



Valeo Business Partners Anti-bribery Risks Awareness
Anti-bribery Compliance Program

November 2013

Anti-bribery risk awareness program: Rationale

- At Valeo, we believe in Ethics and Compliance: they are the foundations and key drivers of our sustainable and profitable growth.
- It is our policy to comply with the laws and regulations of all the countries in which we operate, and we have adopted a zero tolerance approach towards illegal practices.
- In line with this commitment, we have developed a set of policies and guidelines which constitute the Compliance framework that governs our operations.
- As provided in our Code of Ethics, Valeo does not tolerate corruption in any form and under any circumstance. Valeo is committed to conducting its operations with the highest ethical standards, to preventing corruption and bribery and to fostering an Anti-corruption culture
- Beyond our employees, managers, directors, our business partners are expected to comply with our way of doing business, always acting with the highest standards of ethics and integrity and to contribute to Valeo effort and fight against corruption

Anti-bribery risk awareness program: Rationale

- It is therefore of the utmost importance that you understand the risks of corruption and bribery you may face while working with or on behalf of Valeo.
- It is equally important that you fully understand what we expect from you or your team members in terms of behaviour and integrity when working with Valeo
- These guidelines and recommendations aim at raising Valeo business partners' awareness about Anti-bribery laws, Valeo policies and Valeo expectations. We expect you to read, understand and respect them all and to get any of your team member working with Valeo to read, understand and respect them as well.
- Compliance is not an option, it is a must. We thank you for joining us in our effort to ensure ethical and sustainable business practices worldwide.
- Nb : This handbook is not an exhaustive presentation of the applicable laws regarding these topics. It may not address all of the laws and regulations you need to know about to run your business or to work with Valeo. We therefore encourage you to take additional training or turn to your own lawyer for further advice



Valeo fight against corruption

Understanding prohibited corruption and bribery practices

What is corruption ?

- In most countries, corruption refers to situations where:
 - ➔ One party intends to obtain an illegitimate advantage in exchange for something else such as money, gifts, advantages, privileges and benefits of any kind
 - ➔ One party expects to obtain something in order to provide an illegitimate advantage

- Corruption may result from :
 - ➔ an action (e.g. take an illegitimate decision) or
 - ➔ an omission (e.g. refrain from an action): an award of a contract or permit, or turning a blind eye in relation to inappropriate behaviour, in exchange for an undue advantage or a bribe

- Corruption may be active or passive:
 - ➔ Active corruption: is the offering, promising or giving of an advantage as an inducement for the improper exercise of a function or obligation
 - ➔ Passive corruption: is the seeking or accepting of an advantage as an inducement for the improper exercise of a function or obligation

- The method may take the form of a non-cash advantage, or be paid indirectly by using a third party, by using false invoices, via political donations or donations to charity

What does bribing mean ?

- Corruption or a corruption attempt (the promise of an illegitimate advantage suffices) requires intent and the objective of influencing a business decision. It is a criminal offence in most countries regardless of whether it is committed:
 - Knowingly, for personal or corporate gain
 - Reluctantly, in the belief that it is necessary to remain competitive
 - In good faith, thinking that such practice is current and thus normal

- Practically speaking, bribing means offering, promising, giving, authorizing or accepting of any undue pecuniary or other advantage to anyone in order to obtain or retain a business or other improper advantage, e.g. in connection with public or private procurement contract awards, regulatory permits, taxation, customs, judicial and legislative proceedings.

- Bribes can take many forms, in particular liquid money, but also:
 - Preferential treatment, discounts, loans, celebrations, entertainment
 - Payment of a third party's tuition fees
 - Promises of granting a visa or permit
 - Nepotism or cronyism where a company hires or promises to hire a relative or a friend in return for, or in order to receive preferential treatment

Offering gifts and hospitality

- Beyond bribes, which generally refers to money provided in cash, Gifts, invitations and hospitality may be defined as follows:
 - A gift refers to any present, whatever the form: money, services, goods, exclusive advantages
 - An invitation refers to any invitation to a cultural, social or sport event
 - Hospitality means lunch, dinner and accommodation
- Except in a few jurisdictions, generally vis-à-vis Public Officials, gifts, invitations and hospitality are not illegal per se.
- They become illegal as soon as they are offered with the intent of obtaining an undue advantage
- The context, the rationale for a gift or invitation as well as the impact on the beneficiary need to be considered before extending any invitation or offering any gift especially if one may believe that they are made in exchange for an undue decision or action

Gifts, invitations and hospitality

- Generally tolerated gifts, invitations and hospitality in the business community include notably:
 - Hospitality means lunch, dinner and accommodation
 - Occasional gifts of insignificant value and/or promotional gifts
 - Receptions at industry conferences such as trade shows
 - Inexpensive meals, reasonable invitation for lunch or dinner
 - Gifts or favours of minimal value, never to exceed 50 US dollars or 35 Euros
- Generally prohibited gifts, invitations and hospitality in the business community include notably:
 - Alcohol, lavish restaurants or events
 - Personal financial assistance of any kind
 - Sponsorship birthday, retirement or other company parties
 - A gift, entertainment or other gratuity from a government or union official
 - Tickets for an event (such as athletic, theatrical or cultural) if the supplier does not attend
 - Any offer of overnight accommodation
- Hospitality is generally not permitted unless, it is strictly limited to very important business events requiring time and/or travels and accommodations ; related costs should never go beyond business standards for the customers or partners at stake

The corruption of Public Officials

- In most countries, it is a special offence to offer or give a bribe to a public official to influence him in his public capacity and with the intention of obtaining or retaining business or a business advantage.
- In certain countries, all gifts to public officials (even if the value of the gift is very low, such as a pen or a coffee) are prohibited.
- Therefore, Valeo Code of Ethics prohibits the bribery of public officials:

« Illegal payments to administrative authorities or their employees:

No payment can be made in order to obtain the favorable intervention of an administrative or governmental authority.

Gifts, services or lavish entertainment offered to employees or officers of these authorities are prohibited.

They can indeed be interpreted as constituting attempts to influence government and administrative decisions in matters affecting the Valeo Group. »

The corruption of Public Officials

- "Officer" or "public official" here refers to anyone employed by the state, working for the public sector or exercising a public function, such as:
 - Government ministers, civil servants, local government officials
 - Members of parliament, candidates to elections
 - United Nations, the European Commission, competition authorities agents
 - Police, judges, customs and immigration officers
 - Employees of state-owned companies as well as employees of semi-public, partially Government owned entity employees

- Corruption of public officials is prohibited:
 - Whatever the value of the consideration given or promised to the relevant person, including payments of a small value made in order to accelerate or facilitate simple procedures
 - Whatever the local practice
 - Regardless of whether the consideration is offered directly or indirectly
 - Regardless of whether it is actually allotted or simply promised
 - Regardless of whether it is followed by action or not

Sanctions

- Some countries enforce Anti-corruption laws with extra-territorial effect
- An act of bribery may therefore constitute an offence whether committed in the country or outside the territory, in another country, and whether committed against a national of the country or not.
- As a result of the global reach of Anti-corruption laws, one could be prosecuted in one's home country or in another country for bribes taking place anywhere in the world.
- The consequences of corruption may be as follows:
 - Criminal sanctions against the company, including years of imprisonment and unlimited fines up to hundreds of millions dollars and/or similar sanctions against corrupting employees
 - Sanctions related to money laundering
 - Claims and damages from the third parties disadvantaged
 - Reputational issues for the company
 - Termination of contracts by counterparties unwilling to do business with a company involved in corruption cases

Valeo fight against corruption

Understanding Valeo Anti-bribery program

Valeo fight against corruption

- Valeo does not tolerate corruption in any form and under any circumstances (zero tolerance for corruption).
- As provided in its Code of Ethics:
 - « The use of Valeo's funds, services, or assets for any unlawful or improper purpose is strictly forbidden. No individual or company shall engage in the practice of purchasing privileges or special benefits on behalf of Valeo through the payment of bribes, gratuities, or other forms of payoffs, in cash or in other benefits.
 - Likewise, no company or individual (domestic or foreign) shall accept money or benefits in kind in violation of any law or regulation. »
- Therefore, Valeo has developed a number of policies aiming at helping people, and notably business partners, understand both the risks related to corruption and the way to mitigate them

Valeo fight against corruption

Valeo Gift, Entertainment and Hospitality Policy

Valeo Gifts, Invitations and Hospitality policy

- Valeo has developed a very strict policy regarding gifts, invitations and hospitality to be offered or received
 - ➔ Seeking gifts, favors, invitations, paid for hospitality from anyone is prohibited
 - ➔ Accepting gifts or invitations is strictly limited
 - ➔ Providing clients' employees, public agents, journalists or anyone else with any gift, invitation or hospitality of value is subject to approvals
 - ➔ Donation to charity, political parties, unions etc... is prohibited
- As an exception, some gifts and invitations may be accepted, such as:
 - ➔ Branded gifts or gifts of small value (in the range of 50 US dollars or 35 Euros)
 - ➔ Reasonable, non lavish invitations for lunch in the context of business meetings or professional and technical events
 - ➔ Airport station and hotel pick-up by suppliers
- However they must be offered and under no constrain or pressure
- They cannot not be made or cannot give the appearance they are made in exchange for an undue decision or action on the part of the Valeo beneficiary
- NB : As a matter of principle, no gift, nor invitation can be made to a Public Official

Valeo Gifts, Invitations and Hospitality policy

- Valeo business partners are equally, prohibited from giving, promising, offering, paying anything in any way, to any Valeo third party, teaming partner, stakeholder, he may be interacting with in connexion with Valeo or upon Valeo's request
 - This prohibition applies to any public official that Valeo business partner might be in contact with for whatever reason, in connexion with services or products ordered by Valeo, even if such payment, gift or invitation might help expedite some decision or administrative tasks
 - Business partners are expected to liaise with their Valeo contact in case they receive a request for payments, gifts or invitation or incase they want to invite a public official.
- NB: Non compliance with this policy may result in the immediate termination of the contract between Valeo and its business partner

Valeo Gifts, Invitations and Hospitality policy

- Accordingly, as Valeo business partner, you are selected in light of your ability and commitment to provide the right products or services, at the right price, at the best possible quality level
- You are not selected because of favors, invitations or gifts offered to Valeo personnel or to Valeo stakeholders
- You are expected to behave in accordance with Valeo policies and to not give, promise, offer in any way, any Valeo employee or Valeo representative directly or indirectly, any gift, invitation or hospitality that :
 - Is not compliant with the above mentioned policies or could be interpreted as given in consideration for an undue or illegal act or a decision
 - Places an obligation on the beneficiary to do something in exchange or suggests that Valeo expects something in exchange
 - Could embarrass Valeo if the gift, invitation or hospitality was made public or gave the impression that it falls within corruption
 - NB: The non compliance with this policy may result in the immediate termination of the contract between Valeo and a business partner

Valeo fight against corruption
Valeo Third Party Policy

Valeo Third Party policy

- Valeo expects its suppliers and service providers, in particular, third party intermediaries and agents, to act with the highest integrity
- Valeo selects only those who
 - ➔ Uphold, promote and maintain Anti-corruption and Antitrust practices and comply with applicable Anti-corruption, Antitrust and Anti-money laundering laws regulations
 - ➔ Are not and have not been the subject of a criminal investigation and have not been convicted for violations of applicable laws or regulations (especially bribery, corruption, money laundering and Antitrust)
 - ➔ Have not made and will make no payments, offers, or promises to public officials or other third party beneficiaries directly or indirectly, in exchange for illegal services, benefit or favor
 - ➔ Agree to adhere to and comply with Valeo Supplier Standards, Valeo terms and conditions, Valeo Code of Ethics, Valeo guidelines and limits for reimbursement of expenses, at the time of selection and at all times during the contractual relationship
 - ➔ Where applicable, agree to participate to Valeo Due Diligences process as part of the Third party intermediary selection process and to subsequently update the information / representations supplied
 - ➔ Do not have any official status and are not related in any way to any current official who would be in a position to influence a decision in favor of the enterprise

Valeo Third Party Intermediaries and Agents policy

- Valeo work with business partners who understand the need to maintain compliance with Anti-bribery, Antitrust and anti-money laundering laws and who accept to:
 - Neither offer, propose or promise any gift or invitation to a public official
 - Maintain an appropriate compliance procedure, employees training and awareness programs, and internal audits
 - Allow Valeo to monitor compliance and to that effect to provide regular reports of activities, maintain books and records of any transaction related to the delivery or completion of the services
 - Not use, nor hire directly or indirectly any subcontractor or other person or entity to perform the services or any part thereof, without Valeo prior written approval
 - Periodically sign a certification of compliance
- Such conditions and representations are essential to Valeo and, as a result, shall trigger :
 - the right for Valeo to terminate the contract in case of any violation of Anti-corruption or Antitrust law or provision
 - the right to immediately suspend the contract in case of non compliance until the complete assessment has been made
 - the obligation for the Third party to indemnify and hold harmless Valeo for any expenses or damages suffered related to such non compliance or violation of laws

Valeo Third Party Intermediaries and Agents policy

- In particular, Valeo has adopted guidelines regarding the remuneration and the payment of remuneration to Third parties intermediary and agents
 - ➔ The remuneration must be reasonable, relevant and appropriate in relation to the services to be performed and established in light of the nature, complexity and volume of services to be performed, the Third party's past performance, competence and resources, the duration and nature of the contract and the prevailing rates for such services in the market served
 - ➔ The basis for the remuneration is specifically determined in the contract. Commissions or success fees may not exceed 5 % of the overall transaction. Payments are authorized for services effectively provided, only
 - ➔ Expenses indispensable for the completion of the services, justified and supported by documentation, shall be incurred and reimbursed only
 - ➔ No unplanned, additional or unjustified payments can be made. No payment can be made in cash
 - ➔ All payments shall be made by bank transfer payable to the Third party exclusively, at its principal place of business in the country in which the services are to be performed or the Third party's formally established headquarters
 - ➔ No invoice, nor payment to be made by Valeo can be assigned, nor compensated or subrogated in any way to any Third party

Valeo Third Party Intermediaries and Agents policy

- After careful selection and contract signature, any Third party should :
 - ➔ Regularly report on the activities it conducts on behalf of Valeo, to the Key Contact
 - ➔ Provide accurate and detailed invoices and supporting documentation for its expenditures
 - ➔ Maintain accurate books and records and make them be available for inspection by auditors and by appropriate, duly-authorized governmental authorities under conditions of confidentiality
- It is important to note that Valeo shall refuse to pay a Third party intermediary's invoice in case he/she suspects illicit or questionable payments or gifts
- As our Business partner, Third party intermediaries and agents are expected to work ethically and with integrity whatever the mission, the urgency and the constrains
- In particular, we expect you to never bribe or show any inappropriate behavior vis a vis public official
- NB: The non compliance with this policy may result in the immediate termination of the contract between Valeo and the Third party



Preventing and alerting
How to prevent and mitigate risks

Alerting Valeo

- Compliance is about risk avoidance, prevention, detection and mitigation
- Effective compliance therefore requires proactive, preventive and corrective measures, and most of the time; depends upon the knowledge in due course of potential or actual non compliance with the laws or Valeo policies
- If you are victim of a corruption attempt in the context of your mission, or if you believe in good faith that you have heard of potential or actual corruption facts, Antitrust practice or risks or you have witnessed one, you should report it immediately and in detail to your Valeo Key Contact.
- You can also alert Valeo Chief Ethics and Compliance Officer or use Valeo Alert line.
- You can remain anonymous if you wish to
- Your reactivity and judgment are essential to enable Valeo to take appropriate measures as soon as possible. Do not be afraid to alert too fast or too soon
- Thank you for helping us maintain and protect Valeo integrity



Automotive technology, naturally