

Title <b>Procedure for handling allegations concerning wrongdoings or inappropriate situations</b>		Number
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Issuing unit <b>Vice-présidence – Affaires corporatives et secrétariat général</b>	Approval <b>Stella Leney <i>Original signed and kept on file</i></b>	Date <b>2017-09-08</b>
Activities concerned <b>All units</b>		

## 0. Legislative context

To ensure compliance with the provisions of the *Act to facilitate the disclosure of wrongdoings relating to public bodies* and to ensure proactive corporate governance, Hydro-Québec has updated its procedure for receiving and handling, on a confidential basis, information provided by employees, suppliers or any other persons regarding possible wrongdoings or situations they consider inappropriate. This procedure also describes the protection against reprisals provided to employees who disclose such information.

Hydro-Québec's internal auditor, who reports to the Audit Committee of the Board of Directors, receives the aforementioned information, verifies its reliability, conducts audits and investigations or entrusts the matter to the relevant units if necessary, issues recommendations and follows up on the measures to be taken, and records the information required for reporting purposes.

## 1. Definitions

- 1.1 **"Allegation"** means any information provided by a person regarding an act or a situation that the person considers wrongful or inappropriate, excluding any matter concerning the application of a rate or condition governing the supply or transmission of electricity.
- 1.2 **"Wrongdoing"** means any act involving Hydro-Québec that adversely affects the public interest and which constitutes
  - a contravention of any law applicable in Québec or of a regulation made under such law;
  - a serious breach of the standards of ethics and professional conduct;
  - a misuse of funds or property belonging to Hydro-Québec including the funds or

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property it manages or holds for others;

- gross mismanagement, including an abuse of authority;
- any act or omission that seriously compromises or that may seriously compromise a person's health or safety or the environment;
- directing or counseling a person to commit any of the abovementioned wrongdoings.

The following are not wrongdoings within the meaning of this procedure:

- a disclosure made for personal purposes concerning, inter alia, a contractual condition or a condition of employment [of the person making the disclosure];
- a disclosure of information for the purpose of questioning the merits of Hydro-Québec's policies and objectives.

1.3 **"Person"** means an employee, a supplier or any other individual;

1.4 **"Employee"** means a permanent, temporary or casual employee, and includes a trainee and a former employee.

1.5 **"Supplier"** means any supplier that has ties or dealings with Hydro-Québec, without necessarily involving a contractual undertaking, and includes subcontractors and potential bidders, regardless of their ranking.

1.6 **"Hydro-Québec"** means Hydro-Québec and its wholly-owned subsidiaries.

1.7 **"Reprisal"** means any adverse action taken against a person who, acting in good faith, made an allegation or cooperated in an audit or investigation conducted as the result of making the allegation.

The dismissal, demotion, suspension, transfer, or any other disciplinary measure or measure adversely affecting employment or conditions of employment, is presumed to be a reprisal.

Threatening a person to refrain from making an allegation or cooperating in an audit or investigation also constitutes a reprisal.

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## **2. Purpose of the Procedure**

- 2.1 To allow any person to make an allegation anonymously and confidentially.
- 2.2 To ensure the effective handling of allegations received, while providing protection against reprisals to employees who agree to identify themselves.
- 2.3 To centralize in Vérification interne [the internal audit department] all allegations received concerning possible wrongdoings at Hydro-Québec.

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### **3. Handling of allegations**

#### 3.1 Receiving allegations

- 3.1.1 Any person who wishes to make an allegation concerning an act or situation that such person considers wrongful or inappropriate shall contact the internal audit department using the confidential external hotline created for that purpose or by any other means. If the person prefers, he or she may disclose that information to the Public Protector if he or she has reason to believe that a wrongdoing within the meaning of paragraph 1.2 is involved.
- 3.1.2 Any allegation concerning a possible wrongdoing received by a unit other than the internal audit department must be transmitted to the internal audit department as soon as possible.
- 3.1.3 When the person reports the details of the allegation using the confidential hotline, the allegation handling procedure shall be explained to that person. The procedure established by Hydro-Québec for protecting its employees against reprisals shall also be explained to an employee making an allegation.
- 3.1.4 If the person making the allegation prefers to remain anonymous, he or she shall be asked to note the reference number for future use in order to communicate additional information.
- 3.1.5 The internal audit department shall contact the person making the allegation within two (2) business days, if the person has provided his or her contact information. The department shall also send that person written acknowledgment of receipt of the allegation within five (5) business days of the initial contact, provided that the confidentiality thereof is assured.
- 3.1.6 A file for each allegation shall be stored securely to ensure that it remains confidential.

#### 3.2 Content of the allegation

- 3.2.1 Insofar as possible, the allegation should include the following information:
- the contact information of the person making the allegation;
  - for each person who has allegedly committed or participated in the act or situation that is the subject of the allegation:

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- his or her full name;
- his or her position
- the department or unit in which the person holds that position;
- his or her contact information;
- details of the allegation:
  - the department or unit concerned;
  - the description of the facts, the event, the act or the situation;
  - the time and place of occurrence;
  - if other persons are involved or if they witnessed the event, act or situation, their full names, titles or positions, and their contact information;
  - the possible consequences for Hydro-Québec, for personal health or safety or for the environment;
  - if the act or situation has not yet been committed, but is about to be committed, the information required to prevent it from happening;
  - the existence of any document or evidence pertaining to the allegation;
- steps taken with a manager, a union or other Hydro-Québec personnel;
- fear or threats of reprisal.

3.2.2 In the case of an allegation of a wrongdoing, any person may disclose information, despite the provisions stipulated in:

- the *Act respecting the Protection of Personal Information in the Private Sector* (CQLR, chapter P-39.1);
- the *Act respecting Access to Documents Held by Public Bodies and the Protection of Personal Information* (CQLR, c. A-2.1), excluding section 33 of that Act;
- *Code of Conduct (code of ethics and professional conduct for all Hydro-Québec employees)*;
- *Hydro-Québec Supplier Code of Conduct*;
- Any other legislation, including legislation imposing an obligation of confidentiality or loyalty on a person towards his or her employer or, where applicable, towards his or her client.

The *Act to facilitate the disclosure of wrongdoings relating to public bodies* releases professionals from their obligations of professional secrecy, with the exception of the obligations of secrecy imposed on lawyers or notaries with respect to their clients.

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3.3 The handling of allegations

- 3.3.1 The internal audit department shall examine each allegation to determine if it has a valid basis and if an audit or investigation should be undertaken.
- 3.3.2 If the allegation is unfounded, the internal audit department shall terminate its handling of the allegation and advise the person who made the allegation, if his or her contact information is known.
- 3.3.3 The allegation that would normally be resolved by a manager shall be communicated to that person and to that person's superior. The internal audit department shall then ask them to intervene and follow up on the matter. The anonymity of the person providing the information shall be protected.
- 3.3.4 Any allegation concerning a conflict, a dispute, harassment or discrimination at work shall be transferred to the ombudsman or to the Service d'information et de traitement des plaintes (*information and complaints centre*), as appropriate.
- 3.3.5 The internal audit department shall inform any employee who believes that he or she has been the victim of reprisals affecting his or her job or conditions of employment, that said employee should contact the Commission des normes, de l'équité, de la santé et de la sécurité du travail (CNESST).

The internal audit department shall advise said employee that the CNESST recourse must be exercised within 45 days of the acts in question or if said employee believes that he or she has been the victim of a prohibited practice referred to in section 122 of the *Act Respecting Labour Standards*. If said employee is unionized, the internal audit department shall explain that said employee is not entitled to be represented by a CNESST lawyer, and that he or she should contact his union.

- 3.3.6 If the internal audit department considers that the allegation has a valid basis and should be referred for an audit or an investigation, it shall notify the person making the allegation. If the internal audit department considers it appropriate and if the person's contact information is known, it will periodically advise the person of the progress of the matter.
- 3.3.7 The internal audit department may terminate an audit or investigation if too much time has elapsed since the occurrence of the act or situation that is the subject of the allegation, thus making it impossible to handle the allegation.

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3.4 The audit or investigation process

- 3.4.1 The audit or investigation shall be conducted in accordance with accepted practices in such matters and so as to ensure that the rights of all persons involved are respected.
- 3.4.2 The internal audit department may retain the services of external experts. It shall use the services of internal professionals, including the direction principale – Sécurité corporative, in the case of an offence that could give rise to legal proceedings or that concerns the safety of persons or of the environment.
- 3.4.3 At all times, the internal audit department and its authorized representatives are required to act with discretion and must ensure the confidentiality of the identity of the person making the allegation and of the individuals cooperating in an audit or an investigation.
- 3.4.4 Any person who refuses to provide requested information or who impedes or attempts to impede the audit or the investigation concerning a wrongdoing contravenes the *Act to facilitate the disclosure of wrongdoings relating to public bodies*. The internal audit department may notify the authority responsible for instituting penal proceedings provided for under the Act.
- 3.4.5 The internal audit department shall notify the person making the allegation that it has terminated the allegation handling procedure and it shall advise the person of the results thereof, if any.

If an allegation proves to be unfounded, the information gathered shall nevertheless remain confidential.

If the internal audit department finds that a wrongdoing has been or is about to be committed, it shall submit a report to that effect to the President and Chief Executive Officer or, if the latter is involved, to the Chairman of the Board of Directors. The report must protect the identity of the person making the allegation and summarize the results of the intervention.

Hydro-Québec shall then take the appropriate corrective measures and the internal audit department shall ensure the follow-up of such measures.

3.5 Transmission of information to the relevant authorities

- 3.5.1 Notwithstanding paragraph 3.4.3, if the internal audit department is of the view that the information brought to its attention:

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- may be disclosed under section 26 of the *Anti-Corruption Act* (CQLR, chapter L-6.1), it shall forward the information to the Anti-Corruption Commissioner; is required to prosecute a crime or a statutory offence, it shall forward the information to the body responsible for the prevention, detection or repression of crime or statutory offences, including a police force or a professional order.

3.6 Time limits for handling allegations

3.6.1 The following handling time limits are provided for information purposes only and will vary depending on the nature of the allegation and the complexity of the audit or investigation to be conducted:

Decision on the merits of the allegation	15 business days from receipt of the allegation
Verifications and decision to conduct an audit or investigation of the allegation	60 days from the decision on the merits of the allegation
Termination of the audit or investigation	6 months from the decision to conduct an audit or investigation



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#### **4. Protection against reprisals offered to employees**

##### 4.1 Prior conditions

4.1.1 In this procedure, the protection provided by the internal audit department applies to employees making allegations and to those cooperating in an audit or investigation.

4.1.2 The protection may be confirmed in a written agreement entered into between the employee and Hydro-Québec.

##### 4.2 Protection measures offered

4.2.1 If the employee believes that he or she has been the victim of reprisals, he or she undertakes to inform the internal audit department thereof without delay.

4.2.2 Depending on the situation, two kinds of protection measures are offered by Hydro-Québec to an employee making an allegation:

- protection against reprisals;
- physical protection of the employee and of his or her close relatives.

4.2.3 After it has assessed the situation, the internal audit department undertakes to take the necessary steps with the appropriate stakeholders to ensure that the protection measures required in the circumstances are taken. Insofar as possible, it shall enter into an agreement in writing with respect thereto.

##### 4.3 Management of the protection agreement

4.3.1 The internal audit department and the employee to whom protection is offered shall sign the protection agreement, which shall be ratified by the President and Chief Executive Officer or, if the latter is involved, by the Chairman of the Board of Directors.

4.3.2 The undertaking to protect the employee shall be cancelled if it appears from the audit or investigation that the allegation was made in bad faith. Notwithstanding a protection agreement, if an employee is involved in the crime or contravention that he or she reported, that employee may be subject to disciplinary action.

4.3.3 The internal audit department shall periodically review the protection measures in effect and, as required, recommend that they be changed or terminated if they are no longer necessary.

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- 4.3.4 Hydro-Québec allocates the necessary funds to the internal audit department to cover the expenses associated with the protection agreement.

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## 5. Reporting obligations

- 5.1 The internal audit department shall report periodically to the Audit Committee on the following with respect to the handling of allegations:
- the number of allegations received;
  - the number of unfounded allegations;
  - the number of well-founded allegations;
  - the number of well-founded allegations concerning wrongdoings;
  - the number of resolved allegations;
  - the delay incurred, if any, in handling allegations compared to the time limits stipulated in paragraph 3.6.1.
- 5.2 The internal audit department shall report annually, in Hydro-Québec's annual report, on the allegations received concerning wrongdoings, in the following terms:
- the number of allegations received;
  - the number of well-founded allegations;
  - the number of unfounded allegations;
  - the number of allegations received for each category referred to in paragraph 1.2;
  - the number of disclosures of information made pursuant to the first paragraph of paragraph 3.5.1.
- 5.3 At any time and at its request, the internal audit department shall inform the President and Chief Executive Officer or the Chair of the Audit Committee of the nature and substance of its activities in application of this procedure.

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**6. Procedure dissemination.**

- 6.1 The internal audit department is responsible for implementing this procedure within Hydro-Québec and with its suppliers.

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**MODEL AGREEMENT RESPECTING PROTECTION AGAINST REPRISALS  
OFFERED BY HYDRO-QUÉBEC TO ITS EMPLOYEES**

**WHEREAS** the employee, whose signature appears below, has made an allegation pursuant to the *Procedure for handling allegations concerning wrongdoings or inappropriate situations*.

**WHEREAS** the employee has declared that he or she:

- works for Hydro-Québec or a Hydro-Québec subsidiary where he or she holds the position of \_\_\_\_\_;
- has personal knowledge of the facts described in his or her allegation;
- has made this allegation in good faith.

**WHEREAS** Hydro-Québec undertakes to protect the employee against reprisals as a result of having made the allegation. Specifically, Hydro-Québec undertakes to take whatever measures are necessary to:

- eliminate reprisals against the employee;
- provide physical protection for the employee and his or her close relatives.

**THEREFORE, THE PARTIES AGREE AS FOLLOWS:**

- The employee undertakes to promptly inform *Vérification interne* [the internal audit department] of any reprisals taken against him or her.
- Hydro-Québec undertakes, after examination by the internal audit department of the situation reported by the employee, to take whatever measures are necessary in the circumstances with respect to reprisals that the employee believes have been taken against him or her.
  - The employee agrees to defer to the decision of the internal audit department regarding the protection to be provided to him or her, if necessary, in accordance with the provisions of the *Procedure for handling allegations concerning wrongdoings or inappropriate situations*.
- The employee undertakes to comply with the protection measures determined by the internal audit department, failing which this agreement shall be cancelled.
  - This agreement shall be reviewed on \_\_\_\_\_, in accordance with paragraph 4.3.3 of the *Procedure for handling allegations concerning wrongdoings or inappropriate situations*.

IN WITNESS WHEREOF THE PARTIES HAVE SIGNED:

\_\_\_\_\_  
Date (MM-DD-YYYY)

\_\_\_\_\_  
Employee

\_\_\_\_\_  
Date (MM-DD-YYYY)

\_\_\_\_\_  
Internal Auditor

\_\_\_\_\_  
Date (MM-DD-YYYY)

\_\_\_\_\_  
President and Chief Executive Officer  
(or *Chairman of the Board of Directors*)