

Gifts and Invitations Directive

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1. BASIC PRINCIPLES

Elmos condemns any kind of corruption and bribery and does not tolerate any actions aiming at unfair advantages in business transactions.

The prevention of corruption is also essential for avoiding violations of the law including tax law. Even the appearance of any material personal benefit should be avoided. Therefore it is crucial to identify in good time any situations that might lead to conflicts between personal interests and the interests of Elmos and to respond accordingly. In case of doubt, a third party (e.g. the Compliance Officer) should step in and take charge of the decision-making process.

Demanding or accepting personal benefits from an employee of another company, a public servant, or any other third person in connection with a business activity is prohibited. Even the appearance of any impact on a business decision by inappropriate means should be avoided.

Elmos employees may present gifts or grant other benefits only if this does not result in a conflict of interests for the recipient and/or themselves.

This Directive is intended to provide a basic guidance for handling gifts and invitations.

Gifts and Invitations - Overview

to / from business partners		to public officials	
gifts	invitations	gifts	invitations
gifts valued up to 40 euros by way of exception	business lunches or dinners and entertainment events if appropriately valued	gifts of any kind	invitations to Company events, e. g. the inauguration of production sites
higher-value gifts	extraordinarily lavish business lunches or dinners, invitations with spouse/partner, high-priced entertainment events		

■ no approval required
 ■ subject to approval of Compliance Officer, Management Board, or Division Head
 ■ prohibited

This Directive applies worldwide. However, national laws and provisions in this respect must also be complied with and rigidly adhered to.

Please direct any questions to your superior or the Compliance Officer.

2. GIFTS

2.1 GIFTS FROM THIRD PARTIES

Value limits

Gifts and traditional or country-specific courtesies valued up to 40 euros may be accepted as an exception if they do not affect current or future business decisions and it is assured that no such appearance will arise among the business partners.

Appropriateness

Gifts must not be accepted on a regular basis but only by way of exception. They must be in accordance with local customs. All other cases require the Compliance Officer's approval.

Additional guidance

Higher-value gifts must be refused or rather returned to the business partner with reference to the Elmos Code of Conduct. If an Elmos employee has received a higher-value gift that could not be refused, that gift is to be used in consultation with the Compliance Officer in such a way that personal benefit is made impossible. Such use might be a donation or a lottery (e.g. the Christmas raffle). Exceptions may be made only by the Management Board or the Compliance Officer.

The acceptance of a gift does not require an explicit declaration made to the business partner; a gift sent or presented is deemed accepted for example if it is not explicitly refused or returned. A gift is also deemed accepted if it has been received by someone else within the Company, e.g. the reception desk or a secretary, on behalf of the recipient and forwarded to him or her.

Having family members of Elmos employees accept gifts or having gifts addressed to one's private residence is prohibited.

2.2 GIFTS TO THIRD PARTIES

Value limits / appropriateness

For gifts to third parties, the rules described above shall apply correspondingly. The common reigning principle is that no conflicts of interest must arise. The Management Board or the Compliance Officer decides on any gifts to third parties valued higher than 40 euros.

Public officials

Particularly strict provisions apply for public officials. It is not permitted to offer or grant public officers („Beamte“) or other office holders benefits of any kind. Excluded are customary courtesy gifts permitted under the respective country's national law and approved by the Compliance Officer in advance.

2.3 GIFTS FROM ELMOS SEMICONDUCTOR SE TO ELMOS EMPLOYEES

Gifts from a group company of the Elmos Group to employees are not gifts within the meaning of this Directive. For the purpose of observing tax-free limits or rather income tax collection, such benefits in kind must be reported to HRM by the initiator.

2.4 GENERAL GUIDANCE ON GIFTS

Gifts within the meaning of this Directive are personal gifts only. Benefits to the Company such as providing development test machines for example do not apply.

Gifts are not only tangible non-monetary gifts but also other benefits and perquisites of any kind. Those include cash, vouchers, vacation trips, train or flight tickets, private sale discounts, the use of Elmos corporate discounts, loans at favorable special conditions, etc.

Accepting or granting of cash or cash-equivalent benefits or comparable benefits is generally prohibited.

2.5 GIFT PROCUREMENT

Gifts permitted under this Directive shall be procured by using the usual procurement channels or involving the respective division office. Procurement Directive 04VA0002 generally applies in conjunction with Signature Directive 00BA0008 and 00LI0008 for all German locations of Elmos Semiconductor SE.

2.6 TAX LAW

Proof of gifts to third parties must be submitted to the tax office. This does not apply to low-value gifts worth no more than 10 euros.

With respect to gifts valued higher than 10 euros, the initiator shall provide individual proof for the purpose of financial accounting.

Please address any questions to Financial Accounting (required information: gift type and value, date of delivery, name of initiator, name and address of recipient).

3. INVITATIONS

3.1 INVITATIONS BY THIRD PARTIES

Hospitality and business lunches or dinners

Hospitality including cold and hot beverages, snacks, pastry, etc. within the framework of a business meeting or trade event may be accepted.

In addition to that, invitations to reasonably valued business lunches or dinners may also be accepted. An invitation is appropriate if its monetary value corresponds with the position of the recipients of the invitation and with general business practice or rather local customs. As for gifts, the general rule also applies for business meals that accepting or extending invitations to business lunches or dinners must not affect current or future business decisions and can be expected not to create the appearance of such among the business partners.

An invitation to a particularly up-scale restaurant („Michelin starred restaurants“) is permissible only as an exception, provided the approval of a Management Board member or the Compliance Officer has been obtained in advance and such invitations do not occur on a regular basis. The involvement of a spouse or partner is permitted only after obtaining the Compliance Officer's approval.

Invitations to events / entertainment

Invitations to entertainment events are acceptable only by way of exception and if approved by a Management Board member, a division head, or the Compliance Officer.

An invitation to an entertainment event is generally deemed inappropriate if it is an invitation to a high-priced or highly exclusive event or to a trip without business context. Exceptions are allowed if events are meant to be attended together with the inviting party. The involvement of a spouse or partner is permitted only after obtaining the Compliance Officer's approval.

Invitations to trade shows / conventions

Invitations to attend a trade show, a convention, or a similar event may be accepted if there is a business context or if attendance is in the Company's interest. Accepting the reimbursement of travel costs incurred by the inviting business partner is permitted only if approved by the Compliance Officer.

3.2 INVITATIONS TO THIRD PARTIES

Business lunches and dinners, entertainment event invitations, trade shows / conventions

If third parties are invited by Elmos to business lunches or dinners or to events, the rules described above for „Invitations by third parties“ shall apply correspondingly.

Public officials

It is prohibited to extend invitations to public officers („Beamte“) or other office holders. Any exceptions are subject to the Compliance Officer's approval.

3.3 GENERAL GUIDANCE ON INVITATIONS

Invitations must never be addressed to the recipient's private residence. Higher-value invitations may be approved in advance by way of exception. Any such decision is made by the Compliance Officer or the Elmos Management Board.

Regular and frequent business lunches or dinners with the same business partners are not customary in Germany while different customs may prevail in other countries. In such cases the involvement of the (local) Compliance Officer is required.

4. CASES OF DOUBT AND EXCEPTIONS TO THESE RULES

The Management Board or the Compliance Officer shall decide in case of doubt and on well-founded exceptions to these rules.