



## Global Anti-Bribery and Corruption Policy

### 1. Policy Statement

The purpose of this Global Anti-Bribery and Corruption Policy (the "Policy") is to protect you and Halma from breaches of anti-corruption laws. The Board of Halma plc (the "Board") has a zero-tolerance approach towards bribery and corrupt practices in all the business dealings of Halma plc worldwide, including its subsidiaries and business operations ("Halma" or "the Group"), and its business associates, in every country and jurisdiction in which the Group has activities.

### 2. Definitions

**Associated Person:** A person who performs services for or on behalf of a commercial organisation, whether or not directly employed by them. This could include:

- Employees.
- Subsidiaries.
- Agents, intermediaries, contractors, consultants and joint venture partners.

**Bribe:** This includes:

- Offering, promising or giving anything of value with the intention to improperly influence another in order to obtain or retain business or some other commercial advantage; or
- Requesting or accepting anything of value as a reward for or as an inducement to act improperly in relation to the awarding of business.

Bribes can include money, gifts, hospitality, expenses, reciprocal favours, political or charitable contributions, or any direct or indirect benefit or consideration.

**Employees:** All workers performing duties on behalf of Halma, whether or not employed directly by Halma, including (without limitation) officers, Employees, directors, consultants, contractors.

**Facilitation Payments:** Payments that are made to Foreign Public Officials to inappropriately speed up a routine government action such as:

- Processing licenses, permits, or other official documents;
- Processing government paperwork such as visas and work orders;
- Passing goods through a border; or
- Providing services such as police protection and mail pick-up and delivery.

**Foreign Public Officials:** Officials of any government department or agency; officials of any public international organisation (e.g., the United Nations); political parties and party leaders; candidates for public office; executives and employees of government-owned or



government-run companies (such as a doctor in a state-controlled hospital); anyone acting on behalf of any of these officials; an individual holding a legislative, administrative or judicial position.

### 3. Application of this Policy

- a) This Policy applies to all Employees of Halma and to Associated Persons. Newly acquired companies are required to comply with this Policy and associated procedures from the date of acquisition.
- b) Responsibility for managing the risks from bribery and corruption lies with all Employees and Associated Persons of Halma. Specifically:
  - i. All Employees and Associated Persons are expected to comply with the legal obligations and requirements of this Policy.
  - ii. The Board will develop and maintain a centrally coordinated approach to the management of bribery and corruption risk, communicating Group-wide policies, procedures and other tools to assist Group businesses to meet their obligations.
  - iii. The Board devolves the responsibility for implementing this Policy and the associated procedures to the Chairman and the Managing Directors ("MD") of each operating company. It is the responsibility of every Employee to comply with the legal requirements of the territories in which their business operates and with this Policy and other related policies and procedures.
  - iv. It is the responsibility of each operating company MD and their local board to ensure that this Policy and associated procedures are fully communicated and implemented, not only in their own operations but also in all third-party relationships to which it may apply.
  - v. It is the responsibility of each Sector Chief Executive ("SCE") and Divisional Chief Executive ("DCE") to manage and monitor the implementation of this Policy for the companies within their sector or division.
- c) All suppliers, customers and distributors are to be made aware of Halma's policies and procedures via the Code of Conduct and must comply with the obligations contained therein.

### 4. Bribery and Corruption

- a) It is forbidden to pay or receive a Bribe, whether paid or received directly or indirectly. There is no need for the Bribe to be successful to be corrupt; the offering or requesting of a Bribe is enough to amount to a criminal offence. Bribes are forbidden anywhere in the world regardless of local custom.



- b) Bribery and corruption is recognised as a criminal offence in almost all jurisdictions around the world. Legislation has extended this basic concept such that, under UK law (which applies to all Halma Group companies worldwide), there are now specific separate criminal offences of:
- Bribery of 'Foreign Public Officials' – with specific rules and regulations; and
  - Failure of commercial organisations to prevent bribery – a corporate offence where a business can be held liable for bribery carried out for its advantage by certain third parties, even if it had no direct knowledge.
- c) One key point in the definition of bribery (with the exception of bribery of a Foreign Public Official) is that there must be an **intention** of inducing improper performance, so activities where this is demonstrably not the case are not corrupt. However this is an area where issues are not always clear-cut. Examples of transactions where corruption is possible or probable are:
- Straightforward Bribes, kickbacks, etc. – there is no uncertainty here.
  - Excessive and unjustified promotional expenditure, corporate hospitality, entertaining and gifts.
  - Inappropriate charitable or political donations.
  - Facilitation payments.
  - Introductory commissions and other payments to intermediaries where the payment is disproportionate to the service provided or where it leads to improper performance.
- d) Two questions to ask about any transaction where there may be uncertainty about its intention are:
- i) Would I be comfortable if I found out that my main competitor was engaged in a similar activity?
  - ii) Would I be comfortable to have the details of this transaction, especially my part in it, published in a national newspaper?

If the answer to either is 'no' then the legal position and justification must be very clearly defined before proceeding following consultation with the Group Company Secretary.

## 5. Foreign Public Officials

It is illegal to make any sort of payment or give anything of value to a Foreign Public Official with the intention of influencing the Foreign Public Official in their official capacity and intending to obtain or retain business or an advantage in conducting business on behalf of Halma.



## 6. Facilitation Payments

- a) In some countries, it may be customary for Foreign Public Officials to request Facilitation Payments. However, Facilitation Payments made anywhere in the world are prohibited by Halma and you must not make payments regardless of local custom.
- b) Halma and its senior staff will support the actions of Employees and Associated Persons who resist demands and refuse to pay.
- c) If an Employee feels there is a threat of physical violence, loss of liberty, or duress, they should make the payment rather than endangering themselves and then immediately report the circumstances and details to their manager and MD.
- d) Any Facilitation Payment made is a breach of this Policy and should be recorded and reported to the Group Company Secretary to ensure visibility, to allow investigation, and to ensure appropriate action is taken for the future. If a Facilitation Payment is made under duress, it will not be a breach of this Policy but should still be reported to the Group Company Secretary.

## 7. Gifts, Hospitality, Entertainment and Travel Expenses

- a) All business gifts, hospitality, business entertainment and travel expenses must comply with the Halma Gifts and Hospitality Policy (available on the Halma Hub).
- b) The provision of business gifts, hospitality and business entertainment to a Foreign Public Official is prohibited unless prior authorisation is obtained from the Group Company Secretary who will determine whether the proposed activity is permissible under applicable laws.

## 8. Charitable Donations

- a) There will generally be no large-scale charitable giving programmes across the Group.
- b) There is no prohibition of charitable giving in operating companies but any such donations should meet the following criteria and are subject to the approval process in (c) below:
  - i) The donation should be proportionate relative to the size of the business. It should not normally exceed a financial value of GBP 250 (or local currency equivalent).
  - ii) The recipient should be a registered charity and its purpose should benefit a wide section of the population rather than a few specific individuals.



- iii) The donation should not be made in expectation of any reward or the creation/settlement of an obligation.
- iv) The donation must not contravene any local legislation or the Code of Conduct.
- c) All charitable donations must be approved by the MD of the operating company making the donation, within the limits of their authority, or Group CEO (for Group functions). All charitable donations in excess of GBP 250 (or local currency equivalent<sup>1</sup>) must be approved by the DCE responsible for the operating company, or Group CEO (for Group functions), and recorded in the charitable gifts register, which can be found at Appendix B.
- d) The charitable gifts register will be reviewed periodically by the SCE, at least twice each year, and will also be included in the internal audit and interim/annual review process. A copy of the register (or confirmation of a nil return) must be submitted to the appropriate DCE for sign off each half-year end and full year end. This process is set out in the Internal Control Certificate. At the half-year end, the register should cover the six months prior to submission. At the full year end, the register should cover the last twelve months.
- e) MD sign-off should be obtained before submitting the registers to the DCE and SCE.
- f) Student scholarships related to Halma's operations are acceptable, provided the means of choosing the recipient is fair and open.
- g) Employees may continue their own fundraising and charitable giving programmes agreed with local management.

## 9. Political Donations

- a) Political payments of any kind by or on behalf of the Group are prohibited.
- b) A political payment is a contribution, in cash or in kind, aimed at supporting a political cause. 'Political cause' includes recipients who are:
  - A political party (or equivalent).
  - Party affiliated organisations.
  - Party aligned research and lobby groups.
  - Individual politicians.
  - Individual candidates.

'Contributions' include:

- Loans, contingent pledges, gifts, dues and subscriptions.
- Fees or tickets for conferences, dinners or other fundraising events.

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<sup>1</sup> Please be advised that there are separate local equivalent values for China and India.



- Purchase of, or payment for, advertising in publications where the main purpose is fundraising rather than commercial.
  - Payments to charities, lobbying firms and other organisations that channel funds to political parties or individuals.
  - The provision of services at anything other than a full commercial rate and for bona fide business purposes to political parties or individuals.
  - The release (paid or unpaid) of Employees to undertake political campaigning work.
- c) The use of lobby organisations to represent Group policy and concerns to government and legislators is permitted but is subject to:
- i) Clear evidence that the lobby firm is bona fide, has no party political affiliation, and is not a means of channelling funds to a political cause; and
  - ii) Prior approval by SCE and Group Company Secretary.
- d) The use of politicians and public officials as consultants, or their employment with Halma after leaving office, must be:
- i) Transparent;
  - ii) Consistent with local laws and codes of conduct;
  - iii) For bona fide business reasons;
  - iv) Approved at a senior level; and
  - v) Remunerated at commercial rates.
- e) Officers and employees are not prohibited from engaging in political activities in their individual capacity provided that these activities are not associated with the Group.
- f) It is the responsibility of each operating company MD and their local board to ensure that the policy in relation to political payments is fully communicated and implemented within their business. Each SCE must ensure that the processes to manage the payment of political payments is implemented for all companies within their sector.

## 10. Reporting of Breaches

- a) This Policy and the associated procedures are intended to reduce the likelihood of an incident of bribery and corruption associated with the Group.
- b) In the event of a breach being identified, the incident must be reported immediately. All breaches must be managed to minimise the potential financial, reputational, and criminal consequences. All breaches or suspected breaches of this Policy must be reported. There is no threshold associated with this requirement.
- c) All Employees must:



- a. discuss areas of concern with their line manager and seek further advice and support where needed;
  - b. report specific concerns and instances of non-compliance to their MD and the Group Company Secretary; and
  - c. if it is felt necessary, make use of the Group's whistleblowing procedure (available on the Halma Hub)].
- d) Appendix F provides guidance on the reporting and management process for breaches, along with the framework for investigating breaches to understand what happened and how to prevent further occurrences.
- e) All breaches of this Policy by Group companies must be separately logged in the business where they have occurred and reported to in accordance with the procedure in Appendix F and properly recorded and disclosed in the accounting records to the extent that they have occurred within the business.
- f) Where an Associated Person is involved in an instance of bribery and corruption, that third party should inform Halma in accordance with the Code of Conduct and the anti-bribery clause included in the third-party agreement.
- g) Given the Group's zero tolerance attitude to corruption, where an investigation confirms a breach, there will be serious sanctions, apart from the criminal penalties which may also arise:
- Officers and Employees may be subject to formal disciplinary action, up to and including dismissal.
  - Third-party contracts may be terminated without compensation.
- h) The only circumstances where a breach will be defensible is where it can be shown there was no alternative but to carry it out 'to protect against loss of life, limb or liberty' – i.e. where not to pay a Bribe would lead to serious danger to an individual.

## 11. Adequate Procedures and Guiding Principles

- a) The UK Bribery Act 2010 introduced a corporate criminal offence, with strict liability, of 'failure of a commercial organisation to prevent bribery'. The only available defence is to be able to demonstrate that 'Adequate Procedures' – a system of procedures and controls intended to prevent corruption from persons associated with it – were in place.
- b) Guidance issued by the UK Ministry of Justice suggests that Adequate Procedures should be based on the six principles set out below. Halma's approach to minimising the risk of bribery and corruption is therefore based on these principles:



- i) **Top Level Commitment.** This Policy clearly defines the commitment within the Group, from the Board down, to prevent bribery and develop a Group-wide culture where it will not be tolerated.
- ii) **Risk Assessment.** There will be a periodic, informed and documented assessment of the risks to the Group from bribery and corruption.
- iii) **Proportionate Procedures.** The procedures adopted across the Group must be proportionate to the risk of occurrence, as identified by the risk assessment. They also need to be clear, practical, accessible, effectively implemented and enforced. Included in the procedures will be due diligence, communication and monitoring and review.
- iv) **Due Diligence.** Relationships with third parties who perform services on behalf of Group operations will be subject to a proportionate and risk-based due diligence process.
- v) **Communication (including training).** This Policy and associated procedures will be communicated throughout the Group using internal and external communication, including training, which is proportionate to the risk.
- vi) **Monitoring and Review.** The overall process will be regularly monitored and reviewed to ensure it is operating effectively and is improved where necessary.

## 12. Top Level Commitment

- a) The Board will:
  - i. Constantly work toward maintaining and improving a culture of fair, honest and open business activity in all Halma operations and their associates;
  - ii. Require and ensure compliance with all legal requirements in respect of corrupt practices throughout Halma's worldwide operations;
  - iii. Provide adequate resources for the development of policies and procedures and their communication to the worldwide workforce, including training where needed, so that all Employees have the required level of understanding together with the resources to allow them to comply with this Policy; and
  - iv. Ensure that all reported incidents of actual or suspected bribery or corruption will be promptly and thoroughly investigated and dealt with appropriately.



### 13. Risk Assessment

- a) All business transactions carry their own inherent level of corruption risk. The level of this risk is based not only on the nature of the transaction itself, but also on external and internal factors such as the business culture of the country where the transaction takes place and the level of control over any intermediaries, etc.
- b) In order to maintain proportionate control procedures throughout the Group it is necessary to understand the exposure of Group companies to potential instances of anti-bribery and corruption risk. Accordingly, a risk assessment will be carried out periodically to identify levels of risk and risk profile across the Group. Further to the risk assessment, procedures will be updated accordingly if deemed necessary.
- c) The risk assessment process is set out in Appendix A(i).

### 14. Communication and Training

- a) In order that this Policy can be applied throughout the Group it must be communicated to all officers and Employees as well as Associated Persons. This will be done in a variety of ways that are appropriate to each individual's potential exposure to risk and the nature of that risk, supported by centrally-produced tools and resources.
- b) The communication of the policies and procedures at operating company level is the responsibility of the local MD utilising the procedures provided by the Group. This communication procedure will be monitored by SCEs.

### 15. Monitoring and Reporting

- a) The existing monitoring and control processes have been extended so that the monitoring of the bribery and corruption procedure is embedded in the normal management processes of the Group. In particular bribery and corruption compliance, reporting of breaches, and risk profile confirmation will be included in:
  - i) The Internal Audit work programme.
  - ii) The interim and annual review process.
  - iii) Internal control certification.
  - iv) The annual Risk Assessment process.
- b) SCEs have particular responsibility for monitoring the implementation and application of the procedure. In particular they must review (i) the substantial gifts and hospitality register (Appendix A of the Gifts and Hospitality Policy), (ii) the charitable giving register (Appendix B of this Policy), and (iii) breaches (see paragraph 10 and Appendix F of this Policy).



These procedures should be reviewed periodically, at least every half-year, before they are submitted to the appropriate DCE for sign off (this includes the submission of any nil returns). This process is set out in the Internal Control Certificate.

- c) The Board and Executive Board will receive reports on:
- i) The periodic risk assessment identifying high risk areas, changes to risk profile, and action plans to improve risk management.
  - ii) The outcome of reviews that lead to changes and improvements to procedures to improve control.
  - iii) Breaches, together with the actions taken to both manage the consequences and to prevent recurrence.
  - iv) Activity reported via the Group's whistleblowing procedure.
- d) SCEs and operating company MDs will receive reports on the results of the periodic risk assessment and use this, together with the procedure notes, to develop prioritised action plans for their businesses to minimise exposure.

## 16. Business Relationships

- a) Halma believes that the basic principles of honesty and openness that it adopts in its dealings should also be adopted by its Associated Persons and wider business partners. Therefore:
- Group operations should seek to avoid dealing with Associated Persons and business partners (distributors, suppliers and customers) where there is a known history of corruption. Where concern is identified they should only become involved in relationships after carrying out appropriate due diligence to understand the risk and must ensure there are appropriate controls in place to minimise exposure to corrupt practices and to identify any wrongdoing.
  - All Associated Persons and business partners should be made aware of this Policy.
  - Business relationships involving Associated Persons, such as agents and others acting on behalf of a Group company, will be subject to regular and proportionate risk assessment and due diligence procedures to ensure that the bribery and corruption risk from the business partner is understood.
- b) Appendix C sets out the Group's policy with regard to avoiding corruption in its business relationships. It sets out the due diligence process to be used to better understand the risk of corruption, and provides guidance on the subsequent management of that risk.
- c) An anti-bribery clause must be included in all contracts, agreements, Conditions of Sale and Conditions of Purchase that govern a business relationship. Draft wording for this clause is included at Appendix D, which can be adjusted to fit with existing



individual company contract layouts. Where it is not possible to incorporate the clause in its entirety, it is imperative that the company carries out the full due diligence procedure that is set out in Appendix C, and completes the risk assessment contained within Appendix E. It is key that some form of anti-bribery provision is included in contracts with Associated Persons.

- d) The flow chart at Appendix D sets out the process by which each agent or distributor relationship should be reviewed.

## 17. Related Procedures

- a) Halma already has in place a wide range of policies, procedures, reporting and control process which, amongst other things, manage and reduce the likelihood of corruption occurring and also identify breaches, should there be any. These are not only policies and procedures specific to bribery and corruption but also those which ensure good general control such as proper documentation, segregation of duties, authority limits and approval processes, etc. In particular:
  - i) There is an internal audit function, reporting to the Audit Committee.
  - ii) There are interim and annual reviews of financial information.
  - iii) Procedure Note A05 – Conditions of sale and purchase.
  - iv) Procedure Notes A08 and A09 – Cash and expenses control.
  - v) Procedure Note A12 – Inside information and dealing restrictions.
  - vi) F01 – Segregation of duties checklist.
  - vii) Procedure Note F05 – Monthly Management Information.
  - viii) Procedure Note F16 – Internal Control Certification.

All of these notes can be found on the Halma Hub and are subject to regular review.

- b) Halma will centrally carry out a regular review of these policies, procedures and controls, informed by the results of the periodic risk assessments, and where necessary amend them to ensure that they are effective and current, not only for historic risks but also for changes to risk or risk profile.
- c) Further Procedure Notes have been issued that give broader guidance to help with understanding and implementation. An index of all current procedure notes related to bribery and corruption can be found in the Ethics section of the Procedure Notes Portal.

## 18. Questions and Information

If you want to ask a question about the requirements in this policy or are concerned that an anti-bribery breach is occurring or has occurred, you should report it immediately to the Group Company Secretary.