

PRINCIPLES OF BUSINESS ETHICS
GUIDE TO PREVENTING CORRUPTION & BRIBERY FOR SAGEMCOM SUPPLIERS

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Introduction - From the Chairman of Sagemcom

“Sagemcom is a leading player in the world of high value added value communicating terminals. Each year, our Group delivers around 25 million products (set-top boxes, internet boxes, M2M meters) in dynamic markets and to all 4 corners of the world.

With almost 4000 employees over more than 40 countries, we place our values at the center of our business every day: agility, creativity, efficiency, team power and of course, being client centric. However, another requirement underpins all of our work: ethics. I therefore expect each and every employee in our Group to act in accordance with the ethical principles set out in this Guide.

This Guide, which will support the growth of the Sagemcom Group - especially internationally, has the aim of giving everyone practical rules that must govern our actions and behavior when conducting our business on a daily basis.

Following the rules set out in this Guide is key to protecting our employees and our business, against the serious damage that might ensue by non-compliant commercial transactions; it will also contribute to building our reputation, so vital to the Group.

Each of us must act as the guarantor and the guardian of the Sagemcom group's integrity, image and reputation. This Guide has therefore been produced to remind, guide and help us in conducting our business.

By placing the principles set out in this Guide at the heart of everything we do, we will remain true to the values that have always been ours, and has contributed to our success until now. I am therefore counting on you to understand and integrate the full extent of this guide”.

The content of this guide is ordered thematically based on our basic principles and values as well as the commitments made by the Group both in France and worldwide, after we signed the United Nation's Global Compact in 2011.

Why do we need a guide to prevent corruption?

For many years, the Sagemcom Group has made the commitment through all its Employees and subsidiaries to grow its business fairly, honestly and in total transparency. To this end, the Group has placed the following principles at the heart of its business:

- Not to directly or indirectly resort to corruption to gain commercial advantage.
- Not to directly or indirectly accept to be corrupted in order to offer commercial advantages.

Beyond ethical issues, which remain vital, the legal or extra judicial risks entailed (such as reputation, financial or sales loss, etc.) are significant. Many countries treat all forms of corruption as criminal, regardless of whether they are 'passive' (accepting to be corrupted) or active (the act of corruption), whether they are performed directly or indirectly (direct perpetrator, accomplice or via an intermediary), whether they are committed abroad or on national territory.

Corruption does not only take the form of handing over money in envelopes or transferring money to offshore accounts. Corruption, as we understand it, means directly or indirectly seeking, offering, giving or accepting money or anything of value (presents, invitations, etc.), in order to obtain or retain business or an advantage in an inappropriate way, when conducting business; in order to encourage or reward corrupt practice of a given job function or the behaviour of the beneficiary (collectively called undue advantage)

These risks can seriously jeopardize the activities of the Group and lead it to convictions in a criminal court (fine and prison term) for the Employees, whatever their level in the organisation, the Group itself and its corporate officers.

This point proves that no-one, neither the Group, its Corporate officers nor its Employees can afford to be complacent when dealing with corruption.

This is therefore a practical guide reflecting the Sagemcom Group's commitment to conduct its business through its Employees in an ethical manner.

Its aim is to help you and provide you with support so that you can prevent and fight against corrupt practices by defining a **code of conduct** and gives you processes and procedures to follow when managing your work.

Who is involved?

The general principles and requirements of this guide complement the internal rules and regulations and naturally apply to all Employees of the Group (temp staff, employees, interns, etc.).

However, we also ask that intermediaries acting in the name or on behalf of Sagemcom, as well as all other partners with whom we work commit to comply to these ethical principles.

After having read this guide, you must apply the rules and recommendations set out below, whatever your level in the organisation, the entity you work for, or your situation.

You also commit to comply with the Group's policy.

As a supplier of the Group, your honesty and your commitment to this policy are essential to enable Sagemcom to maintain the highest ethical standards in conducting its business, including at an international level.

It is important to remember that if there is a difference between this guide and local laws or regulations, the strictest rule must take precedence.

How to use this guide

This guide aims to give you the rules to follow on a daily basis as well enough information to enable you to act appropriately with Sagemcom employees. While this guide covers the main areas of risk and the major aspects of corruption legislation, it cannot provide you with all information on applicable national and international legislation that we need to follow, which furthermore this guide is not intended to replace.

Furthermore, given the many forms that corruption can take, this guide cannot be considered to be exhaustive.

Each case is unique because of its context and its specific environment; this implies that neither legislation nor the recommendations set out here can provide the answer to every problem.

It is your responsibility to read, assimilate and adhere to all the rules set out in this guide. In case of doubt, you should not hesitate to resort to the resources available to you. If you do not abide by the rules and guidelines of this guide or local laws and regulations, you will not be authorized to have business with the Sagemcom group.

Practices that are strictly forbidden

The practices outlined below raise ethical issues of the first order. They are strictly forbidden within the Sagemcom Group.

- **Bribes:**

It is forbidden to offer, promise, give or accept a bribe in monetary or non-monetary form.

- **Baksheesh or facilitation payments:**

Paying Baksheesh is forbidden even if in certain countries this is considered as normal business practice. Under no circumstances should you pay or offer anything to speed up or ease a formality or receive a service, unless this is officially listed, with a set price payable by everyone in full transparency, and for which you will receive supporting documents.

- **Contributions to political parties or trade unions:**

contributions, political donations and other expenses aimed at supporting a political objective (fund raising, offering of goods or services, paying Staff to carry out work with a political aim or even fund a campaign, etc.), may constitute bribery if these are made with the intent of influencing official decisions or getting commercial or other forms of advantages.

Sagemcom maintains a strictly neutral line. Consequently, no donation, grant or contribution of a political or religious nature, of any kind whatsoever, in the name of Sagemcom is authorised under the Group's policy.

Employees may wish to donate their own money to such actions, however they must note that by virtue of the anti-corruption laws, the Sagemcom group and Employees themselves may be held liable, and therefore be subject to sanctions pursuant to this guide - if these 'personal' contributions are made with the intention of corrupting or gaining an advantage in business that involves Sagemcom.

The same is true for donations to trade unions, other than contributions made to industry sector organisations or membership fees paid to professional associations, in particular pursuant to a legal provision.

- **Money laundering**

Extreme vigilance is requested in order to not accept any abnormal request that appears to be an attempt to legalise money from illegal activities. This should be reported immediately. In this case, the following points are considered to be ethical warning signs in our relationships with both clients and suppliers:

- Orders or services with abnormally 'favourable' conditions;
- Complex contracts for simple business transactions (multiple companies involved)
- offers to pay using bank accounts based in tax havens or in countries that have no relation with the debtor entity;
- offers of cash payments.

Practices requiring supervision or specific vigilance

Some practices, legitimate and lawful in themselves, and useful for the development of business can quickly turn into illegitimate and illegal actions if they do not respect certain rules.

This is why Sagemcom, through this guide, defines a policy to certain practices, potentially generating risk, in the following areas:

- Gifts, meals, hospitality,
- Relations with our partners
- Lobbying activity
- Charitable donations, philanthropy, sponsorship

NB: anti-corruption laws in many countries prohibit offering or supplying anything of value (such as gifts, meals, entertainment, travel or accommodation, as well as any other benefit or favour) to **public officials**.

The Group's policy is described below in addition to the mandatory support procedures. This policy is notably intended to ensure that the associated expenses are in line with Sagemcom's values, its anti-corruption approach and applicable laws.

You are reminded that the legality of some practices not only depends on the local legal context but also the circumstances. Other than the recommendations listed below, you should always get additional information on existing local regulations.

1. GIFTS AND INVITATION TO EVENTS AND OTHER TYPES OF HOSPITALITY:

○ This includes:

- Any gift of products, services and any other thing of value (cash gifts or quasi-cash gifts such as gift vouchers are formally forbidden) → gifts
- Any meal, travel expenses, travel, accommodation, etc. → **Marks of hospitality**
- Entertainment, events and leisure (such as tickets or invitations to sporting or cultural events), → **invitations**

○ General principles.

Gifts, invitations to events and other forms of hospitality (referred to below as **advantages**) can help establish, maintain and develop commercial relationships which are important to our business. Nevertheless, if some rules are not met, they can become or seem like attempts to corrupt, if for example, they are provided with the intention of earning an undue advantage or if they represent an unreasonable value.

Employees may only give or accept advantages that are directly or indirectly related to their work for one of the Group's companies if certain conditions are met.

Above all, it is essential to ensure that the gifts, invitations and marks of hospitality are **permitted by the laws and regulations in force**, including local laws.

If this first condition is met, you should then determine if the advantage meets the following requirements:

- The advantage is presented in **good faith** only if it has the intention of establishing, maintaining and developing legitimate business relationships and part of a normal polite relations; it must not be provided or received in order to obtain an inappropriate advantage, or with the intention or expectation of reciprocity by creating a sense of debt or dependency;
- The advantage is reasonable with respect to the type, value, occasion and frequency;
- The advantage is **compliant with reasonable business practice, reflecting local culture and customs**. In any event, the advantage must not be inappropriate or offensive (for example, indecent);
- The advantage must be given openly in full transparency (for example, no gift must be received or sent to the personal address of the recipient) and in such a way as to avoid appearing improper;

- The advantage received or offered must not be such that it causes any form of embarrassment if its existence were to be known publicly;

Therefore, by applying the above rules, you must always carry out a critical analysis by considering the following factors:

- **The intention** behind the advantage received or offered;
- **The occasion:** for example, you should be especially vigilant when competing in a call for tender or when we are preparing to award a contract;
- **Local custom:** Practices of giving and receiving gifts and hospitality varies between countries and regions. What is legal, normal and culturally acceptable in one country, it not necessarily so in another. Depending on the country, information on local regulations, including tax laws of various levels of detail is available, and sets out what is tolerated, and may go as far as to set prohibitions (e.g. public officials) or pecuniary limits.

- **Gifts:**

A gift of substantial value or intended for a public official may be considered as a corrupt practice. As a consequence, any gift may be received or offered provided it remains of a symbolic, reasonable value.

About the frequency, a Sagemcom staff member shall not receive several gifts from the same source within the same year. Similarly, an external person may not receive several gifts during a year from the Group.

- **Event invitations:**

We can offer and accept invitations to attend sporting, cultures and other types of events as long as this follow the general principles and are in line with the legitimate interests of the Sagemcom Group.

Therefore, in order to help prove that the invitation offered or received has a legitimate commercial nature, a representative of the inviting company must always attend the event in question.

- **Marks of hospitality:**

Sagemcom only authorises offering or receiving marks of hospitality (meals, travel, accommodation), if the expenses are reasonable and relate to:

- Promoting, demonstrating or explaining Sagemcom's or the or the service provider's products or services
- The performance or fulfilment of a contract.

- **Hospitality limited to business meals**

Business meals whose frequency and level are not excessive are permitted, provided they comply with the general principles set out previously.

- **Other marks of hospitality:**

The partial or total payment of hospitality expenses other than business meals alone (travel, accommodation, etc.), must be for a legitimate business reason, and whatever the case, must remain exceptional.

When arranging, or receiving hospitality, you must be very careful in adhering to the following points:

- The expenses must be covered by payments made directly to the service providers (hotels, public transport companies) rather than paid to guests;
- Any expense must be of reasonable in value;
- No expenses may be paid, even partially, for family member or guests with whom there are no business relations. If, for example, a client wishes to attend with someone outside of the commercial sphere (such as their spouse), or suggests including the weekend in the visit time, you may organise this, but you must inform the client that they will have to pay for the non-business part separately.

- **Improper advantage**

If you offer a **gift, an invitation or some form of hospitality** that does not comply with the Group's policy, it will be refused by Sagemcom Staff and reported systematically to Sagemcom Ethical manager.

2. RELATIONS WITH OUR PARTNERS

We must assess and deal with corrupt practices and the risk of corruption when dealing with our business partners.

Risks vary depending on the factors such as type of relations (agents, etc.), the country and the type of business.

This includes:

- **Suppliers**
- **Sub-contractors**
- **Intermediaries:** By Intermediaries, we mean agents such as 'business introducers', experts, consultants, representatives notably selected to represent the Group, provide assistance or have a better knowledge of the challenges and prospects of a market or project. However, this term can have a wider meaning.

Laws do not systematically distinguish between acts carried out directly by a company and those carried out by a third party acting on behalf of that company

o **General Principles**

In order to allow us to develop throughout the world, we need to take a certain number of precautions with our partners, especially in terms of selection, contracting relationships and meeting commitments.

We are responsible for ensuring that when selecting third parties we consider their ability to act and behave in accordance with the principles, values and operating methods of the Group.

We should note that while this relationship must be built within a common framework (defined below), some additional requirements may be set by the Group depending on the type of relationship being considered.

o **PROCEDURES AND EXAMPLES**

As part of the selection process, until an agreement is signed or renewed we will:

- ✓ Precisely define the needs & skills required and the necessary resources (specifications)
- ✓ In a written agreement clearly and unequivocally set out and explain the respective expectations (especially regarding the description of the planned service, operating scopes, payment terms and commitments to comply with ethical regulations and principles)
- ✓ Check that the partner has a good reputation, is financially solvent and has the necessary technical expertise, following the Group's procedures in force;
- ✓ Inform the partner of Sagemcom's principles and obtain the partner's commitment to comply with all applicable regulations and our anti-corruption procedures (this guide). If a supplier to sign or do not return these documents, the relationship will be blocked and should not be continued.

During the contractual relationship, we will

- Check that all **fees, reimbursement of expenses and commission paid to** the selected partner are appropriate, justifiable and proportionate. These sums must relate to an actual service and be paid directly to the partner **through the intermediary of a bank**, without going through a third party, with whom the Group has no contractual relations, in accordance with applicable laws and contractual terms.
- Investigate any suspicious signs (requesting cash payment, etc.) in order to take appropriate action (e.g., perform and audit, terminate contractual relations, etc.)

Contact & support

If our commitments are to be effective in terms of preventing corruption, we need to deal with every question or problem we encounter conscientiously and not neglect them.

The goal is to prevent problems by anticipating them or, if applicable, by solving them as soon as possible after limiting the consequences.

This is why the Sagemcom Group is setting up help services in order to answer your questions or reports on potential or actual situations involving corruption, whether as prevention or to be responsive.

Each supplier:

- - seeking information and advice in the event of questions or doubts about the application of the rules in this guide, the procedure to be followed or the course of action to be followed;
- - believing that the rules of the Group are breached or about to be broken;

is invited to write to Sagemcom ethics line (ethics@sagemcom.com)

A victim or witness of unethical practices, is invited to use the reporting template on Sagemcom website : <http://www.sagemcom.com/contact/report-an-ethical-incident/>

This system allows them to inform the Group in a confidential way of situations contrary to ethical rules likely to seriously affect the Group's business or to incur serious liability.

Glossary of terms

Public official: this term must be interpreted as widely as possible to include civil servants who hold or exercise a function in the public sector (administrative, legal, military or judiciary) at the national or local level but also the officers or employees of companies belonging to a government or controlled by a government as well as officers and employees of international organisation, such as the United Nations, etc.

Baksheesh: baksheesh, bribes or facilitation payments, are another form of corruption and as such are illegal in almost all countries. This is a small, unofficial payment or a gift made with the aim of receiving or 'facilitating' a process that you expect to be performed by a third party (installing a telephone line, obtaining a visa, a license or a permit, for example).

Money laundering: money laundering involves obfuscating illegal sources of money (theft fraud tax evasion,...) by reinvesting them in legal activities. The aim is to facilitate providing false proof of the source of this money for the authorities.

Contributions to political parties or trade unions: Political contributions are contributions to support a political objective. This can be political fundraising events at the local, regional or national level, offers of goods and services, paying staff to carry out political work or financing campaigns. The same is true for contributions to trade unions. Contributions for associations in the manufacturing sector or membership fees paid to professional organisations particularly pursuant to a legal provision are nevertheless not considered within this definition.

Bribes: A bribe is a financial advantage or any other advantage offered, given, authorised, received in exchange for an incentive to act or omit to act in inappropriate, illegal, corrupt or unethical way.

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