



ETHICS AND COMPLIANCE DEPARTMENT

# ANTICORRUPTION POLICY



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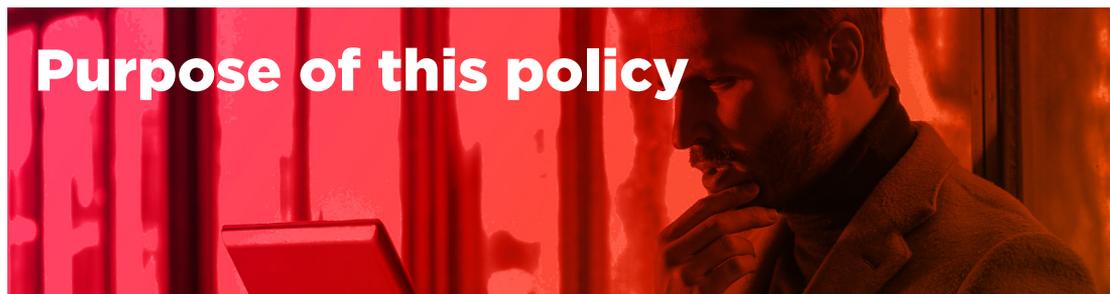
“Corruption strikes both developed and emerging countries, public agencies as well as private entities. It undermines citizens’ trust in public institutions, further weakens already vulnerable populations, and creates a breeding ground for violence. We must tackle this global scourge with utmost determination.

Present in nearly 70 countries, Saint-Gobain is committed to operating its business responsibly and sustainably. Combatting corruption and influence peddling is at the heart of both our international commitments and our Principles of Conduct and Action. This Anticorruption Policy supplements and illustrates these Principles to further clarify what the challenges are and how each of us should adequately respond to them.

I have made a personal commitment, on behalf of the group, to contribute to the fight against corruption and influence peddling. However, we will only win this battle if we undertake to fight it together: each of us must personally commit to comply with this Anticorruption Policy. Saint-Gobain applies a zero tolerance principle in this regard.

I am counting on each and everyone of you, and I thank you for your unwavering commitment on this topic!”

**Pierre-André de Chalendar,**  
**Saint-Gobain Chairman and Chief Executive Officer**



Corruption undermines economies, increases inequalities and hampers sustainable development throughout the world. Although illegal in almost every country, corruption remains a scourge which each of us must continue to fight actively.

This is why as early as 2003, Saint-Gobain expressed its strong commitment to tackle corruption, in particular by:

- Adhering to the United Nations Global Compact, specifically its 10th principle, which encourages companies to fight corruption in all its forms; and
- Including Respect for the law, and in particular the fight against corruption, at the heart of its Principles of Conduct and Action.

To fulfill its commitment, the Group has also designed an anticorruption program outlining corruption prevention and detection obligations, which are reflected in a zero-tolerance policy vis-à-vis corruption and influence peddling.

The Purpose of this Policy is to explain and illustrate the different types of conduct which are prohibited because they could amount to corruption<sup>1</sup> or influence peddling.



The Anticorruption Policy applies to all employees from all entities and subsidiaries of the Group regardless of where they conduct their business.

The Saint-Gobain Group (“**Saint-Gobain**” or “**the Group**”) refers to Compagnie de Saint-Gobain and to all its solely and jointly controlled companies<sup>2</sup>. Regarding joint-ventures in which Saint-Gobain does not hold a controlling interest, the Group’s representatives must, absent an equivalent policy, require from the joint-venture’s governing body the adoption and implementation of the present Policy.

This Anticorruption Policy forms the basis of other policies, procedures, and practical fact sheets which are referred to throughout this document and which must also be complied with. These documents are here to supplement and clarify this Policy from an operational standpoint.

<sup>2</sup> “Control” means to possess or hold, directly or indirectly, more than 50% of the voting rights in a company and/or to have the power, in law or in fact, to manage a company or appoint its senior management.



*Terms marked with an asterisk are defined in the Appendix.*

### What is corruption ?

Corruption is the act of directly or indirectly soliciting, offering, giving or agreeing to give any undue advantage (or potential advantage) to a person for her own benefit (or that of someone else), in order to get her to do or refrain from doing (or because she has done or refrained from doing) something in the performance of her duties.

Thus, acts of corruption can be committed:

- Whether **actively** (briber offers/provides an undue advantage) or **passively** (bribee accepts/solicits an undue advantage);
- Whether in relation to **public** (one or more public officials\*) as well as **private** entities;
- Whether **directly** or **indirectly** (via agents, intermediaries, subcontractors, or third parties); and
- Whether the bribe\* is **actually paid** or **merely offered** (in the eye of the law offering, promising, or soliciting a bribe\* is as punishable as actual payment of the bribe\*);
- Regardless of **when** the bribe\* is actually agreed upon (the advantage can be granted after the requested action is performed).

The term “**advantage**” refers not only to **sums of money** (commonly called “bribes\*”) but also to:

- Gifts, meals, invitations, entertainment, etc.;
- Preferential treatment, such as job offers or granting of internships to the benefit of the bribee’s close circle of family and friends; and
- In-kind advantages, such as providing confidential information, providing luxury accommodation for a private use, paying for a trip, etc.

The sought or expected compensation for such advantage may typically consist of:

- Entering into or renewal of a contract;
- Obtaining a discount on the price of goods or services;
- Sharing confidential information with a competing company;
- Obtaining or renewing a public procurement contract;
- Obtaining a visa, a building permit, operating licenses; or
- Obtaining a tax or customs advantage, etc.

All parties involved in the performance of an act of corruption are liable to sanctions: the briber (and any facilitator acting as an accomplice) and the bribee.

### **A contract in exchange for a free bathroom**

In the context of a public call for tenders to renovate the sanitary facilities of all schools in his city, a mayor contacts the manager of a distribution outlet. The mayor offers to award the contract to that specific outlet under the condition that it will deliver part of the construction materials to his home as he also plans to renovate his own bathroom.

**PROHIBITED.** The purpose of this offer is the granting of an undue advantage to an elected public official in exchange for winning a tender. It is an act of corruption.

## DEFINITIONS

### What is influence peddling?

Influence peddling is the act of directly or indirectly offering, granting, or agreeing to grant, (or soliciting or accepting) a benefit or a payment to a person who has a real or potential influence on the decision-making of a public official. This act is done with the intent that the person in question will persuade the decision-maker to act in a desired manner.

It necessarily involves at least three persons:



the **beneficiary**: seeking to obtain a favorable decision and providing the benefit or payment;



the **target**: holding the decision-making power (public official\*, public authority, administrative agency, etc.).



the **intermediary**: the person capable of influencing the decision-maker, and receiving the benefit or payment; and

We distinguish:

- **active** influence peddling, which is the fact for the beneficiary of the expected decision to provide the benefit; and
- **passive** influence peddling, which is the fact for the intermediary to use his ability to influence the decision-maker and who solicits or receives the benefit.

As with corruption, legal action can be initiated regardless of whether:

- the intermediary accepts the benefit or payment (mere offer, promise or solicitation of a benefit or payment is enough);
- the intermediary actually uses his influence;
- the benefit or payment which had been promised or offered is actually granted;
- the favorable decision is actually obtained; and
- the offered or granted advantage is a payment, gift, benefit in kind, etc.

In most countries, influence peddling is considered to be a form of corruption. In France however, it is a distinct criminal offence.

### Intervening to facilitate granting of an administrative approval decision

An employee is awaiting an approval decision from a public body in order to obtain a technical certification on an insulation system including several Saint-Gobain products. Remembering that one of his friends is close to the public official\* in charge of issuing the decision in question, the employee wonders whether he should ask his friend to intervene in his favor to try and obtain the certification more quickly. In exchange, he could gift his friend with two tickets to a sports event.

**PROHIBITED.** It is prohibited to offer advantages to a third party with the intent that it will use its influence to persuade the decision maker to issue a decision favorable to Saint-Gobain.

### What are the sanctions for corruption and influence peddling?

As indicated above, corruption and influence peddling are illegal in almost every country and may lead to:

- heavy criminal sanctions (imprisonment and fines) for both employees and the Group;
- a requirement to pay damages to the party or parties injured by the corruption or influence peddling acts;
- invalidation of agreements and procurement contracts;
- an entry in the criminal record;
- disqualification from participating in public tenders; and
- harm to the Group's image and reputation.

Sanctions (imprisonment, fines, exclusion from public tenders, etc.) vary according to the laws and regulations applicable in each country. As a French multinational, Saint-Gobain sees in particular that it complies with the French anticorruption legislative arsenal, which applies to the Group in case of acts of corruption committed outside of France.





# Legal & regulatory framework

## Applicable Laws

### - National laws

Almost all countries in the world have passed criminal laws sanctioning corruption. These laws are enforced by the local authorities of each relevant country.

### - Laws with extraterritorial reach

Several countries, such as France, have passed laws with an extraterritorial reach. Such laws allow the relevant authorities from such countries to prosecute and sanction acts of corruption committed - by persons and companies - beyond their borders. Persons and companies may thus be prosecuted for the same conduct in several countries at the same time. Such laws with an extraterritorial effect include:

#### ***The “Foreign Corrupt Practices Act” (FCPA) in the United States***

The scope of the FCPA is limited to corruption of foreign public officials\*. It applies to three categories of persons:

- any company that has securities registered in the United States or is otherwise required to file periodic reports with the SEC and their employees, officers, directors, shareholders, or any other person acting on their behalf (“*issuer*”);
- any individual who is a citizen, national, or resident of the United States, as well as any company with its principal place of business in the United States or organized under the laws of the United States and its employees, officers, directors, shareholders, or any other person acting on its behalf (“*domestic concerns*”); and
- any natural or legal person that has committed an act of corruption from US soil or by using US postal mailing services, or any other means or interstate commerce tool (such as the US dollar, a US bank, etc.) (“*territorial jurisdiction*”).

Given its wide scope, Saint-Gobain is likely to be subject to the FCPA in a large number of situations, especially since the Group is present and operates in the United States.

### ***The United Kingdom Bribery Act (UKBA)***

It applies to private or public acts of corruption committed in the United Kingdom or abroad by any individual with a close connection with the United Kingdom (citizen or resident) and by any company conducting all or part of its business in the United Kingdom regardless of its headquarters' location. The Group's entities may thus also be subject to the UKBA. Failing to prevent corruption is defined as an offence under the UKBA, when a company did not implement sufficiently robust measures for the prevention and detection of corruption.

### ***France's "Sapin II" Act***

The Sapin II Act (which supplements the French Penal Code provisions incriminating bribery and influence peddling) applies to large French companies (exceeding certain thresholds) - such as Saint-Gobain - and to all their subsidiaries and entities they control (whether French or foreign). It imposes the implementation of corruption and influence peddling prevention and detection programs. Failure to implement such programs is sanctioned. The Sapin II Act also facilitates prosecution of corruption and influence peddling in France when such conduct took place abroad and involved foreign public officials\*.

## **Cumulative effects of several laws**

As a result of the extraterritorial reach of anticorruption laws in certain jurisdictions, the same facts/conduct can be prosecuted in several countries simultaneously.

### **For example:**

A British sales director of a Saint-Gobain subsidiary located in China bribing a third party via a wire transfer of US dollars may be prosecuted:

- in China (where the bribe-paying company is registered);
- in France (where the Saint-Gobain Group parent company is registered);
- in the UK (the bribe-paying individual is a British national); and
- the United States (the bribe\* was in US dollars).

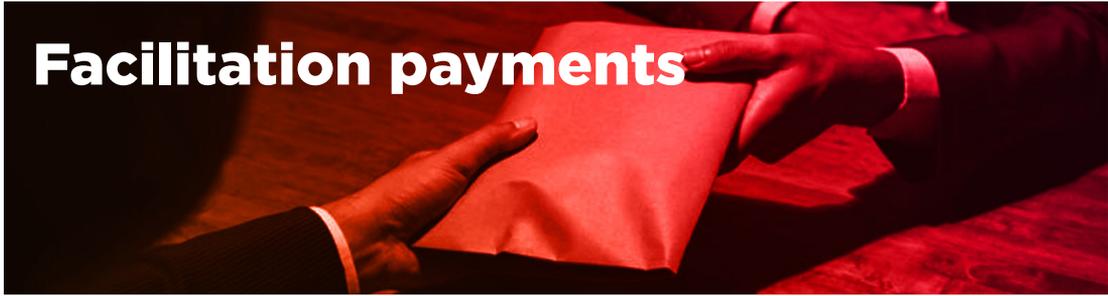
### International conventions

In the fight against corruption, several international conventions are also relevant, such as the 1997 OECD Convention on Combating Bribery of Foreign Public Officials in International Business Transactions and the 2004 United Nations Convention against Corruption.

Saint-Gobain is a signatory to:

- the OECD Guidelines for Multinational Enterprises; and
- the United Nations Global Compact, whose 10th principle states: “Businesses should work against all forms of corruption including extortion and bribery”.





## What are they?

Facilitation payments are small amounts of money or any kind of advantage of nominal value transferred or granted by a person in a non-transparent manner (i.e. without a receipt) to a public official\* in order to secure or accelerate an administrative procedure leading to a decision which the person is otherwise entitled to.

## What is the corruption risk?

In many countries including France, making a facilitation payment is an act of corruption and is prohibited and sanctioned as such.

## The Group rule

Facilitation payments are strictly prohibited within the Group, even when authorized under local legislation.

## Best Practices

Any Saint-Gobain employee receiving a request to pay a facilitation payment should politely turn it down on the basis of this policy, and should keep track\* of his/her refusal.



### Speeding up customs clearance

Saint-Gobain products are being shipped from one country to another. During a customs inspection, the customs officials explain to the Group employees in attendance that the authorization procedure takes 10 days. However, they also say that they could make an exception and grant the authorization immediately provided they each receive fifty euros in cash with no receipt.

**PROHIBITED.** The money requested by the customs officials\* is not an official “fast-track” service-fee with a set, official price for which an invoice is issued. It is a request for a facilitation payment.

### Urgent visa delivery

A Group employee needs a visa to go to Khemed. She contacts the embassy, which tells her the standard visa delivery procedure takes 15 days, but that a more costly 48-hour fast-track procedure is also available.

**PERMITTED.** If the employee urgently needs a visa to travel, she can pay the more costly fast-track fee as it corresponds to a “premium” service for which a transparent, documented invoice will be issued.

## Relationships with public officials

### What is a public official?

A public official is a person holding a legislative, executive, or judicial office in a State or local government, or in an entity controlled by such State or local government, and performing a public function or a public service mission. It should be noted that employees of public companies or entities, universities and other organizations that are wholly or partially controlled by a State or local government may be deemed public officials, and that in some jurisdictions, professionals working in publicly funded missions (for example, healthcare professionals or judicial experts) are also considered public officials.

### What is the corruption risk?

Corruption of public officials is severely prosecuted and sanctioned. It leads to more punitive sanctions than corruption of private individuals as it often results in embezzlement of public funds.

### The Group rule

The Group strictly prohibits any attempt to obtain any favors from public officials by any means, including gifts, invitations, cash payments, or any other advantage. Similarly, any solicitation from a public official must be refused unambiguously. The Group has a zero-tolerance policy with respect to all forms of corruption, both public and private.

### Best Practices

Group employees must use common sense and be particularly vigilant in all situations that involve interactions with a public official.

### An envelope and I will turn a blind eye

During a factory inspection by a health safety inspector, the inspector hints to the site manager that he would be willing to disregard a technical compliance defect in the evacuation system in exchange for a certain amount of money.

**PROHIBITED.** Saint-Gobain must pass all inspections and be granted all certifications and authorizations without having to give anything in exchange.

### Thank You Banner

A Chinese company of the Group successfully obtained the seizure of counterfeit products by a local government agency. The company's lawyer explains that it is customary in such situations to gift the public officials with a banner expressing Saint-Gobain's gratitude.

**PERMITTED.** Such a gift is acceptable because the government agency in question has already performed its mission and the gift is merely "symbolic" and has no resale monetary value.

### In practice

See **Facilitation payments** (page 13), **Public and private tenders** (page 17), **Gifts and invitations** (page 20), **Relationships with agents and intermediaries** (page 27) and **Human resources - hiring - sham jobs or internships** (page 36).

Also refer to the Group Procedure on Participation in Trade Associations, Certification or Standard-setting Organizations and Lobbying Initiatives.



## What are they?

A call for tenders is a procedure organized by a purchaser to generate offers and quotations from several suppliers or service providers based on the purchaser's specifications outlining the required products or services.

A call for tenders is public when the purchaser organizing the tender is a public entity, and private when the purchaser organizing the tender is a private entity.

## What is the corruption risk?

Like any selective process, tendering can attract behavior amounting to corruption or influence peddling, such as:

- paying an amount of money or providing an advantage to the purchaser's representative or to someone from his close circle of family and friends;
- unduly influencing—in exchange for payment—the purchaser's assessment of his product/services needs or the drafting of his specifications in order to favor a particular supplier;
- disclosing confidential information about the ongoing tender in exchange for money; or
- using subcontractors which purposely overcharge in order to indirectly benefit the purchaser's representative.

## The Group rule

When the Saint-Gobain Group launches a tender process, Group employees must never favor a bidder for personal reasons – that is, reasons unrelated to the quality and/or price of the products or services being offered.

Similarly, when the Saint-Gobain Group responds to a call for tenders, Group employees must never unduly influence the purchaser in any way.

**Best Practices** 

Apply enhanced vigilance when dealing with calls for tenders. In case of doubt, particularly regarding any upstream specification work, contact your legal department or the Ethics and Compliance Department.

**A contract for the town hall**

A town hall is going to be renovated and the public tendering process is thus launched. The Saint-Gobain employee in charge of responding to the call for tenders hears that the son of a public official sitting on the decision-making committee has contacted Saint-Gobain to buy materials to renovate his home. The Saint-Gobain employee offers the public official to grant his son an exceptional discount on the Saint-Gobain materials he has ordered.

**PROHIBITED.** Whether a call for tenders is public or private, no employee may provide the slightest undue advantage in order to influence the outcome of a tendering process.

**Introducing a new product line**

A Saint-Gobain Group company manufacturing highly innovative products for building cruise ships hears about a new project. It sends its salesperson to the engineering firm in charge of the project, to present the Group's products and discuss the firm's specifications with a view to ensure that they will be written in a way which allows Saint-Gobain to offer its products in response to the call for tenders.

**PERMITTED.** This approach is permitted when the goal is not to narrow the range of products which may be offered in the context of the upcoming tender (but on the contrary to broaden it) and when it does not encompass any compensation or undue advantage.

## In practice

See **Relationships with public officials** (page 15), **Gifts and invitations** (page 20), **Conflicts of interests** (page 22), **Assessing the corruption risk in our relationships with third parties in general** (page 24), **Relationships with agents and intermediaries** (page 27), **Patronage, donations and sponsorship** (page 33).

Also refer to the [Group Competition Law Policy](#).





### **What are they?**

A gift is something given for free: accommodation, a meal or hotel night, tickets to an event, or any advantage with monetary value which the beneficiary receives for free.

Gifts may be given to external third-party partners, whether customers, suppliers, or service providers; they may also be received by employees of Group companies.

### **What is the corruption risk?**

Depending on the circumstances, gifts, entertainment, and other advantages (meals, trips, accommodation, etc.) may be considered like attempts to influence a decision-maker in order to obtain an undue advantage (a procurement contract, confidential information, advantageous contractual terms, etc.). In such cases, sanctions are identical to those applicable to acts of corruption and influence peddling.

### **The Group rule**

Gifts and invitations are not per se illegal when they are given or received with nothing expected in return, but they must always be given in strict compliance with the Group Procedure on Gifts and Invitations.

### **Best Practices**

Gifts must be given solely as a courtesy in the context of standard business relationships in light of customary practices in the country in which they are given. They must not be given with the object or effect of encouraging the recipient to breach his own professional obligations. All gifts must therefore be lawful, justified by a professional

motive, given or received in full transparency, and in compliance with the value thresholds respectively set by each Group entity. Please refer to the Group Procedure on Gifts and Invitations for a comprehensive overview of the Group's best practices on the subject.

### A case of wine

An employee has just launched a call for tenders for the purchase of forklifts over the next three years. During commercial negotiations with one of the bidding suppliers, the latter gifts the Saint-Gobain employee with a case of expensive wine.

**PROHIBITED.** Timing of the gift here is critical for the supplier hoping to win the contract. In such a situation there will be a presumption that the supplier is offering the gift in order to obtain an undue advantage (i.e. winning the contract). In this context all gifts must be refused, even if they are of low value.

### A box of chocolates

As the end of the year approaches, employees of Saint-Gobain Distribution want to thank their suppliers by giving them each a box of chocolates from a highly rated brand.

**PERMITTED.** If the value of the box of chocolates does not exceed the thresholds set by the Group entity in question and the Group is not engaged in ongoing negotiations with the gift recipients at that time.

### In practice

Many commercial practices often include promotional offers and other incentives. It is important to distinguish discounts and loyalty rebate programs from gifts and invitations, referred to in this Policy and in the [Group Procedure on Gifts and Invitations](#). With respect to discounts and loyalty rebate programs, please refer to the [Group Procedure on Promotional Practices](#) and if needed, contact your legal department for advice.



### **What are they?**

Conflicts of interests arise when a person's personal interests related to her private life (whether direct or indirect) conflict or may potentially conflict with the Group's interests and therefore affect that person's ability to perform her professional duties impartially.

The personal interests in question may be those of the employee or of people he/she is close to (spouse/partner, family circle, person who the employee may be influenced by, or whom he/she may exert influence over). The conflict may also arise from a professional relationship that has developed into a friendship over the years with a customer, supplier, partner, or competitor of the Group, or with any other economic agent or public official\*.

### **What is the corruption risk?**

Conflicts of interests are not per se illegal but whenever they arise, the Group's Procedure on Managing Conflicts of Interests must be strictly complied with. Indeed, conflicts of interests can raise doubts as to the objectivity, neutrality, and impartiality of a decision and create a context facilitating corruption, influence peddling, illegal acquisition of interests, and favoritism.

### **The Group rule**

To prevent conflicts of interests risks, such conflicts must be identified, reported and if need be, remediated, as soon as they arise and before any commercial act is undertaken. The goal is to act in compliance with the principles of Loyalty and Integrity enshrined in the Group's Principles of Conduct and Action.

## Best Practices

It is always best to prevent situations of conflicts of interests. Indeed, the mere appearance of a conflict of interests may lead to the assumption that the conflict actually exists, and thus hamper the basis of a decision, which should not be challenged in the first place.

When an employee happens to have a conflict of interests, or to be in a situation that might lead to a conflict of interests, he/she must report it and keep track\* of such report as well as of any remediation measures taken to address the situation.

### Turning a blind eye to a manufacturing defect

A supplier delivers an equipment to a Saint-Gobain plant. A Group employee inspects the product upon delivery and finds out that it has a slight defect. However, the supplier happens to be the employee's father-in-law, which the employee has failed to mention to his/her manager. After acknowledging that there is a defect, the supplier explains that it is a minor one and that it won't happen again. He asks the employee to accept the delivery.

**PROHIBITED.** The employee should have reported this conflict of interests before the supply contract was even negotiated and signed. Under the circumstances, the employee must be relieved of all duties related to managing the commercial relationship with this specific supplier.

### It's a small world

The Legal Department for France launches a call for tenders to select a law firm to advise on a series of product-related disputes. One of the firms that was asked to bid is managed by a childhood friend of a Saint-Gobain in-house lawyer working in the said Legal Department, but who is not in charge of making the final selection.

**PERMITTED.** However, the in-house lawyer in question must report the conflict of interests if, in one way or another, she ends up having to be involved in managing the relationship with that law firm. That way, if she gives her views on the work of the law firm, even outside the selection process, her opinion will be interpreted in light of her personal connection to that firm.

## In practice

Please refer to the [Conflicts of Interest Management Procedure](#) for a comprehensive overview of how to deal with such situations.



# Assessing the corruption risk in our relationships with third parties in general

## What does this mean?

Third parties are all the people or entities which the Saint-Gobain Group entities contractually engage with in order to conduct their business: customers, suppliers, subcontractors, consultants (external legal counsels and various other advisors), intermediaries, trade associations, government agencies, etc.

## What is the corruption risk?

The Saint-Gobain Group may be liable for an act of corruption committed by a third party on the Group's behalf, or if Saint-Gobain knew or should have known that it would benefit from such act.

## The Group rule

Assessing the corruption risk arising via third parties is an essential pillar of Saint-Gobain's corruption prevention and detection program. Such risks must be assessed upfront before any contract is signed with third parties, and whenever a suspicion arises during the course of the relationship, a more thorough assessment must be undertaken. By nature, certain third parties and certain situations carry a higher degree of risk, therefore:

- Agents and intermediaries, as well as beneficiaries of patronage, gifts or sponsorships are subject to a specific due diligence; and
- Interactions with public officials (including in connection with representation of interests and lobbying), as well as calls for tenders (both public and private), have a higher risk profile and require enhanced scrutiny.

## Best Practices

Group employees must contact the Ethics and Compliance Department should they identify any information capable of affecting the third-party corruption risk level.

### Changing providers at a client's request

A longstanding Saint-Gobain client makes a surprising request: he wants Saint-Gobain to ship products to his site via a specifically designated provider of his choice. The Saint-Gobain sales representative in charge of negotiations with this client objects that the Group is already contractually engaged with other transporters, but the client makes this requirement a precondition for renewing the contract.

**PROHIBITED.** If prior, proper verifications have not been made, this request cannot be honored. This could be a scheme whereby the client's representative receives part of the new logistics provider's revenues, which would qualify as corruption.

### Hiring a consultant to obtain a permit

In connection with the opening of a Saint-Gobain Group site abroad, an employee wants to hire a local consultant to help the Group obtain the necessary permits. A colleague gives him the contact details of a company located in the relevant country. According to the third-party approval procedure, the consultant is ranked high-risk, but he has already been approved by another Group entity according to the applicable policy. The employee therefore decides not to conduct corruption risk verifications before negotiating the consultancy agreement.

**PERMITTED.** If the consultant's corruption risk has recently been assessed, there is no need to go through the procedure again. However, close attention must be paid throughout the term of the agreement, in particular to make sure that payments correspond to services actually rendered.

## ASSESSING THE CORRUPTION RISK IN OUR RELATIONSHIPS WITH THIRD PARTIES IN GENERAL

### In practice

See **Relationships with public officials** (page 15), **Gifts and invitations** (page 20), **Relationships with agents and intermediaries** (page 27) and **Patronage, donations and sponsorship** (page 33), **Mergers & acquisitions or disposals** (page 38).

Also refer to the [Group Procedure on Assessing Third-Party Corruption Risk](#) and the [Procedure on the Selection, Engagement and Monitoring of Intermediaries](#). In addition, contracts with suppliers must provide for a [Responsible Purchasing Clause](#).





## What are they?

Intermediaries are persons or companies that facilitate a business relationship between a Saint-Gobain Group entity, and a customer or provider. They may be sales agents, business introducers, traders, or consultants. In some cases, distributors may be considered intermediaries such that this Policy applies to them too.

## What is the corruption risk?

Studies conducted by international organizations show that, in the vast majority of the bribery cases that resulted in a conviction, intermediaries were involved. That is because using this type of third party makes it easier to commit bribery (no trace in the company's accounts) and because intermediaries benefit from paying bribes\* (they are often paid on commission). However, regardless of the intermediary's status (agent, consultant, etc.), if the bribery directly or indirectly benefits Saint-Gobain, the Group as well as the employees involved may be prosecuted too.

## The Group rule

Relationships with sales intermediaries are subject to strict rules:

1. When an intermediary is being selected, prior verifications must be carried out in compliance with Group rules;
2. The relationship must be documented in a written agreement signed by the parties, including provisions and annexes describing in detail the agreed-upon services, the corresponding compensation, and the Group's anticorruption requirements; and
3. Proper follow-up must be carried out according to applicable procedures, with regular interviews and information updates when contracts are renewed.

**Best Practices** 

When using an intermediary, you must first verify their integrity and reputation, as well as their financial and technical ability to provide the required services. A written contract must set out in detail the required services, the fees to be paid accordingly, and the activity reports to be provided. Furthermore, Saint-Gobain must be able to audit the intermediary's activities.

**Exceptional commission fee**

A Saint-Gobain Group company has been working with a business provider in Poldevia for 10 years. The agreement between them provides for a 3% to 6% commission fee based on the value of any contract brought by the business provider and entered into by Saint-Gobain. The Sales Director receives an 8% commission fee invoice from the business provider for a specific contract. The business provider explains that this exceptional fee is compensation for the significant efforts and time he had to invest to secure the contract for Saint-Gobain.

**PROHIBITED.** The Saint-Gobain Sales Director must refuse to pay a commission fee exceeding the one provided for in the agreement with the business provider unless the agent can provide concrete evidence justifying the amount and the Sales Director refers the issue to his manager.

**Corrupt Distributors**

The Saint-Gobain Group is planning to acquire a mid-size family-owned business in Butania. Over the last five years this company has become a major player in the insulation market and this activity would ideally supplement the Group's plaster business in that country. The due diligence process reveals that the company works with a network of distributors whose common practice it is to pay fees to customers in order to secure contracts. This practice seems culturally accepted in Butania, and the company's revenue would be significantly lower if it ceased to proceed in this way.

**PROHIBITED.** The Group must abandon its acquisition plans unless it implements a robust remediation program to eradicate the distributors' practice, and conducts regular compliance checks.

### Setting up operations in a new country

A Saint-Gobain Group subsidiary wants to begin operations in a country where large infrastructure projects will soon begin. Having limited knowledge of the local environment, the subsidiary decides to start by hiring agents who can offer a broad range of services (market studies, sales and after-sales services, logistics, etc.) and act on Saint-Gobain's behalf as its local representatives.

**PERMITTED.** This is allowed if the prospective agents' integrity is verified first, a contract is entered into to provide a framework for the business relationship, and the commission fees are proportionate to the services provided and consistent with market practice.

### In practice

See **Facilitation payments** (page 13), **Relationships with public officials** (page 15), **Public and private tenders** (page 17), **Gifts and invitations** (page 20), and **Conflicts of interests** (page 22).

Also refer to the [Group Procedure on Assessing Third-Party Corruption Risk](#) and the [Procedure on the Selection, Engagement and Monitoring of Intermediaries](#).

# Representing interests and lobbying



### What are they?

Representing interests, more commonly referred to as lobbying, is the act of directly or indirectly influencing public decision making, such as the content of a law or regulation, by interacting with one or more public decision-makers.

Lobbying is strictly regulated by certain local laws.

### What is the corruption risk?

Lobbying is legal. It contributes to the proper functioning of government institutions in so far as it informs those in power of the various interests at stake so they can make sound decisions. Lobbying differs from influence peddling in that the means used to influence the decision through lobbying are legitimate: they are based on economic, political, commercial, or technical arguments. It becomes illegal when, for example, a lobbyist has no specific added value (such as a special expertise in the field, persuasiveness, or access to a third party having this expertise), and his sole input consists of his friendship with a public decision-maker.

### The Group rule

At Saint-Gobain, lobbying is conducted mainly by the trade associations, which various Group entities are members of. At central level, lobbying initiatives are spearheaded, depending on the situation, by the business managers, the Corporate Secretary's office, the Strategy Department, the Marketing & Development Department, the Sustainable Development Department, or the Corporate Social Responsibility (CSR) Department.

**Best Practices** 

Individuals involved in lobbying activities in Saint-Gobain’s name or on its behalf must comply with the following rules:

- Act in accordance with national regulations and local best practices, and register with the relevant local authorities if required;
- Never cause a public decision-maker to favor Saint-Gobain’s interests via the granting of an undue advantage of any kind; and
- Act with professionalism, diligence and integrity, in particular by providing information that is both reliable and accurate and by avoiding any conflicts of interests.

**Soccer game and champagne**

While a law on energy renovation of buildings is being discussed before Parliament in Guaracha, the Marketing Director decides to invite some members of Parliament whom the Director knows to be particularly drawn to the topic, to attend a soccer game in the VIP box with champagne and nibbles. At the end of the game, the Director hands them a document with proposed amendments to the bill in question.

**PROHIBITED.** While the Group can legitimately defend its interests when draft legislation may impact its activities, this must be done in a transparent manner (i.e. without mixing business and pleasure during a sporting event for example) and without any tit for tat (thus no invitations to events).

### Communication campaign

The Group wants to exploit a gypsum deposit from a site in Borduria where radioactive materials had previously been manufactured. Despite the publication of an independent expert's report showing that depollution operations had been successfully completed and the site could now be operated without any danger for residents, the local population remains hostile to the project. To gain their support, Saint-Gobain decides to contact the regional media as well as local political leaders to give them a more detailed presentation of the report and to explain its position.

**PERMITTED.** Providing information to the media and public decision-makers to support the Group's interests, is standard practice and entirely legal as long as the information is accurate and provided without pressuring decision-makers in any way.

### In practice

See **Relationships with public officials** (page 15), **Gifts and invitations** (page 20), **Conflicts of interests** (page 22), **Patronage, donations and sponsorship** (page 33) and **Mergers & acquisitions or disposals** (page 38).

Also refer to the [Procedure on Joining Trade Associations or Certification or Standardization Organizations and Representing Interests](#).

## Patronage, donations and sponsorship

### What are they?

A company acts as a patron when it provides financial support, expertise, or equipment to a non-profit organization without seeking to receive any direct economic benefit in return. Such form of financing is provided with a view to support public interest activities.

Donations are a way to provide money, goods, or services for charitable purposes without expecting a direct benefit in return from the beneficiary, including any advertising benefits. Donations are generally granted to non-profit organizations.

Sponsorship is a public relations technique. Companies provide financial and/or technical support to social, cultural, or sporting events in order to directly benefit from this opportunity to promote their core values and to boost their reputation.



### Saint-Gobain Foundation:

Created in 2008, the Saint-Gobain Foundation enables Group employees and retirees to express their solidarity and to contribute via the sharing of their expertise by sponsoring charitable programs benefitting underprivileged or socially excluded communities in the following fields:

- integration of young adults into working life; and
- building, improvement, or renovation of social housing, with a focus on reducing energy consumption and environmental protection.

The programs are run by non-profits, located in countries where Saint-Gobain is present, and with sponsors located nearby the project.

### What is the corruption risk?

Donations, patronage, and sponsorship may be used to conceal an undue advantage. They may constitute, or be seen to constitute, acts of direct or indirect corruption regardless of their monetary value. This risk is greater when public officials\* have a direct or indirect connection to the event or activity benefitting from the donation, patronage, or sponsorship.

### The Group rule

Beneficiaries of patronage, donations, and sponsorship must without fail undergo preliminary due diligence checks (reputation, scope of activities and ties, if any, with Politically Exposed Persons\* (PEPs) or public officials\*).

In addition, all contributions, whether they are made in the context of patronage, donations, or sponsorship, must go through an approval process which becomes more rigorous as the value of the contribution increases.

Close attention must be paid to what the financing or donations are used for.

### Best Practices

Pay close attention if the potential beneficiary of patronage, donation, or sponsorship:

- is or has ties to a public official\* or a public authority;
- has ties to one of our customers.
- is or has ties to a Politically Exposed Person (PEP)\*; or

### Patronage as a precondition

A Saint-Gobain Group employee has been negotiating with a large public works company for the past several weeks. The customer is requiring a donation to his foundation, or a foundation his wife works for, in exchange for awarding the contract.

**PROHIBITED.** A donation in the Group's name cannot be granted if the purpose is to influence a decision-making process in favor of the Group.

### Sponsoring the building of a school

A friend of a Saint-Gobain Group employee gives the employee a presentation on a school-building project, asking for financial support from the Group. She does not offer any favors in return nor does she promise any favorable terms during future commercial negotiations (it is assumed this friend is also a customer or supplier of Saint-Gobain).

**PERMITTED.** This proposal should not be handled by the Group as it is not within the Group's corporate purpose, and cannot therefore be approved directly by the employee. However, the employee can submit the project to the Saint-Gobain Foundation for review, but must explain his relationship with the person whose project is presented.

### In practice

Refer to the Group Procedure on Patronage, Donations and Sponsorship.



### **What is it?**

With respect to Human Resources, there is a particular corruption risk at the stage of the recruiting process. Granting a sham job or internship refers to situations in which a candidate is hired – with a permanent or temporary contract – because of his/her personal relationship (family, friend, or partner) with a client, supplier, or public official in exchange for the initiation or continuation of a business relationship or any other benefit.

### **What is the corruption risk?**

Sham jobs may be a form of direct or indirect bribe\*, regardless of the employment contract’s term. Sanctions are harsher when the beneficiaries have ties to public officials\*.

### **The Group rule**

To mitigate the corruption risk in the context of a recruitment process, applications are reviewed according to a procedure based on two major principles:

- All new hires must be based on objective criteria indicating a match between the job description and the applicant’s qualifications; and
- All hiring decisions must be approved, as applicable, by the immediate manager or that manager’s manager.

An applicant with personal ties with a client, supplier, or public official\* must not be systematically rejected. However, such an applicant must be hired according to the standard procedure, not as a favor in exchange for an anticipated or expected advantage which would benefit the Group.

## Best Practices

Employees must never offer a job within the Saint-Gobain Group to a client, supplier, public official\*, or to such person's family members or friends for the purpose of obtaining a benefit in exchange. If you recommend someone you have any kind of relationship with for a job, you must report the conflict of interests. You must also deny any sham-job requests from third parties and keep track\* of your refusal.

### An internship in exchange for turning a blind eye

During a plant inspection by a labor department official, the employee in charge of the review is worried because some safety rules have not been complied with. During the interview, the employee understands that the inspector's son is having trouble finding a job. Hoping the public official\* will be indulgent when writing his report, the employee offers to hire the son for an internship.

**PROHIBITED.** All inspections, certifications and authorizations must be granted to Saint-Gobain without any quid pro quo.

### Helping out your goddaughter

An employee recommends his goddaughter for a new job vacancy within the Saint-Gobain Group. He believes that with her degrees and professional experience she would be a perfect match to the job description, and wants to help her by sending her application to the relevant Human Resources Department himself.

**PERMITTED.** The following conditions must be met: the standard hiring procedure must be followed, the employee must notify Human Resources of his conflict of interests and he must refrain from participating in the decision-making process.

## In practice

See **Relationships with public officials** (page 15) and **Conflicts of interests** (page 22).

Refer also to the [Group Procedure on Managing Compliance Risks in Human Resources](#) and related procedures.



## What are they?

The Saint-Gobain Group may acquire new businesses (companies or various assets), sell others, or create joint-ventures with external partners.

## What is the corruption risk?

Acquisition transactions present specific corruption risks. Acts of corruption committed by a target company before it is purchased may lead to sanctions (for both the acquired company and its management) including hefty fines which may reduce the company’s value, disrupt the company’s operations, and negatively impact its reputation. In addition, in the event Saint-Gobain does not conduct sufficient due diligence of the target regarding corruption risks before the acquisition and/or allows preexisting corruption schemes to persist post-closing, the Group may run the risk of being sanctioned.

Furthermore, acts of corruption committed by a joint-venture are also likely to impact the Group, especially (but not only) when such a joint-venture is controlled by the Group.

Moreover, the sale of a Saint-Gobain Group company to a third party accused of corruption is likely to negatively impact the Group’s reputation.

## The Group rule

To adequately manage corruption risks, several checks must be carried out before closing the acquisition or sale of a company or the creation of a joint-venture (an “**External Growth Transaction**”). In addition, after an acquisition or the creation of a joint-venture, the integration of the new company must be organized as quickly as possible, in particular as regards the implementation of the Group’s anticorruption program and more generally, its overall compliance program.

Regarding joint-ventures not controlled by the Group, the Group's representatives must request implementation of the Policy by the relevant governing bodies absent any equivalent policy. Where a joint-venture is to be created, regardless of the Group's ownership stake, the set-up of a robust compliance program will be a non-negotiable condition.

### Best Practices

The Ethics and Compliance Department defines all due diligence checks which must be performed at every key stage of External Growth Transactions:

- Pre-sounding checks regarding the target company, potential purchaser in case of disposal, or joint-venture partner;
- Integration of the new company (or target).
- Contractual negotiations; and

#### The target's business model relies on corruption

A new company has been acquired in San Theodoros. During the due diligence\* phase, a certain number of corruption risks were detected, in particular the frequent use of consultants to win large contracts, with no clear description of the consultants' missions.

During the acquisition process, it was clearly explained to the target's management that these practices would have to stop. The integration team indicated in its follow-up report that this preliminary warning sufficiently addressed the corruption risk.

**NOT ENOUGH.** When corruption risks are detected during the due diligence\* phase and the company decides to make the acquisition anyway, a structured remediation plan must be developed with the Ethics and Compliance Department. This plan must include mandatory trainings for all staff as well as regular controls. Where applicable, it may be necessary to report any criminal conduct to certain authorities.

### Adopting your partner's compliance program

During negotiations to create a joint-venture with a partner, the latter proposes that the new company adopt its compliance program.

**PERMITTED.** This is possible if the compliance program in question meets Saint-Gobain's standards and that the Group has the right to audit the joint-venture to check that the program is correctly implemented.

### In practice

Refer to the Group Policy on Compliance in the context of External Growth Transactions and the related procedures.



## Policy Oversight

Saint-Gobain's top management is responsible for this Anticorruption Policy and has delegated its development and implementation to the Ethics and Compliance Department.

In particular, the Ethics and Compliance Department is responsible for:

- Determining how this Policy should be implemented;
- Ensuring this Policy is fully deployed and that the rules it sets out are complied with;
- Developing training programs and information campaigns on the prevention of and fight against corruption and influence peddling; and
- Updating this Policy.

The Ethics and Compliance Department is the main contact for all questions (whether conceptual and practical) Group employees may have about preventing or remedying corruption or influence peddling situations. It advises, supports, and issues operational recommendations to employees regarding implementation of this Policy.

## Periodic updates

The Ethics and Compliance Department is responsible for updating this Policy which cannot be amended without its consent. The Department will review the present Policy periodically to reflect any contextual and regulatory changes, the results of the Group's corruption risk mapping, and any takeaways from incidents which may be detected.

### **Roles and responsibilities**

All employees, regardless of their position and level of responsibility, must comply with and apply the rules set out in this Policy. Managers are hereby reminded that they play an essential role in developing, disseminating and upholding the Group's compliance culture.

### **Incident reporting – Internal alert system (whistleblowing line)**

In case of doubt regarding the adequate behavior to adopt, employees should consult their manager, legal department, or the [Ethics and Compliance Department](#).

If an employee believes that a legal or regulatory provision or that one of this Policy's provisions has not been complied with or is about to be violated, he/she must immediately inform his/her manager, and where applicable use the alert system set up by the Group to receive reports from employees about conduct in contradiction with the rules set out in this Policy.

The Group's alert system can be accessed at:  
<https://www.bkms-system.com/saint-gobain>

Refer to the [Policy on the Saint-Gobain Group Alert System](#).

### **Disciplinary sanctions for violations of the Anticorruption Policy**

Non-compliance with the Anticorruption Policy may expose employees to disciplinary measures ranging from a simple warning (or equivalent measure) to dismissal, depending on the facts. As a reminder, the Group has a zero-tolerance policy regarding acts of corruption and influence peddling.

The appropriate sanctions will be those provided by the law applicable to the employee in question, and will be taken in compliance with the relevant legal procedures, in particular the employee's applicable rights and protections.

A graphic header for the 'Appendix - definitions' section. It features a red-to-orange gradient background on the left, transitioning into a stack of books on the right. The text 'Appendix - definitions' is written in a bold, white, sans-serif font across the top of the graphic.

## Appendix - definitions

### **Public Official**

A public official is a person holding a legislative, executive, or judicial office in a State or local government, or in an entity controlled by such State or local government, and performing a public function or a public service mission. It should be noted that employees of public companies or entities, universities and other organizations that are wholly or partially controlled by a State or local government may be deemed public officials, and that in some jurisdictions, professionals working in publicly funded missions (for example, healthcare professionals or judicial experts) are also considered public officials.

### **Due diligence**

The term “due diligence” includes all the checks a potential purchaser or investor may perform to gain a precise picture of a company’s situation (especially in terms of risk exposure) before closing a transaction. More generally, “due diligence” refers to all verifications potentially performed on third parties.

### **Keep track**

Inform the people indicated in the relevant policy or procedure and, when applicable, use the digital tools automating the task.

### **Politically Exposed Person (PEP)**

A “Politically Exposed Person” or “PEP” is an individual that holds a prominent public position or function, or is closely related to such a person. Due to their role and potential influence, PEPs are considered to be more exposed to corruption offences.

### **Bribe**

An amount of money or a gift offered secretly to obtain an undue advantage. Synonym: kickback payment.

01 ORGANIZATION AND GROUP PROCEDURES



11402 - 11/2020

