



SMCP

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POLICY FOR THE PREVENTION OF CORRUPTION AND CONFLICT OF INTEREST

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Preamble

Purpose of the Policy for the Prevention of Corruption and Conflict of Interest

This Policy for the Prevention of Corruption and Conflict of Interest (hereinafter the “**Policy**”) is part of our efforts to uphold the highest ethical and professional standards in all SMCP Group (hereinafter the “**Group**”) activities, everywhere it has an active presence. This Policy is for all of us, regardless of our role or geographical location. We invite you to read this Policy carefully, to own it and to make sure it is respected around you.

Compliance with the principles of ethics, integrity and honesty, which is an essential component of the Group's culture, implies the exclusion of all forms of corruption and influence peddling, as well as handling cases of conflict of interest.

This Policy is particularly in line with the establishment of anti-corruption measures required by the regulations applicable to the Group, which have profoundly strengthened the fight against corruption in many countries, such as the “Sapin II” law in France.

As a responsible group, SMCP Group, has a zero-tolerance policy for all forms of corruption and influence peddling both within the Group and through the actions of our contractors, business partners, suppliers or any other affiliated person and party.

This Policy defines and illustrates the different types of behaviour to be prohibited as likely to constitute acts of corruption or influence peddling. It was drafted to allow our employees to become familiar with the basic principles of anti-corruption legislation and to take the necessary steps and adopt the behaviour required in order to uphold such principles.

This Policy does not claim to be exhaustive and is not intended to cover all the situations that an employee may be confronted with. It sets out the rules that should govern their decisions. When in doubt about any aspect of this Policy, employees are invited to seek advice from the Group's Legal or Human Resources department or get approval from a higher level of management.

To whom does this Policy apply?

This Policy is applicable to all SMCP Group managers and employees worldwide. When local specificities apply, whether for our managers and employees in Europe, Asia or North America, they are the subject of a clarification or a reference to the applicable local procedure. This Policy is given to all newcomers as part of their induction pack. It is freely available on our intranet sites, including on the online training site, and the main measures are contained in our Code of Ethics.

The Group undertakes to promote the principles set out in this Policy in the context of its relations with its suppliers and partners, who must comply with them or apply professional and ethical standards at least equivalent to them.

SMCP prohibits any form of disciplinary sanction, reprisal, intimidation or retaliation for reporting a breach of this Policy or for cooperating in investigations related to it.

Any breach of the principles and measures set forth in this Policy may result in significant legal and financial consequences and may also damage the Group's image. The fight against corruption is the responsibility of every SMCP employee.

It is therefore incumbent upon everyone to carefully read and adopt the rules and advice established in this Policy and to use good judgement and common sense in dealing with various situations that may arise for them.

Good habits to adopt

Beyond the direct solicitation, there are many situations that, during contracts, recruitment or agreements of all types, are likely to constitute an act of corruption or conflict of interest.

It is important to identify these risk situations by asking simple questions:

- Is my action or decision compliant with the law and the Policy?
 - Am I confident that my action or decision cannot have a negative impact on SMCP, my professional entourage or stakeholders?
 - Can I make this commitment openly and talk to the people involved in the project, i.e. am I willing to proceed with my action or decision in a fully transparent manner?
 - Would I be indifferent to seeing this action or decision made public?
- ⇒ **If the answer to any of these questions is "no" the situation is likely to qualify as behaviour contrary to the ethical principles of this Policy, which in some cases puts the employees at risk of tarnishing their reputation as well as that of the Group, or even exposing them to legal action.**

If you have any doubt about the behaviour required, are aware of or suspect, within SMCP or at one of our partner, behaviour contrary to the principles set out in this Policy, you can go to your management or one of the members of the Ethics Committee (General Counsel, Director of Human Resources, Director of Internal Audit) and openly discuss your concerns before taking action (see Section D 2).

A

Prohibition and Prevention of Corruption Policy

1. Definition of corruption and applicable sanctions

The SMCP Group condemns all forms of corruption.

Corruption is defined as offering without right, offering or promising to offer, soliciting (active corruption) or accepting (passive corruption), directly or indirectly, offers, promises, gifts or any advantages to perform or to refrain from performing, an act of one's duty, mission or mandate.

When it targets or involves a public authority or an administration, the corruption is called "influence peddling".

Corruption (or influence peddling) as understood in this Policy therefore includes "kickbacks", "bribes", "extortions", "facilitation payments", the payment of hidden or illegal commissions to third parties and the laundering of these practices. It also involves promising, soliciting or obtaining non-financial benefits.

By way of illustration, French criminal law punishes the crime of corruption, whether it is active or passive corruption, direct or indirect, in the public or private sector. In France, the penalties can range up to:

- 10 years in prison and EUR 1 million fine for individuals,
- EUR 5 million or 10 times the proceeds of the offence for legal entities.

Substantial penalties are also incurred in other countries.

In the event of a breach of this Policy, any employee of the Group shall be liable, in addition to personal criminal and/or civil proceedings, to disciplinary sanctions corresponding to the seriousness of the breach and up to the termination of the employment contract under the conditions laid down in the rules of procedure (or any other document of equivalent value).

The fact that the SMCP group is aware of current or potential violations and does nothing to verify their existence, or, as the case may be, to stop them, is also punishable.

2. The main risks of corruption in the Group's business lines and the rules of conduct to adopt

The Group is committed to ensuring compliance with a strong professional ethic and strictly prohibits its employees and business partners from engaging in acts of corruption, as well as behaving in such a way as to create an appearance or to give rise to suspicion as to the implementation of such illegal practices.

The Group assessed its exposure to corruption risks, which enabled it to identify the main risk situations that Group employees may come across.

➔ Management and relations with business partners

Corruption risks exist when the Group is in business with various business partners in the course of its professional activities ("Business to Business"). The term "business partner" refers to a third party working on behalf of the Group, such as a distributor or a supplier of goods or services.

Relationships with our business partners must be conducted in compliance with the highest ethical standards, the laws of each country where the Group operates, and in compliance with the Group's regulations and procedures as detailed in this Policy, the **Supplier Code of Conduct**, the **Code of Ethics** and the contractual agreements between the parties.

Examples of risk situations:

- A business partner requests payment in cash, refuses to provide a receipt or invoice, or refuses to enter into a written agreement.
- An official requests payment in cash (such as a red pocket in China).
- A business partner provides an invoice that appears abnormal or seems to have been falsified.
- A business partner refuses to submit to an audit request or refuses a clear commitment to fight against corruption.
- You notice that the Group has been charged for a commission or fees that appear disproportionate for the services rendered.
- A business partner insists on an urgent payment or an advance payment for no apparent reason.
- You learn that a business partner is involved in illicit business practices, with a reputation for requesting bribes or offers you a gift that appears excessive or too generous.

Rules of conduct to adopt:

- Apply our supplier selection procedure to ensure that the Group selects the right supplier for a given project, in particular by ensuring its ability to comply with our Supplier Code of Conduct, to deliver on time at a competitive price, quality products or services corresponding to our needs and specifications, if necessary after conducting competitive bidding or by using a tender.

- Before entering into a relationship with a business partner, it is particularly necessary to:
 - carry out prior checks relating to said partner's integrity, compliance with the principles of social and environmental responsibility, the legitimacy of the contract to be concluded and the adequacy of the payment with the service provided ("due diligences") adapted and proportionate to the partner's situation, and
 - ensure that it has a solid reputation by requesting precise references (banks, auditors, other partners, etc.) and carrying out an information search (address, ownership of capital, organisation and history of the company, etc.).
- Distribution contracts signed between any Group company and a distributor include compliance obligations, particularly with regard to the fight against corruption, which are borne by the distributor and that the latter undertakes to comply with. We must be sure that our expectations in terms of ethics and the fight against corruption are well understood and respected by all our business partners regardless of their country.
- The use of a business partner must be legitimate and implies that the expected services are legal and legitimate, and correspond to a real need of the Group, in accordance with the internal rules and procedures, for a price consistent with the services provided.
- The services to be performed must be described in a written agreement specifying their nature and must be regularly documented and reviewed. It is therefore necessary to ensure that any business partner complies with this Policy because the Group could be held responsible for corruption committed by its business partner if it knew or ought reasonably to be aware of the unlawful behaviour of said partner.
- In any case, if you identify or witness a situation which could be considered a risk of corruption, you must report it to either your management, to human resources, to the legal department, to the Internal Audit department or use the whistleblowing mechanism (see Section D 2 of this Policy).

➔ **Illegal payments, facilitation payments, extortion**

Any payment given or received by a public official or a natural or legal person belonging to the private sector to obtain an undue advantage is strictly prohibited. No payment can be made without supporting documents (contract, invoice etc.). Red pocket payments are prohibited.

Examples of risk situations: any payment, gift received or given for the purpose of signing a contract or partnership is prohibited.

Rules of conduct to adopt: if you identify or witness a situation which could be considered a risk of corruption, you must report it to either your management, to human resources, to the legal department, to the Internal Audit department or use the whistleblowing mechanism (see Section D 2 of this Policy).

➔ **Donations, patronage and sponsorship**

The Group may have to work for the benefit of civil society by offering donations, patronage or sponsoring, in particular with charitable organisations.

Examples of risk situations: Donations and patronage can be described as acts of corruption when they are offered for the purpose of obtaining an undue advantage from a person who can influence a transaction by having an interest in the association/entity receiving the gift.

Rules of conduct to adopt:

- Donations, patronage and sponsorship are authorised subject to compliance with applicable laws and regulations and the express agreement of a Group Chief Executive Officer.
 - Donations, patronage and sponsorship must never occur for the benefit of natural persons.
 - Donations, patronage and sponsorship must not be carried out to obtain an undue advantage or unduly influence a decision and must be entered as such in the Group's accounting records.
 - It is also important to carry out due diligence on the recipient organisation, to ensure that its practices are compatible with our values and expectations for the prevention of corruption (by sharing our Policy with it) and to check how the image of the Group is affected in the media.
 - In any case, if you identify or witness a situation which could be considered a risk of corruption, you must report it to either your management, to human resources, to the legal department, to the Internal Audit department or use the whistleblowing mechanism (see Section D 2 of this Policy).
- ➔ Financing of political parties

The Group prohibits all of its subsidiaries from making political contributions to political parties or candidates. Political activity funding is any direct or indirect contribution intended to support a political party, candidate or elected official. This contribution may be in the form of cash or other benefits such as gifts or benefits, advertising or any other activity related to a political party.

Examples of risk situations: Political activity financing can be used to conceal an undue advantage in order to obtain or maintain a transaction or business relationship. As such, this type of financing is prohibited in the Group.

Rules of conduct to adopt: such financing is prohibited by the Group. If you identify or witness a situation which could be considered as financing of political parties, you must report it to either your management, to human resources, to the legal department, to the Internal Audit department or use the whistleblowing mechanism (see Section D 2 of this Policy).

➔ Accuracy of ledgers, records and internal audits

Ledgers and records refer to all accounting, financial and commercial records.

In the fight against corruption, the Group requires all of its companies to keep accurate accounts of their financial statements that correctly reflect the true nature, amount and frequency of accounting operations. Thus, transactions must be transparent, documented comprehensively and assigned to accounts that accurately reflect their nature.

Examples of prohibited behaviours:

- Making a payment without the necessary documentation for its authentication and in particular any “unofficial” payment, false invoice or other fraudulent practice.
- Falsifying the general ledgers and financial accounts in order to hide or cover payments.
- Making false entries in the accounts.
- Falsifying expense reports (especially for the purpose of concealing improper payments).

Rules of conduct to adopt:

- No entry in the ledgers and records of the Group shall be unfounded, erroneous, falsified or factitious.
- The ledgers and records of the Group must accurately and fairly reflect the transactions carried out and must be established in accordance with the accounting standards and principles in force.
- Records must be kept of documentation demonstrating the appropriateness of the relevant services and the corresponding payments.
- In any case, if you identify or witness a situation which could be considered a risk of corruption, you must report it to either your management, to human resources, to the legal department, to the Internal Audit department or use the whistleblowing mechanism (see Section D 2 of this Policy).

B

Policy for the management of conflict of interest

1. Definitions of conflicts of interest

A conflict of interest is a situation in which, in the exercise of SMCP's activities, the interests of the Group and those of one or more of its employees compete, directly or indirectly. Conflict of interest refers to any situation in which an employee's personal interests interfere with his or her professional function and are likely to influence or appear to influence the position or decision that the employee or leader may take in the context of his or her professional activity within the Group. The personal interest may be direct or indirect and it may concern the employee or his family. This interest can be of a very diverse nature (emotional, family, economic, financial, cultural, political, religious, workers' union, etc.).

The conflict of interest is thus characterised by the fact that individuals risk losing their intellectual independence or their objectivity in the exercise of their professional duties. The purpose of this policy is to help employees manage this type of situation by raising awareness of the concept of conflict of interest and by defining a framework for communication, analysis and resolution of situations of conflict of interest.

These situations, real or alleged, must be managed in a completely transparent way. Thus, all managers and employees undertake to declare all potential or proven conflicts of interest situations concerning them, annually and when a new conflict appears, by completing the **Conflict of Interest Declaration**.

2. The main risks of conflict of interest in the Group's business lines and the rules of conduct to adopt

Examples of potential conflicts of interest:

- You negotiate on behalf of the Group a contract with a third party (suppliers, service providers or subcontractors) in which a close family member (spouse, partner, parent, child, cousin, uncle, aunt) is an employee or manager.
- You organise a call for tenders and promote a company in which you have an interest or a person with whom you have family ties is an employee.
- You, or a person with whom you have family ties, hold interests in one of the SMCP Group's competitors as a shareholder, officer or employee who is a decision-maker.
- You, a parent or relative, or a corporation controlled or managed by a parent or a relative, hold a mandate, interest or control in a corporation or real estate that is the subject of a business relationship with the Group in the context of a real estate transaction or any similar transaction.

This list is of course not exhaustive, and it is the everyone's responsibility to exercise good judgement regarding their own situation or that of their colleagues.

Rules of conduct to adopt:

Employees must always focus on the Group's interests in decision-making and refrain from putting forward any personal, financial or family interests. Conflicts of interest, real or potential, must be declared in order to be managed in a transparent manner. Once known, the risk can often be mitigated.

The communication of a potential or actual conflict of interest situation must, if possible, precede any order or contractual commitment.

On an annual basis, each employee in our headquarters must confirm that there are no conflicts of interest concerning them, and when they exist, sign a "Conflict of interest declaration" reporting potential or actual conflict of interest situations. In addition, when a new conflict arises during the year, the employee must also complete a new conflicts of interest declaration and submit it to their manager. In case it reveals a case of potential conflict of interest, this statement is analysed by Internal Audit to assess the reality of the conflict. In liaison with the Human Resources Department and the employee's manager, they will validate with the relevant employee any provisions to be made: continuation or interruption of negotiations by the employee (or replacement by a colleague), termination of the contractual relationship with the supplier, search for alternative suppliers, etc.

In addition, a manager is obliged to put in place the necessary means to manage and control the conflict of interest in which one of his collaborators is, when this conflict is known and as long as it is active. In particular, the direct management must give special attention to the following elements: changes in the volume of the relevant business and subsequent changes to the initially agreed contract (pricing, payment terms).

C

Internal policy for gifts and invitations

SMCP employees must not, under any circumstances, receive money from suppliers, service providers or subcontractors, or directly or indirectly solicit gifts or invitations of any kind whatsoever. They must be careful in all circumstances to remain independent and honest.

Receiving unsolicited gifts or invitations may also alter this independence: the line between a simple commercial gesture and an act of corruption can sometimes be blurred. Gifts or invitations must in any case remain occasional and strictly related to a legitimate business purpose and in compliance with the laws and regulations in force.

Any advantage that contravenes the classic rules of fair and healthy competition, or which may alter your judgement or influence your decision, should be denied.

1. Gifts: definitions, internal policy and examples

By "gift" we mean anything with value (money, items, services, loans, prizes, gratuities, monetary benefits or not), given or received without expectation of compensation.

Internal policy on gifts:

- An employee is not allowed to receive a gift from a supplier, regardless of its amount.
- The only exceptions are: goodies bearing the image of the supplier with no market value (e.g. mug, pen, calendar) or a reasonable consumable and shareable gift (e.g. box of chocolates, moon cake) offered during traditional festivals and to be shared among team members.
- A gift that does not meet the above exceptions must be refused and returned to the supplier. Example of email (to adapt according to your relationship; we invite you to accompany the return of a gift with a phone call to your supplier):
"Dear [first name], Thank you for the gift you recently sent me. In accordance with our internal procedures and rules regarding gifts, I am unable to accept it and I am obliged to return it to you. [Courtesy form][signature]"
If you are unable to return the gift to the supplier in person, please use the cheapest possible return method available (ask reception).
- Employees must not benefit from a personal discount (i.e. not applicable to all employees) on products or services offered by a supplier.
- Gifts given **by SMCP employees** to their suppliers must meet the same requirements and be systematically subject to prior written approval of a Director.

Examples of authorised gifts:

- Offering goodies on a business visit.
- Receiving symbolic gifts bearing for example the logo of the partner entity.
- Receiving or accepting a consumable product to be shared reasonably between a team to celebrate the New Year.

Examples of prohibited gifts:

- Receiving money in cash (including red pocket payments).
- Accepting items that do not conform to Group values or internal procedures.
- Accepting the payment of your travel and accommodation expenses by a supplier or subcontractor to visit its new factories abroad, or attending a trade fair or other event.

2. Invitations: definitions, internal policy and examples

By "invitation" we mean tickets for social, sporting or cultural events, the payment of travel expenses (transport and/or accommodation) meals offered or received.

Internal policy on invitations:

- An invitation (to a restaurant or to an event) offered by a supplier must remain exceptional and reasonable. It may be authorised if it meets the following cumulative criteria:
 - It is not **likely to make you liable** to the supplier;
 - It complies with professional customs and is part of the professional relationship;
 - It is **not received during a tender or negotiation period** (or shortly after the conclusion of a tender or negotiation);
 - It is not against the law;
 - It **takes place in the presence of the supplier** (your point of contact must be present during the event);
 - It **aims to strengthen the business relationship and/or make progress on a specific professional project**;
 - It is not extravagant or does not appear **disproportionate**.
- For **an invitation to an event** (excluding restaurants), it **must be authorised by the member of the Management Committee** who heads the invited employee's Department (except cocktail parties, museum openings or cultural visits).

For your information, business lunches to which SMCP employees invite suppliers must be justified by professional needs.

Examples of authorised invitations:

- Being exceptionally invited to a restaurant to celebrate an important project, or meeting a new team in order to develop better business relationships.
- If the above conditions are fulfilled, and provided that you have obtained authorisation from a member of the Management Committee, being invited to a sporting event in the presence of the supplier (football match, tennis tournament, etc.).
- Being invited to a cocktail party or cultural event organised by the supplier, to which many guests are invited.

Examples of prohibited invitations:

- Accepting an invitation to an event that does not meet the criteria listed above (including authorisation from a member of the Management Committee).
- Accepting an invitation from a prospect customer with whom the group has never worked (you may go to a restaurant with a prospect, but you have to pay for your meal).
- Allowing a supplier to make available an apartment for a holiday for you and your family for free.
- Accepting an invitation for a trip or stay.
- Accepting an invitation to an event to which your spouse is also invited (except restaurants, cocktail parties, museum openings or cultural visits).
- Accepting the payment of your travel and accommodation expenses by a supplier or subcontractor to visit its new factories abroad, or attending a trade fair or other event.

D

Risk prevention measures

1. Training and awareness of Group staff

Each Group employee must read, understand and comply with this Policy. It is therefore up to each and every one of us to avoid any activity that could lead to a breach of the conduct rules established in this Policy. For this purpose, a training and awareness programme is set up by the Group, through face-to-face training for employees who are most exposed by their duties and a specific e-learning module for all employees.

2. Whistleblowing mechanism

The SMCP Group has set up a whistleblowing mechanism to provide additional channels of communication for all employees so that they can report facts which, in their opinion, appear to be non-compliant with the Group's ethical rules, or facts which are likely to seriously affect the activity of SMCP, to incur significant liability, and/or in case of breach of the fundamental principles described in this Policy. The use of this system is nevertheless optional.

Indeed, if you identify or witness such a situation, you can report it either to your management, to human resources, to the legal department, to the Internal Audit department or use one of the whistleblowing mechanisms below, which is an additional option to other existing reporting channels.

Worldwide: The whistleblowing mechanism is used via an email address available to all employee. When employees wish to report a problem, within the scope of the whistleblowing mechanism, they can send an email describing the situation directly to this email address: The recipients of the alert emails are the General Counsel, the Director of Human Resources and the Director of Internal Audit. All alerts received are examined and processed confidentially by them. The person triggering the alert will receive an acknowledgement confirming that their alert email has been received and is in the process of preliminary analysis.

North America: In addition to the mechanism described above, employees can report violations of the law, including cases of harassment and discrimination, through another mechanism described in SMCP's North American Handbooks for Corporate and Retail Employees. In North America, SMCP also complies with all applicable laws prohibiting reprisals against whistleblowers and informs employees of these laws when necessary. Employees can report violations of the law directly to Human Resources. SMCP also operates a confidential hotline for employees and an online portal via "The Open Door Connection", which allows employees to anonymously report violations of the law by telephone, SMS or using an online form. Any violation of the law reported is investigated promptly and treated with sensitivity. Confidentiality is maintained to the extent possible and appropriate in the circumstances.

A whistleblowing mechanism can be used to report situations in the following areas:

- Financial, accounting, banking;
- Fight against corruption, fraud;
- Harassment; and
- Anticompetitive practices.

Throughout the alert procedure, the information provided and the identity of the persons involved are treated confidentially to the extent possible and with the utmost vigilance. In particular, those in charge of managing the alert shall make every effort to keep the identity of the person triggering the alert strictly confidential at all stages of the alert and its processing, so that said person does not suffer any damage as a result of their action. It is not communicated to people who are likely to be affected or investigated.

In-depth investigations may be conducted when deemed necessary. These investigations will be carried out with fairness, confidentiality and respect for the people being the subject of an alert. Once the alert has been processed, the person triggering the alert will always receive feedback to indicate what action has been taken concerning the alert (investigation, closure of the case, etc.).

As the case may be, the person(s) targeted by an alert will be informed about the recording of data concerning them so as to allow these individuals to oppose, on legitimate grounds, to the processing of such data. Nevertheless, when precautionary measures are necessary, in particular to prevent the destruction of evidence relating to the alert, the affected person will only be informed after the adoption of these measures.

In any case, the person triggering the alert's anonymity will be preserved to the extent possible and particular attention will be paid to ensure that the factual elements provided to the person concerned are sufficiently general to protect the person triggering the alert's anonymity, where possible.

When an alert issued is not considered as entering the field of the whistleblowing procedure, the collected information will be destroyed. When an alert is not followed by disciplinary or judicial proceedings, the data relating to this alert will be archived confidentially within two months of the closure of the investigation. When an alert gives rise to a disciplinary or judicial proceedings, the data relating to the alert will be kept until the end of such proceedings.

The use of the mechanism in good faith, even if the facts subsequently prove to be inaccurate or do not give rise to any action, does not expose the person reporting such facts to any disciplinary sanction. Only the misuse of the mechanism (e.g. slander, false denunciation in bad faith) could expose the person misusing the mechanism to sanctions. Subject to this reservation, no employee may be subject to reprisals for exercising his/her right to alert or being involved in processing an alert. Sanctioning a person, dismissing them, threatening them, treating them unfavourably, taking a direct or indirect discriminatory measure against them, particularly in terms of remuneration, training, reclassification, assignment, nature of tasks, qualification, classification, professional promotion or transfer are all examples of "reprisals".

Do you have a question? Is anything unclear? Do not hesitate to contact your management or one of the members of the Ethics Committee (General Counsel, Director of Human Resources, Director of Internal Audit).