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FRAISA USA, Inc., USA Edition

Gifts Policy

FRAISA Group Code of Conduct for Dealing with Presents and Invitations



Table of Contents

1	Table of Contents	3
2	Introduction	4
2.1	The FRAISA Group	4
2.2	Aim of this Policy	5
3	Contents and Definition	6
4	Giving of Gifts in the Private Sector	7
4.1	Giving of Presents in the Private Sector	7
4.2	Giving of Invitations to Business Meals in the Private Sector	7
4.3	Giving of Invitations to Events in the Private Sector	7
5	Giving of Gifts in the Public Sector to Holders of Office	8
5.1	Giving of Presents to Holders of Office	8
5.2	Giving of Invitations to Business Meals to Holders of Office	8
5.3	Giving of Invitations to Events to Holders of Office	8
6	Acceptance of Gifts by FRAISA Group Employees	9
6.1	Acceptance of Presents by FRAISA Group Employees	9
6.2	Acceptance of Invitations to Business Meals by FRAISA Group Employees	9
6.3	Acceptance of Invitations to Events by FRAISA Group Employees	9
7	Fiscal Aspects of Gifts	10
8	Validity and Communication	10
9	Contents of the Policy as "TRAFFIC LIGHTS"	11
9.1	Giving of Presents in the Private Sector	11
9.2	Giving of Invitations to Business Meals in the Private Sector	11
9.3	Giving of Invitations to Events in the Private Sector	12
9.4	Giving of Gifts to Holders of Office	13
9.4.1	Giving of Presents to Holders of Office	13
9.4.2	Giving of Invitations to Business Meals to Holders of Office	13
9.4.3	Giving of Invitations to Events to Holders of Office	14
9.5	Acceptance of Gifts by FRAISA Group Employees	14
9.5.1	Acceptance of Presents by FRAISA Group Employees	14
9.5.2	Acceptance of Invitations to Business Meals by FRAISA Group Employees	15
9.5.3	Acceptance of Invitations to Events by FRAISA Group Employees	15

[3]

Note:

In the interests of better readability, this text does not address men and women separately. The male form of address selected does of course refer to all female employees as well.

The respective supervisors and the employees in the Human Resources Division are available to answer any questions regarding this Policy.

2. Introduction

2.1 The FRAISA Group

The FRAISA Group is a Swiss family-owned company with an international focus.

FRAISA develops and produces high-performance cutting tools at several locations and sells these tools, plus the associated services, mainly through its own sales channels.

Each individual company has specific skills and they all cooperate in one network. This is how we make the sum total of all our skills available to our customers all over the

world, maximizing the range of services for our partners and minimizing the effort and expense involved in their creation.

Our sales companies and the sales departments ensure that our know-how is seamlessly incorporated into our customers' value-creation process.



1 FRAISA SA (headquarters)
CH - Bellach

3 FRAISA Hungária Kft.
HU - Sárospatak

5 FRAISA USA, Inc.
US - New Brighton

7 FRAISA (Shanghai) Co., Ltd
CN - Shanghai

2 FRAISA GmbH
DE - Willich

4 FRAISA Italia s.r.l.
IT - Milan

6 FRAISA Sarl.
FR - Décines

2.2 Aim of this Policy

We know that it is important not only to achieve business targets, but also to do so in a legally and morally permissible manner. Our customers and other business partners, the public and – last but not least – we ourselves as employees expect all of us to conduct ourselves correctly in our business relationships.

In order to ensure this, it is essential to comply with national and international laws, regulations and voluntary self-imposed commitments, as well as internal company guidelines.

It goes without saying that we comply with the statutory regulations and our internal rules and regulations, in particular the personnel regulations which apply at each location.

This Gifts Policy is intended to inform all employees about the code of conduct, which must be adhered to without fail when accepting and giving gifts, i.e. presents and invitations.

The acceptance and giving of gifts is permitted within the framework described in this Policy. If the boundaries are overstepped, the individuals involved in such activities will be suspected of unfair, corrupt conduct. This can result in serious consequences under employment and criminal law – not only for the individuals involved in such activities, but also for the respective management. Compliance with this Policy protects you as an employee and your management from such consequences.

This Policy protects employees from conflicts with the law and preserves the reputation of the entire FRAISA Group!

3. Contents and Definition

The following code of conduct governs the handling of gifts, i.e. presents and invitations. The aim of the provisions is to

- ensure that employees, customers and other business partners of the FRAISA Group behave in accordance with the law,
- prevent the emergence of conflicts of interest and sensitize the employees of the FRAISA Group to potential conflicts of interest and problematic scenarios associated with the acceptance and giving of gifts, and
- prevent damage to the public image of the FRAISA Group as a result of inappropriate practices when dealing with presents and invitations.

Within the meaning of this Policy, a gift is anything which could be of value to the recipient, in particular

- material presents
- money
- vouchers
- admission tickets
- invitations, in particular to business meals or events, and
- other benefits or advantages (e.g. including free or discounted purchase of services or goods)

The value limits set forth in this Policy are to be understood as such that the total value of all presents and invitations given per business partner or the total value of all presents and invitations accepted per business partner must not exceed the respective value limit. Value within the meaning of this Policy is the gross sales price or the amount which the recipient of the gift would normally have to pay to obtain the gift.

This Policy does not apply to business transactions between Group companies or to gifts given by a company to its own employees.

As is often the case in life, when it comes to gifts, correct conduct also depends on the specific circumstances of the individual case. In the following we therefore distinguish between the giving and the acceptance of gifts, and between gifts in the private sector and gifts to holders of office.

The private sector means the usual business transactions between companies organized under private law and their employees in contrast to business transactions with holders of office and companies operating in the field of public administration.

Holders of office are any individuals who hold a public office or perform public administration tasks. These include not only civil servants, judges and notaries, but also the employees of public authorities and municipal companies. When interpreting the term "holder of office", the relevant legal regulations are to be observed in each case.

In the case of the gifts themselves, we once again make a distinction – between presents and invitations (business meals / events). This results in the case groups listed under Sections 4 to 6 below. For each of group we provide you with a code of conduct.

This Policy distinguishes between

- the giving of gifts in the private sector
- the giving of gifts to holders of office
- the acceptance of gifts by FRAISA Group employees, as well as between presents and invitations (business meals / events)

4. Giving of Gifts in the Private Sector

In the private sector, the purpose of the legal provisions governing the fight against corruption is generally to protect free and fair competition from unfair influences and to protect the business interests of the respective business owner. The law aims to prevent any gifts being given or promised in return for preferential treatment relating to the conclusion of transactions. Quality, performance and price alone should influence business decisions, not presents and invitations. To be considered as being of a criminal nature, it is sufficient as a rule to offer or promise an advantage in order to influence the business partner in an unfair manner, without the gift actually having been transferred.

4.1 Giving of Presents in the Private Sector

- 1) The giving of presents is not permitted if a direct connection can be made to a specific business decision / procurement decision of the business partner.
- 2) Under no circumstances may the giving of presents be linked directly or indirectly to certain conditions.
- 3) Presents may not exceed the value of \$ 50 per recipient (= individual person) and six-month period.
- 4) Gifts of money may not be given under any circumstances.

4.2 Giving of Invitations to Business Meals in the Private Sector

- 1) Invitations to business meals in accordance with local customs are permitted up to a value of \$ 100 per recipient of the invitation and six-month period.
- 2) Chief Executive Officers and Members of the Executive Board are permitted to issue invitations to business meals exceeding the value of \$ 100 if the interests of the company so require and relevant statutory provisions do not prevent this.

4.3 Giving of Invitations to Events in the Private Sector

- 1) If a direct connection to a certain business decision / procurement decision of the business partner can be established, the invitation must not be issued.

- 2) Invitations to attend events which are clearly of a business nature (e.g. training courses, company or product presentations), including appropriate hospitality, are permitted. Travel and accommodation costs must not be covered by the FRAISA Group.
- 3) Invitations to seminars at the FRAISA SA ToolSchool in Switzerland and at the FRAISA Group tool preparation center in Willich/Germany are important for the productivity development of customers. Because the costs of traveling to an event can vary greatly from country to country and may be high, invitations to seminars may involve the full or partial assumption of the travel expenses. For this reason, the customer's written consent to the assumption of costs by FRAISA must be requested for invitations.
- 4) Invitations to events where the business nature is not clearly in the foreground (e.g. sponsoring, marketing or sales events) or to events that are not of a business nature are permitted under the following conditions: The form of the non-business part of the event must be appropriate and must take account of the external impact. The value of invitations must not exceed \$ 200 per person per year. Travel and overnight accommodation costs must not be covered by companies within the FRAISA Group.
- 5) Invitations for companions may be issued if it would be inappropriate to appear unaccompanied (e.g. gala dinners, balls, etc.). If there is a direct connection to a business decision / procurement decision of the business partner, the invitation must not be issued.
- 6) Invitations to business partners are to be sent to the respective company address and are to be written on the company letterhead or as an official e-mail invitation with reference to the company. The invitation must also be issued subject to the agreement of the invited company, as the business partner may also be bound by a code of conduct prohibiting him from accepting the invitation.

If a direct connection to a certain business decision / procurement decision of the business partner can be established, no presents may be given and invitations must not be issued.

5. Giving of Gifts in the Public Sector to Holders of Office

In the case of holders of office, the statutory anti-corruption provisions are intended to protect the integrity of the exercising of public office and the public's trust in this. This protection goes much further than in the case of business relationships between companies in the private sector. For this reason, gifts to holders of office require separate arrangements.

5.1 Giving of Presents to Holders of Office

Presents to holders of office are not permitted. Low-value advertising presents up to a value limit of \$ 50 may be given, provided that this is compatible with the applicable statutory / official provisions in each case.

5.2 Giving of Invitations to Business Meals to Holders of Office

Invitations to business meals to holders of office must not under any circumstances give the impression that they are being granted for the purposes of influencing such individuals and must be appropriate (Example: normal lunch as part of a company or product presentation); otherwise, it must be ensured in accordance with the respective legal / official regulations that the acceptance of the invitation does not conflict with any laws or applicable guidelines.

5.3 Giving of Invitations to Events to Holders of Office

- 1) Invitations to holders of office to attend events of a business nature (e.g. training courses, company or product presentations), including appropriate hospitality, are permitted. Travel and overnight accommodation costs are to be borne by the holder of office himself.
- 2) Invitations to holders of office to events where the business nature of the event is not to the fore (e.g., sponsoring, marketing or sales events) are permitted, provided that it is ensured that this does not conflict with laws and applicable guidelines. Invitations for companions may be issued if it would be inappropriate to appear unaccompanied (e.g. gala dinners). The form of the non-business part of the event must be appropriate and must take account of the external impact. Travel and overnight accommodation costs are to be borne by the holder of office himself. If there is a connection with an official decision of the holder of office, the invitation must not be issued.

- 3) The events, guest lists and verifications that participation in the event does not contradict laws or applicable guidelines are to be documented and archived by the event organizer.
- 4) Invitations to holders of office to events that are not of a business nature are not permitted.

Due to the strict constraints on presents and invitations to a holder of office, it must always be ensured that these are permissible in accordance with the respective legal / official regulations.

6. Acceptance of Gifts by FRAISA Group Employees

6.1 Acceptance of Presents by FRAISA Group Employees

- 1) The acceptance of presents is not permitted if a direct connection can be made to a specific business decision / procurement decision of the business partner.
- 2) Under no circumstances may the acceptance of the present be linked to conditions.
- 3) Presents from a business partner must not exceed the value of \$ 50 per recipient and six-month period.
- 4) If the value of \$ 50 is exceeded, the present must be politely refused.
- 5) No gifts of money may be accepted.

6.2 Acceptance of Invitations to Business Meals by FRAISA Group Employees

- 1) Invitations to business meals in accordance with local customs are acceptable up to a value of \$ 100 per recipient of the invitation.
- 2) Chief Executive Officers and Members of the Executive Board are permitted to accept invitations to business meals exceeding the value of \$ 100 if the interests of the company so require and the relevant provisions permit this.
- 3) If the invitation is also extended to a private companion, it may only be accepted with the prior written consent of the supervisor. In his decision, the supervisor must take into account whether acceptance of the invitation is in the interests of the company.

6.3 Acceptance of Invitations to Events by FRAISA Group Employees

- 1) Attendance at events which are clearly of a business nature (e.g. training courses, company or product presentations), including appropriate hospitality, is permitted. Travel and overnight accommodation costs are to be borne by the respective company. If FRAISA Group employees hold training courses, speeches or lectures free of charge at the invitation of third parties, the travel and accommodation costs can be borne by the inviting party.
- 2) The acceptance of invitations from business partners to events where the business nature is not clearly in the foreground (e.g. sponsoring, marketing or sales events) or to events that are not of a business nature is permitted under the following conditions: The form of the non-business part of the event must be appropriate and must take account of the external impact. The value of invitations must not exceed \$ 200 per person per year. Travel and overnight accommodation costs are to be borne by the respective FRAISA Group company. Invitations for companions may be accepted if it would be inappropriate to appear unaccompanied (e.g. at gala dinners, balls, etc.).
- 3) The combination of events of a business and non-business nature should be considered with particular caution. It must be possible to derive a substantial benefit for FRAISA from the technical part of the event and the overall cost and benefit must be proportionate for the FRAISA Group. The technical part must play the dominant role, in terms of both content and time.

7. Fiscal Aspects of Gifts

The giving and acceptance of a gift are tax-relevant processes, whereby the tax treatment differs from state to state and the respective national legal regulations are sometimes subject to frequent changes. As a rule, income tax and turnover tax aspects have to be considered by the company within the FRAISA Group that is giving the gift. Gifts can result in taxable non-cash benefits for the recipients.

The individual Group companies must take appropriate measures to ensure correct accounting and tax treatment of the gifts given, in accordance with the respective national legal provisions. Furthermore, it is the responsibility of the companies to inform their employees of the tax consequences of receiving a gift from a third party and, if necessary, to pay the tax on any non-cash benefit received by the employee.




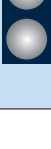

Responsibility for the correct fiscal treatment of gifts given and received lies as a matter of principle with the managements of the Group companies. Procedural instructions for the accounting and fiscal treatment of the gifts given and for the recording and, if applicable, taxation of gifts received by employees from third parties are to be agreed with the Group Tax Department or the local tax consultant.

8. Validity and Communication

- 1) This Policy applies to all employees, including the Chief Executive Officers of FRAISA Group companies, in their dealings with actual or potential customers and other business partners, as well as holders of office. Where stricter regulations apply to individual companies or functional areas (e.g. Purchasing), these stricter regulations are to take precedence over the provisions of this Policy.
- 2) This Policy must be implemented in every FRAISA Group company. Where legal reasons or country-specific practices make such implementation impracticable, the Policy must be adapted so that it is legally compliant.
- 3) All employees of FRAISA Group companies must receive information and training regarding this Policy at least once a year.




9. Contents of the Policy as "TRAFFIC LIGHTS"

9.1 Giving of Presents in the Private Sector





WHAT		HOW
Presents with a maximum value of \$ 50 per recipient (= individual) and six-month period		Giving is permitted
Direct connection to a specific business decision / procurement decision of the business partner		Not permitted
The giving of the present is linked to conditions.		Not permitted
Presents exceed a total of \$ 50 per recipient (= individual) and six-month period.		Not permitted
Gifts of money		Not permitted

[11]

9.2 Giving of Invitations to Business Meals in the Private Sector





WHAT		HOW
Invitations in accordance with local customs up to a value of \$ 100 per recipient of the invitation and six-month period		Permitted
Chief Executive Officers or Members of the Executive Board invite business partners to business meals that exceed the value of \$ 100 per recipient of the invitation if it is in the company's interests to do so.		Permitted
Invitations exceeding the value of \$ 100 per six-month period and recipient of the invitation (where the invitation is not given by a Chief Executive Officer)		Not permitted

9.3 Giving of Invitations to Events in the Private Sector



WHAT	HOW
Invitations to attend events which are clearly of a business nature (e.g. training courses, company or product presentations), including appropriate hospitality	 <p>Permitted if the invitation has been sent to the respective company address and is written on the company letterhead or as an official e-mail invitation with reference to the company. The invitation must also be issued subject to the agreement of the invited company, as the business partner may also be bound by a code of conduct.</p> <p>Travel and overnight accommodation costs are to be borne by the business partner himself.</p>
Invitations to attend events that are not clearly of a business nature or are not of a business nature worth up to \$ 200 per person and year Invitations extended to companions Multiple invitations to the same business partner	 * <p>Permitted if the form of the non-business part appears appropriate, taking into account the external impact.</p> <p>The invitation is to be sent to the respective company address and is to be written on the company letterhead or as an official e-mail invitation with reference to the company.</p> <p>The invitation must also be issued subject to the agreement of the invited company, as the business partner may also be bound by a code of conduct.</p> <p>Travel and overnight accommodation costs are to be borne by the business partner himself.</p> <p>Permitted if it would be inappropriate to appear unaccompanied (e.g. gala dinners, balls). The events and guest lists are to be documented.</p> <p>Permitted if the total value of \$ 200 per person per year is not exceeded.</p>
Assumption of travel expenses for training courses or workshops at the ToolSchool and in Willich for FRAISA ReTool® by FRAISA.	 <p>Permitted if the invited company has given its written consent to the assumption of the costs.</p>
Direct connection to the business decision / procurement decision of the business partner Assumption of travel and overnight accommodation costs	 <p>Not permitted. The invitation may not be issued.</p> <p>Not permitted. Travel and overnight accommodation costs are to be borne by the business partner.</p>

9.4 Giving of Gifts to Holders of Office





9.4.1 Giving of Presents to Holders of Office

WHAT		HOW
Presents to holders of office		Not permitted , small presents under \$ 50 are permitted, if this is compatible with the legal and official regulations.
Connection to the official decision / procurement decision of the holder of office		Not permitted
The giving of the present is linked to conditions.		Not permitted
Giving of gifts of money		Not permitted

9.4.2 Giving of Invitations to Business Meals to Holders of Office

WHAT		HOW
Invitation to holders of office to an appropriate business lunch (e.g. normal lunch within the framework of a company or product presentation)		Permitted , however under no circumstances should the impression of an attempt to influence be created.
Connection to the official decision / procurement decision of the holder of office		Not permitted. The invitation may not be issued.



9.4.3 Giving of Invitations to Events to Holders of Office

WHAT	HOW
Events which are clearly of a business nature (e.g. training courses, company or product presentations), including appropriate hospitality	 <p>Permitted, travel and overnight accommodation costs are to be borne by the holder of office himself.</p> <p>Appropriate hospitality means, for example, a normal lunch.</p>
Events at which the business nature is not clearly in the foreground (e.g. sponsoring, marketing or sales events)	 * <p>Permitted if written permission has been obtained from the employer. The form of the non-business part of the event must be appropriate and must take account of the external impact.</p> <p>The events, guest lists and verifications are to be documented and archived by the event organizer.</p> <p>Travel and overnight accommodation costs are to be borne by the holder of office himself.</p>
Invitations to private companions	<p>Permitted if it would be inappropriate to appear without a companion (e.g. gala dinner).</p>
<p>* In the case of yellow traffic lights, the supervisor must be consulted.</p> <p>Connection to the official decision / procurement decision of the holder of office</p>	 <p>Not permitted. The invitation may not be issued.</p>
Invitations to holders of office to events that are not of a business nature.	 <p>Not permitted. The invitation may not be issued.</p>




[14]

9.5 Acceptance of Gifts by FRAISA Group Employees

9.5.1 Acceptance of Presents by FRAISA Group Employees




WHAT	HOW
Presents with a maximum value of \$ 50 per business partner and six-month period	 <p>Acceptance is permitted</p>
<p>Direct connection to business decision / procurement decision linked to the inviting business partner</p> <p>Acceptance of the present is subject to conditions.</p> <p>Present exceeds the value of \$ 50 per business partner and six-month period.</p> <p>Acceptance of gifts of money</p>	 <p>Not permitted</p> <p>Not permitted</p> <p>Not permitted</p> <p>Not permitted</p>

9.5.2 Acceptance of Invitations to Business Meals by FRAISA Group Employees

WHAT	HOW
<p>Invitations in accordance with local customs up to a value of \$ 100 per issuer of the invitation and once in a six-month period</p> <p>Chief Executive Officers or Members of the Executive Board are invited to business meals that exceed the value of \$ 100.</p>	 <p>Acceptance is permitted.</p> <p>Permitted if the interests of the company so require and it is permitted by legal regulations.</p>
<p>Invitations extended to companions</p> <p>* In the case of yellow traffic lights, the supervisor must be consulted.</p>	 * <p>Permitted if the supervisor's consent has been obtained beforehand.</p> <p>The supervisor must take into account whether acceptance is in the interests of the company.</p>
<p>Invitation exceeds the value of \$ 100</p>	 <p>Not permitted. The invitation must not be accepted. Exception: Chief Executive Officers or Members of the Executive Board: see above.</p>

[15]

9.5.3 Acceptance of Invitations to Events by FRAISA Group Employees

WHAT	HOW
<p>Invitations which are clearly of a business nature (e.g. training courses, company or product presentations), including appropriate hospitality</p> <p>FRAISA Group employees hold training courses, speeches or lectures free of charge at the invitation of third parties.</p>	 <p>Permitted. Travel and overnight accommodation costs are to be borne by the individual himself.</p> <p>Permitted. Travel and overnight accommodation costs can be covered by the inviting party.</p>
<p>Attendance of events by FRAISA Group employees that are not clearly of a business nature or are not of a business nature of max. \$ 200 per person and year</p> <p>Accompaniment by private companions</p> <p>* In the case of yellow traffic lights, the supervisor must be consulted.</p>	 * <p>Permitted if the form of the non-business part appears appropriate, taking into account the external impact.</p> <p>Travel and overnight accommodation costs are to be borne by the respective FRAISA Group company.</p> <p>Permitted if it would be inappropriate to appear without a companion (e.g. gala dinners, balls).</p>
<p>Direct connection to the business decision (procurement decision) of the FRAISA Group employee</p> <p>Attendance of events with a value of over \$ 200 per person and year</p>	 <p>Not permitted. The invitation must not be accepted.</p> <p>Not permitted. The invitation must not be accepted.</p>

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passion
for precision

