

Arran Isle Limited and its Subsidiary Companies (“Arran Isle”) Gifts and Hospitality Policy Statement

Introduction

Employees should be aware that gifts and hospitality is an area where perception is almost always more important than fact. It follows that no matter that something may be accepted with selfless motives and solely in the interests of the Group, if an external observer could view unfavourably a gift or hospitality; this is what is likely to happen.

In accepting any gift or hospitality, 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 other parties. The judgement made needs to include an assessment as to whether the benefits gained by the Group through the acceptance of a gift of hospitality might be outweighed by adverse third party criticism, even when that criticism is not reasonable.

The intention of this Policy is to set out guidance for all staff to follow to ensure that the Group can demonstrate that no undue influence has been applied by an external organisation or anyone else dealing with the Group.

This policy supports and expands on the Arran Isle Code of Business Conduct, and should be read in conjunction with this Code.

Policy

- Employees must not use their position for personal gain and shall seek to uphold and enhance the standing of the Group by maintaining an unimpeachable standard of honesty, impartiality and integrity in all their business relationships.
- A Register of Gifts and Hospitality must be maintained at each facility by the Finance Director (or equivalent), i.e. an audit trail of all gifts or hospitality given or received must be maintained.
- The giving of any “reasonable” gifts or hospitality must be appropriately authorised prior to the event.
- Excessive gifts, entertainment or hospitality are strictly not permitted.

Procedures

Gifts

Generally employees should not solicit, receive, offer or give any gifts, benefits or favours. Reasonable hospitality may be given or accepted provided this does not place the recipient under any obligation, is not recurring or systematic, is not capable of being misconstrued and can be reciprocated at the same level.

Any gift of more than nominal value or any abnormal level of hospitality must be reported to the recipient's Managing Director (or equivalent) to determine if it can be accepted.

The receipt of gifts or the giving of gifts of existing and potential business associates should be conducted in accordance with the following guidelines:

- Cash payments, may not be made or accepted under any circumstances.
- Gifts given to selected customers (e.g. Christmas gifts) should not exceed the value of £250 per customer per annum.
- All gifts received, including gifts received by family members of employees, up to a value of £100 in value should be disclosed to the employee's Managing Director (or equivalent).

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- Any gift with a value exceeding £100, could be regarded as a bribe and must not be accepted under any circumstances by employees. Offers of this nature must be politely, but firmly declined or immediately returned to the sender if delivered without prior notice. 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, recorded in the Register of Gifts and Hospitality, and then surrendered to the business unit’s Managing Director (or equivalent) 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 local fund raising event.
- Any offers of travel, accommodation and/or transport to any employee or family member of the employee must not be accepted.
- 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.
- An employee should consider the following questions when offered a gift (i.e. the gift in question should be politely declined if you have answered “yes” to any of the below questions):
 - Will the donor expect something substantial in return?
 - Is an attempt being made to persuade me to do something that is prohibited by law, or contrary to regulations or company policy?
 - Is an attempt being made to gain an unfair competitive advantage by influencing my discretionary decisions?
 - Am I using my position to obtain business courtesies?
- If in doubt of what is an acceptable gift, please contact the Arran Isle Head of Corporate Services for clarification and/or assistance.

Entertainment/Hospitality

We recognise that corporate hospitality is an accepted part of modern business practices, but lavish corporate hospitality can be used as a bribe to secure advantages and as such is strictly prohibited.

The receipt or giving of entertainment/hospitality should comply with the following guidelines:

- Invitations to lunch or dinner should only be accepted where the primary reason is to discuss business matters either with representatives of the hosting organisation or with representatives of other organisations that may have business interests in common with the business and where the venue and hospitality are not in themselves an inducement to accept the invitation or the purpose of the invitation.
- Invitations to conferences, seminars and trade shows should only be accepted where they support the establishment of relationships with strategic suppliers or enhance the business’s knowledge or understanding of a particular area. For such events, the hospitality element should be incidental to the event.
- Invitations of a social kind (e.g. sporting and cultural events) should only be accepted where the primary reason is to discuss business matters either with representatives of the hosting organisation or with representatives of other organisations that may have business interests in common with the business and where the venue and hospitality are not in themselves an inducement to accept the invitation or the purpose of the invitation.
- Hospitality that includes travel or 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 business unit’s Managing Director (or equivalent).

Arran Isle Limited and its Subsidiary Companies (“Arran Isle”) Gifts and Hospitality Policy Statement

Procurement Staff

- Procurement staff should not accept gifts or hospitality of any kind, unless the hospitality is 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.
- Persons having significant input into procurement decisions 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.

Reporting

- All employees who receive or give a gift must disclose these to the business unit’s Finance Director (or equivalent) who is responsible to maintain their Register of Gifts and Hospitality.
- The Register of Gifts and Hospitality must be kept up-to-date and be available for inspection as required.

Bribes and Facilitating Payments

For the purpose of this policy, bribes and facilitating payments do not fall within the definition of a “gift” and are not addressed in this policy. Bribes and facilitating payments are addressed in the Arran Isle Group Bribery, Corruption, Fraud and Theft Policy Statement.

Reporting of Incidents

- All employees who know or suspect anyone of not complying with this policy should report the matter as follows:
 - In the first instance, to their line manager (who in turn is required to report the issue to the business’s Managing Director), or direct to the business’s Managing Director; OR
 - Directly to the Arran Isle Head of Corporate Services using the Arran Isle Whistle Blowing procedures. The Group will make all proper efforts to protect the confidentiality of employees who do raise concerns.

Implementation & Review

This policy will be reviewed annually by the Group Board of Directors and implemented and maintained by senior managers and relevant employees who interact at any level with customers, suppliers and other external parties.

Communication

It is the responsibility of the legal entity or business unit’s Managing Director (or equivalent) to ensure that this policy is regularly communicated to all employees and to all new employees when they join the business.



Martin Wardhaugh
Group Chief Executive
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