

# Anti-Bribery and Corruption Policy

November 2012

## ANTI-BRIBERY AND CORRUPTION POLICY

### 1. PRELIMINARY

- 1.1 Spirax-Sarco Engineering plc ("SSE") expects the highest standards of conduct and integrity from all employees as well as its third party distributors, agents and intermediaries - these standards are reflected in the Group Management and Business Code which sets out the Group's policy in a number of specific areas.
- 1.2 **It is Group policy to conduct its business free of any bribery or corruption. The Group will not enter into contractual relationships with third parties that are known to engage in corrupt practices and will not engage in the giving or receiving of bribes or favours that create a conflict of interest.**
- 1.3 The Anti-Bribery and Corruption Policy set out in this document ("Policy") forms part of the Group Management and Business Code. It applies to SSE and all subsidiary and affiliated companies (the "Group"), and all directors, officers and employees of the Group (which for these purposes includes temporary or contract staff and consultants) ("Employees"). In addition, third party business partners are expected to comply with the prohibitions on bribery set out in this Policy.
- 1.4 **Corruption is a criminal offence in the United Kingdom and all countries where the Group does business. It exposes the Group and all its Employees to potential criminal liability. It is therefore extremely important that this Policy is strictly observed.**

Failure to observe this Policy may lead to disciplinary action up to and including dismissal.

### 2. BRIBERY / FACILITATION PAYMENTS

*What is bribery?*

- 2.1 Bribery generally involves paying or offering to pay money or something of value to an individual in order to obtain or retain a commercial advantage for the Group, particularly where the intention is to induce or reward the recipient for acting improperly. Bribery often involves payments (or promises of payments). However, it may also extend to the provision of favours as well as lavish/inappropriate gifts or hospitality.
- 2.2 Bribery can take place both in the public sector (e.g. bribing a public official to induce him to act in a particular way) and in the commercial sector (e.g. bribing an employee to cause him to award a contract or some other benefit to the Group). Bribery can also take place where the offer or payment is made by a third party on the Group's behalf.
- 2.3 Bribes and kickbacks can therefore include, but are not limited to:
  - **gifts** and excessive **entertainment / hospitality / travel and accommodation expenses** (see Section 3.0);
  - **cash payments**, whether by Employees or business partners such as agents, introducers or consultants;

- other '**favours**' provided to public officials or customers, such as engaging a company owned by a member of a public official's or customer's family;
- the uncompensated **use of company services**, facilities or property; and
- illegal and unethical sales-related commissions, rebates, discounts, credit and allowances.

2.4 Bribery is a criminal offence in most countries. In addition, some countries, notably the US and the UK, have enacted anti-bribery and corruption laws which apply to the actions of individuals and companies even when they are outside the US or the UK. Breach of these laws can lead to very severe penalties for companies and individuals. Further information on these laws is provided in Appendix 2.

#### *SSE's Policy in relation to Bribery*

- 2.5 All Employees are **FORBIDDEN** to offer, authorise, pay, give or take bribes (whether in cash or by way of any other item of value) either for themselves (or their family, friends or associates), or on behalf of any Group company. This applies to **ALL** Employees in whichever territory the offer or payment takes place, and whether the offer or payment is made directly or indirectly through a third party.
- 2.6 All Employees are also prohibited from otherwise using illegal or improper means (including bribes, favours, blackmail, financial payments, inducements, secret commissions or other rewards) to influence the actions of others, and are prohibited from acting as an intermediary for a third party in the solicitation, acceptance, payment or offer of a bribe or kickback.
- 2.7 This Policy also extends to facilitation payments or "grease payments" which are a form of bribery and are illegal in most countries. They are forbidden by this Policy. Facilitation payments are payments made with the purpose of expediting or facilitating the performance by a public official of a routine governmental action; note that these can often be dressed up as administration fees, commission payments or as a local tax.
- 2.8 As well as complying with the specific prohibitions in this Policy, Employees must exercise common sense and judgment in assessing whether any arrangement could be perceived to be corrupt or otherwise inappropriate. If in any doubt, Employees should seek guidance from their local senior management.
- 2.9 It is required that all Group companies and Employees follow the guidelines on contracting with third parties set out in Appendix 1.
- 2.10 All existing and new Employees who are at risk of bribery and corruption, must take part in the anti-bribery online training arranged by the Group, which is called "anti-bribery@ work" and they must pass the examination at the end of the training.

The affected employees are:

- 1) All directors and senior managers and
- 2) Any employee who has regular contact with customers or suppliers

### 3. GIFTS/ENTERTAINMENT/HOSPITALITY

- 3.1 Appropriate business entertainment and gifts which are normal and customary and which generate goodwill and assist in the development of working relationships are acceptable. Each operating company must keep an up to date register of all (1) gifts and (2) entertainment/hospitality, given or received that exceed the amounts below (“Register of Gifts and Hospitality”):
- 1) for gifts, £100 per person excluding sales tax (or the equivalent amount in foreign currency); or
  - 2) for entertainment/hospitality £250 per person excluding sales tax (or the equivalent amount in foreign currency).

The Register of Gifts and Hospitality shall be provided to the internal auditor and external auditor on request.

- 3.2 However, the giving or acceptance of gifts or entertainment or personal favours or services that cause - **or may be regarded as causing** - a conflict between the personal interests of the Employee and that of the Group on the one hand and its customers or suppliers on the other hand are not permitted.

- 3.3 Lavish gifts or entertainment must not be given to customers/suppliers and equally must not be accepted by Employees. Gifts should not normally be accepted or given unless they are modest in value and conform to normal custom and practice in the territory in which the gift or entertainment is given. Any gift or entertainment accepted or received must be of a type that could be reciprocated as a normal business expense.

- 3.4 Special care should be taken in providing or accepting entertainment to customers, suppliers (whether existing or potential) or other third parties. Employees working on projects for the public sector must remember that public sector employees - which can include employees of schools, universities, hospitals and public services (or nationalised industries) as well as civil servants - are generally subject to stricter rules governing relationships with suppliers which may rule out any form of entertainment.

- 3.5 To summarise, gifts, entertainment and other business courtesies must comply with the following principles:

- they must be reasonable and not excessive;
- they must be of modest value, both in isolation and when considered in the context of other gifts and hospitality offered to the same recipient;
- they must be appropriate and consistent with reasonable business practice;
- they must be provided with the intent only to build or maintain a business relationship or offer normal courtesy, rather than to influence the recipient's objectivity in making a specific business decision;
- business courtesies should never be offered for something in return;
- they must be permissible under all applicable local laws, rules and regulations. When dealing with a public official, the official's country will often have laws imposing limits on the level of hospitality and gifts which can be accepted. When dealing with the private sector, gifts or hospitality should not exceed any limits imposed by the recipient's organisation;
- Employees are not allowed to accept or give cash or cash equivalents (cash equivalents include gift cards, gift certificates, loans, shares and share options);

- Employees should use good judgment; "everyone else does it" is not sufficient justification for giving or accepting a gift or entertainment that would otherwise be improper. Consider whether public disclosure of the business courtesy would be embarrassing to the Group or to the recipient; if it would be, then the courtesy should not be provided or accepted. In determining whether a specific gift or entertainment item lies within the bounds of acceptable business practice, Employees must discuss the issue with a supervisor or manager; and
  - if there is any doubt about whether a gift or entertainment is permissible, it should be approved in advance by the local General Manager or Divisional Director.
- 3.6 Employees must not pay for gifts and entertainment out of their own money or at their own cost as a means of evading the requirements of this Policy.
- 3.7 In addition to the rules in this Section 3, Employees must comply with the Gifts and Entertainment Policy set out in Appendix 3.

#### 4. **RECORD KEEPING**

- 4.1 All Employees are responsible for ensuring that any business records for which they are responsible (personal expenses forms, sales /business ledgers) are completed in a timely and accurate manner and are properly maintained.
- 4.2 The creation of false or misleading records or the making of false entries in Group records is a serious disciplinary offence. **A breach of this rule will lead to disciplinary action which may include instant dismissal.**
- 4.3 A Register of Gifts and Hospitality must be kept and maintained by each operating company in the Group.

#### 5. **GENERAL**

- 5.1 If anybody has any questions about this Policy, please contact the Group General Counsel in Cheltenham (email: andy.robson@uk.spiraxsarco.com).
- 5.2 No Employee will be penalised or subjected to other adverse consequences for refusing to pay bribes, even if it may result in the Group losing business. However, failure to comply with this Policy could have severe consequences for the Group and will result in disciplinary action, up to and including dismissal.
- 5.3 If an Employee thinks that the above Policy is not being observed, they have a duty and an obligation to report the issue to the Divisional Director responsible for their division or to the Group General Counsel (details above) in accordance with the Group's Public Disclosure Policy set out in Appendix 4. All such reports will be investigated appropriately. Measures are in place to ensure complaints are treated confidentially to the fullest extent possible, and Employees raising legitimate concerns in good faith will be protected to the fullest extent possible; the Group will not permit retaliation of any kind against any Employee for making good faith reports about actual or suspected violation of this Policy.

In this connection your attention is drawn to the following provision contained in the Group Management Code:

**"MAINTAINING THE CODE'S STANDARDS**

*It is the responsibility of every employee to alert his or her manager to circumstances where the Group's performance can be improved or to any breaches of Group policies and procedures. If an employee in the SSE Group has reasonable grounds for believing that the Management Code is being breached by any person or group of people and does not receive a satisfactory response or feel able to voice the matter with his or her manager, he or she should contact directly the General Counsel in Cheltenham and provide full details. The General Counsel will ensure that (a) the circumstances are properly investigated and (b) the employment of the person contacting the General Counsel will be protected appropriately."*

- 5.4 Employees must cooperate fully and openly with any investigation by the Group into alleged or suspected corrupt activity or breach of this Policy. Failure to cooperate or to provide truthful information may also lead to Employees being subject to disciplinary action, up to and including dismissal.

**6. CHARITABLE AND POLITICAL DONATIONS**

No political donations should be made by any company in the Group without the approval of the Chief Executive Officer or Group Finance Director.

Charitable donations must be bona fide third party requests and made in accordance with the Group Charitable Donations Policy.

Employees should not request charitable or political donations from suppliers or contractors. This does not apply to charitable giving campaigns approved by the Group or relevant General Manager.

**APPENDIX 1 Spirax-Sarco Engineering plc Guidance on Contracting with Third Parties**

1. The purpose of the guidelines in this Appendix is to provide guidance on avoiding or mitigating anti-bribery or corruption risks when dealing with third parties.
2. The UK Bribery Act 2010, which came into force on 1 July 2011, introduced a new offence of failure to prevent bribery. If a third party retained by a Spirax Group company - whether a distributor, a sales agent or a customs agent - pays a bribe for the benefit of a Spirax operating company, Spirax-Sarco Engineering plc could in some circumstances be guilty of a criminal offence of 'failure to prevent' bribery.
  - 3.1 Under the Bribery Act, there is a defence to this criminal action if Spirax-Sarco Engineering plc can show that adequate procedures were in place to seek to prevent the alleged bribery.
  - 3.2 A key component of the adequate procedures defence is effective management of the risk of third parties failing to comply with the Act, which breaks down into three headings:

- (a) due diligence on third parties;
- (b) the need to have formal contracts in place; (c) on-going monitoring of third parties.

4.1 Due diligence on potential third parties should include examination and research of the following (using both publicly available records, including internet searches where relevant, and market intelligence):

- reputation in the local market of both the third party and its management;
- potential for political exposure or risk of corruption; and
- history of unethical or criminal behaviour by the third party or its management.

4.2 The level of due diligence should reflect the level of perceived risk posed by the appointment (a third party who is paid to introduce customers to a Group company, or to interact with public officials on our behalf, will pose the highest potential corruption risk). The due diligence should seek to determine and document that:

- there are no concerns about the third party's integrity (e.g. allegations that they have been involved in improper conduct);
- they have the appropriate expertise and resources to provide the services for which they are being retained; and
- the third party has its own internal anti-bribery and corruption procedures.
- Appendix 1, Exhibit 2 sets out a Due Diligence Checklist that should be completed in respect of all third parties that merit the due diligence coverage.

For information, the types of third parties who would merit due diligence coverage are those who:

- perform a sales or marketing role for the Group or who are otherwise involved in (i) assisting the Group to obtain or retain business opportunities, or (ii) interacting with customers on the Group's behalf; interact with public officials in any way on the Group's behalf or in connection with the Group's business (public officials include officials of federal or regional government, judges and magistrates, public agencies and state-owned enterprises, international organisations, political party officials or candidates, or anyone acting on their behalf ("public officials")); or
- supply services which will enable the Group to fulfil a legal or regulatory requirement (such as obtaining a licence to operate); or
- where the proposed third party has been (i) recommended or suggested by a public official or an individual at a customer, or (ii) is known or believed to have close personal or business ties to a public official or individual at a customer, who is in a position to influence action for or against the Group; or
- where for any other reason there are concerns about the ethical conduct of the third party; or
- in any other situations which would reasonably be considered to give rise to a risk the third party might pay a bribe on behalf of the Group, including where the 'red flags' listed in paragraph 7.1 below are present.

The following types of third parties present a very low corruption risk and do not need to be subject to specific anti-bribery and corruption due diligence or anti-bribery and corruption contractual clauses: banks and other regulated financial institutions (including investment banks), lawyers and accountants, which are:

- well-known and reputable; and
- domiciled and regulated in a low risk jurisdiction. For these purposes, a low risk jurisdiction is defined as a country with a score of 6 or above in the Transparency International Corruption Perceptions Index (available at: [http://www.transparency.org/policy\\_research/surveys\\_indices/cpi/2010/results](http://www.transparency.org/policy_research/surveys_indices/cpi/2010/results)).

Paragraphs 4.3, 5.1 - 5.2 and 5.4 below, however, continue to apply to these low risk third parties.

4.3 Employees should, in all cases, exercise care and skill when selecting and dealing with third parties and should be alive to, and raise any concerns in relation to, corruption risks. Employees must ensure that any concerns raised by the due diligence are escalated or resolved before proceeding.

5.1 When entering into a contract with the third party, you need to establish that:

- there is a genuine need for the services you are looking to buy in;
- the third party has the skills and experience needed to provide the services; and
- the remuneration to be paid to the third party is fair and reasonable and reflects market conditions. Even where the fees are at market rates, they should, in absolute terms, be justifiable in light of the level of services to be provided by the third party.

5.2 Third party agents or distributors should clearly understand how they are expected to behave when doing business for Spirax. The third party must clearly understand Spirax's Anti-Bribery and Corruption Policy, a copy of which should be provided to them by the Employee responsible for engaging the third party.

All contracts with third party distributors or agents should be in writing and clearly state the terms of business. The contract should:

- record in reasonable detail the nature of the services to be provided by the third party;
- record the fees payable or method by which any fees will be calculated;
- record the mechanism by which the fees will be paid (e.g. by bank transfer). There should be clarity as to the identity of bank accounts into which fees or remuneration are paid. ("Off-shore" bank accounts should be viewed with the utmost suspicion. Any payments of fees or expenses must normally be made directly to the third party in the relevant country); and
- include the standard anti-bribery wording already provided to Spirax Group companies, a copy of which is attached.



- 5.4 Records of all payments made must also be maintained, including the account to which the payment was made, the contract to which the payment relates, and (if not clear on the face of the contract), the reason for the payment. Records should be kept for at least six (6) years from the date of the payment.
6. There should be on-going monitoring of third party agents and distributors to include the monitoring of:
- services provided by the third party;
  - investigation of all concerns that come to the attention of Spirax; and where possible, the use of rights of audit.
- 7.1 Finally, Employees should be trained to spot certain "red flags" which may give rise to suspicions of corrupt activity or bribery. These will typically include the following:
- lack of knowledge and/or paperwork around a third party or payments to them, or inconsistent details provided;
  - third party does not appear to have the required experience or staff;
  - requests for payments to off-shore accounts or jurisdictions or which otherwise are inconsistent with your knowledge of the third party's business activities;
  - a request by a person to structure a transaction to evade normal record keeping and/or reporting requirements or to structure it in a way that appears to have no legitimate business purpose, for example increasing prices or paying funds under cover of a side letter;
  - requests for the making of "advance payments";
  - requests for payments to persons not otherwise involved in a transaction;
  - third party provides general marketing or consultancy services with little or no obvious value;
  - requests to vary the fees or commission to meet unidentified "expenses";
  - use of consultants or representatives who are closely connected with the government or a political party, or have been specifically requested by a public official or the representative of a customer;
  - reluctance or inability to provide supporting documentation/invoices; and
  - refusal to agree to the Group's Policy or applicable anti-bribery and corruption laws.
- 7.2 Any red flags or other matters giving rise to suspicions of corruption must be raised with the local General Manager as soon as possible, and prior to proceeding with or continuing any proposed business relationship or transaction.

In order for any relationship/ transaction to proceed, any red flags must be resolved (i.e. a satisfactory and credible explanation must be provided which demonstrates why the red flag does not give rise to concern that the third party would act unethically on the Group company's behalf, if engaged).

If the local General Manager is unsure how to proceed, he should contact his Divisional Director or the Group Legal and Secretarial Department.

8. If you are in any doubt about how to apply these guidelines or have any questions, please feel free to contact the Group Legal and Secretarial Department or your local management team for assistance.

## Appendix 1, Exhibit 2

### Third Party Due Diligence Checklist

Questions	Yes/No	Comments
1) Identify third party: <ul style="list-style-type: none"> <li>• establish contact information</li> <li>• any other assumed names/trade names/aliases?</li> </ul>		
2) If the third party is a Company request the following: <ul style="list-style-type: none"> <li>• details of ownership (including ultimate beneficial ownership information);</li> <li>• principal officers/directors/key executives;</li> <li>• branches, subsidiaries, affiliates;</li> <li>• copy of annual report and financial statements;</li> <li>• credentials and commercial references; and</li> <li>• experience of performing the same services</li> </ul>		
3) Ascertain the third party's reputation for bribery: <ul style="list-style-type: none"> <li>• have they or anyone associated with them been investigated, prosecuted, convicted for bribery or related offences, (fraud, breaches of company law, embezzlement, tax evasion, false accounting, import/export or anti-competition violations)</li> </ul>		

<p>4) Check the following documentation of the third party:</p> <ul style="list-style-type: none"> <li>• references;</li> <li>• corporate registration document;</li> <li>• proof of registration with local tax authorities; and</li> <li>• significant/relevant contracts in a particular company which the third party has been associated with.</li> </ul>		
<p>5) Establish whether there are any employees, third party operatives or relatives who may be in a position to influence or affect the way the third party performs the services.</p>		
<p>6) Establish whether the third party relies heavily on political or government contacts instead of technical skills or time invested.</p>		
<p>7) Obtain proof of any particular licence, certification, etc. the third party needs to hold.</p>		
<p>8) Ensure there is a process which will establish to whom funds are being released and identify whether the third party has requested payments to be made:</p> <ul style="list-style-type: none"> <li>• off-shore;</li> <li>• to an unknown third party;</li> <li>• to be split among multiple accounts;</li> <li>• to an account in a country other than where the third party is located or business is to be performed; and</li> <li>• by way of any other unusual financial arrangement.</li> </ul>		
<p>9) Ensure you understand the exact work and the specific nature of the services being carried out.</p>		
<p>10) Be satisfied the exact work is commensurate with the remuneration to be paid.</p>		

11) Ensure the proposed compensation of the third party is not unreasonably high compared to the market rate without reasonable explanation.		
12) A clear expressed prohibition of bribery on the Group's behalf in the form of a legally binding agreement should be signed by the third party. Note that all of the Group's standard terms and major contracts now incorporate antibribery provisions.		
13) Establish the third party's internal antibribery measures.		

## APPENDIX 2

### Annex A: Key anti-bribery and corruption legislation

The UK Anti-Bribery and Corruption laws, are extra-territorial in scope, i.e. they can in some circumstances apply to the actions of individuals and companies (including non-UK companies) wherever they are in the world and irrespective of local standards or cultural practices. More detail on these anti-bribery and corruption laws is provided below.

#### 1. UK Bribery Act 2010

The UK's new Bribery Act came into force in July 2011. This is a far-reaching Act creating broadly scoped offences in relation to both (i) public and private sector corruption and (ii) the giving and receiving of bribes. These offences apply to acts committed anywhere in the world, by British citizens, UK residents, UK entities, and organisations with even a very limited UK nexus. In summary, the offences are as follows:

##### 1.1 Bribery Offences (giving or receiving bribes)

It is illegal to offer, promise or give an advantage to someone: (i) with the intention that the advantage induces or rewards that person for behaving "improperly", or (ii) knowing or believing that the recipient's acceptance of the advantage would constitute "improper" behaviour. Impropriety is judged by reference to the expectations of a reasonable person in the UK.

This offence applies both in the public and private sectors and criminalises, for example:

- the provision of gifts to public officials for the purpose of expediting the award of licences, visas, or similar documentation;
- the provision of a gift or the making of a payment to the representative of a potential customer with the intention of inducing that representative to cause the customer to place business with an operating company;

- accepting inappropriate gifts and hospitality offered by an operating company's suppliers with a view to awarding business to those suppliers;
- providing someone with a gift or hospitality when it is known that they are not permitted under local law or their employer's rules to accept it (as the receipt is therefore 'improper').

It does not matter whether the advantage is offered or paid directly or indirectly, i.e. using a third party such as an agent or intermediary.

## 1.2 Bribing a Foreign Public Official

You will commit an offence if an advantage is offered or given to a foreign public official where you intend to influence the public official and to obtain or retain business or a business advantage. It does not matter whether the advantage is offered or paid directly or indirectly, i.e. using a third party such as an agent or intermediary.

The offence does not require the official to act improperly, or for the gift to be improper in any way. The offence can be committed merely by providing an advantage with the intention of influencing the official for an operating company's business advantage.

This offence applies to both foreign government officials and individuals working for public international organisations or state owned enterprises.

## 1.3 Corporate Offence of Failing to Prevent Bribery

The Bribery Act makes it significantly easier to prosecute corporate entities by introducing a new offence that imposes criminal liability for a company's failure to prevent bribery by anyone providing services for or on behalf of the company. This may include Employees, agents, joint ventures, representatives and subsidiaries, amongst others. Overseas companies doing business in the UK are also caught by the legislation.

A company will not be guilty of this offence if it can demonstrate that it had adequate procedures to prevent such people from committing bribery. Accordingly, this Policy will form part of operating companies' procedures to prevent bribery by persons providing services on its behalf.

## 2. **Current UK Anti-Bribery and Corruption Legislation**

In addition to the new requirements of the Bribery Act, it has for some time been an offence for a person corruptly to offer or agree to give any gift or consideration to any public official or private sector employee as an inducement for that person doing anything, or showing favour to any person, in relation to their employer's affairs. The actions of UK nationals and corporations can involve the commission of an offence even if they take place wholly outside the UK. Companies and individuals who commit an offence face significant fines and confiscation of the gross value of any tainted contract.

## 3. **Other local laws and regulations**

Most countries have enacted anti-bribery and corruption legislation criminalising, at least, the offer of bribes and kickbacks to public officials. Local laws may also impose limits on

the gifts and hospitality which public officials are allowed to accept. Commercial sector bribery is also an offence in many jurisdictions.

## **APPENDIX 3**

### **Gifts, Hospitality and Entertainment Policy**

This Policy applies equally to Employees of the Group and workers who are not directly employed by the Group but who are carrying out duties on behalf or for the benefit of the Group.

#### **1. Policy Statement**

The purpose of this Policy is to set out the Group's position on the giving and receiving of gifts, hospitality and entertainment, and your responsibilities under this Policy. The Policy complements the Spirax-Sarco Engineering plc Anti-Bribery and Corruption Policy. It aims to ensure transparency, provide clarity on acceptable behaviour and comply with relevant antibribery and corruption legislation.

The Group recognises that the giving and accepting of gifts, entertainment and hospitality can be part of building normal business relationships. This practice can vary significantly between the various geographical locations in which the Group does business. In some cultures business gifts play an important role in business relationships. However, regardless of local laws and customs some gifts and hospitality can lead to the suggestion that an improper influence has been asserted either on or by the Group, or that a conflict of interest has arisen compromising our ability to make objective and fair business decisions. In some instances, the giving and/or receiving of gifts and entertainment can be interpreted as a bribe, which is unlawful and which damages the reputation of the Group and can lead to criminal prosecution for those individuals involved as well as the company. Bribery is illegal in the UK and most jurisdictions in which the Group operates.

The aim of the Policy is to ensure that the highest standards of integrity are maintained and that it can never be suggested that there was an improper motive behind the offer or acceptance of the gift or hospitality, of unduly influencing the recipient, or on the part of the recipient in accepting it.

#### **2. Gifts**

For the purposes of this Policy, a gift can be anything with a cash or face value, such as a bottle of wine or tickets to an event where the giver/host is not present.

You are permitted to give or accept gifts of negligible value. For the purposes of this Policy a gift will be treated as having negligible value if it has a face value (excluding VAT) of *£100 (or the equivalent amount in foreign currency per person)* or less and it is customary to give or receive such a gift in the ordinary course of business. Examples of acceptable gifts might

be calendars, diaries, or a bottle of wine or spirits at Christmas. You may not attempt to split a gift in order to reduce its face value (e.g. a case of wine) in order to bring it within this exception.

If you are offered a gift that falls outside of this exception you must, politely but firmly refuse it. If you reasonably consider that it is considered that acceptance would be in the best interest of the Group (for example, because return of a gift might cause offence) you should seek the prior written consent of your line manager before accepting the gift. Such consent will only be given where the manager considers that the gift could not be mistaken for an inducement. In such circumstances the gift must be acknowledged on behalf of the Group, noted on the Register of Gifts and Hospitality and the gift may not be put to private use by the intended recipient.

You may not give gifts that fall outside of the permitted gifts of negligible value set out above.

You may never give or accept a gift of cash, regardless of the value.

Gifts offered to your relatives or friends by a third party must always be refused, regardless of their value. You should never offer a gift to the friends or relatives of any third party during the course of your employment or carrying out your duties for the Group.

You must not seek or accept loans from any person or business organisation that does or seeks to do business with, or is a competitor of, the Group.

### **A couple of examples might help;**

1. Are you allowed to accept the prize of a computer in a supplier-sponsored draw at a trade exhibition?

You may keep the computer as long as it was a random draw and all attendees at the exhibition were eligible to participate equally. There would be no need to note this on the Register of Gifts and Hospitality.

2. What should you do if you receive a “more than modest” gift from a business partner in a country that traditionally provides frequent and expensive gifts? In some cultures gifts play an important role in business relationships, and it is important to understand and adapt to local customs when working in foreign countries. You should review the matter with your line manager. If consent is given to accept the gift it must be acknowledged on behalf of the Group and noted on the Register of Gifts and Hospitality. The gift may not be put to private use.

### **3. Hospitality and Entertainment**

For the purposes of this Policy, hospitality or entertainment involves attendance at an event where the host is present. The Policy applies whether the Group is the host or the guest.

You are permitted to give or accept corporate entertainment or hospitality of negligible value. For the purposes of this Policy entertainment or hospitality will be treated as having negligible value if it has a face value (excluding sales tax) of £250 or the equivalent amount in foreign currency per person or less per person and it is customary to give or receive such hospitality in the ordinary course of business. Examples of acceptable hospitality and entertainment might be dining out or tickets to a sporting event, theatre or music concert.

If you are offered entertainment or hospitality that falls outside of this exception you must, politely but firmly, refuse it. If you reasonably consider that acceptance would be in the best interest of the Group (for example, because the refusal of hospitality might cause offence) you should seek the prior written consent of your line manager before accepting the invitation. Such consent will only be given where the manager considers that the entertainment or hospitality could not be mistaken for an inducement. In such circumstances the hospitality must be acknowledged on behalf of the Group and noted on the Register of Gifts and Hospitality.

You may not offer any hospitality or entertainment that fall outside of the permitted hospitality or entertainment of negligible value set out above.

Hospitality or entertainment offered to relatives or friends by a third party must always be refused, regardless of their value and you should never offer hospitality to the friends or relatives of any third party during the course of your employment or carrying out your duties for the Group.

#### **4. Foreign Government Officials**

Provision of business gifts, hospitality and business entertainment to a foreign government official is prohibited and may be considered a bribe unless prior authorisation is obtained from the Group General Counsel who will determine whether the proposed activity is permissible under applicable laws.

#### **5. Register of Gifts and Hospitality**

All gifts and/or hospitality which are not automatically acceptable under this Policy should be recorded in the Register of Gifts and Hospitality and signed by your line manager. The Register of Gifts and Hospitality is kept by the relevant General Manager.