1. What is covered by this ‘Group Procedure’?

1.1 This ‘Group Procedure’ covers the QinetiQ Group’s position regarding the offering or accepting of ‘Gifts and Hospitality’ (G&H) and provides advice in relation to the principles to be applied when determining whether to accept or offer any such gifts or hospitality with aim of preventing and detecting incidences of bribery and corruption.

1.2 This ‘Group Procedure’ is an important element of QinetiQ Group’s framework and should be read in conjunction with the QinetiQ Code of Conduct.

2. Who does this ‘Group Procedure’ apply to?

2.1 This ‘Group Procedure’ applies to all employees of QinetiQ, its subsidiaries and businesses/companies controlled by QinetiQ Group and sets the minimum standard that must be followed regarding the offering or accepting of ‘Gifts and Hospitality’.

2.2 Where local laws, regulations or rules impose a higher standard, these higher standard must be followed. For example, in the USA, no single gift or hospitality of more than $20 should be given to a government employee (and no more than $50 in total in a calendar year). Where there is doubt about the standards prevailing in a country no gifts should be made.

3. What is the definition of ‘Gifts and Hospitality’?

3.1 ‘Gifts and Hospitality’ can be anything (offered or given to or received from an individual or entity external to QinetiQ) and typically will take the form of:
- Gifts
- Meals
- Invitations to business events
- Invitations to or participation in cultural or sporting events
- Travel and accommodation
- Entertainment

4. What are the key principles relating to ‘Gifts and Hospitality’?

4.1 The exchange of business courtesies, such as gifts and hospitality is common place and when used appropriately can help to strengthen existing or develop new business relationships and convey respect and appreciation for business partners. However it is also recognised that gifts and hospitality which are excessive or improper, potentially exposes QinetiQ to accusations of unfairness, bias, deceit or even bribery.
4.2
Employees must consider the following when determining whether a gift or hospitality is acceptable:

- **Influence:** there is no intention to influence a business decision or to secure an improper advantage; nor is there the appearance of doing so.

- **Openness:** it must be made openly and be clearly for the purpose of legitimate QinetiQ business, with no intention to influence a business decision or to secure an improper advantage; nor is there the appearance of doing so.

- **Tendering:** you are not involved in a current tender or bid.

- **Frequency:** the giving or receiving of gifts or hospitality between the provider and recipient must be occasional, regardless of value (maximum of 4 instances in any 12 month period).

- **Reasonable:** the gifts or hospitality must be reasonable and proportionate in terms of the cultural values and customs of the country involved (irrespective of the value thresholds at Section 8) and also to your role, i.e. not lavish or extravagant.

- **Attendance:** in the case of hospitality, both the provider and recipient must be present.

- **Appropriate:** the nature of the gift or hospitality must be socially acceptable, align with QinetiQ’s values and be consistent with the QinetiQ Code of Conduct.

- **Conform to the recipient’s rules:** the gifts or hospitality must conform to the rules or code of conduct of the recipient’s organisation.

- **Approved:** the giving or receiving must have the appropriate business level approval (see Section 9).

- **Recorded:** the gift or hospitality is must be recorded in accordance with our reporting requirements (see Section 8).

4.3
For the avoidance of doubt, it is never acceptable to give or receive gifts or hospitality:

- in the form of cash or cash equivalent, such as cheques, vouchers, stocks or bonds

- which intend, or appear to intend, to influence a business decision

- which could cause embarrassment or negatively impact the reputation of either the recipient or provider

- where it may be linked, or appear to be linked, to a competitive tender or bidding exercise

- which an employee pays out of their own pocket for business-related expenses (as opposed to seeking reimbursement of legitimate expenditure through the appropriate expense system)

- if the gift or hospitality is indecent or sexually offensive

5. What about ‘Gifts and hospitality’ received?

5.1
‘Gifts and Hospitality’ must only be received in line with the principles in Section 4.2 and are subject to the approval and reporting requirements in Section 8.

5.2
The following exceptions apply with regards to the requirements in Section 4.2 and Section 8:

- food and non-alcoholic beverage provided as part of a meeting as a normal business courtesy;

- attendance at briefings organised by professional organisations for marketing purposes and open to a wide audience;

- food and drink sponsored by companies at conferences where we have paid for employees to attend.
6. What about hospitality organised or sponsored by QinetiQ?

6.1
Corporate hospitality is commonly offered as part of events which QinetiQ has chosen to sponsor or host.

6.2
Any hospitality organised or sponsored by QinetiQ must be in line with the principles above and subject to the approval and reporting requirements at Section 8.

6.3
All requests for sponsorship are to be made in accordance with the Sponsorships and Donations ‘Group Procedure’.

7. Does this ‘Group Procedure’ cover Government Officials?

7.1
There is no distinction between government (public) officials and employees of private sector organisations where bribery is concerned. However, anti-bribery and corruption laws generally treat such officials as higher risk for companies seeking to obtain or retain government business or regulatory/licensing approvals.

7.2
Government Officials include:
- Individuals employed by (or acting on behalf of) any government department or agency, including foreign governments.
- Individuals employed by state-owned or state-controlled companies.
- Political parties, party officials, and candidates for any level of political office.
- Royal or ruling families.
- International public organisations (e.g. United Nations, IMF, World Bank).

8. How are values and approvals of ‘Gifts and Hospitality’ managed?

8.1
The values and levels of approval to be applied for ‘Gifts and Hospitality’ (G&H) are set out in Table 1.

8.2
‘Gifts and Hospitality’ offers made to/accepted from the same entity must:
- Be limited to a maximum of 4 instances in any 12 month period

8.3
In the case of multiple attendees to a single event, where individually the value of the hospitality would not be subject to prior approval and recording, the total value of the hospitality will be the determining factor as to the level of business approval and reporting requirements. For example:
- 12 individuals attend a dinner at the cost of £25 per head; therefore the total value of the hospitality is £300 and will require prior approval and recording in the G&H register.
- The most senior employee in attendance is to:
  - Seek the approvals required in line with their approval chain and complete the G&H register
  - Pay the claim

8.4
Prior approval should be sought in line with the limits above. Where it is not possible to obtain prior approval, retrospective approval must be sought as soon as possible and no more than 30 days after the instance of ‘Gifts and Hospitality’.

8.5
Approvers must review and approve ‘Gifts and Hospitality’ in writing and must be satisfied that the requirements of this ‘Group Procedure’ have been met before approving.
### Table 1 – Values and levels of approval to be applied for ‘Gifts and Hospitality’

<table>
<thead>
<tr>
<th>Giving or receiving ‘Gifts &amp; Hospitality’ per person per event Mark</th>
<th>Value (or local currency equivalent) per person</th>
<th>Approval Requirements</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Gifts</strong></td>
<td>£20-£50</td>
<td>- Self-approval</td>
</tr>
<tr>
<td></td>
<td>£50 and below</td>
<td>- Entry in G&amp;H register</td>
</tr>
<tr>
<td></td>
<td>Above £50</td>
<td>- Prior Exec level approval</td>
</tr>
<tr>
<td></td>
<td></td>
<td>- Entry in G&amp;H register</td>
</tr>
<tr>
<td><strong>Hospitality</strong></td>
<td>£20-£100</td>
<td>- Self-approval</td>
</tr>
<tr>
<td></td>
<td></td>
<td>- Entry in G&amp;H register</td>
</tr>
<tr>
<td></td>
<td>£100-£200</td>
<td>- Prior Line Manager approval (the person who approves your expenses)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>- Entry in G&amp;H register</td>
</tr>
<tr>
<td></td>
<td>Above £200</td>
<td>- Prior Exec level approval</td>
</tr>
<tr>
<td></td>
<td></td>
<td>- Entry in G&amp;H register</td>
</tr>
</tbody>
</table>
9. How must you record ‘Gifts and hospitality’?

9.1
Records of ‘Gifts and Hospitality’ valued at over £20 (or local currency equivalent), offered or received, even if declined, must be recorded in the QinetiQ Gifts and Hospitality (G&H) Register retained for that purpose.

9.2
Records of ‘Gifts and hospitality’ must be entered into the Gifts and Hospitality (G&H) Register within 30 days of receiving them.

10. How do I report suspected violations

10.1
Employees are reminded that if you think something is wrong it is your responsibility to contact the appropriate ethics officer or applicable helpline immediately – details of which can be found in the QinetiQ Code of Conduct. If appropriate you should also inform your direct manager.

11. Where can you get advice and guidance?

11.1
If you are in any doubt, DO NOT, offer or accept the ‘Gifts or Hospitality’.
- Refer to the Red Flags and FAQs in Appendix A.
- Ask your manager for guidance.
- Contact the QinetiQ Business Ethics Committee

Appendix A

Red Flags
Examples of red flags that could indicate bribery or corruption include:
- Any gift that would be illegal, e.g. any gift offered to a government official in breach of local or international bribery laws.
- Gifts to or from parties engaged in a tender or competitive bidding process.
- Any gift of cash or cash equivalents.
- Any gift that is intended as a quid pro quo, i.e. offered for something in return.
- Any gift that appears excessive.
- Any gift that is paid for personally in order to avoid having to report or seek approval.

Appendix A

Red Flags
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- Gifts to or from parties engaged in a tender or competitive bidding process.
- Any gift of cash or cash equivalents.
- Any gift that is intended as a quid pro quo, i.e. offered for something in return.
- Any gift that appears excessive.
- Any gift that is paid for personally in order to avoid having to report or seek approval.
In addition to the above, ask the following questions to determine if the gift or hospitality is appropriate:

<table>
<thead>
<tr>
<th>Question</th>
<th>Answer</th>
</tr>
</thead>
<tbody>
<tr>
<td>What is the intent?</td>
<td>- If the gift or hospitality is just to build a relationship or common courtesy, it is acceptable. If it is intended to influence a decision then it is not acceptable.</td>
</tr>
<tr>
<td>Is the gift or hospitality conditional?</td>
<td>- If yes, then it is NOT appropriate to accept it.</td>
</tr>
<tr>
<td>What is the frequency?</td>
<td>- If the gift or hospitality is modest and infrequent it is acceptable.</td>
</tr>
<tr>
<td></td>
<td>- If it is offered or accepted often, it may create an expectation that something is expected in return and it would likely become unacceptable.</td>
</tr>
<tr>
<td>Are you certain it is legal in your country and/or the country of the third party?</td>
<td>- If it is not legal, then you must NOT accept it or offer it. Ignorance of the law is no excuse. If in doubt ask your local legal adviser.</td>
</tr>
<tr>
<td>Are you aware whether the gift or hospitality being offered is allowed under the recipient’s organisation’s policy?</td>
<td>- If it is not allowed under their policy, then you should not accept or offer it.</td>
</tr>
<tr>
<td>Would you be embarrassed if your manager or colleagues or the public became aware of the gift or hospitality being offered?</td>
<td>- If the answer to this is yes, then it is not appropriate to accept it.</td>
</tr>
<tr>
<td>Are you being hypocritical?</td>
<td>- Only offer what you would consider acceptable or be comfortable accepting and vice versa.</td>
</tr>
</tbody>
</table>