



Gift & Entertainment Policy

Legal Affairs

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1. Why it matters

For the most part, the giving and receiving of gifts and entertainment is a normal way of developing and maintaining business relationships with suppliers, contractors and others. Gifts and entertainment should be modest in nature and only ever an infrequent or occasional activity. You must ensure that your personal relationships with external contacts do not influence the decisions that you make on behalf of the business.

Gifts that may be construed as bribes or would cause a conflict of interest or damage the reputation of the business must be avoided at all times. The giving of gifts or entertainment to public officials in any country is generally discouraged and gifts are prohibited if they are intended to influence the decisions of a public official or could give that impression.

2. Purpose of policy

The purpose of this policy is to provide you with guidance on what constitutes an appropriate gift or entertainment and when the receiving or giving of gifts should be avoided. The policy also sets down the thresholds for seeking approval for gifts and entertainment and the requirements for logging them on the Gift Register.

3. Scope

This policy applies to colleagues employed by companies that are either majority-owned or operated by Ek-Chai Distribution System “the Company”. It applies also to consultants, contractors and agency staff in relation to their work for, or on behalf of, the Company.

Any gift or entertainment given or received must be approved in compliance with this policy and where required must be logged on the [Gift Register](#). Failure to comply with this policy may result in disciplinary action being taken against any colleagues concerned or the termination of contracts with contractors and other third parties working for us.

4. What is a gift?

Typical gifts are consumables (such as food or wine), electrical items, tickets to events where the donor does not attend or other items of value. Raffle prizes, donations to charity, discounted services (see below) or the use of a third party’s holiday facilities are also considered gifts under this policy.

Gifts of cash (or cash equivalents such as vouchers or gift cards) are prohibited and must never be given or accepted. Contact Legal Director if you are offered a gift of cash.

You should ask the provider for the value of the gift. If you consider that asking them would be inappropriate, you must estimate the value of the gift based on similar items on sale.

Sample products are not treated as gifts where there is a clear process in place to return or dispose of the product once its suitability for use or sale has been assessed.

5. What is entertainment?

Entertainment is where you accompany the provider to an event, such as a sporting or charity event or a concert, along with any associated travel, accommodation, meals and refreshments. Where the provider does not attend, the entertainment must be treated as a gift. The total value of the hospitality must be calculated and logged. International travel and accommodation paid for by the provider must be approved by your Business Leader before it may be accepted.

The acceptance of invitations to non-annual global and regional sporting events shall be permitted only in accordance with rules agreed by the Risk & Compliance Committee.

6. Business related travel

Business-related meals or travel, such as supplier factory visits or invitations to attend trade exhibitions, do not count as entertainment, but should not be excessive in nature. Business-related travel does not include the invitation of a spouse or partner.

Any gifts or entertainment received during the course of business-related travel should be approved and notified in accordance with this policy. If the predominant purpose of the trip is entertainment, the full cost of the trip must be approved and notified in accordance with this policy, including flights and accommodation.

7. Approval and notification thresholds

Whether given or received, gifts and entertainment must be approved and notified in accordance with the table below. This means that you **must receive the**

approval of your line manager before accepting a gift or entertainment valued at Baht 2,000 or more, in order for your line manager to assess the appropriateness of the item. Gifts or entertainment valued at Baht 2,000 or more must also be notified via the gift register prior to acceptance.

Gift or entertainment value	Approval required prior to acceptance	Notification required prior to acceptance
Less than Baht 2,000	Self-approval, subject to overall policy compliance	No notification required
Baht 2,000 or more	Line Manager	Functional Director Gift Register
International travel and accommodation elements of an entertainment package (any value)	Business Leader	Gift Register (include within total cost of entertainment)
Business Leaders (any value)	Self-approval, subject to overall policy compliance	Gift Register

8. Assessing the appropriateness of gifts and entertainment

Gifts or entertainment must always be appropriate, whether given or received. Deciding whether a gift is appropriate is ultimately a matter of judgement. However, the following categories of gift or entertainment are inappropriate and therefore prohibited:

Gifts that may give rise to a conflict of interest:

- Gifts or entertainment that are given in the expectation that something will be given in return;
- Gifts or entertainment that are given by a potential or current supplier during a tendering or delisting process;
- Free or discounted services provided to you by a supplier, where the discount is given because you work for the Company;
- Gifts or entertainment that incentivise individual colleagues in stores to favour the products of a particular supplier.

Gifts that may be considered a bribe:

- Gifts of cash or cash equivalent;
- Gifts or entertainment to public officials that are intended to influence their decisions (see below).

Gifts that may harm the reputation of the Company:

- Gifts or entertainment that are indecent, offensive or pornographic in nature
- Requests to suppliers to provide large quantities of free products for our events or free tickets for events that are sponsored by that supplier.

Gifts or entertainment that are excessive in nature:

- Gifts and entertainment (including travel, accommodation etc) with a value above Baht 4,000 will be inappropriate unless there is a clear business justification;
- Gifts or entertainment that have a disproportionate value relative to the position of the colleague concerned;
- Multiple gifts or entertainment from one supplier to the same colleague during the course of the year.

If you are unsure about the appropriateness of a gift or entertainment, you should discuss it with your line manager and, if necessary, your functional Director before seeking approval. You may also contact Legal Director. Some typical gift and entertainment scenarios are discussed at Annex 1.

9. Public Officials

Particular care must be taken with giving (or receiving) gifts or entertainment to or from public officials since these give rise to concerns about bribery. The Company must conduct sufficient due diligence on third parties to ascertain whether they are public officials, for example, whether they are directors or employees of state- owned companies.

Gifts or entertainment that are intended to influence decisions made by a public official, or which may give that impression, are prohibited. Gifts and entertainment provided to public officials (including working meals) must be discussed in advance with Legal Director.

Gifts or entertainment given to public officials by third parties working on our behalf are subject to this policy and breaches of the policy may result in the termination of contracts with such third parties.

In any case, the value of gift or entertainment given to a public official in each occasion must not exceed Baht 3,000.

10. Supplier funding of events and charitable initiatives

In addition to gifts and entertainment, this policy provides guidance on when suppliers are permitted to fund internal events or charity initiatives. This means:

Internal events:

- You are not allowed to seek or accept supplier funding for our internal events, such as parties. Where suppliers are invited to buy tickets for internal events, the price of such tickets must not be used to subsidise the cost of running the event, including the cost for colleagues to attend.

Charity initiatives:

- Where you are organising charity fundraising events, such as sporting events or charity dinners, the general rule is that the cost of the running the event must be borne by us;
- Where suppliers co-sponsor a charitable initiative, their role as sponsor must be clearly and appropriately acknowledged by the Company;
- Where suppliers are invited to buy tickets for our fundraising events, the price of such tickets must not be used to subsidise the cost of running the event, including the cost for colleagues to attend;
- Where the Company is making a donation to charity, you may not take credit for contributions made by suppliers or other parties.
- Where you ask suppliers for a donation as part of a fund-raising activity, the donation must be in a non-cash form e.g. a product for a raffle

No duress:

- You must never put suppliers or other parties under pressure to buy tickets for our events or provide sponsorship for our events.

11. Raising your concerns

If you suspect that a breach of this policy has occurred or may occur in the future, for example failure to seek approval for gifts or entertainment received from third parties or failing to log them on the Gift Register, speak to your line manager in the first instance. If this is not possible, speak to SS&R, Legal Affairs or Protector Line. Contact details are:

- Toll free 1800-019099 (Direct Line)
- Line ID: @Protectorline, or
- Email: Protectorline_TH@Lotuss.com

We are committed to ensuring that colleagues who raise concerns are not victimised and do not tolerate retaliation in any form against individuals who raise

concerns. If you raise a genuine concern in good faith, you will not face any adverse consequences for speaking up, even if you were mistaken about your concern. If you believe that you are being retaliated against, you should report it immediately.

12. Related Documents

This policy is supported by the following policies:

- Anti-Bribery Policy
- Conflicts of Interest Policy
- Charitable Donations Policy
- Whistleblowing Policy

13. Reporting requirements by business units

The Company is required to maintain a Gift Register in order to log gifts and entertainment given and received by colleagues, contractors and others working for us. Reminders regarding the policy must be issued to colleagues working in each business unit at least once each year. Data must be collated in an Excel spreadsheet format using the column headings set out in Annex 2.

Leaders and Directors are expected to conduct regular reviews of gifts and entertainment logged on the local Gift Register and to discuss whether additional rules are required for any matter in question.

The Risk & Compliance Committee is required to review the Gift & Entertainment policy at least once each year. The Legal Department is expected to monitor compliance with the policy on a regular basis, including seeking evidence of the value of gifts or entertainment logged.

14. Who to contact

If you have questions about the policy, please contact Legal Affairs at business.integrity@lotuss.com

Annex 1 Gift & Entertainment Q&A

Q: A supplier has sent me a bouquet of flowers to celebrate my engagement. Is this acceptable?

A: Yes. Depending on the estimated value, you may also need line manager approval and log it on the gift register.

Q: I won a raffle held by my supplier last week. My prize was a new camera. May I accept the gift?

A: Assuming that the value of the prize is more than Baht 2,000, you will need the approval of your line manager and will need to notify your Director before accepting the gift. Remember to log it on the gift register. If the supplier suggests that you should give the supplier more work in return for winning the prize, you should not accept the prize.

Q: My team was taken out for a pre-Christmas dinner by a supplier last week and the cost per person was about Baht 1,000. Do we need to log the dinner on the gift register?

A: Where the cost per person is below the approval/reporting threshold, but the total cost of the evening is above the threshold, each colleague should get approval from their line manager before accepting the invitation and log the entertainment on the gift register.

Q: A supplier has invited me to South Africa to see their new packhouse in operation. The trip includes travel and accommodation along with a sightseeing tour of Cape Town. May I accept the invitation?

A: Generally, business travel is not considered entertainment for the purposes of the gift policy. However, any entertainment elements need to comply with the terms of the gift policy. The sightseeing tour of Cape Town will be deemed entertainment. Depending on the value, the entertainment may need line manager and you should notify your Director and log the entertainment on the gift register. If the supplier is in the process of tendering for business from Ek-Chai, it would be inappropriate to accept the sightseeing tour of Cape Town.

Q: I am a buyer in General Merchandise. I have a good working relationship with my supplier who has given me a new mobile phone as a Wedding present, worth around Baht 10,000. Can I accept the gift?

A: You will need to consider the appropriateness of an expensive gift such as this. It is unlikely that there is any business justification for receiving the gift. And even if it comes with no obvious strings attached and is not contingent on future business from this supplier, it may affect your judgement in your future dealings with them. Your line manager would not be expected to approve a gift of this kind.

Q: A supplier has given me tickets to the theatre, worth Baht 5,000. The supplier will not be coming to the theatre with me? Can I accept the tickets?

A: You will need your line manager's approval to accept them and you should notify your Director.

Remember to log them as a "gift" on the gift register (the tickets are classified as a gift because the supplier will not be accompanying you).

Q: My team are running a Company funded charity event; can a proportion of the money raised from the sale of suppliers tickets go towards funding this event?

A: No, all the money is to go to the charity, you are not allowed to use supplier funds to support the cost of your event.

Q: May I ask a consultant who does work for the Company to give a gift to a local planning officer who is deciding whether to grant planning consent for our new store?

A: No. Even though the consultant is not our employee, he is still bound by our gift and entertainment and bribery policies. Even if the intention was innocent, the gift to the planning official gives the impression of bribery and is therefore prohibited. Any gifts or entertainment given by third parties on our behalf should be logged on the gift register or a separate record kept.

Q: I have an all-day business planning meeting at a supplier's offices next week. They have invited me to a music concert in the evening plus overnight accommodation. Is this OK?

A: If the overall value of the package (including the accommodation) is more than Baht 4,000, you need to consider the appropriateness of accepting the invitation.

Since the concert follows a lengthy business meeting, it is likely that there will be a clear business justification for accepting the invitation. You should nonetheless discuss it with your line manager and Director and it should also be appropriate relative to your role and seniority.

Q: I am a store manager. A supplier's store-team has offered me gift vouchers worth Baht 5,000 if I ensure that their product is always available during their next promotion? May I accept the gift?

A: No. Gift vouchers are regarded as cash and our policy does not allow us to accept gifts of cash or cash equivalents. But more importantly, the gift will require you to divert your attention to supporting this promotion rather than all the other products available in store. It is therefore not appropriate. The supplier should be told that support for promotions is agreed centrally rather than at a store level.

Q: A contractor has invited me to a dinner Myanmar to celebrate the end of a project. The flight and hotel are included in the invitation. The total cost is less than Baht 4,000. I am based in Thailand. May I accept?

A: You will require approval for the international travel and accommodation elements of the package from your Business Leader, even though the total cost is below Baht 4,000. You should also consider whether the invitation is generally appropriate. If the contractor is based in Myanmar or the project relates to Myanmar, then it may be acceptable. You should seek discuss with your line manager before seeking approval.

Annex 2 G&E data to be captured by register

The following data must be captured in the following order in Excel format.

1. Business Unit
2. Name of colleague giving/receiving gift or entertainment
3. Whether gift/entertainment was given or received?
4. Whether gift or entertainment?
5. Work level
6. Description of gift or entertainment
7. Value of gift or entertainment
8. Date of receipt or giving
9. Date of submission/logging on gift register
10. Department
11. Name of company which provided/received the gift or entertainment
12. Name of individual who provided/received the gift or entertainment
13. Name of line manager to approve
14. Name of relevant Director (or Business Leader)