

# WESTCON INTERNATIONAL LTD. ACCOUNTING POLICIES AND PROCEDURES

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## GIFTS, ENTERTAINMENT, HOSPITALITY, DONATIONS & INCENTIVES POLICY

### PURPOSE

Colleagues working for Westcon International Ltd. and its affiliates (the “Company”) must deal with vendors, suppliers, customers and others doing business with the Company in a manner that avoids even the appearance of any undue or unfair influence.

Business gifts, entertainment and hospitality are courtesies designed to build understanding and goodwill among people in a business relationship, and in some cultures, they play a very important role. Respectively, incentives given to sales staff of the Company and its customers are legitimate where they are reasonable in amount and are being used to encourage promotion of particular products or instil loyalty to the Company.

Problems arise when they compromise, or even appear to compromise, the recipient’s ability to make objective and fair business decisions or when they are contrary to applicable laws. Directly or indirectly offering or receiving any gift, entertainment, hospitality or incentive that might be perceived to improperly influence a business interaction violates the Company’s commitment to maintaining objectivity and transparency in its relationships. For this reason, all Company staff members are expected to know this policy.

Additionally, the Company may choose to use funds or resources to enhance the social welfare and quality of life in the communities around the world where we work and do business. By establishing this policy, the Company is providing direction so that all charitable donations made by the Company are consistent with the Company’s values, its Code of Conduct, Anti-bribery Policy and the laws and regulations that govern such practices. As described more fully below, this policy does not affect personal contributions or donations made by Company employees in their individual capacity.

It is Company policy to conduct all our business in an honest and ethical manner. The Company takes a zero-tolerance approach to bribery and corruption and is committed to acting professionally, fairly and with integrity in all our business dealings and relationships.

### SCOPE

This policy applies to the Company and its directors, officers, shareholders, employees, representatives, consultants and agents (collectively “Employees”) **worldwide**. Although the Company recognises different cultural norms in business throughout the world, the Company and its staff members shall comply with the legal and ethical principles described in this policy when undertaking business-related activities.

This policy incorporates by reference the Company’s Code of Conduct and Anti-bribery Policy. In the event of any inconsistency between this policy, the Code of Conduct or the Anti-bribery Policy, the policy which requires the higher standard of conduct shall apply.

## Regional Implementation

As appropriate, each operating unit will establish local or regional versions of this policy to address entity or region-specific circumstances. Local or regional guidelines can be more restrictive but cannot be less restrictive than the policies outlined in this document.

The Regional CFO and the Regional Associate General Counsel are responsible for documenting the requirements and incorporating them in local and regional policies and guidelines.

## **DEFINITIONS**

**“Bribery”** means the promising, giving, accepting or soliciting of an inducement which is made with the intention of influencing the recipient to do something improper. Inducements can take the form of money, gifts, loans, fees, rewards or other advantages (taxes, services, donations, favours etc). Bribery covers ‘active bribery’ whereby a person offers, promises or gives an advantage, and ‘passive bribery’ which is when an employee requests, agrees to receive or accepts an advantage.

**“Gifts, entertainment and hospitality”** means anything of value provided or received when the underlying basis or the primary relationship is related to the Company’s business. This includes, but is not limited to, meals, lodging, discounts (other than those in the ordinary course of business), loans, cash, favourable terms on any product or service, services, equipment, prizes, products, transportation, use of vehicles or vacation facilities, stocks or other securities, home improvements, tickets and gift certificates.

For clarity, the definition “gifts, entertainment and hospitality” is not intended to capture promotions, special pricing or discounts that may be given or received provided they are reasonable and appropriate for the size and type of transaction or otherwise arise in the ordinary course of the Company’s business.

**“Sales incentives”** or **“SPIFFS”** are short-term incentives given to sales staff to encourage them to promote products or lines marketed by particular vendors. At the Company, they are typically provided by vendors and are promoted by the Company’s marketing team to the sales executives of the Company’s customers.

## **POLICY**

Staff members are expected to devote their best efforts to the interests of the Company and conduct of its affairs. Staff members should avoid actions or relationships that might conflict or appear to conflict with job responsibilities or the interests of the Company.

All gifts, entertainment, hospitality, incentives or donations provided to or by third-parties including but not limited to suppliers, vendors, customers, contractors and others doing business with the Company must be moderate, proportionate, reasonable and:

- Comply with applicable law, rules and regulations;
- Contribute to the business relationship and be consistent with legitimate business goals. If, for example, a colleague is offering tickets to a sporting or cultural event, the colleague must attend the event as well; and
- Not be of such a nature that they could embarrass the Company if they were publicly disclosed or could be construed as discriminatory, offensive or inappropriate, including but not limited to, “adult entertainment”.

These rules may not be circumvented by giving or receiving gifts, entertainment, hospitality, incentives or donations through family, friends or others. For purposes of this policy, family members include spouse, domestic partners, dependents, children, step-children, parents, step-parents or guardians, siblings, in-law relations and those living in the same residence as the staff member.

**Extra care should also be exercised providing gifts or hospitality in the context of a competitive tender or major contract negotiation.** In certain circumstances taking or receiving hospitality during a tender process could result in a tender submission being disqualified. If there are questions, employees should seek assistance from the Company's Compliance Officer, Regional Associate General Counsel or Company's General Counsel.

The Company has a zero-tolerance approach to bribery and corruption. Colleagues should avoid becoming involved in corruption and should report suspected wrongdoing in this area.

### Gifts, Entertainment & Hospitality

Accepting or offering social amenities or business courtesies such as modest gifts, entertainment and hospitality is common in the commercial work environment and is meant to create goodwill and enhance business relationships. Using good judgment and moderation, occasionally exchanging gifts, entertainment or hospitality of nominal value is appropriate, unless the recipient's employer forbids the practice.

Examples of what is generally acceptable include:

- Non-cash gifts of nominal value that contribute to the business relationship and are consistent with legitimate business goals; while this may vary from situation to situation, employees should be guided by common sense, the Company's Code of Conduct, Anti-bribery Policy and applicable laws and regulations;
- Customary and reasonable meals and entertainment at which the giver is present, such as the occasional business meal or sporting event;
- Giving or accepting promotional items of nominal value, such as pens, calendars, shirts and coffee mugs;
- Gifts/items given to attendees of large gatherings (i.e. trade shows) which are not provided to any individual as an inducement are permitted and are not included in the threshold calculations below. For example, if all conference attendees are given a gift bag with a value of \$300 (or local equivalent), accepting the bag would not be a violation of this policy.

The policies of governments on gifts and entertainment vary extensively and frequently prohibit the offering gifts or entertainment entirely. In the case of government entities, no gifts, hospitality or entertainment will be offered regardless of value.

The Company appreciates that the practice of giving business gifts varies between countries and regions and what may be acceptable in one region may not be in another. The test to be applied is whether in all the circumstances, the gift or hospitality is reasonable and justifiable and lawful in the jurisdiction in which the gift is given.

It may be difficult under certain circumstances for a colleague to turn down a gift, entertainment or hospitality made with good intentions. Where a colleague has received a gift, entertainment or hospitality without prior approval, they must request retrospective approval by following the normal procedures set out in this policy. The colleague will be notified if the gift, entertainment or

hospitality is excessive or inappropriate in which case the colleague will be required to turn over the item to their Regional Associate General Counsel or Human Resources Director for disposal.

### Sales Incentives

Whilst sales incentives or “SPIFFS” are in general not prohibited by anti-bribery laws, caution should be exercised when promoting them to ensure that they are not given in contravention of anti-bribery laws.

Used appropriately, they can be an effective tool to drive sales performance, build loyalty and encourage the re-seller’s personnel to work harder in the mutual interest of the re-seller, the Company and its vendors. However, incentives that are excessive could risk being seen as a bribe, as they are no longer proportional to the commercial value of the action they are incentivising and could be seen as encouraging unethical behaviour.

When planning incentive schemes, colleagues should reach out to their local finance manager to make them aware. Colleagues seeking to promote incentives should also obtain any necessary approvals under the Company’s MOA and any regional, local or departmental MOAs before they are promoted. Where values of incentives that will be given cannot be ascertained before they are promoted, colleagues should ensure they go through any applicable MOA processes before they are given.

In the interests of transparency, incentives should only be offered where they are documented in writing. Before they are provided or paid, the recipient executive should bring them to the attention of their own organisation. Additionally, where colleagues are promoting an incentive on behalf of a vendor, they should obtain written confirmation from the vendor that it complies with their own policies and that any necessary approvals have been obtained.

Any expenses incurred to purchase items for incentives should without exception be reported using the general ledgers for sales incentives as follows:

### EMEA

- GL 601160 – for re-seller incentives
- GL 601156 – for internal incentives

### Asia

- GL 601551 – for re-seller incentives

### ANZ

- GL 601160 – for re-seller incentives

Incentives should only be offered to executives who have accepted the Company’s standard terms and conditions for incentives and should only be paid once the action they are incentivising has been undertaken. Once an incentive has been earned, where practical, it should be provided to the re-seller directly, so that it can be forwarded to the individual executive.

## **WHEN GIFTS, ENTERTAINMENT, HOSPITALITY & INCENTIVES ARE ACCEPTABLE**

This policy does not prohibit appropriate gifts, entertainment, hospitality and incentives if the following requirements are met and any necessary approvals required under this policy are obtained:

- it is not made with the intention of obtaining or retaining business or a business advantage or in explicit or implicit exchange for favours or benefits;
- it is given in the name of the Company, not in a staff member's own name;
- it does not include cash;
- with the exception of incentives, it does not include cash equivalent (such as gift vouchers);
- it is of an appropriate type and value and is given at an appropriate time, for example, a small gift at Christmas or other religious or local holidays;
- it is given openly and not secretly; and
- it should not be offered to, or accepted from, government officials or their representatives, politicians or any political parties.

**Certain types of gifts, entertainment, hospitality and incentives are never acceptable, including but not limited to:**

1. the offer or acceptance of cash and cash equivalent (such as loans, stock, stock options, or other monetary instruments such as bank checks, traveller's checks, money orders, investment securities or negotiable instruments);
2. using an employee's own money or resources to pay for gifts, entertainment, hospitality or incentives for a customer, vendor or supplier that would otherwise be impermissible for the Company to pay for itself under this policy;
3. the offer, acceptance or request of anything as part of an agreement to do anything in return for gifts, entertainment or hospitality;
4. giving, promising to give, or offering, a payment, gift, entertainment or hospitality with the expectation or hope that a business advantage will be received, or to reward a business advantage already given;
5. seeking or accepting gifts, entertainment, hospitality or incentives or any form of compensation from suppliers, customers, vendors or others doing business or seeking to do business with the Company; and
6. offering gifts, entertainment, hospitality or incentives to customers, suppliers, public officials or others to gain any commercial, contractual or regulatory advantage.

The only exception to point 1 would be incentives paid in the form of proprietary electronic cash systems provided they are allowed under local tax laws.

### **Facilitation Payments**

The Company prohibits giving, promising to give, or offering a payment, or anything else of value to a government official, agent or representative to "facilitate" or expedite a routine procedure.

Facilitation payments are typically small, unofficial payments made to secure or expedite a routine action by a government official. "Kickbacks" are typically payments made in return for a business favour or advantage.

No facilitation payments or kickbacks (whether to/from government officials, entities or vendors, customers or suppliers) may be made by any Company employee, agent, consultant or third party on behalf of the Company. All employees must avoid any activity that might lead to, or suggest, that a facilitation payment or kickback will be made or accepted by the Company.

## **DEALINGS WITH PUBLIC OFFICIALS AND “POLITICALLY EXPOSED PERSONS”**

With the exception of payments which the Company is required under applicable laws to make to government bodies, no staff member may make, provide or permit any contributions, payments, gifts, hospitality or entertainment to any Politically Exposed Person, government official or agent.

“Politically Exposed Persons” (or “PEPs”) are persons who have been entrusted with a prominent public function; this includes individuals who are closely related to such persons. A PEP generally presents a higher risk for potential involvement in bribery and corruption due to their position and the influence that they may hold.

For the purposes of this policy, the term “Politically Exposed Persons” means individuals who have been entrusted domestically or by a foreign country with prominent public functions, for example heads of state, senior politicians, senior government officials, judicial or military officials, senior executives of state owned corporations, important political party officials.

PEPs frequently establish charitable foundations which benefit from association with their name. If the Company made a donation to such a charity, this could raise a question as to whether it is a political donation in disguise.

Staff members must avoid offering, authorising or promising anything of value to a government official that could be construed as a bribe to promote the Company’s business interests or a facilitation payment (a small, unofficial payment made to secure or expedite a routine government action by a government official). Third parties engaged by the Company are similarly prohibited from making improper payments to any Politically Exposed Person or government official.

Further guidance on the avoidance of bribery and corruption and the specific rules in relation to government officials is given in the Company’s Anti-Bribery Policy.

## **BUSINESS TRAVEL**

In some circumstances, the Company may need to provide business travel to third-parties. Similarly, other companies, such as suppliers, vendors or customers, may offer business travel to Company staff members. It is imperative that travel does not impact or be seen to impact on the recipient’s professional judgment.

Staff members may provide or receive travel-related expenses (such as transportation, lodging and meals) only if and to the extent that such expenses are reasonably related to a legitimate Company business purpose.

Lodging and accommodation must not be lavish or excessive and must only be received or provided to the extent necessary to support the associated business activity.

Staff members shall comply with current thresholds for pre-approval required by this policy. Any lodging and accommodation must be consistent with the Company’s travel guidelines in all respects including class of service for air travel.

## **DONATIONS**

### **Political Donations**

It is Company policy not to make contributions to political parties or entities on behalf of or in the name of the Company.

### **Charitable Donations**

Charitable contributions include anything of value provided to individuals or organisations that support charitable activities. Only charitable donations that are legal and ethical may be made. Care needs to be taken to avoid any perception of or actual influence of commercial, contractual or regulatory advantage through any form of sponsorship or charitable donations.

Charitable contributions are not permitted in exchange for financial concessions, recommendations, favourable treatment, or other improper influence. Such contributions may violate regulations, international treaties, or local laws, including anticorruption laws. Furthermore, no donation may be offered or made without prior local, regional and, as appropriate, Company MOA approval.

All charitable donations will be reviewed to check that the charity concerned is not connected to a PEP.

## **APPROVAL LEVELS**

Staff members are required to gain approvals in accordance with the levels set out in the Company's "Matrix of Authority" (MOA) and any other local, regional or departmental requirements that are in place from time to time.

All staff members will comply with this requirement of approval to ensure that the Company meets its legal obligations regarding auditability and transparency. Failure to comply could result in disciplinary action being taken.

Where expense claims are made for gifts, entertainment, hospitality or incentives that have not been pre-approved, the Company reserves the right to reject them.

## **POLICY MAINTENANCE, RESPONSIBILITY AND REVISIONS**

### Policy Responsibility

The Company's General Counsel and Compliance Officer are responsible for this Policy.

### Policy Review

This Policy will be reviewed annually.

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|-------------------------|
| <b>Last review date</b> |
| 05/10/2021              |

### Version

| <b>Version</b> | <b>Date issued</b> | <b>Summary of changes</b>   |
|----------------|--------------------|---|
| 2.0            | 05/10/2021         | Updated the policy to include sales incentives<br>Restructured policy to make it easier to read |