

PROCEDURE:

146 – Gifts, Entertainment and Hospitality Expenses Management

Protocol 231




LIST OF CHANGES

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Contents

1. Preamble	4
1.1 Purpose and scope of application	4
1.2 Definitions	4
1.3 Acronyms	5
1.4 Reference standards	6
1.5 Company reference documents.....	6
2. Managing gifts, hospitality and entertainment expenses	7
2.1 Defining the budget for gifts, hospitality and entertainment expenses.....	7
2.2 Gifts	7
2.2.1 General principles.....	7
2.2.2 Operating procedures for managing gifts offered to Third Parties	8
2.2.3 Operating procedures for managing gifts received from Third Parties.....	9
2.3 Hospitality and entertainment expenses.....	10
2.3.1 General principles.....	10
2.3.2 Operating procedures for managing hospitality and entertainment expenses offered to Third Parties	10
2.3.3 Operating procedures for managing hospitality and entertainment expenses received from Third Parties.....	11
3. Storage	11

Gifts, Entertainment and Hospitality Expenses Management

1. Preamble

1.1 Purpose and scope of application

This procedure, prepared pursuant to and in accordance with Legislative Decree 231/2001 and ISO 37001 Standard and in line with the provisions of the Organisation, Management and Control Model pursuant to Legislative Decree 231/2001 (hereinafter also "Model 231") and with the *Ethics and Compliance Program* adopted by Salcef Group S.p.A., of which it is an integral part, aims to define the general principles, roles, responsibilities, operating procedures and controls relating to the management of gifts, hospitality and entertainment expenses, both offered and received.

The parties assigned to the functions described in this Procedure are listed and published in *Regulation 309 – Organisational Structure Managers*.

This document, drawn up in accordance with the policies and procedures currently in force, is a company operational tool. Furthermore, this document is to be considered as a detailed and in-depth element of the Organisation, Management and Control Model adopted pursuant to Legislative Decree 231/2001 and the Ethics and Compliance Program adopted pursuant to ISO 37001, of which it is an integral part (see *Regulation 307 - Organisation, Management and Control Model ("Governance Model") (Legislative Decree no. 231/2001) - General Part; Regulation 310 - Code of Ethics and Conduct of the Group; Regulation 312 - Organisation, Management and Control Model ("Governance Model") (Legislative Decree no. 231/2001) - Special Part; Regulation 331 – Anti-Bribery Policy*).

This procedure applies to the management of gifts, hospitality and entertainment expenses, both offered and received, by the personnel of Salcef Group S.p.A., also with reference to the activities carried out by the same on behalf of the other companies of the Salcef Group, with which FAs were signed.

1.2 Definitions

FRAMEWORK AGREEMENT (or "INTERCOMPANY SERVICE AGREEMENT")	This means the Framework Agreements for the Management of Centralised Services (also referred to as Service Agreements) signed between SG, as defined below, and the subsidiaries
BRANCH	Each branch of SG.
BENEFICIARY or RECIPIENT	It is the beneficiary - be it a natural or legal person -, of the gift, hospitality or entertainment expense.
SALCEF GROUP	All of Salcef Group and all subsidiaries as defined by the Italian Civil Code.
PUBLIC SERVICE PROVIDERS	Public Service Providers perform a public service but are not endowed with the powers of public servants. In other words, they perform a public function but do not exercise the powers that are typical of public servants

	and do not perform simple order-keeping duties or provide merely material work ¹ .
GIFT	Any object or benefit (e.g. tickets for cultural or sporting events, gift vouchers) of modest value provided freely by the COMPANY in favour of third parties for the exclusive purpose of promoting the image of the SALCEF Group.
HOSPITALITY	These are travel, accommodation or board costs incurred during exhibitions, company events and visits by institutional / commercial delegations.
PUBLIC SERVANTS	These are those who, whether civil servants or private individuals, contribute to making up and manifesting the will of the Public Administration, or exercise authoritative, deliberative or certifying powers within a framework governed by public law.
FIRST LEVEL MANAGERS	The Managers of the Directorates reporting directly to the Sole Director and the branch managers.
SECOND LEVEL MANAGERS	Managers reporting directly to first-level Managers.
GROUP COMPANY	Each of the companies of the Salcef Group.
COMPANIES SIGNING THE FRAMEWORK AGREEMENTS	The Salcef Group companies which have signed the Framework Agreements.
ENTERTAINMENT EXPENSES	These are the expenses (for example working lunches and dinners) incurred in the course of work or because of the position held that aim to promote the Company's image.
THIRD PARTIES	It means all third parties, entities or companies with which SG maintains relations of any kind.

1.3 Acronyms

CEO	Chief Executive Officer, Sole Director
CCO	Chief Commercial Officer (Commercial Directorate)
IA&C	Internal Audit & Compliance
SG	Salcef Group S.p.A.
COMPANY	Each Company of the Salcef Group

¹ Public service providers are not necessarily public employees but can also be employed under a private contract.

1.4 Reference standards

- Italian Legislative Decree 231/2001 as amended and supplemented Rules governing the administrative liability of legal persons, companies and associations, including those without legal status
- Italian Civil Code
- ISO 37001 Standard Anti-bribery Management Systems
- Italian Law 190 of 6 November 2012 as amended and supplemented Regulations on preventing and curbing corruption and illegality in public administration.

1.5 Company reference documents

100-Procedure	
Procedure 111 - Sales and Tenders Management	7
300-Regulation	
Regulation 307 - Organisation, Management and Control Model (Governance Model) (Legislative Decree 231/2001) - General Part.....	4
Regulation 309 - Organisational Structure Managers	4
Regulation 310 - Code of Ethics and Conduct	4
Regulation 312 - Organisation, Management and Control Model (Governance Model) (Legislative Decree 231/2001) - Special Part	4
700-Form	
Form 785 - Register of gifts, hospitality expenses and entertainment expenses	9

2. Gifts, hospitality and entertainment expenses management

2.1 Defining the budget for gifts, hospitality and entertainment expenses

The budget for gifts, hospitality and entertainment expenses is included in the "Marketing and Communication" section of the COMPANY's Commercial Budget, managed and approved as described in *Procedure 111 - Sales and Tenders Management*.

Therefore, any costs to be incurred for the implementation of the Trade Strategy, including those related to the giving of gifts or the incurring of hospitality and entertainment expenses, if contained within the approved and valid Budget, may be incurred without obtaining further authorisation

On the other hand, in the case of expenses not provided for by the Budget or involving an overrun of more than 50% of the amount authorised for each macro-category or an overrun of more than 10% of the value of the overall Budget, these must be authorised in advance by the Governing Body, also by email.

2.2 Gifts

2.2.1 General principles

No form of gratuity or favour that may in any way be construed as exceeding normal business practice or courtesy or which is intended to acquire favourable treatment in the conduct of any of the activities in any way connected with the Salcef Group, shall be permitted. This rule applies to both gifts promised or offered and those received.

In any case, the gifts offered by the personnel must:

- a) be authorised by the competent parties (as described in paragraph 2.2.2.1);
- b) be aimed at persons meeting generally recognised standards of good repute and integrity;
- c) take into account the profile of the recipient, with regard to customs in institutional or professional relationships and respect for local cultures;
- d) be carried out by employees according to the activity carried out and the role held within the Company;
- e) be chosen, in terms of value of the gift, on the basis of the professional profile of the recipient;
- f) feature, where possible, the logo of the Company or of the SALCEF Group;
- g) be adequately documented to understand the reason and ensure traceability and appropriate checks;
- h) have the following characteristics:
 - not consist of a cash payment;
 - be made in good faith and in connection with legitimate business purposes;
 - be reasonable, according to the circumstances, and in any case such that they cannot be interpreted as being intended to obtain favourable treatment from the recipient;
 - comply with local laws and regulations applicable to the recipient.

The following types of gifts are permitted

- Christmas hampers;
- tickets to sporting and recreational events;
- books.

Gifts other than those provided for in the previous list are not permitted, with the exception of institutional gifts and those relating to specific projects for which a request, justified and approved by the CCO and the Governing Body, is required.

Employees and non-employee collaborators of the COMPANY are strictly forbidden to:

- offer gifts or other benefits to all those parties from whom they may acquire favourable treatment in the performance of any activity related to the Group;
- bestow other advantages of any kind (promises of employment, use of corporate assets, etc.) in favour of representatives and employees of Public Administrations or private companies or bodies that may induce them to procure any advantage for the Group companies;
- provide services or grant favours of any kind to business partners and/or consultants that are not justified by the commercial relationship.

Employees and non-employee collaborators of the Group cannot ask, for themselves or for others, gifts or other benefits, nor accept them, except those of modest value and compliant with normal commercial practices or courtesy.

Those who, in the performance of their duties, receive, even on holidays, gifts or other benefits that are not of modest value and do not fall within the cases provided for by the laws in force, are required to promptly inform their immediate superior, the Management Body, the Supervisory Body and the IA&C Manager, who will assess their appropriateness, possibly providing for their return and at the same time informing the sender about the SALCEF Group's policy on the matter.

For the purposes of this procedure, gifts or other benefits of modest value are defined as those of a maximum value, perceived or estimated, not exceeding €150, which reflect normal courtesy or business practices. This figure is the maximum amount that can be reached over a year.

2.2.2 Operating procedures for managing gifts offered to Third Parties

2.2.2.1 Request and authorisation of gifts

The CCO, in compliance with the Budget constraints defined in the framework of the Trade Strategy, manages, with the support of the Purchasing and Contracts Office of the COMPANY, the purchase of free gifts and their storage phases.

The CCO may also, as part of its own activities and of marketing initiatives, proceed to offer them to Third Parties, managing the delivery activities in an independent manner. Such free gifts, if exceeding €150 per person, shall be reported in a special register.

The request to offer gifts in favour of Third Parties may also be made to the CCO by individual employees of SG or of another Company.

It shall be pre-approved if it comes directly from the Management Body or from first-level Managers of the COMPANY (who shall notify the CCO of the request, by email).

Where, on the other hand, the request to offer gifts comes from a second-level manager of SG or of the companies who have signed the FA, the latter must receive prior approval, via email, from his or her immediate superior (first-level manager). It is also necessary for the applicant to subsequently notify the CCO of the request and the relative authorisation, by email.

Lastly, where the request comes from company personnel who are not one of the aforementioned persons, the applicant must submit a specific request to his immediate superior (who must be at least a second-level manager), who, if he deems it appropriate, will pass it on to the CCO (without prejudice to the need to request prior approval from the first-level manager, as indicated above).

2.2.2.2 Delivery and recording of gifts

The CCO, having received the request for delivery of the free gift and, where applicable, evidence of the authorisation thereof, shall deliver the item to the applicant, who shall manage the delivery of the free gift to the Third Party.

The CCO, following the successful delivery of the free gift to the applicant or the direct delivery of the free gift (as part of its own activities and marketing initiatives promoted - see paragraph 2.2) shall, for free gifts with a value in excess of €150 per individual recipient, record the free gift offered in a special Register (*Form 785 - Register of gifts, hospitality expenses and entertainment expenses - section "Free gifts offered"*) for traceability purposes. The information on the beneficiary (name, title or qualification, company or institution to which it belongs) and on the gift (description of the object, reason, value and delivery date) must be recorded in the Register.

2.2.3 Operating procedures for managing gifts received from Third Parties

Personnel receiving gifts, if:

- they cannot be considered acts of commercial courtesy and goods of modest value, must refuse them and promptly inform, by email, their immediate superior, the Management Body, the Supervisory Board and the IA&C Manager;
- can be considered as acts of commercial courtesy and goods of modest value, may accept them. The employee shall inform his/her hierarchical superior (at least second level manager), so that he/she may assess if they are in line with the types of gifts provided for in this procedure and with the principles laid down in the Code of Ethics and Conduct of the SALCEF Group.

If the gift received exceeds €150 but is still deemed acceptable by the Management Body, the recipient must make a specific communication to the IA&C Manager, who will record it in the appropriate Register (*Model 785 - Register of gifts, hospitality expenses and entertainment expenses - "Gifts received" section*), for traceability purposes. The information on the person who offered the gift (name, title or qualification, company or institution to which they belong) and on the Salcef beneficiary (name and title or qualification) and on the gift (description of the object, motivation, presumed value and date of receipt) must be recorded in the Register.

2.3 Hospitality and entertainment expenses

2.3.1 General principles

Hospitality and entertainment expenses must:

- a) be authorised by the competent parties (as described in paragraph 2.3.2);
- b) be intended for persons who meet the generally recognized requirements of reputation and integrity;
- c) take into account the profile of the recipient, with regard to customs in institutional or professional relationships and respect for local cultures;
- d) not exceed the value thresholds set in this procedure;
- e) expenses for entertainment and hospitality in favour of the same recipient, if repeated, must not be habitual;
- f) be made by employees according to the activity performed and the position held within the Company;
- g) be adequately documented in order to understand the reason for them and ensure traceability and appropriate check;
- h) have the following characteristics:
 - not consist of a cash payment;
 - be made in good faith and in connection with legitimate business purposes;
 - be reasonable, according to the circumstances, and in any case such that they cannot be interpreted as aimed at obtaining favourable treatment from the recipient of the same;
 - comply with local laws and regulations applicable to the recipient.

2.3.2 Operating procedures for managing hospitality and entertainment expenses offered to Third Parties

The following persons are authorised to incur hospitality and representation expenses: CEO, First Level Managers and Second Level Managers.

Where the need to incur an expense for hospitality and entertainment comes from company personnel who are not one of the aforementioned persons, the applicant must submit, prior to incurring the expense, a specific request by email to his immediate superior (who must be at least a second level manager), who, if he deems it appropriate, shall authorise it by email. A copy of this authorisation must be attached, by the applicant, to his or her expense report, together with the supporting documents proving the expenditure

The supporting documents certifying the hospitality and entertainment expenses incurred must be attached to the expense report, with the names of the beneficiaries on the back, in order to ensure adequate traceability of the expenses.

Expense reports are processed by the competent Unit within the Administration, Finance and Control Directorate.

In general, the following maximum value thresholds for hospitality and entertainment expenses offered are considered acceptable:

- Euro 350 for hotel expenses, per person and per night;
- Euro 150, per person and per single event, for any other hospitality or entertainment expenses (lunches, dinners, events, etc.).

Any travel expenses are excluded from the calculation, provided they are incurred within the limits of current company policies or practices.

2.3.3 Operating procedures for managing hospitality and entertainment expenses received from Third Parties

With reference to the maximum acceptable value thresholds for hospitality and entertainment expenses received, see those indicated in the previous paragraph.

The personnel of the COMPANY who receive the offer of hospitality and entertainment expenses:

- whose actual or estimated value is higher than the thresholds deemed acceptable, must refuse and promptly inform, by email, their immediate superior, the Management Body and the IA&C Manager;
- whose actual or estimated value is lower than the thresholds deemed acceptable, may accept them.

3. Storage

The departments involved archive the documentation produced relating to the management of gifts, hospitality and entertainment expenses, both offered and received, also in order to guarantee the traceability of the process and the possibility to perform of any checks.