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	Business Courtesies, Donations, Entertainment, and Gifts		Procedure
<b>BA or Program Name</b>	Ethics	<b>Document #</b>	6.2.3
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REVISION HISTORY		
Revision #	Publish Date	Summary of Changes
00 (Initial)	27 Sep 2014	SPL Doc # Policy CM 1.4: Rebranded as Vectrus Rev 00. See audit trail for older records
01	21 Nov 2014	SPL Doc # Policy CM 1.4: See Audit Trail
02	14 Jun 2018	SPL Doc # Policy CM 1.4: Complete Revision
03	26 Aug 2020	VExM Doc# 6.2.3: Update of Courtesy Limits in Guidelines Table; updated in para 6.1

<b>Process Stakeholder(s)</b> (BA or Functional Dept Name: Title of Process Stakeholder (ex. HR: Director of Recruiting OR Facilities: Warehouse Manager <Enter other reviewers of this process here>
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## 1.0 PURPOSE

The purpose of this document is to avoid any actions that may create even the appearance of improperly influencing a government official or commercial customer by Vectrus Employees and partners. Exchanging reasonable and limited business courtesies with customers and partners is considered a legitimate business practice worldwide. While we must never offer or receive such courtesies to improperly obtain or retain business, we may offer or receive them in order to develop good will and to promote our Company's services. In addition, Vectrus is committed to social engagement by investing in the communities with whom we interact through charitable donations and sponsorship programs. It is important that our efforts in this regard are not made as an inducement for the purpose of obtaining any improper advantage. All employees and partners are expected to adhere to all applicable anti-corruption laws and regulations, which include the U.S. Foreign Corrupt Practices Act (FCPA), UK Bribery Act, and similar laws in the countries in which we operate.

- Business courtesies, gifts, entertainment, and donations must be approved and recorded IAW the guidelines in this document. All company donations, sponsorships, and contributions must be reviewed and approved by the Vectrus Philanthropy Committee (see procedure 1.4.4 VECTRUS PHILANTHROPY AND SPONSORSHIPS).
- Employees and partners must avoid any actions that may create even the appearance of improperly influencing a government official or commercial customer. Any exceptions to this policy must be in writing and approved by the Vectrus Chief Legal Officer.


## 2.0 APPLICABILITY

This document is applicable to all employees, agents, and all interactions with business partners of Vectrus.

## 3.0 ROLES & RESPONSIBILITIES

- **Vectrus CEO and President, Vice Presidents, Program Managers, and Department Managers:** Responsible for implementation of this directive and for:
  - Incorporating this directive in local processes and procedures;
  - Ensuring requests for business courtesies, donations, entertainment, gifts, and sponsorships are entered into the Business Courtesy Request System (BCRS) **if required as outlined in para 6.2.**
  - Confirming that contractual and financial accounting records and appropriate controls align to this directive's requirements. Specifically, ensuring that business courtesies, charitable donations, entertainment, gifts, and sponsorships are entered the appropriate general ledger code and supporting documentation is maintained.
  - Informing employees about the requirements set out in this document and ensuring higher risk employees understand this directive; and
  - Taking appropriate action when breaches of this directive are identified.
- **Finance Department:** Responsible for:

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- Ensuring that reimbursement processes and procedures for business courtesies, entertainment, gifts, donations, and sponsorships require BCRS approval prior to payment.
- Ensuring that applicable general ledger codes are created, and expenses are accurately recorded with supporting documentation.
- Ensuring that appropriate financial, accounting, and auditing controls align to FCPA, UK Bribery Act and directive requirements.
- Auditing records for charitable donations, business courtesies, entertainment, gifts, and sponsorships
- **Legal Department:** Responsible for:
  - Providing guidance on the interpretation of this document when necessary.
  - Reviewing and approving or denying requests entered the BCRS.
  - Approving any exceptions to this directive.
- **Ethics and Compliance:** Responsible for overseeing the overall business courtesies, entertainment, and gifts process including the BCRS and monitoring compliance.
- **Employees:** Responsible for conducting company business legally and ethically, complying with this directive, and reporting apparent violations of any element therein

#### 4.0 REFERENCE DOCUMENT(S)

- 1.4.4 VECTRUS PHILANTHROPY AND SPONSORSHIPS

#### 5.0 DEFINITIONS


- **Agents:** persons contracted to perform services for Vectrus such as technical representatives, consultants, individual sponsors, teaming partners, and outside counsel.
- **Business Partners:** subcontractors, vendors, suppliers, teaming partners, labor brokers, freight forwarders, joint venture partners, and prime contractors when we are the subcontractor.
- **Commercial Customer:** any individual or entity that is not wholly or partially owned by a government.
- **Third Party:** any agent, representative, consultant, teaming partner, outside counsel, technical representative, tax advisor, sponsor, subcontractor, supplier, labor broker, freight forwarder, joint venture or any other type of Third Party retained by Vectrus who interacts with non-U.S. government officials and/or non-U.S. commercial customers.
- **U.S. Government Officials:** any person working for a governmental entity at any level in the United States.
- **Foreign (non-U.S.) Government Official:** includes any:
  - Officer, employee, or person acting in an official capacity on behalf of a foreign government entity at any level.
  - Officer or employee of a business owned or controlled in whole or in part by a foreign government (“state owned enterprise”)
  - Officer or employee of a public international organization such as the United Nations or the World Bank,
  - Member of a royal family,
  - Non-U.S. political party official or candidate for political office. Children, spouses, or other close relatives of government officials.
- **Anything of Value:** anything the recipient would find interesting or useful and is not limited to tangible items of economic value. It includes, but is not limited to, cash and its equivalents, gifts, entertainment, meals, travel, use of vehicles or accommodations, business opportunities, and political or charitable contributions.
- **Business Courtesies:** include gifts, business entertainment, payment of travel expenses, lodging, meals, or other things of value.
- **Nominal or de minimis gifts:** small or token in nature and provided in accordance with local law and customs
- **Sponsorship:** means supporting people, organizations or events through money, goods or services with a purpose of promoting Vectrus marketing and communications objectives.

#### 6.0 PROCEDURE

##### 6.1 BUSINESS COURTESIES, ENTERTAINMENT, AND GIFTS


##### 6.1.1 When Vectrus is providing:

- ##### 6.1.1.1
- Recipients should not be given the impression that they are under an obligation to confer any business advantage or that the recipient’s independence will be affected by acceptance of business courtesies,

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entertainment, or gifts. Employees may only provide business courtesies appropriate to the business relationship.

- 6.1.1.2** Employees should avoid providing repetitive meals or entertainment for the same government official, commercial business partner, or commercial customer. Although it may be reasonable to provide a few modest meals to an individual or group of officials' incidentals to business discussions, providing one or several officials with frequent meals or entertainment can be a warning sign of improper intentions or create the appearance of such. If multiple gifts or other courtesies are given to the same individual over the course of a year, the cumulative value of all the gifts should not exceed \$450 USD (\$50 for U.S. Government officials).
- 6.1.1.3** Employees may not offer a business courtesy if it:
- Violates any law, regulation or policy applicable to the specific provider or recipient
  - May be considered a bribe, payoff or kickback
  - Violates customary business practices
  - Gives the appearance of impropriety or could give rise to a conflict of interest
- 6.1.1.4** Employees may not use personal funds to pay for any gift, meal, entertainment or other benefit under circumstances where it would be a violation if Vectrus were to make the same payment.
- 6.1.1.5** **Foreign Government Officials.** With limited exceptions, all gifts, entertainment, meals, and travel for any foreign Government Official, their spouse, or family members must be pre-approved by the Legal Department in the BCRS system. Nominal or *de minimis* gifts (those that are small or token in nature and in accordance with local law and customs) and reasonable, non-lavish hospitality may be provided.
- 6.1.1.6** **U.S. Government Officials.** The U.S. government has strict laws and rules prohibiting its employees or elected representatives from accepting business courtesies. Where permitted under applicable law or congressional ethics rules, reasonable *de minimis* hospitality, including but not limited to coffee and pastries at business meetings, may be extended to U.S. Government Officials without prior approval. For requests that exceed *de minimis* hospitality, the request must be entered into BCRS to obtain written approval from the Legal Department.
- 6.1.2** **When Vectrus is receiving:** Vectrus employees and their family members are generally permitted to accept meals, gifts, promotional items, and entertainment offered in connection with Vectrus business for the purpose of building good will and developing professional relationships subject to the limits in the approval guidelines table below.:
- 6.1.3** **Examples of permitted items are:**
- Refreshments and meals, such as coffee, pastries and a working meal, when these items are provided during a business meeting.
  - Reasonable and infrequent meals and entertainment (but not travel or lodging) when offered by a Vectrus customer or business associate (but not a supplier or prospective supplier) for a legitimate business purpose.
- 6.1.4** **Examples of prohibited items are:**
- Cash or equivalents, such as gift cards.
  - Business courtesies from an entity with whom they are involved in contract solicitation or negotiations.
  - Remuneration, gifts, or any benefit by any outside entity under circumstances where it might appear that the purpose of the offer is to influence the employee's judgment in performing duties for Vectrus.
- 6.1.5** **Vectrus Employees involved in contract solicitation or negotiations:**  
Stricter limitations apply to Vectrus employees who have direct purchasing responsibilities, including supply chain personnel, and other employees involved in supplier or source selection. Such employees may only accept:
- 6.1.5.1** Beverages, light snacks and business meals served during business meetings held at the facilities of subcontractors, vendors, or suppliers.
- 6.1.5.2** Business meals during off site meetings when traveling.
- 6.1.5.3** Nominal value promotional and advertising items having truly nominal value, such as posters, calendars, military style coins, pens, mugs, or pads of paper.
- 6.1.5.4** Any discount, gift, or benefit offered to all Vectrus employees.
- 6.1.5.5** Any other gift, entertainment or other gratuity if reported to and approved in writing by the Vectrus Chief Legal Officer or their designee.

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**6.1.6 Disposing of Prohibited gifts:**

**6.1.6.1** If a prohibited gift is received by an employee or family member, it should be returned through the company's mail room with a polite cover letter from the employee's Department Manager explaining corporate directive.

**6.1.6.2** When a gift of a perishable nature is received by an employee, making its return impractical, it shall be displayed (e.g., flowers) or shared (e.g., food basket) with other employees in a central location in the work area.

**6.2 BUSINESS COURTESY REQUEST SYSTEM (BCRS)**

All business courtesies, donations, and sponsorships meeting the criteria in the table below must be recorded in the Business Courtesy Request System (BCRS) available online at <https://my.vectrus.com/dept/EthicsAndCompliance/BCRS/SitePages/Home.aspx>. A table summarizing approval guidelines is below, see *Table 1 – Approval Guidelines for Business Courtesy Requests* below. *\*Note that corporate finance directives contain additional approval requirements for reimbursement of expenses.*

**6.3 CHARITABLE DONATIONS AND SPONSORSHIPS**


See procedure *1.4.4 VECTRUS PHILANTHROPY AND SPONSORSHIPS* for guidance on donations and sponsorships.

**6.4 POLITICAL CONTRIBUTIONS**

Vectrus shall not be involved in the political affairs of any government, and no company funds or assets shall be used for partisan political purposes.

**6.5 GUIDANCE**

If confronted with a situation in which a person covered by this policy has any doubt or uncertainty about the permissibility of a business courtesy or gift, he or she should contact a member of the Legal Department for advice before proceeding. If a payment is determined to be legal and the payment is made, it must be recorded properly. No Company director, officer, or employee is ever permitted to try to disguise any payment made as being made for something other than for its actual purpose. Any questions regarding this policy can be raised with the Legal Department.

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Type of Official	Type of Business Courtesy	Threshold	Formal Request Needed	Approval Process
All	Continental breakfast, snacks, coffee, soft drinks	Not applicable	No request needed	Not applicable
	Non-food items of nominal or little intrinsic value	<\$20 per gift/item	No request needed	Not applicable
	Non-food items or gift	>\$20 per gift/item. Detailed justification necessary	Request needed	Review by Legal
	Awards (plaques & medallions)	Reasonable & bonafide	No request needed	Not applicable
U.S. Government Official (any level)	On site working lunch in support of a contract	Lunch < \$20/per person with collection basket provided	No request needed	Not applicable
	On site working lunch in support of a contract	Lunch >\$20/per person with collection basket provided – discouraged, must be justifiable reason	Request needed	Review by Legal
	Off-site meal	Almost never acceptable, even with collection basket provided. Detailed justification necessary	Request needed	Review by Legal
	Travel, lodging, or entertainment	Limited exceptions. Detailed justification necessary.	Request needed	Review by Legal
Foreign Government Official (i.e., Kuwaiti, Afghani, etc. Government Official)	Meal	< \$150 per person, reasonable for the location & IAW local law. Includes alcoholic beverages. Not to exceed a total of \$450 in 12 months.	Request needed	Review by Legal
	Meal	>\$150 per person. Detailed justification necessary	Request needed	Review by Legal
	Travel, lodging, or entertainment	All	Request needed	Review by Legal
Commercial (non-government) Business Partner, Subcontractor, Vendor, Supplier, or Customer	Meal	< \$150 per person, reasonable for the location, includes alcoholic beverages. Valid business purpose, reciprocity when visiting guest's location. Not to exceed a total of \$450 in 12 months.	No request needed	Not applicable
	Meal	>\$150 per person – approval needed	Request needed	Review by Legal
	Entertainment	<\$150 per person when attending with the entity providing the invitation	No request needed	Not applicable
	Travel or lodging	All	Request needed	Review by Legal
	Gifts or other benefit	<\$100 – approval not needed	No request needed	Not applicable
	Gifts or other benefit	>\$100 – approval needed	Request needed	Review by Legal
Charitable donations, contributions or sponsorships	N/A	All	Request needed	Review by Philanthropy Committee

Table 1 - Approval Guidelines for Business Courtesy Requests

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