# Standards of Business Conduct

**China – Offering Gratuities and Business Courtesies**

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<th>Gratuities</th>
<th>Business meals and receptions</th>
<th>Gratuites</th>
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<td>Chinese Commercial (Non-Government) Consultants, Subcontractors and Suppliers</td>
<td>Reasonable — not extravagant or frequent.</td>
<td>Not allowed without prior approval of Business Unit or Shared Service Head (Level 1), as applicable, and General Counsel or designee (except for Company logo or promotional items, or host gifts valued at less than 160 RMB / $25 US are permitted).</td>
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<tr>
<td>Chinese Commercial (Non-Government) Customers</td>
<td>Reasonable — not extravagant or frequent.</td>
<td>Large value gifts are not permitted. Promotional or Company logo items, or host gifts valued at less than 600 RMB / $100 US are permitted. Any item valued over 600 RMB / $100 US requires prior approval of the General Counsel or designee.</td>
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<tr>
<td>Chinese Government Officials</td>
<td>Not allowed if it would negatively influence their public service. Otherwise, permitted if reasonable, not extravagant or frequent.</td>
<td>Offering money or property to secure improper benefits is not permitted. Promotional or Company logo items, or host gifts valued at less than 200 RMB / $30 US are permitted. Any item valued over 200 RMB / $30 US requires prior approval of the General Counsel or designee.</td>
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### Notes:

1. “Government Officials” includes political party officials, state functionaries, elected officials, and employees of any state owned enterprise (SOE). SOEs include, but may not be limited to, airlines, most research institutes, many manufacturing companies, newspaper and broadcasting companies, airport fixed base operators and some ground handlers. It is essential to know the ownership and controlling entities of any company with whom you plan to do business. For example, China Eastern Airlines is a state owned enterprise.

2. Giving cash, pre-paid gift cards, or coupons/tickets/certificates that can be redeemed for cash (such as moon cake coupons) is strictly prohibited. Gifts are defined as anything that gives a tangible or intangible benefit to the recipient. This includes the use of property, granting a favor or accommodation, or giving cash, presents, or coupons.

3. There are several criminal laws that prohibit accepting or soliciting bribes by state functionaries or persons closely related to the state functionary, state agencies, SOEs, institutions or organizations. Similarly, other criminal statutes prohibit individuals or any domestic entity from offering or paying bribes to state functionaries or to state owned enterprises, or arranging a bribe through a third party. The new law also evaluates any benefits given to persons that are closely related to the government official. Be sure that before gratuities or business courtesies are offered to a business associate, such as an employee, a subcontractor or sales representative, that this recipient is not “closely related” to a government official who may indirectly be receiving a benefit from your gratuity or business courtesy.

4. Internal rules of the Communist Party, the military and some government agencies prohibit party members and military officers from accepting meals that might negatively influence their public services. There is no further explanation or guidance regarding what may be deemed to “negatively influence their public service.”

5. Provincial regulation “Prohibition of Commercial Bribery” permits small-value promotional gifts in accordance with commercial custom. There is no maximum amount, and the specific facts and customs relevant to our industry will be taken into account when making an assessment. Corporate logo, promotional items that are frequently used in Western gift giving context would be considered small-value, promotion gifts. Factors reviewed in determining whether the gift constitutes an improper benefit:
   - Relationship between the parties and whether there was a pre-existing basis for a relationship;
   - The amount or value of the gift;
   - The purpose, timing and means by which the gift was presented, and
   - Whether the official uses his or her official position to obtain benefits for the offering.

6. Under some provincial regulations, state functionaries are required to register gifts valued over 100 RMB (approximately $15 US) and must also turn in to the municipal treasury any gifts valued over 200 RMB.