



Gift and Entertainment Policy

October 2012

I. Purpose

In many countries, gifts and entertainment are a common part of business interactions. The AES Code of Conduct (*The AES Values: From Words to Action*) states that AES people shall avoid offering, soliciting, or accepting gifts, entertainment, favors, or other benefits or advantages that may be misinterpreted as improperly compromising business judgment on behalf of AES or obligating an AES person or business in any way.

Local customs vary around the world. This Policy provides the standards and limitations governing the offering and acceptance of gifts and entertainment related to any person or organization associated with AES business activities. This Policy is designed to help protect the integrity of AES and AES people by avoiding any appearance that our business conduct is based on favors.

GENERAL RULE

No gift or entertainment should be given or accepted if it could, or if it creates the appearance that it could, improperly influence our business relationships, create obligations, violate the law or AES policies, or otherwise cause potential embarrassment to AES.

II. Application

This Policy applies to all AES people worldwide. In addition, temporary workers, contractors, consultants, agents, representatives, and others who perform AES work are required to ensure that their actions on behalf of AES meet the same high standards of integrity expected of AES people.

Individual AES businesses may adopt policies which provide additional guidance.

III. What are gifts and entertainment?

Entertainment includes meals, drinks, entertainment events (including tickets to sports or social events), recreation, or other events. Entertainment involves interaction between AES people and representatives of another entity in furtherance of AES business interests and relationships.

Gifts include items, services, payments, loans, discount, benefits, or anything of value. If an entity provides an AES person with tickets to an entertainment event for personal use and a representative of the donor entity is not attending the event, then the tickets are considered a gift rather than entertainment for the purposes of this Policy.

IV. What types of gifts and entertainment may be offered or accepted?



Gifts and entertainment are neither encouraged nor should they be portrayed as a prerequisite to doing business with AES. However, there are times when gifts and entertainment are acceptable and helpful to conducting business.

AES people are generally permitted to offer and accept unsolicited gifts and entertainment that further the business interests of AES and are:

- legal
- modest in value
- consistent with customary business practices
- appropriate to the particular business occasion
- appropriate for the job function of the recipient
- occasional and not part of a pattern of gifts and entertainment

AES people are not permitted to give or accept any gifts or entertainment – no matter how small – that could create an appearance of improper influence or could appear to affect a business or government decision, such as a purchasing, procurement, or contracting decision. AES people may offer or accept occasional, modestly-priced meals or entertainment in conjunction with a business meeting where the primary purpose is to discuss AES business if it is legal, consistent with customary business practices, and meets the other requirements of this policy.

When attending a permitted entertainment event, AES people may accept additional tickets for or otherwise be accompanied by household members or guests if other guests and representatives from the hosting entity attending the event will be accompanied by similar invitees.

V. What types of gifts and entertainment are restricted and may not be offered or accepted?

AES people are expected to exercise good judgment to avoid gifts and entertainment that may violate the law, create the appearance of impropriety, or raise concerns about objectivity in AES business decisions. It is not possible to describe every type of gift and entertainment that might improperly influence – or create the appearance that it might influence – the business judgments on behalf of AES.

Recognizing that the primary purpose of this Policy is to avoid any appearance that gifts or entertainment are exchanged in return for favorable or preferential treatment regarding AES business, AES people may not offer or accept gifts and entertainment that could reasonably be considered lavish or expensive in relation to the circumstances of the business or transaction and the business role and responsibilities of the recipient.

The following are examples of gifts and entertainment that should not be accepted without prior approval of management and consultation with the Ethics and Compliance Department:

- Cash or cash equivalents (for example, gift certificates and gift cards)
- Gifts and entertainment offered during the course of a commercial selection, negotiation, or any other business decision relating to a third party (such as a competitive bid process or contract negotiation) provided by any entity impacted by such decision if the gift or entertainment could create an appearance of improper influence or could appear to affect the business decision
- Gifts or entertainment offered or intended to be accepted immediately after a business decision from a third party affected by the decision if acceptance may be reasonably viewed or misunderstood as a reward or gratuity for the business decision

AES people may not solicit gifts or entertainment for themselves or others. AES people should avoid a pattern of frequently accepting gifts or entertainment from the same entities. AES people should not accept gifts or entertainment from a third party where such offers are prohibited by law or known to be prohibited by the policies of the third party.

AES people may not use personal funds to offer or give gifts and entertainment involving AES business that are otherwise restricted by this Policy.

VI. What should I do if I am offered restricted gifts or entertainment?

Offers of restricted gifts and entertainment should be politely declined whenever it is practical to do so. If a restricted gift is received, consider whether it is practical to return the gift to the sender. However, it is sometimes difficult to refuse or return a gift without causing offense or otherwise acting in a culturally unacceptable manner. In such cases, there are several appropriate options which may be applicable following consultation with management and Ethics and Compliance personnel, including:

- Accept the item on behalf of the AES business, communicate this to the third party, and provide the gift to the AES business for its use and benefit. For example, a decorative item may be given to the business for display in its reception area.
- Share the item with other AES people such that no one person receives more than a modest benefit. For example, a gift basket of food may be shared with other AES people for consumption.
- Donate the item to charity

AES people should promptly report offers or receipt of restricted gifts and entertainment to management and the Ethics and Compliance Department so that an appropriate response consistent with this Policy can be decided. Whenever possible, such offers should be reported prior to acceptance or receipt.

VII. Are there special situations?

AES people should handle the following special situations regarding gifts and entertainment with particular care.

Offers of travel and lodging

In general, only AES should pay for the travel and lodging expenses of AES people while on AES business. It may be acceptable under the terms of this Policy for a third party to cover the cost of a ticket, admission fee, registration fee, or equivalent, for an entertainment event, meeting, or conference. However, all travel and lodging costs associated with such events should be paid by AES, except under the following circumstances:

- The travel is local or of nominal cost, is incidental to the event, and is consistent with normal business custom. For example, transportation between a meeting site and hotel.
- The travel involves transportation of minimal cost to the third party provided through a vehicle operated by the third party or a person associated with the third party
- The travel and lodging are offered in connection with an industry event, professional association, technical training session, or similar occasion where the organizer is not a business partner or potential business partner of AES. If the organizer is a business partner or potential business partner of AES then you should seek guidance in advance to ensure against any appearance of improper influence.
- The travel and lodging are offered to an AES person as a presenter at a conference and such costs are offered to all presenters on an equivalent basis

Exclusive offers

Special consideration should be given before accepting entertainment involving a highly-desirable, exclusive event (such as a World Cup Final or the Super Bowl) or an unusually expensive ticket to any event. Although a third party may extend such an exclusive offer as a legitimate opportunity to discuss business and build relationships, such offers may be reasonably interpreted as an attempt to improperly influence business decisions. Issues to be considered in determining whether such an offer should be accepted include the nature of the business relationship or potential business relationship between AES and the third party, the type of business interactions associated with the event, and the business role and level of the AES recipient. Such offers should not be accepted without prior approval of management and consultation with the Ethics and Compliance Department.

Offers involving government officials

AES people should exercise special care regarding gifts and entertainment that involve government officials. AES people are prohibited from giving, offering, promising, or authorizing the giving of anything of value to a government official with the intent of improperly obtaining or retaining business or securing an improper business advantage. Many laws and regulations limit or prohibit gifts and entertainment involving government officials. The penalties for violation of these laws can be severe. Gifts and entertainment involving government officials must be made in accordance with all applicable laws, including the U.S. Foreign Corrupt Practice Act, as well as the AES

VIII. Related Policies

Other company policies you may want to consult when considering offering or accepting gifts or entertainment include, but are not limited to:

- Anticorruption Policy (U.S. Foreign Corrupt Practices Act Policy)
- Travel and Expense Policy
- Conflicts of Interest Policy

IX. Where do I go for help or advice?

If you have any doubt about whether it is appropriate to offer or accept gifts and entertainment, you should seek guidance before taking any action. Please contact your manager, a member of the AES Ethics and Compliance Department, your local Ethics and Compliance Officer, or the AES Helpline (www.aeshelpline.com).

Frequently Asked Questions (FAQs)

What are some examples of people and organizations associated with AES business activities that this Policy is meant to address?

Existing or potential business partners, suppliers, vendors, contractors, customers, competitors, regulators, and government officials.

Does the Policy apply to personal gifts?

No. This Policy is not intended to apply to personal gifts and entertainment that are unrelated to AES business or your status as an AES person. In general, gifts or entertainment received from or given to family, friends, and others for reasons unrelated to your employment with AES are acceptable. If you are personal friends with someone associated with AES business activities and have questions about personal gifts or entertainment involving that individual, please seek advice.

What does modest in value mean? Is there a dollar value of gifts and entertainment that can be accepted?

This Policy does not establish general dollar limits for gifts and entertainment. AES people should use their judgment and seek advice to determine what is modest and appropriate considering the circumstances, their position with AES, and the nature of their interactions with the particular third party. In addition, as an international company, it would not be possible to set a single dollar limit that would be equally applicable worldwide. It is important to note, however, that individual AES businesses, groups, or managers may choose to set dollar limits.

Do I have to refuse a pen from a vendor?

No. Promotional items of modest value (for example, pens, coffee mugs, and shirts) that are imprinted with a company logo are generally considered acceptable.

Can I give a gift to one of my team members in recognition of their hard work?

Internal gifts between AES people are not covered by this Policy. However, other policies, such as expense reimbursement guidelines, may apply and should be consulted before taking such an action.

I entered a contest and won a prize from an AES supplier. Can I keep it?

A prize won by AES people through raffles or contests conducted while attending an appropriate third party entertainment event may be accepted provided that all attendees at the event were entitled to participate equally, the prize is not lavish, and accepting the prize would not create the appearance of improper influence or the appearance of affecting an AES business decision.

After reading this Policy, I realize that I already accepted a gift or offer of entertainment that may



not be appropriate. What should I do?

Do not panic, we are here to help. Immediately disclose the situation to your manager and the Ethics and Compliance Department so that we can work with you to determine the best course of action to avoid the appearance of improper influence.