

# Anti-Corruption Compliance Manual

## Chapter 2: Global Expense Guidelines

Bribery goes beyond just the payment of money. Offering, promising, or giving anything of value to external parties to get or keep business or to secure any other improper advantage may also be considered bribery. Gifts, travel, lodging, meals, tickets to an event, services, personal favors, promotional business activities, and covering or reimbursing expenses, need to adhere to Synopsys' standards and satisfy the U.S. Foreign Corrupt Practices Act (FCPA), the U.K. Bribery Act, and local anti-corruption laws.

We must always ensure that promotional expenditures are legitimate – i.e. free of any improper intent, reasonable, and not too frequent. In practical terms, this means that you may make promotional expenditures to educate customers about our products and create an opening to discuss business opportunities, but you may not make such expenditures intending that the gift, meal, travel, or entertainment itself will motivate the recipient to award business to Synopsys.

This guidance covers:

- ▶ Expenses relating to persons external to Synopsys, such as customers. This guidance does not cover internal Synopsys expenses, such as Synopsys-only lunch meetings.
- ▶ Basic criteria for all promotional expenses, including:
  - Gifts, meals, and entertainment;
  - Travel and travel-related expenses;
  - Payments to speakers and other honoraria;
  - Synopsys-sponsored events;
- ▶ Approval thresholds for certain “higher-risk” countries identified in Transparency International’s Corruption Perceptions Index; and
- ▶ Recording expenses.



## Basic Criteria for all Promotional Expenses

Any proposal for a gift, meal, entertainment, travel, and other promotional expense must meet the following criteria, in addition to transaction-specific criteria set out in the following sections:

- The expense is customary, appropriate, and reasonable in the context of local business practices where it is to be provided, unless local practices are contrary to any of the principles in this Manual or Synopsys' Code of Ethics and Business Conduct;
- It gives no appearance of impropriety and is consistent with Synopsys business ethics;
- It is connected to a legitimate business promotional activity or the performance of an existing contract;
- It does not violate applicable local law, including any internal regulations governing the recipient's conduct, such as ethics rules or reporting requirements;
- It is relatively low in value, and not lavish or extravagant;
- It is not too frequent;
- It is openly incurred (that is, there is no effort made to conceal the facts by either the donor or the recipient);
- It will not impose a sense of obligation on the recipient;
- It is not given when a specific project or approval is pending before the recipient or the recipient's employer;
- It is not advanced using personal funds;
- It is not made in the form of cash or cash equivalent (such as a gift card); and
- It is not provided or offered with the intent to improperly influence the recipient in the performance of his/her duties for the benefit of Synopsys or any of the individuals involved in the transaction.

This guidance covers expenses relating to employees of both private and government entities. As discussed below, however, additional considerations and approval thresholds may apply to expenses involving government officials because they present unique risks and receive special attention under the FCPA, the U.K. Bribery Act, and other anti-corruption laws. For guidance on identifying government officials, please see [Chapter 1 – Core Concepts](#).

### Gifts, Meals, and Entertainment

Under certain circumstances, nominal gifts and reasonable meals and entertainment expenses incurred in connection with business promotional activities are permitted under the FCPA and other anti-corruption laws. Any gifts, meals, or entertainment expense, regardless of value, must be recorded in expense reports or obtained through the procurement process via purchase requisitions, in accordance with Synopsys reimbursement, travel and procurement related policies. Personal payments of these expenses are not permitted.

Please see the Approval Matrix below for specific review and approval requirements for gifts, meals, and entertainment in certain “higher-risk” countries.

### Travel and Travel-Related Expenses

Site visits, offsite meetings, and other business-related transactions that may involve the payment or reimbursement of travel and travel-related expenses of external parties (including transportation, lodging, meals, and incidental expenses) can raise anti-corruption compliance issues.

Synopsys discourages the funding of travel for government officials and prohibits funding in certain countries (see Approval Matrix below) unless specifically approved by the Chief Ethics & Compliance Officer. Synopsys follows this general approach



because the laws or regulations of an official's country often contain provisions that govern the payment or reimbursement of expenses incurred by the official. Even where the local laws allow for a company to pay an official's expenses, there may be legal requirements applicable to the handling, accounting, and reporting of a travel payment. For more information, see [Chapter 6 – Local Anti-Corruption Laws](#). Any reimbursements should be made to the official's employer, not to the official.

Under certain circumstances, Synopsys may pay travel expenses for non-government officials. Such occasions might include, for example, a visit to Synopsys' headquarters for a tour and meetings or a meeting at a neutral site to negotiate an agreement. The exclusive or primary purpose of Company-paid travel must be business-related – in other words, business travel must not be overshadowed by non-business related activities, such as trips to tourist attractions or visits to family members.

Please see the Approval Matrix below for specific review and approval requirements for travel and travel-related expenses in certain “higher-risk” countries.

### Payments to Speakers and Other Honoraria

Honorarium payments are those made for a participant’s contribution to an event or those made to cover travel and lodging expenses incurred by the participant. For example, Synopsys may make a payment in exchange for a person speaking at an event or judging papers in connection with an event and may also pay for a speaker’s airfare, taxi, and hotel accommodations. Synopsys must carefully review any honorarium payments to government officials to ensure that the legitimate business purpose of the expenditure is sufficiently documented, and to confirm that the expenditure does not present a potentially improper interaction with officials who may make decisions affecting company business.

Any honorarium payments must be made in a manner that is transparent to the government official’s employer. The following means of ensuring transparency are listed in order of preference (the first being the most preferable):

1. Obtaining written approval from the government official’s employer, or reaching a written agreement with the official’s employer;
2. Sending written notification of the proposed honorarium payment to the government official’s employer or supervisor; or
3. Obtaining a written certification from the official that his/her participation in the event and receipt of an honorarium payment is consistent with the internal rules and regulations of the government official’s employer and local law.

Please see the Approval Matrix below for specific review and approval requirements for honoraria in certain “higher-risk” countries.

### Synopsys-Sponsored Events

You should also exercise caution when inviting external parties to attend Synopsys-sponsored events, such as Synopsys Users Group (SNUG) conferences or trade shows and other industry forums hosted by a third party organization. These special events frequently involve more elaborate hospitality than the routine business entertainment covered above. They may extend over several days, and may entail a significant expense to cover gifts, travel, and lodging for keynote speakers or prominent decision makers, either of which may also be government officials. Industry events may also be hosted by government-affiliated groups to which Synopsys pays a sponsorship fee. In return, depending on the size of the sponsorship commitment, Synopsys may receive benefits such as its logo displayed on the event website and on other materials, use of a trade show booth, free registration for one or more guests, and/or speaking opportunities.



Event organizers often request companies such as Synopsys to sponsor events and contribute door prizes to attendees. For door prizes, Synopsys must confirm that recipients will be chosen at random. Synopsys also funds awards for competitions involving technical submissions. Synopsys must confirm that recipients are not pre-selected. For awards for technical submissions, Synopsys must confirm that recipients will be chosen on the basis of merit. The role of Synopsys employees should be limited to verifying that the process for selecting recipients is sound and should not include selecting the individual recipients of awards or prizes.

For donations to non-profits and schools, Synopsys-sponsored university research for which we do not receive a business benefit, and contributions to universities that are outside the purview of the Synopsys WorldWide University Program, please see [Chapter 5 – Charitable and Social Contributions](#).

Please see the Approval Matrix below for specific review and approval requirements for events in certain “higher-risk” countries.

### Approval Thresholds



Where the value of promotional expenses is expected to exceed certain thresholds, prior approval by management and/or the Chief Ethics & Compliance Officer is required

in the following countries: Armenia, China, Hungary, India, Israel, Italy, Korea, Malaysia, Mauritius, Poland, Russia and Taiwan. The employee proposing the promotional expense is responsible for estimating the associated costs and obtaining the necessary approvals. Obviously, these thresholds should not be circumvented by making numerous small expenditures over a period of time. The employee’s manager and the Country Manager should watch for any such pattern and if observed report it to the Chief Ethics & Compliance Officer.

For the remaining country operations, local management may implement approval thresholds, as necessary, to ensure that expenditures are reasonable and in compliance with local laws.



# Promotional Expenses Approval Matrix\*

All values represent U.S. Dollars

<b>Gifts, Meals, Entertainment, Travel &amp; Honoraria</b>	Nominal value (under \$100 per recipient)	Prompt approval by the employee's manager after the expense is incurred
	Over \$100 per recipient	Prompt approval after the expense is incurred (meals) and prior written approval (other expenses) from the Country Manager. Expenses incurred by the Country Manager or more senior managers do not require prior written approval but must be promptly reviewed by the Regional Counsel or Chief Ethics & Compliance Officer.
		Note: Gifts over \$500 must be purchased through the procurement process, not the expense report process
<b>Gifts, Meals, Entertainment, &amp; Honoraria for Government Officials– Additional Requirements</b>	Over \$200 per recipient	Prior written approval from the Chief Ethics & Compliance Officer, in addition to standard management approvals (listed above)
	Gifts on list of pre-approved branded items maintained by the Legal Department (of any value)	No prior approval necessary when provided in the context of a ceremonial event (e.g., an office opening or contract signing ceremony); otherwise, standard approval requirements apply (listed above)
	Golf outings up to \$200 per recipient	<p>No prior approval necessary so long as:</p> <ul style="list-style-type: none"> <li>• There are no more than three officials in attendance</li> <li>• Attendees not essential to business discussions cover their own expenses</li> <li>• No travel or lodging expenses are provided</li> <li>• The number of golf outings involving a particular official do not exceed four in any 12 month period</li> </ul> <p>Exceptions and golf outings over \$200 per recipient must be approved in advance by the Chief Ethics &amp; Compliance Officer</p>
<b>Travel Expenses for Government Officials</b>	Any value	Generally not permitted; please confer with Regional Counsel or the Chief Ethics & Compliance Officer if you believe an exception is warranted.
<b>Events</b>	Up to \$5,000 per event	Prior written approval from the Country Manager
	Over \$5,000 per event	Prior written approval from the Chief Ethics & Compliance Officer, in addition to the Country Manager

\*Unless otherwise stated, values are per recipient, per event. This means the approval thresholds apply to items given to a particular individual on a particular occasion. For example, a \$1,000 group meal attended by 10 people would be \$100 per person, per event.

## Links to Forms

[The Gift, Travel, and Entertainment Request Form](#) – This form may be used to obtain approval from the Chief Ethics & Compliance Officer.

[The Event and Sponsorship Request Form](#) – This form contains information necessary for the review process.

*Note: Use of these forms is optional; you may make requests via email, so long as the email contains all relevant information required in the forms.*

## Recording Expenses

All expenses related to gifts, entertainment, travel, honoraria, and Synopsys-sponsored events must be accurately and completely recorded in company records. In particular, all meals, gifts, and entertainment expense reports must include detailed information required by [GEMS](#), such as the business purpose of the expenditure, the identity of recipients and other attendees (names, titles, business affiliations), the type and value of the expenditure, and confirmation that the expenditure complies with this guidance and approval requirements.

In addition, employees responsible for recording payments must appropriately use Synopsys' special expense categories and accounts in [GEMS](#) for meals, entertainment, and gifts for government officials. GEMS support is available for any questions about recording expenses. All supporting documents must be submitted within 60 days of the date the expense was incurred, in accordance with the [GEMS Reimbursement Policy](#).



## Questions?

To contact the Chief Ethics & Compliance Officer:

- Email: [ethics.officer@synopsys.com](mailto:ethics.officer@synopsys.com)

To identify your Country Manager or Regional Counsel, please use the site chart feature of the Employee Lookup on [SynopsysWorld](#).