



**Pearson**

**Gifts & Hospitality Policy**

Effective Date: 1 January 2016

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# Introduction

The purpose of this **Gifts & Hospitality Policy** (Policy) is to set out Pearson's Policy on the giving and receiving of **Gifts** and **Hospitality** and your responsibilities under this Policy. This Policy complements Pearson's **ABC Policy** and our Code of Conduct and plays an important part in demonstrating our strong commitment to avoid **Bribery** and corruption.

Giving and receiving appropriate **Gifts** and **Hospitality** can be part of building and strengthening normal business relationships. However, it can be interpreted as a bribe, which is unlawful, against Pearson's **ABC Policy**, can damage Pearson's reputation, and may lead to criminal prosecution for those individuals involved as well as the **Company**. When giving or receiving a **Gift** or **Hospitality**, you should always consider how it will be perceived by others and act accordingly.

The aim of this Policy is to ensure that the highest standards of integrity are maintained and that Pearson employees act with a proper motive and intent at all times when offering or accepting **Gifts** and **Hospitality**.

## Who does this Policy apply to?

This Policy applies to **Pearson Personnel**, which includes officers, employees (full and part time), and temporary workers (such as consultants and short-term or fixed-term workers) of any Pearson company, subsidiary, or affiliate worldwide.

## What is a Gift, Hospitality?

A **Gift** is a tangible item, given or received without payment. Examples include, flowers, gift bags, chocolates, a bottle of wine, or a holiday present. It can also include marketing materials.

**Hospitality** includes the giving or receiving of an item of entertainment, a meal, or a similar engagement. **Hospitality** includes **Third Party Travel Expenses**, such as transportation and accommodation.

# When is giving or receiving a Gift or Hospitality appropriate?

- 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 provided or received openly and transparently.
- 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 it is not on the Prohibited list. *See below for the Prohibited list.*

## Determining Proportionality

Consider the circumstances surrounding the offer or acceptance of a [Gift](#) or [Hospitality](#).

- Is it of 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?

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

## Prohibited Gifts and Hospitality

- Cash or cash equivalents (such as gift cards or certificates, stock, or travellers' checks).

- **Anything which is** 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 which is unlawful under the laws and regulations of the recipient's country or the policies of the recipient's organisation.

## Requirements for Offering, Giving, and Paying for Gifts and Hospitality to Government Officials

- Gifts or Hospitality for [Government Officials](#), regardless of value, requires advance, written approval from your [Local Compliance Officer](#). You can find a list of [Local Compliance Officers](#), [here](#), as well as by searching for it on the ABC Neo page under Compliance and Risk Assurance.
  - Limited distribution of Pearson-branded marketing materials (for example, tote bags, T-shirts, trials, samples, review or desk copies, etc.), commonly available at trade shows, conventions, and similar events may be made without advance, written approval from your [Local Compliance Officer](#). Note that approval by a business unit or sales and/or marketing department may be required.
- Gifts or Hospitality are not permitted for family members of [Government Officials](#).

Pearson's standards and the applicable laws for interacting with [Government Officials](#) are more stringent than standards for non-government employees. You must strictly observe the laws, rules, and regulations that govern the acquisition of goods and services by any governmental entity of any country, as well as in the performance of government contracts.

For example, even low-value [Gifts](#) and [Hospitality](#) for [Government Officials](#) – including business meals – are highly regulated in the U.S. and elsewhere. Activities that may be appropriate when dealing with non-government customers may be improper and even illegal when dealing with [Government Officials](#). If you deal with any governmental entity, including public international organisations, you are responsible for learning and complying with all rules that apply to government contracting and interactions with [Government Officials](#).

# Requirements for Offering, Giving, and Paying for Gifts and Hospitality to Non-government Employees

- Requires advance, written approval from your [Local Compliance Officer](#) for anything above the [Nominal Value](#). You can find the list of [Nominal Values](#), [here](#), as well as by searching for it on the ABC Neo page under Compliance and Risk Assurance.

## Requirements for Receiving Gifts and Hospitality

- Requires advance approval from your manager for anything above [Nominal Value](#).

## Procedures for Complying with this Policy

- As stated in the [ABC 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.
- The [Local Compliance Officer](#) should keep a record of [Gifts](#) and [Hospitality](#) requested and their outcome, including whether each request was approved or denied, for [Government Officials](#) and to non-government employees above the [Nominal Value](#). This record should be made available to Group Internal Audit or the Compliance and Risk Assurance Department upon request.
- [Gifts](#) or [Hospitality](#) may only be given on an occasional basis, and limited to twelve (12) or fewer [Gifts](#) or [Hospitality](#) per non-government employee in a calendar year and limited to six (6) or fewer [Gifts](#) or [Hospitality](#) (combined) per person in a calendar year for [Government Officials](#).

- **Pearson Personnel** should maintain records of all **Gifts** and **Hospitality** (for example, invoices, required approvals, etc.) given in accordance with applicable **Company** policies and recordkeeping requirements.
- **Pearson Personnel** must not pay personally for **Gifts** and **Hospitality** to avoid complying with this Policy.
- Payment for **Hospitality** should be made directly to the vendor not the recipient of the **Hospitality**. If circumstances render this impracticable, **Local Compliance Officer** approval is required.
- **Pearson Personnel** must always be in attendance when providing **Hospitality**.

## Roles and Responsibilities

- **Global Compliance Office**  
Pearson's **Global Compliance Office**, includes members of the Compliance and Risk Assurance team along with members of the Legal Team. The Global Compliance office is responsible for developing and implementing the programme that supports compliance with this **Gifts and Hospitality Policy**.
- **Pearson Executive Member**  
Pearson Executive Members (L1), or their designees, of each Geography, Line of Business, and Enabling Function are responsible for implementing and ensuring adherence to this Policy within their respective organisations.
- **Local Compliance Officers** will be members of the **Compliance** or **Legal Department**, assigned to each Pearson Geography, Line of Business, or Enabling Function and, in some cases, a smaller Pearson business unit, whose roles and responsibilities with respect to this **Gifts and Hospitality Policy** include:
  - o Communication and training of this **Gifts & Hospitality Policy** and its requirements;
  - o Responding to inquiries, issues, and providing guidance and counsel;
  - o Reviewing, approving, and logging request for **Gifts, Hospitality, Charitable Donations, Sponsorship, Third Party Travel Expenses**;
  - o Providing counsel and guidance on the Third Party Due Diligence and ABC Risk Assessment policies and procedures; and

- o Participating in investigations related to reports and allegations of violations.

## Additional information

- See Appendix A for Glossary.
- See Appendix B for Frequently Asked Questions.

## Related policies, documents and forms

You may visit the Pearson Global Policies page on Neo **here**, or under the Pearson's Global Policies page on Neo for a listing of applicable global policies including the following:

1. ABC Policy
2. Business Partners' Code of Conduct
3. Charitable Donations Policy
4. Pearson Code of Conduct
5. Gifts & Hospitality Policy
6. Risk Assessment Policy
7. Sponsorship Policy
8. Third Party Due Diligence Policy
9. Third Party Travel Policy

## Policy Governance

<b>Policy Owner:</b>	Matt Kettel, SVP Internal Audit & Compliance Danette Joslyn-Gaul, VP Compliance & Risk Assurance
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# APPENDIX A: GLOSSARY

- **ABC Policy** is Pearson's Anti-Bribery and Corruption Policy that establishes a consistent set of expectations and requirements regarding ABC for all **Pearson Personnel** to adhere to.
- **ABC Risk Assessment** is an analysis within each Pearson Geography, Line of Business, and in some cases, a smaller Pearson business unit, as needed to regularly and thoroughly evaluate the group's ABC risks and to recommend actions to appropriately address those risks.
- **Bribery** is offering, promising, or giving anything of value to any person or entity with the intention of inducing or rewarding that person to corruptly or improperly obtain or retain a business.
- **Business Partner** include joint venture partners, vendors, franchisees, distributors, consultants, contractors, agents, and suppliers.
- **Charitable Donations** include anything of value given to an entity recognised as a charitable organisation under local law, or that is otherwise qualified to receive a charitable donation (such as a government entity in the U.S.), for which the purpose is for Pearson to obtain goodwill and not otherwise to obtain a commercial advantage.
- **Facilitation Payments** are payments made to a public entity or **Government Official** to facilitate routine governmental actions, like obtaining a license, permit, or visa, to which the payer is legally entitled without making such a payment.
- **Company** (or Pearson) includes Pearson plc along with all of its subsidiaries, affiliates, and majority-owned operating companies around the world.
- **Gifts** include any tangible item given to an individual or organisation (such as flowers, gift bags, chocolates, a bottle of wine, or a holiday present), given or received without payment.
- **Government Officials** includes:
  - Anyone who holds a legislative, administrative, or judicial position at any level of government;

- o Any member of a political party, party official, and candidates for political office;
  - o Any member of a royal family who may lack formal authority but who may otherwise be influential, including by owning or managing state-owned or controlled companies;
  - o Any officer or employee of a government department, board, commission, or agency, including immigration and customs employees;
  - o Officers and employees of entities owned or controlled by a government (including any public schools or universities);
  - o Officers and employees of public international organisations (for example, the World Bank or United Nations);
  - o Private citizens acting as representatives or in an official capacity of any government, state-owned or controlled entity, or public international organisation; and
  - o Former [Government Officials](#) who retain some form of quasi-official role.
- [Hospitality](#) includes the giving or receiving of an item of entertainment, a meal, or a similar engagement.
  - [Local Compliance Officers](#) are members of the Compliance or Legal Department, assigned to each Pearson Geography, Line of Business, and in some cases, a smaller Pearson business unit, who is responsible to his/her respective business to implement the requirements specified in the [ABC Policy](#) and other related policies.
  - [Nominal Values](#) vary by country. You can find the list of Nominal Values **here**, as well as by searching for it on the ABC Neo page under Compliance and Risk Assurance. Any [Gift](#) or [Hospitality](#) above Nominal Values require prior, written approval from an employee's [Local Compliance Officer](#).
  - [Pearson Personnel](#) includes all officers, employees (full and part time), and temporary workers (such as consultants and short-term or fixed-term workers) of any Pearson company, subsidiary, or affiliate worldwide.
  - [Political Contributions](#) include any use of corporate resources, including cash, for the purpose of assisting in any political campaign or to promote a political candidate.
  - [Representatives](#) are [Business Partners](#), including consultants and agents, who interact with government entities or [Government Officials](#) or customers on Pearson's behalf.

- **Sponsorship** is a Company payment made to an organisation for the purpose of promoting Pearson, its product, brand, or services.
- **Third Party Travel Expenses** are Pearson payments for travel-related expenses (such as airfare or other transportation, hotel or other lodging, and other incidental travel-related costs) for anyone other than for **Pearson Personnel**.

# APPENDIX B: FREQUENTLY ASKED QUESTIONS

## 1. When do I need to get approval from my Local Compliance Officer to offer or provide a Gift or Hospitality?

Approval is required when providing [Gifts](#) and [Hospitality](#) to non-government employees which are above Pearson's [Nominal Values](#). You can find the list of Pearson's approved [Nominal Values](#) [here](#), as well as by searching for it on the ABC Neo page under Compliance and Risk Assurance.

[Gifts](#) and [Hospitality](#) provided to [Government Officials](#) require advance, written approval regardless of value.

## 2. Who is my Local Compliance Officer?

You can find a list of your [Local Compliance Officers](#) and [Global Compliance Office](#) [here](#), as well as by searching for it on the ABC Neo Page under Compliance and Risk Assurance.

## 3. What is the difference between a Sponsorship and a Gift?

A [Gift](#) is a tangible item (such as flowers, gift bags, chocolates, holiday present), given or received without payment.

A [Sponsorship](#) is providing anything of value to a charitable or non-charitable organisation for the purpose of promoting Pearson, its product, or its brand, with the expectation of a commercial return.

## 4. Who is a family member of a Government Official?

Some examples include:

- A spouse;
- Parents;
- Sons and daughters, as well as their spouses;
- Brothers and sisters, as well as their spouses.

## 5. Are there exceptions that permit providing Gifts and Hospitality to family members of Government Officials?

Yes. For example, when the family member of the [Government Official](#) is a customer or [Business Partner](#) of Pearson and he/she qualifies independently and legitimately to fulfil a

business purpose for the [Company](#). Exceptions must be reviewed and approved by your [Local Compliance Officer](#), and if appropriate, the [Global Compliance Office](#).

**6. What do I do if a family member of a Government Official attends a Pearson hosted event?**

If a family member of a [Government Official](#) attends a Pearson hosted event without your knowledge or advance approval by your [Local Compliance Officer](#), record the full name of the family member and cost of the [Hospitality](#). After the event, make your manager and your [Local Compliance Officer](#) aware. Be advised that we may need to seek reimbursement for the business expense.

**7. A Business Partner has offered me free tickets to attend a sporting event. Can I accept them?**

Yes, if the tickets are not for the purpose of influencing or rewarding you for or to obtain an unfair business advantage. You should also obtain approval from your manager. You can also consult your [Local Compliance Officer](#) to ensure that accepting the offer is reasonable, appropriate, and poses no appearance of impropriety.

**8. I have been pursuing a new customer for several months and I'd like to take the customer to a sporting or cultural event to establish a good business relationship. Is taking the customer to the event considered a bribe?**

No, as long as there is no agreement that unless you take the customer out, he/she will not enter into an agreement with Pearson.

**9. During the holidays, I give my non-government customers a bottle of wine and expensive chocolate. Is this allowed?**

Yes. If it's above the [Nominal Value](#), you need approval from your [Local Compliance Officer](#).

**10. Can I donate a tablet or other digital devices and equipment to help demonstrate and market our digital products?**

Yes, if it's not offered to an individual (a teacher, principal) for personal use and not offered or provided to induce or reward the school to corruptly or improperly obtain or retain a business advantage. In another words, it is not [Bribery](#). Moreover, this [Gift](#) or [Sponsorship](#) should be approved by the [Local Compliance Officer](#) who, if approves, can incorporate this transfer in a written agreement or understanding.

**11. How can I report suspected violations of this Policy?**

- Contact your manager, as appropriate, making sure to be as detailed and specific as possible so that your manager can route your concern appropriately;
- Contact your [Local Compliance Officer](#);
- Contact the [Global Compliance Office](#) at [globalcompliance@pearson.com](mailto:globalcompliance@pearson.com);
- Go to [PearsonEthics.com](https://PearsonEthics.com), to ask a question or submit a report. You have the option to anonymously (in countries where hotlines are permitted) ask a question or report a known or suspected concern online or by phone.