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VALUES & CODE OF ETHICS



1. PREAMBLE

2. VALUES AND BUSINESS PRINCIPLES

3. OUR CONDUCT

1. PREAMBLE

The Etienne Lacroix Group has laid out a frame of reference for its corporate values in a Code of Ethics, thereby ensuring that its rules will be strictly followed by the Group as a whole, by its management and employees.

This Code serves as a common reference of the core values and principles which the company seeks to uphold and to the kind of behaviour expected of its employees.

If questions should arise concerning proper conduct or a failure to follow these established rules, it is the responsibility of each employee to consult his/her superior and/or to inform the Ethics Coordinator of the situation.

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2. VALUES AND PRINCIPLES

OUR ACTIVITIES, OUR OBJECTIVE

The historical business of Etienne LACROIX Group has always been the design and manufacture of fireworks for entertainment. The symbol of this activity is the French national day on 14th of July with its traditional fireworks displays all over the country.

While continuing to develop its fireworks business, the Group diversified into the design and manufacture of pyrotechnic devices destined for the national defense sector. These two fields of activity form a coherent unity and have established the Group as a pyrotechnics specialist.

Meeting the technical requirements of the defense sector have elevated the Group's pyrotechnical competencies to a high performance level. Currently, our defense business accounts for roughly half of the Group's total revenues, enabling it to heavily invest in research and development – the cornerstone of our strategy – and thereby to set our products apart through innovation and technological advances.

The Group has evolved from a SME delivering products to the domestic market to that of a mid-size company operating globally, and it intends to maintain a balance between its civil and defense activities.

The Group's objective is to perpetuate family ownership and its independence while becoming a leading global pyrotechnic systems integrator.

2. VALUES AND PRINCIPLES

IDENTIFYING OUR VALUES

Etienne Lacroix Group's three key values:

- **Independence**


Safety of assets and individuals **Profitability**, family management of the Group

- **Ethics**

Integrity, humanity, respect for Human rights

- **Excellence**

Development, Innovation, International, Management



2. VALUES AND PRINCIPLES

OUR VALUES: INDEPENDENCE

Safety of individuals and assets

- Our sensitive activity in pyrotechnics makes the health and safety of our employees our priority, for their wellbeing is also a guaranty of the safety and quality of our products.
- Protecting the lives of our personnel, ensuring the safety of our customers and public as well as that of our facilities and the environment are of primary importance and make up the conditions under which our company may pursue its activities.
- The Group's auditing committee performs analysis and controls of risks to which it is exposed and takes the necessary preventive measures.

Financial Security

- The quality of our company management, our investment policies and the execution of our operations are monitored on a permanent basis.
- Our customers are considered to be the Group's partners. Our business operations must therefore be fit to meet our contractual obligations.

Profitability

- Capital investments must be made effectively and generate forecasted profits. Tangible and intangible investments must not exceed our self-financing capacity. Our debt level must be contained to ensure we remain independent with respect to financial institutions.
- Profitability must be in line with financial targets and must meet the working capital requirements of each activity and provide sufficient financing of research & development.

2. VALUES AND PRINCIPLES

OUR VALUES: ETHICS

Integrity

- Integrity is a fundamental value of the Etienne Lacroix Group and is essential to how we do business.
- We do what we have committed to doing.
- We make decisions based on what is right to do.
- We operate in a transparent, honest and straight forward manner.
- Integrity is exemplified by each employee and guides our professional and commercial practices.
- It ensures transparency in what we disclose and is the basis of our customer relations.
- Upholding the principles of integrity is a means to fulfil our role as a responsible company: we continually evaluate our impact on the ecological, social, industrial and cultural environments.

Humanity

- As the men and women who work for the Etienne Lacroix Group are of central importance to the organization, it has opted for value-based management.
- The profits distribution policy illustrates the Group's ethical stance and its desire to perpetuate the company by applying the rule of dividing net results into three equal parts: one third for the employees, one third for self-financing means and one third for the shareholders.

Respect for Human Rights

Upholding the United Nation's Declaration of Human Rights, in accordance with the OECD's 2011 guidelines concerning Responsible Business Conduct, is of crucial importance to the Etienne Lacroix Group.

We are vigilant in our efforts to prevent actions and conduct within the Group that may have an incidence on respect for Human Rights through the application of a responsible company policy and rigorous adherence to regulations.

2. VALUES AND PRINCIPLES

OUR VALUES: EXCELLENCE

The pursuit of excellence stems from our desire to continuously improve our services and working methods to meet the challenges of international development and increasing competition. Our products and services must excel in quality and present a competitive advantage.

- The company's strategic positioning is characterized by innovation. It is based on the technological lead and the differentiation of our products and services. But in the same way our marketing approach, customer relations, application of economic intelligence, in-house competencies from design offices and technical services as well as our capability of self-financing are altogether contributing to the success of innovation.
- **Process control:** Our internal processes must remain under control and internal procedures must be executed by teams that work cooperatively and efficiently so that commitments made with respect to commercial offers, followed up by negotiations and contracts can be met. All commitments (schedules, pricing and technical) must be fulfilled. Support services ensure that internal procedures are executed correctly to achieve a controlled process. Operations reviews must be carried out rapidly and a concerted effort must be taken to carry out corrective action in the case of deviations.
- **International:** The strong ties between the company and its French customers must be strengthened. In today's global market, the company must consider itself as a full-fledged actor and reinforce its market position by developing its business segments. Our success in the international markets is backed by skilled personnel and our efficiently operating distribution network and subsidiaries.

3. OUR CONDUCT

EMPLOYEE OBLIGATIONS

- **Compliance with laws and regulations**
- **Accurate accounts, information and indicators**
- **Fundamental rights**
- **Compliance with health and safety rules**
- **Respect for customers**
- **Conflict of interest**
- **Appropriate professional practices**
- **Gifts and special invitations**
- **Asset protection**
- **Protecting confidential information**
- **Political and religious activities**

3. OUR CONDUCT

Compliance with laws and regulations

- Every employee must comply with the rules and regulations of the country in which he/she works. Employees must be aware of their job requirements.

Accurate accounts, information and indicators

- All personnel responsible for recording accounting or financial data, calculating and transmitting indicators or managing and communicating any other kind of information are under the obligation to report reliable and accurate data and information.
- More specifically, expenses and production levels reported for each activity must provide an accurate account of business operations and must be reported in accordance with accounting principles in effect and with the standards laid down by the Group.

Fundamental rights

- Each employee must uphold the Group's commitment to respecting fundamental human rights, such as the right to human dignity and the right to privacy. The Group abstains from employing child labor or any form of forced labor and allows the freedom of association and representation. It ensures that these rights are respected to the extent of its responsibility and encourages its partners and suppliers to adhere to the same standards of conduct.
- All employees must commit to non-discriminatory practices with respect to sex and age, racial, social and cultural origins, nationality, trade union membership, disabilities, political opinions and religion.

3. OUR CONDUCT

Health and safety rules

- Each employee must make sure to understand and comply with applicable safety rules and ensure others do so as well. Particular attention is given to working conditions and to the well-being of all individuals present at the Group's facilities. Behaviour is guided by three key factors as preventive measures: exemplarity - each individual takes it upon himself/ herself to comply with safety rules and to rigorously apply these rules; vigilance - being watchful and uncompromising at all times in order to identify risks; take action - immediately handle all situations presenting a risk.

Respect for customers

- The company makes sure to commit only to what is realistically possible. Internal control procedures (estimates and contracts) must be taken into account to establish viability. Once the commitments become contractual, they must be upheld.
- Each employee must play a part in ensuring that the Group's customers are provided with quality products and services that guaranty a high level of environmental safety, reliability and performance. He/she must rigorously comply with standards put in place to prevent, detect and correct any safety flaws.
- All personnel must ensure that commitments made to customers are fulfilled (technical, schedules, pricing, quality and service, etc.).

3. OUR CONDUCT

Conflict of interest

- Each employee must abstain from engaging in a conflict of interest. This is the case when an employee or one of his/her relatives or associates is liable to benefit personally from a transaction involving, in particular, any of the Group's subsidiaries, customers or suppliers.
- Specifically, all employees must abstain from acquiring a stake in companies of suppliers or customers, unless purchased through a securities portfolio management scheme and in compliance with regulations prohibiting the use of privileged information.
- He/she must select suppliers based on clear and objective criteria. The Group's interests must be placed ahead of other considerations during negotiations with suppliers, while ensuring to act in accordance with the law and the interest of fairness.

Appropriate professional practices

- Each Group employee must abstain from engaging in corrupt practices such as paying out or accepting bribes or facilitating payments, or granting unwarranted advantages to public officials or private individuals.
- He/she must abstain from anti-competitive practices such as price-fixing, bid-ridding, collusion or abuse of economic dependence.
- Prior to entering a contractual agreement with a partner, employees must carry out audits and a methodical and well-documented selection process.

3. OUR CONDUCT

Gifts and special invitations

- Each employee must abide by the principles of integrity and loyalty in his/her relations with customers and suppliers. He/she shall abstain from directly or indirectly soliciting gifts. He/she shall refuse any gifts that do not fall into the category of customary practices or which may cause him or her to be influenced, thereby losing one's independence of judgement.
- This rule also applies to any invitations to seminars or trips which are not professionally justified.
- All gifts must be authorized by senior management.
- Each employee must abstain from using his/her position or authority to obtain handouts or special advantages.

Asset protection

- Each employee shall be responsible for using company goods and resources appropriately and for professional use only. He/she shall utilize these assets to carry out his/her job in accordance with rules and procedures in effect within the company and takes any measures deemed necessary to prevent damage, theft or unauthorized use by a third party.
- He/she undertakes to protect the Group from fraud and asset misappropriation by carrying out the necessary checks within his/her field.

3. OUR CONDUCT

Protecting confidential information

- Each employee must take the necessary measures, in accordance with the rules and procedures in effect in the company, to protect confidential information connected to one's position. Said information may pertain to new projects or concern strategic, industrial, financial, social data or other, or generally any information which, if revealed publically, could be contrary the Group's best interests.

Political and religious activities

- Employees who take part in political activities must do so on their own personal time. In the case where an employee should mention that the Group is his/her employer, he/she must clearly specify that he/she does not represent the Group in any way. Furthermore, the Group does not make any financial contributions to political parties.
- The religious practices of personnel must not enter the workplace, unless otherwise required by law.