

CHOMARAT



ANTI-CORRUPTION
CODE OF CONDUCT

12/11/2020

PREAMBLE: A MESSAGE FROM THE CHAIRMAN

The CHOMARAT Group was founded and has been strengthened over the years with focus on the strong values and commitments necessary to become a family-owned textile group with an international reach.

The values of integrity, transparency and compliance with laws and regulations must be a priority for each of us. We must be an exemplary and responsible business both in terms of our in-house relationships and the relationships with all our external partners.

This Code of Conduct is a set of rules that will help us to apply these principles in the day-to-day management of our business and compliance with the Code will enable us to maintain the necessary trust in all our relationships.

I would therefore ask all CHOMARAT Group employees to read this document and apply the rules contained in it.

Florent TROUBAT
Group Chairman

A handwritten signature in black ink, appearing to read 'Florent Troubat', is written over a horizontal line.

1. INTRODUCTION

This Code of Conduct is in keeping with French Law 2016-1691 of 9 December 2016, known as the Sapin II anti-corruption law. It aims to lay down the principles and rules that the CHOMARAT Group wants to apply in order to combat all forms of corruption.

Each CHOMARAT Group employee must be familiar with and respect these principles and rules.

Each CHOMARAT Group company must implement this Code of Conduct, taking into consideration the regulations in force. If there is a discrepancy between locally applicable laws and regulations, and the Code of Conduct, the more stringent instrument applies.

This Code of Conduct will be implemented in the CHOMARAT Group companies once the formalities required by local legislation have been completed. The Code reflects our desire not to tolerate any acts that breach its rules.

Any act of corruption or influence peddling of any kind is forbidden, and puts the perpetrator, be they a private individual or business, at risk of severe civil and criminal penalties.

2. DEFINITIONS

2.1 Corruption

Corruption is a form of behavior through which a person suggests, demands or accepts a gift, offer, promise or any kind of benefit in order to carry out, delay or fail to carry out an act that is part of their remit.

There are two types of corruption:

- *Passive corruption* refers to an individual who lets themselves be "bought" by means of offers, promises, gifts, presents or any kind of advantage in order to undertake an act in relation to their role or refrain from doing so.
- *Active corruption*, meanwhile, refers to the individual who rewards, by the same means, a professional's willingness to collude.

A distinction should also be made between "public-sector corruption" and "private-sector corruption".

Public-sector corruption occurs when a public official (person holding public authority, tasked with a public service remit, or a holder of public elected office) is involved, while *private-sector corruption* takes place when the protagonists do not hold public office.

Corruption can take several forms under the pretext of commonplace commercial or social practices, and can notably involve invitations, gifts, patronage, donations etc.

Examples of situations in which corruption is a risk:

- Accepting a gift from a supplier in return for a guarantee that their products will be listed.
- Accepting an invitation made by a supplier during a call for tenders in order to guarantee that a contract will be secured or renewed.
- A client requests that commission is paid to a set intermediary.
- A client requests that payment is made to a third party for consultancy services.
- Proposal to renew or sign a contract in return for hiring a close friend or family member.

2.2 Influence peddling

Influence peddling involves an individual receiving or asking for gifts with the aim of using their influence on a third party so that the third party takes a favorable decision.

It involves three parties: the beneficiary (the person providing the benefits or gifts), the intermediary (who uses the influence provided by their position), and the target who holds decision-making power (public administration or authority, magistrate, expert, etc).

As for corruption, there is a difference between:

- *Passive influence peddling*, as this refers to the person who is "bought" with a view to making use of their influence (influence peddler).
- *Active influence peddling*, on the other hand, refers to the person who buys this influence.

Examples of situations in which influence peddling occurs:

- Insistent requests from an intermediary third party to receive payment in return for facilitating an application with a local council for planning permission to build a logistics site.
- Inviting a local politician and their partner to sit in a VIP hospitality box at a top sporting event with a view to a council vote on a public call for tenders.
- Agreeing to make a payment to a local public official in return for facilitating the import of products into a foreign country on the request of a local client.

3. CODE OF CONDUCT RULES

3.1 Gifts and invitations

Giving gifts, making invitations, and offering other benefits is often regarded as an expression of courtesy that helps strengthen commercial and professional relationships.

The nature of these practices varies considerably depending on the country, its customs, the business, commercial relationship etc.

Gifts and invitations can take a variety of forms (meal out at a restaurant, invitations to sporting events, cultural events or a trade fair, paying for a trip or stay, providing services or work for free, hiring a close friend or family member, accommodations etc.).

Anti-corruption rules forbid the giving of gifts, invitations or anything of value to a third party with a view to obtaining an unfair advantage or to influencing a decision. Consequently, giving or accepting gifts or invitations may be regarded as being one of the blatant forms of corruption, notably as part of a commercial transaction or a request for authorization made to a public official.

Code of Conduct rules

1. Gifts and invitations can only be received and given if permitted by local law. If gifts and invitations are allowed, giving or accepting a gift or invitation must remain an exceptional occurrence.
2. Gifts and invitations must not be requested by the beneficiary.
3. Gifts given and invitations extended by a public official are forbidden under all circumstances.
4. Cash gifts or equivalents such as gift coupons, gift cards and gift vouchers, are forbidden.
5. Gifts given and invitations extended or accepted must not be done so with the intention of obtaining an unfair advantage or influencing anyone's actions.
6. Gifts, invitations or benefits of any kind cannot be extended at a strategic moment or with the aim of influencing an imminent decision (for example, signing agreements, being granted authorization by a public official etc.).
7. Presents and invitations are strictly professional. They must only be for the employee or business partner, and must not include their family or other relations.
8. The invitation must have a verifiable and legitimate commercial aim (for instance, for a meal, if it is eaten during or immediately after a meeting, or if the aim of the meal is to discuss commercial relationships).
9. Presents and invitations must be appropriate to the situation, professional etiquette, and the occasion that is the motive for them, and must be of a reasonable value, i.e. not likely to arouse suspicions of corruption based on the context and parties.

10. Any gifts received with a known or estimated value of over \$60 are prohibited. Any invitations received with a known or estimated value of over \$120 must be reported to and approved by the next level Manager.
11. Employees can only accept an invitation to an event if the professional partner inviting him/her is present (or represented) at the event.
12. Gifts and invitations cannot come from or be sent to potential business partners. As a matter of fact, the circumstances surrounding the gift or invitation must not give rise to suspicions of corruption, even in retrospect. Consequently, there is a need to bear in mind the context and the meaning that a benefit or gift may take on. Benefits and gifts must not involve any expectations in return.
13. Gifts and invitations extended or accepted must be done so openly and transparently in CHOMARAT. It is recommended that gifts are shared between members of the same department if the nature of the gift allows it.
14. In any circumstances, if local legislation is stricter than the above rules, it is best to comply with the more stringent rules.

3.2 Conflicts of interest

Conflicts of interest stem from any situation in which the personal interests of employees are in conflict with their roles and responsibilities in CHOMARAT.

The "personal interest" of an employee refers to any advantages for the employee or their relatives, friends, people or organizations with which the employee has or has had a business relationship or affinity. There is a conflict of interest when a personal influence could affect the way an employee undertakes the roles and responsibilities entrusted to them by CHOMARAT.

For instance, an employee may find themselves faced with a conflict of interest if:

1. Negotiating on behalf of CHOMARAT a contract from which the employee derives a current or subsequent personal interest.
2. Doing business on behalf of CHOMARAT with a member of their family or a business with which the employee and/or a member of their family is associated.
3. The employee has a financial interest, in any form, in a company run by CHOMARAT's competitors, suppliers or clients.
4. The employee uses CHOMARAT's confidential information, obtained due to their position, to gain an advantage or profit for themselves or someone else.

Such conflicts of interest could compromise the employee's ability to take objective decisions in CHOMARAT's interests and could arouse suspicions about their integrity.

Code of Conduct rules

In the event of a potential or existing conflict of interest, employees must immediately report the situation to their next level Manager, who will inform the Subsidiary General Management and the Group's General Management.

3.3 Facilitating payments

Facilitating payments are unofficial payments, even modest amounts, paid to public officials for their personal gain and in order to ensure or speed up everyday administrative formalities, services and acts, such as applications for permits, visas, or customs clearance for goods.

Facilitating payments can also be amounts requested by service providers in conjunction with public officials to ensure or "facilitate" the services that people are entitled to expect them to provide.

Code of Conduct rules

CHOMARAT prohibits "facilitating payments".

3.4 Recruitment

The hiring of a new member of staff (even an intern) at CHOMARAT can potentially lead to an act of corruption or favoritism:

- CHOMARAT or the employee tasked with recruitment may be granted an unfair advantage by a third party in return for hiring a specific applicant.
- The employee may be tempted to favour the hiring of an applicant due to their relationship or family connections.

Code of Conduct rules

Any unfair advantage (personal or as part of the job) granted by a third party to CHOMARAT or one of their employees in exchange for hiring an employee or arranging an internship is forbidden.

Any employee involved in a recruitment process (selecting resumes, interviews, choice of applicant, level of compensation) must report any family, friendship or business connections linking them to an applicant to their next level Manager, who will inform the Subsidiary General Management and the Group's General Management.

3.5 Relations with public officials

The term *public official* designates a person who holds public authority, tasked with a public service remit, a holder of elected public office, or who is standing for election for such a post.

Code of Conduct rules

1. Any encounters with public officials as part of a process of obtaining or renewing administrative authorizations or disputes with the administration must be written up in a report submitted to the next level Manager, who will inform the Subsidiary General Management and the Group's General Management .
2. When dealing with public officials, CHOMARAT does not give, promise or offer any advantages with a view to influencing them in how they carry out their roles.
3. Offering, promising or granting any kind of advantage to members of the family or any other person connected to a public official is forbidden.

3.6 Donations - Patronage - Sponsorship

CHOMARAT may make donations or take part in patronage or sponsorship initiatives, most often in the arts, education, sport, disabilities and humanitarian work.

These donations, patronage and sponsorship must not be undertaken with the aim of obtaining an advantage that could be regarded as being unfair, with some practices being classed as acts of corruption.

For instance, donations can be used as a way of influencing the decision of a CHOMARAT joint contractor, particularly if the joint contractor has an interest or a family connection with the recipient organization.

Code of Conduct rules

1. Donations, patronage and sponsorship activities are authorised subject to compliance with the applicable laws and regulations, and provided that they are authorised by:
 - a. The Subsidiary General Management of the subsidiary for an annual total amount of donations paid to third parties under \$1,200.
 - b. The Subsidiary General Management and the Group's General Management for an annual total amount of donations paid to third parties of \$1,200 or over.
2. Requests for donations, patronage or sponsorship must be scrutinized with the greatest possible care if they come from:
 - a. People with an influence on CHOMARAT's business.
 - b. People who could derive a personal advantage.

3.7 Funding political activities

Funding political activities refers to any direct or indirect contribution aiming to provide support for a political party, candidate or elected representative.

This contribution may take the form of the payment of money or any other advantage such as gifts or services, advertising, or any other supportive activity.

Funding political activities can be used to conceal an unfair advantage in order to obtain or maintain a business transaction or relationship. In other words, funding political activities can be regarded or interpreted as direct or indirect corruption.

However, CHOMARAT respects the right of employees to become involved on an individual basis in local civic life and politics. However, their involvement should remain personal, and should take place in their free time and at their own expense. These activities must not hinder the performance of their tasks for CHOMARAT.

Code of Conduct rules

1. Any direct or indirect financial or in-kind contribution made by CHOMARAT or by its employees on its behalf to political organizations, parties or figures, is forbidden.
2. The usage of CHOMARAT's assets and resources for personal political ends is forbidden.
3. Any position of elected office must be declared to the next level Manager, who will inform Subsidiary General Management and the Group's General Management.
4. Employees need to separate their personal political activities from their work for CHOMARAT in order to avoid any situation that could generate a conflict of interest.
5. Employees should not involve CHOMARAT in their political activities, either financially or ethically.
6. Employees must refrain from taking part in the preparation, development, adoption or implementation of a decision made by a public authority which would affect a CHOMARAT company in a business relationship context with this authority.

If in any doubt, employees should approach their next level Manager and Subsidiary General Management.

3.8 Recourse to intermediaries

Recourse to intermediaries (notably consultants, business finders, and commercial agents) may prove necessary as part of CHOMARAT's business, provided that these intermediaries deliver a real service based on professional expertise.

Code of Conduct rules

1. It is forbidden to utilize an intermediary whose probity and integrity have not been checked and documented beforehand. This check must be approved by the Group's General Management.
2. It is mandatory to conclude a contract stipulating the expected services and remuneration. This contract must also include a clause stipulating their anti-corruption obligations. Any refusal to agree to this clause makes it impossible for CHOMARAT to have a relationship with the intermediary.
3. The contract with the intermediary must have been approved in advance by the Group's Legal Department.

4. INTERPRETATION OF AND COMPLIANCE WITH THE CODE

All CHOMARAT employees must read, understand, comply with the Code, and adhere to the principles and rules contained in it.

If employees have any questions about the Code, or in the event of any difficulties interpreting it, notably its application to a given situation, they are asked to contact the Group's Legal Department, using the dedicated confidential email address: corruption@chomarat.com

4.1 Alert procedure

4.1.1 Reporting process

Any employees who become personally aware of a breach of the Code can report the breach to the Group's Legal Department using the dedicated confidential email address: corruption@chomarat.com

It is stipulated that only group employees can report a breach of the Code of Conduct. Anonymous reports will not be allowed.

When reporting a breach, the following information should be provided:

- The identity, position and contact details of the person submitting the breach.
- Sufficiently detailed factual information to enable the reported breach to be investigated.
- The identity, position, and, if possible, the contact details of the person/people being accused.

It is hereby stipulated that reporting of breaches is confidential.

4.1.2 Handling process

Once the Legal Department receives a report of a breach, the department:

- Confirms receipt to the sender of the email or letter within 10 business days.
- Informs the person reporting the breach (the "whistleblower") within 30 days of receiving the report of the "formal" admissibility (complete file) of the reported breach. Where needed, the Group's Legal Department will ask the person reporting the breach to provide additional information if any information is missing and will also stipulate the timeframe for submitting this information. If the additional information is not supplied, the report will be invalid and cannot be processed. However, the person reporting the breach will be able to subsequently make a further report, this time providing all the required information.
- And in this case, the Group's Legal Department informs the whistleblower of the predicted and reasonable timeframe for checking the "functional" admissibility of the report (checking that the events and/or behavior being reported comply with the Code of Conduct).
- Informs the person submitting the report of the predicted and reasonable timeframe for dealing with the report.
- By the end of the timeframe provided by the Group's Legal Department for dealing with the report, the department informs the person who reported the breach of:
 - Steps taken following the report and how the report was handled.
 - Where necessary, that a further period of time is needed in order to continue investigating the report. In this case, the department informs the whistleblower of how long this additional period is likely to last.

4.1.3 Investigation process

The investigation process is as follows:

- As soon as the report is received and its "formal" and "functional" admissibility have been checked, the Group's Legal Department immediately informs the individual(s) accused of corruption.
- However, in the event of precautionary measures being necessary, notably to stop the destruction of evidence relating to the report, the accused

individual(s) will only be informed once these measures have been taken. The accused individual(s) will be given the following information:

- The identity of the person tasked with investigating the matter and their contact details.
- Where applicable, the departments that have been alerted.
- The procedure for exercising their right to access and rectify information.
- Their rights under personal data protection legislation.

Maintaining the strictest confidentiality, the Group's Legal Department investigates and checks the events and behaviors.

The Group's Legal Department will decide whether the events are covered by the application of the Code in order to determine whether an investigation is required. If so, the Group's Legal Department will lead the investigation or will appoint a third party to do so. The investigation will be conducted in compliance with the applicable legislation, the right of defence, and the presumption of innocence. Any interviews deemed worthwhile by the investigators, notably questioning the accused individual(s), can be conducted.

The Group's General Management will oversee the investigation so that it is completed within a reasonable timeframe in light of the information being investigated.

4.1.4 Protecting the reporting employee

The identity of the whistleblower will be kept confidential throughout the procedure unless the applicable legislation prevents it.

No retaliatory measures, particularly disciplinary or discriminatory measures, can be taken against a staff member who in good faith reported irregularities or wrongdoing, and/or for stating accurate information as part of an internal or external investigation, hearing, legal proceedings, or a legal, administrative or regulatory information request referring to the potential wrongdoing or irregularities.

"Good faith" refers to a concern being conveyed without malice and without seeking personal profit by a person who has a plausible reason to believe that the concern is true. On the other hand, a staff member who, knowingly or through gross negligence, makes allegations or conveys information which is untrue or not submitted in good faith, may be subject to disciplinary action by the company up to and including dismissal.

4.1.5 Data retention

The Group's Legal Department will centralize all the data from the report and investigation. This data is processed in line with the applicable legislation.

Data relating to a report but deemed as soon as it is collected by the person responsible for processing as not falling within the scope of the process is immediately destroyed.

This is also the case when a report does not lead to legal or disciplinary proceedings.

On the other hand, when disciplinary or legal proceedings are started against the accused person or the wrongfully reporting staff member, data relating to the report is retained by the Legal Department until the process is completed. In this case, data that needs to be archived is kept in a separate restricted access information system for no longer than the proceedings last.

The reporting staff member and the accused person/people are informed that the case has been closed.

4.1.6 Right to access and correct information

The Legal Department guarantees that anyone identified as part of the reporting process is entitled to access their personal data, and if the data is incorrect, incomplete, wrong or out-of-date, is entitled to request that the information is corrected or deleted.

The accused person cannot under any circumstances obtain information about the identity of the whistleblower from the Legal Department on the basis of their right to access information.

4.2 Consequences of breaching the Code

All CHOMARAT staff must comply with the Code and adhere to the rules contained in it.

A breach of the rules of the Code may have serious consequences, not only for the CHOMARAT Group, but also for staff members.

If a staff member fails to comply with the provisions of the Code, they are leaving themselves open to the disciplinary sanctions in Title 4 of the internal regulations, up to and including dismissal, in line with the severity of the breach.

A proven breach of the Code by a staff member can also lead to legal proceedings and sanctions in line with the relevant regulations.

Staff members may also be subject to disciplinary sanctions if they encourage others to breach the Code, if they falsely and knowingly accuse another staff member of a breach, or if they take reprisals against a whistleblower.

4.3 Entry in Force of the Code

The code comes into force on December 15, 2020.