Gifts and Hospitality Policy

1 PRINCIPLES

HAESL offers and accepts gifts and hospitality ("G+H") as an appropriate business practice. Improper or excessive G+H can be a form of bribery or corruption. This Policy ensures that G+H does not give, or appear to give or actually give HAESL an unfair business advantage. It also ensures that the business purpose for G+H is properly documented.

This Policy applies to anyone who offers or accepts G+H on behalf of HAESL. This Policy does not apply to G+H between HAESL employees or at internal HAESL events. G+H that cannot be offered by HAESL under this Policy cannot be offered through other means, such as through third parties or paid for by individual employees.

The tables below list the reporting and Director and General Manager (DGM) approval requirements for offering and receiving G+H. The amounts set out in the tables are total G+H per person per event. The HAESL Portal contains a form to report and request approval for G+H.

2 DEFINITIONS

Hospitality is any form of travel, hotel, food, drinks, entertainment, or sporting events (participating or watching).

Government Official: includes any:

- officer or employee, or anyone acting on their behalf, of any department, agency or instrument of a government (at any level), including foreign governments. This includes (but is not limited to) employees and members of the military, para-military, security services, police force, customs, border patrol, legislatures and judicial system of any country;
- employee of a company which is more than 49.5% state-owned;
- political party and any officer, employee or other person acting on behalf of a political party;
- candidate for public office;
- member of a ruling or royal family;
- officer of any body, whether public or private, that has delegated powers to administer public funds;
- officer or employee of a public international organisation (e.g., the United Nations, the World Bank);
- special adviser to governments, or individual government officials, whether paid or unpaid, formal or informal; and
- family member of any of the above.

3 OFFERING GIFTS AND HOSPITALITY

HAESL only offers and pays for G+H which is:

- Given in connection with the explanation, demonstration or promotion of HAESL products and services;
- Given as a business courtesy and not improperly to influence a business decision;
- Reasonable in value and frequency;
- Proportionate to the seniority of the people involved;
- Offered and given in an open manner; and
- Does not create an expectation that HAESL will receive something in return.

G+H should only be offered if it meets all this criteria and after all reporting and DGM approval requirements are met. The offering of per diem or daily payments is generally prohibited and should be avoided where possible. Where per diems are mandated by a governmental entity e.g. an airworthiness regulator, DGM approval (FORM03407) is required in advance of any payment.

In some countries, local law imposes stricter requirements for giving G+H to government

officials. In the event of G+H being offered to government officials, all G+H is subject to approval from the DGM, which should where possible, be sought at least 24 hours in advance. Low value refreshments do not require a G+H report.

Offering Gifts and Hospitality: Report and DGM Approval Requirements

No report	• Hospitality less than HK$500
	• Gifts:
	  • With HAESL logo: less than HK$1,500
	  • No HAESL logo: less than HK$500

Report G+H	• G+H HK$500 to HK$1,500

Report G+H and DGM approval (FORM03407)	• All G+H involving government officials
	• Hospitality more than HK$1,500
	Gifts:
	  • With HAESL logo: HK$1,500 or more
	  • No HAESL logo: HK$500 or more
	• Sporting events more than HK$1,500
	Hospitality required by a contract (for example, site or factory visits)
	• Per diem payments

Not allowed	• Cash or cash equivalents such as vouchers, gift cards or facilitation payment • G+H which can be considered offensive or inappropriate

The DGM can impose additional restrictions on:

- total G+H more than HK$12,000 to any individual in any calendar year
- G+H to any individual more than 12 times per calendar year

4 ACCEPTING GIFTS AND HOSPITALITY

HAESL accepts G+H which is:

- Given as a business courtesy and not improperly to influence a business decision; and
- Does not create an expectation that HAESL will give something in return.

Where G+H being accepted is expected to breach the threshold for DGM approval, the application should be made as early as possible and preferably before accepting the G+H.

Accepting Gifts and Hospitality: Report Requirements

No report	• G+H less than HK$500
Report G+H	• G+H HK$500 to HK$1,500
Report G+H and DGM Approval (FORM03407)	• G+H more than HK$1,500 • All G+H involving government officials

Not allowed	• Cash or cash equivalents such as vouchers or gift cards (with the exception of Lai See HK$100 or less offered during the Lunar New Year)* • G+H which can be considered offensive or inappropriate

* HAESL Human Resources Department will only accept cash or cash equivalents as sponsorship from business associates for the purpose of the Lucky Draw at the HAESL Annual Dinner.

5 ADDITIONAL HELP

Guidance on this Policy can be sought from Human Resources. Breaches of this Policy can result in appropriate disciplinary action, up to and including dismissal.