



**ANTI-CORRUPTION**

**CODE OF**

**CONDUCT**

Annexed to the internal regulations

Applies from 1 April 2020



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# A WORD FROM THE CHAIRMAN

In 2020, ECF Group celebrated the 140<sup>th</sup> anniversary of its flagship brand, Chomette, founded in Paris in 1880, as well as the 20<sup>th</sup> anniversary of its rebranding after acquiring the Ecotel brand in the year 2000. The growth of our client platforms is at the very heart of our business model. We have doubled in size over the past two years through organic growth and acquisition. We have acquired more than 10 new brands, hired new employees across different countries in Europe and the Asia-Pacific region, and we have regularly increased the number of suppliers and external partners with whom we want to develop long-lasting business relationships. In light of the considerable transformation of our operations, I think it's essential and timely to remember our ethical commitments and to include them in a code of conduct that gives ECF Group its strength.

Respect for men and women, and compliance with international norms and standards, lies at the very heart of ECF Group's strategy and value system.

This code of conduct will give you the applicable framework and ethics that all our employees use with regard to our customers, suppliers, shareholders and partners, regardless of the role or country of operation.

By following these principles, we intend to, and will be able to provide our customers with the best support, while strengthening our ties with our external partners. These principles are undeniably important for boosting the Group's performance over the long term.

The expertise and reputation that ECF Group has forged over 140 years is the result both of continued respect from our customers and partners, and of each manager and employee fulfilling their responsibilities.

I'm counting on everyone to commit to following and perpetuating these principles, and ensuring we all follow them day to day. This code will be shared with every employee and will be available to view externally on the Group's website.

*Christophe Alaux*

*Chairman*



# 1. INTRODUCTION

## 1.1 What is this code for?

A signatory of the United Nations Global Compact Charter since 2004, ECF Group defends Sustainable Development Goals (SSG), including respect for human rights and the fight against corruption. In this vein and in accordance with article 17 of the Sapin II law, ECF Group is deploying its own procedure for preventing, detecting and fighting against corruption. Comprising a map of risks, and a specific organisation for training, red flag raising, internal assessment and continuous improvement, the procedure is complemented by this anti-corruption code of conduct.

## 1.2 PURPOSE

The aim of the code is to define the rule that needs to be followed each time that risk mapping identifies a risk within the ECF Group. This code does not claim to be exhaustive and is not intended to cover every situation Employees may be faced with. So it is up to everyone to exercise good sense and judgement in the face of a variety of situations that may present themselves. If an employee struggles to make a decision, they are invited to discuss with their direct or indirect line manager, who will inform them of the options they have to ensure they comply with the code. It should be emphasized that this code is not a replacement for each country's regulations. In cases where these regulations are more stringent, the code follows the local regulations of the countries where ECF Group operates.

<http://www.globalcompact-france.org/>



### 1.3 PEOPLE AND ENTITIES CONCERNED

This code applies to all of ECF Group's directors and permanent and temporary staff (hereafter "Employees"). As such, ECF Group's directors have a duty to set an example and should promote an ethical business conduct that complies with this Code. Senior management also ensures that the rules of conduct are applied within each of their teams, and is on hand to listen to its employees ethical concerns. ECF Group also expects its business partners (service providers, intermediaries, suppliers, customers, etc.) to conform with the principles in this Code, or at least to apply a set of standards equivalent to it. ECF Group has a dynamic acquisition policy, so has taken steps to ensure its acquired companies adopt this Code at the earliest possible time.

### 1.4 TRAINING

In order to allow Employees experiencing situations with an identified corruption risk to understand and comply with this Code, an internal training module (e-learning or other medium) should be set up for all of the Group's subsidiaries. Employees are encouraged to approach their direct or indirect line manager daily if they have any questions relating to this Code or if they have trouble understanding it.

### 1.5 RED FLAG PROCEDURE

In order to allow people to raise a red flag in situations that breach this Code, ECF Group has set up a red flag at work procedure. The aim of this procedure is to allow any employee (even temporary) or Business Service Provider to raise a red flag in relation to any violation of the legal provisions (harassment, discrimination, corruption, etc.). If it is still possible for them to approach their direct or indirect line manager, this workplace red flag procedure gives Employees extra protection guarantees when raising a red flag. Practically speaking, you can raise a red flag by writing to this email address: [compliance@ecf.fr](mailto:compliance@ecf.fr).

## 1.6 CONSEQUENCES FOR FAILURE TO COMPLY WITH THE CODE

Violating the rules defined in this Code may have serious consequences both for ECF Group and its Employees. For ECF Group, these consequences could come in various forms (damaged reputation and disrupted business activities, request to compensate for potential damage caused or even criminal prosecution). Employees may end up facing disciplinary measures depending on the provisions set out in the internal regulations, as well as legal proceedings of a criminal and/or civil nature.

## 1.7 COMMUNICATION

To more easily raise awareness among Employees and Business Service Providers of this Code, it is available to read on all of ECF Group's internal social media and websites. The code is also included in the internal regulations of ECF Group's different entities or, if necessary, shared by memorandum. All the information contained within this procedure for preventing, detecting and fighting against corruption, as well as the organisations responsible, are presented in a process to which the operating procedures and a registration are attached. These documents can also be read by all Employees via internal social media.

## 1.8 CONTINUOUS IMPROVEMENT

In order to assess the relevance of its anti-corruption procedure, ECF Group will endeavour to carry out an annual verification based on internal inspections, and an evaluation of the risks (already determined and emerging) and events encountered during the previous year. Depending on what emerges, ECF Group's map of risks and anti-corruption code of conduct may be modified. The new documentation is then shared with all stakeholders (Employees and Business Service Providers) according to the procedures specified in advance.

## **2. Corruption and Insider Influence**



## 2.1. DEFINITIONS

- Corruption is a criminal offence, heavily penalised in most countries by national legal provisions, international conventions and laws of an extraterritorial scope, such as the US Foreign Corrupt Practices Act (FCPA), the UK's bribery act (UKBA) or the French penal code. There is no single definition of corruption, but all definitions converge on the following principle concepts:

For the corrupted, corruption involves bestowing a benefit on a person (the corrupted) (gifts, money, etc.) to make them carry out or prevent them carrying out an act as part of their professional role or prerogatives.

- Insider influence is a form of corruption that the French penal code defines as follows (articles 432-11-2°, 433-1-2°, 433-2 and 434-9-1 of the penal code):

Insider influence involves paying another person to use their influence to persuade a third party to make a favourable decision.

There are two types of corruption and insider influence:

- Active: when the act of corruption or insider influence is on the initiative of the corrupter or person asking someone else to use their influence.
- Passive: when the act of corruption or insider influence is on the initiative of the corrupted or person using their influence.

The punishment received can be considerable: imprisonment, fines, restriction of civil, civic or family rights.

# 3. ECF Group's Rules to Follow

### 3.1 GIFTS AND INVITES

The practice of offering or receiving business gifts or invites vary according to country, region and industry. What may be normal and acceptable in a certain context may be admissible for corruption in another. It's important that ECF Group Employees and its business partners approach this issue with caution and discernment. To comply with the specific practices that may exist in each country where ECF Group operates, every director needs to adapt and specify a number of criteria relating to gifts and invites via the EN 1 GR v0 form, "breakdown form by country, gifts and invites". Each employee is expected to inform their manager if they receive any gifts or invites.



## When an Employee receives a gift or invite



### Accepted

- If the gift or invite complies with local law
- If the gift or invite is offered in a professional setting
- If the gift or invite complies with the precise criteria in the breakdown form for amounts by country (where necessary, approval from the line manager is essential)
- If the frequency of gifts or invites is reasonable and complies with local business customs (see breakdown form by country)
- If the business partner is present when the invite is offered
- If the gift is a consumable good, the Employee should share it with their team when possible.



### Refused

- If the gift or invite is in the form of money or the equivalent in gift cards (unless as part of a business promotion for which the gift cards can be used after approval by the line manager)
- If the gift or invite is offered during business negotiations
- If the person offering the gift or invite has a public role

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Generally speaking, if the conditions specified above are not complied with, the Employee should immediately return the gift or invite to the Business Partner, along with a letter of thanks reminding them of ECF Group's rules regarding the acceptance of gifts or invites. Finally, if the local legislation is stricter than the rules set out above, the stricter rules should be complied with.

### 3.2. BUSINESS PARTNERS

In certain circumstances, a company can be held legally responsible for acts of corruption committed by their business partner. ECF Group's Business Partners include Suppliers, Customers, Intermediaries, Sub-contractors, Consultancies and Lawyers.

- Prior checks: Before entering into business relations with a Business Partner, you need to carry out prior checks that are appropriate and proportionate to the Business Partner's specific situation.
- Written contract: We strongly recommend drawing up a business contract when dealing with a Business Partner, which should follow each entity's model for approving delegations and internal signatures.
- Proportionate amount settled: Payments made to a Business Partner should always be appropriate and proportionate to the service rendered. Special care should be taken when dealing with payments made from a bank account located in a country other than that of the concerned ECF Group entity.
- Depositing of payments in ECF Group accounts: Payments (after presentation of an invoice via bank transfer as a priority) should be deposited into the accounts of the relevant ECF Group entity.
- Reconciliation: Invoices relating to overheads should be automatically approved and reconciled with the order of the goods invoices.

### 3.3. CONFLICT OF INTEREST

Conflict of interest refers to any situation where the personal interests of an Employee (or those of a legal or physical person to whom they are related or close) are in conflict with the interests of ECF Group. Personal interest means interests that could influence or appear to influence the way in which an Employee carries out the roles and responsibilities they have been given by the Group (e.g. negotiating a contract in the name of ECF Group from which the Employee derives a current or future interest – the Employee holds a financial interest in a company controlled by ECF Group’s competitors or clients). ECF Group Employees are asked to take particular care because a conflict of interest can hide an act of corruption.

- Prioritise the interests of ECF Group: Employees should always avoid placing their personal, financial or family interests ahead of the interests of ECF Group.

- Inform your manager: In the event of potential or actual conflicts of interest, Employees should inform their manager as soon as possible before making a decision on the business relationship with the business partner in question. Employees should avoid participating in the decision process.

### 3.4. FACILITATION PAYMENTS

Facilitation payments are sums of money (often small) that a person may ask for in order to make sure an administrative action is taken or sped up (issuing authorisations or permits, etc.). These payments are banned in most countries but are sometimes deemed acceptable when part of a recognised accelerated process and certain conditions have been met:

- Imperative conditions Facilitation payments may only take place in countries where they are legal and for which the Employee has obtained approval from their manager. The employee must also obtain an official receipt showing the transparency of the operation.

### 3.5. RECRUITMENT AND APPOINTMENT

Recruiting a new Employee and appointing an Employee who already works for ECF Group may potentially give rise to an act of corruption or insider influence if the Group receives a benefit from a third party in exchange for this hiring. - Prohibition ECF Group prohibits any recruitment or appointment that would lead to a third party gaining an unfair advantage (personal or as part of their role).

### 3.6. DONATIONS, PATRONAGE AND SPONSORSHIP

ECF Group works to promote civil society by offering donations and carrying out patronage or sponsoring activities (particularly for charitable organisations). These donations and patronage/sponsorship activities may be classed as acts of corruption if they are carried out with a view to gaining an unfair advantage (quid pro quo).

- Compliance with applicable laws and regulations without receiving compensation Donations and patronage/sponsorship activities are subject to compliance with applicable laws and regulations, and should not be carried out with a view to obtaining an unfair advantage or influencing a decision.
- Linked with the activity and interest of ECF Group Donations and patronage/sponsorship activities are permitted as long as they are in line with the company's activity and interest.

### 3.7. ACQUISITIONS AND SHAREHOLDING

When a company is acquired or its equity purchased, background checks are carried out to ensure the future partner does not show or has not shown improper conduct with regard to applicable anti-corruption laws, and the company must comply with current legislation. Moreover, prior checks must be performed before ECF Group has any financial involvement in a new company. - Prior "due diligence" checks must be automatically implemented before any acquisition or equity purchase.



### 3.8. ADEQUATE AND PRECISE BOOKKEEPING AND RECORDS

As part of the fight against corruption, transactions are documented in an exhaustive and transparent fashion, and assigned to accounts that precisely reflect the nature of these transactions.

- Exactness, retention and traceability: ECF Group's accounting information must not be erroneous, falsified or fake. They should be a loyal and exact reflection of the transactions completed, and carried out in line with current accounting standards and frames of reference. Their retention and traceability must also comply with legal requirements.
- Independence: The principle of separating decision-making and payment duties should be followed. Independent auditors should also conduct an annual audit.

