

Tapflo Group

Gift, Benefit and Hospitality Guidelines

Introduction and Scope

Tapflo believes in business operated in a responsible, transparent, ethically correct manner and shall not participate in any corruption. Hospitalities; gifts, meals, entertainments and travels can improve business relationship and goodwill, as far it is naturally and useful/value adding in the professional role, also within the frame of applicable legislations.

The Tapflo Gift, Benefit and Hospitality Guidelines provides further guidance to prevent risk for inappropriate business decisions, bribery & corruption and to support compliance to Tapflo's business ethic values expressed in Tapflo Anti-Corruption Policy and Tapflo Code of Conduct.

"All corruption, extortion and embezzlement is prohibited. Tapflo employees shall not offer, pay or accept bribes or payments, gifts and other kind of benefits in violation with applicable laws & regulations or may create a situation of risk for inappropriate business decisions, neither participate in other illegal inducements in business or government relationships".

Tapflo Group (Tapflo) expect its Board of Directors, all employees, volunteers and its representatives (Tapflo employees) to make systematic, targeted efforts to ensure compliance to the valid version of Tapflo Gift, Benefit and Hospitality Guidelines. Additional local guidelines may be issued.

Tapflo employees shall comply with all applicable national and international (extraterritorial jurisdiction) laws and regulations. If there is a conflict between the Tapflo Gift, Benefit and Hospitality Guidelines and valid law, the law prevails. Deviations from the Tapflo Gift, Benefit and Hospitality Guidelines may be approved only by Tapflo's CEO.

Hospitalities; gifts, meals, entertainments and travels are related to actions and activities in a quite complex compliance area. There are different dimensions of it, e.g. if it is allowed or prohibit, the level of hurdle-rates and is it appropriate according to business ethics. such as:

- What are allowed according to Anti-Bribery & Anti-corruption Laws and regulations?
- What are allowed according to Tax provisions and regulations, such as deduction for VAT and corporate tax and might it be an issue of taxation for the receiver?
- What are allowed according to Tapflo?
- Does it regard a receiver within Private sector or Public sector?
- Is it in line with common Business standard and Business ethically correct manner?
- What kind of Hospitalities; gifts, meals, entertainments and travels does it regards?
- What is the aim of activity, frequency and is it at a proper timing?

Responsibilities

It is a Tapflo Management responsibility that there are proper procedures in place in order to prevent, detect and respond upon bribery & corruption and risk for it.

Tapflo Management is responsible for that all Tapflo employees within their organization at risk receive extra information on Tapflo Gift, Benefit and Hospitality Guidelines. With a risk based approach foresee that sufficient training will be provided to Tapflo employees and Business partners. Periodic risk assessments are to be performed regarding the risk for violations. Identified and prioritized risks are to be governed properly.

The hurdle-rate for a gift, benefit, entertainment or hospitality may vary if it could be seen as a bribe. It depends on different circumstances, for example; is a gift, benefit or hospitality handled over open and transparent or concealed, level of value, modest or not, frequency, timing according to negotiations, any terms for it, value add for the professional relation, the receiver is a public official or not. Uniform definition of corruption is missing. It might be different from country to country. It is a crime even if the offense is not completed, that the prospect of a gift, benefit or hospitality is often enough to be seen as a criminal offense.

Gifts, benefits or hospitalities might not be acceptable for the recipient by different reasons, e.g. business partners internal policies/guidelines or not acceptable and/or taxable due to local legislation and rules. It is recommended for Tapflo Management to identify such situations and

having a caution approach. At the same time for Tapflo Management ensure suppliers awareness about Tapflo's applicable rules in the area.

All gifts, benefits and hospitalities must have a business purpose and to be legitimate.

Language

If the Tapflo Gift, Benefit and Hospitality Guidelines is translated into other languages, the English version shall be valid in case of conflict or disputes. Additional local guidelines with further detailed specification might be issued only in local language.

Transparency

Tapflo employees shall act transparent and keep up to date records of the elements relevant to demonstrate compliance with this *Tapflo Gift, Benefit and Hospitality Guidelines* and the *Tapflo Anti-Corruption Policy*. All transactions must be recorded transparent, correct and fair.

Conflict of Interest

Tapflo employees shall not conduct their private, financial or other external activities in conflict with the interests of Tapflo. The Tapflo assets and resources shall be used for Tapflo objectives and not for personal gain or other inappropriate activities. Three different situations might occur:

Real conflict: If there is a real conflict of interest between the Tapflo employee's professional duties and private interests. Actions must be taken.

Potential conflict: The Tapflo employee has private interests that might be in conflict with professional duties. Circumstances where it is foreseeable that a conflict can arise in future and actions should be taken to govern potential risks.

Perceived conflict: Third parties could from the view outside that Tapflo employee's private interests may inappropriate impact decisions and behaviour. It is also a matter of timing when activities may be seen as inappropriate.

The consequences can be severe for Tapflo and also arise potential risk for brand damage.

Guidance and Definitions

Business partners and Public officials

There are in some situations and different jurisdictions, a legal difference between the Private sector (private sector employees) and Government/State/Public sector/acting on behalf (Public officials). In relation to public officials is it important to be cautious. From a legal perspective, the penalties for violations versus anti-bribery & anti-corruption legislation regarding government/public sector can be more severe and the hurdle---amounts for “anything of value” may be lower or prohibit. The consequences’ and reputational damage are severe in corruption scandals.

Gifts are not allowed to handle over to Public officials. When it regards hospitalities such as meals and entertainments - Be very restrictive if offering any meals or entertainments. In general, regular public officials should not be invited to an exclusive dinner or a party. Invitation to be sent to the official agency/authority/ public organisation and/or certain level, not an individual public official.

Gifts or services should never be provided as Facilitation payments; unofficial payments or gift also called “Speed payments”, in cash or anything of value to Public officials or commercial contacts with the aim to speed up, e.g. a process, approval, processing customs or other activities. It might not be prohibited in some local legislation.

However, it is not acceptable according to Tapflo.

Gifts, benefits and hospitalities

Gifts may be divided in different and of varied value; High value (e.g. art/painting, jewellery or expensive items) or Low value (e.g. small bouquet of flowers or consumables/chocolate box). Gifts with the corporate logotype printed on the gift tend in general to decrease an estimated value. Gifts are never to be paid in cash or transferable to cash/equal. It is also a risk for concealed bribes/corruption or transferred funds to public officials or political contributions.

It is not how the receiver perceive the value that counts, it is the true/estimated market value that is applicable. (for example: the receiver does not like football and receive tickets to a game, even if it does have a very limited value for the receiver, it still seen as full value from a legal, taxation and internal guidelines view).

Tapflo promote modest gifts at a low value and at non-regularly frequent manor, in line with general accepted business standard. It is important to be open and transparent regardless if it is a gift, benefit, entertainment or hospitality. Lotteries or game of chance are no to be arranged.

Business partners

Representation gifts or Promotional gift. The representation gift is a gift to be given direct to an individual, provided in direct connection to a representation occasion and to consist at a preferable Low Value, depending on situation. Exact limit varies between different countries depending of e.g. tax legislation, standard cost of living and local laws and regulations. The Promotional gift is a simply gift at a low value and are intended for use in many different aims and usually labelled with Tapflo's logotype/brand.

Gifts by lotteries might be complex situations, also with specific rules and can easily be misinterpreted. It is not allowed to perform such activities within Tapflo.

Gifts, benefits and hospitalities should always be handled over in an open and transparent way or send to a corporate official address, never to a private address. Invitations to meals or entertainment may not include spouses or family members if not for a specific reason.

Seminar, conferences, exhibitions and visits at production sites.

The geographic location must make sense and to have a natural connection to the event. Invited guests with their expenses for travels/tickets and accommodation/hotels are not to be reimbursed. Potential side activities such as entertainments are to be as a minor part of the sessions and arranged modest at a moderate cost.

Gifts to employees

Tapflo as the employer may give gifts of Less or Low value to employees, such as clothes, towels, tickets to entertainments or training/healthcare, preferable if possible, with the TAPFLO logotype and are in line with the requirements for gifts to employees'. (Please note. Specific jubilee gift for Tapflo employees such as 50, 60 years Birthday, employed in 25 years is to be coordinated with Tapflo Human resources at HQ, and sometimes at a higher value, see Appendix 1)

Taxation

Tapflo Employees must be aware of the tax impact and potential consequences for Tapflo and for the receiver. The tax hurdle--rate for a deduction is not necessarily an upper limit for an activity, however violation of applicable laws and regulations are prohibited.

Gifts might be taxable to the receiver. The employer shall make tax deductions, pay employer fees and so on. The cost of the gift may be deductible for the employer.

Representation gift with a value up to 180 SEK + VAT is granted a deduction regarding corporation tax and VAT. Amounts exceeding that amount are not deductible, according to Swedish tax legislation.

Deductions are allowed for the advertising value of the gift, which can be difficult to calculate. For example, deductions have been granted for promotional gifts of simple types and less value.

There is no deduction of representation meals (lunch, dinner, supper and other consumption) regarding the corporate income tax. Deduction for VAT may be raised on expenses for representation meals up to SEK 300 per person (see Appendix 1).

Expenses for refreshment and simpler consumption of lesser value may be deductible.

Gifts from Suppliers

Purchasing and sourcing decisions should be based on Tapflo's purchasing strategies, customers' expectations, sustainability and the best value expected to be received according to the level of price, quality and performance. No Tapflo employee or other business partner working on behalf of Tapflo may request or accept any benefits or anything of value which is offered, provided, authorized, requested or received as an inducement or reward for improper purchasing or procurement decisions.

Accepted and offered gifts should be registered in a specific gift-ledger at local CFO-office. Gifts should always be sent to a corporate official address, never to a private address.

It is recommended to inform suppliers that the aim might be good, however it is not allowed with such a gift to Tapflo employees according to TAPFLO internal rules.

Invitations to meals

Tapflo employees may accept invitations to a lunch in connections with a business partners business meeting such as information or negotiations.

Dinners related to work in with connection to specific situations such as specific exhibitions may be accepted given that they are arranged modest, at a limited cost and not exclusive. Recommended to be approved by superior manager in advance of such dinner sessions.

Donations, grants and political contributions

Donations and grants are cash or something of value given by Tapflo of humanity and social reason. It must be approved in advance by Tapflo CEO. It is recommended to be extra cautious due to risk for concealed bribe/corruption or transferred funds to public officials or political contributions. The Donation or Grant must be forwarded via a trustworthy, well-renowned organization and handled in a transparent way.

Tapflo does not permit political contributions included political candidates, neither direct nor indirect.

Sponsorship

There are two different kind of sponsorship; commercial sponsorship and social sponsorship. Sponsorship and its level of value must be approved in advance and in line with the valid Tapflo Authorization Directive. It is recommended to be extra cautious due to risk for concealed bribe/corruption or transferred funds to public officials.

Do not hesitate to contact your superior manager or Tapflo HQ as of specific instruction ¹ in case of any questions. If you are uncertain, please ask always in advance of any actions.

Appendix: Appendix 1 - Applicable rules for representation*) and gifts**) in Sweden

¹ In doubt or question regarding Tapflo Gift, Benefits and Hospitality Guidelines, please contact your superior manager or, Tapflo's CCO Håkan Ekstrand, ekstrand@tapflo.com or Chairman of Tapflo Groups Börje Johansson, johansson@tapflo.com