

Gifts & Hospitality Policy

History:

Version	Date	Action
V1	May, 2022	New Policy
V2		

Document Control:

Particulars	Information
Date of Release and Effective Date	May 2022
Review Date	March 2022
Version No	V1
Document Owner	Vipul Sabharwal
Document Classification	External

Document Approvers

Version No.	Approver	Author
V1	Vipul Sabharwal	Sant Kumar Verma, Niharika Mohan Vohra and Ashish Kumar Pandey
V2		

Digitally signed by VIPUL
SABHARWAL
Date: 2022.05.16 12:33:28 +05'30'

Gifts & Hospitality Policy

PANDEY
ASHISH KUMAR
Digitally signed by
PANDEY ASHISH KUMAR
Date: 2022.05.14 14:32:03
+05'30'

Niharika Mohan Vohra

[Signature]
25/05/22

Policy name: Gifts & Hospitality Policy

Purpose: This policy sets forth the mandatory compliance rules and processes regarding giving and receiving business courtesies by all Luminous employees. As such, it details the principles set forth in the TRUST CHARTER

Luminous (the Company) has a zero-tolerance policy against any form of corruption. The Company does recognize that providing and receiving business courtesies (as defined in this Policy) such as gifts, entertainment and hospitality packages is common practice to develop and maintain positive and constructive business relationships.

In different geographical locations, this practice can vary significantly, depending on local laws and specific customs. Irrespective of that, some business courtesies may create improper influence and conflicts of interest and, in some instances, such incentives may be or be perceived by regulatory bodies as corrupt practices to obtain undue advantage (ex. a deal, inside information, advantageous contractual terms, etc.).

The Policy does not apply to business courtesies offered by Luminous internally to its own employees and donations, grants or sponsorship activities as approved by the Ethics Committee of the Company

The Policy complements Luminous's existing rules, including those contained in:

- The Travel Policy
- The Anti-Corruption Policy

Audience: The Policy applies to all Luminous employees and in all Luminous's affiliates when giving and receiving business courtesies.

Content:

1. Definitions
2. Acceptability assessment – Key Principles
3. Approval Process
4. Reimbursement, Accounting Controls & Data Retention
5. Common Dilemmas
6. In case of doubt

Confidentiality Status: Public

Local adaptation authorization: Not possible

1. Definitions

Business courtesies – anything of value, such as Gifts, Entertainment or Hospitality, directly or indirectly offered to or received by third parties (customers, suppliers, partners, etc.).

Business courtesies may include, but isn't limited to:

- Marketing material – any kind of branded element and material used to promote a company, its product or its services (business cards, letterhead, flyers, brochures, booklets, thank you cards, catalogues, postcards, USB drives, pens, mugs, tote bags...).
- Gift – any tangible or intangible benefit given or received without the expectation of payment or anything in return (e.g. loans, prizes, transportation, use of another company's vehicles, use of vacation facilities, stocks or other securities, participation in stock offerings, home improvements, tickets, gift certificates, etc.).
- Entertainment – any form of hospitality, promotional spending, cultural or sports activities, events, occasional business meals or drinks where Luminous employee and third party employee are present. If Luminous employee is not present during the activity, such activity is considered as a gift.
- Hospitality Package – any reception and entertainment for existing/potential partners, distributors, customers or other third-party to participate in Luminous-organized events or third-party events for marketing, promotional or advertising purposes (e.g. Innovation Summit) or to perform a Factory Acceptance Test.

Public Official (also called Government Official):

- anyone holding a legislative, administrative or judicial position;
- any elected official or employee of a government, ministry, public agency, political party, state owned enterprise, or other government institution;
 - ⇒ *A state-owned enterprise* is a legal entity created by a government to take part in commercial activities on its behalf. Such entity can be wholly or partially owned/controlled by a State. Directors, managers and other representatives of state-owned enterprises are public officials.
- any official or agent of a public international organization (e.g. the United Nations Organization, the World Trade Organization...).

Local Thresholds – thresholds fixed at location level which determine approval rules before giving/receiving a Gift or Entertainment.

- ⇒ They are defined through legal analysis, inputs by Managing Director and CFO and approved by Compliance for all entities, sites and locations in the country.

Global caps – limits (applicable worldwide) above which a Business Courtesy is considered not compliant and must be prohibited:

- Gifts and Entertainment: the Global cap per recipient/attendee is determined by the Ethics Committee/Managing Director of Luminous but in no case it can exceed the Global Caps fixed by Schneider for India.
- Hospitality Packages: the Global cap per attendee is fixed in percentage of the total value of the trip: Hospitality activity must not exceed 20% of the total time of the trip agenda.

2. Acceptability assessment – Key Principles

2.1. Principles for all Business courtesies

In line with our Anti-corruption policy, Luminous employees must assess compliance of a Business courtesy before offering or accepting them, by using the 6 "Golden" principles:

Principles	Description	Examples of allowed Business courtesies	Examples of forbidden Business courtesies
1. Regulatory Compliant	Must comply with local and international laws and regulations, and recipient's internal rules.	Allowed by receiver's country of residence / country of origin and recipient's company.	<i>In India, gift/hospitality to public officials are forbidden</i>
2. Legitimate Business Purpose	<p>Must have a legitimate business reason, i.e. any purpose that is principally designed to promote, demonstrate or explain products or services.</p> <p>Should benefit only the recipient and not be extended to friends, life partners or family members.</p>	<ul style="list-style-type: none"> - The team in charge of a client's project hosting a meeting with a client's representative to discuss next steps. At the end of the meeting, the team organizes a cocktail reception at Luminous's office. - Inviting a customer representative for a site visit to demonstrate a solution which is present only in this location 	<ul style="list-style-type: none"> - paying for an <u>expensive dinner</u> in a fancy restaurant with a customer representative - paying for travel cost for the customer representative <u>and his/her family</u> - inviting for a site visit in a touristic location <u>to obtain an advantage</u> in a tender
3. Frequency acceptable	Should be offered to or received occasionally (from the same person).	<ul style="list-style-type: none"> - The team offers some goodies and branded pens to the clients participating in an innovation workshop at Luminous. - Meeting with a vendor on a monthly basis for a project update and then inviting him/her for a working lunch 	Travelling with customers to a conference and paying for their meal in restaurants for all 7 days of travel. (see principle 4 below for reasonable value)

<p>4. Reasonable in value and nature</p>	<p>Never accept/offer a Business courtesy that could not be offered/accepted in return because of its value and/or nature.</p> <p>What is reasonable in value and nature:</p> <ul style="list-style-type: none"> • No cash or cash equivalent (gift vouchers, shares or anything redeemable to cash) regardless of the amount • No gifts or entertainment except as approved by MD/Ethics Committee of the Company (per gift/per person) 	<ul style="list-style-type: none"> - Brand materials - A site visit agenda which has 6 hours training/business meeting and 1 hour sightseeing tour <p>TIPS: Employees can select from the Luminous Catalog or can be approved by the Luminous from time to time with the approval of respective Manager.</p>	<ul style="list-style-type: none"> - Adult entertainment, i.e., nightclub-type entertainment with an overtly sexual content. - Factory acceptance test travel to a touristic location where the test takes 2 days and other 3 are allocated for pleasure - Commitment to hire a public official's relative in exchange of a deal
	<ul style="list-style-type: none"> • Hospitality Packages with minimum 80% agenda dedicated to business related activities • No use of personal funds; • No business courtesy personally benefiting the recipient; • Any gift in the form of a commitment 		
<p>5. Free from undue influence</p>	<p>Business courtesy should be appropriate to the giver and the beneficiary positions and circumstances. It should therefore never be offered to influence a decision in favor of the given counterparty or be solicited or creating an obligation on the recipient to give something in return</p> <p>Pay attention to appearances. Even the only appearance of such a situation might create inappropriate judgement.</p>	<p>Providing a small souvenir for national holiday and other customary occasion which does not oblige the recipient (e.g. bar of chocolate, postcard, flowers) (see principle 4 above for reasonable value and nature)</p>	<ul style="list-style-type: none"> - a Business courtesy given in secret and/or undocumented. - invitation to travel given to/received from a supplier/customer during a tender process or contract negotiation/renewal given to influence decision maker. - a small, unlawful sum of money given directly or indirectly, to someone to perform routine functions or speed up administrative formalities which the person is required to provide (also called "facilitation payment").
<p>6. Properly approved and recorded</p>	<p>Business courtesies must be properly approved (see Section 3 - Approval process) and recorded as such in the accounting documents.</p>		

2.2. Additional principles for Hospitality Packages

Specific attention should be given to Hospitality packages due to a high cost and potential risk of misuse of such incentives. See below requirements for such travel:

	Allowed	Forbidden
	<ul style="list-style-type: none"> • Lodging: Hotel Accommodations must be aligned with Luminous's local Travel policies in terms of standing and costs (price per room for a hotel in the Country where the Hospitality Package is given or received). No 5-star hotels are allowed for public officials Transportation (airfare, train, taxi): Travel class must be aligned with local Travel policies • Meal (in line with local thresholds for hospitality) • Some entertainment activities are possible but should be limited to 20% maximum of agenda's time • Third-party events' participation fees • Other travel related expenses (e.g. visa's cost) • Daily allowance to employees as per Travel policy 	<ul style="list-style-type: none"> • Travel and travel-related expenses for relatives, spouses and other guests • Personal expenses • First-class air travel or private jets expenses

Certain countries ban Business courtesies to public officials (including hospitality packages).

In countries that allow Hospitality Packages to clients who are Public Officials (e.g. employees of state-owned companies) - such as travel to see a solution prior to a tender or conduct factory acceptance tests abroad after delivery of the project - it is required to clearly state the conditions for the travel by following requirements:

- o Send an official invitation to the Public Official stating the reason for travel and what exactly the Hospitality Package will contain (i.e. what will be paid and what will be not paid by Luminous)
- o Inform the third party that, in the end, the costs will be charged on the project costs
- o Obtain a confirmation from the third party that the Hospitality Package is in line with
 - ✓ local legislation and
 - ✓ their internal policies.
- o The Public Official should arrive to the location maximum 1 day before the event and leave maximum 1 day after - no extra stay is allowed.

What about Innovation Summits related Hospitality Package?

SE Global guidelines are set up specifically for Innovation Summits, which may include specific rules for related Hospitality Packages, validated in advance by SE Compliance Team. Such rules may include local review by Compliance Officers: to do so, the Hospitality Package must be approved as defined in Section 3.

3. Approval Process

Before accepting or offering a Business courtesy, Luminous employees must review the below approval matrix and received necessary pre-approval if needed.

3.1. Gifts & Hospitality Approval matrix for giving / receiving Business courtesies

Type of Business courtesy		Giving or Receiving <i>(In India, any gift/Hospitality to public official is forbidden)</i>
Marketing material		No Approval needed
Gift & Entertainment	<i>Below Local Threshold</i>	Respective IMT Member + CFO
	<i>Above Local Threshold (Refer above para)</i>	Respective IMT Member +CFO + CCO*
Hospitality Package	<i>No High-Risk criteria</i>	Respective IMT Member + CFO
	<i>High Risk criteria (see below, including Public Officials)</i>	Managing Director +CFO+ CCO*

*CCO-Chief Compliance Officer-Legal Head or Equivalent position



Which Local Threshold will apply?

The Local Threshold applicable will be the one of the location where the Gift/Entertainment is given/received.



What is a Hospitality Package with High Risk criteria?

A Hospitality Package represents High Risk in case of one following criteria exists:

- Recipient is a Public Official
- Requested by the recipient
- When Luminous is the recipient but there is no detail about the agenda
- Hospitality Package linked to a Factory Acceptance Test visit but i) expenses will be above the committed one in the sales contract, ii) there is no planned expenses for Factory Acceptance Test visit in the sales contract, or iii) entertainment/leisure activities are not located in the same location.
- Entertainment/Leisure activities make up above 20% of the overall agenda.
- Hotel / transportation is/are not aligned with travel policy of the hosting country.
- Supplier/customer inviting/receiving is or is going to be in the near future in a bid process or commercial negotiation with Luminous's entity.

3.2. Exceptions

Due to cultural differences, Business courtesy practices varies between countries and/or regions and what may be normal and acceptable in one region may not be in another. Therefore, an exception supported by a valid business reason can be granted by MD, CFO and CCO.

3.3. Approval form

When an employee must obtain pre-approval as defined in 3.1 or 3.2, he/she must fill in a form Gifts & Hospitality approval form.

Impossibility to request pre-approval before accepting a Business courtesy

In the event that an employee is in an exceptional situation where he/she was unable to request pre-approval before accepting a Business courtesy, he/she must seek approval as soon as possible.

If the Business courtesy is not approved, it means that it does not comply with this Policy. In this case, the receiver must choose one of the following alternatives:

- (a) Return it to the offer or with a polite explanation that company policies prohibit the acceptance and retention of the Business courtesy;
 - (b) Promptly forward the Business courtesy to Human Resources Department, who shall then forward the Business courtesy to the local Luminous designated charity for disposition (for example donation to a charitable or educational organization); or
 - (c) Retain the Business courtesy for display on company property with the prior written approval of Managing Director. The item will be inventoried as company property in accordance with local procedures.
- If additional guidance is needed, the employee and/or his or her line manager should contact the relevant Chief Compliance Officer.

4. Reimbursement, Accounting Controls & Data Retention

4.1. Reimbursement

Expenses incurred by employees related to Business courtesies and duly approved are reimbursed in accordance with Luminous's expense claims process (Gifts & Entertainment) or charged on the Entity's cost center (Hospitality Package).

Any expense claim related to a Business courtesy which is not justified by a copy of the preapproval when required is considered as a red flag and need to be justified by the employee and reviewed by line manager, and CFO/ Financial Controller

For any cost charged related to a Hospitality Package, evidence of the pre-approval may be required by CFO/ Financial Controller at any time.

4.2. Accounting controls

Business courtesies offered by Luminous are entered without delay in its accounting documents. They are precisely and clearly identified in the accounts and are unequivocally worded (e.g. equivocal wording: miscellaneous expenses, other, expense reports without receipt, etc.).

Accounting Competency Centers¹ are responsible for automatic checks of travel expenses claims, using Concur tools whenever possible. The Global Internal Audit & Control performs regularly random audits of Gift & Hospitality expenses claims.

4.3. Data retention

A Gifts & Hospitality approval form is maintained for 6 complete calendar years after the year in which the Business courtesy occurred (or for any longer period that may otherwise be specified from time to time in accordance with any document retention policy and/or local law). The time period can be increased based on the local requirements.

5. Common Dilemmas

“I don’t know the value of the Business courtesy...”

If you are given a Business courtesy in a face-to-face setting, and you are unable to immediately ascertain what its value is and if you need pre-approval or not, you may seek approval for such Business courtesy upon your return to the office following the process described in section 3. If approval is not given, you must make immediate arrangements for its return, explaining politely why you are unable to accept it.

“But it would be impolite to refuse...”

Employees may encounter situations where they feel social pressure to accept a Business courtesy that goes beyond Luminous’s Gifts & Hospitality policy, and do not wish to offend the donor. In such case, employees have to decide on the spur of the moment and must use their judgment. In practice, a polite refusal, by referring to Luminous’s internal policy, may well be understood.

“Surely there is no problem with a seasonal gift...”

Similar dilemmas can apply to seasonal gift-giving, for example at Christmas, Ramadan or during the New Year period. Luminous’s policy applies all year round. As such, employees need to ensure that they do not offer or accept anything that does not align with this policy during such seasonal periods by respecting the rules defined in this policy.

"But he's a personal friend of mine!"

In some cases, it may turn out that a business partner is a personal friend, or they may become a friend as a result of a long professional relationship. Even so, the same principles apply. In the event that a personal relationship entails frequent exchanges of Business courtesies, said relationship should be registered in Luminous's conflict of interest register as a potential conflict of interest. The conflict of interest register is accessible through Luminous's intranet page. Please read the [Conflict of Interest Policy](#) if needed.

Use your common sense and always ask yourself whether this is something you would want to see on the front of the newspaper or testify to in court.

6. In case of doubt

If in doubt about any aspect of this Policy (in particular when a Business courtesy has no face value or the face value is in a different currency), employees should seek advice from their line manager or contact their Regional Compliance Officer. Their contact information is available on [Luminous's Ethics & Compliance Point](#)

Niharika Nola Vohra

Vipul
22/05

Digitally signed by VIPUL
SABHARWAL
Date: 2022.05.16 12:34:08 +05'30'

PANDEY
ASHISH
KUMAR
Digitally signed by
PANDEY ASHISH
KUMAR
Date: 2022.05.14
14:32:34 +05'30'