

Anti-corruption directives

Directive on accepting and giving gifts, invitations, and other benefits (gift directive)

18 August 2023

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1. Purpose

Exchanging gifts and invitations helps to cultivate customer relationships and is part of business life. However, if certain rules are not observed, such gratuities can improperly influence business decisions or even merely create the appearance of this. The suspicion of corruption can considerably damage the reputation of Arbonia AG and its group companies ("Arbonia" in the following), and it can also result in consequences under civil and criminal law for the company and individual employees. Corruption is not a trivial offence but a punishable behaviour that can lead to high monetary fines and prison sentences.

The present directive defines minimum standards for preventing corruption and even the appearance of it. In addition to this directive, international anti-corruption standards and country-specific provisions against bribery must also be taken into account. If these are stricter than the present directive, then the stricter regulations must be complied with. Any local regulations for implementing the present directive must also be observed.

For the sake of clarity, only the masculine form is used in certain cases in the text below. This of course also implies the feminine form.

2. Scope of application

The gift directive also applies to the members of the Arbonia Board of Directors as well as all employees of Arbonia.

3. Prohibited actions

The direct or indirect offering, granting, or promising as well as accepting, requesting, or allowing a promise of benefits is prohibited if it is intended to influence specific business or official decisions. Benefits may include gifts in kind, vouchers, invitations, travel, non-market-compliant conditions, etc.

It is necessary to strictly avoid creating the impression that a decision of business partners or authorities could be based on extraneous reasons as the result of a gratuity. Particular caution is therefore required when granting benefits in cases where concrete negotiations are being conducted with a customer or supplier, when a business deal is imminent or has just taken place.

Regular gratuities are also prohibited if they could lead to a dependency or influence the business decision-making process (see also example 2).

4. Self-monitoring

Before accepting or granting gifts/invitations, employees concerned must ask themselves the following questions:

- Intention: What is the intention behind the gift/invitation? Is it only intended to strengthen the business relationship or is it intended to improperly influence the recipient's objectivity for an upcoming business decision?

- Appropriateness: Is the gift/invitation appropriate, taking into account local customs and the position of the recipient or giver? The private sphere can always be used as a benchmark. Would one give a gift of the same scope (value and frequency) to a friend or would one receive such a gift from a friend?
- Frequency: Is the gift/invitation given occasionally or repeatedly, or could the repeatedly granted benefit create an obligation on the part of the recipient? Is there a risk that a future business decision will no longer be based on objective criteria but on the gifts/invitations received?
- Disclosure: Could one tell work colleagues / co-workers that one has received or given a gift/invitation without feeling uncomfortable?

5. Gifts and invitations to private individuals

5.1 Principle

Accepting and giving gifts, invitations, and other benefits must be done in an appropriate manner, with sound judgement, and suitably for the level. Country-specific regulations must always be observed.

5.2 Accepting and giving gifts

If the self-monitoring pursuant to section 4 is affirmative, it is permissible to accept and give gifts and other benefits such as gifts in kind, vouchers, etc. without obtaining approval, provided that the value of CHF 400.00 per person is not exceeded. Furthermore, the giving and acceptance may only be unsolicited and not on a regular basis. The BU heads are obliged to set this limit according to the purchasing power of the country of the respective location, in consultation with the local Managing Director concerned, and to notify the Head of Compliance.

In the case of gifts valuing more than CHF 400.00, the respective Managing Director, the CEO of the respective division, or the Group CFO, depending on the subordination of the employee concerned, must determine in each individual case and document in writing¹ whether the gift:

- can be given;
- can be accepted, subject where applicable to the fulfilment of certain conditions such as e.g. the gift being passed on to charitable organisations or used for another appropriate purpose; or
- must be refused or returned, if practical.

If the gift cannot be accepted or can only be accepted with reservations, the giver must be informed in a general manner of Arbonia's principles regarding the acceptance of gifts and, if applicable, informed of the manner in which the gift has been dealt with or the extent to which it has been used for another appropriate purpose.

The members of the Arbonia Board of Directors and Group Management decide on their own responsibility how to handle gifts which they personally intend to accept or give, although they must also observe the rules of self-monitoring. The above-mentioned persons or members document in writing the type and value of the gifts they accept and give, provided these exceed the value of CHF 400.00.

¹ The decision may also be noted in an e-mail. This person must provide information about the recipient of the gift as well as the nature and value of the gift.

The written documentation referred to here must be kept for at least five years.

Example 1:

An Arbonia employee gives the buyer of XY AG – a self-confessed wine lover – a bottle of Château Pétrus (value: CHF 2,500). As a result, the buyer decides to buy an Arbonia product, even though a competitor's product would be cheaper and of comparable quality.

This is a case of bribery, as the gift was neither appropriate nor in line with customary practice. The gift also influenced the business decision in favour of Arbonia. Additionally, there would still be a case of bribery even if the buyer had refused the gift. The buyer does not have to accept the gift; it merely being offered is sufficient. Nor does the buyer have to have actually been influenced. Here, too, the mere intention of the Arbonia employee to influence the decision is sufficient.

5.3 Gifts in the form of cash

Accepting and giving gifts in the form of cash is prohibited.

5.4 Accepting and issuing invitations

Invitations must be within reasonable bounds, so that accepting and issuing an invitation cannot lead to a dependent relationship or influence a business decision-making process. Invitations without the involvement of Arbonia employees are to be regarded as gifts.

As a rule, the following invitations may be accepted or issued (subject to self-monitoring in accordance with section 4) without an approval being necessary:

- Occasional entertainment of business partners, provided the expenditure is within a reasonable scope and in accordance with local custom; or
- Special occasions in connection with the inviting company, such as e.g. company anniversaries at the place of business, open days, or product presentations.

Accepting and issuing invitations to events which are primarily of a business nature (meetings, negotiations, etc.) but which exceed the usual scope in terms of duration and costs require prior written approval.

Accepting and issuing invitations to events which are not primarily of a business nature (sporting events, golf tournaments, theatre performances, opera visits, travel and overnight stays, etc.) require prior written approval in all cases.

When invitations are issued, they should be addressed to the Managing Director of the invited company if possible, so that this person can decide which employees of the company may attend the event. In the case of large companies, the invitation may be sent to the responsible BU/department head instead of the Managing Director.

The members of the Arbonia Board of Directors decide on their own responsibility how to handle invitations which they personally intend to accept or issue, although they must also observe the rules of self-monitoring. Accepting and issuing invitations to events that are primarily of a business nature but exceed the usual scope in terms of duration and costs as well as invitations to events that are not primarily of a business nature must be documented.

Before accepting or issuing invitations exceeding a value of CHF 2,000² per person³ all employees are obliged to obtain written permission from the Head of Arbonia's Group Management. This person must document the approved invitations.

Employees at management levels I to III decide on their own responsibility whether to accept and issue invitations worth less than CHF 2,000 per person⁴, although they must also observe the rules of self-monitoring. Accepting and issuing invitations to events that are primarily of a business nature but exceed the usual scope in terms of duration and costs as well as invitations to events that are not primarily of a business nature must be documented.

The approval procedure for accepting and issuing invitations is otherwise analogous to the approval procedure for accepting and giving gifts pursuant to section 5.2. The same applies to the documentation requirement.

Example 2:

A supplier invites an Arbonia employee to lunch at a gourmet restaurant once a week. Although the Arbonia employee should check whether the supplier could be replaced by a cheaper one, the employee does not do this.

The invitation to lunch is no longer appropriate due to its presumed value and frequency. This has created a dependent relationship that harms Arbonia and benefits the Arbonia employee personally.

6. Gifts and invitations to public officials

With the exception of small courtesy gifts (bouquet of flowers, wine, local speciality, etc.) when a public official appears as a speaker at an event, gifts to public officials always require approval. Invitations require approval as well. The approval procedure is analogous to the approval procedure for accepting and giving gifts pursuant to section 5.2. The same applies to the documentation requirement.

If the value of a gift or an invitation to an official exceeds CHF 400, the written approval of the Head of Group Management must always be obtained in advance.

² The BU heads set this limit according to the purchasing power of the respective country in consultation with the respective local Managing Director and notify the Head of Compliance of this.

³ The CHF 2,000 value of the invitation is understood per person or, if a life partner is also invited, per couple.

⁴ Or per couple (cf. footnote 3).

Example 3:

An Arbonia employee invites a staff member of the local building authority to a sold-out concert. The Arbonia employee then submits a building application for a new production hall, although not all building regulations are complied with. Because of the nice concert visit, the staff member of the building authority turns a blind eye and grants the building permit.

A stricter standard applies to public officials, because officials must maintain independence. What can still be considered permissible among business partners is prohibited in the case of public officials.

7. Bribes

Bribes are gratuities given for the purpose of speeding up bureaucratic procedures (also known as “facilitation payments” or “grease money”). Bribes are prohibited.

8. Sanctions

Failure to comply with these rules may result in consequences under employment, civil, and/or criminal law.

9. Information

Information in connection with the gift directive can be obtained from the Head of Compliance.

10. Effective date

This directive goes into force immediately and replaces the directive on accepting and giving gifts, invitations, and other benefits (gift directive) dated 6 November 2013.

Arbon, 18 August 2023



Alexander von Witzleben
Executive Chairman of the Board of Directors



Andrea Wickart
Head of Compliance / General Secretary