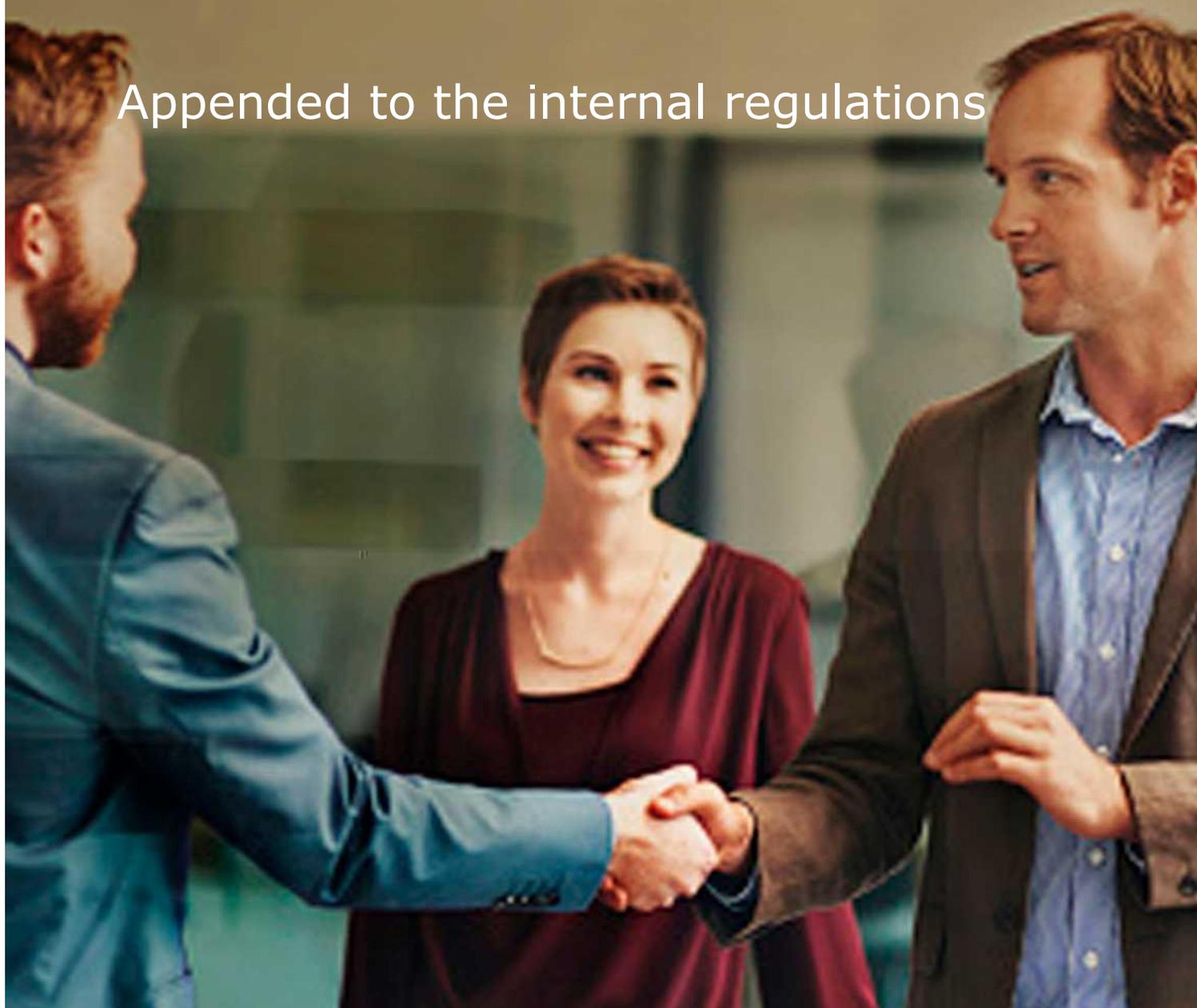


# Covéa Group Anti-Bribery Code of Conduct

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March 2018

Appended to the internal regulations



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## FOREWORD BY THE CHAIRMAN

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### **An Anti-Bribery Code of Conduct that is obligatory for everyone.**

Since Covéa was founded, its aim has remained unchanged: increase the robustness of its mutual insurance companies and their market positions for the greater good of their members and their staff.

The Covéa Group attaches considerable importance to upholding the values that are its driving force, such as ethics and integrity, as stated in the Group's Ethics Charter.

As far as the Group is concerned, the principle of integrity, and more specifically the fight against bribery, in all business practices, is vital for its long-term future.

This Anti-Bribery Code of Conduct is based on the French Sapin II Act<sup>1</sup>, which requires large French corporations, among other things, to draw up a code of conduct on the fight against bribery and influence peddling.

This Code forms the basis of the system that guides our staff in their day-to-day conduct. It sets out the rules to be followed in the fight against bribery and influence peddling, and provides for the implementation of a whistleblowing system in the Covéa Group.

This Code, which is issued to the Group's executives and staff, has one objective: **zero tolerance concerning bribery.**

This is a genuine commitment that I expect from Covéa's 26,000 employees in France and other countries.



Thierry Derez  
COVÉA CHAIRMAN AND  
CEO

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<sup>1</sup> Act no. 2016-1691 of 9 December 2016 on transparency, the fight against bribery and the modernisation of economic activity.

# INTRODUCTION

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Engaging in bribery or influence peddling is a serious, illegal act that can have major consequences for the perpetrator and also for Covéa, as well as for its French and foreign subsidiaries (the “Covéa Group” or the “Group”), as the case may be.

In accordance with Article 17 of the Sapin II Act, the Covéa Group has implemented a **specific system to combat bribery**, in particular via risk mapping, a training programme for the most exposed personnel, and an adapted internal control system.

This Anti-Bribery Code of Conduct (hereinafter the “Code”) is an additional step in the action initiated in this regard.

It has been incorporated into the internal regulations of the French companies of the Covéa Group.

More specifically, the purpose of this Code is to remind everyone of the basic principles in the fight against bribery and influence peddling, and is therefore designed to identify risk situations and the rules on the conduct to be adopted with regard to them, within the Covéa Group.

It applies to all the executives, corporate officers and permanent personnel (employees with indefinite-term contracts), as well as temporary personnel (interns, employees with fixed-term or professional training contracts, temporary workers and service providers who are working on site) of the Covéa Group (hereinafter the “Staff”).

It can be consulted on the Group’s intranet site and website.

All our business partners (service providers, intermediaries, suppliers, clients, etc.) are also expected to comply with the provisions of this Code or to apply standards that are at least equivalent to it.

This Code does not claim to be exhaustive, nor is it designed to cover all the situations with which the Staff may be confronted. It sets out the rules that must govern their decisions.

In this respect, the Covéa Group’s executives have a duty to set an example and must advocate ethical business practices in compliance with the provisions of this Code.

The management must also ensure that these rules of conduct are applied within their teams and be attentive to any ethics-related concerns that its staff may have.

It is therefore up to each individual to read this Code and the rules set out herein attentively, and to act with discernment and common sense in response to the various situations that may arise.

# WHAT CONSTITUTES BRIBERY AND INFLUENCE PEDDLING?

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The generic term “bribery” encompasses both bribery in the strict sense of the word and influence peddling.

Bribery is a misdemeanour that is prevalent in the “grey areas” of business, in particular in dealings with third parties (suppliers, service providers, intermediaries, partners, etc.).

**Bribery**, in the strict sense of the word, means requesting or accepting, directly or indirectly, offers, promises, donations, gifts or advantages of any kind for oneself or for another person, in order to perform or due to having performed, or due to refraining from performing, an act that is part of one’s position or mandate, or due to having facilitated such an act through one’s position or mandate<sup>2</sup>.

**Influence peddling** occurs when a donation or an improper advantage is given or granted so that the beneficiary uses his/her influence, whether real or perceived, with a view to obtaining a favourable decision from a public authority<sup>3</sup>.

A common characteristic of bribery and influence peddling is the subversion of the position held by the beneficiary of the improper advantage (the person bribed), who seeks payment for the power or the influence conferred on him/her by his/her position, in his/her direct or indirect personal interest.

There are two types of bribery:

**Bribery is active** when the person proffering the bribe, i.e., the “briber”, takes the initiative to do so, by offering or providing a sum of money or any other consideration or advantage in exchange for a service.

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<sup>2</sup> In accordance with Articles 432-11, 433-1 and 433-25 of the French Criminal Code (Code pénal), committing the misdemeanour of bribery can trigger the following penalties:

- *Individuals: 5 to 10 years’ imprisonment and a fine of €500,000 to €1,000,000 or twice the proceeds of the offence;*
- *Legal entities: a fine of €2,500,000 to €5,000,000 or twice the proceeds of the offence, as well as complementary penalties.*

*In accordance with the aforementioned articles, committing the misdemeanour of influence peddling triggers the same penalties as those stipulated if the misdemeanour of bribery is committed.*

*The term “public official” must be interpreted broadly and includes all persons in a position of public authority, who are entrusted with a public service mission or who hold a public elective office, in their own right or on behalf of another person. Any other person who is regarded as such under the domestic legislation of a country must also be deemed to be a public official.*

<sup>3</sup> In accordance with the aforementioned articles, committing the misdemeanour of influence peddling triggers the same penalties as those stipulated if the misdemeanour of bribery is committed.

**Bribery is passive** when the act of bribery occurs at the initiative of the person who receives the bribe, i.e., the “bribee”, who demands or accepts money or any other advantage in exchange for a service.

Moreover, bribery is said to be **public** when it involves persons who hold a public office (hereinafter “Public Official(s)”<sup>4</sup>) and **private** when the bribery offence only involves individuals or legal entities in the private sector.

Accordingly, there are numerous examples of bribery:

- The payment of “secret commissions” or “kickbacks” to a person with decision-making authority so that s/he intervenes favourably for the benefit of his/her contact person.
- Granting special hospitality to a Public Official with the hope of receiving something in return.
- Remunerating an intermediary so that s/he uses his/her influence with regard to a municipality in order to facilitate the signature of a public procurement contract.

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<sup>4</sup> *The term public official must be interpreted broadly and includes all persons in a position of public authority, who are entrusted with a public service mission or who hold a public elective office, in their own right or on behalf of another person. Any other person who is regarded as such under the domestic legislation of a country must also be deemed to be a public official.*

# THE COVEA RULES TO BE FOLLOWED

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This chapter provides the information that is needed in order to understand and follow the rules with which the Staff must comply in their work, in order to prevent and combat bribery.

## Gifts and hospitality

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Giving or accepting gifts and hospitality is often regarded as an act of courtesy that helps to strengthen business relations.

However, the rules on the fight against bribery prohibit offering gifts, hospitality and other consideration to a third party with the aim of obtaining an improper advantage or of exerting any form of unwarranted influence over any official action.

Therefore, giving or accepting gifts or hospitality may be regarded as one of the overt forms of bribery, in particular as part of a business transaction or a request for an authorisation or permit to a Public Official.

### **The Covéa rules to be followed:**

- The Staff must inform their business partners of the Covéa Group rules concerning gifts and hospitality, and ask for their business partners' rules.
- Gifts and hospitality can only be accepted or given if they are not prohibited by local law. When they are authorised, giving or accepting a gift or hospitality must remain exceptional.
- In all cases, gifts and hospitality that are given or accepted by a Public Official are prohibited.
- Gifts in cash or cash equivalents, such as gift vouchers, are prohibited.
- Gifts and hospitality must be given and accepted within a strictly professional framework. They cannot be accepted at a member of Staff's home, and can only concern the member of Staff or the business partner, which excludes their family or other relations.
- Gifts and hospitality must be of a reasonable value, suitable for the circumstances and correspond to customary business practices (e.g. end-of-year gifts, meals at the end of assignments, etc.).

- More specifically, the giving and accepting of **gifts** is tolerated if their value is less than **€150 including tax** per person, per year and per business partner.
- Above this threshold, a member of Staff can only accept or give gifts with the **prior authorisation of his/her line manager**.

Absent approval, following a decision by the management, the gift received must be returned to the business partner, together with a letter of thanks that sets out the Covéa Group's rules on accepting gifts.

- Staff must, to the extent possible, share the gift received with their team (e.g. consumable items such as a box of chocolates) or hold a draw for the gift.
- Accepting and giving **hospitality** by a member of Staff (business meals, business events, etc.) is only tolerated if it is linked to the member of Staff's normal activity, if it has a connection to the Covéa Group's projects and activities, and if the estimated value thereof is less than **€150 including tax**.
- Accepting and offering hospitality of a value of more than €150 including tax, which is more exceptional in nature (shows, sporting events, etc.), and/or outside of working time (during weekends, vacations and public holidays), must imperatively be **referred to the line manager for prior approval**.
- Staff can only accept hospitality at an event if the business partner who is providing them with hospitality is present during the event.
- Gifts and hospitality must be for items and events that are separate from the taking of any major decisions (competitive bidding or tender procedure, etc.).

In this respect, the circumstances of the gift or the hospitality must not be liable to trigger suspicions of bribery, even after the fact. Staff must be attentive to the context and the meaning that can be given to an advantage or a gift, which must not imply any expectation of something in return.

If the above conditions are not met, the gift or the offer of hospitality must be immediately returned by the member of Staff, together with a letter of thanks that sets out the Covéa Group's rules on the acceptance of gifts and hospitality.

In any event, if the local legislation is stricter than the rules listed above, the stricter rule should be followed.

## Business partners

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There is a risk of bribery any time that the Covéa Group is in a business relationship with various business partners as part of its B2B activities.

Indeed, under certain circumstances, a company may be held legally liable for acts of bribery that were committed by its business partner.

The Covéa Group's business partners include in particular:

- suppliers;
- sub-contractors;
- intermediaries;
- distributors of insurance products (partners, agents and brokers);
- advisors (consultants, merchant bankers, lawyers, etc.);
- purchasers or sellers of real property;
- clients.

### **The Covéa rules to be followed:**

- Before starting a business relationship with a business partner, preliminary due diligence checks should be made concerning the partner's integrity that are adapted and proportionate to the business partner's specific situation, in accordance with the internal procedures.
- A written contract must be drawn up for all business that is transacted with a business partner.  
This contract must explicitly contain clauses which certify that the co-contracting party will comply with anti-bribery rules and laws, and provide that the contract will be null and void if these rules are breached.
- Payments that are made to a business partner must always correspond to remuneration that is appropriate and proportionate to the service rendered. Particular vigilance is required for payments that are made to a bank account that is domiciled in a foreign country.
- No payments should be made in cash or without a contractual agreement that has been duly approved.
- These payments must be made following presentation of an invoice that has been duly approved, as a priority via a bank transfer to the business partner's bank account, after checking the beneficiary's bank details, and for the amount shown on the invoice, in accordance with the provisions of the contract. Moreover, they must be recorded in the company's accounts.

- Payments by cheque must remain exceptional and be justified by the impossibility of making a bank transfer.
- The reality of the service provided should be checked and the financial conditions stipulated in the contract should be checked against the invoices paid.

## Conflicts of interests

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A conflict of interests describes any situation in which the personal interests of a member of Staff (or those of a legal entity or individual to which/whom s/he is tied or close) are contrary to the interests of the Covéa Group.

Personal interest should be understood to mean the interests that could influence or appear to influence the way in which the member of Staff performs the duties and fulfils the responsibilities that were entrusted to him/her by the Group.

Such a situation could arise, for example, if a member of Staff:

- negotiates a contract on behalf of the Covéa Group in which s/he has a current or future personal interest;
- holds a financial interest in a company that is controlled by competitors or even clients of the Covéa Group, etc.

Insofar as a conflict of interests can conceal an act of bribery, it is vital for the Staff to be vigilant with regard to any situations that arise in which there is a conflict of interests.

### **The Covéa rules to be followed:**

- Staff must always give priority to the interests of the Covéa Group by refraining from promoting any personal, financial or family interest.
- In the event of potential or confirmed conflicts of interests, Staff must inform their line management as quickly as possible and, at the very least, before making any decisions concerning the business relationship with the business partner concerned. In this case, Staff must refrain from taking part in the decision-making process.

## Facilitation payments

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Facilitation payments are sums of money, which are often modest, that are requested by Public Officials in order to bring about or accelerate the completion of certain administrative procedures (processing of State

documents, issuance of authorisations or permits, etc.).

These payments are prohibited in most countries.

**The Covéa rule to be followed:**

- The Covéa Group prohibits facilitation payments, even if they are authorised by local laws.

## Recruitment

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The recruitment of a new member of Staff within the Covéa Group can potentially give rise to an act of bribery in the event that the Group is granted an improper advantage by a third party in consideration for hiring a specific candidate, in particular in order to benefit from the signature of a future contract or influence an administrative decision.

**The Covéa rule to be followed:**

- All improper advantages (either personal or as part of his/her duties) granted by a third party in return for the recruitment of a member of Staff are prohibited.

## Lobbying

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Lobbying consists of any activity that attempts to influence a government or an institution in order to advocate a specific cause or obtain a desired outcome. More specifically, it is a constructive, transparent contribution to the design of public policies on relevant matters that are connected to the activities of a group. This contribution aims to enrich the debate of public decision-makers.

The line between lobbying and bribery is sometimes thin, inasmuch as lobbying becomes bribery in the event that the lobbyist offers a kickback to a Public Official in order to incite him/her to support legislation or activities that are favourable to the lobbyist.

**The Covéa rules to be followed:**

- Act with integrity, intellectual probity and transparency in all relations with institutions and/or Public Officials, regardless of the situation or interest defended.
- Provide reliable, objective information, without seeking to obtain information or decisions by exerting any kind of pressure.
- Do not seek to obtain an undue political or regulatory advantage.

- Ensure that the lobbyists act in compliance with this Code and the applicable regulations.

## **Donations, patronage and sponsoring**

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The Covéa Group may contribute to civil society by making donations to and by acting as a patron or sponsor for charities, in particular.

These donations, patronage and sponsoring activities can constitute acts of bribery when they are made or performed with the aim of obtaining an improper advantage.

Thus, donations, patronage and sponsoring can be used as a means of bribing a person who is liable to influence a decision in a transaction, in particular if said person has a family connection with the organisation that benefits from the donation or the sponsorship.

### **The Covéa rules to be followed:**

- Donations, patronage and sponsoring are authorised subject to compliance with the applicable laws and regulations.
- Donations, patronage and sponsoring must never benefit individuals.
- Donations, patronage and sponsoring must never be undertaken in order to obtain an improper advantage or unduly influence a decision.

## **Financing of political activities**

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The financing of political activities refers to any direct or indirect contribution, the aim of which is to provide support for a political party, a candidate or an elected representative.

This contribution can take the form of a cash payment or any other benefit such as gifts or services, advertising or any other partisan activity. The financing of political activities can be used to conceal an improper advantage in order to obtain or maintain a business transaction or relationship. In other words, the financing of political activities can be regarded or construed as direct or indirect bribery.

### **The Covéa rules to be followed:**

- All contributions, whether financial or otherwise, direct or indirect, that are paid by the Covéa Group or by its Staff on its behalf to political organisations, parties or figures, are prohibited.

- Staff must keep their personal political activities separate from their duties within the Group, in order to avoid any situation that could generate a conflict of interests. Of course, each member of Staff can take part in political activities personally and during his/her free time, away from workplaces, with his/her own financial resources, and without making any form of reference to the fact that s/he is part of the Group.

## **Acquisitions, direct investments and joint ventures**

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When acquiring companies, assets that concern an entire division and making direct investments, and at the time of mergers or the setting up of joint ventures, Staff should ensure that the target or the partner is not acting and has not acted in a reprehensible manner with regard to the applicable anti-bribery laws, and complies with the legislation in force in this area.

Indeed, in the aforementioned transactions, the Covéa Group's civil or criminal liability may be triggered, which could have major repercussions for commercial and financial matters, and its reputation.

### **The Covéa rules to be followed:**

- Include an anti-bribery section in the due diligence reviews that are conducted prior to acquisitions, direct investments or setting up joint ventures.
- Include an anti-bribery clause in the contracts and agreements that are signed as part of acquisitions, direct investments and setting up joint ventures.

## **Exhaustiveness and accuracy of ledgers and registers**

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The terms "ledgers and registers" in this instance mean all the accounting, financial and commercial records. These include the accounts, correspondence, summaries, ledgers and other documents concerning accounting, financial and commercial matters.

As part of the fight against bribery, it is vital for transactions to be transparent, documented exhaustively and recognised in accounts that reflect their nature accurately.

**The Covéa rules to be followed:**

- No entry in the Covéa Group's ledgers and registers must be unwarranted, incorrect, falsified or fictitious.
- The Group's ledgers and registers must be a fair and accurate representation of the transactions concluded and must be drawn up in accordance with the accounting standards and policies in force.
- The principle of the separation of the decision-making and payment functions must be respected and the traceability of payments ensured.
- All control and approval procedures that are implemented within the Group must be applied.
- Documentation that shows the appropriate nature of the services concerned and of the corresponding payments should therefore be kept.

# COMPLIANCE WITH THE ANTI-BRIBERY CODE AND APPLICABLE PENALTIES

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## Interpretation of and compliance with the Code

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Each member of Staff of the Covéa Group, as defined in the introduction, must read, understand and comply with this Code.

The Group Ethics Committee will ensure that the Code is distributed to the Staff and that they comply with it.

For all questions concerning this Code or in the event of a difficulty in interpreting how it should be applied to a given situation, the Staff are requested to contact their direct or indirect line manager.

## The whistleblowing system

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The Covéa Group has implemented a whistleblowing system that aims to reinforce the means of expression for all the Staff, so that they can report the existence of conduct or situations that are contrary to this Code.

While it is still possible to report such matters to direct or indirect line managers, the whistleblowing system gives the Staff increased guarantees of protection in the event that they file a report.

Using this system is nevertheless optional.

In practice, all members of Staff can report breaches of this Code to the Ethics Committee, using the specific form that is available on a dedicated website at the following URL: <https://report.whistleb.com/covea>

The rules on the functioning of the whistleblowing system and the guarantees offered to the Staff who use it are detailed in a specific document entitled "Covéa Whistleblowing Procedure".

## Consequences in the event of a breach of the Code

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Failure to comply with the rules laid down in this Code can have serious consequences, not only for the Group, but also for the Staff.

For the Covéa Group, all conduct that is contrary to the rules laid down in this Code could not only damage its reputation and affect its activities, but also expose it to the risk of being obliged to compensate any harm that is caused, and to the risk of criminal proceedings.

For the Staff, where warranted by the circumstances, breaches of the rules on the fight against bribery that are included in the Code can render them liable to disciplinary penalties, including the termination of the employment contract under the conditions provided for in the internal regulations, as well as to criminal and/or civil proceedings that are brought against them personally.

**The Covéa Anti-Bribery Code of Conduct is available on the Covéa intranet and on [covea.eu](http://covea.eu).**

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