



Gifts & Hospitality Policy

Revision Date: May 2024 | Original Policy Issue Date: January 2016

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Introduction

Gifts and hospitality are often used in the ordinary course of business to build goodwill and strengthen working relationships. Giving and receiving appropriate gifts and hospitality can be part of building and strengthening normal business relationships. However, gifts or hospitality (including entertainment) may create a conflict of interest or illicit payment, or the perception of inappropriate business conduct.

Violations of the Gifts and Hospitality Policy (“the Policy”) could damage the integrity of the business relationship, and Pearson’s reputation, and may also lead to regulatory action including fines and/or debarment for Pearson, and/or criminal prosecution for those individuals involved. When giving or receiving a gift or hospitality, you should always consider how it will be perceived by others and act accordingly.

Purpose

This Policy provides guidance for gifts, hospitality, and entertainment whether given or received while conducting legitimate business activities. It describes Pearson’s approval process and provides guidance on potential ‘red flags’ areas to be avoided. It also provides direction for document maintenance and record keeping in relation to gift/hospitality.

This Policy complements Pearson’s Anti-Bribery & Corruption (ABC) Policy and Code of Conduct and plays an important part in demonstrating Pearson’s strong commitment to a positive ethical culture and avoidance of bribery and corruption.

Who does this Policy apply to?

This Policy applies to all Pearson employees, which includes officers, employees (full and part-time), contingent workers, and temporary workers (such as consultants and short-term or fixed-term workers) of any Pearson company, subsidiary, affiliates, or third parties representing Pearson worldwide. *Business partner conditions for providing gifts and hospitality when working on Pearson’s behalf can be found in the Pearson Business Partners Code of Conduct.*

What is a Gift?

A gift is anything given or received without the expectation of a return benefit. Examples of gifts include the following:

- Goods like flowers, gift bags, chocolates, or a bottle of wine;
- Product discounts, commissions, or anything else of financial value;
- Holiday presents;
- Cash, payments, loans or advances, or cash equivalents like gifts certificates, gift vouchers, gift cards, shopping cards, etc. **(this is an example of a gift, but these are prohibited):**
 - Stocks, shares, equities;

- Free services, such as insurance, tuition fees, repair or improvement activities, or any preferential treatment;
- Technology devices and tools (iPads, Chromebooks, computers, mobile devices, etc.);
- Product subscriptions or licenses;
- Use of a giver's time, materials, and facilities.

What is Hospitality?

Hospitality means the provision of an amenity, entertainment, travel benefit, or accommodation or invitation offered or received, for any business purpose, including but not limited to meetings, conferences, seminars, or other events. Examples of hospitalities include the following:

- Food or meals: breakfast, lunch, dinner, snacks, cocktails, receptions;
- Hotel or other similar accommodations;
- Providing transportation (by car, air, train, boat, etc.);
- Entertainment, including sporting, cultural or social events.

When is giving or receiving a Gift or Hospitality appropriate?

In certain geographies and business scenarios, there may be situations when accepting/offering a gift is appropriate. In those situations, the gift or hospitality **must only occur when**:

- It is done purely for business reasons (and not for obligatory or influencing reasons).
- When there is a legitimate business purpose (i.e., expenses designed to support or promote Pearson's products, its brand, or reputation or to further a legitimate business relationship (such as with customers, representatives, and other Business Partners).
- When it is proportionate to the relationship you have with the giver/recipient. *See below for guidance on factors to help establish proportionality.*
- When it does not give a sense of obligation to the receiver to do something differently or improperly. And, if you are the giver, you are not expecting anything improper in return.
- When provided or received openly and transparently.

Determining Proportionality

Consider the circumstances surrounding the offer or acceptance of a Gift or Hospitality.

- 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 Gift or Hospitality been offered multiple times to the same person?

If the answer to any of these questions is “yes,” then the gift is unlikely to be proportional. In these situations, or any other time you may have a question, please contact your Local Compliance Officer or compliance@pearson.com to get additional support and guidance.

NOTE: Proportionality is not an exact science, it is a question of looking at all the circumstances.

Prohibited Gifts and Hospitality Under All Circumstances

- Cash or cash equivalents (such as gift cards or certificates, stock, or travelers' checks) are prohibited as gifts.
 - *Note: Gift cards may be used as compensation in certain circumstances, for example as incentive for focus group participation. You must submit a request via [myLegl](#) and selecting Contracts/Document and Review to obtain appropriate Terms & Conditions. You must also always check with the finance/tax team to ensure any compensation related concerns are addressed.*
- *Anything* indecent or sexually oriented (for example, adult entertainment) or that may insult a person's gender, race, national origin, religion, age, disability, identity or reassignment, sexual orientation, or any other protected characteristics.
- *Anything* unlawful under the laws and regulations of the giver or recipient's country or the policies of the recipient's organization.
- Any gift or hospitality *to or from* a family member of a Government Official.
- Gold or other precious metals, gems, or stones.
- Gifts that are given or received in the form of service or other non-cash benefits (e.g., a promise of employment, direct payment of bills, etc.).

Approval Requirements for Gifts and Hospitality to Government Officials

Gifts or Hospitality for **Government Officials**, *regardless of value*, **requires advanced, written pre-approval** (also referred to as “Anti-Bribery and Corruption pre-approval”) additional guidance specific to the US is set forth in the US Gifts and Hospitality US Addendum. Gifts and Hospitality pre-approval requests may be submitted using the myLegal Gifts and Hospitality portal.

The request will be routed to the Ethics & Compliance team for approval. For questions, you can contact your Local Compliance Officers, or contact the Ethics & Compliance Office at compliance@pearson.com.

What is the definition of a Government Official?

Government officials is a broad category that includes elected individuals, those who work for government agencies as well as university administrators or instructors, among others. If you are not sure whether someone is a government official, you can ask your Local Compliance Officer or send an e-mail to compliance@pearson.com.

NOTE: The provision of gifts and hospitalities is discouraged in the following scenarios, and in any of these cases you should contact your Local Compliance Officer before providing gifts or hospitalities:

- **An active tender or procurement in which the gift recipient is part of the awarding organization.**
- **During negotiations of a contract for business in which the gift recipient is an agent of or employed by the contracting entity.**
- **Any interaction with government officials for renewal of licenses/approvals.**

Approval Requirements for Gifts and Hospitality to Non-Government Employees

- **Requires advance, written approval for anything above the Nominal Value** from your Local Compliance Officer (also referred to as “Anti-Bribery and Corruption pre-approval”). Please reference the Nominal Values list, to find guidance for your country. You can submit Pre-approval requests must be submitted via the Gifts and Hospitality portal on myLegal.
- As noted above, Government Officials is a broad category, so *if you have any doubts about the role or the employer of the person who will receive the gift or hospitality*, contact your Local Compliance Officer or compliance@pearson.com to confirm the status of the potential recipient.

Requirements for *Receiving* Gifts and Hospitality

- **Gifts from Government Officials:** you should immediately advise your Local Compliance Officer or email compliance@pearson.com.
- **Gifts from Private Entities:** if the gift is *above* the Nominal Value, OR *you have received multiple gifts from the same person or organization*, you should contact your Local Compliance Officer to make sure the gift is appropriate, as well as reported so it can be recorded. Care must be

taken while accepting gifts and it is recommended that gifts of greater value should be politely refused and returned.

Compliance with this Policy

As stated in the Anti-Bribery and Corruption Policy, it is critical that Pearson makes and keeps accurate books and records and maintains and devises a system of internal controls. It is important that all transactions are transparent, fully documented, and coded to accounts that accurately reflect their nature, including for Gifts and Hospitality. Pearson must maintain a system of internal accounting controls to ensure its books and records have reasonable detail and accuracy. This includes the approval, representation, and documentation of all transactions in a fair and accurate manner.

Documenting Requests for Gifts and Hospitality

- Gifts or Hospitality, even if approved, are intended to be *infrequent* in occurrence and not to give a sense of obligation to do something differently or improperly. Further, *in some jurisdictions* there are **strict limitations** on the frequency or value of a gift in a particular timeframe.
- **All** Gifts and Hospitality requests above the nominal value must be made through the myLegal Gifts and Hospitality portal, as these records will include all of the supporting documentation submitted with the request, comments about the request between the compliance approver and the business requestor, as well as the approval or denial.
- When giving a gift, gifts should include a letter indicating the person/organization that received the gift, the date of the gift and a description of the gift.

Payments for Gifts or Hospitality

- Pearson employees **must not pay personally** for Gifts and Hospitality to avoid complying with this Policy or for any other reason.
- **Payment** for Hospitality should be made **directly to the vendor and not to the recipient** of the Hospitality. If circumstances render this impracticable, Local Compliance Officer approval is required. Pearson employees should amend the original request in myLegal and specify the terms of payment to receive approval from their Local Compliance Officer.
- All expenditures must comply with Pearson's Corporate Credit Card and Purchase Card Policy.
 - **NOTE: If paying for hospitality, Pearson employees must be in attendance.**
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Expense Claims for Gifts or Hospitality

- If the expense claim involves *hospitality*, **the expense report shall include** the location, participants, receipt, and necessary approvals. It should also **include sufficient evidence that the hospitality was provided for the approved reason** (e.g., if it was for travel for a meeting, that there was, in fact, a meeting).
- If the expense claim involves a *gift*, the claim **shall include** the recipient, occasion, or reason why the gift is being given, copy of purchase invoice and copy of necessary approvals.
- **Must include** the Anti-Bribery and Corruption pre-approval when required (i.e., when given to a public or government official regardless of value, OR when provided to a private, non-government official and the value is above the nominal value where the gift is being given).

Roles and Responsibilities

Managers

All Managers who review expense reports are responsible for determining if any employees are acting in violation of this Policy and correcting appropriately with their employees. Managers also have a responsibility to validate if the expenses for Gift and Hospitality have received pre-approval in accordance with this Policy.

Ethics & Compliance Office

Pearson's Ethics & Compliance Office is part of the Pearson Legal function and is responsible for developing and implementing the program that supports compliance with this Gifts and Hospitality Policy.

Pearson Executive Member

Pearson Executive Members (Level 1), or their designees, of each division, market, geographic hub, or department are responsible for implementing and ensuring adherence to this Policy within their respective organizations.

Local Compliance Officers

Local Compliance Officers will be members of the Legal Department, whose roles, and responsibilities concerning this Gifts and Hospitality Policy include:

- Communication and training of this Gifts & Hospitality Policy and its requirements;
- Responding to inquiries and issues, and providing guidance and counsel;
- Reviewing, approving, and logging requests for Gifts, Hospitality, Charitable Donations, Sponsorship, Third Party Travel Expenses;
- Providing counsel and guidance on the Third-Party Due Diligence and Anti-Bribery and Corruption Risk Assessment policies and procedures; and
- Participating and supporting requests from auditors (internal and external), internal controls, and investigations related to reports and allegations of violations.

Related Policies and Resources

Pearson Policies and related materials are available on the Ethics and Compliance Office including:

1. Anti-Bribery and Corruption Policy
2. Business Partners' Code of Conduct
3. Charitable Donations Policy
4. Pearson Code of Conduct
5. Sponsorship Policy
6. Third-Party Anti-Bribery and Corruption Policy, including Due Diligence
7. Compliance Terms Glossary
8. Nominal Values
9. Anti-Bribery and Corruption Compliance Frequently Asked Questions
10. Gifts & Hospitality FAQs
11. Requesting Anti-Bribery and Corruption pre-approval
12. Onit/myLegal (submit a request for Anti-Bribery and Corruption pre-approval)

Below please find a list of other applicable global policies and resources:

13. Travel and Expense Policy
14. Corporate Credit Card and Purchase Card Policy
15. Finance's myExpense guidance for third party expenses (US, UK, Canada, APAC)

Policy Governance

Policy Owner:	Chief Ethics & Compliance Officer
Policy Version:	Version 4
Revision Dates:	March 2023, September 2022, and May 2021
Original Issue Date:	1 January 2016
Region:	Global
Languages:	English, Latin American Spanish, Simplified Chinese, Traditional Chinese, Brazilian Portuguese, French Canadian, Turkish