



# **Global Charities Policy**

## High-Level Charity/Sponsorship Guidelines

### 1. Purpose

Babcock International Group - and its constituent Sectors/Direct Reporting Countries, Business Units and sites – should make an agreed budget available each year to support appropriate charitable activities and provide sponsorship for good and allied causes.

### 2. Scope

This policy explains the corporate strategy and governance for both charitable donations and charitable sponsorships across the group and applies to all sectors/ Direct Reporting Countries, functions and employees of Babcock Group.

### 3. Policy

We are committed to the communities in which we operate and the broader interests of the customers we serve. As good corporate citizens, we want to make a genuine difference by supporting our communities and helping them rebuild following COVID-19. A charitable sponsorship and community investment programme is direct evidence of this support. Such activity can also be an important part of an effective marketing, brand and communication strategy for the Group as a whole. We encourage the right kind of charitable activity and sponsorship.

Sectors and Direct Reporting Countries retain responsibility and management of their donations / sponsorship from their own budget to ensure it goes where it can serve the greatest need and be of most value to that community within these guidelines and criteria. Therefore, ownership and budget sits with Sectors if they follow the criteria and process laid out within these guidelines. Payments must not exceed those set out in the Consolidated Delegation of Authority. For clarity, Sector/Direct Reporting Country development events are funded by the relevant Sector/Direct Reporting Country budget.

Requests that are received centrally by Group e.g. by the central switchboard, are sent to the “best fit” Sectors / regions for their consideration and response as judged appropriate.

Group retains a budget in relation to Babcock International Group sponsorships only. For example, at time of writing (2023) Babcock International Group sponsorships encompass only the Army / Navy game. The annual Army v Navy match is the largest amateur sporting event in the UK, attracting a crowd of over 80,000 people at Twickenham Stadium.

Each Sector/Direct Reporting Country is responsible for establishing its own specific process and mechanism for assessing and recording the appropriateness of each donation and sponsorship request it receives. These processes must align to the requirements and risks set out in the Group Anti-Bribery and Corruption policy and these guidelines.

Each Sector/Direct Reporting Country should maintain a central record of all donations and sponsorship payments. This should be easily accessible at the request of the Corporate ESG Committee and / or the Charity and Donations Working Group. This record should capture as a minimum the requirements set down in the Group Anti-Bribery and Corruption policy.

The Sponsorship and Donations Working Group will collectively request and review these records (see point 4.2).

To ensure that finite funds are distributed on a fair, lawful and consistent basis, each internal suggestion or external request must be reviewed against the following broad criteria. These apply equally at Group, Sector/Director Reporting Country, Business Unit and site level.

The current criteria have been broadened and clarified to align our corporate purpose “To create a safe and secure world, together”.

- Supporting the defence of nations
  - **Military charities and events** - Babcock has always proudly supported our armed services and it remains core to our values. Acceptable examples include sponsorship of sporting events, community open days and donations to military charities and memorials.
- Protecting communities
  - **Local communities** – we can protect communities around the world by focusing on local charities where we have our sites or where we attract our employees from. As our office locations range from urban to rural, it is for the site / BU / Sector/Direct Reporting Country to define in their own policies what they consider their local community. E.g. donations to a local homeless shelter or local arts centre or local toy charity appeal would be fine but donations to The Trussell Trust or English Heritage would fall outside the scope.
  - **Sports** - encourage and support their local sporting clubs and teams to help our communities get fit e.g. Sponsoring a training kit for the local under 18s football team, or contributing a donation to a new local swimming pool would be fine but sponsorship of Sports Aid may be out of scope.
  - **Arts** - reinvigorate the culture of our communities by supporting their theatre, music, art and museums e.g. sponsorship of a local gallery or amateur dramatic society but a donation to the National Trust or Arts Council would be unlikely to be in scope.
  - **Education** – supporting charities working with adults that have been made redundant, requiring retraining or support to re-enter the workforce. E.g. A local initiative that helps job seekers with CV development, careers advice or to access training would be fine.
  - **Employee wellbeing** - our employees sit at the heart of our own community, so should also be able to apply for limited, low level, donations or sponsorship for causes that touch their lives. Acceptable examples of this include matched giving up to a standard level set by the BU /Sector/Direct Reporting Country for fundraising to a family member's wheelchair. These donations should be supportive of other fundraising activities and relatively low-level donations. Level to be set by local Sectors/Direct Reporting Countries (see point 13 below).

The UK government is encouraging initiatives that deliver social value, highlighting five themes that they are particularly keen to promote. These are:

- Covid recovery
- Tackling economic inequality

- Fighting climate change
- Equal opportunity
- Wellbeing

Whilst as a minimum all charitable requests for donation or sponsorship must meet the criteria described at point 3.9 above to be considered for funds, any initiative or request that **also** meets one of these social value aims should be given primary consideration during assessment.

Any sponsorship award should consider if there is a realistic opportunity for Government Relations to involve a local MP or other political figure. When such an opportunity is identified, advice should be sought from the Group Director - UK Government Relations & External Affairs as appropriate.

#### 4. Risk Assessment

Before committing to any sponsorship or charitable donation, a risk assessment should be undertaken to ensure that it is appropriate to be making the commitment. Questions to be asked and answered include:

- What is the rationale for making the commitment - our support should be tailored to those causes from which Babcock itself might be expected to enhance its reputation – and to those causes, which, like us, aspire to excellence in their particular field?
- Have we been pointed towards making the commitment by any person known or suspected to be in a position of influence in respect of any of our clients?
- Are we sure that there is no link between the commitment and any particular business opportunity?
- Has the recipient as well as the amount of the commitment been approved by the appropriate persons within the Sector/Direct Reporting Country?
- Is the amount of the commitment appropriate in the circumstances?
- Have we done the appropriate checks to ensure the credibility and good standing of the recipient?
- Are the payment terms for the commitment in writing and transparent?
- Is it aligned to the Anti-bribery and corruption policy?
- Have the red flags, as set out in the ABC policy, been considered?

Please note that Babcock International Group, including its Sectors and Direct Reporting Countries, will not donate to religious causes of any denomination. Nor will we support character-building, sporting, academic or vocational ventures for any particular *individual*, even if these in turn support broader charitable purposes. The only exceptions for this are

- in those countries where there is a legal requirement to support indigenous peoples. In these explicit cases, the recipient must have no connection to any current or former Babcock employee, supplier, major customer or other influential individual or business and the sponsorship should be proportionate to the legal requirement.

- for limited, low level, donations or sponsorship for causes that directly touch employees lives. Acceptable examples of this include matched giving up to a standard level pre-set by the BU or Sector/Direct Reporting Country for fundraising to a family member's wheelchair (see point 3.9, Employee wellbeing).

Political donations of any type, at any time, are also not allowed.

Group oversight of donations or sponsorship is to be retrospective. The Sponsorship and Donations Working Group will meet once a quarter to review what has been awarded to ensure Babcock International gets full value from its sponsorship and understands what is its supporting with its donations. The working group will also review to identify any anomalies to the policy or concerns and raise those concerns upwards to the corporate ESG committee.

A weighting form has been developed to help assess the value of a request for support and provide a level measuring field. (see annex 1)

In practical terms, please consider carefully at Sector/Direct Reporting Country, business unit and site level how to effectively deliver the inevitable calls for practical help and participation of many kinds that the sponsored party will require.

Additional, more detailed guidance is to be found in Section E of the Anti-Bribery and Corruption Policy and all requests should also be evaluated against the "Red Flag List" set out at the back of the Approvals Matrix in section B of the same policy (BIG/Policy/001).

## 5. Definitions

Business development – Event held to promote the business and where business discussions may be held e.g. sponsoring a table for a charity event and inviting clients.

Sponsorship - A business transaction and part of promotion and advertising. Where the person or organisation making the payment receives a significant benefit such as having their logo displayed at an event, or being allowed free or preferential rate access to an event e.g. sponsoring a performance at a local theatre with the associated publicity or the kit for a local sports team with Babcock branded on their shirts.

Donation – Is entirely in the realm of goodwill or charity where the payment is freely given and the donor receives nothing in return other than possibly a simple acknowledgement such as the donor's name being included in a list of supporters in a programme.

If you are remain unsure which category a request falls into, please seek advice from your Sector or Direct Reporting Country legal support.

John Howie	Chief Corporate Affairs Officer	<b>Signature</b>	<b>Date</b>
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## ANNEX 1 – Weighting form

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<b>UNCONTROLLED WHEN PRINTED</b> <i>It is the responsibility of the user to ensure they are working with the latest revision</i>		Printed: 09/11/2023

<b>Part 1: Review</b>		
Has it passed the due diligence check (see point 12)	<b>YES</b>	<b>NO</b>
Does it meet the criteria (see point 9)	<b>YES</b>	<b>NO</b>
Is the amount requested reasonable	<b>YES</b>	<b>NO</b>
Is it perceived to be an annual commitment	<b>YES</b>	<b>NO</b>
Is another part of the business already donating / sponsoring exactly the same thing	<b>YES</b>	<b>NO</b>
Does it pass a sense check	<b>YES</b>	<b>NO</b>
<b>Part 2: Weighting</b>	<b>Impacts negatively</b>	<b>Impacts positively</b>
Does it support local communities in which Babcock operates	-1	1
Is there a military connection	-1	1
Will it add social value to a new bid	-1	1
Does it fully align to our ESG strategy	-1	1
Opportunity for Babcock to promote our activities to local MPs / councillors	-1	1
Does it support employee wellbeing	-1	1
Is there an employee engagement perspective	-1	1
Is there a local community engagement element	-1	1
Does it support an indigenous programme	-1	1
Is it part of an contractual agreement in a bid submission	-1	1
Was it proposed by an employee	-1	1

**TOTAL SCORE**

**Comments:**

**Actions:**

**Notes:**

- This simple checklist to help create both a standardised decision making process and provide an audit trail of that thinking used. It should be used by the \*decision maker for each request received. It should be retained
- If the request doesn't pass due diligence then the request should be refused
- If the request doesn't meet the criteria then it should be refused unless there is an exceptional reason, which should be recorded
- If the amount being requested is perceived to be excessive this should be brought to the attention of the decision maker who can then either refuse or offer a lower amount dependent on circumstances
- If the request is contractual or perceived to be an annual commitment this should be brought to the attention of the decision maker
- If you become aware another part of the business is already donating / sponsoring exactly the same thing then the request should be brought to the attention of the decision maker
- If there is an issue with the sense check then it should be brought to the attention of the decision maker

- Requests that pass the review stage are then scored against a weighting system (part 2 of the form) to provide as much fairness as possible
- Requests will score 1 for each weighting measure they align with, and -1 for each measure they misalign with
  - e.g. an naval officer requesting sponsorship to race a sports car would score 1 for the military connection but -1 for the ESG misalignment
- It is recommended that scores of less than three should be rejected. If a score of 3 or more is rejected the reasoning should be recorded
- Acceptance is dependent on money being available, so at some times of the year there may be less available for requests that meet the criteria than others