

## GRUPE BPCE: ANTI-CORRUPTION CODE OF CONDUCT

The aim of this document is to give formal expression to Groupe BPCE's anti-corruption policy along with its code of conduct defining and illustrating the behavior to be avoided as liable to constitute acts of corruption or influence peddling.

This code applies to all employees working for Group companies, irrespective of the nature of their employment contract, in addition to interns, temporary staff, and employees of third-party companies working for the Group in any capacity whatsoever.

Group companies include in their respective internal regulations a prohibition on contravening the rules laid down in this document, adapted where necessary, on pain of disciplinary action up to and including dismissal.

The French law No. 2016-1691 of December 9, 2016 on transparency, the fight against corruption and the modernization of economic life (the so-called *Sapin 2 law*) seeks to achieve 3 main objectives:

- Establish greater transparency in the public decision-making process and in economic life,
- Strengthen the fight against corruption, notably with the creation of the French Anti-Corruption Agency (AFA),
- Take various measures to modernize economic life while simultaneously protecting savers and investors.

Article 17 of the Act specifically highlights 8 measures to combat corruption:

1. The drafting and adoption of a code of conduct defining and illustrating the different types of behavior to be proscribed as liable to characterize acts of corruption or influence peddling. This code of conduct forms an integral part of the company's internal regulations,
2. The introduction of an internal whistle-blowing channel designed to receive reports from employees regarding conduct or situations contrary to the company's code of conduct,
3. The creation of a risk-mapping system in the form of regularly updated documentation designed to identify, analyze, and prioritize the risks of the company's exposure to external corruption-related solicitations,
4. The implementation of procedures to assess the situation of third parties – customers, first-tier suppliers, and intermediaries – with regard to risk mapping,
5. The implementation of accounting control procedures designed to ensure that ledgers, registers and accounts are not used to conceal acts of corruption or influence peddling,
6. The creation of a training program for staff most exposed to the risks of corruption and influence peddling,
7. The introduction of a disciplinary system enabling company employees to be punished for breaches of the company's code of conduct. The company's internal regulations must define and describe the various sanctions liable to be incurred along with the procedure to be followed,
8. The rollout of a system for monitoring and evaluating the measures implemented; it is advisable to conduct checks at regular intervals to ensure that internal procedures are effectively being applied.

## **1. CORRUPTION AND INFLUENCE PEDDLING: DEFINITIONS**

Corruption and influence peddling expose both the individuals involved and the company they serve to severe criminal penalties.

Corruption covers various reprehensible acts:

- A. Offering, promising or granting, directly or indirectly, an undue advantage to an individual exercising a public or private function in order that the latter performs, refrains from performing, or delays performing an act falling within the scope of his or her function or facilitated by it,
- B. Granting to an individual in a public or private position of an undue advantage sought by that individual whereby that person shall perform, refrain from performing, or delay performing an act falling within the scope of his or her function or facilitated by it,
- C. Soliciting or accepting an undue advantage to perform, refrain from performing, or delay performing an act falling within the scope of an individual's function or facilitated by it.

The first two cases (A and B) involve so-called 'active' bribery, the actions considered being those of the corrupting party who seeks to influence the behavior of another party by offering or granting an undue advantage. In the third case (C), bribery is said to be 'passive', where the corrupted party solicits or accepts an undue advantage.

Corruption is said to be 'public' when the potential beneficiary of the undue advantage is a public official. It is said to be 'private' when, in the context of a private professional or social activity, the potential beneficiary performs a function on behalf of a third party.

The notion of 'public official' applies very broadly to all persons vested with public authority, elected representatives, persons entrusted with a public service mission, and judicial officials. This notion includes these public officials irrespective of whether they report to the French state or a foreign state, or to a European or international public organization.

Influence peddling occurs when an undue advantage is offered, promised, paid, granted, solicited or accepted so that its beneficiary uses his or her influence – real or supposed – to obtain a favorable decision from a public authority.

### **Notion of undue advantage**

An undue advantage is not limited to a sum of money. It may assume a variety of forms, such as bribes or illicit commissions, lavish and/or repeated gifts or invitations (travel, entertainment, etc.), promises of employment, confidential information, subterfuges designed to conceal the undue nature of the advantage paid (charitable donations, patronage, sponsorship, financing of political parties, remuneration for a totally or partially fictitious service, favorable conditions granted to a client, etc.).

It may benefit the corrupt official either directly or indirectly, with individuals close to him or entities in which he has an interest which are deemed, in this case, to be beneficiaries.

Certain advantages may constitute the very object of passive bribery of a company representative when they are granted to a third party in exchange for a gift or other personal benefit, whether received directly or through the agency of another employee who may entertain a relationship with the third party. For example, confidential information about a customer may be provided in exchange for a personal benefit to another competing customer, or to a colleague whose spouse is a partner in a competing company.

## **2. THE ANTI-CORRUPTION POLICY ADOPTED BY GROUPE BPCE**

Groupe BPCE does not tolerate corruption under any circumstances or in any form. The same applies to influence peddling.

Any employee who engages in such conduct is liable to disciplinary sanctions up to, and including, dismissal in addition to any criminal penalties incurred.

Employees of Groupe BPCE are required to comply with the internal rules and procedures that help to prevent and detect behavior that may constitute acts of corruption or influence peddling.

The purpose of these rules and procedures is to identify high-risk situations based on the mapping of corruption risks and to introduce mechanisms to prevent and detect these risks: preventing and managing conflicts of interest, carrying out anti-corruption due diligence when entering into relationships with third parties (customers, suppliers, intermediaries) identified as being at risk, and prior to setting up partnerships or acquisition-driven growth operations, or the supervision of recruitment.

These rules and procedures are designed to appraise the position of third parties with regard to corruption and influence peddling issues, to identify factors of exposure to risks of corruption (such as the type of business activity, the presence of public decision-makers among the direct or indirect beneficiaries of a transaction, reputational risks, etc.), to ensure the economic justification of the role of the various parties involved in a transaction, and to verify justifications for the payment of funds, etc.

They are also designed to avoid the risk of abuses abetted by the pursuit of certain practices such as the offer or acceptance of gifts or invitations, the payment of funds in the form of patronage, sponsorship or donations, or the remuneration of intermediaries or service providers involving higher risks.

In any event, all employees must be vigilant and inform their line managers or the Compliance Department of any solicitations or pressures they may encounter liable to constitute evidence of corruption or influence peddling. They are encouraged to report any such behavior they witness, if necessary through the whistle-blowing procedure.

Group employees must be particularly vigilant when faced with the situations described in the following section.

## **3. EXAMPLES OF CORRUPTION AND INFLUENCE PEDDLING**

The concrete cases illustrated below are merely representative examples of scenarios deemed to constitute a risk by the Group's banks (the retail banks, in particular). They do not claim to be exhaustive in scope.

- **Illegal payments**

It is forbidden to make a payment in any form whatsoever (payment in cash, commissions, fees, etc.) with the intention of unduly remunerating a public or private official, directly or indirectly, in order to obtain from that individual a decision or action favorable to the interests of a Group company.

Also prohibited are so-called 'facilitating payments,' i.e. payments made to public officials with the intention of expediting, ensuring or facilitating the performance of a routine, non-discretionary task. These are generally unofficial, small payments made to public officials, often in low-level positions, with the aim of obtaining or expediting the performance of administrative formalities to which the payer is legally entitled (issuance of authorizations, approvals, visas, building permits, etc.).

- **Offering or receiving gifts and invitations**

Gifts and invitations must not impair the independence of judgment of their recipient, or be perceived as seeking to do so.

*Examples of high-risk situations liable to involve passive corruption include the following:*

- ☐ *Proposal by a supplier to offer a gift to an employee responsible for placing orders; this could be interpreted as an attempt to persuade the employee to look favorably on their commercial proposal within the framework of a call for tenders.*
- ☐ *An employee responsible for placing orders asks a phone operator to give them equipment to thank them for renewing a service contract despite the fact that the pricing conditions offered by that operator are higher than those of the competition, thereby creating a risk of economic dependence on the company.*
- ☐ *A customer applies for a large mortgage, despite his already high level of indebtedness, in exchange for a box seat at a soccer match for a club of which he is the Chairman.*
- ☐ *Frequent invitations to business lunches received from a customer, enabling that customer to negotiate exceptional commercial advantages (lifetime renewal of a top-of-the-range bank card at no charge, privileged subscription to financial instruments with limited envelopes, rebate on application fees, loan renegotiation on advantageous terms, etc.).*

*An example of a high-risk situation that could involve active corruption:*

- ☐ *Contact person working for a partner company who requests an invitation to a sporting event sponsored by a Groupe BPCE company, an invitation that seems likely to encourage him to respond favorably to the commercial proposal made to him.*

**Reminder:**

Employees must refrain from offering gifts or invitations to business associates with a view to influencing the recipients' behavior or decision-making process, or when their offer could reasonably be deemed an attempt to compromise their independence of judgment.

Similarly, they must decline any gift or invitation offered by a third party when the acceptance of such a gift or invitation could influence their behavior or decision-making process, or could reasonably be deemed an attempt to compromise their independence of judgment.

All employees must comply with the rules (prohibitions, declarations) governing gifts and invitations that an employee is allowed to receive or offer to a business associate.

- **Patronage/sponsorship/donation operations**

Patronage, sponsorship and donations, whether initiated by a Group company and its employees or at the request of a third party, must under no circumstances be used as consideration for a commercial advantage or as a condition for exercising influence.

*The following is an example of a high-risk situation that could involve active public corruption or influence peddling:*

- ☐ *Solicitation by a regional councilor of a donation to finance an association of which he is President in return for his support for a partnership with a chamber of commerce and industry.*

**Reminder:**

Employees must refuse requests for patronage, sponsorship or donations from third parties with whom they are engaged in negotiations, and refrain from initiating a patronage, sponsorship or donation operation or encouraging the setting up of such an operation when they know that the beneficiary is in a position to influence a business decision involving a Group company.

- **Use of intermediaries and service providers**

A Group company may be held liable or exposed to legal or reputational risk as a result of reprehensible behavior and practices adopted by its agents, intermediaries (including business introducers, distributors, sales agents, representatives of special interests, etc.), whom it employs directly or indirectly and, where applicable, by certain service providers (lawyers, debt collection companies, etc.) that it uses.

The following are examples of high-risk situations:

- ☐ *Use of an intermediary at the request of a public decision-maker when the intermediary's involvement does not appear to have any economic justification in the planned transaction or when the intermediary's remuneration is unusually high for the service provided, or is paid in an*

*atypical manner, or when it appears that the public decision-maker directly or indirectly controls the intermediary.*

- ☐ *Entering into or renewing a partnership with a real estate vendor despite notoriously dubious practices, in exchange for a retrocession of commissions on business brought in by this individual.*
- ☐ *Use of a debt collection company of which certain employees are the subject of legal proceedings for bribery of public finance officials.*
- ☐ *Business referral contract with a company where a partner enjoys a close relationship with an employee.*

**Reminder:**

The entity must decline to work with intermediaries or service providers who fail to commit themselves to conducting their activities in compliance with the anti-corruption laws with which they are required to comply.

Employees must also ensure that, prior to choosing an intermediary or service provider (or when renewing a contract), the role and remuneration of these entities are economically justified, and that the methods of payment are transparent. The existence of a link of interest between the supplier or intermediary and the employee responsible for placing orders is a risk factor.

- **Partnerships and acquisition-driven growth operations**

Any Group company may be held liable for the actions of its associates in partnerships, or may be held liable in mergers & acquisitions as part of the acquirer's responsibility.

*Examples of high-risk situations include:*

- ☐ *Buying the shares of a company that has in the past allowed corrupt practices to develop with a view to facilitating the expansion of its business activities.*

**Reminder:**

Employees in charge of managing acquisition-driven growth operations must ensure that due diligence prior to the acquisition has been carried out to verify the integrity of the target's business practices.

- **Recruitment requests**

Decisions to recruit an employee within a Group company must be based on objective criteria of qualifications and skills relevant to the position to be filled, and must under no circumstances be intended as a reward for the granting of a contract or any other advantage obtained for the benefit of the company or as an inducement to do so. Similarly, they must not be motivated solely by the fact that the person recruited enjoys a close relationship with one of the company's employees.

*Example of a high-risk situation:*

- ☐ *At the request of a major customer or a company employee, hiring an individual close to the employee when the need for an additional employee does not seem justified, when the remuneration is high in relation to the employee's skills, or when this remuneration is paid under unusual terms and conditions.*

**Reminder:**

Employees must refrain from recommending a candidate outside the recruitment process or within the framework of the recruitment process if, to their knowledge, the candidate has links with decision-makers or managers of a third party with whom the company has entered into negotiations.

- **Interest representation activities**

'Interest representation activities' refer to a company's direct or indirect interactions (contact on its own initiative) with public decision-makers defined as such by decree (e.g. members of a government, members of parliament or their assistants, local elected representatives, persons holding a job on the decision of the Government, civil service managers, managers of a public institution, etc.) conducted with the intention of influencing a public decision.

Group companies whose employees regularly represent a particular interest must be listed on the HATVP<sup>1</sup> register, and their actions, eligible under the provisions of the Sapin 2 law, must be duly declared. These activities must comply with the legal framework. Failure to do so may constitute corruption or influence peddling.

*An example of a high-risk situation:*

- *Inviting public officials to events in the context of a change in regulations, including local regulations (e.g. revision of the local urban development plan), with the intention of convincing them to use their influence with the public authorities to further the bank's interests.*

**Reminder:**

Employees who act as representatives of interests must do so with probity and integrity, in compliance with the regulations in force and the codes of ethics to which their public contacts are bound. In particular, it is forbidden to remunerate a public official for speaking at an event organized by the company.

In addition, all Groupe BPCE representatives on market bodies or national or international professional associations are also required to comply with the internal regulations and ethical rules adopted by these entities.

#### **4. PUBLICITY AND ENTRY INTO FORCE**

The present rules come into force on *[to be completed]*.

They are public in the same way as Groupe BPCE's Code of Conduct & Ethical Standards, which they complete with regard to the rules adopted to combat corruption.

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<sup>1</sup> *Haute Autorité pour la Transparence de la Vie Publique* or 'High Authority for the Transparency of Public Life'