

GROUP POLICY

Gifts, Hospitality & Entertainment



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Document Control

Policy owner:	John Morrison, Group General Counsel, Diploma PLC
Published / effective from:	July 2024
Review frequency:	Annual
Next review date:	July 2025
Version:	2.0

1 Purpose

The purpose of this policy is to ensure the transparent recording of gifts, hospitality and entertainment (GH&E) both given and received by employees of Diploma PLC (“Diploma”). It aims to ensure that all activities in this regard are conducted in compliance with the Group [Anti-Bribery and Corruption Policy](#), as well as relevant bribery laws, across all countries and business sectors where Diploma operates.

2 Scope

This policy applies to the Diploma group (“Group”) which includes:

- all directors, officers, employees of Diploma;
- its subsidiaries irrespective of the country where business is conducted and/or a business is situated.

The principles and thresholds contained in this policy must be applied in all countries, even if they are more stringent than local procedures or regulation. Where local procedures and limits are more stringent, then those local procedures must also be complied with. This ensures consistent adherence to ethical standards and regulatory compliance across all entities within the Group, while allowing for tailored approaches to address unique business considerations within individual subsidiaries.

3 Policy Statement

Offering GH&E is a form of courtesy that is common business practice in many countries. In moderation, it is a valuable tool for building and maintaining relationships. In excess, or used inappropriately, it could be regarded as a bribe. If, a gift, entertainment or hospitality is intended, or could be interpreted, as a reward or encouragement for a favour or for preferential treatment, then it is not permitted under this policy or the Group [Anti-Bribery and Corruption Policy](#).

4 Prohibited GH&E

The following types of GH&E are prohibited:

- cash or vouchers (unless for relevant trade shows, trade fairs or seminars);
- entertainment where the host is not present;
- holidays or travel (unless for a Diploma site visit, which must be pre-authorised by your Manager);
- inappropriate entertainment (that would not be in line with the Group [Code of Conduct](#));
- hospitality provided to someone other than your client/customer (e.g. a member of family);
- frequent or multiple GH&E in order to exceed the limits set out in this policy; and
- paid for with personal money to avoid complying with this policy, even if no reimbursement is sought.

GH&E will also be prohibited if seen to:

- be lavish and disproportionate (see when giving/receiving GH&E is appropriate below);
- place the recipient under any obligation or expectation, influence or be perceived as capable of influencing the outcome of transactions relating to business;
- amount or cause the recipient or giver to commit a criminal offence; or
- cause offence to others or damage the reputation of the Group.

5 When is GH&E Appropriate?

This policy does not prohibit normal and appropriate hospitality (given and received) to or from third parties. Bona fide hospitality and promotional activities which seek to improve the image of a Diploma Group business, or establish cordial relations are not prohibited, provided these are reasonable and proportionate.

In determining whether a gift is appropriate, consideration should be given to the recipient, the value of the gift and the reason for it. In order to be considered as reasonable and proportionate, they must:

- have a clear business purpose;
- be appropriate to the seniority of the provider or recipient;
- not be intended to influence decisions (Red Flag - during negotiations);
- be consistent with and comply with local laws and customs;
- is given in the Company's name not the employee's name;
- it does not include cash or cash equivalent (gift certificates or vouchers);
- have no risk of being misconstrued;
- typically be linked to a business meeting or offered on a non-exclusive basis (for example networking event for all customers);
- be provided infrequently; and
- be made openly and transparently, properly authorised and recorded (secret and undocumented gifts and hospitality are not permitted).

The Board appreciates that the practice of giving business gifts varies between countries and regions and what may be normal and acceptable in one region may not be in another. The test to be applied is whether in all the circumstances the gift is reasonable and justifiable. The intention behind the gift should always be considered.

Consider the circumstances surrounding the offer or acceptance.

- Is it high value or lavish?
- Is it offered at a time when business decisions are being made which may improperly affect the decision of the giver/recipient of the Gift or the host of the Hospitality event?
- Has the GH&E been offered multiple times to the same person?

If the answer is "yes" to any of these questions, then the gift is unlikely to be proportional. In these situations, or any other time you may have a question please seek advice from your line manager or Group General Counsel.

6 Suspicions of Bribery

It is important that all employees immediately report to their Managing Director and the Group General Counsel any instances where they are offered a bribe by a third party, are asked to make one, suspect that this may happen in the future, or believe that they are a victim of another form of unlawful activity.

The Managing Director will respond within the business to ensure compliance with this policy and where action is required at Group level, details will be sent to the Group General Counsel for monitoring and where appropriate, for self-reporting to the appropriate authorities.

7 Approval & Recording Levels

When considering whether to accept or decline GH&E, please use the table below to ensure the correct procedures are followed. Local currency limits should be equivalent at prevailing exchange rates.

GIFTS	
GIVEN	RECEIVED
<p>Recording</p> <ul style="list-style-type: none"> Group branded items of nominal value do not need recording. All non-branded gifts need to be recorded through the normal expense declaration. 	<p>Recording</p> <ul style="list-style-type: none"> Branded items below £100 do not need recording. All non-branded gifts above £50 must be recorded.
<p>Approval</p> <ul style="list-style-type: none"> Over £100 per item needs to be pre-approved by your line manager. Gifts may not exceed £1,000 unless prior written authorisation of line manager has been obtained. The maximum expenditure in a financial year must not exceed £1,000 without prior approval of line manager. Approval must be in writing. Email acceptable. 	<p>Approval</p> <ul style="list-style-type: none"> Over £300 not to be personally accepted by the individual without written approval from a line manager. Businesses to determine how these are to be dealt with (i.e. donated, raffled etc).
HOSPITALITY & ENTERTAINMENT	
GIVEN	RECEIVED
<p>Recording</p> <ul style="list-style-type: none"> All hospitality and entertainment must be recorded in the normal expense declaration, including full disclosure of attendees (names and company details). 	<p>Recording</p> <ul style="list-style-type: none"> All entertainment or hospitality exceeding £300 must be recorded including full disclosure of individual host and third-party attendees.
<p>Approval</p> <ul style="list-style-type: none"> Local expense approval thresholds apply. Prohibited if the host is not present. 	<p>Approval</p> <ul style="list-style-type: none"> All H&E must be reasonable, proportionate, not lavish and the business would be willing to reciprocate. No prior approval required if below £300. Prohibited if the host is not present.

In no circumstances at all should gifts be offered to, or accepted from, government officials or representatives, or politicians or political parties.

In certain regions, lower approval thresholds may need to be set which may be due to local law or due to local cost of living. Where local management wish to set lower approval thresholds this must first be communicated to the Group General Counsel and approved.

Where local customs are not in line with this policy, local procedures must be pre-approved by the Group General Counsel. Once local limits, which differ from the Group approved rates, have been set they cannot be adjusted more than once in a 12-month period.

8 Compliance & Non-Compliance

The Board of Diploma PLC has ultimate responsibility for ensuring that each of the businesses establish systems and controls to comply with this policy, additionally:

- Local Businesses are responsible for ensuring that appropriate systems and controls are in place to comply with this policy.
- The Group General Counsel will review this policy on a regular basis and is responsible for monitoring its effectiveness, ensuring its continuing viability, applicability, and legal compliance.
- Group Internal Audit will also monitor the effectiveness of this policy and review its implementation regularly. Internal control systems and procedures will be subject to regular internal audits.

All breaches should be notified immediately to the Group General Counsel.

- Any employee who breaches this policy will face disciplinary action, which could result in dismissal for gross misconduct. The Board reserves its right to terminate the contractual relationship with any employee if they breach this policy.
- A breach of any of the provisions of this policy and its supporting policies will constitute a disciplinary offence and will be dealt with in accordance with Diploma's Disciplinary Procedure which can be found in our Group [Code of Conduct](#).
- Any breach of this policy that causes damage to the reputation of Diploma, its stakeholders, its employees or any third party or which brings Diploma into disrepute will amount to either misconduct or gross misconduct (depending upon the seriousness of the breach) to which Diploma's Disciplinary Procedure will apply.
- As far as associated persons are concerned, a breach of this policy could lead to the suspension or termination of any relevant contract, sub-contract, or other agreement.

9 Contacts

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10 Definitions

Gifts

A gift is a tangible item, any payment, or an advantage given or received without payment. This includes but is not limited to:

- goods including flowers, gift bags, chocolates, a bottle of wine;
- personal discounts, commissions or anything else of financial value;
- holiday presents;
- cash, payments, loans, advances or cash equivalents like gift certificates, gift vouchers, gift cards, shopping cards (note: these are always prohibited);
- free services such as insurance, repair or improvement activities or any preferential treatment;
- technology devices and tools;
- product subscriptions or licences;
- transportation; and
- use of a giver's time, materials and facilities.

Hospitality & Entertainment

Hospitality means any form of amenity, entertainment, travelling or accommodation or invitation offered or received. Hospitality also includes any Third-Party travel expenses, such as transportation and accommodation. These include, but are not limited to:

- Meals - breakfast, lunch, dinner, cocktails, receptions;
- hotel accommodation;
- travel and trips by car, air, train or boat;
- seminars, conventions, conferences or forums; and
- invitations to sporting, cultural or social events.

Bribery

Bribe; an inducement or rewards offered, promised, or provided to gain any commercial, contractual, regulatory, or personal advantage.

Inducement; something which helps to bring about an action or desired result.

Business advantage; means that Diploma is placed in a better position (financially, economically, or reputationally, or in any other way which is beneficial) either than its competitors or than it would otherwise have been had the bribery or corruption not taken place.

Differences between gifts and bribes: a gift is something of value given without the expectation of return.