



0211
CODE OF ETHICS
SUPPLEMENT –
ACCUDYNE BUSINESS
GIFT POLICY

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Code of Ethics Supplement – Accudyne Business Gift Policy

Contents

A	INTRODUCTION.....	3
B	ACCUDYNE BUSINESS GIFT POLICY	3
1.	Definition of a Business Gift	3
2.	General Policy.....	4
2.1	Permitted Business Gifts.....	4
2.2	Prohibited Business Gifts.....	4
2.3	Reporting Business Gifts	5
2.4	Business Gifts Involving Government Customers.....	5
3.	Business Gifts Involving Suppliers.....	6
3.1	Definition of a Supplier	6
3.2	Employees with Direct Purchasing Responsibilities	6
3.3	Activing Sourcing Process.....	6
3.4	Business Gifts Received from Suppliers.....	6
C	FREQUENTLY ASKED QUESTIONS	7
	The Giving and Receiving of Business Gifts	7
	Reporting Business Gifts.....	8
	Approvals for Business Gifts	9
	Gifts Involving Government Employees	10
	Employees with Supervisory Responsibilities	11

A. INTRODUCTION

Although a well-established practice, the giving and receiving of business gifts poses serious challenges. Business gifts may create the issues of conflicts of interest, appearances of impropriety, or violations of law. As a result, this Supplement to the Code of Ethics describes Accudyne's policy with regard to the giving and receiving of business gifts. Our objectives in doing so are to (a) reduce opportunities for conflicts of interest and violation or laws, and (b) promote transparency involving the giving and receiving of business gifts within the company.

Accudyne's directors, officers, employees, and representatives must act in the best interests of Accudyne and deal with suppliers, customers and others in a manner that avoids even the appearance of a conflict between personal interests and those of Accudyne. All of us have a responsibility to promote the integrity of our business operations and to protect Accudyne's brand and reputation.

Violations of Accudyne's policies on business gifts are taken seriously. The failure to observe these policies may result in a violation of law, subject the recipient or donor to penalties (including termination of employment), or result in terminating the relationship with a supplier or customer. These rules are intended to be construed strictly and represent the minimum standards and expectations regarding the giving and receiving of gifts.

This Supplement is intended to guide Accudyne employees and suppliers on what business gifts are allowable and appropriate and which are prohibited and inappropriate. Section 2 sets forth the Accudyne Business Gift Policy and Section 3 is a set of Frequently Asked Questions that expands and clarifies application of the Accudyne Business Gift Policy. The Accudyne Business Gift Policy (including the FAQ guidance and clarification) is binding on all Accudyne directors, officers, employees, and representatives.

References to "Accudyne" in this Supplement are intended to be all inclusive covering all subsidiaries and affiliates. All values provide in this Supplement are in units of U.S. dollars. Business units may define these limits in local currency and set lower limits (or require additional reporting) as appropriate for local business practices. Business units should redefine limits where the stated limits in this Policy would be extravagant for local business purposes.

B. ACCUDYNE BUSINESS GIFT POLICY

1. Definition of a Business Gift

A "business gift" means anything of value given or received as the result of a business relationship and for which the recipient does not pay fair market value. A gift can be in any form and includes (without limitation) cash, cash equivalents, credits, favors, discounts (e.g., discounts not available to the general public), meals, entertainment (e.g., theater or sporting event tickets, golf green fees, etc.), travel expenses (e.g., an "all-expense paid" trip), vouchers, employment,

charitable contributions, business meals, gifts in any form (e.g., an art object, promotional items, etc.), or any other things of value.

2. General Policy

Accudyne employees must not solicit any gift, entertainment, or other gratuity.

Except as provided in Accudyne policy, Accudyne employees may not accept gifts, entertainment, or other gratuities from anyone who does business with (or seeks to do business with) Accudyne in whatever form (including purchase orders or credit card purchases).

2.1 Permitted Business Gifts

In each area of the world where Accudyne does business, there are generally accepted customs regarding the exchange of business gifts – both with respect to the type and value of the gift and with respect to the manner or protocol of exchange.

Accudyne policy generally permits the giving (and receiving) of a business gift that is:

- a customary business courtesy,
- reasonable in value,
- given infrequently,
- not intended to improperly influence the recipient, and
- in compliance with this Policy's reporting requirements.

This is a flexible standard and intended to accommodate the range of circumstances world-wide; however, the concepts underlying this standard (i.e., “customary”, “courtesies”, “reasonable value”, “infrequent”, and “improperly influence”) must be viewed against objective standards. Each of these concepts in effect is a limitation.

2.2 Prohibited Business Gifts

A business gift is never permitted if it is:

- prohibited by law or regulation;
- prohibited by more stringent Accudyne policies (see Accudyne's Anti-Bribery and Anti-Corruption Policy and Policy Statement on Business Ethics and Conduct in Contracting with the U.S. Government) applicable to Accudyne employees in purchasing or related functions;
- prohibited by known policies of the employer of the intended recipient;
- in the form of cash or a cash equivalent (e.g., a gift card); or

- intended to improperly influence (or would have the appearance of improperly influencing) the recipient.¹

2.3 Reporting Business Gifts

If an Accudyne employee intends to give a business gift, then the employee must report this intention to the employee's supervisor (regardless of whether reimbursement is sought from Accudyne). For Accudyne to reimburse the cost of a business gift, the employee must

- disclose the full cost of the business gift in the employee's expense report, and
- identify the name and business relationship of the recipient.

Generally, if an Accudyne employee receives a business gift, then the employee must report the business gift to the employee's supervisor.

An Accudyne employee does not have to report the receipt of a business gift if it is (a) otherwise permitted by this Policy, and (b) is of the following type:

- food and beverage consumed at a business function,
- a business meal having a retail value of less than \$100,
- entertainment (e.g., sporting events or theater having a value of less than \$100)
- a business gift having a retail value of \$50 or less, or
- a professional or continuing education course that the sponsor offers to its customers or the public.

2.4 Business Gifts Involving Government Customers

Accudyne may have direct and indirect contracts with various governments and government agencies, and business relationships with government agencies, departments, and legislative bodies are tightly controlled by laws and regulations.

Accudyne employees will comply with all applicable laws and regulations. Unless clearly permitted by government regulations, Accudyne policy forbids offering or giving anything to a government official, as well as employees, agents, or representatives of a commercial entity that is government owned or controlled (e.g., a state-owned energy company).

In all cases, Accudyne policy prohibits giving anything of value to a government employee in a procurement function. Any questions regarding business gifts should be referred to your Business Practices Officer ("BPO") or the Legal Department.

¹ Including (for example) a "Corrupt Purpose", as defined in the Accudyne Anti-Bribery and Anti-Corruption Policy as an attempt to induce the recipient to: Misuse his or her position to grant action favorable to Accudyne's interest; Refrain from official action contrary to Accudyne's interests; Use his or her influence to secure action or inaction of a third party to advance Accudyne's interests; or Otherwise obtain an improper business advantage (e.g., a decision to select Accudyne to provide any products or services or to provide Accudyne with more preferential terms, including, but not limited to, providing any confidential, proprietary or competitor information that may provide Accudyne an improper advantage).

3. Business Gifts Involving Suppliers

3.1 Definition of a Supplier

A “supplier” is intended broadly to include anyone having a contract (or subcontract), purchase order, service contract, or other agreement or arrangement for purchase by Accudyne (including credit card purchases). A “prospective supplier” is anyone seeking business from Accudyne.

3.2 Employees with Direct Purchasing Responsibilities

An employee with “direct purchasing responsibilities” is any employee assigned to a purchasing department (e.g., buyers) and any other employee designated by the business unit such that the affected employee can be readily identified (e.g., employees who are supplier quality assurance representatives, employees responsible for source selection, or employees authorized to make purchases directly from suppliers or credit card purchases). The cognizant BPO will have a list of all employees at the business unit designated as having direct purchasing responsibilities.

3.3 Active Sourcing Process

A “Sourcing Process” involves (a) identifying, evaluating, or selecting a supplier, or (b) negotiating or approving the arrangement with a supplier. The Sourcing Process commences when the procuring entity begins collecting information on suppliers and ends upon finalizing the arrangement for the supplies and services.

Many employees are not routinely engaged in purchasing activities and will not be designated as having direct purchasing responsibilities, but may periodically be involved with a Sourcing Process for specific projects or engagements (e.g., selecting accounting or legal services, consultants, software providers, architectural firms, etc.).

The following restrictions apply during a Sourcing Process:

Any Accudyne director, officer, employee or representative involved with a Sourcing Process:

- (a) will be considered to have “direct purchasing responsibilities” for purposes of that Sourcing Process, and
- (b) must comply with the requirements of Section 2.3.4 with regard to business gifts from suppliers evaluated in connection with that Sourcing Process.

The cognizant BPO is not required to have a list of employees involved in active Sourcing Processes.

3.4 Business Gifts Received from Suppliers

Accudyne purchases supplies and services on the basis of merit; seeking both the best value and stable business relationships with suppliers. Giving business gifts is commonplace and can represent merely a desire to build goodwill.

Accudyne, however, has very restrictive policies governing receipt of business gifts by its employees who have direct purchasing responsibilities. Purchasing decisions must not be influenced by a conflict of interest and must not be tainted even by the appearance of a conflict of interest.

With regard to business gifts received from Suppliers, employees with direct purchasing responsibilities may only accept:

- beverages, light snacks, and business meals served during business meetings held at the facilities of subcontractors, vendors, or suppliers,
- business meals when in travel status,
- promotional or advertising items having truly nominal value (e.g., ball caps or pads of paper, etc.), and
- any other gift, entertainment, or other gratuity if reported to and approved in writing by the cognizant BPO or Corporate Compliance Officer.

C. FREQUENTLY ASKED QUESTIONS

The Giving and Receiving of Business Gifts

Q What kinds of business gifts are appropriate?

A The propriety of a business gift is dependent in part upon its nature. In general, there should not be a problem with food or beverages consumed at a business function, and there should not be a problem with unsolicited gifts of a promotional nature (e.g., pens, calendars, and similar items bearing a company logo or advertising).

As a general rule, business gifts with a total retail value of \$50 or less would not be objectionable and need not be reported to supervisors.

Similarly, business gifts ordinarily should not exceed a retail value of \$100, although there may be instances where a more expensive gift may be appropriate.

In any event, the cost and nature of business gifts should always be commensurate with the circumstances (e.g., accepted practice or custom, and the business relationship and position of the recipient).

Q What kinds of business gifts are never appropriate?

A Inappropriate business gifts including anything that could create an appearance of impropriety (even if it would otherwise meet the requirements of this Policy). If a business gift would cause embarrassment to the company or its brand if it were publicly

known (e.g., adult entertainment), then it would be inappropriate and not permitted by the Accudyne Business Gift Policy. Cash or cash equivalents are never appropriate.

Q What about gifts to family members?

A Accudyne considers a gift to a spouse or family members to be a business gift motivated by (or related to) a business relationship. Such gifts are subject to Accudyne policy regarding the giving and receiving of business gifts in the same manner as other business gifts.

Q What about gifts given or received outside the business relationship?

A Accudyne recognizes that gifts can be motivated by personal friendships or family relationships rather than by business. Some gifts are clearly business gifts (e.g., any gift that is deducted for tax purposes or that is paid or reimbursed by a business entity is clearly a business gift). Whether a gift is personal or business depends on the facts and circumstances regarding the giving and receiving of the gift.

Q What is the policy for sending and receiving gifts in connection with holidays?

A Certain holidays and holiday seasons are traditional times for exchanging gifts, but there are no exceptions to Accudyne policy permitting the giving or receiving of business gifts that are otherwise prohibited by Accudyne policy.

Reporting Business Gifts

Q If a business gift must be reported, does that mean it's not permitted by the Accudyne Business Gift Policy?

A No. The primary purpose of the reporting requirement is to promote transparency regarding the giving and receiving of business gifts. We want employees to make good faith estimates of the value of business gifts and entertainment that they receive from suppliers, customers, and others. The fact that a business gift or entertainment exceeds a reporting threshold does not mean that the gift or entertainment violates the Accudyne Business Gift Policy, but that the applicable supervisor or BPO must determine whether it was consistent with policy requirements.

Supervisors and BPOs should evaluate each reported business gift or entertainment on the basis of whether it complies with the Accudyne Business Gift Policy, and then make a determination of whether the gift may be retained or must be returned or reimbursed.

Q How are the dollar values of the business gifts applied?

A For the purpose of measuring the value of a business gift, a dollar limit will be applied to each person separately, but the value of a function will be aggregated for each person (e.g., cocktails, dinner, and theater on the same evening are considered a single function).

Q How does Accudyne address business gifts received that are valued more than the stated dollar values?

A First, Accudyne considers that business gifts are received for the benefit of the Company.

Second, for any gift required to be reported, the applicable supervisor must evaluate whether the gift was consistent with Accudyne policy and for a proper purpose.

The BPO must be notified of all reported business gifts and entertainment and the supervisor should consult with the BPO when analyzing application of the Accudyne Business Gift Policy.

In evaluating whether the business gift or entertainment may be intended to influence the recipient, the BPO and the supervisor should consider the following factors:

- the context in which the gift or entertainment was received,
- the degree to which the value exceeds the reporting threshold,
- the extravagance of the business gift or entertainment, and
- the relationship between the occasion of the business gift or entertainment and other business decisions involving the donor.

The business unit may establish more restrictive or more specific criteria regarding when business gifts and entertainment must be reported and when they must be returned or reimbursed (or otherwise disposed of). Business units should redefine limits where the stated limits in this Policy would be extravagant for local business purposes.

If the supervisor and BPO determine that an employee should not retain a business gift, then the BPO will determine the proper disposition of the business gift. The BPO will consider the practicality of allowing the gift to be retained in the recipient employee's work area.

In some cases the BPO may conclude that the gift should be returned, donated to a charitable or community service organization, or the giver reimbursed for the cost of entertainment.

Approvals for Business Gifts

Q When is it necessary to get an approval for offering or giving a business gift?

- A. Whenever you intend to give a business gift, you must report it to your supervisor and obtain the supervisor's approval. This may be evidenced by the supervisor's approval of the expense reimbursement for the costs of the business gift.

For branded promotional items having nominal value, obtaining prior approval is often impractical and generally not necessary; however, you should notify your manager of the business gifts as soon as practical.

A supervisor must evaluate whether the proposed business gift is consistent with the Accudyne Business Gift Policy, other Accudyne policies (e.g., the Anti-Bribery and Anti-Corruption Policy), and the policies of the intended recipient.

- Q When is it necessary to get an approval for receiving a business gift?

- A When the offer is known in advance, the offered business gift would be reportable, involves travel paid by others (including travel for business or personal purposes), or the business gift is unusual or extravagant (e.g., participation in a free raffle with an expensive prize).

A supervisor must evaluate whether the proposed business gift is consistent with the Accudyne Business Gift Policy.

Gifts Involving Government Employees

- Q What is a "kickback"?

- A A payment, gift, or anything of value from a subcontractor, vendor, or supplier to a government contractor, when given for the purpose of improperly obtaining or rewarding favorable treatment (a "kickback"), is a criminal violation.

- Q What is a supplier's responsibility regarding preventing kickbacks?

- A Under Accudyne's standard terms and conditions of purchase, a supplier must indemnify Accudyne for all costs and any other loss suffered as a result of a kickback. The supplier (or prospective supplier) has the ultimate ability to stop a kickback (including those that are solicited). This indemnity is intended to unambiguously reinforce the message that kickbacks will not be tolerated and to encourage a supplier to notify Accudyne if an Accudyne employee is seeking a kickback.

- Q What should a supplier do if an Accudyne employee solicits money or a gift?

- A Accudyne prohibits its employees from soliciting a gift from any supplier or prospective supplier. If an Accudyne employee solicits money or any other gift, then the supplier should call the Accudyne EthicsLine hotline at +1 855.522.7035 or submit a report via the web reporting channel (www.accudyne.ethicspoint.com).

Suppliers must never acquiesce to a request for money or gifts and must never conclude that it is a routine or acceptable business practice of Accudyne. Suppliers will be held accountable for making prohibited or inappropriate gifts.

Employees with Supervisory Responsibilities

- Q What is the responsibility of employee supervisors with regard to the giving and receiving of business gifts?

- A Supervisors are responsible for assuring strict adherence to Accudyne policies on business gifts. Supervisors should seek guidance on these policies from the cognizant BPO or the Corporate Compliance Officer.

Supervisors must take steps to make themselves aware of business gifts given and received by members of their teams. The reporting and approval requirements of the Accudyne Business Gift Policy are intended to support transparency and allow business unit leadership, supervisors, and BPOs to effectively manage the giving and receiving of business gifts.

Business unit leadership, supervisors, and BPOs must also be aware of the prevailing business gift practices within the regions in which they do business, and should consider additional reporting and limitation requirements consistent with local practices and to promote the purposes of the Accudyne Business Gift Policy.