

GUIDE TO **BEST** **BUSINESS** **PRACTICE**



OUR CULTURE, OUR COMMITMENTS

→ NOVEMBER 2022

 **legrand**[®]



A word from **Benoît Coquart,** Chief Executive Officer

Ethics is one of our Group's core values. This can be seen, in particular, in the constant respect shown by us all for best business practice.

Legrand management is committed to promoting a culture of compliance and transparency at all times. Management takes care to highlight the fact that Legrand's business needs to be conducted in strict compliance with our values. This clear and unequivocal determination is especially apparent in this Guide endorsed by the Group's entire Executive Committee.

Developed in light of our mapping of corruption risks, this Guide is intended to help employees identify situations that risk leading to illegal behaviour, as well as to properly manage such situations, where necessary, with the support of compliance officers and Management.

This Guide is also designed to convey our commitment to our partners, suppliers, customers and sub-contractors. It therefore describes the procedures relating to various issues regarding business ethics, such as gifts, invitations and conflicts of interest, which apply to our relations with various stakeholders.

You can confidentially report any unethical behaviour you witness via our hotline: Signal'Ethic.

Each of us is personally and collectively responsible for fighting corruption. As such, I would like each and every one of us to take this Guide on board and apply the principles it sets out.

I am counting on your dedication and commitment in continuing to promote our culture of ethics, which guarantees the success of the Legrand Group.

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GUIDE TO BEST BUSINESS PRACTICE



UNDERSTAND

WHAT IS CORRUPTION?

Corruption is when somebody entrusted with a position of public or private authority proposes, authorises, offers, accepts or solicits – directly or indirectly – an undue advantage with a view to performing, delaying or failing to perform an action that falls within the scope of their duties.

▶ Influence peddling

The act of offering a donation, favour or advantage to someone to make them use their real or supposed influence over a public authority or administration to obtain a favourable decision.

▶ Bribery

A bribe is a sum of money, gift or invitation offered illegally during a transaction in return for a favour or unjustified service.

▶ Facilitating payments

Usually small sums of money paid to a public official to obtain or expedite the performance of certain legal administrative formalities.

▶ Political contributions

The act of bankrolling (through donations, gifts, providing services, etc.) candidates, elected officials or political parties.

▶ Fraud

Fraud involves deliberately misleading someone in order to obtain an unlawful advantage, or to avoid a legal requirement.

▶ Money laundering

An offence involving the concealment or conversion of money obtained through illegal activities.



DETECT



ACT



PROTECT YOURSELF

WHEN MIGHT I BE EXPOSED TO RISKS OF CORRUPTION?

In relations with third parties:

- suppliers;
- public officials;
- customers and intermediaries.

During exchanges of gifts or invitations, patronage and sponsorship activities, lobbying, etc.

WHO TO WARN IN THE EVENT OF AN INFRINGEMENT?

You can refer to:

- your direct manager;
- your human resources officer;
- your compliance officer;
- your legal department.

Or simply go to:

[legrand.signalement.net](https://www.legrand.com/signalement)

WHAT COULD HAPPEN IN THE EVENT OF MISCONDUCT?

For the Group or the offender:

- fines of up to several million euros;
- exclusion from public procurement contracts;
- loss of the right to exercise certain professions;
- a prison sentence.

CONTEXT AND SCOPE OF APPLICATION



FOR A COMMON CODE OF ETHICS

WHAT ARE THE OBJECTIVES OF THIS GUIDE?

Deeply committed to its values, the Legrand Group ensures that all its activities are carried out ethically and, as such, does not tolerate any form of corruption or fraud.

In line with this approach, the Group has signed up to the United Nations Global Compact.

This Guide is designed to provide guidance to our employees and stakeholders in their everyday activities, with a view to:

- identifying and illustrating different forms of behaviour that could constitute acts of corruption or fraud;
- defining the Group's rules with regard to risky situations that could potentially lead to acts of corruption or fraud;
- providing clear guidelines and practical advice on how to react.

This Guide is supplemented by dedicated policies and procedures.

WHO DOES THIS GUIDE APPLY TO?

To our employees

This Guide applies in a mandatory and uniform way to all employees, managers and people around the world – regardless of their seniority – acting in the name or on behalf of the Legrand Group, subject to local, more restrictive anti-corruption legislation. As a result, we expect every Group employee to comply with the rules set out in this Guide, and to ensure they are also applied within their own team.

To our stakeholders

This Guide also applies to any third parties we do business with. It is therefore vital they are informed well in advance of our zero tolerance policy and that they undertake to comply with the rules set out in this Guide. The Legrand Group will refuse to work with any stakeholders who fail to comply with the applicable rules.

WHAT ARE THE SANCTIONS?

Non-compliance with national and international anti-corruption laws and regulations exposes the Group, its managers and its employees to severe criminal and civil sanctions. This could effectively lead to significant risks of financial loss, as well as damage to the company's image and reputation.

Some laws may be applicable to all the Group's entities, such as the French law known as Sapin II of 2016, the US Foreign Corrupt Practices Act (FCPA) of 1977, or the UK Bribery Act of 2010.

Potential sanctions include the following:

- For offenders (private individuals, employees or third parties):
 - up to 10 years imprisonment and fines of up to 1 million euros;
 - additional penalties (forfeiture of civil rights, loss of the right to exercise a given profession, etc.);
 - disciplinary actions in accordance with the provisions of the Group's internal procedures; and
- For the Group (legal entity):
 - fines of between 2.5 and 5 million euros or double the proceeds of the offence;
 - additional penalties (exclusion from public procurement contracts, ban on raising capital, disclosure of the judgment, confiscation of assets used to commit the offence, etc.);
 - financial penalties of 1 million euros for the company and 200,000 euros for the manager (in the event of a failure to implement an anti-corruption programme).

Acts of corruption and/or influence peddling therefore carry severe consequences both for the company and for any employees involved. As such, there can be no justification – even with the intention of acting in the Group's interests – for violating the applicable laws or rules set out in this Guide.



WANT TO KNOW MORE?

Find all this information and more via our ethics hotline at:

- Dialég Compliance, and
- legrandgroup.com

HOW TO REPORT A BREACH OF THE GROUP'S ETHICS?

The people to warn

If you become aware of any behaviour that's inconsistent with the Group's code of ethics, you can:

- refer to your manager or your human resources officer;
- contact your compliance officer, the Internal Audit Department or the Legal and Compliance Department; or
- use the Group's ethics hotline, Signal'Ethic, available at: legrand.signalement.net.



Ethics hotline

Signal'Ethic is:

- a tool where you can raise a concern – in complete confidence – with the Group Compliance Officer;
- available to all **Group employees, including temporary staff, and to external consultants**, as well as all other Group stakeholders. Its use is **discretionary**, i.e., complementary to other existing reporting channels (your direct manager, human resources officer, etc.).

Signal'Ethic covers all breaches of business ethics, including:

- **business relations offences with our stakeholders** (corruption, competition law, international sanctions, fraud);
- **respect for human rights in the workplace** (health & safety, harassment, discrimination, protection of the right to organise, freedom of association, etc.);
- **serious environmental offences; and**
- **non-compliance with laws, regulations, or the general interest.**

Your protection

- **Whistleblowers receive wide-ranging protection**, provided they are acting in **good faith**.

As such, they enjoy:

- **immunity from prosecution;**
- **confidentiality of their personal data**, except in the case of an injunction by the authorities as part of any legal proceedings; and
- **protection against dismissal, sanctions and/or discrimination.** In the event actions are taken against them, whistleblowers will benefit from burden of proof arrangements. They only need to present evidence suggesting potential retaliatory measures following their report. It is the employer's responsibility to prove such measures were taken for reasons independent of the whistleblowing.

PROHIBITED ACTIVITIES

CORRUPTION AND INFLUENCE PEDDLING

CORRUPTION

Corruption is when somebody entrusted with a position of public or private authority proposes, authorises, offers, accepts or solicits – directly or indirectly – an undue advantage with a view to performing, delaying or failing to perform an action that falls within the scope of their duties. The offence of corruption does not require the individual concerned to actually receive the solicited benefit. Simply proposing or soliciting an undue advantage is punishable in itself, even if the other person refuses to comply and no exchange takes place.

An undue advantage can take many forms, including money or equivalent (gift cards, discount vouchers, etc.) or benefits in kind (entertainment, gifts, sponsorship, etc.). It can also take the form of a decision (granting a licence, a contract, a job, etc.).

There are four types of corruption: active, passive, public and private:

- **Active corruption** consists of offering or providing an undue advantage.

Example: a freight forwarder, commissioned by Legrand to clear its goods through customs, offers a sum of money to a customs official in exchange for expedited clearance.

- **Passive corruption** consists of benefiting from an undue advantage.

Example: a supplier offers a Legrand employee a sum of money in exchange for confidential information.

- **Public corruption** is a corrupt practice involving a public official or someone in an equivalent position (a public service contract employee, for example).

This person may:

- hold an elected or appointed legislative, administrative, military or legal position;
- hold office in an organisation either wholly or partially controlled by the State or its agencies;
- be entrusted with public service duties;
- be mandated by an international public organisation or hold an official position within such an organisation.

Example: a tax inspector solicits a sum of money in exchange for modifying their report following an audit.

- **Private corruption** is a corrupt practice involving people or companies in the private sector.

Example: an engineer chooses a supplier because the supplier's sales rep has suggested overcharging for their products and cutting the engineer in on a percentage of sales.



INFLUENCE PEDDLING

Influence peddling is the act of offering a donation, favour or advantage to someone to make them use their real or supposed influence over a public authority or administration to obtain a favourable decision.

Influence peddling involves three parties:

- **the beneficiary of influence peddling** provides the advantages or donations;
- **the intermediary** receives the advantage in exchange for asserting their influence;
- **the decision maker** (public authority or administration, judge, expert, etc.).

The beneficiary commits the offence of **active influence peddling** while the intermediary (who could be a public official or private individual) commits **passive influence peddling**.

Example: an employee promises to invite a deputy mayor to a football match if they manage to convince the mayor to issue the company a building permit.



MAIN TYPES OF CORRUPTION

BRIBERY

A bribe is a sum of money, gift or invitation offered illegally during a transaction in return for a favour or unjustified service. A price that is clearly too high, and without any real justification, may be a sign of an unjustified advantage being awarded (a bribe).

Examples of risky situations:

- A gift offered to a close associate of a decision maker.
- A payment made after winning a large contract.
- A gift accepted during a call for tender.



It is crucial that all Legrand employees categorically refuse any requests or offers of a bribe, regardless of the circumstances, amount, beneficiary or time.



WHAT TO DO

- ✓ **MAKE** payments only after seeing an invoice.
- ✓ **ISSUE** detailed invoices (product quantities provided, services rendered and all other information required by law).
- ✓ **PREFER** making payments to companies rather than private individuals.



WHAT NOT TO DO

- ✗ **OFFER, PROMISE or ACCEPT** any gifts, invitations or other advantages during a call for tender or in any circumstances likely to influence a business decision.
- ✗ **MAKE** any payment or **PAY** any fees to an offshore bank account or anyone other than the recipient.
- ✗ **OFFER, PROMISE or ACCEPT** a bribe or any other undue advantage or payment.



→ CASE STUDY

Company X has issued a call for tender for building new homes for which you have submitted a bid. The contract is valued at \$100 million.

An official from Company X, Mrs D, proposes accepting your bid for payment of \$105 million, in exchange for agreeing to 'kick back' \$5 million to Mrs D.

What should you do?

In this situation, you have to conclude her behaviour amounts to a bribe, something prohibited by the Group. You should decline Mrs D's request and alert your manager and compliance officer.

FACILITATING PAYMENTS

Facilitating payments are usually small sums of money paid to a public official to obtain or expedite the performance of certain legal administrative formalities.

Examples of risky situations:

- Issuing permissions (marketing authorisations, urban planning approvals, such as planning permission, etc.).
- Approval to enter a country.
- Processing official documents (visas, etc.).
- Customs clearance for goods.
- Product certification.



Facilitating payments are prohibited for all Legrand Group employees, including those made by intermediaries, even where they are allowed by the laws of the country in which you're operating.



WHAT TO DO

- ✓ **Categorically REFUSE** to make payment.
- ✓ **Immediately INFORM** your manager.

If the person insists, you should:

- ✓ **EXPLAIN** that **internal rules** prohibit you from agreeing to their request and that doing so would lead to you being punished.
- ✓ **CLARIFY** that **you're going to report the matter to your manager** (this tells them their request won't be covered up).
- ✓ **EXPLAIN** the **consequences for the business relationship and SIGNAL** that you're going to **report the incident to the embassy/consulate/local authorities.**

If your safety is threatened, you are exceptionally authorised to make payments, but you must:

- ✓ **DOCUMENT** any such payment and the amount **exactly.** If any payments are made, they must be recorded on the company books.
- ✓ **ALERT** your manager.
- ✓ **NEVER TRY TO COVER UP** any payments.



WHAT NOT TO DO

- ✗ **OFFER, PROMISE or ACCEPT** a facilitating payment, or any other undue advantage or illicit payment.

→ CASE STUDY

During a hotel construction project, your customer urgently needs parts for the switchboards.

You ask your usual broker for urgent clearance of the required parts. He answers that this could take several weeks.

The broker, however, promises to have the parts cleared within 48 hours in exchange for double his regular commission. He explains that he uses a specialist company for urgent clearances.

In this situation, you have to conclude his behaviour could amount to a facilitating payment, something prohibited by the Group.

What can you do to avoid this type of situation?

- Sign a contract with the broker with specific, quantifiable objectives, including examples of when subcontractors may be used.
- Include anti-corruption provisions in the contract, as well as the right to terminate services should there be any suspicion of corruption or non-compliance with Group policies, and communicate these principles.
- Don't deviate from the rules established concerning fees.

What should you do when something like this happens?

- Implement the third-party assessment procedure (hereinafter known as the 'Know Your Business Partners' procedure).
- Be sceptical: how can the timeline go from several weeks to 48 hours? Look into the country's customs system and the usual duties and timescales.

POLITICAL CONTRIBUTIONS

Political contributions are donations – financial or in-kind, directly or indirectly – to candidates for political office, elected officials or political parties.

As a company, Legrand is strictly politically impartial.

Examples:

- The Group bankrolling a candidate standing for election.
- The Group bankrolling an elected official.
- The Group bankrolling a political party.

All employees may be politically active, as long as it is **strictly on a personal basis**, without involving the Group or its image.



Absolutely no political contributions may be paid or carried out by any Legrand entity, or carried out in Legrand's name, by any employee whatsoever.



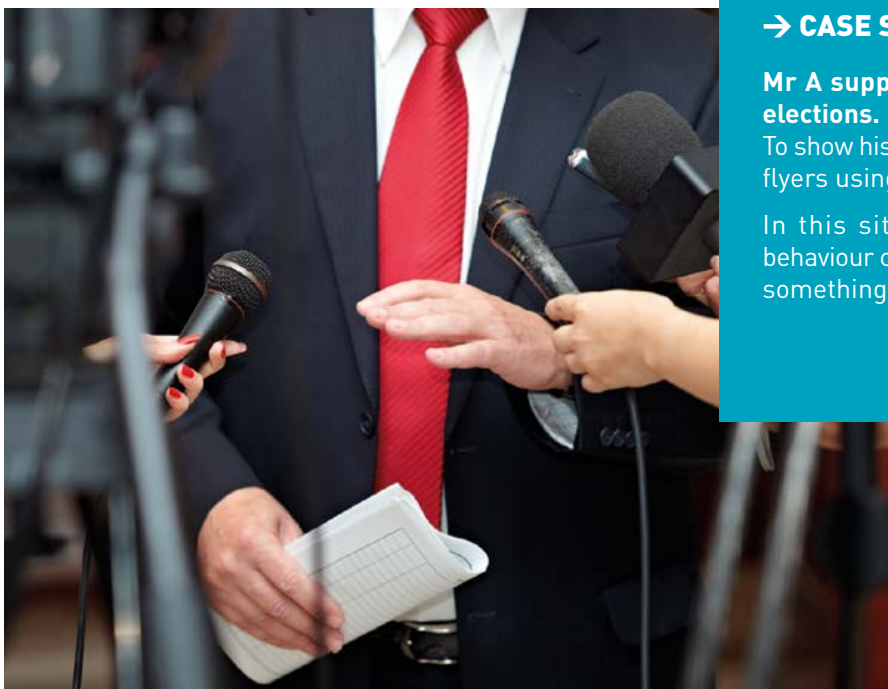
WHAT TO DO

- ✓ **DECLARE** any political mandates.
- ✓ **Unambiguously SEPARATE** your personal political activities from your professional life.



WHAT NOT TO DO

- ✗ **BANKROLL** candidates, elected officials or political parties in the Group's name.
- ✗ **INVOLVE** the Group in any personal political activities.



→ CASE STUDY

Mr A supports Mrs B's campaign in the local elections.

To show his support, he decides to print campaign flyers using the company's photocopier.

In this situation, you have to conclude his behaviour could amount to a political contribution, something prohibited by the Group.

OTHER PROHIBITED INFRINGEMENTS

FRAUD

Fraud involves deliberately misleading someone in order to obtain an unlawful advantage, or to avoid a legal requirement. As such, fraudulent conduct implies intent (not a mistake), as well as attempting to conceal unauthorised conduct. The motivation to commit fraud may be material – appropriation, gains or savings – or moral – a feeling of obligation, desire to be recognised or to maintain a reputation. In practice, fraud can take the form of an action or deliberate omission.



All forms of fraud are prohibited within the Legrand Group. Any fraudulent act will be subject to sanctions as prescribed by applicable international and/or local laws and by the Group's internal regulations.

Main types of fraud:

- Misappropriation funds.
- Concealing assets.
- Manipulating/falsifying information and internal or external statements.
- Unauthorised disbursements: duplicate payments, personal purchases, misappropriating or modifying salaries, inflating expenses, bogus expenses, multiple reimbursements, falsifying payment methods or beneficiaries, unrecorded receipts, falsifying transfer orders.
- Material assets: stealing products, falsifying sales or purchases.
- Intangible assets: misappropriating confidential data, counterfeiting, hacking IT systems.
- Financial information: inflating or underestimating the value of assets or revenue, delaying or failing to submit records, concealing liabilities or expenditure.

Fraudulent tactics are punishable by law as specific criminal offences.



WHAT TO DO

- ✓ **COMPLY** with the applicable procedures.
- ✓ **BE SCEPTICAL** and raise the alarm for any unusual requests.
- ✓ **SECURE** access to documents, equipment and premises.
- ✓ **SECURE** access to information and never divulge anything.
- ✓ **PRESERVE** the secrecy of passwords.
- ✓ **BE SUSPICIOUS** of emails (phishing).
- ✓ **COMPLY** with the IT users' charter.



WHAT NOT TO DO

- ✗ **OPEN** any attachments from an unknown sender.
- ✗ **DOWNLOAD** applications not recommended by the Group.
- ✗ **DISPLAY OR SHARE** passwords or access codes.





→ CASE STUDY

You receive an email that appears to come from one of your usual suppliers. The email describes a change in bank details and asks that you make all future payments to this new bank account.

Feeling sure the email is genuine, you authorise the bank transfer.

However, your supplier's bank details have not changed at all. A fraudulent account receives the money.

What can you do to avoid this type of situation?

- Comply with the applicable procedures:
 - Never deviate from company rules when it comes to authorising payments, changing bank details or disclosing information (who is authorised to pay what? When? How?).
 - Be sceptical and raise the alarm for any unusual requests.
- Take the time to check:
 - Regardless of the person or authority apparently making the request (the Group CEO or CFO, a bank, a customer, a supplier, etc.).
 - For example, always call back and check with a colleague or your manager, especially when a request is unusual, 'urgent' or 'secret'.
- Adhere to Group guidelines relating to cybersecurity:
 - Preserve the secrecy of passwords (never display or share passwords or access codes). In the event of the loss or theft of a computer, tablet or telephone, immediately change all your passwords.
 - Be suspicious of emails (never open an attachment from an unknown sender). Exercise caution with email senders (a sender's name can easily be modified).
 - Comply with the IT users' charter (do not install software that is not recommended by the Group). Never ignore anti-virus warnings. Contact the IT Department if in doubt.

What should you do when something like this happens?

- Immediately inform your manager and the Group IT Department and raise the alarm via Signal'Ethic, the Group's ethics hotline: legrand.signalement.net

MONEY LAUNDERING

Money laundering is an offence involving the concealment or conversion of money obtained through illegal activities. The Group has adopted internal control procedures designed to prevent our business transactions from being used for the purposes of money laundering or funding terrorism. These procedures help to detect and prevent any form of involvement in illicit processes.

Examples of risky situations:

- Receiving a payment from a company that is not one of our customers: the company making the payment has no legitimate reason to do so.
- Receiving a payment in cash.



Fraud and money laundering are both criminal offences. Any money laundering will be subject to sanctions as prescribed by applicable international and/or local laws and by the Group's internal regulations.



WHAT TO DO

- ✓ **COMPLY** with payment management procedures.
- ✓ **DOUBLE CHECK** that the customer entity invoiced by the Group subsidiary perfectly matches the paying entity. The payment's country of origin must be the same as the country where the invoiced customer entity is legally registered.
- ✓ **IMPLEMENT** the 'Know Your Business Partners' procedure.



WHAT NOT TO DO

- ✗ **ACCEPT PAYMENT** from a company that is not directly one of our customers.

→ CASE STUDY

You are contacted by Company X which plans to construct a building and would like you to supply it with all the necessary equipment for the project.

However, the company wants to pay you through Company Y.

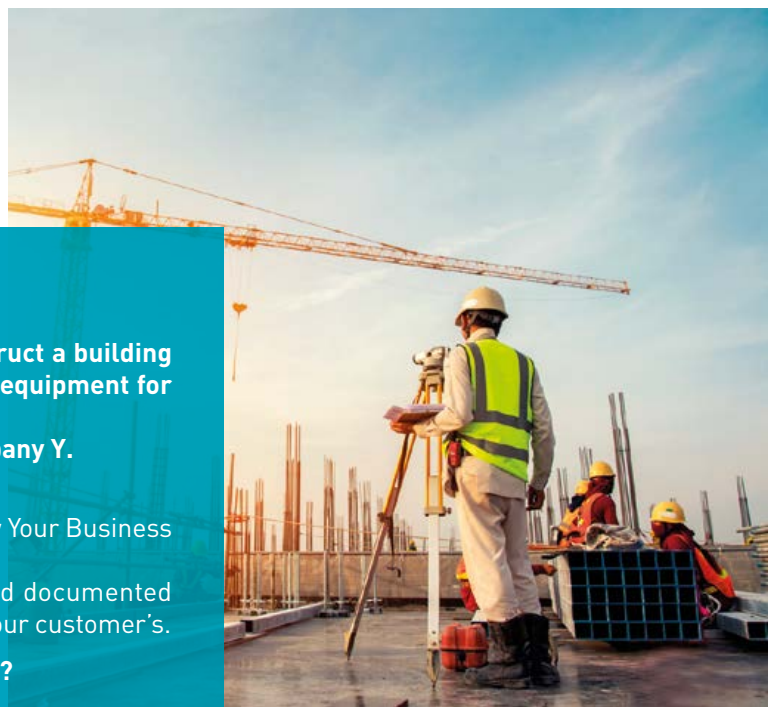
What can you do to avoid this type of situation?

- Vet risky third-party companies according to the 'Know Your Business Partners' procedure.
- Refuse, except in cases where there is a justified and documented reason, to be paid via a different company other than your customer's.

What should you do when something like this happens?

If there is no justified and documented reason:

- Do not accept payment.
- Consider terminating business relations with Company X.
- Alert your manager and compliance officer.



THE MAIN RISKY SITUATIONS

USING INTERMEDIARIES

An intermediary is any individual or company acting in Legrand's name or on our behalf. For example, they can include:

- **sales representatives;**
- **business introducers;**
- **service providers** (e.g. legal advisers, accountants, companies offering visa services, work permits, customs clearance, or any other type of certification).



The Group asks that you severely limit your use of intermediaries. When using an intermediary is unavoidable, make sure to strictly comply with all internal procedures and rules.

Examples of risks:

- The intermediary pays a sum of money to a customs officer ('facilitating payment') in order to release goods from customs.
- The intermediary hands over part of their commission to a third party in order to win a contract ('a kickback').
- Always remember that a distributor can also be a business introducer if they are paid for putting the company in touch with a customer.



WHAT TO DO

- ✓ **MAKE SURE** it is absolutely necessary to use an intermediary.
- ✓ **VERIFY** the integrity of potential intermediaries before entering into a business relationship (use the 'Know Your Business Partners' procedure), particularly in countries where there is a significant risk of corruption.
- ✓ **REMAIN VIGILANT** throughout the relationship and pay attention to any changes. **Regularly document the relationship.**
- ✓ **PRIORITISE** dealing with companies rather than individuals.
- ✓ **SIGN A CONTRACT:**
 - outlining the **services rendered** and **expected objectives;**
 - including a specific **anti-corruption provision;**
 - setting a **limited period of validity;**
 - and append this **Guide.**
- ✓ **Strictly COMPLY** with the rules on commissions and how they should be paid:
 - COMMISSIONS CONSIST OF:
 - a **percentage of the revenue actually achieved** in performance of the contract;
 - a small percentage in accordance with the 'Intermediaries' procedure.
 - PAYMENTS SHOULD TAKE PLACE:
 - **after services have been rendered,** for clearance/ after a project has been completed for all other services, in order to limit any risk of kickbacks;
 - **after having verified that services have been rendered properly** (request specific documents are submitted);
 - upon presentation of **invoices;**
 - in accordance with the general rules on payments (payments **in the country where the intermediary is registered,** beware of requests for payments to tax havens).



WHAT NOT TO DO

- ✗ **HIRE** an intermediary without reasonable grounds.
- ✗ **HIRE** an intermediary without the Group's formal approval.
- ✗ **SELECT** an intermediary who does not meet Legrand's ethical standards.



→ CASE STUDY

You recently won a construction materials contract as part of a building project. You use Agent A for transportation and clearance of an initial shipment.

Agent A is a leading global transport and logistics services provider. They provide this type of service to our subsidiaries in several countries. Agent A sends two invoices for the clearance: one for transporting the goods and another with the description, 'local processing fees'. Customs duties are not mentioned.

In this situation, you have to conclude the agent's behaviour could amount to a facilitating payment.

What can you do to avoid this type of situation?

- Always demand that the term 'customs duties' is mentioned.
- Ask for a single invoice, rather than multiple ones.
- Demand that all services and their corresponding prices are listed.
- Check to make sure that each service is sufficiently detailed and has actually been rendered.

What should you do when something like this happens?

- Do not authorise any payments, and inform your manager and compliance officer.



PRESENCE OF PUBLIC OFFICIALS

The term public official includes any individual:

- in a legislative, administrative, military or legal position (either elected or appointed);
- holding office in an organisation either wholly or partially controlled by the State or its agencies;
- entrusted with public service duties;
- holding a mandate from an international public organisation or an official position within such an organisation.



The presence of a public official at the conclusion of a contract, as the end customer in a project, or during an inspection calls for extreme vigilance in order to avoid any risk of corruption.

Examples of risky situations:

- Applying for a public tender.
- Being inspected by a public authority (labour inspectorate, tax authorities, magistrate, etc.).



WHAT TO DO

- ✓ **COMPLY** with the relevant regulations (especially the regulations of the public official's country).
- ✓ **ACT** in accordance with Group procedures.



WHAT NOT TO DO

- ✗ **OFFER** a sum of money, a gift or any other benefit to a public official.

→ CASE STUDY

As part of a tender for the construction of a new public hospital, a civil servant from the Ministry of Health – your end customer – asks you to take on Company X as a sub-contractor. However, Company X is not well-known in the industry.

In this situation, you have to conclude the civil servant's behaviour could amount to an attempt at corruption.

What can you do to avoid this type of situation?

- Follow the rules for selecting sub-contractors.

What should you do when something like this happens?

- Explain our compliance rules that apply to all our business relations.
- Refuse to take on Company X as a sub-contractor.
- Inform your manager and compliance officer.



LOBBYING ACTIVITIES

The term lobbying – or representation of interests – covers all sorts of activities intended to inform decision-making or influence public authority directives (governments or other public institutions) through either direct or indirect contact.

Lobbying is not a problem in itself when its sole objective is to express – with the utmost transparency and integrity – a company’s or a business sector’s perspective with a view to informing a public decision.

However, it is important to remain extremely vigilant when faced with this practice so as to prevent any potential shift towards behaviour that could be considered as corruption or influence peddling.

Example of a risky situation:

- Inviting to lunch a public decision maker who is working on a regulation relevant to our business sector.



In order to prevent any risk of corruption, lobbying activities must be conducted in line with the conditions set out for this activity and in accordance with the Group’s commitments.



WHAT TO DO

- ✓ **INFORM** your manager about any lobbying activities, the name of the interest representatives and the public decision makers, as well as the objectives of this lobbying activity.
- ✓ **SEEK** your manager’s approval for any approach with regard to a public institution or elected official.
- ✓ **COMPLY** with local regulations.
- ✓ **IN FRANCE, ONLY ENTRUST** lobbying activities to an interest representative registered with the *Haute Autorité pour la Transparence de la Vie Publique* (HATVP), the High Authority for Transparency in Public Life.
- ✓ **PRIORITISE** actions through our professional associations.
- ✓ **REFUSE AND IMMEDIATELY REPORT** any illicit requests or offers to your manager and compliance officer.



WHAT NOT TO DO

- ✗ **OFFER A GIFT** to a public decision maker.
- ✗ **CARRY OUT** lobbying activities with a view to obtaining or granting some undue recompense or advantage.

→ CASE STUDY

Mrs C is on the standardisation team. She hears about a new draft regulation aimed at tightening the environmental standards to be complied with when using plastics in a production process.

Hoping to draw the attention of the public authorities to the costs involved in adopting these kind of new rules, she approaches the author of the draft standard.

After several months of weekly invitations to lunch, the draft is modified.

In this situation, you have to conclude there might be an attempt at corruption.

What can you do to avoid this type of situation?

- Declare all lobbying activity.
- Ensure your manager approves any lobbying activity in advance.
- Never offer a gift or invitation to a decision-making public official.

What should you do when something like this happens?

- Inform your manager and compliance officer.
- Immediately break off relations with the elected official.

CHOOSING SUPPLIERS

Buyers are tasked with achieving the best possible balance between internal customer requirements and suppliers' offers by selecting the most suitable supplier based on objective criteria, in particular through calls for tender.

Examples of risky situations:

When inviting suppliers to submit bids, the company issuing the call for tender may be tempted to influence the selection process. This abuse of the tender procedure can take various forms, including:

- giving a biased description of products or supplies so that only one company is in a position to fulfil it;
- omitting certain information from specifications while sharing it with only one supplier;
- excluding potential suppliers from the call for tender with no justification.

In addition, there is also a risk of corruption involved in placing or receiving orders, such as:

- fictitious purchase, if an order does not correspond to an actual service;
- deliberately overestimating required quantities;
- no quality control performed on products delivered or on the information communicated by the supplier;
- carrying out additional 'unscheduled' work.



Choosing a supplier can involve various risks and, in particular, risk of corruption. To limit these risks, the Group encourages the widespread use of calls for tender whenever possible and relevant.



WHAT TO DO

- ✓ **ORGANISE** a call for tender if the stakes are significant.
- ✓ **DRAFT** a comprehensive description of the required products or services.
- ✓ **INVITE** at least three suppliers to take part in the call for tender (except in exceptional and duly justified cases).
- ✓ **PROVIDE** all information to every participant in the call for tender.
- ✓ **JUSTIFY** the final choice objectively.
- ✓ **SEPARATE** the responsibilities for issuing orders and approving them.
- ✓ **REQUIRE** deliverables as proof of performance of an intellectual service.
- ✓ **VERIFY** reception of finished products/successful performance of services.
- ✓ **REQUIRE APPROVAL** of any changes to orders.



WHAT NOT TO DO

- ✗ **OFFER, GIVE, PROMISE, ACCEPT or SOLICIT** an undue advantage.
- ✗ **TAKE PART** in a call for tender in the event of a conflict of interest.
- ✗ **ACCEPT or OFFER** a gift or invitation during a call for tender.

→ CASE STUDY

You are a buyer acting on behalf of the company's development department.

During a call for tender, you learn that a potential supplier has contacted one of our engineers asking for technical information in their field of specialisation with a view to improving the quality of the products they intend to supply.

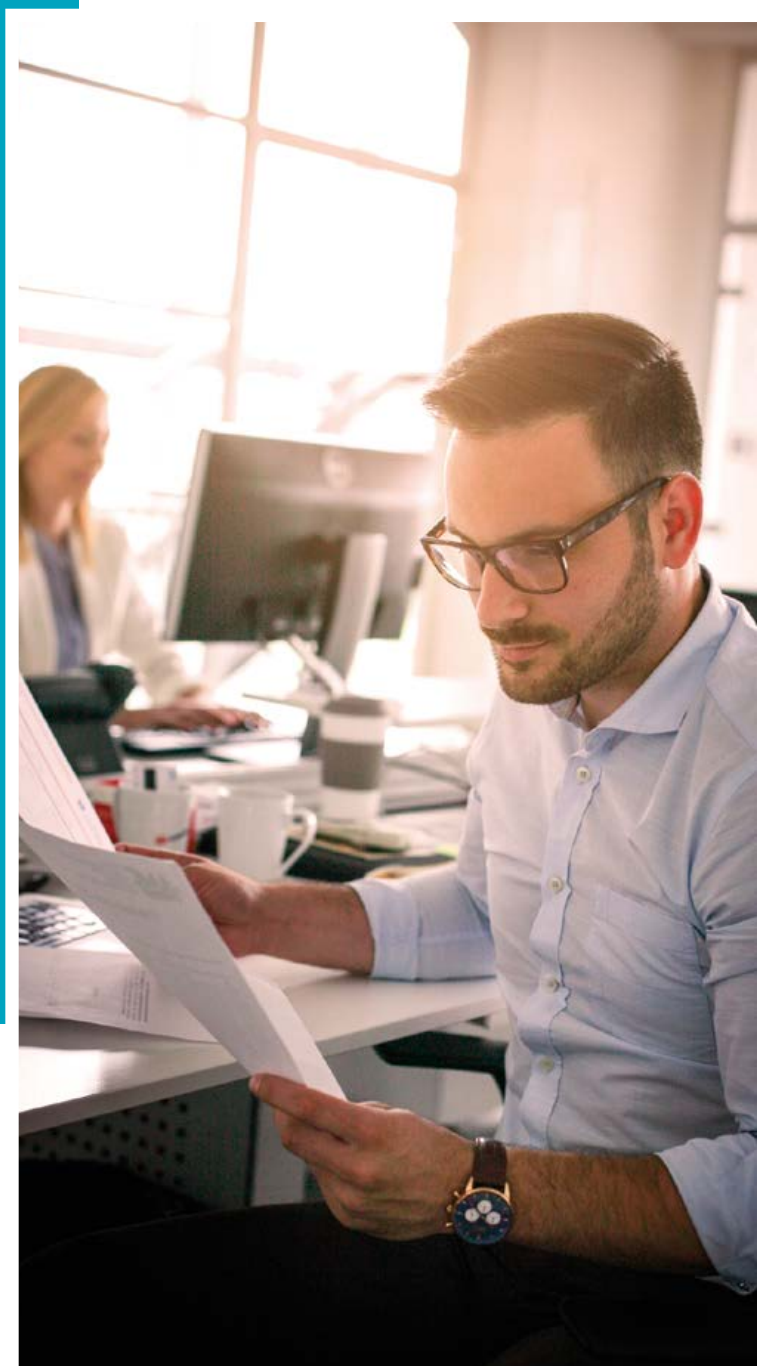
The potential supplier offers to invite your family, as well as the engineer's family to the upcoming rugby final in Scotland, at his expense.

How can you avoid getting into this type of situation?

- Inform our suppliers of our anti-corruption policy.
- Check that all suppliers are treated fairly and that they're all given the same information.
- Follow the 'Gifts and Invitations' procedure that states any gift or invitation valued above a certain level must be reported to your compliance officer.
- Verify that all employees have completed the training programme on preventing corruption, particularly those who are most vulnerable to this type of risk.

How should the risk situation be managed should it arise?

- Do not accept the invitation and prohibit the engineer involved from accepting it.
- Prohibit the engineer (as well as all members of the project team) from disclosing any technical information to suppliers.
- If in doubt about how to respond, don't hesitate to contact your manager or your compliance officer.
- If it is an isolated incident, ask the supplier to take steps to prevent this type of situation occurring in future.



GIFTS AND INVITATIONS

A gift can take the form of any item of value, including presents, discounts, goods, gift cards, or any other type of benefit.

An invitation can be for entertainment (cultural or sporting events, etc.), trips or meals.

Gifts and invitations are common practice in the business world. However, when they are offered or accepted with a view to influencing the recipient's judgement or obtaining some form of recompense, they can constitute bribery or influence peddling.



Legrand employees:
- **must, without fail, decline any gifts or invitations they're offered in exchange for doing or not doing something;**
- **must not, under any circumstances, offer any gifts or invitations with a view to obtaining some form of recompense from the recipient.**

Examples of risky situations:

- Accepting a gift from a potential bidder during a call for tender.
- Offering a customer a gift during a business negotiation.



WHAT TO DO

- ✓ **APPLY** the 'Gifts and Invitations' procedure.
- ✓ **COMPLY** with local laws, proper standards of behaviour and the Group's ethical values.
- ✓ **CHECK** that any gifts or invitations offered or accepted are justified for professional reasons.
- ✓ **RESPECT** the allowances set locally per person, per occasion and per year.
- ✓ **VERIFY** that any gifts or invitations are of a reasonable value and are in line with the recipient's standard of living and financial situation.
- ✓ **FOLLOW** the rules concerning conflict of interests.
- ✓ **DECLARE** all gifts and invitations on the Gifts Register.
- ✓ **VERIFY** that gifts are not intended to obtain an undue advantage or influence a business decision (call for tender, signing a contract, etc.) or an official decision (approval, certification, etc.).
- ✓ **ASK the right questions before accepting or offering gifts and invitations:**
 1. What are the limits in terms of gifts and invitations within my entity?
 2. Do the circumstances (call for tender, negotiations, etc.) prohibit me from offering or receiving a gift or invitation?
 3. Has my manager authorised giving or accepting this gift?
 4. Is it possible this gift could affect my attitude towards the person or company?
 5. Would I be comfortable with this decision being made public (for example, in the media)?
Never agree to offer or accept a gift or invitation that, for one reason or another, could embarrass your contact or colleagues.



WHAT NOT TO DO

- ✗ **SOLICIT** gifts or invitations.
- ✗ **IGNORE** the circumstances around a gift being offered (during a tender, recruitment, decision-making process, etc.).
- ✗ **ACCEPT or OFFER** a gift or invitation to the same person several times a year.
- ✗ **COVER** the expenses of anyone close to a third party (e.g. inviting a third party's family).



→ CASE STUDY

After finishing a major project on which you supplied UPS units, you want to give the customer an expensive pen to thank them for their support.

How can you avoid any potential corruption?

- Contact your compliance officer for advice if you have any questions about gifts or invitations.
- Follow the 'Gifts and Invitations' procedure that states any gift or invitation valued above a certain level must be reported to your compliance officer.
- Verify that the employees you manage have all completed the training programme on preventing corruption.

What should you do when something like this happens?

- Do not give them the gift. It could be considered a bribe, even when offered after the project is complete. In fact, it could even be seen as a *quid pro quo*.

PATRONAGE AND SPONSORSHIP INITIATIVES

Sponsorship is when a company provides material or financial support to an organisation. The company benefits directly by:

- using the name of the rights holder;
- having its name used for advertising purposes in the media, in various publications and at events;
- or by using venues and other opportunities to promote their name, products and services.

Patronage is when a company provides material or financial support (monetary or donations in-kind, use of facilities, employee volunteers, etc.) to a charity organisation, association or equivalent, where the beneficiary provides nothing in return.

Group policy prioritises, as far as possible, patronage in favour of:

- **Autonomy:** initiatives to support elderly people who want to continue living at home.
- **Access to electricity:** initiatives to support people struggling to afford their energy bills or who find themselves in financial difficulties that are affecting their energy security.
- **Employment:** initiatives to support people seeking employment.
- **Education:** initiatives to support young people planning a career in the electricity industry.
- **Diversity and inclusion:** initiatives to create an inclusive culture where everyone can fulfil their potential.
- **Other topics related to the United Nations Sustainable Development Goals.**

Example of a risk situation:

- Introducing a patronage or sponsorship scheme benefiting an organisation with links to a customer during a call for tender process.



It is strictly prohibited to offer or introduce:

- any political sponsorship or patronage schemes benefiting a political party, a candidate for elected office, an elected official, or anyone with a political profile;
- sponsorship or patronage schemes that involve discrimination based in particular on race, sexual orientation or religion;
- sponsorship schemes that involve any activities likely to lead to a potential risk to Legrand's reputation.



WHAT TO DO

- ✓ **VERIFY** that donations/sponsorship initiatives are not conducted for the purposes of unduly influencing a decision.
- ✓ **VERIFY** that the beneficiaries and those who own or control the beneficiary organisation(s) have been thoroughly vetted.
- ✓ **COMPLY** with the 'Patronage & Sponsorship' policy and the 'Know Your Business Partners' procedure.
- ✓ **VERIFY** that donations are properly recorded in the books and registers.
- ✓ **ASK** organisations to provide a written receipt specifying how the donation will be used and guaranteeing it will not be used, directly or indirectly, for any other purposes than originally specified.
- ✓ **COMPLY** with all local laws and regulations.



→ CASE STUDY

In the middle of a project, the end customer approaches you and asks Legrand to donate some products to a charity organisation. After looking into it, you realise the organisation is linked to a political party.

What should you do?

Never introduce a patronage or sponsorship scheme or make a donation at a customer's request. In this situation, the beneficiary organisation also has links to a political organisation.

What should you do when something like this happens?

Decline your customer's request, assess the possibility of continuing business relations with them and inform your manager and your compliance officer.



WHAT NOT TO DO

- ✗ **PAY** in cash.
- ✗ **MAKE** a donation to a private individual rather than the recipient organisation.
- ✗ **INTRODUCE** a patronage or sponsorship scheme without the approval of the relevant Country Manager, Chief Financial Officer or Compliance Officer.
- ✗ **OFFER** a patronage or sponsorship scheme to someone who might be in a position to grant contracts or approve permits, certifications or payments.
- ✗ **INTRODUCE** a patronage or sponsorship scheme via an intermediary.
- ✗ **INTRODUCE** a patronage or sponsorship scheme where there is a conflict of interest.

RELATIONS WITH THIRD PARTIES

PREVENTING CONFLICTS OF INTEREST

You could find yourself in a conflict of interest – or a potential one – if your personal interests and beliefs are liable to influence the way you conduct your professional affairs.

This would be the case should you find yourself in a situation where you make a decision that is not in the best interests of the Group, but based on your own interests.

Examples:

- You are in charge of developing a range of devices and want to hire the company where your partner works for a joint development project.
- An employee makes a large investment in a competitor's business without Legrand's prior approval.



Report any conflict of interest to your manager and your human resources officer.



WHAT TO DO

Faced with a potential conflict of interest, you should:

- ✓ **WITHDRAW** from the project or task.
- ✓ **REPORT any potential conflict of interest** well in advance to your manager and your human resources officer.

How can you avoid finding yourself in this type of conflict of interest?

Ask yourself:

- whether you, or anyone close to you, has an interest in a customer's business or entity, a Group competitor or supplier?
- whether you have any business dealings outside the Group?
- whether you have any responsibilities in customer or supplier associations or entities?



WHAT NOT TO DO

- ✗ **TAKE PART** in a project that presents a conflict of interests.



→ CASE STUDY

Your cousin is a manager at one of the companies responding to a call for tender you're helping to run.

What should you do?

- Report the situation to your manager and your human resources officer and declare the potential conflict of interest.
- Withdraw from the supplier selection process.

MANAGING BUSINESS PARTNERS

The Legrand Group assesses the integrity of its business partners (customers, first-tier suppliers, intermediaries, etc.) with regard to corruption, international sanctions and money laundering.

The 'Know Your Business Partners' procedure helps evaluate the level of risk involved in the business relationship and any controls to be put in place. The level of risk is assessed based on a range of criteria, including:

- the type of business partner (supplier, distributor, joint venture, etc.);
- the country in which the activity will take place;
- any possible links to public officials;
- and the type of business.

Third parties are assessed before any potential business relationship begins and are subject to periodic reassessment of their level of integrity.



Implementing the 'Know Your Business Partners' procedure is mandatory. It ensures Group entities only maintain business relations with ethical third parties.

Any written agreements with business partners must contain a compliance and anti-corruption clause in which the business partner undertakes to abide by all applicable laws on preventing and fighting corruption and to comply with international sanctions. This clause must stipulate that any violation of this commitment shall be considered legitimate cause for termination of the business relationship. Where no written agreement exists, business partners should be given the General Terms and Conditions of Sale, which contain the relevant clauses.



Examples of risks third parties can introduce:

- **Violations of anti-corruption laws:** The Group strictly complies with all anti-corruption laws and regulations. As such, the Group must be careful not to enter into any relationships with corrupt third parties.
 - **Violations of export control laws:**
 - The Group must strictly comply with all applicable international laws and regulations with regard to export controls and, in particular, when obtaining licences, shipping and import documents.
 - The Group must ensure the legality of all its activities and, in particular, its exports by verifying that the nature, destination and use of its products are not subject to restrictions or bans.
 - **Non-compliance with economic and financial sanctions, embargoes and blacklists:**
 - Alongside export control laws, specific sanctions may apply to certain countries (embargoes) or certain specifically-designated entities or individuals (individual sanctions taken against certain entities), either multilaterally as part of a United Nations resolution or European Union regulation, or unilaterally by individual states.
 - Such sanctions can take various forms, such as restrictions or bans on:
 - > imports from and exports to sanctioned countries;
 - > travel to and from sanctioned countries;
 - > new investments in sanctioned countries;
 - > financial transactions and negotiations involving sanctioned countries.
- Such sanctions are therefore likely to restrict the Group's ability to do business in certain countries or with certain entities or individuals.



MANAGING BUSINESS PARTNERS *(continued)*



WHAT TO DO

- ✓ **VET** third parties with the help of the 'Know Your Business Partners' procedure.
- ✓ **VERIFY** that the nature, destination or use of products is not subject to restrictions or bans.
- ✓ **APPLY** the 'Embargo' procedure.
- ✓ **INCLUDE** a compliance and anti-corruption clause in agreements with your business partners.



WHAT NOT TO DO

- ✗ **CONTINUE** working with a third party (customer, end customer, etc.) whose integrity is in question.
- ✗ **IGNORE** any red flags or warning signs.
- ✗ **CONCEAL** any irregularities in your business relationships.
- ✗ **NEGLECT** to implement the 'Embargo' and 'Know Your Business Partners' procedures.

→ CASE STUDY

Over the course of a project, you notice the end customer is on the United States blacklist, the SDN (Specially Designated Nationals And Blocked Persons List).

What should you do?

- Verify the integrity of third parties in advance by applying the 'Know Your Business Partners' procedure.
- Understand and apply the 'Embargo' procedure.
- Include a compliance and anti-corruption clause in all your business relations (contracts or general terms and conditions).

What should you do when something like this happens?

In this situation, stop taking part in the project and inform your manager, your compliance officer and the Group Compliance Officer.

YOUR CONTACTS FOR MORE INFORMATION


If you have any concerns or questions about this Guide, contact:

- 1. The Group Compliance Officer**
- 2. Your compliance officer – see the updated list on Dialleg Compliance.**



Head Office

128, avenue de Lattre de Tassigny
87045 Limoges Cedex - France
+33 (0) 5 55 06 87 87

 www.legrandgroup.com

 @legrand