



Corporate Directive

Integrity in Business Dealings

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1 Purpose

The present Directive on integrity in business dealings (hereinafter, "Integrity Directive") has been prepared with the following objectives:

- To clarify and elaborate on the principal expectations regarding integrity in business dealings in accordance with the standards set forth in the Valora Code of Conduct;
- To establish a common understanding of what integrity in business dealings implies;
- To prevent breaches of integrity in business dealings by
 - defining what is acceptable and unacceptable conduct in professional dealings and
 - providing links to other directives and regulations that may be of further assistance in this connection.

This Integrity Directive deals with the following subjects:

- Bribery and the granting of advantages
- Gifts and invitations
- Dealings with business partners
- Conflicts of interest

2 Scope of Application

This Directive applies to all employees and companies of the Valora Group (companies controlled directly or indirectly by Valora Holding AG) in Switzerland and abroad. It shall have no effect on directives from the CEO or Board of Directors which differ from this provision, or on mandatory provisions under foreign local law.

With regard to 50/50 joint ventures, the scope of this Directive shall be determined on a case by case basis.

3 Our definition of integrity in business dealings

Integrity in business dealings is defined as ethical business conduct that is consistent, both in fact and in appearance, with the Valora Code of Conduct and with our duty to conduct our business operations in a socially responsible manner.

Integrity in business dealings means, first and foremost, that we maintain compliance with all applicable laws and regulations, and with the integrity standards established by Valora. We must remain aware that the risks and perceptions associated with integrity must be reviewed and redefined on an ongoing basis in reliance upon a sound and proactive business assessment. The respective integrity standards must thus be adapted accordingly whenever changes occur in the business environment.

4 Bribery and undue advantages

4.1 Valora's standpoint: zero tolerance

Valora opposes all forms of bribery (public, private, active or passive bribes) and will also not tolerate any other type of corrupt business conduct. Such conduct not only undermines the company's integrity and reputation, but also constitutes a punishable offence on the part of both the employee concerned and the company – and may result in the imposition of severe penalties, including fines for the company and

imprisonment for the employee. Companies convicted of corrupt conduct may be blacklisted, as a result of which they are excluded from participating in public tenders.

4.2 Corrupt conduct

Corrupt conduct is defined as the abuse of entrusted power for private gain or advantage. Valora condemns all forms of corrupt conduct. Employees who engage in wrongful conduct may be subject to disciplinary action, up to and including termination of their employment and the initiation of criminal proceedings against them. In addition to bribery, this definition also includes other corrupt acts such as misappropriation, fraud, theft, and the misuse of company property.

Fraud is a punishable act, by which one person deliberately deceives another with the intent to gain an unlawful financial advantage (in the form of assets or services).

Misappropriation is the unlawful appropriation of entrusted property or funds for the offender's own personal gain.

Theft is the unauthorised removal of company property with the intention of not returning that property to the company.

Misuse of company property is the unauthorised use of company property for other than business purposes.

4.3 Bribery

Bribery is a special category of corruption involving a minimum of two persons who by that means obtain undue advantages. The following definitions apply:

Active bribery is understood to mean the promise or making of a payment, or the granting of some other undue advantage, directly or through intermediaries, to the holder of a public office (bribery of a public official) or to a private individual, with the intention and expectation of gaining an unlawful advantage in return for the bribe.

Passive bribery is understood to mean the demanding or acceptance of a payment or other undue advantage, directly or through intermediaries, from an individual who wrongfully obtains in return preferential treatment from the recipient of the bribe.

Advantages include all forms of valuable assets, including cash payments, discounts, meals, gifts, invitations, entertainment, travel expenses, stipends, sponsorships or charitable donations. This may also include intangible assets such as assistance in obtaining employment. An advantage is deemed **undue** where it is granted in violation of the law or where the recipient has no rightful entitlement thereto.

From the point of view of the passive participant in the corrupt act, the **benefit** obtained by the party giving the bribe is deemed **wrongful** where the recipient of the bribe abuses his position in order to receive obtain said benefit. In other words, the recipient of the bribe acts not in the interest of his employer, but in his own interest instead. Typically, the objective of the bribe giver is to obtain a wrongful benefit in the form of a business advantage, such as the award of a contract or the continuation of an existing business relationship.

The mere act of offering or demanding an undue advantage in exchange for a wrongful advantage constitutes, in and of itself, a punishable offence, even where the offer is refused or the transaction is not consummated. Also prohibited are advantages granted to relatives or friends of the potential recipient of the bribe donation, or to any other persons designated by him. In addition, even small tokens of appreciation may be interpreted as bribes if put to wrongful use.

4.4 Granting of undue advantages

The granting of an undue advantage is understood to mean the promising or granting of an undue advantage in connection with a business decision – without the expectation of receiving consideration in exchange therefor (in contradistinction to bribery, as defined above). The undue advantage may thus be seen as a “courtesy payment”, intended to increase goodwill towards the giver. The granting of an undue advantage to a public official is a form of corruption and may constitute a criminal offence.

Public officials are all individuals who hold public office, who are employed by a government, or who possess political influence, e.g., members of parliament, members of the armed forces, judges, customs officers, public employees, political leaders, representatives of health authorities (including doctors), and all other individuals who are employed by a government agency.

Under Valora policy it is strictly prohibited to grant any form of undue advantage to public officials, whether out of company funds or out of private resources. This also applies to indirect gifts such as, for example, payments by consultants, representatives, suppliers, or other third parties.

4.5 Granting of permissible advantages

There are situations, however, in which the granting of an advantage is permitted. Employees may offer an advantage to a business partner provided that all of the following conditions are fulfilled:

- It must be permitted under the applicable laws of the respective country.
- It must be in keeping with local conventions.
- It must be of an appropriate nature.
- It must be properly recorded.
- It must be granted in the country where the respective services are provided.

Expediting or facilitating payments are prohibited other than in cases where they may be legally qualified as permissible advantages.

It is best practice and is expected by Valora that employees will contact their Compliance Officer and/or obtain risk-based authorisation before granting advantages of any kind.

4.6 Permissible and impermissible conduct

- Adhere strictly to all Valora integrity standards. Remember that the issue of appearances is crucial: even where a payment is legally permissible in a given case, it may be perceived as a bribe and give rise to reputational damage and/or an official investigation.
- Always seek advice and assistance when in doubt as to whether a given form of business conduct is correct.
- The granting of an advantage is permissible under the following conditions:
 - that it is permitted under the applicable laws of the respective country;
 - that it is in keeping with local conventions;
 - that it is of an appropriate nature;
 - that it is properly recorded;
 - that it is done in the country where the respective service is performed.
- Remember that an advantage deemed permissible in an individual case may not be appropriate when granted on a frequent basis.
- If you suspect in good faith that a breach has been committed, contact the Ethics Hotline without delay.
- Refrain from all corrupt business conduct and refuse to accept or to assist in such conduct in any form.
- Do not promise or grant any undue advantage to business partners.
- Do not demand or accept any undue advantage from business partners.

5 Gifts and invitations

5.1 Appearances count

Even when gifts and invitations are exchanged for the well-intentioned motives of personal or professional friendship, they can be misconstrued. A gift offered to a Valora employee, for example, could thus be understood as an attempt to sway that person to direct Valora business to a particular business partner. Similarly, invitations from Valora employees to business partners can also appear to be tinged by corruption.

In order to avoid either the actual occurrence or the appearance of impropriety in its business relationships with current or prospective business partners – whether public or private – and to protect the personal integrity and independence of its employees and of the company, Valora has established rules for the offering and acceptance of gifts. Expenditures such as travel costs, accommodations, meals, or leisure activities are subject to the rules set forth below. It should be kept in mind that local companies belonging to the Valora group may have stricter rules in this regard, up to and including an absolute prohibition on offering or accepting gifts or entertainment invitations.

5.2 Acceptance of gifts and invitations

Valora employees are not permitted to either request or solicit gifts or invitations from current or prospective business partners. This includes not only objects of value but also other advantages of whatsoever nature.

5.2.1 Gifts

Unsolicited gifts may be accepted only where they do not exceed the scope of customary tokens of appreciation and are in conformity with generally acknowledged local business conventions. The value and frequency of such gifts must in no way give rise to questions as to whether they create an obligation on the part of the recipient. All offers of advantages that do not meet these conditions must be refused.

The following may under no circumstances be accepted as gifts:

Money: cash, wire transfers, interest-free or low-interest loans, and higher than usual or merited consideration for services provided on a private basis.

Non-cash benefits: e.g., gratuitous or discounted provision of objects or vehicles for personal use, holiday travel invitations, and discount shopping offers, where such offers are not addressed generally to all Valora employees.

Tangible and intangible personal property: e.g., alcohol, flowers, gift baskets, clothing, jewellery, entrance tickets, or vouchers, where the value of the gift exceeds CHF 50.

Product samples may be accepted only insofar as is necessary for purposes of testing and evaluating the product in question.

In exceptional cases, gifts whose value exceeds the limit of CHF 50 may be accepted subject to prior approval by the CEO.

The foregoing rule also applies where the recipient of the gift is a person closely associated with a Valora employee (e.g., family members, relatives, or good friends) and the gift is given in connection with the employee's professional dealings on behalf of Valora.

5.2.2 Invitations

Invitations may be accepted only where they fall within the framework of the normal course of business, do not involve exorbitant expenditures, and remain within reasonable limits. They may not extend to family members or friends, or to other persons with no connection to the business in question.

The acceptance of invitations is permitted only where they are extended as part of the business relationship (e.g., suppliers), and provided that their value does not exceed CHF 200 for each Valora employee included

in an invitation. In exceptional cases, invitations whose value exceeds that limit may be accepted subject to prior approval by the CEO.

Invitations extended to Valora employees offering free entry to information events or trade fairs are to be declined. Attendance is permitted, however, provided that the related costs (in particular, travel and accommodations) are paid for by the employee and itemized on the employee's expense account.

Acceptance of invitations extended to Valora employees for concerts, leisure activities, or sports events, is subject in all cases – irrespective of the value of the invitation – to prior approval by the CEO.

The foregoing rule applies also where the invitation is extended to a person closely associated with a Valora employee and the invitation is connected with the employee's professional dealings on behalf of Valora.

Where there is any doubt as to whether the unsolicited offer of an advantage may be accepted, it is imperative that you seek the advice of your line manager and that you abide by his decision.

5.3 Offering of gifts and invitations

5.3.1 Gifts

Gifts may be offered to business partners only where they are appropriate and where there is no risk of their appearing to have influenced the outcome of decisions made by the recipient.

Employees of public authorities, other government agencies, publicly owned companies and persons entrusted with government functions (public officials) may be offered gifts only of token value – e.g. complimentary pens, calendars, and similar items. Exceptions must be approved by the CEO. Where there is any uncertainty as to whether an individual qualifies as a public official, Corporate Legal Services is to be consulted.

Gifts to other individuals are permitted, subject to compliance with the following rules:

- Cash or personal loans are not permitted.
- For objects given as gifts, the maximum value permitted is CHF 50 per gift. Gifts whose value exceeds that upper limit require prior approval by the CEO.
- Gifts may be offered only where they are in compliance with the applicable legal provisions; for foreign recipients, the respective local laws must be adhered to.
- No gifts may be offered where it is known that the prospective recipient of a gift is not permitted to accept them under the internal regulations of his employer or higher-ranking authority.
- Product samples may be distributed only insofar as is necessary for the testing and evaluation of the product in question by the recipient.

Expenditures for expensive or inappropriate gifts or entertainment may be construed as bribes and are prohibited. Employees should also make certain that they are in compliance with the rules applicable to offers of permissible advantages (see above, section 4.5).

5.3.2 Invitations

Valora business partners (e.g., suppliers) may be invited to information or networking events, or to business dinners for purposes of developing and maintaining business relationships. When offering hospitality or extending invitations, it must be made certain that the value thereof does not exceed an amount appropriate to the circumstances.

As a general rule, invitations may be extended to public officials only if the value thereof does not exceed CHF 50. Exceptions must be approved by the CEO. Where there is any uncertainty as to whether an individual qualifies as a public official, Corporate Legal Services should be consulted.

Invitations may be extended to other individuals subject to compliance with the following rules:

- The upper limit for the value of hospitality offers or invitations to events is CHF 200 per invited guest. Gifts whose value exceeds that upper limit require prior approval by the CEO.
- In order to coordinate the distribution of invitations by Valora to major events such as national or international sports matches or cultural festivals, prior consultation with Corporate Legal Services is required.
- Invitations and hospitality offers may be extended only subject to compliance with the applicable legal provisions. When inviting foreign guests, the laws applicable in their respective countries must be respected.
- No invitations may be offered where it is known that the prospective guest is not permitted to accept them under the internal regulations of his employer or higher-ranking authority.

5.4 Permissible and impermissible conduct

- You are permitted to accept gifts and invitations subject to the following conditions:
 - that they are unsolicited;
 - that their value does not exceed the scope of a customary token of appreciation;
 - that they are in keeping with the respective local business conventions;
 - that they do not give rise to questions as to whether they create an obligation on your part.
- Keep in mind that even small gifts or otherwise appropriate invitations may be inappropriate if they are offered too frequently.
- Seek advice and assistance if you are uncertain as to whether gifts or invitations may be offered or accepted.
- Do not solicit any gifts, invitations, or other personal advantages from current or prospective business partners.
- When giving or receiving gifts or other benefits, consider how you would be likely to feel if the fact were to be reported on in the media.

6 Dealings with business partners

6.1 Fundamental principles

All business conducted by Valora with its business partners is based on the principles of quality, customer service, competitive pricing, fitness for purpose, and sustainability. In keeping with those principles, Valora strives to establish long-term, mutually beneficial relationships with its business partners.

Employees who have a business relationship with public or private business partners must at all times abide by the applicable Valora regulations and all relevant legal provisions and requirements. We must be diligent in our review of business partners and adhere to certain principles in connection with their contracts and payments.

6.2 Due Diligence

Modern anti-corruption laws hold corporations accountable for all individuals and companies that act on their behalf. This means that Valora may be held accountable for the acts of business partners (e.g., agents). Due diligence is thus of the utmost importance. Due diligence includes the careful selection, instruction, and oversight of business partners taking a risk-based approach. It is expected of business partners that they will adhere to similarly strict integrity rules as does Valora itself.

The review should be conducted before entering into a business relationship. Careful selection means that the integrity, quality, suitability of purpose, and credibility of prospective business partners must be assured. Where a business partner has been selected and a business relationship entered into, it is necessary to verify, insofar as possible, that all agreements include an appropriate integrity clause (e.g., Business Partner Code of Conduct).

Following the signing of the agreement and instruction concerning integrity and other duties, due diligence consists of monitoring, to the extent possible, the adherence of business partners to the compliance provisions set forth in the agreement. The degree of monitoring required is determined using a risk-based approach. All breaches of the integrity standards established by Valora must be reported to the Compliance Office and dealt with promptly and resolutely. Similarly, employees should make certain that all of their compliance efforts are well documented.

6.3 Agreements and payments

Where business partners such as consultants, representatives, agents, or experts, perform services for or on behalf of Valora, the following rules apply:

- All agreements must be in conformity both with the laws of the country in which they apply and with Valora's integrity requirements.
- If necessary, adherence to the terms of the Valora Business Partner Code of Conduct must be expressly included in the agreement as an obligation on the part of the business partner.
- All agreements must clearly define the respective tasks and responsibilities incumbent on the business partner and on Valora, respectively, and state the basis for all payments.
- Payments made to business partners must lie within the range of usual market prices for the services provided. In all cases, the responsible employee must be capable of providing an explanation and justification for the amount paid.
- Payments must be made in conformity with local legal provisions and Valora integrity standards and executed in the country in which the contractually agreed services were provided. All such payments must be properly entered into the accounting records and available data banks.
- The applicable tax provisions of the countries concerned must be respected.
- All agreements should be reviewed at regular intervals in order to make certain that they are up-to-date and correctly correspond to the business dealings being conducted in the country concerned.
- Where compliance issues with a business partner are discovered, immediate remedial action must be demanded. In serious cases, the relationship must be terminated.

6.4 Permissible and impermissible conduct

- Conduct a review of your business partners and carry out follow-up reviews on a regular basis.
- Make certain that the costs are in proper proportion to the agreed services.
- Ask for an invoice.
- Make certain that all agreements with business partners include an integrity clause.
- Demand immediate correction or terminate the relationship if you have compliance doubts about a business partner.
- Do not make any payments or provide compensation to a business partner who is in violation of local law.
- Do not overbill.
- Do not open any bank accounts for your business partners and do not give orders for the opening of any such accounts.
- Do not make any form of payment that is not formally and substantively justified.

7 Conflicts of interest

7.1 Fundamental principles

Valora employees must at all times act in the interest of Valora. Valora employees must avoid situations in which their own personal interests come into conflict – or even only appear to be in conflict – with the interests of Valora. A conflict of interest exists where the personal interests of Valora employees are in contradiction with Valora's interests and may consequently give rise to loyalty conflicts. Such loyalty conflicts could potentially cause employees to give priority to their own interests over Valora's interests.

Typical situations in which Valora employees may be affected by a conflict of interests are those where they are involved in the following types of decisions:

- job applications by friends or relatives;
- cooperation with business partners for whom friends or relatives of the employees work or otherwise have a stake in;
- all other matters in which the employee has a strong personal or business interest that could unduly influence him.

It is also possible for a conflict of interest to arise where activities not connected with Valora demand too much of an employee's time or resources and thus negatively influence his job performance.

Where personal interests come into conflict with the interests of Valora, the employee must inform his line manager thereof without delay so that an adequate solution can be found. If there is a change in line manager, the employee must also inform his new superior as to any possible conflicts of interest. In this connection, once again, appearances play an important role: Even the appearance of a conflict of interest can create a situation in which a decision (even if it was the right decision for Valora) will be subjected to a detailed investigation. For this reason, it is advisable to report potential conflicts of interest as early as possible.

Conflicts of interest can also arise in connection with membership in the management bodies of organisations not connected with Valora. Employees who wish to take up a position in such an outside organisation in addition to their position with Valora should consult the Valora guideline "Sideline activity and mandate" and seek approval before taking up an outside activity.

7.2 Examples of conflicts of interest

Below is a list of standard situations that often give rise to conflicts of interest. The list of potential conflict of interest situations provided here is not exhaustive, however.

7.2.1 Personal interest / Outside activities

Employees may not pursue any personal financial interests in business transactions when they are aware that Valora is involved in them.

While employed at Valora, an employee may not take up a second employment position with any Valora suppliers, customers, or competitors.

The following situations must be reported *and* require authorisation:

- An employee accepts a second employment position (outside Valora).
- An employee enters into an independent personal services contract as an officer of or advisor to a public authority that exercises supervisory or oversight authority over Valora.
- An employee is the member of the board of directors or of a similar supervisory body of an outside company (i.e. of a company that does not belong to the Valora group).
- An employee holds a stake of more than 5% in a Valora supplier, customer, or competitor.

The following situations must be reported:

- A family member is owner, co-owner or senior employee of a Valora supplier, customer, or competitor.
- A family member enters into an independent personal services contract as an officer of or advisor to a public authority that exercises supervisory or oversight authority over Valora.
- A family member holds a stake of more than 5% in a Valora supplier, customer, or competitor.

The status of family member is also ascribed to domestic partners and life partners (also when not sharing a household), and to close relatives.

7.2.2 Hiring of family members

The hiring of family members is *not* permitted under the following circumstances:

- The employee is involved in the decision on whether to hire the family member.
- The employee is the family member's superior or subordinate or acts as a supervisor over the family member.

Where an actual, presumable, or potential conflict of interest arises through the hiring of the family member, the existence of a family relationship must be reported. Valora will endeavour to prevent a such a potential conflict of interest from arising through reassignment.

These rules also apply in cases where a family relationship develops after the employee in question has taken up his position at Valora.

The status of family member is also ascribed to domestic partners and life partners (also when not sharing a household), and to close relatives.

7.2.3 Use of confidential information

The use of confidential information for personal business dealings and for insider trading is strictly prohibited. More detailed information on this subject may be found in the Valora Group Directive VFI0001.01, "Trading with Securities of Valora Holding AG".

7.3 Permissible and impermissible conduct

- Avoid situations in which your own personal interests could come into conflict with the interests of Valora.
- Inform your line manager immediately if a conflict of interest arises.
- Keep in mind that where there is a change in line manager, new superiors must be informed concerning all (potential) conflicts of interest.
- Make certain that you have obtained written authorisation from your line manager in cases where your continued involvement on a project has been approved despite the potential for a conflict of interest (Compliance Certificate).
- Do not conceal any conflicts of interest. No disciplinary measures are imposed for reporting a conflict of interest; they may, however, be imposed if one is concealed.
- Do not accept membership on the management board of any outside organisation without prior consultation and, if required, express authorisation by Valora.

8 Effective date / Publication

This Directive takes effect on October 1, 2018.
This Directive is published via the Intranet.