

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 anti-bribery 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

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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

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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.

GIFTS AND HOSPITALITY REGISTER

The Anti-Bribery and Corruption Policy states a Register of Gifts and Hospitality must be kept and maintained of all (1) gifts and (2) entertainment/hospitality given or received, that exceed the following amounts:

1. Gifts: £100 per person excluding sales tax (or the equivalent amount in foreign currency); or
2. entertainment/hospitality: £250 per person excluding sales tax (or the equivalent amount in foreign currency).

Every time a gift or hospitality is given or received that **exceeds the above limits** an entry should be made in the Register. To do this simply click the button entitled "Gifts & Hospitality - Given" or "Gifts and Hospitality - Received". The relevant form should then be completed. The "Approver" is the relevant line manager or you can choose a responsible manager in your company with sole responsibility for this matter, such as the Finance Manager. Press "Submit" and the form will then be sent to the manager for approval. Please note that if the limits are not exceeded no entry is required.

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

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.

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.

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.

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;

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- 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.

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.

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.**

In addition to the above, Employees must comply with the Gifts and Entertainment Policy (above), and as set out in Appendix 3 of The Anti-Bribery and Corruption Policy.