purchased by them, (iii) ensure that the price and terms and conditions of sale cannot be set unilaterally by one person or a small group of people, and (iv) generally prohibit any practice or situation enabling senior executives or employees to benefit from their functions or powers to favour their own personal interests either directly or indirectly. For example, the purchase of a property asset by a senior executive or employee who works for the developer or contractor responsible for the project should either be prohibited or governed by strict rules.

**3.2.4** Group employees working in Purchasing departments must be particularly attentive and abide strictly

*(1) In this Compliance 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).*

by the provisions of the Code of Ethics, this Compliance Programme and the Internal Control Reference Manual on "Buyer independence and code of conduct". Each Business segment should draw up rules for its Purchasing departments in line with this Programme, adding any additional provisions required to supplement and clarify the rules due to the specific nature of the Business segment. The purpose is to make the purchasing function fully aware of the potential dangers.

## **4 GIFTS, FAVOURS, ADVANTAGES**

This issue is dealt with in the Anti-corruption Compliance Programme.

## **5 CONFLICTS OF INTEREST WHEN HIRING OR APPRAISING AN EMPLOYEE**

**5.1** When hiring an employee, the recruiter and the Human Resources department should ensure that:

- there is no non-competition clause preventing them from hiring the person, which would needlessly create a conflict of interest for which the company could be blamed;
- there is no major conflict of interest risk due to the candidate's interests and activities outside the company.

**5.2** Anyone seeking to hire a former civil servant or public official should comply strictly with the regulations in force and any resulting restrictions. The Compliance Officer should provide information on the specific regulations governing the hiring of

such persons. The Human Resources departments and/or person doing the hiring should seek the advice of the Compliance Officer. The candidate should not be hired if there is any incompatibility with his or her previous functions or relationships that may have existed with the Bouygues group during the course of those functions.

French regulations require three years to elapse before hiring a civil servant or public official who has been in charge of controlling or supervising the company or involved in contracts with it. As a general rule, regardless of the country, prudence dictates that in all circumstances the applicable regulations should be strictly observed and that a significant waiting period after the candidate's public functions have ended should elapse before the person is hired (unless his or her functions had no direct or indirect relationship with the Group's business).

**5.3** A conflict of interest may arise when hiring a new employee, and also during the appraisal process or when setting an employee's remuneration. Such decisions must under no circumstances be influenced, even unconsciously, by personal motives or an interest other than that of the company.

Senior executives and employees should not take part in the process of hiring, appraising or setting the remuneration of a person with whom they have a family or other close relationship.

Should such a situation arise, the relevant senior executive or employee should inform his or her line manager

and the Human Resources department, who will make sure that an adequate process is in place to guarantee a totally objective and impartial decision. The relevant senior executive or employee will not take part in the process of hiring, appraising or setting the remuneration of a person with whom they have a family or other close relationship.

## **6 CONFLICTS OF INTEREST AND ACTIVITIES OUTSIDE THE COMPANY**

### **6.1 Engaging in business for a partner or competitor – Engaging in a competing business for oneself**

Senior executives and employees must not engage, either for themselves or for a third party, in a competing or similar business to that of the Group company that employs them.

### **6.2 Directorships and executive offices**

Senior executives and employees who are invited to accept a directorship or executive office outside the Group (e.g. director, member of supervisory board, etc.) should first inform their line manager and the Human Resources department. They should also inform the other company of their involvement with the Bouygues group. The prohibition set out in section 6.1 covers directorships and executive officers in a rival company. Any directorship or executive office must be compatible with the person's employment contract. As a

general rule, all senior executives and employees should inform their line manager of any directorships or other offices held outside the Group.

### **6.3 Teaching**

Employees wishing to use their business skills to take up a teaching activity should make sure that it does not impinge on their professional obligations. They should first inform their line manager who will make sure that the proposed activity is compatible with the employee's employment contract.

If the teaching content is drawn from or related to the senior executive's or employee's work within the Group, he or she must take care not to disclose any information or take positions that would enable a third party to harm the company's interests, or which might generally harm the company in any way.

### **6.4 Public activities (politics, charity work, etc.)**

Although the Bouygues group respects its employees' personal interests and commitments outside the workplace (political<sup>(1)</sup>, religious, charitable or other), employees are nonetheless required to take a strictly neutral position with regard to those interests when in the workplace.

Their outside interests must therefore not interfere with the Group or their professional activities:

- senior executives and employees may not associate the company's name in any way with their outside

*(1) As regards employees' political activities, please also refer to the specific initiative introduced in 2017 enabling them to stand for political office.*

personal commitments. They may under no circumstances use the Group's assets or refer to the Group in the course of their personal activities. They may not conduct those activities during working hours or use the company's resources or premises;

- senior executives and employees who deal with a local authority or other entity in the course of their work for the Group should avoid taking on functions for that local authority or other entity if it could give rise to a conflict of interest (e.g. an employee of Bouygues Immobilier should not become deputy mayor in charge of urban planning);
- senior executives and employees who may or do find themselves in a conflict of interest situation due to the functions they hold outside the Group (e.g. elected office, president of an association, etc.) should inform the company's Human Resources department and their line manager; when engaging in that outside activity, they should refrain from taking part in any decision affecting the Group;
- similarly, senior executives and employees should refrain from taking decisions during their work for the Group that affect an outside entity for which they conduct activities on a personal basis (e.g. a person who is the mayor of a town that works with the Group may not take part in the Group's business relationship with that town).

## DIRECTORS/EXECUTIVE OFFICERS AND CONFLICTS OF INTEREST

Directors and executive officers of all Group companies are required to pay special care and attention to conflicts of interest.

**7.1** Specific regulations on so-called "regulated agreements" deal with conflicts of interest that may arise between the company and its senior executives – Chief Executive Officer, Deputy CEO, director, chairman of a simplified limited company (*Société par Actions Simplifiée* – SAS), etc. – or between the company and a shareholder with more than 10% of the company's voting rights (or entity controlling such a shareholder) as a result of (i) agreements between them and the company; (ii) agreements in which the senior executives may indirectly have an interest, or (iii) agreements between two companies with common senior executives.

Those regulations must be strictly applied within the Group. Legal departments should make sure that the regulations on regulated agreements and the Bouygues group Internal Charter on Regulated Agreements are strictly observed.

**7.2** Directors and executive officers should inform their board of directors of any conflict of interest, even potential, between their duties to the company and their private interests. The chairman of a board may, at any time, ask directors and non-voting directors to provide a written statement confirming that they are not subject to a conflict of interest.

**7.3** Directors must refrain from voting on any issue that concerns them directly or indirectly. In some cases, this obligation to refrain from voting may even require the relevant person not to attend the meetings and not to have sight of the documents about the issue in question.

**7.4** Directors and executive officers must not engage in an activity that would place them in a conflict of interest situation and must not hold an interest in a client, supplier or rival company if such an investment might influence their behaviour in the performance of their duties.

## **8 RESPONSIBILITY OF SENIOR EXECUTIVES**

The senior executives of each Group entity are responsible for observing, promoting and overseeing the implementation of the Compliance Programme by establishing information, prevention and control measures, as well as appropriate sanctions in the event of violation.

## **9 APPOINTMENT OF A COMPLIANCE OFFICER**

The Ethics Officer of each Business segment of the Group is appointed as Compliance Officer entrusted with the implementation of the Compliance Programme. The Compliance Officer is the first point of call for the Human Resources departments and senior management, as well as for employees or senior executives faced with conflict of interest issues. They are responsible for seeking the most appropriate solutions to the various

situations that might arise. They **may not change** the basic content of the Programme but may supplement, illustrate or add to it, where warranted, to take account of the specific nature of the Business segment and to make the Programme more effective.

## **10 INFORMATION AND TRAINING**

The Compliance Officer ensures that the existence of the Compliance Programme is made known to the senior executives and employees in the Business segment. They make sure that employees of the Purchasing and Sales departments receive the appropriate training.

## **11 COMPLIANCE AUDIT**

An audit of each Business segment's rules and risks as regards conflicts of interest should be performed regularly, with the priority on the most vulnerable departments (purchasing, sales, etc.). The audit method used should be defined by the Business segment with the assistance of its Compliance Officer.

## **12 CONTROL**

During its regular or specific internal audit assignments, the Audit department of the Business segment and/or Group, assisted by the Compliance Officer, makes sure that the operations of the Business segment or Group are conducted in compliance with the principles of the Compliance Programme.

## **13 SANCTIONS FOR VIOLATION OF THE CONFLICT OF INTEREST RULES**

Senior executives and employees who violate the rules set out in the Compliance Programme will be liable to sanctions, which, depending on the nature and severity of the violation, may range from a simple warning to termination of executive office or disciplinary action (including dismissal) for more serious misconduct.

If there is evidence that a criminal offence has been committed (corruption, misappropriation of company assets, etc.), the company may, after assessing the matter with its advisers, file a complaint and/or claim civil damages in compensation for its losses.

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### 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.

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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) are available on the Group intranet (ByLink).

