

TABLE OF CONTENTS

1. FRAMEWORK.....	3
2. OBJECTIVES OF THE INTEGRITY POLICY	4
3. SCOPE OF THE INTEGRITY POLICY	4
4. THE INTEGRITY MODEL.....	4
4.1 Ethical Culture	5
4.1.1. Legal Compliance.....	5
4.1.2. Values and Principles	6
4.1.3. Commitment to the Ten Principles of the UN Global Compact and the Sustainable Development Goals	8
4.1.4. Code of Ethics and Conduct.....	9
4.2 Risk Management.....	9
4.2.1. Risk Prevention Plan for Corruption and Associated Offences	9
4.2.2. Public Tender Procedures	10
4.3 The Integrity Line.....	11
4.3.1. Regulating the Voluntary Reporting of Irregularities (Whistleblowing).....	11
4.4 Internal Control Mechanisms	11
4.4.1. Internal Audits.....	11
4.4.2. Crisis Management.....	11
5. GOVERNANCE STRUCTURE FOR ORGANISATIONAL ETHICS.....	12
5.1. The Ethics Board	12
5.2. The Ethics Commission	12
5.3. Instruments.....	13
6. EMPOWERING AND RAISING AWARENESS	13
7. TRANSPARENCY	13
7.1. Report of the Ethics Board	13
7.2. Report of the Ethics Commission.....	13
7.3. Public Procurement Monitoring Report	13
7.4. Prevention of the Risks of Corruption and Associated Offences Implementation Plan Report	14
8. INSTRUMENTS.....	14

1. FRAMEWORK

The Águas de Portugal (AdP) Group undertakes a public service mission in managing a strategic resource essential for life and human development, incorporating a long term vision based on a robust organisational model and a strong ethical culture.

The AdP Group Integrity Policy sets out our vision on ethics and integrity, consolidating the commitments of group companies towards the governance model based on the highest ethical standards, transparency, responsibility and excellence in public management practices.

We share the vision on transparency and public integrity held by international entities such as the United Nations, the Organisation for Economic Cooperation and Development and the European Union and our actions reflect the OECD recommendation on Public Integrity, which “recognises as priority the promotion of a culture of consistent public integrity aligned with the shared ethical values, principles and norms able to sustain and favour the public interest over private interests in the public sector”.

We deploy an ethical framework based on the values and principles expressed in our Code of Ethics and Conduct, the Principles of Good Governance that require the AdP Group, in keeping with the 10th Principle of the United Nations Global Compact, which fosters the combating of corruption in all its forms, and with the targets of Sustainable Development Goal 16 – Peace, Justice and Efficient Institutions of the United Nations Agenda 2030.

The ethical framework is backed up by norms of behaviour and a set of other internal policies and procedures that guarantee compliance with the different instruments regulating the activities and actions of the AdP Group.

The Integrity Policy confirms this set of principles as the harmonised reference criteria in every decision-making process, at both the internal level, and in relationships with internal and external stakeholders.

The greatest responsibilities that derive from our mission are internalised by all representatives of the management bodies and by all members of staff who daily comply responsibly with their respective functions.

The Integrity Policy describes the integrity model that guarantees the ethical quality of the decisions and options of AdP Group companies based on the three axes that structure actions implementing activities that prevent situations of non-compliant conduct or inappropriate mechanisms for detecting potential situations in violation of the ethical framework and the instruments and mechanisms for resolution, action and evaluation to restore the responsible actions essential to the consolidation of an ethical culture, which has already demonstrated positive effects in terms of the commitment of employees, reducing the incidence of inappropriate conduct, enhancing the credibility of internal mechanisms and transparency.

The efficient interlinkage between the ethical framework established and the different internal policies and processes implemented, ranging from policies guaranteeing legal compliance through to the internal control processes, ensures the closure of the cycle and its effective feedback.

The Integrity Policy makes up part of the first pillar in the AdP Group Strategy Framework of Commitment, “Group Culture”, while contributing to strengthening the other two, “Service Excellence” and “Social Utility”, and serves as a means of support for the twelve strategic challenges.

2. OBJECTIVES OF THE INTEGRITY POLICY

The Integrity Policy sets out the conceptual structure for ethics and transparency in the management practices for AdP Group companies. This presents the Group’s integrity model and identifies the different entities and internal instruments that undertake the implementation of the ethical commitments in place, compliance and other interrelated legal obligations.

3. SCOPE OF THE INTEGRITY POLICY

The Integrity Policy applies to all AdP Group companies, binding all their employees and staff members, irrespective of their function or hierarchical position, and as well as service providers acting on behalf of Group companies.

The responsibility for the implementation of this Integrity Policy at each AdP Group company falls to the respective management bodies.

4. THE INTEGRITY MODEL

The AdP Group integrity model stems from the application of the values and principles structured into three fundamental axes - Prevent, Detect and Resolve -, which integrate all mechanisms and support instruments and deployed through a governance structure that includes two management bodies with distinctive but complementary statutes and attributes: the Ethics Board and the Ethics Commission.

The "Prevent" axis arises from the assumption that the integration of ethical reflection, hence, all the decisions and options of managers and members of staff result from criteria in keeping with the legislation in effect for companies in the state business sector; the values and principles defined, the external commitments in this field and as well as the internal norms of behaviour. This pillar derives from the continuous investment in raising awareness, open dialogue, the coherence between what we defend and our own actions and that together drive the culture of integrity that characterises us. The "Prevent" axis is that which requires the greatest level of investment and establishes the front line in the defence of integrity.

The "Detect" axis frames the different internal mechanisms for identifying situations and areas of risk, deviations in procedures or conduct, ethical dilemmas or anomalous circumstances and defines the appropriate corrective measures. The AdP Group maintains channels for collecting situations that may come from internal or external interlocutors and in addition to the management bodies with the responsibilities and authority necessary to define the measures for subsequent implementation.

The "Resolve" axis integrates the measures for implementation, the corrective methodologies to fully guarantee both the model and the evaluation of the ethical performance of the AdP Group through the ethical performance indicators.



Figure 1 – The AdP Group Integrity Model

4.1 ETHICAL CULTURE

The AdP Group ethical culture reflects the set of values, principles, examples of leadership and the experiences gained in daily working activities and that inspire and encourage the adoption of ethical behaviours.

Ethical Reflection contributes to this end with its origins in the natural tendency to repeat the behaviours of other and the motivation to continue as a result of recognition.

These represent environments favourable to the emergence of an Ethical Culture that builds on open dialogue, transparency and the defence of the organisation's interests.

Thus, this also provides, par excellence, the very best anti-corruption mechanism.

4.1.1. LEGAL COMPLIANCE

Companies belonging to the AdP Group, operating under the juridical regime stipulated for state sector businesses and subsequently by the Companies Code, strive to ensure their actions align with the principles of correct management and transparency.

The commitment to compliance with the legislation and other applicable regulation establishes the core foundations for the appropriate management and application of the Principles of Good Governance. The AdP Group companies are committed to only ever exercising their activities in strict compliance with the legislation in effect in every geography in which they operate and are to furthermore guarantee compliance with the other internal norms and other commitments made towards third parties.

4.1.2. VALUES AND PRINCIPLES

The values and principles, which guide the actions of the AdP Group constitute its core ethical framework and that shape the conduct and behaviours of members of staff in their daily actions, are set out below.

SYSTEM OF VALUES

Spirit of Service

Acting with zeal and dedication to comply with our Public Service Mission.

Excellence

Acting with perseverance, striving to face each adversity as a challenge and an opportunity, with a spirit of initiative and striving for the continuous improvement of services. In the performance of their activities, the AdP Group deploys qualified members of staff that systematically seek out solutions incorporating innovation and technological development and contribute to the optimisation of processes in keeping with best practices.

Integrity

Acting according to the highest ethical standards in placing society and the public service mission at the centre of the actions of each person. In undertaking their functions, members of staff commit to deploying ethical attitudes, striving to ensure consistency and equity in their options and decisions, honouring the commitments made and spurning corrupt practices in all of their different forms.

Responsibility

Accepting responsibility for their actions and options and applying best practices throughout their professional performance. Aware of the importance of their mission, members of staff undertake their functions with the highest standards of quality in their representation of the AdP Group.

Rigour

Acting coherently and consequently according to the values and principles of the AdP Group, in strict accordance with the law and with full respect for internal policies, guidelines and norms. The decisions are taken with impartiality, equity, objectivity and transparency.

PRINCIPLES OF ACTION

Compliance with the law and other written declarations

The AdP Group respects all the legal and regulatory stipulations applicable to its activities as well as all the commitments made to third party entities. No actions may ever be taken in violation of the different normative provisions.

Respecting and protecting human rights

The AdP Group is committed to safe and healthy working environments, respecting and protecting the rights of employees in alignment with the internationally recognised human rights conventions, which includes the eradication of all forms of exploitation and all discriminatory practices.

The AdP Group implements human resource management practices oriented towards diversity and inclusion, valuing members of staff and the reconciliation of their professional, family and personal lives.

Fight against corruption

The AdP Group adopts the very highest standards of integrity and transparency under the auspices of its Integrity Policy, which adopts as its reference framework the Principles of Good Governance and the 10th Principle of the United Nations Global Compact that strives for the combat of corruption in all of its forms, and in accordance with the objectives of the Sustainable Development Goal 16 - Peace, Justice and Efficient Institutions in the United Nations Agenda 2030 and publicly subscribing to anti-corruption policies and collective actions.

Contributing to sustainable development

Engaged in an activity intrinsically interlinked with valuing and protecting the environment and human development, the AdP Group makes a decisive contribution to the implementation of public policies and achieving national objectives in the environment sector and for economic development, social cohesion and the quality of life of populations in keeping with the Sustainable Development Goals of the United Nations Agenda 2030.

The AdP Group deploys practices that strive for the efficient management of resources and the mitigation or minimisation of the environmental impacts and correspondingly prioritising circularity, decarbonisation and the digitalisation of management systems to ensure continuous monitoring and control, among other factors.

4.1.3. COMMITMENT TO THE TEN PRINCIPLES OF THE UN GLOBAL COMPACT AND THE SUSTAINABLE DEVELOPMENT GOALS

The AdP Group is a signatory of the Ten Principles of the United Nations Global Compact within the framework of human rights, labour practices, environmental protection and anti-corruption, as a means of strengthening its commitment to integrity, and subscribes to the Sustainable Development Goals (SDGs) and the Agenda 2030, which define the priorities and aspirations for sustainable development globally for 2030.

Hence, "Companies should combat corruption in all its forms, including extortion and bribery", as stated in Principle 10 of the United Nations Global Compact, striving to comply with the goals of SDG 16 – "Peace, Justice and Efficient Institutions", especially "Substantially reducing corruption and bribery in all their forms".

THE TEN PRINCIPLES OF THE UNITED NATIONS GLOBAL COMPACT



HUMAN RIGHTS

Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights;

Principle 2: Guarantee they are not complicit in human rights abuses.



LABOUR

Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;

Principle 4: The elimination of all forms of forced and compulsory labour;

Principle 5: The effective abolition of child labour;

Principle 6: The elimination of discrimination in respect of employment and occupation.



ENVIRONMENT

Principle 7: Businesses should support a precautionary approach to environmental challenges;
Principle 8: Undertake initiatives to promote greater environmental responsibility;
Principle 9: Encourage the development and diffusion of environmentally friendly technologies.



ANTI-CORRUPTION

Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery.



4.1.4. CODE OF ETHICS AND CONDUCT

The AdP Group Code of Ethics and Conduct (CEC) sets out the ethical framework in accordance with its principles and values, detailing the ethical commitments and guidelines that should orientate the behaviours of all members of staff within the context of undertaking their activities.

CEC is the structural instrument underpinning the Integrity Policy and a mechanism able to disseminate and foster the principles underlying the ways we carry out our activities.

4.2 RISK MANAGEMENT

The process of value creation inherently involves risk management, which extends to the risks of corruption and the designated interconnected offences. The AdP Group deploys fraud risk management instruments that ensure the undertaking of activities ethically and integrating, from the outset, the Risk Management Plan for Corruption and Associated Offences and as well as the diverse support instruments for public tender procedures.

In addition, the Group deploys administrative and inspection structures, in keeping with its scale and complexity, in order to ensure the efficiency of its decision-making processes and guaranteeing the integrity of the inspection and supervisory functions.

The internal control environment implemented across the AdP Group is based on the Committee of Sponsoring Organizations of the Treadway Commission (COSO) model that serves to define the attribution of authority and responsibility in terms of the strategic and operational objectives.

4.2.1. RISK PREVENTION PLAN FOR CORRUPTION AND ASSOCIATED OFFENCES

The Risk Prevention Plan for Corruption and Associated Offences identifies the areas most susceptible to the occurrence of acts of corruption in conjunction with the main risks resulting, the controls in effect for their mitigation, the probability of incidences and the definition of those responsible for their implementation and management. The Plan thus represents an important tool for the control and management of internal risks.

4.2.2. PUBLIC TENDER PROCEDURES

4.2.2.1. GUIDE TO BEST PRACTICES IN PUBLIC TENDERING

The Guide to Best Practices in Public Tendering was adopted as a support for the procurement processes of AdP Group companies, with its relevance reflected by the high level of investment involved, the economic impact that this represents to society and the potential associated risks, specifically as regards corruption related risks.

The Guide includes recommendation on the planning of procurement processes, the selection of the typology of procedure for implementation, including multi-annual procedures, fostering competition, among other aspects.

4.2.2.2. MANUAL FOR THE GENERAL PUBLIC TENDER REGIME

The Manual for the General Public Tender Regime harmonises public tender procedures under the General Regime across all companies in the AdP Group and serves to guarantee compliance with the legal requirements and the corporate recommendations in effect for public tender procedures.

In addition, the Manual clarifies and establishes uniformity in terms of how the contractual activities of AdP Group companies fall under the auspices of the General Regime of the CCP - Code of Public Contracts.

4.2.2.3. PANEL OF JURIES

The panel of juries seeks to guarantee the uniformity of procedures and evaluation criteria for key procurement processes. Resulting from the internal guidelines that stipulates the jury includes at least 5 full members and, in addition to representatives from the company, including 2 external members belonging to two other AdP Group companies selected by a random method from the universe of staff working at AdP Group companies.

The panel interlinks with a system monitoring the frequency of staff participation on juries, both in terms of the number of procedures and their respective value, as a means of preventing any concentration of specific members of staff, thereby guaranteeing uniformity, diversity and randomness in the composition of the juries.

4.2.2.4. PROCUREMENT MANUAL

The Procurement Manual stems from the objective of systematising the rules for ensuring procurement processes comply with the set of stated principles, constituting a guide for the deployment of the diverse components making up procurement processes. This strives to harmonise procedures and controls, planning in due time, simplifying processes without ever exhausting and/or jeopardising their respective efficiency and the rigorous compliance with the law and best practices for procurement and outsourcing.

4.3 THE INTEGRITY LINE

The Integrity Line is a channel of communication, both confidential and secure, set up to enable employees and other interested parties to request clarification and orientations, report concerns and inform the Ethics Commission of any irregularities or other incidences of non-compliance.

The Integrity Line incorporates the system for reporting cases and instances of corruption or poor internal management, designated as whistleblowing, as proposed in the National Anti-corruption Strategy. This system has, in turn, already demonstrated its greater effectiveness at detecting fraud and other instances of bad management and internal governance.

This channel provides an additional tool for risk management and also represents a means of improving the internal processes, policies and procedures related to the AdP Group Integrity Policy.

4.3.1. REGULATING THE VOLUNTARY REPORTING OF IRREGULARITIES (WHISTLEBLOWING)

The Regulation on the Voluntary Reporting of Irregularities stipulates the operation of the integrity line and defines the reporting system, establishing internal procedures for the receipt and handling of voluntary reports of irregularities with the objective of raising awareness in the community about acting against corruption or bad management, informing individuals about their rights and duties and setting out a protection regime for whistleblowers.

4.4 INTERNAL CONTROL MECHANISMS

4.4.1. INTERNAL AUDITS

The Internal Audit contains the core objective of undertaking an independent, objective and systematic evaluation of the activities and critical processes through carrying out periodic audits. This continuous process contributes to strengthening the integrity model support instruments that drive improvements to the performance, control and governance of the AdP Group.

4.4.2. CRISIS MANAGEMENT

Despite the commitment to consolidating a culture of ethics and integrity and the efforts put into prevention and combatting the occurrence of illicit situations, ethical failures may nevertheless still happen and require appropriately managing. A crisis may be classified as any event or negative perception that may lead to reputational damage to the image of the organisation or affect its relationships with society, clients, shareholders, partners, regulatory entities and other interested parties/stakeholders.

A potential crisis always represents a challenge to the organisation and requires effective and concerted actions that should involve the ethical governance structure of the AdP Group and other intervening parties designated by the group. The process of approaching integrity crises is detailed in a specific procedure.

5. GOVERNANCE STRUCTURE FOR ORGANISATIONAL ETHICS

The governance structure of the AdP Group as regards organisational ethics is entrusted to two entities with distinct and complementary attributes: the Ethics Board and the Ethics Commission. The Ethics Board stands out as the body for advising and reflecting on the ethics of excellence for the AdP Group. The Ethics Commission holds primary responsibility for managing ethical issues and adapting the reference frameworks and instruments in support of ethics throughout the AdP Group.

5.1. ETHICS BOARD

The Ethics Board represents a consultative body, holding independent statutes, that strives to foster the highest ethical standards throughout the AdP Group in terms of its culture and ongoing conduct and behaviours.

The Ethics Board is attributed the following competences:

- reflecting on the ethical challenges and emerging risks to society interrelated with the management of water and alongside making contributions to the ongoing ethical reflection processes;
- producing an annual report with reflections or orientations that may be incorporated into the AdP Group strategy;
- issuing of opinions on matters submitted for its consideration or requested by the Board of Directors or by the Ethics Commission;
- propose measures and indicators for accompanying the ethical performance of the AdP Group.

5.2. THE ETHICS COMMISSION

The Ethics Commission is the executive body, with an independent statutory status, which strives to undertake the analysis of whistleblowing reports, questions and ethical dilemmas reported through the confidential and secure channels of communication purpose established for this effect, particularly as regards any reporting of irregularities.

The Ethics Commission therefore holds the following competences:

- accompanying the dissemination and compliance with the Code of Ethics and Conduct (CEC) in every company belonging to the AdP Group;
- analysing the ethical questions submitted for its consideration by the Ethics Board and the AdP SGP Board of Directors;
- providing members of staff with guidance and advice on ethics and professional conduct and behaviours and analysing the questions raised by members of staff and/or any AdP Group stakeholder, specifically clients or business partners, public entities and organisms;
- implementing measures and indicators that enable the evaluation of the ethical performance of the AdP Group;

- striving to consolidate an ethical culture at the core of the AdP Group, guaranteeing the appropriateness and the excellence of the ethical framework and proposing measures coherent with these ethical references and Group procedures and practices.

5.3. INSTRUMENTS

The functional models of the Ethics Board and the Ethics Commission are defined by specific instruments designated the Operating Regulations of the Ethics Board and the Operating Regulations of the Ethics Commission.

6. EMPOWERING AND RAISING AWARENESS

The AdP Group invests in regular awareness raising and empowerment actions that target all members of staff as the means of consolidating a culture of integrity and fostering ethical attitudes in everyday practices and in all situations.

These actions involve, in differentiated ways, the different entities involved in the AdP Group integrity model.

7. TRANSPARENCY

7.1. REPORT OF THE ETHICS BOARD

The Ethics Board annually submits a report on the activities carried out over that period, which is made available via the AdP Group Internet website: www.adp.pt.

7.2. REPORT OF THE ETHICS COMMISSION

The Ethics Commission annually presents to the Ethics Board a report on the activities carried out over this period while safeguarding the total confidentiality of all the processes analysed and investigated under its auspices.

7.3 PUBLIC PROCUREMENT MONITORING REPORT

The AdP Group Internal Audit and Risk Control produces a report that informs the Board of Directors of each AdP Group company of the key conclusions to the continuous monitoring carried out of public procurement processes and identifying the shortcomings detected within the framework of the continuous improvement of such processes.

7.4 PREVENTION OF THE RISKS OF CORRUPTION AND ASSOCIATED OFFENCES IMPLEMENTATION PLAN REPORT

The AdP Group Internal Audit and Risk Control annually produces a report on Plan implementation, thus consolidating the information contained in the individual reports of each company, which is made available via the AdP Group Internet website: www.adp.pt.

The report from each company is drafted according to the findings of a questionnaire made by the AdP Group Internal Audit and Risk Control, with these results then subject to validation.

8. INSTRUMENTS

- Code of Ethics and Conduct
 - Regulation of the Ethics Board
 - Regulation of the Ethics Commission
- Prevention Plan for the Risks of Corruption and Associated Offenses
- Regulation for Voluntary Reporting/Whistleblowing
- General Regime Public Procurement Manual
- Procurement Manual



