

Code of Conduct



Our Values, Our Responsibility

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*This Code is not intended to replace the ethical principles adopted in 1988.
Rather, it aims to facilitate their application.*

Code of Conduct



Our Values, Our Responsibility

Our Shared Values

Hydro-Québec contributes to the growth and enrichment of Québec as a society by playing a vital role in its economic development. As a public utility, Hydro-Québec must demonstrate exemplary probity; this can only be achieved with constant support from its employees. The company's reputation is a precious asset, and customers have very high expectations in terms of honesty and transparency. Loyalty, integrity, respect, discretion and equity are fundamental values that reflect Hydro-Québec's commitment to its customers and to society as a whole.

Leading the Way in Quality of Service and Growth

Hydro-Québec plays a leading role on the Québec scene, because of the indispensable nature of the service it provides and the size of its power system, as well as the major contribution it makes to the province's economic growth. The company operates in a regulatory context and must deal with constantly changing social, economic and technological issues. Since Hydro-Québec's quality of service and profitable growth depend mainly on its employees, the company counts on each of us to maintain customer trust and enhance the corporate image.

A Commitment to Respect Ethical Principles

Our personal and professional conscience generally guides us in matters involving ethics. However, we are occasionally faced with more complex situations. This *Code of Conduct* is designed to help us determine the attitude we should adopt in the performance of our duties. As employees of Hydro-Québec, we must all familiarize ourselves with the *Code* and apply the ethical principles it is based on. Let us apply it to everything we do and to each decision we make, in keeping with our shared values.



Thierry Vandal

President and Chief Executive Officer

Introduction

Individual Responsibility

Hydro-Québec and its personnel must perform their duties in accordance with laws and regulations, as well as with the bylaws and guidelines of the company, whose mandate and operational framework are defined by the *Hydro-Québec Act*. The company is also subject to various other laws and regulations, and regularly adopts guidelines for internal management purposes. It is up to us to familiarize ourselves with these guidelines and to incorporate them into our activities so the company can fulfill its mission properly.

We must be honest and responsible. In a public utility, the conduct of each employee has to be irreproachable and beyond suspicion. Illegal acts—whether they involve fraud, acceptance of bribes or theft of property, time or electricity—are never acceptable and will be subject to disciplinary measures.

Good faith alone will not necessarily protect us from an error whose consequences could be detrimental for us and for Hydro-Québec. The appearance of conflict of interest, for example, may create doubt or uncertainty on the part of the public and tarnish the company's image.

The *Code of Conduct* cannot cover all the situations that are likely to arise, and leaves it to each of us to demonstrate good judgment. However, it should help us perform our duties with integrity and loyalty, in keeping with our values.

A Guide That's Easy to Consult

This *Code* aims to facilitate an understanding of the ethical principles set out in the policy *Our Corporate Governance*, which was approved by the Board of Directors. It serves as a code of ethics and professional conduct for all the company's employees.

The *Code* describes real-life situations and reaffirms our fundamental values. It comprises five chapters, all structured in the same way: the subject of the chapter is defined and then developed through a series of questions and answers that explain the company's position.

The five subjects covered are as follows:

- acting with integrity
- acting with loyalty and diligence
- respecting people and the environment
- protecting confidential information
- treating our customers, suppliers and partners fairly and courteously

Who the *Code of Conduct* Is For

The *Code of Conduct* was written for all permanent, temporary and contract employees, and a copy is given to each new hire. Beyond being the official responsibility of the Secretary General and all company managers, its application under all circumstances is the duty of each employee. Therefore, this *Code of Conduct* concerns all personnel, since we all must, to varying degrees, uphold Hydro-Québec's reputation. Whatever our sphere of activity or position in the company hierarchy, we must act with discernment and in accordance with the prescribed values so as to maintain customer trust.

Predominance of the *Code*

The ethical principles set out in the policy *Our Corporate Governance* as well as this *Code of Conduct* take precedence over any company policy, directive or other guideline.

Acting with Integrity

As Hydro-Québec employees, we must behave irreproachably in managing the property entrusted to us. The principles of ethics go beyond applying corporate guidelines, and call upon the company's internal culture and a natural sense of justice. In the absence of rules or in situations not covered by company guidelines, Hydro-Québec expects us to adhere to the general rules of sound management. Transparency must characterize our every action.

Examples of acting with integrity

- Avoiding any actual or apparent conflict of interest
- Managing files diligently and ensuring that records reflect reality
- Demonstrating transparency in all circumstances
- Conserving Hydro-Québec's assets by using company property and resources responsibly
- Not using Hydro-Québec's property and resources for unauthorized or illegal personal purposes

Examples of a breach of integrity

- Taking part knowingly in any unauthorized price reduction, negotiation or payment
- Spending inappropriate or excessive amounts or submitting false expense claims
- Using Hydro-Québec's name to promote personal business activities
- Engaging in dishonest behavior at work
- Seeking to profit, for personal purposes or to the detriment of the company, from confidential information acquired in the course of one's duties
- Making use of privileged information acquired in the course of one's duties; for example, trading in securities when you possess privileged information about those securities, or communicating such privileged information in violation of the *Securities Act*

When are we in a conflict of interest?

A conflict of interest exists when we are placed in a situation where we risk favoring our own interests or those of a third party rather than Hydro-Québec's.

We must avoid placing ourselves in a situation where our personal interests or those of our spouse, a family member or a business partner could be in actual or apparent conflict with Hydro-Québec's interests. Such conflicts could lead us to favor our own interests in certain situations, whereas those of Hydro-Québec should always prevail.

For example, an employee who holds an interest in a business (company, partnership or individual) offering goods or services to Hydro-Québec is deemed to be in a conflict of interest, except if the interest in question may be acquired without restriction by the public at large (publicly traded shares, for example).

We must not place ourselves in a situation of actual or apparent conflict of interest, regardless of the honesty of our intentions.

“Conflict of interest” does not refer only to financial transactions or economic benefits. It may take various other forms as well: influencing a decision related to the hiring process, for example, or giving preferential treatment to individuals or corporate entities. Accordingly, we must avoid having external interests, activities or influences that could compromise our independence in any decision we make or any other initiative within the company.

It is impossible to suggest a solution for every situation that may give rise to an actual, apparent or potential conflict. However, some typical examples are shown on the inside back cover of this document.

If we believe there is or seems to be a conflict of interest, we must discuss it with our immediate supervisor. Measures will be taken to try to resolve the situation in good faith. The most important factor in dealing with conflicts of interest is transparency.

When is there an apparent conflict of interest?

There is an apparent conflict of interest when, even in the absence of an actual conflict, a situation creates the impression that a conflict of interest could exist.

For example, if a relatively well informed person might conclude that your performance of a task or duty has been or could be influenced by your own interests or those of your spouse, a family member, a friend or a business partner, you are in an apparent conflict of interest.

Managers must reject any transaction that may create the appearance of conflict of interest and must ensure that the award process for any transaction or contract is transparent and complied with.

Employees must inform their immediate supervisor if a close relative holds an interest in an enterprise that offers goods or services to Hydro-Québec. If the employee is likely to play a role in decision making or to influence decisions regarding transactions with such an enterprise, Hydro-Québec deems an apparent conflict of interest to exist. In such cases, the company takes the necessary measures to rectify the situation or refuses to do business with the enterprise in question.

However, Hydro-Québec may agree to conclude a transaction with an enterprise in which a close relative of an employee owns an interest if it is possible to demonstrate that the employee did not or cannot play a role in decisions regarding the transaction, or influence the decision.

Employees must refuse any position outside the company (employee, consultant, director, representative of a non-profit organization, spokesperson, etc.), if it could create the appearance of conflict of interest.

In all cases, employees must inform their immediate supervisor of such a situation and, when in doubt, consult those responsible for interpreting ethical principles at Hydro-Québec.

Do we own the work we do in the performance of our duties?

Work, products and inventions performed or produced during working hours are the property of Hydro-Québec. This is also the case if they are performed or produced outside working hours as a result of activities carried out by employees in the performance of their current or previous duties at the company.

What about family ties or romantic relationships between employees with a direct reporting relationship?

The fact of supervising a close relative or a person with whom we are in a romantic relationship inevitably creates an appearance of conflict of interest. Indeed, it runs counter to good business practice for people with a direct reporting relationship to have such ties.

The hiring, promotion and performance evaluation processes must be conducted fairly and objectively. Even if we demonstrate great impartiality in this regard, the personal relationship will always be perceived negatively. We must inform our immediate or higher-level supervisor of the situation; he or she will take the measures required by the circumstances.

May we be involved in external professional activities?

Involvement in external activities—a second job, for example—is not encouraged and is tolerated only insofar as these activities are not likely to create an actual, potential or apparent conflict of interest. Any situation that creates the impression that an employee may have taken advantage of his or her status to increase the financial benefits from a professional activity exercised outside the company could have a negative effect on the credibility and reputation of both the company and the individual in question. This does not include philanthropic activities, however.

If our involvement in an activity gives rise to a conflict of interest, the company may require us to modify or even terminate the activity. However, we may hold an external job or run a business as long as there is no risk that we will be in an actual, potential or apparent conflict of interest with Hydro-Québec's activities.

Some typical examples of conflicts of interest are shown on the last page of this document.

A second job must not infringe on our work at Hydro-Québec nor prevent us from performing our duties properly. In addition, Hydro-Québec property (such as photocopiers, computers, Internet, e-mail, stationery, etc.) may in no case be used for these purposes.

In all cases, it is recommended that the immediate supervisor be informed of the situation.

Is it unethical to accept gifts or invitations, or to take advantage of benefits offered by third parties?

Any good, favor, service, benefit, invitation or gift must be considered a potential source of conflict of interest. Gifts accepted or offered must be of modest value and in accordance with the customary rules of courtesy. They must not be perceived as means of influencing business decisions, but as gestures of appreciation, hospitality or civility.

Invitations, gifts and benefits must therefore be a routine form of exchange in connection with business relations. Gifts of cash must be refused, whatever the context.

We may decide to accept such benefits, for example, if they meet the following criteria:

- The gift or invitation would be considered customary under the circumstances, according to generally accepted business practice.
- The gift or invitation is not intended to create an obligation and is an infrequent occurrence.

Each case must be assessed on its own merits. We must demonstrate good judgment by asking ourselves some key questions that may help clarify the donor's intention, the gift's effect on our actions, and other people's perceptions.

- Are we in a position to influence any decision by Hydro-Québec concerning the company or organization in question?
- What is the reason in favor of accepting this gift or token of hospitality?
- Would our integrity or objectivity be compromised or perceived as such as a result of accepting this gift or attending this event?

- What is our current relationship with the company or organization in question? What was it in the past, and what will it be in the future?
- How would our co-workers or people outside the company react if they found out about these free benefits?

When in doubt regarding the giver's intention, we should consult our immediate supervisor. If the doubt cannot be dispelled, it is better to refuse in a polite way.

How is thoroughness an aspect of integrity?

To supply a quality product to its customers, Hydro-Québec counts on us to be thorough at our jobs. We act with integrity when we keep our files in order and record information accurately and impartially. On the other hand, making changes to a customer account for our personal benefit or that of a friend is a fraudulent act that goes against the principle of integrity.

Is it against the principle of integrity to copy software owned by Hydro-Québec?

Yes. All software purchased by Hydro-Québec is protected by laws governing intellectual property, and it is illegal to copy it, for business purposes or for our own use. Conversely, at Hydro-Québec we may not use software purchased for our personal needs, or reproduce it in whole or in part.

Acting with Loyalty and Diligence

Hydro-Québec's credibility is based to a large extent on its reputation in the eyes of its personnel, customers, suppliers and other partners. Two obligations arise from the employment contract binding us to the company: the obligation of loyalty and the obligation of diligence. That is why Hydro-Québec expects loyal and diligent behavior from each of us, in all our actions and in all circumstances.

Examples of acting with loyalty

- Performing our duties in good faith while defending the interests of Hydro-Québec, our employer
- Demonstrating professional conscientiousness in the performance of our duties
- Enhancing Hydro-Québec's corporate image by being courteous and polite with customers

Examples of acting with diligence

- Doing rigorous, high-quality work
- Complying with instructions and work schedules
- Respecting the company's property, driving Hydro-Québec vehicles carefully and using equipment in a manner appropriate to one's duties
- Not being absent without a valid reason
- Dressing in a manner appropriate to the duties to be performed

In short, being loyal and diligent means adopting behaviors that promote pride in—and respect for—the company and enhance its corporate image.

Examples of disloyalty

- Causing harm to our employer with actions or words that could tarnish its image
- Behaving in a way that could adversely affect relations between Hydro-Québec and its customers, suppliers and other partners
- Acting, in a personal capacity, as a member of an organization or an enterprise, if such activities prevent us from performing our duties properly
- Disclosing without authorization, for purposes other than work, information acquired in the course of duty
- Abusing the company's trust

Examples of lack of diligence

- Acting with insubordination or refusing to be accountable
- Reporting for work in a state that prevents us from performing our duties properly, such as being under the influence of alcohol or drugs

- Treating the company's property in a negligent manner that may cause it to deteriorate

Such conduct jeopardizes the trust that must exist between our employer and us.

Is it disloyal to state personal opinions about the company publicly?

Expressing our personal opinions is a right we may exercise at any time and in any place.

It is disloyal, however,

- to express opinions intended to discredit the company
- to express opinions or to disclose information that may adversely affect the company's business operations
- to express any opinion on behalf of Hydro-Québec without authorization

Is it disloyal to promote our social, religious, political or other convictions?

No. Our employer respects our right to complete freedom of expression, to meet peacefully and to assemble for legitimate purposes: we are all entitled to our personal convictions.

It is disloyal, however, to create the impression that Hydro-Québec concurs with or endorses them. We must not implicate the company in a partisan position nor take advantage of our position to lend support to our opinions.

Hydro-Québec recognizes that we may take part in extracurricular activities of our choice, such as cultural, athletic, community, religious and political activities, to the extent that such involvement does not affect our duty of loyalty. We may not, however, express any opinion on behalf of Hydro-Québec or use our status to impose our convictions on our co-workers or to influence them in this respect.

The company does not tolerate any use of its services, property, equipment or facilities for activities involving organization, recruitment or advertising, or any similar activity of a political nature. Such activities may be exercised only outside working hours and away from the workplace.

Is it disloyal to serve on a personal basis as a member of an organization or enterprise?

No, provided that such activities do not prevent us from performing our duties properly and do not create the appearance of conflict of interest.

Is it disloyal to use Hydro-Québec's property for personal purposes?

Yes. It is contrary to the principle of loyalty

- to use the workplace to carry out personal business activities, such as the sale of products or services
- to use Hydro-Québec's property (tools, materials, equipment, vehicles and premises), the services of co-workers or compensated time for purposes other than the performance of our duties, for example, for activities involving organization, recruitment, advertising or any other personal activity

May we use the company's computer resources for personal purposes?

Hydro-Québec provides us with access to its resources (the intranet, e-mail, Internet, computer networks, hard disks, etc.) for research purposes and to share data related to the company's operations. We must use our right of access to these work tools with the same discernment we demonstrate when we use telephones, fax machines and photocopiers that belong to Hydro-Québec.

The use of computer resources in the workplace must never interfere with the operation of the computer network or affect the company's image, nor must they be used for immoral or illegal purposes.

Thus, it is contrary to the principle of loyalty

- to use computer resources for purposes other than the performance of our duties during work hours
- to view, download, copy, share or transmit images or files of a pornographic, defamatory, offensive, harassing, hateful, violent, threatening, racist or sexist nature, or whose content contravenes any provision of the *Charter of Human Rights and Freedoms* (R.S.Q., c. C-12) or any other Québec law
- to use e-mail for mass mailings of petitions or messages concerning humanitarian causes. Mass mailings or e-mail chain letters (concerning good luck, cures, virus alerts, business offers, hoaxes, etc.) also contribute to congestion in the e-mail system and the company's networks. We must therefore refrain from passing them on, and delete them

The company tolerates the use of telephones, fax machines, computers, e-mail, intranet and Internet for personal purposes, provided that the use is reasonable and appropriate.

The company's managers may file a request for an investigation with the industrial security branch or the office of the General Auditor concerning a breach of conduct involving lost time or improper use of computer resources. Any inappropriate use of these resources for personal purposes constitutes disloyalty and may be liable to disciplinary measures. Human resources officials may then advise the managers on the subject.

What are our responsibilities regarding the security of Hydro-Québec facilities?

Hydro-Québec is required to secure its facilities and make the public aware of the risks inherent in any generating station, dam, substation, reservoir, warehouse or any other site with limited access.

We all have a vital role to play to ensure our own safety and that of the public, and the security of the company's assets. To this end, we must apply the measures established for securing Hydro-Québec facilities.

We are also responsible for the use we make of our building access card and must not lend it to any other person. Any laxness in terms of facility security is unacceptable and will not be tolerated. Even though the measures or requirements demanded of us may sometimes seem to complicate our movements or work, we must nevertheless comply with them. Security is a major concern for those in charge of facility operations. The same concern must be shown by all employees, and we must take security into account at all times in the performance of our duties.

Are we bound by the duty of loyalty after we leave the company?

Yes. The obligation of loyalty continues for a reasonable period after the employment contract ends and arises at any time when it involves the reputation and privacy of others.

Respecting People and the Environment

Hydro-Québec intends to accomplish its mission with due respect for individual rights and freedoms; it also intends to respect the environment in which it operates. It undertakes to maintain equitable relations with its employees and assure them of a healthy work environment, free from discrimination, violence, abuse of power and harassment, where relations are based on respect and dignity.

At Hydro-Québec, no form of discrimination, harassment or violence between co-workers or toward third parties is tolerated, whether it is verbal, physical, psychological or economic. The company has issued clear principles and implemented a procedure to handle complaints involving such matters.

Examples of respecting people and the environment

- Treating everyone in an equitable manner, while taking individual differences into account
- Maintaining a work environment that is conducive to cooperation, mutual assistance and respect, and is thus free from discrimination, harassment and violence
- Discussing ideas rather than people
- Eliminating any form of stereotyping related to sex, race or ethnic origin from oral, written, electronic and audiovisual communications
- Protecting your health and safety as well as that of others
- Adopting behaviors that protect the environment for current and future generations

Manquer de respect, c'est, par exemple :

Examples of disrespect

- Causing prejudice to a person or a group of people with words or actions intended to denigrate them or discredit them in other people's eyes
- Harassing a person with threatening or injurious statements
- Abusing power, for example, using your position of authority or status to compel someone with threats
- Treating a person in an unfair and inequitable manner for the following reasons, which are set out in the *Charter of Human Rights and Freedoms*: race, color, sex, pregnancy, sexual orientation, civil status, age (except as provided by law), religion, political convictions, language, ethnic or national origin, social condition, a handicap or the use of any means to palliate a handicap, the fact that the person has been convicted or has admitted guilt with respect to a penal or criminal offence, if the offence was in no way connected with the employment or if the person has obtained a pardon for the offence

- Harassing a person with unwanted and offensive words or actions of a sexist, sexual or racist nature that deprives the person of dignity
- Failing to take the company's environmental protection guidelines into account

Does flirting at work constitute a form of harassment?

Flirting involves consent and reciprocity. With harassment, however, there is no consent on the part of the person solicited; the relationship is characterized by intimidation, tension and discomfort on the part of the person subjected to pressure. No type of harassment is accepted at Hydro-Québec.

Do our rights and freedoms mean we can disseminate or post whatever we want at work, without restriction?

No. Hydro-Québec does not tolerate any object, illustration, or written or audiovisual document that is of a sexual, sexist or racial nature, or that may adversely affect the dignity of a person or a group of people. Hydro-Québec has an obligation to take the appropriate measures to protect the dignity of its employees.

What does it mean to protect health and safety at work?

The equipment, facilities and services required for the supply of electricity, by their very nature, present potential risks in the workplace and for the public. Each of us must therefore behave responsibly with regard to our own health and safety as well as those of our co-workers and the public. This means we must

- apply the work methods and safety rules specific to our area of activity
- adopt appropriate behavior to safeguard our health and safety, and those of our co-workers and the public
- take an active part in prevention, information and training activities
- report any situation that may present a risk to our health and safety, or those of our co-workers or the public

These are ways of respecting ourselves and respecting others.

The company has acquired all the tools required for sound risk management and is committed to a proactive employee health and safety approach. In particular, it works to

- offer us a safe, healthy work environment and take the necessary measures so that we can perform duties that do not jeopardize our physical or mental health, or our safety, or those of our co-workers and the public
- implement appropriate measures to eliminate hazards and reduce and control the risks inherent in our duties
- supply us with the pertinent occupational health and safety information and provide us with suitable training
- ensure that its facilities, equipment, processes and operations comply with current laws, regulations, bylaws and guidelines

In our personal behavior at work, how can we protect the environment?

Our personal contribution obviously varies as a function of our duties. We must participate actively in the environmental programs that the company puts in place, as well as all the protection and enhancement efforts associated with our work. For example, small daily initiatives such as avoiding waste and reducing the quantities of supplies used can make a big difference. By taking a vigilant attitude, we can protect the environment while enhancing the company's image.

Protecting Confidential Information

Hydro-Québec considers its information systems and the data they contain to be strategic assets. We must therefore ensure, in the performance of our duties, that we manage and protect information effectively, according to its nature, characteristics and value, whatever form it comes in (electronic, written or other).

In a company the size of Hydro-Québec, vast quantities of information are collected, analyzed, stored and disseminated in various forms and using various media. This data is of vital importance. It is essential to decisions made in order to manage the company. Efficiency and performance thus depend on its accuracy. In addition, this information is the means by which Hydro-Québec and its employees are able to report on their activities.

Information is therefore a precious resource that we must protect and manage, just as we do Hydro-Québec's other property. We must ensure that printed and electronic information is managed, kept and stored in accordance with legal requirements and the applicable internal guidelines. The *Act respecting access to documents held by public bodies and the protection of personal information* specifies what is public and what is confidential.

Whether true or false, information disclosed without authorization may be highly prejudicial to the image of those it concerns. Protecting the confidentiality of information therefore means respecting the company and its personnel as well as its customers, suppliers and partners.

We should never disclose to third parties information concerning a customer, supplier or partner without obtaining the person's consent, unless the law obliges us to do so. This is an essential condition for maintaining the trust that the company has established.

Examples of ensuring the confidentiality of information

- Demonstrating extreme discretion regarding information obtained in your work, especially that which is considered confidential
- Protecting personal information concerning Hydro-Québec's employees, customers, suppliers and other partners
- Keeping secret any information concerning the purchase or sale of property or any securities transaction until the information is made public

Examples of a breach of the duty of confidentiality

- Using, for purposes that are not work-related, information belonging to Hydro-Québec and obtained in the course of duty
- Disclosing information concerning Hydro-Québec's personnel, customers, suppliers or other partners without their consent or in violation of existing laws

- Disclosing information that could prejudice Hydro-Québec, adversely affect its interests or tarnish its reputation
- Disclosing confidential information regarding matters such as Hydro-Québec's proposed business transactions and investments

What type of information must we treat as absolutely confidential?

Information that must be kept confidential is that which the Act defines as such or that Hydro-Québec chooses to treat as such. We have a duty of absolute confidentiality in cases such as the following:

- industrial, financial, commercial, technical or scientific information that belongs to the company and whose disclosure could cause it prejudice
- industrial, financial, commercial, scientific, technical or union-related information provided by a third party and usually treated as confidential by that third party, unless it consents to disclosure
- personal information, unless the persons directly concerned consent to disclosure
- information whose communication could affect an investigation, legal proceedings or negotiations

In practical terms, how do we treat information as confidential?

Discretion may take many forms:

- organizing your office so that no confidential documents are visible or even accessible, especially at the end of the day
- clearly indicating to the people you deal with which documents and e-mails are confidential
- protecting confidential documents by keeping them under lock and key
- encrypting any confidential information stored on a computer-readable medium
- securing your laptop
- encrypting confidential internal and external e-mails
- shredding any confidential document that is no longer required
- demonstrating vigilance with information technologies: protecting access to information systems (with user codes, passwords, etc.) and files, deleting any strategic information that is no longer required, etc.
- taking the necessary steps to protect the company's information systems and associated software against any potential threat by ensuring that the internal guidelines regarding such matters are followed

- paying special attention when confidential information is sent by fax or by e-mail. For example, it is recommended that the confidential nature of a faxed document be clearly stated and that the recipient be informed accordingly when it is sent.
- taking care during telephone conversations during which information intended for the exclusive use of one person is conveyed
- taking care not to disclose confidential information in conversations with co-workers, friends and relatives

When may we express ourselves to the media on behalf of the company?

When we are specifically authorized to do so. Otherwise, we must transmit information requests to senior communications staff.

When in doubt, how can we ensure information is kept confidential?

Here are three suggestions:

- forward any requests for information to the people responsible for applying the *Act respecting access to documents held by public bodies and the protection of personal information*
- err on the side of discretion and prudence
- seek advice from your manager

Are we obliged to maintain professional secrecy even after leaving Hydro-Québec?

Yes. Even after our employment ends, we must preserve the confidentiality of information obtained in the course of duty at Hydro-Québec. This obligation continues for a reasonable period after employment ends and, in the case of information involving the reputation and privacy of others, continues permanently.

Treating Our Customers, Suppliers and Partners Fairly and Courteously

Hydro-Québec plays a preponderant role in the Québec economy because of the geographic extent of its operations, the scope of its purchasing power and the essential nature of the service it provides. Its good reputation among customers is largely due to the courtesy and diligence of its employees. That is why we must cultivate positive relations with customers, suppliers and other partners: we have a responsibility, as the company's representatives, to preserve the relationship of trust Hydro-Québec has built with them.

Examples of treating customers, suppliers and partners fairly and courteously

- Acting with courtesy, diligence, thoroughness and professionalism at all times
- Cultivating positive relations with customers, suppliers and partners
- Recognizing customers as your top priority and their satisfaction as your number one job
- Viewing suppliers and partners as essential allies
- Respecting the property of others
- Dealing fairly with customers, suppliers and partners
- Identifying yourself and providing the name of your supervisor to any customer or supplier who asks for it
- Taking the time to answer questions and directing people who make inquiries to the right place

Examples of a breach of courtesy

- Behaving in a vulgar manner toward others
- Expressing impatience, such as refusing to repeat an explanation or ending a telephone conversation abruptly
- Expressing yourself in an inappropriate manner, for example, using familiar language or swear words when speaking to a customer

Can we reconcile our performance objectives and our courtesy objectives?

Yes. We are often pressed for time, but work done well can often save time. Our structures are complex, and people making inquiries may have difficulty understanding them. It is our job to direct them as best we can.

There are polite ways of responding to people who are angry or impatient. We must first temper their emotions by showing empathy and then invite them to work with us to find a satisfactory solution.

Why are we obliged to be honest and transparent in our business practices?

Because we must, in all circumstances, avoid practices that could possibly create embarrassment or trouble. That is why we must provide clear, concrete, relevant and accurate information to the people we deal with so that we do not mislead them. This is especially important in the case of our suppliers: we insist that all must receive equitable treatment and that Hydro-Québec must obtain the best possible terms and conditions on the market.

Other Codes of Conduct

Certain administrative units have established specific codes to meet the needs of their sector of activity. These codes complement the present document and are not intended to replace it.

Transmission Provider Code of Conduct

The purpose of this document, approved by the Régie de l'énergie, is to prevent any form of preferential treatment or cross-subsidization benefiting entities affiliated with the Transmission Provider, while also incorporating the rules governing the unbundling, or separation, of the administrative units that carry out business operations.

Code of Ethics on Conducting Calls for Tenders

This document, also ratified by the Régie de l'énergie, ensures that the Distributor's calls for tenders are conducted fairly for all electricity suppliers. An up-to-date log of any breaches and corrective measures is kept and filed with the Régie once a year.

Rules of ethics specific to Hydro-Québec's financial operations

The purpose of this document is to ensure confidential treatment of financial information; it lays out the company's rules regarding financing and treasury operations as well as pension fund operations.

Meetings with and benefits received from suppliers of Hydro-Québec Équipement and SEBJ

This document is intended to ensure that employees remain independent from suppliers in order to avoid any actual or apparent conflict of interest.

Shared Services Centre's rules of conduct on benefits received from suppliers: guide for managers

This document is intended to ensure that employees remain independent from suppliers in order to avoid any actual or apparent conflict of interest. Decisions made in complex situations, and the reasons behind them, are recorded in an annual log.

Code of Ethics and Rules of Professional Conduct for Directors, Executives and Controllers of Hydro-Québec

This code specifies the terms of application of Section 19 of the Hydro-Québec Act, articles 321 to 326 of the *Civil Code of Québec* and certain provisions of the *Regulation respecting the ethics and professional conduct of public officer holders*.

Code of Ethics of Hydro-Québec International

The ethical rules set out in the *Code of Ethics of Hydro-Québec International* apply to Hydro-Québec employees involved in international operations.

This document is based on the *International Code of Ethics for Canadian Business* and guides Hydro-Québec International in carrying out its mission.

With respect to integrity, Canada has signed the *Organization for Economic Cooperation and Development (OECD) Convention on Combating Bribery of Foreign Public Officials in International Business Transactions*. Our country also adopted the *Corruption of Foreign Public Officials Act*, which has governed all Canadian companies since 1999.

With respect to working conditions, we must perform our duties in the spirit of the conventions of the International Labour Organization (ILO).

Conclusion

A Guide Worth Keeping

A copy of the *Code of Conduct*, 2006 edition, has been given to all personnel—permanent, temporary and contract employees—as well as new hires. It can also be accessed on the intranet, at <http://intranet.hydro.qc.ca/vpa/ethique/>.

Collective Responsibility

It is our responsibility to incorporate the company's core values into our daily work and do our utmost to uphold the company's ethical principles. Any violation of these principles will be treated with all due severity. Depending on the gravity of the case, the employee in question risks disciplinary measures that may include dismissal or even legal proceedings.

Managers' Role

Regardless of their position in the hierarchy, Hydro-Québec managers play a crucial role in upholding the company's ethics. They must see to the application of the *Code of Conduct*, talk about it and set an example in their own administrative units. In this way, they help promote the company's values.

In particular, managers must:

- familiarize themselves with the *Code of Conduct* and follow it at all times
- ensure that their employees each have a copy of the *Code*, understand what it means and abide by its principles
- create and maintain a work environment that fosters respect for ethics
- promote an environment conducive to frank and open communication, in which it is easy to raise questions, discuss problems and solve them without fear of reprisals
- immediately report any apparent breach of this *Code* to the administrative units concerned
- take appropriate disciplinary measures when it is established that there has been a breach of the *Code*

Who to Contact

The corporate affairs and secretariat group is responsible for interpreting the *Code of Conduct* and may issue verbal or written opinions, on request, for preventive or corrective purposes. Contact the Advisor – Ethics at (514) 289-2211, extension 2603, to

- ask general questions related to ethics
- request an opinion on a specific case
- submit a proposal for promoting ethics at Hydro-Québec
- obtain clarifications on the procedure to follow in any problematic case

Requests for information will be handled promptly, and discussions will remain strictly confidential.

In the interests of consistency, human resources officers may assist the managers in the investigation process and in the choice of the disciplinary or other measures to be taken. They may also coordinate actions planned by other support units.

The working conditions and labor relations branch supplies expertise concerning disciplinary or other measures to be taken in response to unethical behavior. It adds to and updates a working conditions data bank, covering various subjects including breaches of ethics. It plays an active part in this area by providing advice and arbitration. It also coordinates related activities and offers the necessary support for application of the management rule pertaining to a healthy work environment, free from discrimination, violence, abuse of power and harassment.

The forensic accounting administrative unit in the office of the General Auditor and the industrial security branch are involved in prevention (diagnosis of risk), detection and investigation of breaches of ethics.

You may contact any of these administrative units, at any time, for all questions related to ethics.

Phone line 1 866 384-4783

In spite of the rules of ethics that have been established, and the various internal control measures, irregularities may still occur. We have two types of recourse to report a problem or question: through our immediate supervisor or through a higher-level superior. Any employees who witness an illegal or fraudulent act may report it, in good faith, to their immediate supervisor, who is then required to inform the administrative units concerned.

We may also use another means set up by the company's Board of Directors and managed under the responsibility of Hydro-Québec's General Auditor: namely, a phone line that allows employees of Hydro-Québec and its wholly owned subsidiaries to report, in strict confidentiality and without fear of reprisals, any fraud or irregularity related to internal control. Operated by an independent firm, the phone line 1 866 384-4783 is accessible seven days a week, 24 hours a day.

Here are some examples of fraud or irregularity that should be reported:

- falsification of books of account
- intentional non-disclosure or misrepresentation of important facts or data
- misappropriation of funds
- acceptance of bribes
- illegal use of company property
- conflict of interest or collusion
- payment of goods or services not provided
- replacement of goods with others of lesser quality
- deviation from laws, regulations or guidelines

Useful Information on the Intranet

The corporate affairs and secretariat group provides employees with ethics-related information on the intranet, at <http://intranet.hydro.qc.ca/vpa/ethique/>.

The information available includes documents such as the *Code of Conduct*, frequently asked questions, guides for managers to help them lead meetings on ethics, and the latest annual ethics reports. These reports contain the requests for opinions submitted to the Executive Vice President, Corporate Affairs and Secretary General, as well as an annual summary of breaches of ethics. They also describe the various means implemented over the year to ensure effective ethics management.

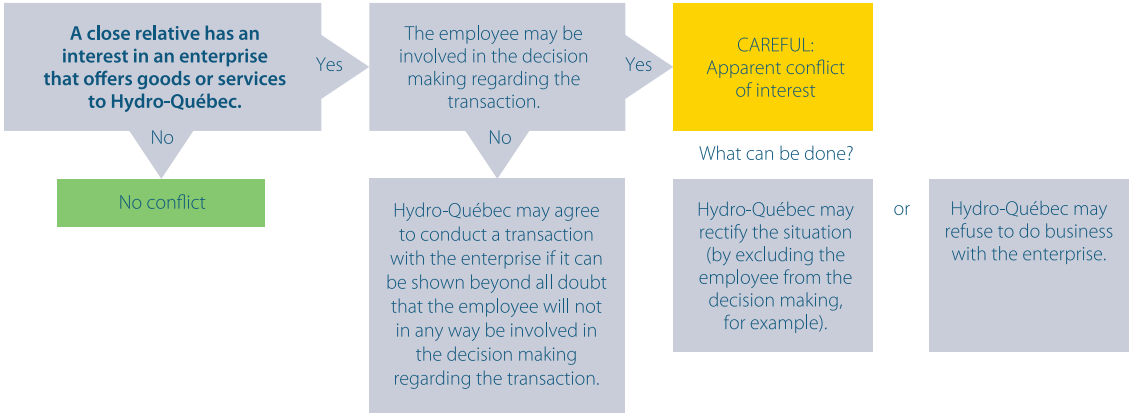
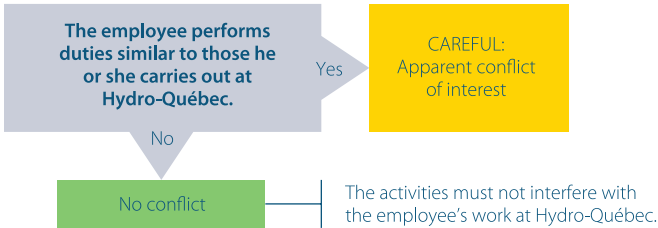
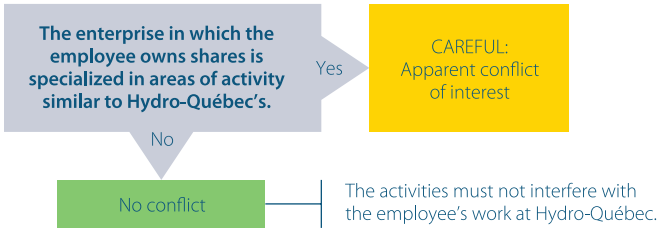
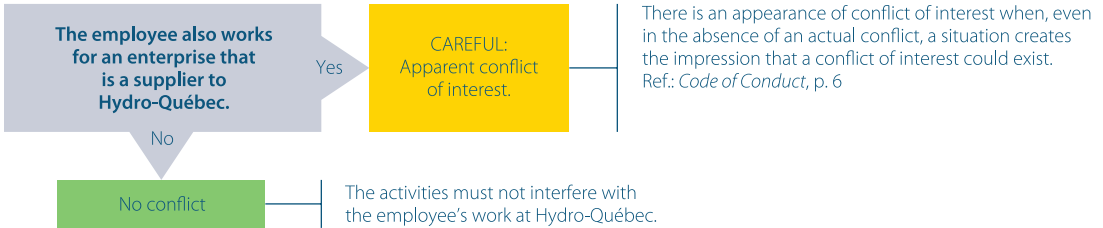
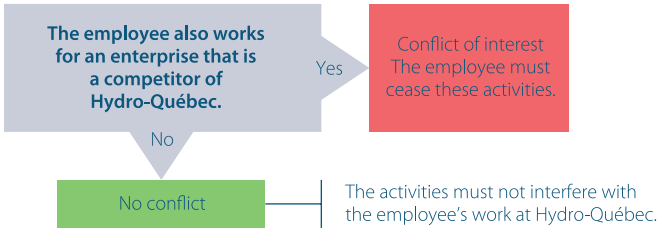
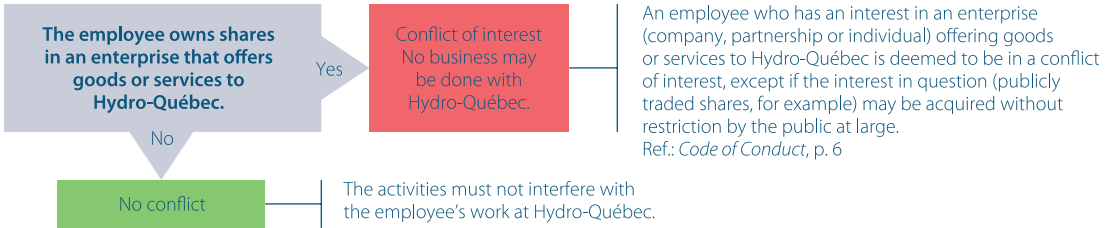
A section of the site contains relevant documents for managers.

Typical Examples of Conflicts of Interest Related to External Professional Activities

This decision-making tool provides examples of personal activities that may constitute actual or apparent conflicts of interest.

If you have any doubt about what behavior to follow, it is preferable to discuss it with your immediate supervisor.

You may obtain additional information by contacting the Advisor – Ethics, at (514) 289-2211, extension 2603.



Affaires corporatives et secrétariat général
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