

ETHICAL STRUCTURE

AGBAR GROUP

CODE OF ETHICS

In 2002, the Agbar Group published the 'Corporate Code of Ethics and Conduct for Agbar Group Professionals,' a document which brought together criteria of conduct for actions by Agbar Group staff. At that time, there were few similar proposals in Spain, the Group standing out as a pioneer in this subject.

A new version of this code is now presented, adapted to the current situation and with a more accurate portrayal of the business situation.

This new code will provide more security on adding a new communication channel between the stakeholders and the company. Anyone—whether internal or external—should report anything which may contribute to excellence of management to the Ethics Committee.

As Agbar Group associates, we have a duty to participate in this project. This is the way in which we can contribute to improving our company and, by extension, the society in which we live.

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OUR VALUES

EXCELLENCE

Excellence in service provision.

INNOVATION

Innovation as competitive advantage and source of value, directed toward improving processes, products and services.

DEVELOPMENT OF SUSTAINABLE BUSINESS

A sustainable business model, based on people development and on criteria of responsibility.

DIALOGUE

Promotion of dialogue, cooperation and commitment with the stakeholders.

LOCAL DEVELOPMENT

Local development and involvement with the community wherever we operate.

ALLIANCES

Alliances and collaborations to extend and improve access to water.



OUR ETHICAL PRINCIPLES

FOUR FUNDAMENTAL PRINCIPLES

The Agbar Group's corporate values are expressed in the way it acts. The Agbar Group's ethics is recognized in the **fundamental principles which guide its behaviour:** compliance with laws and regulations, integrity, loyalty, honesty and respect for others.

The Agbar Group expects its associates to act in accordance with these ethical principles, under all circumstances and whatever their job, their level of responsibility and their interlocutors. From the Chairman to the associates, we all have the duty never to act in a way which could raise the slightest doubt as to the Agbar Group's ethical integrity.

For years now, the companies which form part of the Agbar Group have shared a culture of commitment in favour of human rights and respect for human dignity, fighting corruption and protecting the environment. Moreover, this culture has led the Agbar Group to take on ethical principles which are often ahead of the applicable laws and regulations. It cannot, therefore, be said that the Agbar Group has adopted ethical principles in an attempt to protect itself from the risks which could prejudice its operation in the future, or its reputation.

The Agbar Group, as part of the Suez Environnement group, abides by the latter's Code of Ethics. This code is based on the same principles and establishes comparable objectives. The Agbar Group carries out its own governance in accordance with the guidelines of Suez Environnement.

Four fundamental principles guide the Agbar Group's behaviour:

- Act in accordance with laws and regulations
- Establish a culture of integrity
- Demonstrate loyalty and honesty
- Respect others

These four fundamental principles are applied specifically to the **three spheres** in which the Group carries out its activities:

Organization sphere, formed by employees, companies which make up the Agbar Group and shareholders

Market sphere, within which we maintain relations with clients, suppliers and competitors.

Environment sphere, formed by the world around us, in the countries in which the Group is present: local community and the environment.

The Agbar Group's stakeholders as a whole want a more demanding ethics which benefits each of our three spheres (organization, market and environment).

OUR PRINCIPLES APPLIED TO THE GROUP

Associates

On all levels, the Agbar Group establishes demanding standards to maintain harmonious human relations. In this respect, it is the responsibility of each of the associates to carry out their work in good physical and intellectual conditions. Thus, on exercising responsibilities and hierarchical relations, people should always be respected. Indeed, the Group favours **relations between colleagues based on courtesy, consideration, recognition and discretion**. The Agbar Group condemns moral or sexual harassment.

Our Group declares itself respectful of diversity and privacy. The organization considers, above all, the competency of its associates. The Agbar Group demands a high degree of professionalism which favours both the professional and the personal **development of individuals**.

The team spirit, which valued highly, is based on **open and constructive dialogue which strengthens cohesion**. The Group makes every effort to inform its associates about its objectives and challenges, in order to encourage their involvement in the life of the company.

Finally, the Agbar Group strives, in all countries, to ensure that the salaries allow a **dignified existence** to be enjoyed in accordance with the local level of life. It likewise pays special attention to implementing the adequate means to preserve the **health and safety** of its associates in the work place.

Companies which make up the Agbar Group

The Agbar Group makes sure that the relations within its companies are developed with **openness and balance**. In particular, it ensures that the information transmitted is accurate and sincere.

When the circumstances require Agbar Group companies to maintain commercial relations between them, they must apply the **same standards of justice** that are applied with external clients, suppliers and partners.

The companies which develop their activity in a regulated context must guarantee **respect for the procedures established**, especially as concerns commercially sensitive information. Finally, in its desire to develop coherence and loyalty, the companies implement mechanisms locally which allow the Code of Ethics to be developed and its demands to be met.

Shareholders

The development of our Group depends especially on its ability to find the capital necessary to finance its investments. Our shareholders play a key role in the development of the Group. Out of respect for the trust that they place in us, the Agbar Group has a double obligation: on the one hand that of the financial results and the optimal return on the capital invested and, and the other hand, the **obligation of good governance**.

To achieve this objective, we apply the strictest rules in relation to corporate governance. Beyond the necessary application of rules defined by the financial market control authorities, the Agbar Group ensures **fair treatment** of the shareholders and undertakes to offer **accurate, open, sincere and verifiable financial information** in the term required.

In summary

Working in a healthy climate is essential for the correct operation of the Group. The Agbar Group has therefore implemented the measures necessary to guarantee dignified living conditions and a safe work environment for its associates. The Group likewise requires its employees to ensure that respect and trust always prevail in the relations between them. This demand for relations and ethics also concerns all the companies and the shareholders, for which the Agbar Group applies the highest standards of corporate governance.

OUR PRINCIPLES APPLIED TO THE MARKET

Clients

The satisfaction of all of the clients and organisations that the Agbar Group serves and, consequently, the viability of our Group, depend on clearly identified factors: availability, imagination, a spirit of innovation, constant improvement of quality and of traceability, especially in relation to health and safety, and consideration of the social dimension in public service activities. These demands entail an **open dialogue based on accurate and sincere information**, respect for the rules linked to commercially sensitive information, openness of the procedures put into practice by the Group and, of course, respect for commitments and the rules of competition.

Suppliers

The quality of the products and services supplied by the Agbar Group to its clients also depends on its capacity to obtain excellent services from its suppliers and partners. Consequently, the choice of suppliers must be open and meticulous. **The Group selects them for their professionalism and their competitiveness** with the prospect of a trusting relationship.

Any negotiation must **respect the principles of quality** defined in the Group. In this respect, the collective dimension of the purchase decision must take into account all the relevant interlocutors. **Equity and impartiality** must preside over the relations with suppliers, in order to maintain balanced and objective relations with them. The purchasers must demonstrate irreproachable ethics and comply with the regulations, especially those which concern the rules of competition.

The ethical principles are also expressed on **incorporating the concern for the environment and society into the supplier selection criteria**.

Finally, the Agbar Group recommends that its commercial partners, subcontractors and suppliers should equip themselves, if they do not already have them, with ethical, environmental and social rules which respect practices compatible with the Group's values.

Competitors

The Agbar Group respects the operating rules of the market. In this respect, **it complies with the rules of competition and those of the regulated markets**, adopting loyal behaviour and forbidding, in particular, slander or denigration of its competitors. It also **protects their confidential information and their manufacturing secrets**, and those which have been entrusted to it by its suppliers or partners. Finally, it only uses legal and honest means to obtain useful information to win markets and contracts.

In summary

Customer satisfaction is a priority for the Agbar Group, and is based on clearly identified factors: the quality of the products and services, open dialogue, openness of procedures, and respect for commitments and for the rules of competition. These principles, which all associates must respect, are also applied with suppliers and competitors. In this respect, the Agbar Group's associates are requested to adopt loyal behaviour and to demonstrate equity and impartiality in negotiations. They are also requested to ensure that the companies and people who collaborate with the Group apply ethical principles compatible with its own.

OUR PRINCIPLES APPLIED TO THE ENVIRONMENT

Local community

The Group carries out activities which place it at the heart of the communities in which it intervenes. It thus attaches great importance to the support that it provides to these communities. The Agbar Group develops an **active policy of solidarity with the populations with difficulties** in relation, if appropriate, to the public authorities. It likewise carries out patronage actions and establishes cooperation agreements and actions of a marked local nature, through collaboration or partnership agreements with the local communities, with a dynamics of support for their initiatives. In any case, these activities must be frank, open and legal.

The Agbar Group recognizes integrity as one of the basic principles of its ethics. It disapproves of all forms of corruption and strives to make certain that the associates who become involved in ensuring that this principle is respected do not suffer from any prejudice because of this. The Group's policy consists of abstaining from funding any political activity. In the countries in which this type of funding is permitted, the Group may, under certain circumstances, consider making contributions. In all cases, they must have a maximum amount and be considered as exceptional.

Finally, in relation to local actors, the Group sets out to achieve a spirit of understanding and respect for all cultures. In this respect, in order to carry out actions on the ground consistent with its work, the Group **dialogues and collaborates with non-governmental organizations (NGO) from the environmental and humanitarian sectors.** It likewise encourages the personal civil and associative commitments of its associates.

Environment

The environment, its protection and sustainable development are particularly important for the Agbar Group. The Group's Corporate Environmental Code clearly demonstrates the statement that respect for the human being and **respect for the environment are the basis of the Agbar Group's identity and values.**

Aware of its responsibilities in the face of present and future generations, the Group defines its strategy and establishes its objectives in accordance with the **principles of corporate responsibility** and accounts for its results, making them available to the public. It respects legal regulations and local regulations. It likewise pays attention to the requests of its clients, collaborators from the community and neighbours. Scrupulous in relation to emissions and the impacts of its activities, it is also concerned that its partners, its suppliers and, if appropriate, the owners of the facilities that it manages should share its environmental objectives.

The Group uses the most appropriate methods and techniques to promote environmental sustainability. It encourages research and innovation to develop know-how on quality and safety, recovery and recycling of materials, saving natural resources, and reducing environmental damage.

In summary

Socially responsible, the Agbar Group is committed to the communities in which it develops its activities. Respectful of the environment and cultures, the Group seeks to minimize its environmental impact, openly reports on its actions and on its challenges in this sphere and cooperates with non-governmental organizations (NGO) in the environmental and humanitarian sectors. It disapproves of all types of corruption, and makes certain that its employees become involved in ensuring that this principle is respected.

GOVERNANCE OF ETHICS

Sphere of application

The Code of Ethics applies to all of the Group's associates and companies.

To encourage ethical behaviour by our associates and to act in accordance with the laws and regulations in force, **the Group has an ethical structure.** The Agbar Group's ethical programme is based on three levels: reference sources, organizational structures and professional practices.

The processes that have been set up in this respect apply to the whole Group:

The law, the Code of Ethics and the values form the first level anchors, the basis on which our Group is founded, with a clearly identified objective: to act professionally always and everywhere, in accordance with the regulations in force and according to the rules and the principles of action of the Code of Ethics.

The system's second level is organizational. It materializes by setting up adequate **structures and procedures** for control, administration and communication.

Professional practices are the third and final level. This is a set of operating instruments made available to associates so that they can act in accordance with the Agbar Group's references.

There are practical documents which back up the Code of Ethics. Their function is to help associates in a specific manner with their behaviour and with their decision-making. They attach great importance to the laws and the rules and regulations on ethics and behaviour, arising from international, federal, national and local regulatory authorities, and from professional authorities.

The principles of this Code of Ethics must be promoted by the Group's employees who form part of the boards of directors or supervisory boards of the companies in which the Agbar Group does not have a majority stake.

The Agbar Group's associates must give special attention to informing their contacts, suppliers, service providers and subcontractors of the existence of the Code of Ethics, sending them this document.

In summary

Although it applies to all of the Group companies, the Agbar Group's Code of Ethics is also promoted by its associates beyond this scope and communicated to all the parties involved.

SYSTEM OF GOVERNANCE

Each of the Group's associates must integrate the Agbar Group's ethical principles on carrying out their work. In this respect, the system of governance clearly defines the responsibilities on all levels.

The Agbar Group's **managers** are the first guarantors of the application of the Group's Code of Ethics. With this aim, they must equip themselves with the instruments necessary to carry out the monitoring of its deployment and to detect breaches of its rules. They must likewise establish a system to control the application of the ethical and compliance mechanisms. **An Ethics Manager has been appointed in each geographic area** to pay special attention to providing the appropriate human and budgetary means, and to recognizing the authority necessary so that they can carry out their duties.

Strong involvement of the managers

The tasks of the overall management line include that of ensuring, individually and collectively, the correct application of the Code of Ethics. **The rules established by this document must compulsorily be known** by all the associates liable to exercise a certain power of control in the running of the company or to have an influence on part of its policy. The behaviour of these associates, whose decisions have an important impact in terms of ethics, must, of course, be exemplary.

Thus, when a hierarchical manager assigns someone for a position of responsibility, they must ensure that the person appointed has the skills, authority and means necessary to apply the Group's Code of Ethics.

Adequate structure of governance

The Agbar Group's ethical commitment is promoted at the highest level: the Chairman and the Management Committee have chosen to provide the Group with adequate structures.

The ethical structure, which includes the rules, the bodies, the procedures, and the professional practices for ethical management, is supervised by the Management Committee. This ethical structure has the assistance of the Ethics Committee which pays particular attention to the adoption of the necessary procedures and of ethical references within the Group.

The **Ethics Committee** has the objective of integrating ethics into the Agbar Group's vision, strategy, management and practices. It proposes the founding texts, promotes their adoption by the operating divisions and the functional offices, in all activities. To guarantee the deployment and the operation of the compliance mechanisms necessary for the management of ethical risks, it promotes a worldwide network of Ethics Managers who link their tasks in the Group's different organizations.

Circulation task

The Agbar Group's hierarchical managers guarantee the circulation of this document to their associates, with the aim of allowing the latter to know and apply the Group's ethical behaviour in their day to day activities. For this, they organize **training or awareness-raising activities**. In turn, they offer **help and advice** to those of their associates who ask questions or send them their queries related to ethics.

The Group's Ethics Managers have the support of the functional offices and the Ethics Committee for the deployment of the ethical rules. Finally, if the hierarchical superiors have to **verify the knowledge of their associates in relation to their ethical and regulatory obligations**, they must moreover ensure that they have practices in accordance with their obligations. When there is no alternative but to resort to sanctions, this is done respecting local law and customs.

In summary

Although it is expected that all Agbar Group employees should adopt the Group's ethical principles, the directors have specific obligations: communicate, educate, train and control. The Agbar Group has established a structure devoted to promoting ethical practices and to verifying that these practices are compatible with the Group's commitments.

ETHICS MANAGERS

The Ethics Managers are responsible for implementing the Code of Ethics within the scope of their area of influence. Both facilitators and inspirers, they contribute to preventing ethical risks by promoting professional practices in accordance with the Group's commitments.

An Ethics Manager, responsible for implementing the ethical principles, is appointed in each geographic area.

The main elements of the Ethics Manager's mission are:

Transmit and explain to all Agbar Group associates, when necessary, the charters, codes or guides which define the Group's ethical commitments, in close collaboration with the company management.

Conceive or supervise the **preparation of documents** complementing the ethics mechanism, specific for their location or for the company's type of work.

Ensure that the **ethical principles are respected** in the company's development strategies and activities.

Answer the associates' questions and **give advice** on ethics and compliance.

Pilot **awareness-raising, training and communication actions**.

List the company's ethical risks.

Responsibilities of the Ethics Manager

Chosen for their personal qualities of rigour, honesty, and discretion, and for their capacity for mediation, objectivity, and their analytical skills, Ethics Managers are members of the company's management team and/or have direct access to its management. Ethics Managers must **strictly respect the confidentiality** of the information which comes to their attention on performing their mission.

Thus, an Ethics Manager cannot circulate, without the agreement of the interested party, the name of an accused person or of the person who has provided the information.

This obligation of confidentiality is exercised in accordance with local law and customs. The Ethics Manager must ensure that the necessary measures are taken so that the person from whom the information comes cannot suffer from reprisals.

Ethical objectives monitoring system

The Ethics Managers provide our Group with an overview of its ethical practices. For this, their network periodically reports to the Ethics Committee. The information provided in these reports is incorporated into the Annual Ethics Report prepared by the Ethics Committee.

The Ethics Committee

The Ethics Committee is the authority established by the Company to supervise the development and the defence of the Code of Ethics. Its functions include especially the circulation of the Code, and the supervision of the procedure established to receive enquiries and notifications of irregularities. The Code of Ethics is made up of people designated by the Company's Management Committee, to which it reports periodically.

In summary

The Ethics Managers participate in the definition of the rules and the duties in relation to professional ethics and ensure that they are respected in the company. They provide help and advice for all those associates who raise questions related to ethics and contribute to the identification of good practices for complying with the Code of Ethics. They contribute to the prevention of the Group's ethical risks by reporting to the Ethics Committee.

REPORTS, CONTROLS AND AUDITS

In the framework of the ethical structure deployed in its organizations, the Agbar Group establishes procedures aimed at guaranteeing the application of its policy in this sphere.

The Ethics Committee has to prepare an **annual report** on the progress made by the Group in relation to the organization of ethics and compliance, in application of the Agbar Group's rules and procedures, in addition to possible specific provisions established by each company. This report is accompanied by a **letter of compliance**, in which they certify the Agbar Group's commitment in relation to the application of the ethics and compliance mechanism in the organization.

The documentation concerning Agbar Group's ethical structure is available on the Group's intranet. There are a corporate e-mail and a postal address available in case it is necessary to request advice or ask questions on ethical issues or to report an irregularity.

Ethical Structure

FAO the Ethics Committee

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Complementing the Ethics Committee, the **internal control and audit services** pay attention to any information which may indicate a possible case of breach of the rules. They must likewise pay attention to the possible existence of weak points in the organization of the Group's companies. These services also review, if necessary, certain applications of the ethics mechanism.

In summary

The Group has established procedures of communication, information and internal auditing which are fully integrated in the internal mechanism devoted to fulfilment of our ethical principles.

ETHICAL STRUCTURE