

# Tapflo Group

## Gift, Benefit, and Hospitality Guidelines

### Introduction and Scope

Tapflo believes in businesses operating in a responsible, transparent, and ethically correct manner, not participating in any corruption. Hospitalities: gifts, meals, entertainment, and travel can improve business relationships and goodwill, if it is naturally useful or adding value in the professional role, also within the framework of the applicable legislation.

The Tapflo Gift, Benefit, and Hospitality Guidelines provide further guidance to prevent any risks for inappropriate business decisions, bribery & corruption while supporting the compliance to Tapflo's business ethics and values expressed in Tapflo Anti-Corruption Policy and Tapflo Code of Conduct.

"All corruption, extortion, and embezzlement are prohibited. Tapflo employees shall not offer, pay or accept bribes or payments, gifts, and other kinds of benefits in violation of 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) expects 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 authority) laws and regulations. If there is a conflict between the Tapflo Gift, Benefit, and Hospitality Guidelines and valid law, the law prevails. Tapflo's CEO may only approve Deviations from the Tapflo Gift, Benefit, and Hospitality Guidelines.

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

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

## **Responsibilities**

It is Tapflo management's responsibility that there are proper procedures in place to prevent, detect and respond to bribery & corruption accordingly and prevent the risk of it happening.

Tapflo Management is responsible for 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 checked regarding the risk for violations. Identified and prioritized risks are to be governed properly.

The value of a gift, benefit, entertainment or hospitality can also be affected by the situation if it can be seen as a bribe. Depending on the circumstance, for example, when a gift, benefit or hospitality is handed over, whether it is open and transparent or hidden, value, modest or not, frequency, timing, in conjunction with a negotiation or any conditions for it. Furthermore, whether it adds value to the professional relationship and if the recipient is a public official or private officer. A 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 for different reasons, e.g., business partners' internal policies/guidelines are not acceptable and/or

taxable due to local legislation and rules. It is recommended for Tapflo Management to identify such situations and have a cautious approach. At the same time, Tapflo management should ensure that all suppliers are aware of Tapflo's applicable rules in the area.

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

### **Language**

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

### **Transparency**

Tapflo employees shall act transparent and keep up-to-date records of the elements relevant to demonstrate compliance with *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 conflict with professional duties. Circumstances where it is foreseeable that a conflict can arise in the future and actions should be taken to govern potential risks.
- Perceived conflict: Third parties from outside of the business see that Tapflo employees' private interests may inappropriately 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 arise potential risk for brand damage.

## Guidance and Definitions

### **Business partners and public officials**

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

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

Gifts or services should never be provided as facilitation payments, unofficial payments or gifts also called "speed payments", in cash or anything of value to public officials or commercial contracts 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 into different and of varied value; high value (e.g., art/painting, jewellery, or expensive items) or Low value (e.g., a small bouquet or consumables i.e., 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 perceives the value that counts, it is the true/estimated market value that is applicable. (For example, the receiver does not like football and receives tickets to a game, even if it does have a very limited value for the receiver, it is still seen as the full value from a legal, taxation, and internal guidelines view).

Tapflo promotes modest gifts at a low value and in a non-regularly frequent manner, in line with generally accepted business standards. It is important to be open and

transparent, regardless of if it is a gift, benefit, entertainment, or hospitality. Lotteries or games of chance are not to be arranged.

### **Business partners**

*Representation gifts or promotional gifts.*

A representation gift is a gift to be given directly to an individual, provided in direct connection to a represented occasion, and to consist at a preferable low value, depending on the situation. The exact limit varies between different countries depending on tax legislation, the standard cost of living and local laws and regulations, etc. The promotional gift is simply a gift at a low value and is intended for use in many different aims and is 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 managed openly and transparently or sent 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.

### **Seminars, conferences, exhibitions, and visits at production sites.**

The geographic location must make sense and have a natural connection to the event. Guests with their expenses for travels/tickets and accommodation/hotels are not to be reimbursed. Potential side activities such as entertainment are to be a minor part of the sessions and arranged 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 the receiver. The tax hurdle--the rate for a deduction is not necessarily an upper limit for an activity, however, violation of applicable laws and regulations is 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.

A 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. VAT deduction 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 a 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 lunch in connection with business partners' business meetings to gather information or negotiations.

Dinners related to work with connections to specific situations such as specific exhibitions may be accepted, given that they are arranged modestly, at a limited cost, and not exclusive. Recommended to be approved by a 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 the risk of concealed bribes/corruption or transferred funds to public officials or political contributions. The donation or grant must be forwarded via a trustworthy, well-renowned organization and managed transparently.

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

### **Sponsorship**

There are two different kinds 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 the risk for concealed bribe/corruption or transferred funds to public officials.

Do not hesitate to contact your superior manager or Tapflo HQ with specific instructions 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

*In doubt or questions regarding Tapflo Group Gift, Benefit and Hospitality Sustainability Guidelines, please contact your superior manager, Tapflo Group's CEO Per Antonsson per.antonsson@tapflo.com – March 2022*