

BPCE EQUIPMENT SOLUTIONS (BPCE ES)

ANTI-CORRUPTION CODE OF CONDUCT

In accordance with article 17 of 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*), the aim of this document is to give formal expression to BPCE ES Group's anti-corruption policy along with its code of conduct defining and illustrating the behaviour to be avoided as liable to constitute acts of corruption or influence peddling.

This code applies to all employees working for BPCE ES 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 companies in any capacity whatsoever (each a "Staff Member").

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 behaviour 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 favourable decision from a public authority.

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, events, 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, favourable 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.

It should be noted that the offer or promise of an illicit payment (or advantage) may constitute corruption or influence peddling, even if it is refused by the person to whom it is addressed, or even if the payment has not taken place or the advantage has not been provided.

2. THE BPCE ES GROUP ANTI-CORRUPTION POLICY

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

Any Staff Member who engages in such conduct is liable to disciplinary sanctions up to, and including, dismissal in addition to any criminal penalties incurred. The fact that a Staff Member knowingly “turns a blind eye” to an act of corruption committed by another Staff Member may also give rise to criminal or civil proceedings against that Staff Member.

Staff Members of BPCE ES Group companies are required to comply with the internal rules and procedures that help to prevent and detect behaviour 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 Staff Members 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 behaviour they witness if necessary through the whistle-blowing procedure.

Staff Members of BPCE ES Group companies 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 which Staff Members may face as part of their day-to-day activities. They do not claim to be exhaustive in scope.

- Illegal payments¹

It is forbidden to make a payment in any form whatsoever (payment in cash, commissions, fees, discount, refund 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 favourable to the interests of a BPCE ES Group company or a Staff Member.

Examples of high-risk situations that could involve active corruption:

- ☐ *A corporate client, third-party intermediary or supplier insists on receiving a commission or fee before concluding a contract with the company, and you risk losing the business if you don't comply.*

Examples of high-risk situations that could involve passive bribery include

- ☐ *Solicitation by a corporate client of a Staff Member to redeem debts as part of a collection procedure in exchange for a money transfer to the Staff Member's banking account.*

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

¹ The administrative and accounting traceability of the recording of the various acts and payments carried out must be ensured and in sufficient detail as to demonstrate their legitimate nature and not be perceived as a concealment of inappropriate facts. Documentation must be kept in order to demonstrate the appropriateness of the services and acts concerned, including the due diligence carried out, as well as details identifying the principals and beneficiaries.

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 favourably 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 corporate client applies for a equipment financing, despite its already high level of indebtedness, and asks a Staff Member to intervene in its behalf in the decision to grant the financing in exchange for a box seat at a soccer match for a club of which he is the Chairman or of a dinner in a fancy (étoile) restaurant.*
- ☐ *Frequent invitations to business lunches received from the CEO of a corporate client, enabling that that corporate client to negotiate exceptional commercial advantages (renewal and/or renegotiation on advantageous terms of an equipment leasing etc.).*

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

- ☐ *Contact person working for a partner company (Vendor) who requests an invitation to a sporting event sponsored by a BPCE ES Group company, an invitation that seems likely to encourage him to respond favourably 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' behaviour 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 behaviour 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 BPCE ES Group company and its Staff Members 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 the CEO of a corporate client of a donation to finance an association of which he is President in return for his support in renewing a BPCE ES equipment leasing contract.*

Reminder: Staff Members must refuse requests for patronage, sponsorship or donations from third parties with whom they are engaged in negotiations or in a Request for Proposal context, 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 BPCE ES Group company, as well as organizations with connections to public servants. Staff Members are not authorized to make donations to political or religious associations or organizations in the name of BPCE ES companies.

- **Use of intermediaries and service providers**

A BPCE ES Group company may be held liable or exposed to legal or reputational risk as a result of reprehensible behaviour and practices adopted by its agents, intermediaries (including business introducers, distributors, sales agents, representatives of special interests, brokers 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 broker 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.*
- ☐ Use of a consultant who offers to the BPCE ES company, confidential information relating to a competitor which was obtained during a previous assignment.
- ☐ *Business referral contract with a broker company whose manager entertains a close relationship with a BPCE ES employee.*

Reminder:

Appropriate due diligence measures must be taken before using a third-party intermediary or service provider. You should never use a third-party intermediary or service provider whose professional reputation and legitimacy have not been verified beforehand.

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.

Any element likely to create a risk of corruption (bad reputation, lack of transparency, absence of technical competence in the field of activity in question, absence of competitive bidding, conflict of interest, high remuneration, out of the market pricing, proximity to public persons, referral by a client, partner or supplier, unequal treatment) must draw the attention of and lead the Staff Member to act cautiously. No contract should be entered into until all potential red flags have been duly handled and clarified in coordination with the Compliance Department.

Payments to third-party intermediaries and service providers may only be made if they are lawful, proportionate to the service rendered, comply with the terms of a contract containing anti-corruption clauses and are made against submission of a valid invoice. No payment should be made without appropriate documentation establishing the validity of the payment made and the service rendered. Receipts must be provided for reimbursable expenses. No cash payments should be made. No payment may be made into a bank account located in a country where the intermediary or service provider does not carry on business or opened in the name of a third party unconnected with the transaction concerned.

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

Any BPCE ES 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: Staff Members 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 a Staff Member within a BPCE ES 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.

Competition between different candidates is essential and enables us to recruit the most suitable profile for a position. Staff Members are therefore prohibited from bypassing this process.

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: Staff Members 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 (customers, business introducers, suppliers ...) 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.

These activities are monitored and may only be carried out by BPCE ES Group companies' employees who have been authorized to do so in the course of their duties.

Furthermore, a Staff Member who would regularly represent a particular interest must be listed on the HATVP² register, and his/her 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:

- ☐ a Staff Member *inviting public officials to a private concert in the context of a change in regulations in the equipment leasing area, with the intention of convincing them to use their influence with the public authorities to further the BPCE ES company'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 BPCE ES Group 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.

- **Conflict of interest situations**

Conflict of interest situation may arise in the conduct of BPCE ES Group companies' activities and may affect the interests of customers and suppliers. They may also arise between BPCE ES companies and their Staff Members. These situations may create corruption and/or reputation risks for BPCE ES and the Group BPCE.

² *Haute Autorité pour la Transparence de la Vie Publique* meaning The French High Authority for Transparency in Public Life, which in particular monitors the ethics of civil servants.

Each Staff Member must declare to the Compliance Department any situation of conflict of interest, whether potential or actual, one-off or lasting. This includes all situations concerning a customer, a third party or a supplier, in connection with a specific transaction, before, during or after the transaction. Personal situations that could give rise to a conflict of interest include:

- acquiring an interest in a company whose business is related to that of BPCE ES (e.g. competitor, partner, supplier, etc.),
- management of associations involving BPCE ES companies' employees, customers or partners,
- a personal relationship with a supplier's representative, etc.

The list of situations concerned is not comprehensive, and Staff Members are invited to consult their Compliance Department if they have any doubts as to whether a conflict of interest exists.

Staff Members should also refer to BPCE procedures on conflicts of interest.