

A large, ornate fountain with multiple tiers and statues, set against a blue sky with clouds. The fountain is the central focus of the image, with water spraying from various points. The background shows a city street with buildings and trees.

ANTI-CORRUPTION POLICY

Updated: June 2024

Foreword

Law no. 2016-1691 of 9 December 2016 on transparency, the fight against corruption and the modernisation of economic life (hereinafter the “Sapin 2 law”) requires measures to be taken to prevent and detect the commission, in France or abroad, of acts of corruption or influence peddling.

Covéa Finance faces multiple corruption and/or influence peddling risks: financial, strategic, criminal prosecution, administrative sanctions, damage to values, etc.

Since 2003, Covéa Finance has conducted its activities ethically and in compliance with applicable laws, including preventing the risks of conflict of interest, market abuse, the fight against corruption and influence peddling.

The Chairwoman and Accountable Managers of Covéa Finance are fully committed to the fight against corruption by adopting a zero-tolerance policy to address corruption risks, incorporating the fight against corruption into internal procedures and policies, involving its executive committee and implementing an appropriate communication policy.

Since 2018, this anti-corruption policy has been in line with the broader anti-corruption policy implemented by the Covéa Group and supported by the Group Chairman.

Objective of the anti-corruption policy

The objective of this policy is to explain the vision and measures implemented by Covéa Finance in its activities to combat corruption and influence peddling. This policy meets the requirements of the “Sapin 2 law” and supplements the measures already taken by Covéa Finance in the fight against corruption (code of conduct, ethics commitment, conflict of interest prevention policy, internal rules, etc.).

In the event of a breach of this anti-corruption policy and other measures taken by Covéa Finance in the fight against corruption, all Covéa Finance employees are liable to criminal sanctions, as well as those provided for in Covéa Finance's internal regulations (the “Regulations”).

- Governance and implementation of the anti-corruption system:

The implementation and supervision of the anti-corruption programme is the responsibility of the Group's governing bodies with regard to stakeholders (employees, suppliers, customers, public authorities, etc.).

Covéa Finance's compliance is responsible for the operational implementation of Covéa Finance's anti-corruption programme.

Definition of corruption and influence peddling

Definition of corruption

The term “corruption” refers both to corruption itself and to “influence peddling”.

Corruption is an offer, a promise, the award of a financial remuneration or other benefit to a person with public or private responsibilities, as an incentive or reward for having performed a function or an activity (or not, as the case may be) in an abusive manner, that is, demonstrating bad faith or a breach of trust.

Definition of influence peddling

Influence peddling occurs when an undue gift or advantage is offered or granted for the beneficiary to use its actual or alleged influence to obtain a favourable decision from a public authority.

The different types of corruption

Corruption can be active, when it is the corrupting person (“the corrupter”) who initiates the corruption by offering or providing a sum of money or any other consideration or benefit in exchange for a service.

Corruption is passive when the act of corruption is initiated by the person who is corrupted by demanding or accepting money or any other benefit in exchange for a service.

Corruption is said to be public when it involves persons exercising a public function.

It is said to be private when the offence of corruption involves only natural or legal persons from the private sector.

Corruption penalties

Covéa Finance's Regulations stipulate that, in addition to the risk of being subject to criminal penalties, any employee who has impeded the company's anti-corruption measures or who is personally guilty of acts of corruption or influence peddling in the course of their duties shall be subject to disciplinary measures. The various disciplinary measures are described below (10. Disciplinary measures).

Covéa Finance anti-corruption code of good conduct

Covéa Finance has established a “code of good conduct and whistleblowing system” appended to its internal regulations and available on its website¹. This text adds to its “Conflict of interest management policy and code of ethics” and ensures that each of its employees sign an ethical commitment incorporating anti-corruption measures. This documentation defines and illustrates the different types of behaviours to be prohibited, since they are likely to qualify as conflicts of interest, corruption or influence peddling. These circumstances are specified in Covéa Finance's Regulations, which were therefore used for consultation with staff representatives as provided for in Article L.1321-4 of the French Labour Code.

¹ https://www.covea-finance.fr/sites/default/files/2023-09/code_de_bonne_conduite_lac_2023_11072023.pdf

Whistle-blowing system

The Sapin 2 law requires the introduction of an internal whistle-blowing system so that reports can be collected from employees concerning the existence of conduct or situations contrary to the company's code of conduct, notably regarding acts of corruption.

Covéa Finance has therefore put in place a single whistleblowing system aimed at strengthening the ethical culture in the performance of our activities, by enabling the persons concerned to report the existence of contrary conduct or situations that would constitute acts of corruption. The entire system is defined in our “Anti-Corruption and Whistleblowing Code of Conduct”.

Covéa Finance's corruption risk map

In accordance with Article 17 3° of the Sapin 2 law, Covéa Finance has established a corruption risks map.

This risk mapping is implemented using a risk-based approach based on a method shared with the entire Covéa Group. It takes the form of regularly updated documentation designed to identify, analyse and prioritise the risks of Covéa Finance being exposed to external solicitations for corruption purposes.

The corruption risks map:

1. quantifies and prioritises the risks to which Covéa Finance is exposed in the course of its activities,
2. identifies the improvement actions to be implemented to improve its degree of control of the corruption risk.

Corruption risks are reduced thanks to the procedures outlined in the policy to prevent conflicts of interest and market abuses (management of gifts and invitations issued and received, monitoring of accounts, etc.). Covéa Finance also conducts regular awareness-raising initiatives, notably through the Compliance team.

Residual risks are low, as Covéa Finance:

Issues calls for tenders for the selection of its external service providers and subcontractors and has set up a referral committee for its long-term partners;

- Has a detailed and documented procedure for selecting brokers; and execution intermediaries, particularly at committee meetings;
- Has a procedure for selecting and rating sponsorship projects;
- Has put in place a procedure for the selection of its commercial distributors;
- Has an accounting anti-fraud procedure which is regularly tested;

Lastly, the amounts in respect of which Covéa Finance does not use calls for tenders are negligible, but are nevertheless subject to prior comparative estimates and accounting validation.

Assessment of the integrity of customers', leading suppliers' and intermediaries' circumstances

Evaluation principle and objectives

Any selection of third parties must be subject to a listing that will most often involve a call for tenders, or a selection by a specific committee (broker/intermediary, service provider, supplier, etc.). Any call for tenders/selection during a committee meeting will inevitably include a questionnaire dedicated to assessing the integrity of third parties.

With regard to sponsorship, Covéa Finance has a detailed procedure for selecting and rating projects.

Lastly, Covéa Finance has also put in place a procedure for selecting its commercial partners.

All subcontracting, partnership and service contracts are concluded for a limited period and are regularly put out to tender.

Residual corruption risks are low, as the amounts in respect of which Covéa Finance does not use calls for tenders or committees are negligible.

Assessment procedures involve the collection of information from third parties through standardised questionnaires, as well as the analysis of these elements. Certain elements are disqualifying when selecting third parties, e.g. non-filing of financial statements, location of the company and law governing it.

The aim of this assessment is to enable a decision to be made about whether to enter into a relationship with a third party, continue an existing relationship or terminate it.

In addition, as part of its relationship with third parties, Covéa Finance communicates its code of conduct to them and informs them of the risk of corruption.

In addition, Covéa Finance requires third parties to make a written anti-corruption commitment, and that the third party verify the integrity of their subcontractors.

Consequences of the evaluation

Following the evaluations, calls for tender or various selection committees and based on the rating obtained and the qualitative elements taken into account, Covéa Finance may draw the following conclusions:

- Approve the relationship with or without reservations;

- Delay decision-making;
- Terminate the relationship or not enter into it;

The identification of risk factors does not mean the relationship is prohibited but must lead Covéa Finance to take appropriate measures to prevent any risk of corruption.

Accounting control procedures

Covéa Finance has put in place an accounting control procedure to ensure that its accounts are not used to conceal acts of corruption or influence peddling.

Before a service is provided, a quote must be issued. After the service is performed, a check is carried out to ensure that the service corresponds to the quote issued. Lastly, the payment approval is signed by a person other than the person who incurred the expense.

These various measures are intended to prevent Covéa Finance's accounts from being used to conceal acts of corruption or influence peddling.

Educating employees about corruption risk

Under the Sapin 2 law, Covéa Finance has decided to educate all of its employees about the risks of corruption and influence peddling, thereby developing a culture of integrity through mandatory training.

This training must enable the recognition and management of various types of behaviours that are to be prohibited, since they are likely to qualify as acts of corruption or influence peddling, and allow best practices and prevention measures to be applied on a daily basis.

A minimum score must be achieved in order to pass the training. Materials will be available at all times. This training must be passed on a regular basis.

In addition, the compliance team may carry out specific additional training for identified employees within the company who may face higher corruption risks.

Disciplinary system

In accordance with Article 7° II of Article 17 of the Sapin 2 law, Covéa Finance has set up a disciplinary regime within its regulations to sanction the company's employees in the event of a breach of the code of conduct.

Wrongdoing by an employee may result in one of the following penalties depending on the situation:

- Verbal or written warning,
- Reprimand,
- Lay-off,
- Transfer,
- Downgrade,
- Dismissal on real and serious grounds,
- Dismissal for gross or wilful misconduct.

Assessment of the implementation of procedures

Covéa Finance makes an annual evaluation of how effective its anti-corruption programme is in terms of best practices identified in this area.

The purpose of these controls is to monitor the implementation of measures to prevent and detect corruption, identify areas for improvement, improve the effectiveness of the system and detect cases of corruption.

In accordance with Covéa Finance's control system, the implementation of anti-corruption procedures will be assessed at three levels:

- The **first-level** control will be performed by operational staff: it aims to ensure that procedures are not circumvented or ignored.
- The **second-level** control will be carried out by continual monitoring: it aims to ensure that the first-level controls have been correctly performed and that the system to prevent and detect corruption works well.
- A **third-level** control is carried out by an independent auditor. It aims to ensure that the system to prevent and detect corruption complies with company-wide and regulatory requirements, and that it is effectively implemented and regularly updated. This third-level control will result in an audit report.