Gifts and gratuities policy

Policy on the offering and acceptance of gifts, gratuities and hospitality

RECA Group

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RECA Group

The RECA Group is an internationally operating group of companies. Predominantly a direct-selling company of premium brands, we offer high-quality fastening products, tools, installation and maintenance accessories and chemical maintenance and care products to customers in the trades and the industrial and automotive sector.

As one of the largest suppliers in Europe, the RECA Group is a one-stop shop for strong brands. Today the RECA Group is active with 28 companies in 20 countries, since 2004 also in China.

Business Units
The RECA Group organizes itself strategically in business units (BU).

Why? The markets change, customers become more specialized; there are more and more networks and cooperations. Lean, efficient and customized business units guarantee a successful business development even in complex markets and enables us to offer first class services to our customers.

2.1 Introduction

Our corporate culture is characterized by mutual trust, predictability, honesty and straight-forwardness in our dealings in and outside the company. Our compliance with these standards is key to the success of our corporate group.

We all know that meeting our business targets alone is not everything, these targets have to be met in a way, which is legally permissible. Our customers, our business partners, the concern family, the public and not least we, the employees[1], expect that our behavior be beyond reproach in all our business relationships.

To ensure this, all national and international laws, regulations, voluntary commitments and corporate guidelines must be observed. It is a matter of course for us to comply with all legal requirements and our internal policies, including, but not limited to, the Group's Policy and Procedure Manual.

This gifts and gratuities policy serves to inform all employees about the fundamental rules of conduct, which must be observed when accepting or offering gratuities, i.e. gifts and invitations. Accepting and offering gratuities is generally permitted within the framework of rules laid down in this policy. Any employee exceeding the restrictions imposed by this framework may be suspected of unfair business practices or bribery. Such behavior can have severe consequences under labor and even criminal law, not only for the persons involved, but also for the management concerned. Compliance with this policy helps protect all employees and the company management from such consequences.

This policy protects employees from coming into conflict with the law and preserves the reputation of the Group!

[1]The terms “employee” and “employees” as used in this document refer to both male and female employees. Any other terms that may appear to be gender-specific are also meant to encompass both males and females. Any such measures are aimed solely at simplifying the text and are not to be associated with any value judgment.

3 Content and Definitions

The following code of conduct governs the treatment of gratuities, i.e. gifts and invitations. The objective of this policy is to

- ensure the compliance with legal requirements of all employees, customers and other business partners of the RECA Group,
- prevent conflicts of interest and increase awareness for potential conflicts of interest and problematic situations among employees of the RECA Group when accepting or offering gratuities, and
- protecting the public reputation of the RECA Group by preventing inappropriate practices in the treatment of gifts and invitations.

Gratuities for the purpose of this policy shall include anything, which could be of value for the recipient of the gratuity, including, without limitation,

- Non-monetary gifts
- Money
- Vouchers
- Admission tickets
- Invitiations, particularly to business lunches/dinners or events, as well as
- other gratuities or benefits (e.g. access to service or product free of charge or at reduced rates).

The value limits contained in this guideline shall apply to the total value of all gifts and invitations extended to one individual business partner and/or the total value of all gifts and invitations accepted from one individual business partner. "Value" for the purpose of this policy shall mean the gross sales price, i.e. the amount the recipient of the gratuity would have to pay under normal circumstances to obtain the gratuity.

This policy shall not apply to business transactions between companies of the Group (so-called "Group privilege") and not to gratuities offered by a company to its own employees.

As is often the case, the right behavior when confronted with gratuities depends on the circumstances of the individual situation. In the following, this policy therefore distinguishes between "offering" and "accepting" gratuities and between "gratuities in the private sector" as well as "gratuities in the public sector".

Dealings with private businesses for the purpose of this policy shall mean the usual business transactions between companies and their employees under private law, as opposed to business transactions with officials and companies in the public sector.

Officials include all persons holding a public office or performing public administration duties. This not only includes civil servants, judges and notaries, but also employees of authorities and municipal companies (e.g. employees of a local public works department). The interpretation of the term "official" is subject to applicable local law.

Gratuities for the purpose of this policy are divided into gifts and invitations (business lunches or dinners / events). As a result, this policy covers various scenarios and specific rules of conduct, which are listed in sections 4 to 6.

This policy distinguishes between
the offering of gratuities in the private sector the offering of gratuities in the public sector the acceptance of gratuities by RECA Group employees between gifts and invitations (business lunches or dinners / events).

4 Offering of gratuities in the private sector

In the private sector, all laws governing the fight against corruption aim at ensuring free and fair competition without any unfair interference with business relations and protecting the business interests of every individual business owner. These laws try to prevent the offering or promise of gratuities as consideration for preferential treatment in business transactions. Solely the quality, performance and price offered should be the determining factors in a business decision, not gifts or invitations. Generally, the mere offer or promise of a benefit to unfairly influence a business partner without actually transferring any gratuities is considered a criminal offense.

4.1 Offering gifts in the private sector

1) Presenting gifts is generally not permitted when a direct connection to a certain business or purchasing decision of the business partner can be established.
2) Under no circumstances may the presentation of a gift be tied, either directly or indirectly, to any conditions.
3) The value of a gift must not exceed the amount of EUR 50 per recipient (=individual) and six-month period.
4) Monetary gifts are not permitted.

4.2 Extending invitations to business lunches/dinners in the private sector

1) Invitations to business lunches or dinners in line with local business practices are permitted up to a total amount of EUR 100 per invited guest and six-month period.
2) Managing directors can extend invitations to business lunches or dinners, which exceed the amount of EUR 100 when acting in the interest of the company and provided this is permitted by local law. These invitations must be documented[2].

4.3 Extending event invitations to business partners in the private sector

3) Invitations may not be extended if a direct connection can be established between a certain business or purchasing decision of the business partner.
4) Invitations to events with a clear business purpose (e.g. seminars, company or product presentations) and adequate catering are permitted. Travel and accommodation costs may not be borne by the RECA Group company.
5) Invitations to events, which are not primarily business meetings (e.g. sponsorship, marketing or sales events), or events, which have no connection to a business transaction at all, are permissible under the following circumstances: The organization of the non-business-related part of the event must be reasonable and geared towards improving the external image of the company. The value of this type of invitation must not exceed the amount of EUR 200 per person and year. Travel and accommodation costs may not be borne by the RECA Group company.
6) The invitation of partners or other accompanying guests is only permitted where the type of occasion requires that each guest attend the event with a partner (e.g. gala dinners, balls, etc.). Invitations may not be extended if a direct connection can be established between a certain business or purchasing decision of the business partner and the event in question. All events and guest lists have to be documented and filed by the department responsible for the organization of the event.
7) Invitations to business partners must be addressed to the corresponding company address using official company letterhead paper or sent by email as official invitation to a company function. In addition, every invitation must be extended subject to the approval of the invited company, as the business partner may also be subject to a code of conduct prohibiting employees from accepting this type of invitation.

The presentation of gifts and extension of invitations to a business partner is not permitted if a direct connection can be established between a certain business or purchasing decision of the business partner and the gift or invitation in question.

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[2] The documentation of this type of event must contain the following information: Purpose of the event, name and position of the invited guest, relationship between the persons involved, type, value and date of the gratuity. (For an example, see page 20.)

5 Offering gratuities to officials in the public sector

All laws governing the fight against corruption among officials aim at ensuring the ethical behavior of officials and protecting the trust placed by the public in the holders of public offices. The degree of protection provided by these laws is far more extensive than that between private businesses. For this reason, the offering of gratuities to officials is subject to a separate set of rules.

5.1 Offering gifts to officials

Offering gifts to officials is not permitted. At most, officials may be offered promotional items with a maximum value of EUR 5, unless this is prohibited by local law or official regulations.

5.2 Extending business lunch/dinner invitations to officials

When inviting officials to business lunches or dinners, the invitation may under no circumstances create the impression that there is an attempt to exert influence on the official in question. Invitations to business lunches or dinners have to be appropriate (e.g. normal lunches during a company or product presentation) and it must be ensured that the acceptance of such an invitation does not violate any applicable laws or regulations.

5.3 Extending event invitations to officials

1) Inviting officials to events with a clear business purpose (e.g. seminars, company or product presentations) and adequate catering is permitted. All travel and accommodation costs must be borne by the official.
2) Invitations to events, which are not primarily business meetings (e.g. sponsorship, marketing or sales events), are permitted, provided they do not violate any applicable laws or regulations. The invitation of partners or other accompanying guests is only permitted where the type of occasion requires that each guest attend the event with a partner (e.g. gala dinners, balls, etc.). The organization of the non-business-related part of the event must be reasonable and geared towards improving the external image of the company. All travel and accommodation costs must be borne by the official. Invitations may not be extended when there is a connection to an official decision to be made by the invited official.
3) The event organizer must document and file all information on the event, guest lists and proof that the participation of the guests in the event does not violate any applicable laws or regulations.
4) Inviting officials to events, which do not serve any business purpose, is not permitted.

Due to the strict rules and regulations governing gifts and invitations to officials, compliance with legal an official regulations must be ensured at all times.

6 Acceptance of gratuities by RECA Group employees

6.1 Acceptance of gifts by RECA Group employees

1) Accepting gifts is generally not permitted when a direct connection to a certain business or purchasing decision of the business partner can be established.
2) Under no circumstances may the acceptance of a gift be tied to any conditions.
3) The value of a gift from a business partner may not exceed the amount of EUR 50 per recipient and six-month period.
4) In the event the value of the gift exceeds EUR 50, the employee is obliged to politely decline.
5) Accepting monetary gifts is not permitted.

6.2 Acceptance of business lunch or dinner invitations by RECA Group employees

1) Invitations to business lunches or dinners in line with local business practices are permitted up to a total amount of EUR 100 per inviting host and six-month period (per inviting business partner).
2) Managing directors are permitted to accept invitations by business partners to business lunches or dinners, which exceed the amount of EUR 100 when acting in the interest of the company, unless this is prohibited by local law.
3) If the invitation is extended to include a private accompanying guest as well, the invitation may only be accepted with the prior written approval by the superior. Superiors must consider in their decision whether accepting the invitation would be in the interest of the company.

6.3 Acceptance of event invitations by RECA Group employees

1) Invitations may not be accepted when there is a connection to an upcoming business or purchasing decision of the business partner.
2) Attending events with a clear business purpose (e.g. seminars, company or product presentations) and adequate catering is permitted. Travel and accommodation costs have to be borne by the RECA Group company concerned. In the event employees of the RECA Group give speeches or presentations or provide training at the invitation of a third party, travel and accommodation costs can also be borne by the inviting host.

3) Accepting invitations of business partners to events, which are not primarily business meetings (e.g. sponsorship, marketing or sales events) or events, which have no connection to a business transaction at all is permissible under the following circumstances: The organization of the non-business-related part of the event must be reasonable and geared towards improving the external image of the company. The value of this type of invitation must not exceed the amount of EUR 200 per person and year. Travel and accommodation costs have to be borne by the RECA Group company concerned. Invitations of partners may only be accepted where the type of occasion requires that each guest attend the event with a partner (e.g. gala dinners, balls, etc.).

7 Taxation of gratuities

Offering and accepting gratuities are transactions which are relevant for tax purposes. However, the taxation of gratuities differs from country to country and national laws and regulations are often subject to frequent changes. As a rule, every RECA Group company should consider income-tax-relevant and sales-tax-relevant aspects when offering a gratuity. Gratuities may result in taxable non-cash benefits for the recipients.

Each individual Group company has to take suitable measures to ensure all gratuities are offered in compliance with applicable accounting rules and fiscal regulations. The Group companies must further inform their employees of all tax-related consequences when receiving gratuities from third parties and pay taxes on any resulting fringe benefits of individual employees where necessary.

The responsibility for the due taxation of any offered and accepted gratuities generally lies with the management of the company concerned. Process instructions for the proper treatment of gratuities offered by the company in compliance with applicable accounting rules and fiscal regulations as well as the due taxation of gratuities received by employees from third parties must be coordinated with the Group Tax Department or the local tax consultant.

The Group Tax Department of the Group supports all Group companies in the evaluation of transactions for tax purposes within the meaning of this policy. If it is unclear how the taxation of individual transactions must be handled under this policy, the compliance officer of the company in question must consult either the Group Tax Department or the officially appointed tax consultant to resolve the issue. The transaction in question may not be made before all tax issues are fully resolved. However, if, in exceptional cases, an error resulting in the incorrect taxation of a transaction within the meaning of this guideline has been discovered, the responsible compliance officer must report the situation to the Group Tax Department or – where applicable – the appointed tax consultant and initiate a proper tax review of the transaction in question.

8 Applicability and Communication

1) This policy applies to all employees of the RECA Group, including its managing directors and any board members, and their interactions with existing and potential customers and other business relations. In the event stricter rules exists for individual companies or functional areas (e.g. purchasing), these stricter rules shall take precedence over the provisions of this policy.
2) This policy must be observed in all companies of the RECA Group. In the event any legal objections or country-specific practices render the application of this policy impossible, this policy must be adapted to meet all legal requirements. Any changes made as a consequence, must be laid down in an appendix to this policy and submitted to the Chief Compliance Officer of the RECA Group for approval. If the value limits contained in this policy are too high according national law or local customs, they must be adjusted accordingly.
3) All employees of the RECA Group companies must be informed of the content and trained in the application of this policy at least once a year. The compliance officer of each company is responsible for the proper documentation of these information and training sessions.

9 Questions and comments on this policy

All questions and comments on this policy can be addressed to each company's appointed compliance officer as well as the CCO or any representatives appointed by the CCO.

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10 « Traffic light guide » to the content of this policy

Offering gratuities in the private sector

10.1 Offering gifts in the private sector

WHAT		HOW
Gifts in the amount of EUR 50 per recipient (=individual) and per six-month period.		→ Permitted
WHAT		**HOW**
Direct connection to a certain business or procurement decision of the business partner.		→ Not permitted
Presentation of the gift tied to certain conditions.		→ Not permitted
Gifts exceed the amount of EUR 50 per recipient (=individual) and per six-month period.		→ Not permitted
Monetary gifts		→ Not permitted

10.2 Extending business lunch/dinner invitations in the private sector

WHAT		HOW
Invitations in line with local business practices are permitted up to a total amount of EUR 100 per invited guest and six-month period.		→ Permitted
WHAT		**HOW**
When acting in the interest of the company, managing directors can invite business partners to business lunches or dinners exceeding the value of EUR 100 per invited guest.		→ Permitted, but written documentation required. This documentation must contain the following information: Purpose of the event, name and position of the invited guest, relationship between the persons involved, type, value and date of the gratuity.
WHAT		**HOW**
Invitations exceeding the value of EUR 100 per invited guest and per six-month period (the inviting employee is no managing director).		→ Not permitted

10.3 Extending event invitations in the private sector

WHAT		HOW
Invitations to events with a clear business purpose (e.g. seminars, company or product presentations) and adequate catering.		→ Permitted if the invitation is addressed to the corresponding company address using official company letterhead paper or send by email as official invitation to a company function. In addition, every invitation must be extended subject to the approval of the invited company, as the business partner may also be subject to a specific code of conduct. All travel and accommodation costs must be borne by the business partner.

WHAT		HOW
Invitations to events, which are not primarily business meeting or events, which have no connection to a business transaction at all with a value of up to EUR 200 per person and year.		→ Permitted, if the organization of the non-business part appears reasonable and geared towards improving the external image of the company. The invitation must be addressed to the company's address using official company letterhead paper or sent by email as official invitation to a company function. In addition, every invitation must be extended subject to the approval of the invited company, as the business partner may also be subject to a specific code of cunduct. All travel and accommodation costs must be borne by the business partner.
Inviting accompanying guests		→ Permitted if the type of occasion requires each guest to attend the event with a partner (e.g. gala dinners, balls). These events and guest lists must be documented.
Several invitations of the same business-partner		→ Permitted if the total amount of EUR 200 per person and year is not exceeded.

WHAT		HOW
Direct connection to business or procurement decision of the business partner.		→ Not permitted. The invitation may not be extended.
Payment of travel and accommodation costs.		→ Not permitted. All travel and accommodation costs must be borne by the business partner.

10.4 Offering gratuities to officials

10.4.1 Offering gifts to officials

WHAT		HOW
Gifts to officials		→ Not permitted, at most promotional items with a maximum value of EUR 5, unless this is prohibited by local law or official regulations.
WHAT		**HOW**
Connection with official decision or purchasing decision of official. Presentation of the gift tied to certain conditi-ons Offering monetary gifts		→ Not permitted → Not permitted → Not permitted

10.4.2 Extending business lunch/dinner invitations to officials

WHAT		HOW
Invitation of official to an appropriate business lunch or dinner (e.g. normal lunches during a company or product presentation).		→ Permitted, the invitation may under no circumstances create the impression that there is an attempt to exert in-fluence on the official in question.
WHAT		**HOW**
Connection with official decision or purchasing decision of official.		→ Not permitted. The invitation may not be extended.

10.4.3 Extending event invitations to officials

WHAT		HOW
Events with a clear business purpose (e.g seminars, company or product presentations) and adequate catering.		→ Permitted, all travel and accommodation costs must be borne by the official. Adequate catering means standard meals, e.g. lunch at the cafeteria.
WHAT		**HOW**
Events which are not primarily business meetings (e.g. sponsorship, marketing or sales events).		→ Permitted with a written permission of the employer. The organization of the non-business-related part of the event must be a reasonable and geared towards improving the external image of the company. All events, guest lists, and receipts must be documented and filed by the organizer. All travel and accommodation costs must be borne by the invited official.
Traveling with accompanying guests		→ Permitted if the type of occasion requires each guest to attend the event with a partner.

WHAT		HOW
Connection with official decision or purchasing decision of official.		→ Not permitted. The invitation may not be extended.
Inviting officials to events, which do not serve any business purpose.		→ Not permitted. The invitation may not be extended.

10.5 Acceptance of gratuities by employees of the RECA Group

10.5.1 Acceptance of gifts by employees of the RECA Group

WHAT		HOW
Gifts in the amount of EUR 50 per business partner and per six-month period.		→ Permitted
WHAT		**HOW**
Direct connection to business or purchasing decision relevant for hosting business partner.		→ Not permitted
Acceptance of the gift tied to certain conditi-ons.		→ Not permitted
Gifts exceeds the amount of EUR 50 per busi-ness partner and per six-month period.		→ Not permitted
Acceptance of monetary gifts		→ Not permitted

10.5.2 Acceptance of invitations to business lunches or dinners by employees of the RECA Group

WHAT		HOW
Invitations in line with local business practices are permitted up to a total amount of EUR100 per host and six-month period. Managing directors are invited to business lunches or dinners exceeding the value of EUR 100.		→ Permitted → Permitted if in the interest of the company and permitted by local law.
WHAT		**HOW**
Inviting accompanying guests		→ Permitted, subject to the prior approval of the superior. The superior must consider whether accepting the invitation would be in the interest of the company.
WHAT		**HOW**
Invitations exceeds the value of EUR 100.		→ Not permitted. The invitation may not be accepted. Exception: Managing directors (see above).

10.5.3 Acceptance of event invitations by employees of the RECA Group

WHAT		HOW
Invitation with a clear business purpose (e.g. seminars, company or product presentations) and adequate catering. RECA Group employees give free training courses, speeches or presentations at the invitation of a third party.		→ Permitted. Travel and accommodation costs may not be borne by the host. → Permitted. Travel and accommodation costs can be borne by the host.
WHAT		**HOW**
RECA Group employees attend events which are not primarily business meetings or events which have no connection to a business transaction at all, with a value of up to EUR 200 per person and year. Traveling with accompanying guests.		→ Permitted, if the organization of the non-business part appears reasonable and geared towards improving the ex-ternal image of the company. Travel and accommodation costs have to be borne by the RECA Group com-pany concerned. → Permitted, if the type of occasion requi-res each guest to attend the event with a partner.
WHAT		**HOW**
Direct connection to business decision (purch-asing decision) of the RECA Group employee. Attending events worth more than EUR 200 per person and year.		→ Not permitted. The invitation may not be accepted. → Not permitted. The invitation may not be accepted.

11 Examples of documentation

List of invitations, gifts, …					Responsible:	Name superior		Team: VK1234
acceptance		by	from				THESE ARE EXAMPLES!	
Date	Personal no.	Employee	Clients-/ Supplier No.	Company	Contact Person	Occasion	Type of gift	(Estimated) Value in EUR (Gross sales price)
01.03.2017	3322	Max Mustermann	12345	Baumeister Maier	Rudolf Maier	anniversary	2 bottles of wine	25

offer		by	from				THESE ARE EXAMPLES!	
Date	Personal no.	Employee	Clients-/ Supplier No.	Company	Contact Person	Occasion	Type of gift	(Estimated) Value in EUR (Gross sales price)
01.04.2017	3232	Felix Berger	882245	Autohaus Gerster	Max Huber	birth of a child	Gift basket	30
01.04.2017	3345	Stefanie Müller	884875	IG Fenstermontagen GmbH	Doris Braun	Spring Festival	Tombolapaket (5 pens, 3 cups, 1 backpack)	35