

Applicable to <i>(Group/company/specific groups of staff /third parties)</i>	All Group Companies and Staff
Produced by <i>(Name/s and job title/s)</i>	Group Legal Department
Effective from	March 2019
Policy/Guidance Number	Pol.3 (v5)
To be reviewed by	January 2020
Staff responsible for revision <i>(Job title/s)</i>	Head of Legal
Linked documents	Ethics Policy, Anti-Bribery Policy Anti-Bribery Guidance Notes
Versions:	Version 1 – March 2014 Version 2 – October 2016 Version 3 – January 2017 Version 4 – January 2018 Version 5 – March 2019

Overview

This Policy provides advice to Group employees who in the course of their employment receive offers of gifts and hospitality. It should be read in conjunction with the Anti Bribery and Corruption Policy.

In general, the Group does not believe that it is appropriate for employees to accept gifts, however, reasonable and proportionate hospitality is not prohibited and the Policy outlines situations where hospitality should be refused. If a situation arises that is not specifically identified in this Policy, approval should be sought from your Line Manager.

The Policy also sets out the position regarding any corporate hospitality offered or arranged on behalf of the Group.

**THIS POLICY APPLIES TO ALL EMPLOYEES OF THE
HENRY BOOT PLC GROUP OF COMPANIES
(‘the Group’)**

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1. Introduction – Gifts and hospitality

This policy is intended to provide guidance to all employees of the Henry Boot Group of Companies (the 'Group') who, in the course of their day to day work or as a result of their employment, receive offers of gifts and hospitality. It should be read in conjunction with our Anti-Bribery and Corruption Policy and Ethics Policy.

Section 8 also confirms the Group's position in relation to providing gifts & hospitality.

In general, the Group does not believe that it is appropriate for employees to accept **gifts** from customers, suppliers or any other person or organisation with which the Group has (or might have) business connections. This is because it is important to ensure that no employee acts in any way that is inconsistent with the Company's objectives or with the integrity of the business by accepting a gift in circumstances where it could influence, or be seen to influence, that employee's business actions or decisions. Reasonable, appropriate and proportionate **hospitality** is not prohibited. Any hospitality offered or received (whether or not declined) **over £100** must be declared on the Corporate Gifts and Hospitality Register, see Appendix 1.

This is an area where **perception** is important. All decisions by employees on the provision or acceptance of gifts and hospitality must be able to withstand both internal and external scrutiny. They must be defensible as being in the direct broader interests of the Group, as being proportionate to those interests and within limits that are acceptable to the Group Board. Failure to do so could lead to accusations of improper conduct, disciplinary action or even criminal liability under the Bribery Act 2010. Please also refer to the Anti-Bribery & Corruption Policy).

Group employees should consider the following questions before accepting a gift or hospitality:

- Could my acceptance or offer lead to a claim of "undue influence" being made or imply such a position, if the gift or entertainment is accepted?
- Is this gift, hospitality or entertainment event in reality a 'sweetener' to retain business, or could it be claimed to be such?
- Is this gift, hospitality or entertainment event an excessive or inappropriate or secret 'reward' for a business transaction?
- Is this gift or hospitality excessive or disproportionate in value?
- Could I breach any applicable laws, regulations or company policy by acquiring it e.g. inappropriate social entertainment?

If the answer to any of these questions is yes, the gift or hospitality should not be offered or accepted. If you are not clear how to answer these questions you should seek advice from your Line Manager (being the person who approves your holiday requests or carries out your appraisals).

The solicitation of gifts or hospitality in exchange for business or placing orders for goods or suppliers of services is strictly prohibited.

2. Principles

This policy has been put together to ensure that employees:

- Record all offers made or received for gifts and/or hospitality on the Form at Appendix 1 **whether or not accepted.**
- Do not accept gifts, hospitality or benefits of any kind from a third party which might be perceived as a 'bribe' or something that is perceived to compromise their personal judgement or integrity.

- Base all purchasing decisions and negotiations of contracts solely on achieving the best outcome for the Group allowed by the law and the Group's Ethics Policy.
- Do not offer or accept a bribe or a kickback. A bribe can be defined as a thing of value given to someone with the intent of obtaining favourable treatment from the recipient. The intent here is the intent of bringing about the improper performance of a relevant function or activity, to reward such improper performance or where acceptance of the advantage itself constitutes improper performance. Kickbacks consist of wrongful or secret payments in cash or in kind, including goods or services made for the purpose of improperly obtaining or rewarding favourable treatment in connection with a sale or purchase or the supply of services. Bribes and kickbacks may not be offered or received either directly or through a third party. Reference should be made to the Anti-Bribery & Corruption Policy for more details. Such activity may be a criminal offence.

Any breach of this policy will be regarded as potential misconduct, leading to disciplinary action in accordance with the Disciplinary & Dismissal Procedures up to and including summary dismissal.

3. Acceptance of gifts

A 'gift' is defined here as any item, cash or goods, or any service which is offered for personal benefit at a cost, or no cost, that is less than its commercial value.

3.1 Promotional gifts

This policy does not apply to low value corporate promotional gifts, i.e. items such as business diaries, calendars or pens that bear the logo or company name of another organisation, provided that these have no significant value. However, since it is likely that such gifts will be received by only a limited number of employees, they should be shared amongst other members of staff where appropriate.

3.2 Cash or cash equivalents

Offers of cash or cash equivalents (e.g. lottery tickets, gift vouchers or gift cheques) made by suppliers, contractors, service users or their relatives to employees or their immediate family (partner, spouse, parents, children) of the Group should be declined.

If it is believed that a member of your immediate family should be entitled to accept a gift or hospitality, then approval must be obtained under this policy.

3.3 Non-cash gifts

Gifts of a small or inexpensive nature such as calendars or diaries or other simple or inexpensive items such as flowers, chocolates or bottles of wine up to a value of £50 (particularly if received at Christmas) can be accepted. This type of gift can be easily distinguishable from more expensive or substantial items which should not on any account be accepted without the written consent of the Company Secretary. However, since it is likely that such gifts will be received by only a limited number of employees, they should be shared amongst other members of staff (including through distribution by a raffle or draw) where appropriate. If there is any doubt as to whether the acceptance of such an item is appropriate, or whether or how it should be distributed, speak to your Line Manager.

3.4 Exceptional cases

It is recognised that there are exceptional cases where refusal of a gift will clearly offend a donor, cause embarrassment or appear discourteous. In these cases, the donor should be advised that the permission of the Company Secretary will have to be sought as to whether or not the gift can be accepted. The Company Secretary should be asked to decide whether to:

- allow the recipient to accept the gift; or

- return the gift to the donor with a suitably-worded letter explaining why the gift cannot be accepted; or
- use or dispose of it, if possible, in or by the Group: or
- propose a donation to charity in lieu of gift to be nominated by the Company Secretary.

3.5 Trade or discount cards

Trade or discount cards, other than those negotiated by the Group on behalf of all of its staff, by which an employee might benefit from the purchase of goods or services at a reduced price are classified as gifts and should be politely declined and, if already accepted, returned to the sender with a suitably-worded letter.

3.6 Free/subsidised materials and/or work from Contractors, Suppliers and Consultants

These arrangements are barred unless disclosed at the outset (before work/supply commences) and approved under the Group Employee Purchases Policy.

4. Hospitality received from third parties

- 4.1 'Hospitality' is defined here as any generous or material welcome or reception that is more than an incidental kind, such as a beverage or other light refreshment.
- 4.2 The handling of offers of hospitality is recognised as being much more difficult to regulate, but it is an area in which employees must exercise careful judgment. It is recognised that it can be as embarrassing to refuse hospitality as it can be to refuse a gift. There is also a need to distinguish between simple, low cost hospitality of a conventional type, for example, a working lunch or evening meal or a short training session compared with more expensive and elaborate hospitality.
- 4.3 Working meals and training sessions are acceptable if they pass the common sense test for reasonable behaviour in a business environment.
- 4.4 There is clearly a need for a sense of balance. There is concern that acceptance of frequent, regular or annual invitations to events or functions, particularly from the same source and/or where a considerable degree of hospitality is involved may expose the individual and the Group to the risk of an accusation of bribery or other complaint. Therefore, permission will not normally be given for attendance at more than four events in any one year with the same company/group, or for hospitality reasonably estimated as being of more than £1,000 in value.
- 4.5 In accepting any hospitality employees need to be aware of, and guard against, the dangers of misrepresentation or perception of favouritism by a competitor of the host. It is obviously easier to explain attendance at events which relate directly to the work of the Group but where these happen outside working hours and on purely social occasions then they may need more justification. **Note that tickets to an event where the person/business offering the tickets does not attend will be viewed as a gift and not hospitality and will be subject to the rules on gifts.**
- 4.6 Offers for factory tours, trade fairs and the like in the UK and abroad must be considered carefully. Is there a business case for attendance? Is the trip mainly focused on business meetings or is there far more free time/other hospitality involved?
- 4.7 Offering and accepting hospitality from potential business partners within the limits described is an acceptable part of the business world. However, **when a contract is being negotiated, with that organisation at the same time as the offering of that hospitality of any kind, including attendance of employees at seasonal events hosted by suppliers/contractors, must not be accepted.**

4.8 **When in doubt about accepting hospitality or an invitation you should consult your Line Manager. In all instances where anything beyond conventional hospitality is offered, the approval of your Line Manager should be sought.**

5. Awards or prizes

Employees should consult their Line Manager if they are offered recognition of achievement by an award or prize by a third party in connection with their duties. They will normally be allowed to keep it, provided:

- there is no risk of public criticism;
- it is offered strictly in accordance with personal achievement;
- it is not in the nature of a gift nor can be construed as a gift, inducement of payment for publication or invention to which other rules apply.

6. Approval and registration of gifts, hospitality and invitations

- 6.1 In order to counter any possible accusations or suspicions of breach of this policy, a record will be kept of all offers of gifts, awards and prizes made to employees of the Group.
- 6.2 Invitations to functions or events, where a considerable degree of hospitality is involved should also be recorded.
- 6.3 Permission from your Line Manager should always be sought, disclosing the nature of the gift, hospitality or invitation along with any other offering made in the last reporting year, whether or not accepted.
- 6.4 Christmas gifts, whatever the value, are to be declared and shared amongst all department employees or lots drawn.
- 6.5 If, in the opinion of the Line Manager, the gift is inappropriate and/or might constitute or be perceived to be a bribe or other wrongful inducement, the employee will be asked to pass the gift to the Line Manager who will return it to the sender with a suitable letter explaining the Group's policy and asking that it be respected in the future.

7. Other circumstances

If situations arise that are not covered by the previous guidance, prior approval should be sought from your Line Manager before hospitality is accepted and such approval should be formally documented.

It is recognised that there may be cases when, in the interests of the Group, flexible interpretation of the rules may be necessary. Prior approval for such situations should be obtained in writing from the Company Secretary. Any request for approval of such instances should state why the request falls outside the boundaries of what is normally allowable and why it is considered necessary to provide such hospitality.

DO	DON'T
<ul style="list-style-type: none"> • Before offering or accepting any gifts or hospitality make sure you understand the applicable legal, regulatory and company policy requirements. • Make gifts or offer hospitality only in compliance with this policy and 	<ul style="list-style-type: none"> • Accept gifts in cash or with a monetary value. • Be embarrassed to decline any offer by referring to this policy, this will be understood by the business counterparty

<p>applicable laws, regulations and company policy.</p> <ul style="list-style-type: none"> • Take into consideration the policy of the recipient's organisation. • Where appropriate, communicate details of the Anti-Bribery & Corruption Policy and this policy on gifts and hospitality at the beginning of every new business relationship. • Be aware of potential conflicts of interest if you accept gifts or hospitality. • Make the criteria for inviting guests to hospitality events clear and internally transparent, consider extending the invitation to the most senior people in the target organisation and respect their decision to send whoever they want. • Seek advice if you are unsure about the giving or receiving of gifts or hospitality. • Report any concerns you have about improper conduct or corruption activity immediately. 	<p>who, in most cases, will be subject to similar rules.</p> <ul style="list-style-type: none"> • Give or receive gifts or entertaining you would feel uncomfortable explaining to your work colleagues, your family or the media. • Differentiate between giving and receiving or gifts and hospitality directly or via an intermediary. • Ignore or fail to report any concerns you have about improper conduct or corruption activity or otherwise "look the other way". • Forget to register all gifts and hospitality offered, given or received.
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8. Providing gifts & hospitality

- 8.1 Any corporate hospitality offered or arranged on behalf of the Group must be approved in advance using the Form at Appendix 2. Care should be given in offering hospitality not to breach the Group's Anti-Bribery and Corruption Policy and/or Ethics Policy.
- 8.2 The Group does not generally offer gifts to third parties. Any gifts offered must meet the regulations in section 3 above.
- 8.3 No gifts above £10 in value should be offered to a public official without the prior written agreement of the Company Secretary.

J.T. SUTCLIFFE
 Chief Executive Officer
 Henry Boot PLC
 March 2019