

DIAGEO



ANTI-CORRUPTION

Global Policy



CONFIDENTIAL – INTERNAL ONLY

Diageo does not tolerate bribery or corruption in any form

Our commitment

Diageo prohibits bribery and corruption in any form, anywhere we operate, reflecting our values and commitment to always act with integrity.

Scope of application of this policy

Compliance with this policy is mandatory for all directors and employees of Diageo, our subsidiaries and joint ventures where Diageo has a controlling interest. It also applies to any third party contractors, agents or consultants representing or acting for or on behalf of Diageo.

Context

There is no place in business for offering or receiving any form of improper payment or bribe. Even if a bribe is offered but not accepted, or promised and never delivered, it creates an environment in which bribery and corruption seem acceptable. Bribery is subject to stringent laws across the world. Diageo, is subject to both the US Foreign Corrupt Practices Act ("FCPA") and the UK Bribery Act ("UKBA") for all its business activities, no matter where they occur, as well as to any other locally applicable laws and regulations. There are serious penalties for anyone and/or any company proved to be infringing these laws, including significant fines and imprisonment.

What is a bribe?

The offer or receipt of anything of value or other advantage to or from any person to encourage someone to do something which is dishonest, illegal or a breach of trust in the performance of their role. Corruption is the abuse of entrusted power for private gain which can take many forms that vary in degree from the minor use of influence to institutionalised bribery.

Principles

Dealings with Government Officials

We must never offer, promise or give anything of value to any Government Official, directly or indirectly, with the intention of influencing them in their work or in an attempt to obtain or retain business or a business advantage. This includes 'facilitating' or 'grease' payments. These are small payments or gifts given to a Government Official in order to get the official to do something within their official duties, for example, release a cargo shipment or issue a visa. We should always take great care when we deal with Government Officials or when others deal with them for us or on our behalf as our actions could expose Diageo or ourselves to the risk of breaching strict laws. It is important to keep in mind that even persons who are not deemed to be officials under local law may still be considered government officials under the FCPA and UKBA. To be certain, employees always should consult the legal team whenever there is doubt as to whether an individual is a government official.

Q&A

Has Diageo made its commitment against corruption public?

*Yes, we've made a commitment to work against corruption in all forms, including extortion and bribery as a signatory to the **UN Global Compact** of 2002 as well as in our Code of Business Conduct.*

Who are "Government Officials"?

Many kinds of people –including the following (and any family):

- *Officials and employees of all branches of government, including military and police*
- *Officials and employees of government-owned or controlled businesses or enterprises, including charitable enterprises and any state-funded alcohol store or media, such as the BBC*
- *Political party officials and employees,*
- *any candidate for political office*
- *Officials, employees, and individuals working in an official capacity for or on behalf of public international organisations whose officials are afforded diplomatic immunity under US law (e.g. the UN)*
- *Members of a royal family.*

Dealings with non-government people or businesses

Most of our business relationships are with private business partners and individuals. We must be careful to ensure that we act and are always seen to act with complete integrity.

- We must never offer anything of value where we know that the person is not permitted by their employer to receive it
- We should never offer or accept something of value where there is an intention of improperly influencing a business decision
- We should obtain written line manager preapproval if gifts or entertainment may affect a business decision, influence a decision maker, or could be a breach of the recipient's duties to their employer
- We can offer to reimburse any reasonable and appropriate travel, accommodation and any associated meals and entertainment expenses associated with a business activity.

If you have any questions about the appropriateness of an offer (given or received) or invitee to an event, contact your Controls, Compliance and Ethics Manager or Legal team.

Corporate hospitality, gifts and sponsorship

Meals, entertainment and gifts are in many situations an appropriate recognition of a working relationship. They are also considered to be "things of value" and it is our personal responsibility to always ensure what we offer, or accept, is not inappropriate or lavish and cannot be misinterpreted. To help us decide what is "appropriate", these principles below and the [Gifts and Entertainment Rules](#) should be followed.

- Never offer or accept cash or cash equivalents under any circumstances.
- Only offer gifts that are of modest value and, preferably, display a Diageo brand.
- Only offer or accept entertainment if it is occasional, business-related and reasonable in the local business context. We should not provide or accept excessive or inappropriate entertainment or create a feeling of obligation, especially if the recipient is a Government Official.
- If offering gifts, sponsorship or entertainment to a Government Official, you must obtain prior approval from Legal, which you can request using the [Pre-Approval Form - Gifts, Sponsorship, or Entertainment for Government Officials](#).
- Pre-approval must be obtained prior to any entertainment offer or gift, creating an expectation of an entertainment offer or gift, inviting a Government Official or checking the Government Official's schedule or availability to attend an event.

We should not invite a Government Official's spouse to an event unless it is in an exceptional circumstance. Please contact your local lawyer for a case by case evaluation.

Sponsorship involves a sponsor agreeing to have their name, services or products associated with the sponsored organisation's activities for an agreed commercial benefit. Sponsorship is distinct from gifts and entertainment, which are not intended to create any expected return.

Q&A

My direct report has been offered a corporate hospitality ticket to a major sporting event worth £1000 by an existing service provider. We've had good relations with the service provider for some time and although no relevant business decisions are pending £1000 is a lot of money – can I approve it?

The value may be seen as excessive so you're right to check as a precaution. What is the intent of the service provider? If the motive is purely one of relationship building with no expected business decision this is unlikely to be a problem and you can approve it. Remember – there's nothing wrong with corporate hospitality provided it is occasional, reasonable and is in our business interests. By entering it into Concur and obtaining your direct written prior approval your report is ensuring full transparency. Always check with your local CC&E Manager, market lawyer or the Global Risk & Compliance team if you're unsure whether to approve such a request.

Remember, a bribery offence is committed simply by offering something you know it would be wrong for that person to accept. Even if entertainment can be defined as “reasonable”, if the intention of the hospitality is to wrongly influence the guest it is not permitted by this Policy and could be an offence.

Relationships with business partners

We want to develop relationships with business partners who share our values and ethical standards, as set out in our Code of Business Conduct, and who implement appropriate anti-bribery and corruption procedures. Before you establish a relationship with a new business partner on behalf of Diageo you should follow the appropriate steps in our [Know Your Business Partner \(KYBP\) programme](#) and satisfy yourself that the business partner does not pose a risk of bribery or corruption. If you suspect corruption at any point when making checks or enquiries about a business partner, contact the Legal team.

Trade incentives

As part of its sales strategy, Diageo implements trade incentives schemes for customers and their employees around the globe (e.g. to increase visibility of our products or to reward sales). If you are involved in these apply the principles set out in the [Trade Incentives Guidelines](#).

Charitable, community and political contributions

Diageo is committed to playing an active and positive role in the markets in which we operate, however charitable, community and political contributions must never be used as a means to conceal a bribe. If we are asked to provide sponsorship or make a donation, either on Diageo’s behalf or in a personal capacity, we should be very careful, especially if the request has come from a public servant or Government Official, or the beneficiary is managed by one. The procedures set out in the Code of Business Conduct and local market frameworks must be observed before making a donation of money, services or facilities to a charitable, community or political recipient. Contact your local lawyer and tax manager to evaluate the tax treatment of a donation agreement.

Conflicts of interest

Conflicts of interest arise when a personal interest interferes or even appears to interfere, with the best interests of Diageo. A conflict of interest can develop into a bribery problem when an employee requests, agrees to receive or receives something of value that interferes with the employee’s judgement in performing his or her role on behalf of Diageo. We should take great care to keep our personal political and charitable activities entirely separate from our work. For more detail on conflicts of interest, please read the Code of Business Conduct.

Responsibility

We are all individually responsible for making sure that we comply with this Policy in addition to Diageo’s Code of Business Conduct and all laws and regulations. Line managers should ensure their reports receive the guidance and training they need to work in compliance with this Policy. You are expected to communicate the values behind this Policy in your interactions with colleagues and third parties and to take appropriate steps to ensure your third party business partners do not put Diageo at risk of bribery or corruption.

Q&A

What do I do if I feel I have to make a payment to protect a person from harm, such as a physical threat?

Our people’s health and safety is our primary concern. In this unlikely scenario, you must do what is necessary to ensure a person’s safety. You should report the payment to the Legal team as soon as possible so that it can be appropriately recorded.

Record keeping

Strict laws require our record keeping to be accurate and transparent. We must keep records of all meals, entertainment, travel and gifts, charitable and political contributions, pre-approval documents and business partner checks and supporting documents. This includes any records we keep in the appropriate Diageo accounting system, and training records

How does this apply to me?

- Never offer or accept bribes, including ‘facilitating payments’ or other improper payments.
- Always obtain prior written approval of the Legal Team before offering or promising to make a payment or transfer anything of value, including any corporate hospitality, gift or sponsorship, to Government Officials.
- Follow the Gifts and Entertainment Rules.
- Never seek or accept any gift, payment or other advantage from any person in return for providing any improper business or other advantage.
- Never do anything to encourage or allow someone else to breach these principles and related guidance.
- If implementing trade incentives follow our Trade Incentives Guidelines.

Monitoring & reporting

To avoid breaches of anti-bribery and corruption laws follow this Policy and do not be afraid to ask questions – contact your local CC&E Manager, the Global Risk and Compliance team or the Legal team. Remember, bribery is illegal, so you should always report any actual or suspected breach to your local market lawyer, even if Diageo is not directly involved. **You can also raise a concern or make a confidential report using SpeakUp.**

Breaches of this policy will be dealt with under the Breach Management Global Standard, Diageo Investigations Guidelines and local disciplinary policies.

Contacts & further information

Seek help and guidance on all issues relating to the Code and Diageo policies from the Global Risk and Compliance team.

This Policy was last reviewed and updated in **July 2015**.

Q&A

An employee who you know at one of your suppliers calls you unexpectedly. He says that the supplier was recently inspected by the local health department and they were found to have products beyond their perishable date. The employee thinks that someone else within his company paid a bribe to the official not to put this in his report. The person also tells you that he thinks the products were subsequently shipped to Diageo. What should you do?

Consult the Legal team who will advise if Diageo should accept the products shipped by the supplier. If the rumour is substantiated Diageo should advise the supplier that it does not do business with suppliers that bribe or conduct any other illegal activity.