



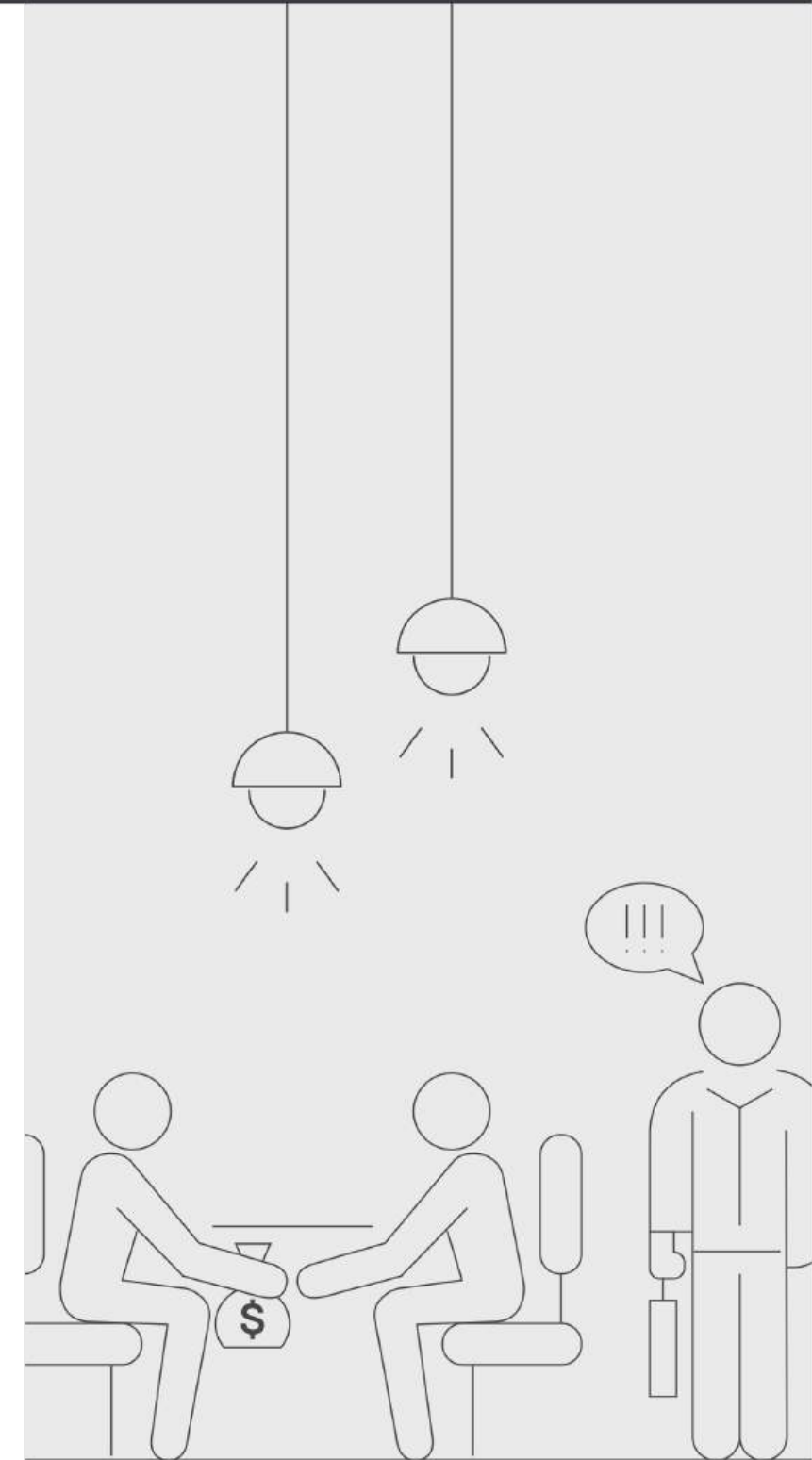
Anti-corruption and anti-money laundering policy

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1. Policy overview

At Signify, we firmly believe that **business without integrity can never be sustainable. Our Integrity code strictly prohibits corruption and money laundering, as these go against everything we stand for. Our company is exposed to corruption and money laundering risks, which makes it highly important that we recognize and mitigate them. This policy sets out standards and provides you with guidance on how to address these corruption and money laundering risks and deal with questions and concerns.**

Applicability

- This policy applies to **everyone who works for or represents Signify**. This includes all managers, employees, interns and contingent workers of our group company and all subsidiaries and (controlled) affiliates.
- Our **business partners** are expected to comply with the main principles of this policy. Business partners refers to all third parties we engage and do business with. This includes our customers, sales intermediaries, distributors and suppliers.

Deviations

- Deviation from this policy is only allowed if and where explicitly indicated.
- Markets, Divisions and Functions can implement their own (local) policy with additional standards, but only if there is a clear, demonstrable need to have one. A local policy must **follow** the **minimum standards** of this policy and receive **written pre-approval** from the Head of Legal Compliance.

Your role

- Follow this policy and always **act and conduct business honestly and ethically**. Monitor that those working with us live up to the same standard.
- **Take ownership**. It is your personal obligation to comply with applicable anti-corruption and anti-money laundering laws. Participate in trainings to keep your awareness and knowledge up to date.
- **Seek guidance**. If you have questions, raise them and seek guidance.
- **Report issues**. If you see red flags or suspect acts of corruption or money laundering, report them immediately.

Violations

- This policy brings **minimum rules** that must be followed. It forms an integral part of the Integrity code.
- Violation of this policy may result in **disciplinary action** and other actions, including legal action up to and including criminal prosecution.

Who should I call?

- For questions on this policy, contact your Compliance Officer or Local Legal.
- If you **see red flags or suspect acts of corruption or money laundering**, contact your Compliance Officer or Local Legal and your line manager immediately.
- There are **more channels** available to report concerns or issues. For instance, through our Ethics line, where you can file complaints by name or anonymously. Find out more in our Reporting policy.

Be aware

- **Do not ignore red flags or act in isolation!** Turning a blind eye to corruption or money laundering exposes Signify to significant risks of liability and reputational damage. There are countries where our company can even be held liable for the failure to prevent corruption.
- Signify will consider appropriate action against persons that have become aware of involvement in corruption or money laundering but failed to promptly and properly report this to the company.



2. How we avoid corruption at Signify

Key rule: we never engage in any form of corruption

Signify has a strong anti-corruption stance. Because it is illegal and has a severe impact. Corruption is a serious global issue. It undermines the rule of law and democracies. It has a huge impact on societies. It affects the lives of people, as it prevents resources to be invested properly. Corruption also erodes the trust in governments and institutions. And it severely disrupts businesses, creating unfair competition and distorted prices. Involvement of Signify in corruption would also have serious consequences for the company and employees involved. For instance, high monetary penalties and other possible sanctions, severe reputational damage, legal action by third parties and employees would face disciplinary action and criminal prosecution.

Our policy

- Signify **strictly prohibits** all forms of corruption
- **We never engage** in any active or passive form of corruption
- We record financial transactions and other business engagements accurately and timely in the **books and records**. "Off the books" or secret accounts are forbidden, as well as the incorrect booking of expenses (for instance, under the wrong book entry).

Your role

- **Never give, promise, accept or promise to** accept a bribe or any other corrupt or improper benefit, to or from any person. It does not matter whether you are dealing with a government official, a customer, supplier, agent or other third party.
- **Never instruct others** to give or accept a bribe on your behalf.
- Use your **good judgment** in all your actions. Even if there is no intent of improperly influencing, you must also avoid any appearance of inappropriateness.
- Ensure that we have **proper books and records** in place. Never include false, artificial or misleading information.

What you should know

- **Corruption** covers a wide range of dishonest interactions. The most common form is **bribery**: the offering, promising, authorizing, making or receiving of a payment or any other item of value – a bribe – to or from a person, either directly or indirectly, for the purpose of encouraging improper performance or gaining an improper advantage.
- A bribe can take **many forms**: a gift, entertainment, free of charge goods or services, a favor, travel, a sponsorship, charitable contribution, donation or a commission.
- Anti-corruption laws typically distinct between public sector and private sector corruption. Public sector corruption involves government officials, otherwise it is private sector corruption. A **government official** is a person with a legislative, administrative or judicial position, exercising any public function (including for a public agency/enterprise/ state-owned company) or any official or agent of a public or international organization. Anti-corruption laws typically have a very broad definition of government officials.



3. Facilitation payments

Key rule: we do not make facilitation payments

Signify operates in countries where facilitation payments occur. These payments are illegal in many countries. Even if facilitation payments are legal (or permitted) in a country, they are often hard to distinguish from a plain bribe. Signify wants to avoid any misperception that the company and employees are engaged in corruption. We also believe that facilitation payments are not desirable. For instance, because they distort the principle of fair competition, may erode the trust in government authorities and may expose the payer to (more) corrupt demands.

Our policy

- Signify **strictly prohibits** facilitation payments in all circumstances. This also applies if you are in a country where it is legal or permitted. There are no possible exceptions.
- Signify also does not tolerate that **our business partners make or accept facilitation payments.**

Your role

- **Do not:**
 - Make any form of a facilitation payment
 - Instruct any person or party to make a facilitation payment
- **Politely but firmly refuse any request for a facilitation payment.** If you are in doubt about the nature of a requested payment, ask for evidence that the payment is legitimate and an official receipt of the payment. Refuse the payment if no satisfactory evidence and/or an official receipt can be provided.
- **Immediately inform your Compliance Officer or Local Legal and your line manager** about any facilitation payment that has been requested, made or accepted. You must also do this if you suspect that a business partner makes or accepts a facilitation payment around any transaction.

What you should know

A facilitation payment is a **'small' payment** to a **low(er) level government official**, made to **secure or speed up a routine government action** in which that official has no discretionary authority. Alternative terms used for a facilitation payment are a 'facilitating payment', 'speed payment', 'grease payment' or 'tea money'.

Examples of routine government actions are:

- processing visas, permits, or licenses
- receiving police protection
- picking up or delivering mail
- receiving phone service
- power, or water supply or loading
- unloading cargo

Be aware

- A routine government action **does not include** a decision to award new business or continue business with a company. This is also true for actions at a government officials' discretion or that would entail a misuse of its position or its government office.
- **'Fast Route' service fees** charged by government organizations are legitimate. A facilitation payment is an unofficial payment to speed up a government action to which the payer is entitled anyway, whereas a fast route service fee is an official, transparent, publicly communicated, governmental service fee.



4. Gifts and hospitality (1/2)

Key rule: we only give and accept appropriate gifts and hospitality

Offering gifts and hospitality is a widespread business practice in many cultures. They can create and strengthen business relationships and goodwill. Gifts and hospitality of modest value, offered in good faith, are generally seen as acceptable and legitimate. However, if gifts or hospitality are excessive, do not have a legitimate business purpose or lack transparency, they could be viewed as inappropriate or, worse, as a bribe.

Our policy

- Gifts and hospitality must comply with **applicable laws** and **acceptable business practices** of the location and industry.
- Gifts and hospitality must have a legitimate **business reason**. Without such reason we do not give or accept anything and Signify should not pay for any expenses.
- A gift or hospitality may never be used to **improperly influence persons** or create the appearance of inappropriateness or dishonesty.
- Gifts and hospitality **must always**:
 - be given transparently and fairly
 - be reasonable in value
 - be given infrequently
 - have an appropriate timing (e.g., an offer during a tender or negotiations may raise a wrong impression)
- Gifts and hospitality **may never**:
 - create a sense of obligation (e.g., it is given in expectation of business or any other advantage)
 - consist of cash or cash equivalents (such as checks, shares or loans) Gift vouchers also qualify as a cash equivalent and are in principle not allowed. The only exception is if a gift voucher
 - (i) cannot be exchanged for cash
 - (ii) is personalized and non-transferrable and
 - (iii) complies with the standards on this page.
 - embarrass or reflect badly on the recipient
 - bring Signify's reputation into disrepute (for instance" to "e.g., "adult entertainment" or gambling)
- Internal gifts:
Internal gifts and hospitality (i.e. between Signify employees) **are not subject to this policy**

Your role

- Always use your **good judgement**.
- **Refuse** any gift or hospitality offered to influence a business decision or that could give a wrong appearance, even if it is under our company's value limit (see "Pre-approval" and "disclosure").
- Obtain timely **pre-approval** if required.

Pre-approval and disclosure

- SunSmart has set **monetary limits** for gifts and hospitality. Above certain thresholds, you must submit an **approval request** via our online reporting tool. Find out more on the next page.

What you should know

- A gift is an item of value given to build or strengthen business relationships. For instance: providing flowers, a bottle of wine or low-value company branded merchandise items such as a pen or notebook.
- Hospitality includes all forms of travel or lodging, meals, invitations to social gatherings, sports or cultural events and other forms of entertainment and any other cost incurred in hosting and entertaining a third party. Hospitality must be directly related to the promotion, demonstration or explanation of our products or services, the execution or performance of a contract or a genuine effort to build or strengthen business relationships.

Be aware

- **Applicability of these standards:** these standards also apply if a gift or hospitality is offered by a third party (e.g., distributors, resellers, agents) on our behalf or if our company is involved in any other way.
- **Governemnt officials:** special care must be taken when offering gifts or hospitality to government officials. Find out more on the next page.
- **Business trips:** specific standards apply to hospitality that is part of business trips, such as travel, meals and lodging. Find out more on the next page.
- **Family members:** we do not facilitate or reimburse hospitality costs for spouses or family members, unless a spouse or family member's attendance is an inseparable part of an event (such as a gala).



4. Gifts and hospitality (2/2)

Key rule: we only give and accept appropriate gifts and hospitality

Pre-approval and disclosure

- Signify has set monetary thresholds for a pre-approval of gifts and hospitality as set out in the two matrixes on the right. One for offering and one for receiving². Above the thresholds you need the **pre-approval**. This must be obtained up-front by submitting an approval request via our [Integrity Disclosure & Approval Tool \(IDT\)](#)³. Registration below the thresholds is not mandatory but welcome. Gift & Hospitality is then registered but does not trigger an approval flow. The registration serves the purpose of completeness and transparency. A submitted request will be sent automatically to the approver(s). If multiple gifts or hospitality expenses are offered (e.g., both a meal and a hotel), you have to assume the total value per person.
- Important note:** if no approval is needed, you must still use your good judgment and self-assess whether a gift or hospitality complies with the standards on the previous page. The matrixes do not give an indication about the legitimacy of gifts or hospitality. They only show the pre-approval flow.
- Please consider Signify's Travel & Expense policy which must be observed when providing Gifts or Hospitality.

Government officials

- Some jurisdictions have strict laws or regulations for offering gifts or hospitality to government officials. This means special care must be taken before a gift or hospitality is offered to government officials:

- Pending business opportunities:** if there are recent, pending or near-future business opportunities, only a reasonably-priced business meal (a lunch or a dinner following a business meeting) is allowed as hospitality.
- Selection of invitees:** personal motivation must be avoided when selecting invitees. We either let the government decide which officials will participate or we invite officials based on transparent, pre-determined, merit-based criteria. An exception is when hospitality (a lunch or dinner) follows a business meeting. We may then choose to invite all of the government official attendees, provided that all other standards in this policy are met.

Business trips

- Business meetings and trips could include hospitality, such as travel, meals and lodging during a factory acceptance test or product demonstration trip. Below **additional hospitality standards** apply in those cases:
 - Trip extensions:** extension cannot take place for reasons not directly related to business, even if it involves no additional costs or even reduces costs for Signify.
 - Distance and duration** must be reasonable and proportionate. For instance, choose a suitable demonstration or training site closest to the invitees.
 - Frequency, number of invitees and their positions** must be appropriate and proportionate to the purpose and scope of the trip.

Pre-approval flow offering a gift or hospitality to a third party.

		Line manager approval?	Local Legal approval?	Country Representative approval?
Gifts	To a government official	Always	Always	X
	To a private sector person	Above EUR 50/ person	Above EUR 100/ person	X
Hospitality	To a government official	Above EUR 50/ person	Above EUR 50/ person	Above EUR 200/person
	To a private sector person	Above EUR 200/ person	Above EUR 200/ person	Above EUR 500/person

Approval flow receiving a gift or hospitality from a third party

Gifts	A gift above EUR 50 (per person) is not allowed . If it is reasonably not possible under the circumstances to refuse, promptly hand over the gift afterwards to your Compliance Officer and submit a report in our online tool. The Compliance Officer will decide on an appropriate destination.			
		Line manager approval?	Local Legal approval?	Country Representative approval?
Hospitality		Above EUR 100/ person	Above EUR 200/ person	X

² Some Businesses and Functions have (stricter) policies with different thresholds. It concerns the Businesses in the countries Brazil, Germany, Austria, Switzerland, Korea, the United States and function Procurement.

³ If it is not possible to obtain approvals in advance for legitimate and demonstrable reasons, they must be obtained via the Integrity Disclosure & Approval Tool (IDT) as soon as reasonably possible afterwards. In any case, you remain responsible for the compliance of the gift or hospitality with all other standards in this policy.

5.Customer incentive programs (1/2)

Key rule: we only offer customer incentive programs under strict conditions

In some markets customer incentive programs are offered to customers. It is a common and acceptable business practice to offer certain forms of loyalty-based rewards to customers. But for customer incentive programs there is an increased corruption risk, mainly because the incentives typically include items of personal value. Signify has implemented specific standards to mitigate that risk. Note that if customer incentive programs include hospitality, the general hospitality standards set out in the previous paragraph also apply.

Our policy

- Customer incentive programs must comply with **applicable laws** and **acceptable business** practices of the location and industry.
- A customer incentive program requires a **justifiable business purpose** with incentives proportionate to the business benefit.
- Incentives must always be **offered to the actual customer** (i.e., the company/legal entity) and **transparently and openly**. Incentives may not be offered directly to employees, even if the incentives are enjoyed by them.
- Every program must include **clear terms and conditions with pre-set targets** that only create eligibility if all terms are satisfied. See the next page for specific standards on targets and incentives.
- A customer incentive program must have a **clear structure** that includes a proper **execution and monitoring mechanism**. See the next page for specific requirements.
- Specific standards apply to **incentive trips** (business and/or leisure or entertainment trips). Find out more on the next page.

Your role

- **Never offer** incentives **directly to employees** (or other representatives) of a customer.
- **Involve Local Legal** from the beginning when designing a customer incentive program.
- Obtain **pre-approval** in a timely manner.

Monetary limits

- There are strict **monetary limits** for customer incentive programs. Find out more on the next page.

Pre-approval and disclosure

- **All incentive programs require** pre-approval from the **Country Representative** and **Local Legal**. You can submit an approval request via our [Integrity Disclosure & Approval Tool \(IDT\)](#) which triggers an automated approval flow. Pre-approval means that approval must be sought and obtained before an incentive program is announced (or otherwise committed to) in the market to customers.

What you should know

- A customer incentive program offers **conditional incentives**, based on **pre-set sales targets**, consisting of **items of personal nature**, to be enjoyed by employees of the customer. The purpose is to motivate a customer to achieve its targets, to improve performance and reward strong performance.
- **Standard rebates are not in scope** of this policy (e.g., discounts or additional stock offered to the customer's company for meeting certain thresholds).
- This policy applies to first-tier programs for our direct business partners (customers, such as distributors, intermediaries) but also to second and third tier programs (e.g., for retailers), if SunSmart has any direct or indirect involvement in those programs. For instance, if Signify contributes financially, if the program carries Signify's name or brand or if we provide any other support

Be aware

- **Government officials:** it is prohibited to offer incentive programs to government officials (this includes employees of semi-government and state-owned companies).
- **No cash or cash equivalents:** it is prohibited to offer cash or cash equivalents (also indirectly, such as through a rebate).
- **Frequency:** only one incentive program per year per customer is allowed. Deviation is only possible with pre-approval. Find out more on the next page.



5. Customer incentive programs (2/2)

Key rule: we only offer customer incentive programs under strict conditions

Targets and incentives

- The below standards on targets and incentives must be followed for customer incentive programs:

- **Targets:** this refers to sales targets but also other possible targets/KPI. Targets must be objective and aim to trigger the business partners to really improve or boost their business performance. Sales targets must be SMART and where possible stretched (i.e., higher than any previous target(s)). The business owner and Market Leader are responsible for validating that this requirement is satisfied.

- **No excessive or lavish incentives:** incentives: must be proportionate to the sales target and not excessive or lavish. It is possible to have different targets and incentives for customers in one program, tailored to their size and performance. As a principle, incentives of higher value can only be rewarded to the top performing customers, for an extraordinary achievement.

- **Eligibility:** there can only be eligibility for incentives if and when the targets and all other terms are satisfied. The program terms must be applied strictly, so that parties who do not achieve their targets or satisfy terms do not benefit from the program.

Incentive trips

- If customer incentive programs consist of incentive trips (with business content and/or leisure), the following standards apply in addition to the general hospitality standards in Paragraph 4:

- trips must be maximum 5 days/4 nights

- travel must be in economy class

- the destination and costs of the trip must always be in proportion to the duration of the trip and the sales target

- accommodation & travelling must be selected and paid for by Signify and not reimbursed

- trips are only for customer employees, we do not offer trips or cover expenses for spouses or family members

Structure, execution and monitoring

- Customer incentive programs must always have a clear structure and a mechanism for proper execution and monitoring (to ensure that program terms are complied with and that there is no abuse):

- **Selection of participating employees:** we may not select or suggest which customer employees are to participate in and benefit from a customer incentive program. The customer must choose this independently.

- **Written program terms:** customer incentive programs must be captured in a written document that sets out clearly the pre-set targets, incentives and all applicable terms and conditions. This document must be shared with all participating parties and they must commit to these terms as a requirement for participation. The terms and conditions must include a tracking and auditing possibility. The draft terms and conditions must be reviewed and approved by Local Legal. The Legal Function has templates available and will share these upon request.

- **Appointment supervising employee:** the business owner of a customer incentive program must appoint an employee (with sufficient seniority) that is responsible for the execution and monitoring of the program.

- **Audit:** on a periodic basis, samples of customer incentive programs may be selected for a check on the monitoring and other requirements in this policy. Deviations noted from these sample checks will be duly assessed and responsible persons may be subject to disciplinary action.

Frequency

- **Customer incentive programs can be offered only once per year** per customer. Deviation is only possible in exceptional circumstances and requires written pre-approval from the President BU or LoB Leader (for Professional), Commercial Region Leader (for Consumer & OEM), CEO (for Greater China, Greater India or Conventional) and the Chief Legal Officer. Approval must be sought by e-mail with Local Legal in copy. A request must include an explanation and clear substantiation

Monetary limits

- Signify has set strict monetary limits for customer incentive programs:
 - no more than **EUR 500 per person per program** for goods
 - no more than **EUR 2,000 per person per program** for hospitality.

More important than the monetary limit is that the value of incentives is appropriate and acceptable by local standards.

- **Incentives programs exceeding the limits are discouraged.** Only on exceptional basis, where there is an urgent commercial need, a business owner may seek e-mail approval for deviation from the President BU or LoB Leader (for Professional), Commercial Region Leader (for Consumer & OEM), CEO (for Greater China, Greater India or Conventional) and the Chief Legal Officer, with Local Legal in copy. A request must include an explanation on the business case for the incentive program together with clear and substantiated arguments for deviation. After receiving the e-mail approvals the program must be registered in the Integrity Disclosure & Approval Tool (IDT).

6. Dealing responsibly with third parties

Key rule: we only work with third parties that are fully committed to business integrity

Signify insists on honesty, integrity and fairness in all aspects of its business, including when we work with third parties. We expect the same from all our customers, distributors, suppliers, joint venture and consortium partners, agents, representatives, consultants and every other third party operating for or on our behalf. Signify can suffer reputational and other damages and be held liable for misconduct by third parties, particularly in cases where the company or an individual is aware of or should have been aware of unlawful conduct. We are firmly committed to protecting the company against this.

Our policy

- We only award business to third parties that are **fully committed to acting fairly and with integrity**, in the broadest sense. Our business partners must act in line with our Integrity code.
- We require a selection of new and existing business partners to undergo **SunSmart's Due Diligence Program ("DDP")** before SunSmart engages in or continues a business relationship.
- Business partners must be appointed on the basis of a **written and signed contract**. Depending on the level of corruption risk, the contract must include an appropriate anti-corruption/compliance clause.
- Payments for the **provision of goods or services** must be **made to companies**, not to individuals.
- Payments must be made to **valid bank accounts**. We do not make payments in cash or to suspicious bank accounts (such as anonymous or offshore accounts).
- SunSmart has a policy for commissions to sales intermediaries. Each commission must be in accordance with the Commissions policy.
- All commissions require **pre-approvals** from the Business Management, Legal and Finance, as set out in the Commissions policy.
- Purchasing as well as payments to the providers of goods and services must be executed in compliance with SunSmart's internal **Procurement and Finance policies and directives**.

Your role

- Always keep the **third-party compliance risks** in mind. Signify and individuals can potentially be held liable for misconduct by business partners, this is true in particular for intermediaries.
- Pay attention to and properly follow up on **red flags (see "Be aware")**.

What you should know

- SunSmart has implemented the **DueDiligence Program or "DDP"**, a third-party integrity screening program.
- The purpose of DDP is to help our company to **assess the integrity risks around a third party**. The information from the screening allows us to make a well-informed decision on whether we engage in or continue a business relationship.
- DDP has a risk-based approach. All business partners are assessed on their risks. We only screen those business partner where we assess that there is a medium or high risk that Signify can be held liable for their misconduct. For instance, sales intermediaries, M&A targets and categories of customers/ distributors and general contractors.
- As part of the DDP process, we also screen M&A targets, such as acquisition targets or intended joint-venture partners. Signify has a specific, separate M&A process for an anti-corruption pre-background screening and due diligence.

Be aware

- Redflags: In your daily work, you may encounter situations that "do not feel right". For instance:
 - an e-mail from a private e-mail address
 - a request to pay to an offshore bank account
 - business partner does not provide accurate or complete information
 - excessive commissions or unreasonably large discounts
- a business partner requests a donation to be made to a political organization
- a contact insists on confidential identity or secrecy of the business partner
- Ignoring or not properly handling red flags puts the company at high risk. Do not act in isolation, but immediately contact your manager and Compliance Officer or Local Legal.
- **Application of this policy to business partners:** although this is an internal policy, we do expect all our business partners to comply with the key principles of this policy.



7. Anti-Money Laundering (1/2)

Key rule: we do not support or assist in any form of money laundering

We, like any other business, are at risk of being exploited by parties who wish to use the proceeds of crime to pay for our legitimate products and services. Unless we are alert and act carefully to address any suggestion of a suspicious transaction, we may be held liable and suffer substantial penalties and reputational damage.

Our policy

- We always **refuse to assist or support** in any form of money laundering.
- We only do business with parties that are engaged in **legitimate business activities**, with funds from legitimate sources.
- We conduct **risk-based due diligence screening** (DDP) of parties we do business with (find out more in Paragraph 6)
- If **money laundering red flags** are encountered, the line manager and Local Legal/Legal Compliance must be involved immediately for guidance and support, before taking any further action. Suspicious cases must be reported via the Ethics line.
- Cash payments - **regardless of the amount** – are neither made nor accepted as a matter of principle. Making or accepting cash payments of Euro 10,000.00 or more is prohibited.
- All transactions in connection with **crypto currencies** are prohibited.

Your role

- Look out for **irregularities** around transactions and the parties we do business with. Ensure that you are aware of the money laundering **red flags** (see “Be aware”).
- Collect **information and documentation** about customers, suppliers, sales intermediaries and other third parties we engage with, to verify that their business activities are legitimate and their funds are from legitimate sources.
- Follow the **DDP** process and subject third parties to screening if required.
- If you come across money laundering-related suspicions or concerns, **do not ignore or act in isolation**, put the matter on hold and immediately seek guidance and support.

What you should know

- **Definition:** Money laundering is the hiding or disguising of money received from the proceeds of crime in legitimate business dealings. The aim is to clean illegally obtained funds from their dirty criminal origins by putting them back in use within the legal economy, in order to make the money appear legitimate. Typical criminal activities linked to money laundering are drug trafficking, terrorism or tax evasion.
- **Money laundering is a risk for us because** SunSmart can be held liable for assisting or supporting any form of money laundering, even though we are not involved in the underlying criminal activities. Anti-money laundering laws target parties involved in the hiding of illegally obtained money, not necessarily only those engaged in the underlying crime. A money laundering crime can also include knowing or reasonably having a cause to suspect that money or another object derives from a crime. It is not a justification to say that we have legitimately sold or purchased in a transaction.

Be aware

- **Money laundering indicators: a situation around a business partner or transaction could look suspicious or unusual. A money laundering indication** or red flag does not mean that a business relationship or transaction cannot proceed. But it must be assessed first to see whether there is a concern and, if so, whether this can be resolved. Ignoring a money laundering indication or red flag is really not an option. You can find examples of money laundering indications on the next page.



7. Anti-Money Laundering (2/2)

Key rule: we do not support or assist in any form of money laundering

Indications around business partners

There is a potential money laundering indicator if a **business partner**:

- does not want to put its name on relevant documentation that would connect it to the purchase
- refuses to answer who its beneficial owner is (including the apparent use of a shell company whereas representatives refuse to disclose the identity of the beneficial owner)
- gives an unknown address or its address does not match our information, is (potentially) false or only a correspondence address
- has no apparent business activity in connection with the purchased products or services or the country involved
- suddenly cancels or amends a purchase and requests a refund either back to itself or a third party, with no clear reason
- has difficulties in describing the nature of its business or lacks general industry knowledge
- uses different e-mail accounts or private accounts (such as Gmail, Hotmail or Yahoo) while being secretive about the relationship
- purchases in the name of a nominee, such as an affiliate or other party than the person or entity to the relevant purchase agreement, without a clear business reason for purchasing in name of that person

Indications around transactions

Potential money laundering indicators around a **transaction** are:

- transactions involving “offshore” locations or countries identified as high-risk for money laundering
- a payment is made by a third party with no clear connection to the transaction
- last minute substitution of the purchasing party’s name
- the transaction value is not proportionate to the known income or revenue of the customer
- a customer refuses to explain the origin of the funds used in the relevant transaction
- frequent use of money transfers. It is considerably more expensive to remit money abroad through money transfers than through bank transfers

Countries with increased risk

- How do I know if a country brings a higher money laundering risk? An important source of information is a published list from the **Financial Action Task Force (FATF)**. FATF is an inter-governmental body that combats money laundering and terrorist financing. Their list includes countries that have weak measures to combat money laundering and terrorism financing.
- The high-risk countries and countries under FATF’s monitoring can be regarded as countries that bring a **higher money laundering risk**. It includes countries such as North-Korea, Botswana, Iran, Iceland, Ghana, Cambodia, Zimbabwe, Syria, Mongolia and Yemen.
- Note that the list is subject to changes, FATF continuously monitors all countries. Countries may get off the list as they make reforms to address their weaknesses – or the other way around in case of a decline.

8. Sponsorships, charity and donations

Key rule: we may engage in sponsorships, charity and donations, but we do not make political donations

Many companies are involved in sponsorships, charitable contributions or donations. Sponsorships can provide good commercial opportunities for corporate branding. Charitable contributions and donations can support good causes and communities. For these reasons, Signify is also happy to engage in them. However, it is important to realize that sponsorships, charitable contributions and donations bring corruption risks. They can be used as vehicles to channel bribes to government officials or other third parties.

Our policy

- Sponsorships, charitable contributions and donations must comply with applicable laws and regulations.
- We participate only in **legitimate and transparent** sponsorships, charitable contributions and donations. Sponsorships must serve to promote Signify products and services. Charitable contributions and donations must have a genuine Corporate Social Responsibility purpose and be given only to bona fide organizations.
- Sponsorships, charitable contributions and donations may **never be used to improperly influence** third parties and may never give an appearance of inappropriateness or dishonesty.
- We do not make any donation or other contribution, in money or in kind, to **political parties or politicians**.
- All sponsorship, charitable contributions and donations must go through a **mandatory process**. Find out more on the next page.

Your role

- **Never offer or promise** a sponsorship, charitable contribution or donation seeking a preferential treatment or for the purpose of obtaining or retaining business and avoid that any such perception could arise.
- Do not make sponsorships, charitable contributions and donations **conditional** on receipt of business or other advantages (and, again, avoid that it could be reasonably perceived as such).
- Promptly **consult Local Legal** if a proposed sponsorship, charitable contribution or donation has or could have a link with recent, pending or near-future business opportunities, or if the recipient's directors or managers are government officials or closely affiliated with the government.
- **Do not offer** educational grants, scholarships, internships or other benefits to business partner representatives or their spouses or family members.

Pre-approval and disclosure

- All sponsorships, charitable contributions and donations, regardless of the value, require pre-approval from Local Legal and the Country Representative⁴. You need to submit an approval request in our [Integrity Disclosure & Approval Tool \(IDT\)](#). Sponsorships exceeding EUR 50,000 also require additional e-mail pre-approval (not through IDT) from the Marketing Programs & Campaign Manager.

What you should know

- **Sponsorship** is support given to a person, an organization, or activity to promote or endorse a specific cause, event, or project with the expectation of receiving benefits or recognition in return. It may involve the provision of a payment, in kind or other forms of support. For instance, sponsoring a sports club, a venue or a membership of an association that includes a networking and marketing opportunity. Sponsoring individuals or payments to attend events for product demonstration do not qualify as sponsorship but must comply with our gift and hospitality rules set out in Paragraph 4. Note that sponsorships must also comply with the mandatory company sponsorships process, which you can find at the Brandcomms SharePoint and in our Signify Quality system, paragraph 23.1.5.
- **A charitable contribution** is a gift by the company to a non-profit organization, charity organization or foundation. The gift is often a cash payment but can also consist of other items such as products or services.
- **A donation** is a contribution to a recipient other than a non-profit or charity organization or private foundation (otherwise it is a charitable contribution). Donations are usually made in the form of financial aid, products or services, such as providing knowledge.

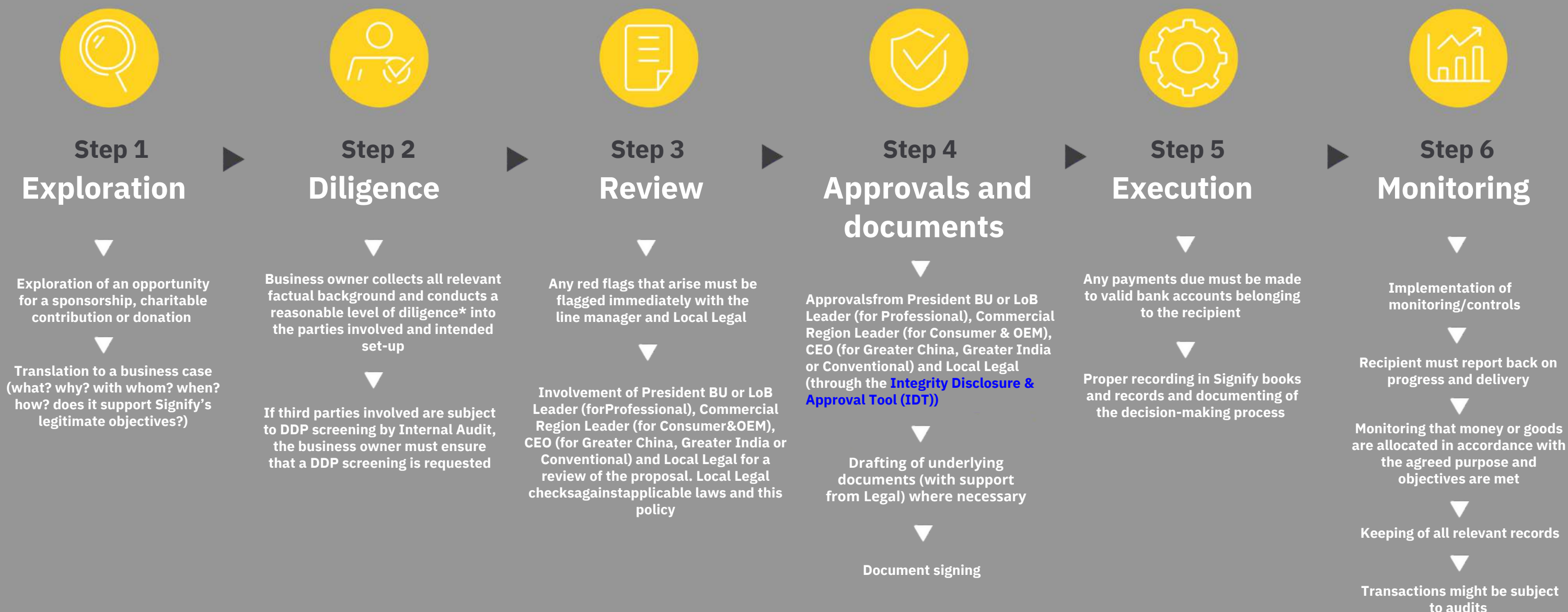
Be aware

- **Sponsoring events or activities organized by government institutions or government-affiliated entities** is only allowed with written pre-approval by separate e-mail from the President BU or LoB Leader (for Professional), Commercial Region Leader (for Consumer & OEM), CEO (for Greater China, Greater India or Conventional) and Local Legal.

⁴ There is an exception for Signify Foundation projects, for which a different governance process is in place.



Process flowchart for sponsorships, charitable contributions and donations



What is meant with diligence?

Diligence means that, prior to any agreement or commitment, sufficient research must be done into the set-up and details of the opportunity or project, including the parties involved. Necessary information and documentation must be collected to conduct a proper and timely diligence. The (business) owner is responsible for this diligence process. Examples of questions to look into:

- Is it known who made the request and why? Is there a clear (business) justification for this case?
- Does it fit into our company's marketing or Corporate Social Responsibility policy or priorities?
- Are we dealing with a legitimate, bona fide organization? (What is their reputation? Anything known about their financial position?)

- Do we give or pay directly or indirectly?
- Are we dealing with a legitimate, bona fide is used in accordance with the agreed purpose and not misdirected?
- Are there any pending business opportunities? If so, promptly consult Local Legal.

- Are the recipient organization's directors or officials government officials or closely affiliated with the government? If so, promptly consult Local Legal.
- Is there a possibility to monitor or audit the use of the money or goods?
- Are there any red flags? If so, contact Local Legal immediately.





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