

POLICY ON OFFERS OF GIFTS & HOSPITALITY RECEIVED

Introduction

1. Employees should be aware that this is an area where perception is almost always more important than fact. It follows from this that no matter that something may be accepted with selfless motives and solely in the interests of the Company, if an external observer could put an adverse construction on a gift or hospitality; this is what is likely to happen. In accepting any gift or hospitality, therefore, the individual and, if applicable, his or her line manager, must exercise judgement about how acceptance might be perceived, recognising that what at first sight might appear to be reasonable might nevertheless become the subject of unreasonable comment or criticism by external parties. The judgement made therefore needs to include an assessment as to whether the benefits gained by the Company through the acceptance of a gift of hospitality might be outweighed by adverse third party criticism, even when that criticism is not reasonable.
2. Employees and directors should always undertake their duties according to the “Seven Principles of Public Life” set out in **Annex 1** to this Policy. Accordingly, SLC requires that its employees should not use their official position to receive gifts, hospitality or benefit of any kind which might reasonably (in the light of the comments in the paragraph above) be seen to compromise the Company’s position or the employee’s personal judgment and integrity.
3. The intention of this Policy is to set out rules and guidance for all staff to follow to ensure that the Company can demonstrate that no undue influence has been applied by an external organisation or anyone else dealing with the Company.

General Rules

4. In general, employees shall not use their authority or office for personal gain and shall seek to uphold and enhance the standing of the Company by maintaining an unimpeachable standard of honesty, impartiality and integrity in all their business relationships.
5. Each member of staff has a personal responsibility to ensure that an audit trail exists for all offers of gifts or hospitality, and should complete the form at **Annex 2** to notify the Legal & Compliance Manager of gifts and hospitality offered to Company employees, whether the offer is accepted or not.
6. The Legal & Compliance Manager shall maintain a Register of Gifts and Hospitality, in accordance with the form at **Annex 2**, and shall make this available for inspection as required. The register shall be provided for inspection by the Chairman and Chair of Audit Committee annually

immediately before the Board meeting in March of each year and confirm at that Board meeting that they have inspected the register. Any questions or issues arising from the inspection shall be followed-up with the CEO by the Chair of the Audit Committee.

7. Employees responsible for, or involved with, procurement on behalf of the Company should take particular care. Specific rules applicable to this area are set-out later in this document. This is to ensure that there can be no criticism that unequal treatment has been given to external organisations involved in a tender process.
8. In addition, any offer of a bribe or commission made by external organisations, or anyone else dealing with the Company must be reported at once to the Legal & Compliance Manager and Internal Audit.
9. This Policy is intended to complement the Staff Code of Conduct and Disciplinary Rules, in particular with regard to gifts and hospitality, and should be read in conjunction with that Code.
10. Any employee who becomes aware of a breach of this Policy must report this immediately to line management or the Legal & Compliance Manager. The Finance Director must also be advised to enable appropriate action to be taken against any third parties, if necessary. Where an offer is accepted, a proven breach of this Policy will lead to disciplinary action in relation to the employee involved and may constitute gross misconduct.

Rules for Specific Groups of Persons

11. **Procurement staff and those advising procurement staff:** Persons working within the procurement function should not accept gifts or hospitality of any kind, unless the hospitality takes the form of an invitation to attend a supplier or industry conference, seminar or trade show, where the hospitality element is incidental to the event and relevant business information is expected to be gained through their attendance. These rules are set out on page 4 below in more detail. Persons having significant advisory input into procurement decisions where they have provided or are likely to provide advice should not accept gifts or hospitality, unless it is principally to discuss business matters at either lunch or dinner, or at a conference or trade show, in accordance with the rules set out on page 4. Specifically, however, no offers of lunch or dinner should be accepted during, or immediately before or after, a related procurement exercise is being undertaken.
12. **Directors:** in accordance with the provisions of the Companies Act 2006, Directors must not accept any benefit from a third party which he or she receives because they are a director of the Company except where the benefit cannot be reasonably regarded as likely to

give rise to a conflict of interest. In addition to this supervening statutory requirement, the Policy in this document shall apply to Directors as if they were employees.

Gifts

13. Gifts (defined as items given without the expectation of receiving anything in return) should not be accepted where they may appear to be disproportionately generous or could reasonably be construed as an inducement to affect a business decision.
14. Any gifts offered (whether accepted or not) which are not of a trivial nature, should be notified to the Legal and Compliance manager using the form in **Annex 2**. A gift will be considered trivial if by virtue of its nature or branding it has no material commercial value, that is to say, no unrelated third party would reasonably be expected to purchase the item for a sum in excess of £20. Gifts of alcohol will not be considered to be trivial in any circumstances.
15. Any gifts falling outside the definition of trivial should not be accepted by an individual. There may be occasions when to refuse a gift may cause offence. In these circumstances and those where a gift cannot be returned or refused, the gift should be accepted and then surrendered to the Company Secretary for display in an office in the case of a gift from a visiting organisation or to be raffled for charity at an appropriate time such as a national or local fund raising event. The employee receiving the gift should, seeking advice from the Company Secretary, write to the donor explaining the Company's policy and seeking confirmation from the donor that he is content that the gift should be raffled for charity.
16. Any employee who has received two gifts from any external organisation within a single financial year should not accept any further gifts during that financial year from the same organisation.

Summary of Gifts Rules

Type of Gift	Rules	Required Action	Notify for Register
Trivial Gift (up to £20)	Acceptable if occasional.	Complete notification form in Annex 2	YES
Non-trivial gifts (over £20)	Cannot be accepted by an individual. Decline or if this is inadvisable or impossible, to be surrendered to the Company Secretary	Complete notification form in Annex 2	YES

Hospitality

- 17. Invitations to lunch or dinner:** Invitations to lunch or dinner from an external organisation should only be accepted where the primary reason for accepting an invitation is to discuss business matters either with representatives of the hosting organisation or with representatives of other organisations that may have business interests or activities in common with the Company and where the venue and hospitality are not in themselves an inducement to accept the invitation or the purpose of the invitation.
- 18. Invitations to conferences and trade shows:** Subject to the above point, it is recognised that participation in certain events such as supplier or industry conferences, seminars and trade shows can be of particular value where they support the establishment of relationships with strategic suppliers to the business or enhance the Company's knowledge or understanding of a particular area. For such events, the hospitality element should be incidental to the event and relevant business information is expected to be gained through attendance. For these events, should an invitation to a major sporting or cultural event be included, reference should be made to the section below on invitations of a social kind. Specifically, if the event is a new product launch, competitors should be given the opportunity to advise of their competitive response before an order is placed. Prior written authorisation of the CEO should be obtained to accept invitations of this kind and they should be recorded in the form in **Annex 2**.
- 19. Invitations of a social kind:** Invitations of a social kind (e.g. sporting and cultural events) should be declined except where the interests of the Company can be clearly demonstrated in advance and the business justification is both compelling and exceptional. Acceptance must be agreed in advance in writing by the CEO or Chairman and properly documented. Care must; however, be taken to ensure that acceptance could not be construed as giving unreasonable access to SLC management to one company and not to that company's competitors.
20. Hospitality that includes travel or overnight accommodation must not be accepted. The only exception to this rule may be when an employee is speaking at a conference and travel and accommodation is provided by the organisers, and only then with the prior written approval of the Chief Executive.
21. Where an invitation has been received for multiple or group attendance, prior consent must be sought from the Chief Executive.
22. Repeated invitations are deemed to be inappropriate, and any employee who has accepted hospitality of a social kind (e.g. sporting and cultural events) from an external organisation should not accept any further invitations of a similar type from the same organisation within the following twelve months.

23. In all cases any offer of hospitality should only be accepted with the prior approval of the appropriate manager (see table below), which will be demonstrated by the manager's signature on the form in **Annex 2**. The reason for acceptance should always be recorded in advance.
24. Declined offers of hospitality should be recorded on the form in **Annex 2**.
25. In cases of doubt, where an employee or line manager is concerned about issues relating to the acceptance of hospitality, the matter should first be discussed with their line manager, or the Legal & Compliance Manager, or the Company Secretary or the Chief Executive.
26. Where a possible issue relating to this Policy arises, the advice of the Chief Executive or Company Secretary should be sought.

Summary of Hospitality Rules

Type of Hospitality	Rules	Required Action	Notify for Register
Conventional Hospitality such as Lunches / Dinners	Normally acceptable if in the interests of the Company.	Record reason for attendance in advance and seek prior approval of line manager, by completing the notification form in Annex 2. Should be used to promote the Company's business or as a learning exercise from host or similar businesses.	YES
Attendance at supplier or industry conferences and seminars at the invitation of current or prospective supplier	Acceptable if in the interests of the Company. These events can be of particular value where they support the establishment of relationships with strategic suppliers to the business or enhance the Company's knowledge or understanding of a particular area. For such events, the hospitality element should be incidental to the event and relevant business information is expected to be gained through attendance.	Record reason for attendance in advance and seek prior approval from the Chief Executive, by completing the notification form in Annex 2. Should be used to promote the Company's business or as a learning exercise from the event. Any associated travel and accommodation should always be paid for by the Company.	YES
Other Hospitality (particularly sporting and cultural events, and invitations overseas)	Acceptable only if the interests of the Company can be clearly demonstrated. Because of the external construction that is likely to be put on acceptance of invitations to sporting and cultural events, authorisation will be given only in compelling and exceptional circumstances.	Record reason for attendance in advance and seek prior approval from the Chief Executive, by completing the notification form in Annex 2. Should be used to promote the Company's business or as a learning exercise from similar businesses. Any associated travel and accommodation should always be paid for by the Company.	YES
Travel and accommodation, holidays and the use of vehicles.	Not acceptable.	Record in Register, by completing the notification form in Annex 2.	YES

Annex 1

The Seven Principles of Public Life Outlined in 'Spending Public Money: Governance and Audit Issues', (Cm 3179), March 1996.

The following seven principles of public life were set out by the Committee on Standards in Public Life (the Nolan Committee) for the benefit of all who serve the public.

Selflessness

Holders of public office should take decisions solely in terms of the public interest. They should not do so in order to gain financial or other material benefits for themselves, their family, or their friends.

Integrity

Holders of public office should not place themselves under any financial or other obligation to outside individuals or organisations that might influence them in the performance of their official duties.

Objectivity

In carrying out public business, including making public appointments, awarding contracts, or recommending individuals for rewards and benefits, holders of public office should make choices on merit.

Accountability

Holders of public office are accountable for their decisions and actions to the public and must submit themselves to whatever scrutiny is appropriate to their office.

Openness

Holders of public office should be as open as possible about all the decisions and actions that they take. They should give reasons for their decisions and restrict information only when the wider public interest clearly demands.

Honesty

Holders of public office have a duty to declare any private interests relating to their public duties and to take steps to resolve any conflicts arising in a way that protects the public interest.

Leadership

Holders of public office should promote and support these principles by leadership and example.

Annex 2

Form for Receipt of Offers of Gifts or Hospitality

All Offers (whether accepted or refused) of Gifts or Hospitality	
Name of Employee (<i>Recipient</i>)	
Job Title and Department	
Description of Gift / Hospitality Offered (Including <i>Date Received / Date Offered</i>)	
Name and Address of the External Organisation that has made the Offer	
Relationship to the Company	
Estimated Value	
Accepted / Declined (<i>Individual / Group</i>)	
Reason for Acceptance / Decline	
Employee's Signature	
Date of Notification	
Acceptance of Offers of Non-Trivial Gifts only	
Company Secretary's signature confirming receipt of non-trivial gift	
Date of receipt by Company Secretary	
Action taken by Company Secretary	
Acceptance of Offers of Hospitality only	
Appropriate Manager's Name / CEO	
Manager's / CEO's comments (<i>e.g. on frequency</i>) where appropriate	
Manager's / CEO's signature	
Date of Approval (<i>must be in advance</i>)	

Annex 3

Register of Gifts and Hospitality

Name of employee <i>(recipient)</i>	Job title and Department	Description of Gift / Hospitality received / offered <i>(including date)</i>	Name of External Organisation that made the offer	Estimated value	Accepted / Declined	Date of notification	Approved by and date <i>(where appropriate)</i>