

# **ANTI-BRIBERY & CORRUPTION**

*VOLCOM COMPLIANCE MANUAL*

- 1. Introduction ..... 3
- 2. Application ..... 3
- 3. Oversight and Governance..... 3
  - 3.1 Responsible Parties ..... 3
  - 3.2 Risk Assessment ..... 4
  - 3.3 Monitoring..... 4
- 4. Offences and Penalties..... 4
- 5. Key Definitions ..... 5
  - 5.1 Bribery ..... 5
  - 5.2 Vendors appointed by Volcom..... 5
  - 5.3 Foreign Public Official..... 5
  - 5.4 Modern Slavery ..... 5
- 6. General Prohibition and associated procedures..... 6
  - 6.1 Inducements..... 6
  - 6.2 Political Contributions ..... 6
  - 6.3 Charitable Donations..... 6
  - 6.4 Facilitation Payments ..... 6
  - 6.5 Anti-Modern Slavery ..... 6
- 7. Violations..... 7

## 1. Introduction

This anti-bribery and corruption policy ('Policy') is designed to ensure compliance with relevant regulatory requirements applicable to Volcom S.A. and its subsidiaries ('Volcom') and in particular the Supreme Decree No. 100, DO. of September 17, 2005, the Supreme Decree No. 375, DO. of January 30, 2007, that promulgates the United Nations Convention against Corruption (UN) and the Supreme Decree No. 1879, DO. of February 2, 1999, that promulgates the Inter-American Convention against Corruption (OAS); all of them mentioned below as "the Regulation".

Volcom is committed to carrying on business fairly, honestly and openly and has a zero tolerance approach to bribery and corruption. This Policy sets out the various anti-bribery and corruption measures that Volcom has in place. This Policy cannot cover every potential bribery and corruption situation that might arise, therefore, the parties listed in section 2 will be responsible for complying not only with its letter, but also with the overriding principle that the firm has a zero tolerance approach to bribery and corruption.

In addition, Volcom is committed to ensuring that there is no modern slavery or human trafficking in its supply chains or in any part of its business.

Corruption is dishonest or fraudulent conduct by those in power, typically involving bribery. Corruption can take many different forms, but for the purposes of this Policy we are referring to bribery.

## 2. Application

This Policy applies to:

- All employees of Volcom entities
- Partners of Volcom S.A.
- Fixed term, temporary and agency staff
- Interns and summer students
- Secondees
- Contractors (with systems access)
- Individuals providing services via Personal Service Companies

## 3. Oversight and Governance

### 3.1 Responsible Parties

The Risk Committee is responsible for overseeing Volcom's systems and controls to prevent or detect bribery and corruption. It also reviews periodic reports from the Compliance Department on the operation and effectiveness of the firm's systems and controls against bribery and corruption.

The Compliance Officer is the person with overall responsibility for the oversight of anti-bribery and corruption related matters.

The Compliance Department reports to the Risk Committee on its oversight of the firm's anti-bribery and corruption systems and controls. The Compliance Department is responsible for overseeing the group's overall compliance systems and controls.

### 3.2 Risk Assessment

Volcom maintains an Anti-Bribery and Corruption Risk Assessment which is reviewed annually by the Risk Committee. This Risk Assessment is a central record of the potential bribery, corruption and modern slavery risks that the firm faces and identifies the procedures and controls which have been adopted to manage those risks.

### 3.3 Monitoring

Adherence to this Policy is monitored by the Compliance Department as part of its risk based monitoring programme. The results of this monitoring are reported to the Risk Committee.

## 4. Offences and Penalties

The purposes of the Supreme Decree No. 375, DO. of January 30, 2007, that promulgates the United Nations Convention against Corruption (UN) are:

- Promote and strengthen measures to prevent and combat corruption more effectively and efficiently;
- Promote, facilitate and support international cooperation and technical assistance in the prevention and fight against corruption, including the recovery of assets;
- Promote integrity, the obligation to render accounts and the proper management of public affairs and goods.

There are four key offences:

- offering, promising or giving a bribe;
- requesting, agreeing to receive or accepting a bribe;
- bribery of a foreign public official in order to obtain or retain business; and
- a corporate offence of failing to prevent bribery on an organisation's behalf.

The Supreme Decree No. 375 applies to offences committed both inside and outside Chile. Under the corporate offence of failing to prevent bribery, Volcom will be liable to prosecution if a person associated with it bribes another person intending to obtain or retain a business advantage for the firm. Volcom will have a full defence if it can show that it had adequate procedures in place to prevent persons associated with it from bribing. This Policy sets out those procedures.

The penalties under Chilean Law include unlimited fines for companies and up to fifteen years in prison for individuals.

## 5. Key Definitions

### 5.1 Bribery

It is an offence to offer, promise or give a financial or other advantage to another person where the intention is to:

- induce that person to act improperly, or
- reward that person for acting improperly.

This applies to all activities of a public nature, connected with a business or performed in the course of a person's employment. For it to be a bribe, the person acting improperly must be expected to act in good faith, impartially or be in a position of trust.

Examples might include:

- Inducements given to brokers in order to receive favourable treatment, e.g. access to research or liquidity
- Lavish gifts and entertainment given to clients in order to win or retain business
- Payments to local agents to facilitate business opportunities for the firm.

### 5.2 Vendors appointed by Volcom

Volcom is liable, under the offence of failing to prevent bribery, if a person appointed by the firm bribes another person intending to obtain or retain a business advantage for the firm. In this context, a vendor is defined as a person who Volcom has appointed to 'perform services' for or on behalf of the firm. This person can be an individual or an incorporated or unincorporated body.

### 5.3 Foreign Public Official

A 'foreign public official' includes officials, whether elected or appointed, who hold a legislative, administrative or judicial position of any kind of a country or territory outside the UK. It also includes any person who performs public functions in any branch of the national, local or municipal government of such a country or territory or who exercises a public function for any public agency or public enterprise of such a country or territory, such as professionals working for public health agencies and officers exercising public functions in state-owned enterprises. Under the category "foreign public official", the FCPA also includes any foreign political party or official thereof or any candidate for foreign political office.

### 5.4 Modern Slavery

The holding of another person in slavery or servitude or requiring another person to perform forced or compulsory labour, and/or the facilitation of travel of another person with a view to their exploitation (human trafficking).

## **6. General Prohibition and associated procedures**

Parties listed in section 2 are prohibited from offering, promising or giving, requesting or accepting a bribe in connection with their activities for the firm, and any third parties we interact with. The list below, whilst not exhaustive, sets out some of the potential areas where bribery could arise and where Baillie Gifford has developed procedures, which you must adhere to.

### **6.1 Inducements**

The Regulation does not intend to prohibit reasonable and proportionate gifts and corporate hospitality. However, the Regulation is clear that gifts and corporate hospitality can be employed in a manner that can qualify as bribes. Volcom's Inducements Policy sets out the procedures the firm has in place to mitigate the risk of bribery in this area. These procedures apply to the parties listed in section 2 and can be found in the Code of Ethics Policy of Volcom.

### **6.2 Political Contributions**

Political contributions are an area that could potentially give rise to a risk of bribery, particularly concerning the offence of bribing a foreign public official. Volcom's Political Contributions Policy sets out the procedures the firm has in place to mitigate the risk of bribery in this area. These procedures apply to all members of staff and can be found in the Code of Ethics Policy. This section is designed to ensure compliance with the Securities and Exchange Commission's pay-to-play rules for investment advisors.

### **6.3 Charitable Donations**

Charitable donations in connection with our clients or prospects could potentially give rise to a risk of bribery. Volcom's policy on donations applies to all those in section 2 and can be found in the Code of Ethics Policy.

### **6.4 Facilitation Payments**

Facilitation payments are small bribes paid to facilitate routine government action such as obtaining permits and licenses, or processing governmental papers such as visas and work orders. The Regulation does not provide any exemption for such payments. Whilst it is unlikely that Volcom will engage in making facilitation payments, staff should be on guard to recognise improper requests for payments and resist such requests. If anyone has any doubts about requests for potential facilitation payments, they should contact Compliance for guidance.

### **6.5 Anti-Modern Slavery**

Reflecting Volcom's zero tolerance approach to modern slavery and human trafficking, a supply chain risk assessment is conducted and included in the Anti-Bribery and Corruption Risk Assessment which is reviewed annually by the Risk Committee. This Risk Assessment is designed to ensure we identify any vendors where the risk of modern slavery taking place is higher and that appropriate due diligence is conducted.

---

**7. Violations**

Failure on the part of the parties listed in section 2 to follow these procedures will be taken seriously and regarded as a disciplinary matter under the rules and procedures set out in the Staff Handbook within “Key Employment Policies > Disciplinary Procedure”.

//