



## GIFT POLICY

### Introduction:

"Gift" simply means anything of value, including – but not limited to – any article, mementos, meals, cash, discount offers etc.

Exchange of gifts with people with whom we do business is not unusual and is considered acceptable. The receipt and giving of gifts is part of social life. Such exchange is not unusual. Providing or accepting occasional meals, small company mementoes or a reasonable amount of gift or tickets to any cultural events may be appropriate in certain circumstances. However, if offers of gifts or different types of favors are frequent and of substantial value, then it shall create the appearance of a kind of bribery or can create conflict of interest. Hence, it is proposed to adopt an appropriate "Gift Policy" covering the various aspects involved in the topic, which will be applicable to all the employees of Tulsyane NEC Limited ("hereinafter referred as "TNECL" or "Company").

### Objective:

- Build goodwill
- Strengthen working relationships among business associates
- Enhancing and improving relationships with Customer
- Improving coordination with the Vendors.
- Bring clarity and objectivity in the matter of acceptance and giving of gifts

### Scope:

It is normal to give/receive small gifts occasionally to/from those with whom we do business. It shall be taken care of that these gifts do not affect in any manner an employee's work ethics and also it shall not give the appearance that his/her judgment is affected. Make sure any business gift is nominal in cost, quantity and frequency and that the gift can stand against any type of scrutiny without affecting Company's reputation.

### Ethical Aspects:

The ethics of giving and receiving corporate gifts can be confusing, and require care. There is no doubt that the giving and accepting of gifts and hospitality has an important role in facilitating business relationships and practice.

Giving gifts or hospitality to certain persons, for example public officials, is often considered as a facilitation payment and arouses suspicions.

To determine what an appropriate level of gift giving or hospitality would be, if I accept an offer, am I able to offer in return gift of the same value? For example: "If my supplier offers me an article, would I be able to gift him the same?" If the answer is "no", then it is advisable not to accept. For employees, they can find themselves in awkward situations having to decline the gift in public.

### Who is a "Public Official?"

The term "Public official" is a broad one. It includes all employees, at any level, of a government department or agency, whether executive, legislative or judicial. Officers and employees of companies under government ownership or control are also considered "public officials." Thus, the term includes not only individuals such as elected officials, customs and tax inspectors and government procurement officials, but also the employees of state-owned enterprises.

For public officials, only mementos or facilitation with shawl etc. can be provided at Public platform with **PRIOR APPROVAL** only.

### **Appropriateness of the gift and whether it is proportional to the level of the recipient**

- What constitutes an inappropriate gift or hospitality can be difficult to judge. What may seem minor to a top management could be significantly more valuable to a junior employee. Sometimes, the exact value of a gift or hospitality can be hard to determine.
- If the aim is to create an expectation of a "favourable" act in return for the gift or hospitality, then it probably isn't a gift. Eg: Are you being offered a gift shortly before or during a tendering process, where other party has got the tender approved?

If any employee has any uncertainty whether a gift is an employment gift, the said person must assume that it is, and provide disclosure. For example, if a vendor who is also a personal friend gives the staff a birthday present, it must be reported as an Employment Gift. EVERY transaction with a vendor, competitor, business partner or customer should be considered and evaluated as an employment gift even if you believe the transaction involved fair and full consideration between the parties. Gifts to any family member shall be regarded as gifts received by the employee.

Gifts fall into three categories: "Appropriate", "Inappropriate", and "Questionable".

#### **Appropriate Gifts:**

Accepting or offering gift articles, mementos or business courtesies etc. of a reasonable amount and frequency can create goodwill and enhance business relationships. Occasionally exchanging favors or gifts of nominal value with employees of a non-governmental entity is appropriate, provided the approval and business purpose requirements specified are complied with. Gift shall be in a good taste and occurs at an appropriate public platform.

The following gifts can be treated as appropriate:

- Gifts of cash, or cash equivalent up to a reasonable amount given/received on a public platform.
  - A memento on which companies name is imprinted.
  - Different Scratch coupon cards at the time of festival to prominent customers or received from suppliers directly by top official after completing proper formalities.
  - Articles of edible nature only for festive occasions.
  - Articles of use in an office such as table clocks, stationery, desk accessories on New Year or on professional contribution by an expert (making presentation, conducting training program/workshop) only with company's logo.
  - Gift vouchers / Gift cheques only in the case of prominent customers.
  - Offer on pledging gold above than a reasonable amount or Discount on Meals/purchases from different retailers.
  - On few cases, offering a Trip with family.
  - Receipt of gift from parties having business relationship with the Company including gifts from subordinates.
1. Categories of parties with business relationships with the Company would be vendors, dealers, contractors, consultant and customers etc. However, all such gifts should have donor's Company's logo or business identity.
  2. It is desirable that the recipient should check the status of the parties from Authorized personnel to make sure that the provisions of the above clause are not contravened.

#### **Inappropriate Gifts:**

Other types of favors, Gifts are not allowed in any manner, either in fact or in appearance. Employees (includes family members) shall never engage in the following activities in connection with their work at:

1. Offer to accept favors, Gifts or entertainment that would be illegal, including but not limited to, bribes and similar matters.
2. Offer, accept or request anything as part of an agreement to do anything in return for favors, Gifts or entertainment.

3. Gift of amount or frequency which can affect the receiver's judgment.
4. If it embarrass the company or the receiver if disclosed publicly.
5. Exceeding the limit approved by management or no approval taken for the same.

### **Questionable Gifts:**

Anything that does not fall into either of the two categories above depends on the facts and circumstances of the Gift. In determining whether to approve something in the "Questionable" category, the supervisor should consider the following factors:

- Whether the favor, Gift or entertainment would likely to influence the receiver's judgment/decisions.
  - Whether there is a substantial business purpose for accepting the Gift.
  - How the Gift would appear to the other people outside the company.
- Whether it is creating an appearance that the gift giver is entitled to preferential treatment, better prices or improved terms of purchase.
- The line between what constitutes a gift or hospitality and what constitutes a bribe can be unclear and the acceptance of gifts, services and hospitality can leave an organization vulnerable to accusations of unethical or even unlawful conduct.

### **General Principles & Requirements:**

- In all cases, the exchange of Gifts must be conducted so there is no appearance of bribery. Gifts should not be given or received either to obtain favors/preferential treatment or in return for favors/ preferential treatment. No offer of gifts or entertainment may be accepted under circumstances where it is accompanied by any direct or indirect suggestion or "understanding" that in return for the gift or entertainment some expected or desirable outcome is required.
- Gifts and hospitality over a stated value, offered/received, should be recorded to ensure that they are not being used for undue influence. What may seem to be minor to a senior manager could be worth significantly more to a junior employee, and the duties of senior staff may require them to attend or sponsor events where hospitality is generous.
- Regularly auditing the gifts register to ensure that the policy is understood.
- No gifts should be given to any person or party who is in default of the company in any manner. By way of illustration, parties in default would be parties from whom payment is overdue or parties with whom the Company is engaged in litigation and parties against whom disciplinary action has been taken.
- It is recognized that at times gift exceeding the reasonable value are to be received as the return of these gifts may cause embarrassment. In this situation the recipient should surrender the gift at the earliest with a letter thanking the giver for the same and informing about the provision of companies policy. The company will decide the procedure for utilization of such gifts. The value of the gift or entertainment should always be such that it can be regarded as reasonable by the average person.
- It would be unacceptable to offer or receive gifts which might violate the ethical values of the giver's/recipient's company such as discriminating on the basis of race, religion or culture.
- Gifts may only be retained by the person to whom they have been given if the immediate supervisor's approval specifically indicates so; otherwise it shall be handed over to the employing company.

- Records should at all times be kept for any gifts and/or entertainment received or given. These should be kept for record purposes for at least 3 (three) years in case any query is raised in connection therewith.

### **How can an employee determine the value of a gift they receive?**

Use good judgment in determining the value of any gifts/entertainment received. If it is unclear, consider contacting a store or checking online, for similar items. It may also be checked with the superior officer.

### **Is a favor considered a gift?**

The answer can vary. Accepting a favor from a supplier, customer or other business associate might compromise, or appear to compromise, an employee's judgment or create an actual or apparent conflict between an employee's personal interest and his loyalty to Company.

### **Gift Disclosure Procedure**

- The gift shall be reported to immediate supervisor, HR department as well as the Compliance Head at [cs@tulsyanec.in](mailto:cs@tulsyanec.in)
- The Reporting Threshold is Rs. 1,000/-.
- Prior Approval shall be taken for receiving/providing gifts above Rs. 2,000/-, as the staff may be notified in writing by his immediate supervisor being applicable to him. If any staff has any uncertainty whether a gift disclosure requires prior written approval and/or a substantial business purpose determination, it must be assumed that prior written approval and/or such determination is required, and obtain them, It is the staff's responsibility to retain an email or hard copy of every approval and substantial business purpose determination that you receive.
- The gift disclosure must include description of the gift, actual value of the gift (or if the actual value is not available, a reasonable estimate of the value of the Gift with verifiable documentation supporting the estimate), the person or entity that provided the gift and their relationship with company, and the specific recipient of the gift.
- It is staff's responsibility to retain an email or hard copy of every gift disclosure he has sent. If a question arises whether proper disclosure provided or not, and the staff cannot provide a copy proving his compliance, he will be in violation of the policy and shall be subjected to appropriate disciplinary proceedings.
- The lack of a response from staff's supervisor & Personnel Authorized does **NOT** constitute such approval or determination.

### **Proper Accounting for Gifts to Others:**

Because of tax and other legal reporting rules, it is essential that our book of accounts records accurately gifts provided to customers.

\* \* \*

This policy was approved by the Board of Directors on 21 June, 2023.