

Panfoods Co., LTD.

**RULES ON  
OFFERING AND RECEIVING GIFTS AND  
ENTERTAINMENT**

1/12/2017

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## 1. Purpose

- (1) These Rules prescribe the procedures to be followed by the directors and employees of the Company in relation to offering (or receiving) entertainment, hospitality and gifts to (or from) customers, suppliers or other persons related to the business of the Company.
- (2) Reasonable, socially appropriate and proportionate hospitality and promotional or other similar business expenditure designed to improve the image of the Company, attract business or establish better relationships with existing customers or service providers are of course to be encouraged.
- (3) However, it is vital that such activities are not used for private purposes and that they cannot be construed as being bribes or constitute a breach of any laws or regulations concerning bribery or the acceptance of bribes.
- (4) When considering to offer (or accept) entertainment, hospitality or gifts you must first read and understand the relevant sections of the Company's Anti-Corruption Policy that deal with bribery.

## 2. Standard Amount

Entertainment should be within the standard amount

Participant	Maximum GBP, Euro, USD amount/person
with director	300
without director	200

director means Panfoods director or customer's director

Amount does not include travel expense

## 3. Person Responsible for Management

- (1) The Person Responsible for Management of Entertainment Expenditure for the Company is the Finance Director.
- (2) Finance Director shall ensure that all members of Staff are fully aware and properly understand the details of these Rules and the Regulations.
- (3) Every 6 months Finance Director shall carefully monitor that Entertainment Expenditure is being incurred appropriately and that these Rules are being complied with.
- (4) Finance Director shall monitor
  - (i) entertaining same person/organization 2times/Month , 5 times/year or more
  - (ii) amount more than GBP,EUR,USD100/person
- (5) As to the substance, Finance Director shall consider, cost effectiveness and whether entertainment is socially appropriate and conforms with the Rules.

## 4. When you plan business trip or expecting entertainment expenditure

- (1) Entertainment Expenditure may be incurred only if the place, means, details, amount, timing and all other relevant matters relating to the Entertainment are considered to be appropriate in accordance with the Company's Anti-Corruption Policy and these Rules when considering the purpose of such Entertainment, the identity of the Entertained Person and the Participants (if any) from the Company.

- (2) When considering the appropriateness of planned Entertainment and the related Entertainment Expenditure, the frequency of any other Entertainment given or to be given to the same Entertained Person/organization shall also be taken into account. The frequency should not exceed 5 times per month.
  - (3) If it is not clear to the Applicant if the proposed Entertainment would comply with these Rules, the Applicant shall discuss with the Finance Director and take such steps as the Finance Director directs (which may include consulting with local lawyers) and keep a record of the details of such discussion.
  - (4) For the avoidance of doubt, expenditure that is incurred in respect of Entertainment wholly for members of Staff of Group Companies is covered by (and is therefore potentially reimbursable under) these Rules .
5. Application for Entertainment Expenditure
  - (1) Application has to be submitted and approved in advance of incurring entertainment expenditure
  - (2) If no prior application or approval was possible
    - (i) When unforeseeable Entertainment expenditure is necessary and it is impossible to make Application, Applicant can obtain approval via E-mail, phone etc. prior to incurring of Entertainment expenditure.
    - (ii) Even after submit application, it was not possible to obtain prior approval because for example Director was temporarily unavailable, a post facto Application shall be permitted.
    - (iii) A post facto Application have to be made immediately after incurring entertainment expenditure before claiming, stating reason why no prior application was submitted or reason why no prior approval was possible.
  - (3) The member of Staff shall submit and obtain approval to an Application for each such entertainment event, provided however that if Entertainment is to be given to more than once during a particular business trip, all such expenditure may be included within the same Application but the details of each Entertainment shall be recognized at the stage of submitting the Claim Form.
6. Required Content of the Application
  - (1) The following matters shall be included in the Application for Entertainment Expenditure:
    - (i) organization name, country in which the organization is located, and customer code, if customer code is not available , set new code of Entertained person belongs to
    - (ii) title and name of entertained person
    - (iii) name and title s of any other Participant(s) from any Group Company
    - (iv) reason for the Entertainment
    - (v) Date and time of the Entertainment
    - (vi) Entertainment Expenditure detail and amount
    - (vii) total number of Participant
    - (viii) budgeted amount per Participant and an estimate of the likely Travel Expenses.
  - (2) Entertaining Public officials is not permitted
  - (3) If any of the details stated in the Application are changed after the Application has been made and before the Entertainment has taken place or the Entertainment Expenditure has been incurred, the Applicant shall resubmit an amended version of the Application for Entertainment Expenditure for approval.

7. Person with Decision-making Authority and flow of application

- (1) Where more than one member of Staff of the Company is intended to be a Participant the Applicant shall be the most senior. Director who approves application should not be applicant nor participant

- (2) Director who approves application shall be

**Approval route of Application and Claim**

	applicant	→	approver
	sales team staff	→	director
Managing director is a participant	sales team staff	→	finance director
	managing director	→	finance director
	admin team staff	→	director
Finance director is a participant	admin team staff	→	managing director
	finance director	→	managing director
the applied amount is more than Standard amount			Finance director
the Entertainment takes the form of cash or a cash equivalent			Finance director

a person approved by the Finance Director in advance may approve application.

- (3) In case that the Finance Director is requested to designate a person as being "a person approved by the Finance Director in advance", such request shall be made in the form prescribed by the Finance Director

8. Paying for Entertainment

- (1) payment of entertainment expenditure is to be done by corporate card or by the cash withdrawn by corporate credit card
- (2) In circumstances where the payee of the Entertainment Expenditure is for some reason unable to accept payment by credit or debit card or the Person with Decision-making Authority otherwise deems it acceptable, any other form of payment may be made (such as cash, cheque or cash equivalents).
- (3) Card statement and card receipt should be attached to Claim form

9. Claim of Entertainment Expenditure

- (1) If a member of Staff has received approval to application, and has incurred the related Entertainment Expenditure, he/she shall submit a request for reimbursement as soon as possible by submitting the Claim Form together with the related receipt to the Director
- (2) If application is approved by "the person approved by Finance Director in advance", the Claim Form has to be submitted to the same person.
- (3) Contents of the Claim form
- general description of the Entertained Person (organization, country, customer code, name and title);
  - name of the other Participants from any Group Company
  - general description of the Entertainment (date, details and amount)
  - total number of Participants, amount incurred per Participant and the actual Travel Expenses
- (4) If actual detail is different from contents of application, explain reason for difference

- a. if the Entertainment Expenditure actually incurred exceeds 150% of the amount stated in the Application;
- b. if the Entertainment Expenditure per Participant actually incurred exceeds 150% of the amount stated in the Application;
- c. if the day on which the Entertainment Expenditure is incurred is different to that stated in the Application; and
- d. if it is subsequently realized that one or more of the Entertained Persons is a Public Official. Explain following
  - i. country, country code and details of duties of Public Official set customer code for government related entities, if not set already
  - ii. state that related laws, regulations or standards relating to the Public Officials receiving Entertainment are not violated on the basis of one of following evidence
  - iii. a statement given by or general materials provided by the relevant Public Official or his/her organization
  - iv. legal advice obtained for this purpose or
  - v. other appropriate evidence obtained by or on behalf of the Applicant
  - vi. purpose of the Entertainment
  - vii. number of entertainment for past 1 year for the public organization
  - viii. details of existing or future projects over which the Public Official has any authority or control
  - ix. details of any projects for which a business meeting is scheduled to be held in the near future between the Company and the Public Official or his/her organization or any projects for which any agreement had recently been reached or any bid had recently been accepted.

(5) Director shall indicate to the Applicant whether or not the reimbursement request is approved.

#### 10. Prohibition on Misappropriation or Unauthorized Incurring Entertainment Expenditure

- (1) Members of Staff may incur Entertainment Expenditure only for the purposes approved in advance in accordance with these Rules and shall not misappropriate or incur Entertainment Expenditure for any unauthorized purpose.
- (2) If a member of Staff dishonestly makes an Application or otherwise, in breach of these Rules, incurs Entertainment Expenditure or commits any other breach of these Rules in relation to Entertainment or Entertainment Expenditure, the Company may take disciplinary action and the member of Staff also may be liable to return all or part of any amount reimbursed to it for such Entertainment Expenditure.
- (3) No member of Staff shall cause a Group Company or any third party to incur Entertainment Expenditure that should properly be incurred by the Company or cause the Company to incur any Entertainment Expenditure that should properly be incurred by a Group Company or any third party unless he/she has:
  - (i) reasonable grounds so to do; and
  - (ii) has explained such grounds to finance director in advance of such expenditure being incurred.
- (4) A member of Staff must not himself/herself incur expenditure to build or maintain a relationship with the Entertained Person(s), other Participants and/or any other entity or person unless he/she has:
  - (i) reasonable grounds so to do; and

- (ii) has explained such grounds to finance director in advance of such expenditure being incurred).
- (5) Directors must not cause or permit a Group Company or any third party to incur any inappropriate Entertainment Expenditure on behalf of the Company.

#### 11. reparation and Retention of Records

- (1) If Director approves the Application or the Claim Form, he/she shall send such Application or Claim Form to the Director, who shall then retain such documents in accordance with the relevant Document Retention Policy.
- (2) Every 6 months Accounting manager shall, if any Director or member of staff was the Participant in any Entertainment during the preceding months (even if that Director was not himself/herself a Participant) compile a record of the matters and finance director shall monitor
  - (a) itemized in any Application
  - (b) itemized in any Claim FormThe Form should be prescribed from time to time by the Finance director.  
Further, Account manager shall keep the records available for inspection.
- (3) After Account manager has made the record and retain such record and documents in accordance with the relevant Document Retention Policy.

#### 12. Entertainment Expenditure Incurred Partly for the Benefit of the Company

These Rules shall equally apply to situations where the Company incurs Entertainment Expenditure partly for its own benefit and partly for the benefit of a Group Company and/or any third party (including the case where no member of Staff of a Group Company is a Participant).

#### 13. Receiving Entertainment or Offers of Entertainment

- (1) Finance director shall make all members of Staff of the Company aware of the relevant rules as set out in these Rules and the Regulations relating to employees of the Company receiving Entertainment or offers of Entertainment and shall ensure that such employees comply with such rules.
- (2) A member of Staff shall comply with the relevant rules as set out in the Regulations when receiving Entertainment.
- (3) A member of Staff must not accept any Entertainment unless it is appropriate in accordance with the Company's Anti-Corruption Policy, using the same considerations and procedures as set out in Clause 4.
- (4) The rule to incur entertainment shall equally apply in respect of Entertainment received or to be received by a member of Staff.

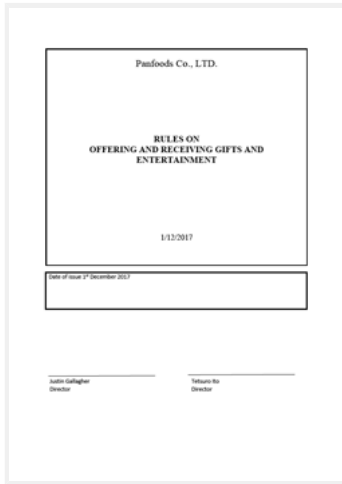
#### Rules for Receiving Entertainment

- (1) If an employee has received Entertainment, such employee shall report the details of the Entertainment to the relevant Person with Decision-making Authority by submitting the form prescribed by within three (3) business days after receiving the Entertainment.
- (2) Such a report shall not be required:
  - (i) if the Cumulative Amount of Entertainment received from a particular entity or person in a particular calendar month (the "Cumulative Amount") does not exceed Pounds Sterling 100 or Euros 100;
  - (ii) if the Entertainment comprises food and/or beverage served at a business meeting, seminar or conference (i.e. the Entertainment is wholly ancillary to and usual for the business gathering e.g. lunch box, sandwiches);
  - (iii) where the Entertainment is the attendance at a public ceremony or party;

- (iv) in respect of souvenirs, snacks or novelty goods with a modest value e.g. stationery items; or
- (v) where the costs of the Entertainment are borne equally by each Participant.
- (3) If an employee has been offered Entertainment and reasonably suspects that the Cumulative Amount would likely exceed Pounds Sterling 500 or Euros 500, he/she shall not accept or receive the Entertainment without the prior approval of the CFO in writing. If it was not reasonably possible to obtain such prior approval, he/she shall make an application for approval as soon as possible after the Entertainment.
- (4) If Director receives the form for approval aggregate monthly amount is 100 GBP, Euro, or the CFO approves the Entertainment over 500, he/she shall send such form to accounting manager, who shall then retain such documents in accordance with the relevant Document Retention Policy.
- (5) A member of Staff shall not conceal the fact that he/she has received Entertainment in order to avoid a duty to report.
- (6) A member of Staff shall not under any circumstances accept or receive any of the following:
  - (i) gifts of cash, cheque or cash equivalents (except for those which are socially acceptable – e.g. congratulatory or condolence money for socially acceptable amounts as given for weddings or funerals etc.);
  - (ii) Entertainment which in the context of the relationship between the Company and the other entity may be considered inappropriate and/or which could be regarded as being bribery; or
  - (iii) anything other than the above which conflicts with public order and morals and harms reputation of the Company.
- (7) If a member of Staff received any item listed above without having had the opportunity to properly consider or refuse to accept the item, he/she must immediately (a) report the details to the Finance director and (b) return such item.

#### 15. Monitoring and Effect of Other Rules

- (1) These Rules shall prevail over the provisions of any other rules concerning Entertainment Expenditure.
- (2) The Accounting Team and the Admin Team may, if they deem it necessary to accomplish the purpose of these Rules, inspect or verify any records or put questions to any parties concerned.



# 1712 Rules on Offering and Receiving Gifts and Entertainment

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