



NOVEMBER 2020

ANTI-CORRUPTION  
CODE OF  
CONDUCT



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Mersen's development is built on relationships of trust with all the stakeholders in its ecosystem.

This is reflected in the values and business ethics shared by all employees and applied on a daily basis at every level of the organization, as part of a responsible business approach that extends from financial transparency to combating bribery and corruption.

Mersen has already published a Code of Ethics that covers various ethics-related topics, including corruption.

This Anti-Corruption Code of Conduct ("Anti-Corruption Code") presents the rules to be implemented and respected in order to combat corruption at all levels and in all countries where Mersen is present.

Mersen takes a zero-tolerance approach to corruption. Any breaches of this Anti-Corruption Code will therefore result in sanctions.

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# 1.

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## Context and Scope of Application



Mersen's Anti-Corruption Code applies to all employees and all companies working for a Group entity, both in France and abroad. Here, a "Mersen employee" means any person working for the Group on a contractual basis, regardless of the duration. A "company working for the Group" means any company that supplies or purchases goods or services to or from Mersen, or serves as the Group's representative (agent), both in France or abroad. Every Mersen employee in every Group company has a duty to behave in an exemplary manner and to comply in full with the rules of conduct set out in this Anti-Corruption Code.

**The Code reaffirms the Group's collective commitment to establishing and developing an ethical business culture in the following areas:**

- Relations within the Group.
- Relations with our customers, suppliers and competitors.
- Relations with our shareholders.
- Protection of our assets and business.
- Our commitments as a responsible business.

This Anti-Corruption Code clarifies and expands on the guidance provided in the Code of Ethics, notably as regards relations with our customers, suppliers and competitors. Any questions about the Code's interpretation or application should be addressed to the employee's line manager or to the Group Compliance Officer.

**Mersen's Code of Ethics is available via the following link:**  
<https://www.mersen.com/group/ethics>

# 2.

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## General Rules and Specific Situations



# DEFINITIONS

## a. corruption

Corruption is defined as an act whereby a person working in the public or private sector directly or indirectly solicits, offers, accepts or gives a gift, offer or promise to carry out, obstruct or abstain from carrying out an act pertaining directly or indirectly to his or her function, in order to obtain or maintain a commercial or financial advantage or influence a decision.

### **There are two types of corruption:**

- Active corruption is when a person provides or promises to provide an undue gift or advantage.
- Passive corruption is when a person accepts or requests an undue gift or advantage in exchange for agreeing to act or not to act in a given situation.

### **Public corruption is even more severely punished by the law than private corruption. Public corruption occurs when one of the (active or passive) parties to the corruption is someone who:**

- Represents a public authority (police officer, member of the armed forces, government minister, civil servant, etc.).
- Exercises a public function (notary, court-appointed receiver, etc.).
- Holds an elected office (member of parliament, senator, local councilor, etc.).

Corruption involving a judge is the most severely punished form of corruption in France, where it is not just an offense but a crime.

### **Private corruption is corruption that does not involve any of the persons described above but does involve someone who holds a position of responsibility in a company or other organization, such as the head of a non-profit association or an NGO, a referee or a doctor.**

### **Often disguised as standard business or social practice, corruption can take many forms, including bribes, hospitality, gifts, sponsorships and donations.**

*In order to provide a concrete and practical frame of reference on this subject, you will find in the Annex a «Practical Guide to Anti-Corruption Prevention». This document contains practices that are either mandatory or recommended.*

## b. Influence peddling

Influence peddling occurs when someone requests or receives an undue gift or advantage in exchange for the use of their perceived or real influence on a decision to be made by a third party.

Three parties are involved: the beneficiary who provides the undue gift or advantage, the intermediary who uses his or her influence or connections, and the target (public official, judge, expert, etc.) who has the authority to make the decision.



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## SANCTIONS

The criminal sanctions imposed for corruption are particularly hefty and apply to both private individuals and legal entities.

In France, they include financial sanctions (up to €5 million for legal entities and up to €1 million and 10 years in prison for private individuals), as well as additional sanctions, such as disqualification from public tenders.

Corruption can also cause serious damage to a company's reputation and significantly impact its value.

## PRINCIPLES AND RULES

Employees must not commit acts of corruption or influence peddling in France or abroad or use intermediaries such as agents, consultants, advisors, distributors or other business partners in order to commit such acts.

Many of the situations described in this Anti-Corruption Code are likely to be considered acts of corruption or influence peddling in the event of non-compliance.

**Anyone faced with a situation that could fall within the scope of this Anti-Corruption Code should ask themselves the following questions:**

- Does this comply with the applicable laws and regulations?
- Does it comply with the Anti-Corruption Code? Is it in the interests of the company and devoid of any personal motives?
- Would I be embarrassed if my behavior were made public?

## 2.1 Public Officials

### DEFINITIONS

The term “public official” refers to anyone who represents a public authority, exercises a public function or holds an elected office.

### PRINCIPLES AND RULES

The sanctions for corrupting a public official are even more severe than those imposed for private corruption.

All dealings with public officials must be in compliance with the laws and regulations governing such dealings (i.e. with the laws and regulations applicable in the country to which the public official belongs). Any advantages granted to a public official in a country where this is not prohibited by local legislation must be carried out in full transparency and submitted for prior approval from management, in accordance with the Mersen Gifts and Hospitality Policy.

*Refer to the Practical Anti-Corruption Prevention Guide in the appendix, which deals in particular with the risks of corruption on public officials. It lists recommended and/or mandatory practices to protect against these risks.*

#### Example

**Question:** An employee would like to invite a customer who is a foreign public official to the opera in Paris and wonders whether he should pay for the customer’s transportation and accommodation.

**Answer:** The invitation to the opera itself seems acceptable, provided that prior approval is obtained from the employee’s line manager. Expressions of courtesy are not out of the question, as long as they are in line with the customer organization’s internal compliance rules and that the company does not expect anything in return. However, depending on the circumstances, it might be better not to extend such an invitation, if the customer could influence the choice of suppliers in a future call for tenders, for example, or if such an invitation might be considered inappropriate in that particular business relationship. On the other hand, the company must never pay a public official’s transportation or accommodation costs.



Photo by Sebastian Pichler on Unsplash

## 2.2 Gifts and Hospitality

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### DEFINITIONS

eA gift is an advantage in any form that someone provides as a sign of thanks or friendship, without expecting anything in return.

Offering or accepting meals, accommodation or entertainment (shows, concerts, sporting events, etc.) is considered to be hospitality.

The following principles and rules do not apply to Mersen-branded “goodies”

### PRINCIPLES AND GUIDELINES

Gifts and hospitality may resemble or be perceived as acts of active or passive corruption. Considerable care must therefore be taken with regard to gifts, expressions of courtesy and hospitality, whether given or received. While an invitation to a show may help establish a good relationship, it may also be perceived as a way of influencing a decision that favors a particular person or company.

#### **As indicated in the Mersen Gifts and Hospitality Policy, it is strictly prohibited to:**

- Give or receive any sum of money or anything of value with a view to obtaining an unfair advantage or influencing a decision
- Give or receive gifts at a time when strategic issues are at play in the relationship with the customer or partner (calls for tender, signing of agreements, etc.).
- Conceal gifts or invitations (e.g. as personal business expenses).

#### **Examples of best practice:**

- Inform your business partner of the Mersen Gifts and Hospitality Policy from the very start of any new business relationship.
- Contact your manager or, failing that, your Human Resources manager if you receive an expensive gift or invitation.
- Request permission from your manager before giving a gift or invitation of value. Make sure you are familiar with local laws and customs before giving gifts or any other benefits.

- Take into account the policy of the company where the individual receiving the gift or invitation works.
- Contact your manager or, failing that, the Group Compliance Officer if you have any doubts whatsoever.

For more detailed guidance in this area, please consult the Mersen Gifts and Hospitality Policy, which is available on the intranet under Compliance.

### Example 1

A Mersen employee receives a watch from a supplier as a Christmas gift. The value of the watch exceeds €150. Can the employee accept the gift?

**Answer:** No, because the value of the gift is such that it may affect the employee's impartiality during subsequent calls for tender. The employee should return the watch and explain to the supplier that Mersen's internal policies do not allow them to accept such a gift.

### Example 2 :

A Mersen employee invites two customers to a restaurant for a total cost of €350. What rule applies in this situation?

**Answer:** The employee must obtain prior approval from their line manager, because the value of the invitation exceeds €150 per guest.

## 2.3 Donations, Patronage and Sponsorship

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### DEFINITIONS

Donations are advantages granted to a company, foundation or non-profit association in the form of money and/or benefits in kind. They are given for a specific purpose, such as research, training or environmental protection/sustainable development or for a charitable or humanitarian cause.

Corporate patronage and sponsorship enable the company to provide financial or material support to a social, cultural or sporting initiative in order to disseminate and showcase the company's values.

### PRINCIPLES AND RULES

Requests for donations, patronage or sponsorship must be considered with care, particularly those received from people in a position to influence the company's operations or who may benefit personally if the request were granted. This type of support must be given without seeking any specific advantages from the beneficiary, other than enhancing the company's image.

**It should also be noted that Mersen does not support the following organizations, projects or events:**

- Organizations that do not comply with internationally recognized human rights and labor standards.
- Organizations or programs that discriminate on the basis of race, religion or gender.
- Organizations, projects or events that promote gambling, smoking, drinking, drugs or weapons (this does not include organizations that help addicts reintegrate society).
- Organizations that are devoted to a political cause or the promotion of a political party.
- Organizations that are devoted to religious activities.
- Activities or organizations that may result in a conflict of interest.
- Projects that benefit a Mersen employee or the family of a Mersen employee.

## Example

**Question:** A non-profit organization that you support in a personal capacity asks you whether Mersen can donate equipment to help the organization develop a project.

**Answer:** Mersen can help you support general interest initiatives, provided they are in line with the company's strategy. You should therefore speak to your manager, who will assess whether the project is aligned with Mersen's strategy. You must not, under any circumstances, make a commitment on Mersen's behalf for the use or loan of equipment without prior authorization.

**For more detailed guidance in this area, please consult the Mersen Donations and Patronage Policy, which is available on the intranet under Group Charters.**



## 2.4 Facilitating Payments

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### DEFINITION

Facilitating payments are unofficial payments (as opposed to official, legitimate taxes and other fees) made with the intention of facilitating or speeding up the formalities involved in an administrative process, such as a permit or visa application or a customs inspection. Under French law, they are considered to be acts of corruption.

### PRINCIPLES AND RULES

Facilitating payments are strictly prohibited at Mersen.

#### Example

**Question:** A Mersen employee would like to expedite the customs process for a delivery of goods that their customer needs urgently. Could the employee offer a small sum of money to a customs officer for this purpose?

**Answer:** No. This would be considered a facilitating payment and is strictly prohibited by Mersen.

## 2.5 Third-Party Due Diligence

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### **DÉFINITION**

Third-party due diligence refers to the assessment of third parties with which the company has business dealings, be they private individuals or legal entities. Third parties may represent a high risk of corruption in certain cases, particularly when dubious practices are likely to put the Group at risk.

Third parties include business partners, suppliers, service providers, agents, customers and intermediaries.

### **PRINCIPLES AND RULES**

To minimize the risk of corruption, Mersen group companies are asked to check that the third parties with which they wish to work (suppliers, customers, agents, distributors, etc.) have not been implicated in any cases of corruption. This applies to both the legal entities themselves, and to their executives and shareholders. Where necessary, the Group's subsidiaries must carry out appropriate due diligence, depending on the volumes and countries involved.

The tool implemented in 2019 will help teams to ensure third-party compliance. The aim of this verification is to avoid working with companies that (i) do not meet the ethical standards Mersen has set for itself or (ii) have been implicated in cases of corruption or other business-related offenses such as laundering, the financing of terrorism or the breach of economic sanctions or trade embargoes..

Any employee who has doubts about a third party's integrity should contact the Group Compliance Officer.

## 2.6 Conflicts of Interest

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### DEFINITION

A conflict of interest is any situation in which an employee's personal interests conflict with their professional responsibilities.

### PRINCIPLES AND RULES

Employees must report any potential or actual conflicts of interest.

#### Conflicts of interest may arise if:

- A Mersen employee has a financial interest in a company with commercial links to the Group.
- An employee sells or leases any property he or she owns to Mersen.
- A family member of the Mersen employee (spouse, son/daughter, parent, brother/sister, etc.) is hired in the same unit and has a direct reporting link with the employee.
- An employee leads Mersen to purchase goods or services from a third company in which one or more of his/her family members hold a decision-making position.
- A Mersen employee is also a local, regional or national government representative, particularly in the event of a call for tenders to which a Group company responds.

### Example

A Mersen employee owns a business run by his wife. This company could potentially provide services and respond to Mersen calls for tender. The Mersen employee must declare the potential conflict of interest in advance by filling out the relevant form.

Once the document has been filled out and sent, the employee's line manager and site manager can decide whether or not to allow the company to participate in the tender. The final decision will be made in line with the usual selection criteria and the employee shall not have a say in the final decision of whether or not to work with the company.



For more detailed guidance in this area, please consult the Mersen Conflicts of Interest Policy, which is available on the intranet under Compliance.

## 2.7 Accounting Records & Internal Controls

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### DEFINITION

Companies must ensure that their accounting teams and internal or external auditors take particular care during control procedures to detect any acts of corruption that might be concealed in the company's accounting records.

### PRINCIPLES AND RULES

Anyone involved in accounting control procedures, such as audits, must take particular care to ensure that the accounts are true and fair. Some specific accounts and / or type of book recording should be regularly analyzed.

#### Examples

- Entries made excluding worked days (weekends, holidays)
- Postings directly between the bank accounts and the income statements
- Some special accounts (donations, grants, gifts, etc...).



# 3.

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## Putting the Code into Practice



## 3.1 Training

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Employees have a duty to read this Anti-Corruption Code carefully and to complete the training programs provided by the company to help combat corruption (including the Anti-Bribery module available via the Mersen Academy). New hires must receive awareness training within six months of their arrival.

## 3.2 Whistleblowing System and Whistleblower Protection

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**All employees should address any queries or questions to their line manager or the Group Compliance Officer, particularly if:**

- They become aware of a risk of corruption.
- They believe, in good faith, that someone has breached or is breaching the Code.

As for breaches of the Code of Ethics, employees can report any concerns about compliance with the Anti-Corruption Code by sending an email to the following address: **ethics@mersen.com**

Employees who report actual or potential breaches of the Anti-Corruption Code selflessly and in good faith (whistleblowers) will be protected from any form of retaliation (Refer to the «Whistleblowing system procedure, October 2020»).

Their identity and the allegations made will be treated confidentially, in line with the applicable laws and regulations.

Whistleblowers who report concerns in good faith do not risk any disciplinary measures, even if the subsequent investigation shows that their allegations were unjustified. On the other hand, whistleblowers who misuse the system may face disciplinary and/or legal action.



## 3.3 Whistleblowing System and Personal Data Protection

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Pursuant to the personal data protection regulations applicable in the European Union, any person identified as part of a whistleblowing procedure, whether the informant or the person suspected of wrongdoing, has the right to access their personal data.

**They also have the right to request that their personal data be rectified or removed if inaccurate, incomplete, ambiguous or out-of-date. Data subjects can exercise their rights by sending an email to the following address:**

- data-protection@mersen.com
- Ou écrire à l'adresse suivante : Mersen Tour Eqho 2, Avenue Gambetta 92066 La défense Cedex, à l'attention du Data Protection Officer.

Employees are encouraged to read the Whistleblowing System Procedure, which is available on the Intranet under Compliance.

The Group's personal data protection policy is also available on the Intranet, under Group Charters/Personal Data Protection (GDPR).



## 3.4 Sanctions for Breaches of the Code

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Employees who do not comply with these rules may be held personally liable and exposed to criminal or other sanctions depending on the applicable laws and regulations.

**The company undertakes to:**

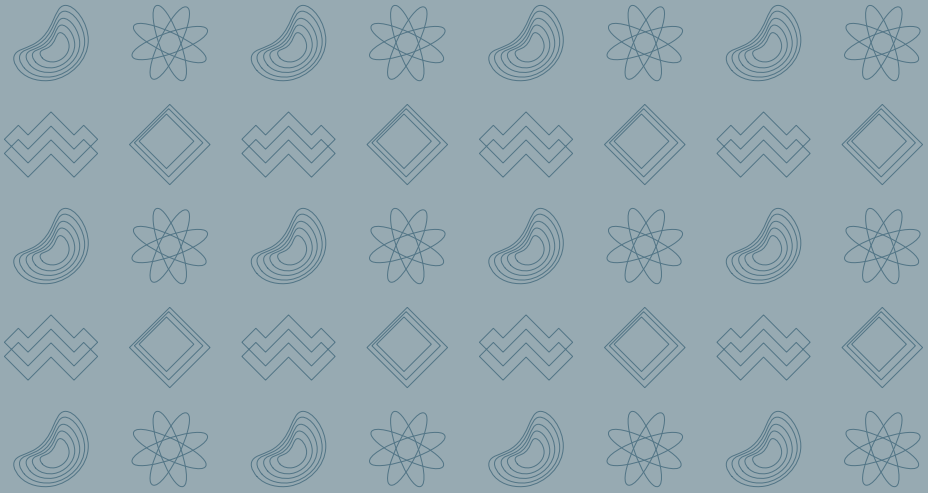
- Take all reports seriously.
- Investigate allegations diligently.
- Assess the facts objectively and impartially.
- Take appropriate corrective measures and disciplinary action.
- Take all steps necessary to ensure that the process remains confidential.

## 3.5 Applying the Code: Responsibility and Supervision

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Every employee has a duty to comply with this Anti-Corruption Code as part of the responsibilities associated with their position.

The Group Compliance Committee will regularly review the Code's application and the actions taken in response to whistleblower reports.



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