

# Gifts & Hospitality Policy

*The monetary limits, approval requirements and register rules that govern any gift, hospitality or entertainment given or received in the course of Karnot business.*

<b>Document ID</b>	KES-POL-009
<b>Version</b>	1.0
<b>Effective from</b>	11 May 2026
<b>Next review</b>	11 May 2027 (Annual)
<b>Approved by</b>	Stuart Edmund Cox, Managing Director
<b>Applies to</b>	All Karnot directors, officers, employees, consultants, contractors, sub-contractors, agents and any person acting on behalf of Karnot.

## 1. Purpose

Modest, occasional gifts and hospitality can be a normal part of doing business. Excessive or inappropriate gifts and hospitality can compromise judgement, create an obligation, give the appearance of corruption, or constitute actual bribery. This Policy sets clear limits and procedures to keep Karnot the right side of that line in every case.

This Policy operationalises the Anti-Bribery and Anti-Corruption Policy (KES-POL-001), to which it is subordinate. Where this Policy is silent or ambiguous, KES-POL-001 governs.

## 2. General principles

A gift or hospitality is acceptable to give or receive only if *all* of the following are true:

- It is not intended, and would not reasonably be perceived as intended, to influence a business decision improperly.
- It is not solicited by the recipient.
- It is given or received openly — not concealed, and not at a time or in a place designed to avoid scrutiny.
- It is reasonable and proportionate in the circumstances (relationship, role, country, frequency).
- It complies with the law of every jurisdiction involved, including (where any Philippine Public Official is involved) Section 7(d) of RA 6713.
- It falls within the monetary limits set out in section 4 below.
- It is recorded in the Karnot Gifts & Hospitality Register where required by section 5.

## 3. Always prohibited

The following are prohibited in every circumstance, regardless of value:

- Cash or cash-equivalents in any form — banknotes, cheques, prepaid cards, gift vouchers redeemable in part for cash, gold, securities, cryptocurrency, or transferable loyalty points.
- Any gift or hospitality to or from a Philippine Public Official, or any foreign equivalent, without prior written approval of the Compliance Officer. The default answer is no.
- Any gift or hospitality offered or accepted during a live tender, procurement decision, contract negotiation, audit, inspection or dispute, until that process has been concluded.
- Lavish or extravagant entertainment, including foreign travel paid by a counterparty, golf-day packages, season tickets, and similar.
- Adult entertainment, gambling-venue hospitality, or any setting that would compromise Karnot's reputation if disclosed.
- Gifts to family members of a Karnot person from a counterparty (or vice versa) where the purpose is to circumvent this Policy.

## 4. Monetary limits (Philippine peso)

The following limits apply to gifts and hospitality given or received by Karnot personnel. "Aggregate per third party per year" includes anything given or received by the same Karnot person from the same counterparty (or its affiliates) in a rolling 12-month period.

- **Single gift / hospitality item ≤ ₱2,500** — no pre-approval required; record in the Register if total annual aggregate may exceed ₱5,000.
- **Single gift / hospitality > ₱2,500 and ≤ ₱10,000** — written approval of line manager required in advance; record in the Register.
- **Single gift / hospitality > ₱10,000** — written approval of the Compliance Officer required in advance; record in the Register.
- **Aggregate per third party per year > ₱25,000** — written approval of the Managing Director required in advance; record in the Register.
- **Any gift or hospitality involving a Public Official** — written approval of the Compliance Officer required regardless of value; the default decision is to decline.

**Foreign-currency values are converted to Philippine pesos at the spot rate on the date of the gift or hospitality, using a published rate source (BSP reference rates or equivalent).**

## 5. Gifts & Hospitality Register

The Compliance Officer maintains the Karnot Gifts & Hospitality Register. Each entry records:

- Date of the gift or hospitality.
- Karnot person involved (giver or recipient).
- Counterparty involved and the nature of Karnot's relationship with them.
- Description and estimated value (PHP).
- Whether the item was given or received.
- Whether any approval was required and, if so, who gave it.
- Whether the item was declined, returned, or donated to charity in lieu of acceptance.

## 6. Declining gifts and hospitality

Where any of the above conditions cannot be met, the offer must be declined. Karnot personnel may use words to the effect of: *"Thank you, but Karnot's policy doesn't allow me to accept that — I'd be happy to share the policy with you if you'd like to see it."*

Where a gift cannot reasonably be declined or returned (for example, an unsolicited package arriving in the mail), the gift is to be transferred to the Compliance Officer who will either return it or, if return is impractical, donate it to a charity nominated by the Managing Director, and record the transaction in the Register.

## 7. Promotional items and customary courtesies

Branded promotional items of nominal value (pens, notebooks, calendars, USB drives, polo shirts), modest meals during business meetings, and conference catering provided by the host organisation, are not normally subject to registration unless their value exceeds ₱2,500 or they are part of a pattern of regular receipt from the same counterparty.

## 8. Review

The Compliance Officer reviews the Register at least quarterly for patterns that may suggest emerging conflicts or improper influence, and reports a summary to the Managing Director annually. This Policy is reviewed annually.

---

**APPROVAL**

This policy is approved by the undersigned for and on behalf of Karnot Energy Solutions Inc., with effect from 11 May 2026, and will be reviewed not later than 11 May 2027.

---

**Stuart Edmund Cox**  
**Managing Director**  
**Karnot Energy Solutions Inc.**  
*Date: 11 May 2026*