

PRO-6

Issue Date

December 10, 2008

Offering of Business Courtesies

Purpose/Summary

This procedure provides guidance on offering Business Courtesies to suppliers, customers, U.S. local, state and federal government officials, media, and foreign government officials and representatives of foreign governments.

Supersedes

December 5, 2007

Applies To

All Boeing

Maintained By

Senior Vice President, Business Development and Corporate Strategy
Senior Vice President and General Counsel

Authority Reference

Policy [POL-2](#), "Ethical Business Conduct"

Procedure [PRO-43](#), "Company Involvement in Political Activities"

Procedure [PRO-6631](#), "Grants, Business Donations, Sponsorships, and Memberships"

Procedure [PRO-6562](#), "Compliance with the Foreign Corrupt Practices Act and Other International Anti-Corruption Requirements"

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Summary of Changes to the Title Page

The Issue Date and Supersedes date have changed. This is an administrative revision to section 1.C.1; 1.C.5 and the scope in the Section 3.

1. General Provisions**A. Significance of Business Courtesies**

Boeing business requires frequent interactions with suppliers, customers and other individuals in the United States and around the world who influence or make Purchasing Decisions with respect to Boeing products and services. For that reason, each Boeing employee must be particularly vigilant in determining that a Business Courtesy is reasonable and justifiable under the particular circumstances before the Business Courtesy is offered. All Business Courtesies must comply with the policies of Boeing and the recipient's organization and must be legal under U.S. law. Except where the Law Department has otherwise specified, compliance with the recipient's policies can be relied on to indicate compliance with local law. To support compliance, the recipient may need to provide to the offeror information regarding his or her organization's policies.

The most significant legal requirements governing Business Courtesies include:

- the Foreign Corrupt Practices Act ("FCPA"), a federal law which sets forth legal restrictions regarding the promising, offering or giving of anything of value to a Foreign Official as well as accounting and internal control requirements with respect to such items;
- the Securities and Exchange Commission Consent Decree dated July 28, 1978 which prohibits direct or indirect payments to Foreign Officials or officers or controlling shareholders of foreign airlines; and
- U.S. federal, state, and local government procurement integrity laws and gift rules that restrict the provision of Business Courtesies

to U.S. federal, state, and local government employees (“Government Employees”). Specific rules applicable to Government Employees are set forth below in § 4.

The rules governing the offering of Business Courtesies to Government Employees and Foreign Government Officials are complex. For this reason, situations not specifically addressed by this procedure should be addressed on a case-by-case basis in consultation with the designated approval authorities set forth in Section 3 and the Law Department. For a summary of applicable policies and regulations, see Exhibit 1.

Offering entertainment or gifts purchased at employee expense under circumstances that make it clear that the offer is based solely on a family relationship or personal friendship is not considered a Business Courtesy and is, therefore, not governed by this procedure. However, when both (i) a business and (ii) a family or personal relationship exists, management and Ethics should review the circumstances. In such cases, all those involved must be sensitive to and avoid any activity or situation that could create an actual or apparent conflict of interest (See Boeing [PRO-7](#), “Conflict of Interest”) or raise the appearance of an improper Business Courtesy.

B. Definitions

1. A **“Business Courtesy”** is a gift, hospitality, or favor given by or on behalf of Boeing for which fair market value is not paid by the recipient. A Business Courtesy may be a tangible or intangible benefit, including, but not limited to, Promotional Gifts, Hospitality Gifts, Group Events, meals, drinks, entertainment (including tickets and passes), recreation (including golf course and tennis court fees), honoraria, transportation (including upgrades of airline seating class), discounts, promotional items, or contributions of time, materials, facilities, or equipment. Business Courtesies may include cash only in de minimis amounts as specifically approved by the Law Department (e.g. cab fare for a journalist to a Boeing sponsored media event).
2. A **“Business Purpose”** is any purpose that is principally designed to further, through legitimate means, Boeing’s business interests. Examples of Business Purposes are: (a) the promotion, demonstration or explanation of Boeing’s products and services, (b) the execution or performance of contractual obligations, (c) conducting contract negotiations, or (d) relationship building supporting activities (a) – (c). These examples are not exclusive, and there can be other types of Business Purposes. In all cases employees are expected to be able to specifically identify the Business Purpose associated with the proposed Business Courtesy.

Regardless of the asserted purpose, employees should be aware that the circumstances of a particular Business Courtesy, such as its content and venue, require careful consideration to determine whether an event has a Business Purpose. "Relationship building" is a Business Purpose more readily subject to misuse. Business Courtesies given for relationship building will therefore require careful consideration to ensure that they (i) support (a) the promotion, demonstration or explanation of Boeing's products and services, (b) the execution or performance of contractual obligations, (c) conducting contract negotiations, and (ii) are reasonable and not excessive.

3. A "**Foreign Government Official**" is any officer or employee of a foreign government, or of a public international organization, or any department, agency, or instrumentality thereof, including officers or employees of a government owned, controlled or operated airline, any person acting on behalf of such government, department, agency or instrumentality or public international organization; or any official of any foreign political party or candidate for foreign political office.
4. A "**Government Employee**" is any U.S. federal, state, or local government employee.
5. A "**Group Event**" is an event where at least fifty percent (50%) of the event's agenda is dedicated to recreational or social activities to which representatives of multiple customers or suppliers are invited by Boeing. Such events typically include overnight accommodations at large hotels that include recreational, cultural or sports venues.
6. A "**Hospitality Gift**" is a gift traditionally presented in a culture as a gesture of goodwill or in celebration of a life event. Examples of Hospitality Gifts include a bottle of wine as a hostess gift when visiting a home or a fruit basket sent to a hotel as a welcome to a visitor. Hospitality Gifts also include milestone gifts (i.e. birthday or anniversary) approved pursuant to the Boeing Travel Policy Handbook.
7. A "**Promotional Gift**" is a gift bearing a Boeing logo directly associated with Boeing products such as Boeing jackets and product models. It also includes souvenir and appreciation gifts directly associated with Boeing products.
8. A "**Purchasing Decision**" is a binding commitment to make a major purchase of Boeing products or services, a public announcement of an intention to make such a major purchase, or any other discretionary decision on the part of a Boeing customer

that could confer a significant economic benefit on Boeing or give it a competitive advantage.

9. A “**Spouse**” means a husband, wife or domestic partner.

C. Requirements for Offering Courtesies

Any Business Courtesy must meet the following requirements:

1. General: The cost of Business Courtesies, including gifts, entertainment, meals, lodging, recreation and transportation, must be reasonable and justifiable under the particular circumstances. No Business Courtesy will be provided directly or indirectly unless that Business Courtesy is (i) appropriate under U.S. law, (ii) compliant with the recipient’s organization’s policies and Boeing policy, and (iii) to specifically advance a Business Purpose. For assistance in interpreting the recipient’s organization’s policies, contact Ethics (for U.S. recipients, including Government Employees) and the Law Department (for foreign recipients and all participants in Group Events). Contact the Law Department for guidance on U.S. and local law. In addition, employees may refer to the Business Courtesies country matrix for guidance on local laws or policy of the recipient’s organization.
2. No improper advantage: The Business Courtesy could not reasonably be interpreted as an attempt to obtain or retain an improper business advantage.
3. Not embarrassing: The Business Courtesy could not cause embarrassment to, or reflect negatively on, the reputation of Boeing or the recipient.
4. Proper Documentation: The Business Courtesy must be properly documented in accordance with Boeing accounting procedures. Business units are responsible for preparing and retaining records of Business Courtesies specifying (i) the recipient, (ii) the cost of the Business Courtesy, (iii) the Business Purpose of the Business Courtesy, and (iv) the date that the Business Courtesy was given to the recipient. Each business unit may set a de minimis value for Promotional Gifts for which the individual recipient and Business Purpose need not be recorded.
5. Prior approval: All required approvals under this procedure should be obtained prior to offering the Business Courtesy. All employees should use the appropriate form [X32461](#). All required approvals under this procedure must be obtained in advance for Business Courtesies extended to Government Employees. All prior approvals must be submitted with the required receipts and forwarded to Travel & Expense Services if a BER is created in

ExpenseBoeing.com (EBC) or filed with the payment request documentation when the invoice is processed for payment by Payment Services (e.g. BCA Customer Relations.)

6. Exceptional situations: For Business Courtesies to recipients other than Government Employees, in unusual circumstances (e.g., unexpected situations or unanticipated changes in plans), given the global reach of Boeing operations, pre-approval may be impractical. Such instances where prior approval is not obtained must be documented in a memo to the Vice President with budget authority (with a copy to the Law Department) providing (i) the information required in § 1.C.4 above and (ii) an explanation of why prior approval was not obtained and why the Business Courtesy was appropriate. Such memo must be attached to the appropriate prior approval form and must be forwarded to Travel & Expense Services if a BER is created in ExpenseBoeing.com (EBC) or filed with the payment request documentation when the invoice is processed for payment by Payment Services (e.g., BCA Customer Relations.)
7. Spouses and children: Providing meals and other Business Courtesies to the Spouses or children of suppliers, customers, or Foreign Government Officials is appropriate only under limited circumstances. Appropriate circumstances include, for example: (i) functions which Boeing Spouses and children would customarily attend, such as an aircraft delivery dinner, an event to commemorate the signing of a contract or award of business, or a holiday celebration; (ii) functions at which the attendance of a recipient Spouse is customary or necessary, (iii) the Business Courtesy is a Promotional Gift of modest value; or (iv) in situations where it is customary to present a Hospitality Gift.

When a Business Courtesy is approved, it shall be clearly identified as for presentation to the Spouse or child. Provision of Business Courtesies to Spouses and children of Government Employees is prohibited except as authorized by § 4 of this procedure.

In evaluating the appropriateness of provision of a Business Courtesy to a Spouse or child, the following criteria shall be applied:

- The Business Courtesy shall be customary in the recipient's home country, such as a Hospitality Gift.
- If an event, such as a business meal, it shall be an event where it is customary for the Boeing employee's Spouse or children to attend.

- The Business Courtesy meets the requirements under § 1.C.1 above.
- Business Courtesies to the same Spouse or child shall be infrequent.
- The cost of the Business Courtesy shall be reasonable and shall not be lavish.

Each Business Purpose advanced by the Business Courtesy provided to a Spouse or child shall be documented in trip reports, activity reports, Business Expense Reports or in the prior approval documentation.

8. Group Events - general: Invitations to Group Events should either (i) be directed to the organization (with the organization choosing the participants) or (ii) if sent to individuals within the organization, be provided to the recipient's supervisor or other appropriate supervisory authority, if appropriate. If a business unit chooses to hold Group Events, such business unit shall establish internal procedures to ensure appropriate review and approval of such events by the Vice President with budget authority and the Law Department.
9. Group Events – within ninety (90) days of Purchasing Decision: If receipt of the invitation to the Group Event or the occurrence of the Group Event will occur within ninety (90) days before or after an anticipated Purchasing Decision, an invitation to a Group Event should not be provided to an individual with decision-making authority over that Purchasing Decision without the prior approval of the Vice President with budget authority and the Law Department.
10. Third party vendor costs: Except with the written prior approval of the Law Department, the cost of approved Business Courtesies such as meals, lodging or transportation provided by a third-party vendor of goods or services will be paid by Boeing directly to that third-party vendor, rather than being advanced or reimbursed to the recipient of the Business Courtesy.
11. Foreign Government Officials: Offering Business Courtesies to Foreign Government Officials must be carefully considered, and there must be no intent or appearance of intent to improperly influence such Foreign Government Officials in violation of the FCPA or other applicable laws.
12. Charitable contributions: Contributions to charitable organizations may raise FCPA concerns as well as other legal issues. For contributions not covered by [PRO-6631](#), business units shall

maintain review and approval processes to ensure that such contributions comply with the FCPA and other applicable requirements.

13. Employment/internships: Offering internships or other employment to a relative of a customer or government official may be viewed as a Business Courtesy. In addition to following normal hiring procedures (see [PRO-2313](#)), the offering of employment or internship positions to a relative of a Foreign Government Official or foreign commercial airline customer, requires the prior approval of the Law Department.
14. Sponsorships: Sponsorships may raise FCPA concerns. Review and approval requirements for sponsorships are covered by [BPI-3026](#), "Guidelines for Charitable Contributions."

2. Roles and Responsibilities

- A. Every Boeing employee who offers or approves the offer of a Business Courtesy must ensure that it is ethical and legal in all respects to offer the Business Courtesy, and that the Business Courtesy cannot reasonably be interpreted as an attempt to obtain or retain an improper business advantage for Boeing or otherwise reflect negatively on the reputation of Boeing or the recipient. A request to approve the Business Courtesy shall include all relevant information to make a determination. Careful judgment should be used in offering repeat Business Courtesies to the same individual to avoid an appearance of impropriety.
- B. Each approver of a Business Courtesy is responsible to thoroughly review and evaluate each Business Courtesy request in a timely fashion. The review should include all of the requirements set forth in this PRO-6. If a reviewer has doubts or concerns, s/he should consult with Ethics regarding U.S. recipients, including Government Employees, or the Law Department for all foreign recipients and all participants in Group Events.
- C. Each individual in an approval level shall be designated by a higher approval level. For example, the Vice President with budget authority shall designate specific executives. A Vice President with Budget Authority may delegate their approval authority in writing to an executive employee. The Vice President with Budget Authority remains responsible for all approvals made by their delegate. All dollar values are cost per person.

- D. The Law Department is responsible for obtaining legal advice concerning local law, as determined practicable and appropriate by the Law Department.
- E. PRO-6 approval is in addition to, not in lieu of, any other required approvals (e.g., Finance and/or management approval for expense reports).

3. Approval Levels for Business Courtesies to all Suppliers, Customers, Media, and Foreign Government Officials

<p>Scope: Business Courtesies to Government Employees are <u>not</u> covered by this Section 3. Refer to § 4. Designation of approvers: Refer to § 2.C of this PRO-6. Requirements: Any Business Courtesies should comply with (i) Boeing policies, (ii) U.S. laws, and (iii) internal policies of the recipient’s organization. The Law Department shall determine U.S. law and, when practical and appropriate, local law. Employees may also consult the Business Courtesies country matrix provided in § 1.C.1.</p>				
<p>Who must approve the Business Courtesies <i>Note: The dollar level determining <u>who</u> must approve a Business Courtesies does not determine the permissible dollar limits of a Business Courtesies</i></p>				
<p>(Amounts are per person)</p>				
Types of Business Courtesies	<i>No PRO-6 approval</i>	<i>Designated Exec</i>	<i>VP w/ budget authority</i>	<i>VP w/ budget auth & Law Dept</i>
<ul style="list-style-type: none"> • Gifts to organizations, excluding charities • Group Event (defined in § 1.B.5) 	\$500 or less		\$501 - \$1,000	\$1,001 or more
<ul style="list-style-type: none"> • Meal related to business “event” such as product demonstrations, product deliveries, holiday celebrations, air shows, and other commemorative events (this approval level also applies to Spouses if the type of event where couples would customarily attend). • Meals related to business activities not covered by prior bullet. Spouses subject to lower threshold below. • Promotional Gift (defined in § 1.B.7) • Travel and lodging for plant visits or business meetings at Boeing facilities • Entertainment and recreation (e.g. cultural or sporting events) 	\$250 or less	\$251 - \$500		\$501 or more
<ul style="list-style-type: none"> • Hospitality Gift (defined in § 1.B.6) • Good or service of a personal nature given as part of a business activity (e.g. Pride @ Boeing Awards or gift cards for recognition, golf items given as tournament prizes) • For Spouses and children where it is customary that such family members would be involved in a business activity: <ul style="list-style-type: none"> ○ Business meal (other than “event” meals as described above) ○ Promotional Gift (defined in § 1.B.7), and ○ entertainment (e.g. cultural or sporting events) 	\$150 or less		\$151 - \$250	\$251 or more
De minimis cash payments for out of pocket			All	All

expenses to attend business events not covered by above categories (e.g. cab fare for reporters to attend a Boeing media event not at Boeing facilities)				
Other cash payments, loans or real estate	Prohibited	Prohibited	Prohibited	Prohibited

4. Offering of Business Courtesies to Government Employees

In all cases, it is against Boeing policy to offer or give a Business Courtesy to a Government Employee unless the regulations applicable to that Government Employee permit acceptance of the Business Courtesy. Questions regarding Business Courtesies extended to Government Employees should be directed to Ethics. Ethics shall consult with Legislative Affairs or the Law Department as appropriate.

A **Government Employee** is any individual employed by a U.S. federal, state, or local entity, including consultants acting on behalf of the entity.

A. Additional Requirements Applicable to Federal Executive Branch Employees

A **Federal Executive Branch Employee** is any individual employed by any U.S. Government executive branch agency or department, such as Department of Defense (civilian and military), National Aeronautics and Space Administration, Commerce, Department of Labor, Federal Aviation Administration, the Export-Import Bank of the United States, and Department of Transportation.

Boeing policy prohibits the offering of some Business Courtesies to Federal Executive Branch Employees, even though the applicable federal regulations may permit a government employee to accept the Business Courtesy. Employees should obtain guidance from Ethics before offering any Business Courtesy to a Federal Executive Branch Employee, unless the Business Courtesy is expressly authorized in this § 4. The Vice President of Ethics and Business Conduct may establish limited exceptions to the general prohibition against offering Business Courtesies to a Federal Executive Branch Employee.

1. Coffee and Doughnuts

Modest items of food and refreshments, such as coffee and doughnuts, may be offered to Federal Executive Branch Employees in connection with business activities, provided such refreshments are not part of a meal. Soft drinks and cookies can replace coffee and doughnuts, but other “light refreshments,” such as sandwiches, may not be offered to Federal Executive Branch Employees.

2. Meals

Boeing or an individual employee may not offer or provide a meal to a Federal Executive Branch Employee, unless the Federal Executive Branch Employee pays the actual cost of the meal. This prohibition applies to all meals, including “working lunches” on Boeing premises. Arrangements must be made with the Federal Executive Branch Employee to pay for the meal either before or at the time the meal is consumed.

Before offering any meal to a Federal Executive Branch Employee at Boeing expense, an employee must contact Ethics to confirm the proposed meal falls within an established exception to the general policy set forth in § 4.A.2, and that the laws, regulations and policies applicable to the Federal Executive Branch Employee permit such Employee to accept a meal paid for by Boeing.

3. Transportation

- a. As a general rule, Boeing or an employee may not offer or provide transportation to a Federal Executive Branch Employee unless the Federal Executive Branch Employee pays Boeing the fair market value of the transportation.
- b. Certain transportation of Federal Executive Branch Employees in a travel status is permitted when several conditions are met and advance approval of the authorized U.S. Government agency ethics official is obtained. Before offering Boeing-paid transportation to a Federal Executive Branch Employee, an employee should contact Ethics.
- c. A limited exception exists that allows transportation of a Federal Executive Branch Employee on official business at Boeing between or among Boeing buildings on a single Boeing site, such as between Boeing buildings at the Everett plant site. Guidance concerning this intraplant exception can be obtained from Ethics.
- d. Except as authorized in accordance with § 4.A.3.b, Federal Executive Branch Employees may not be transported by Boeing between an airport or a hotel and a Boeing location.

4. Plaques, Certificates, and Trophies

Greeting cards and items of little intrinsic value, such as plaques, certificates, and trophies that are intended solely for presentation, may be offered to Federal Executive Branch Employees. Boeing airplane or other product models or custom-made plaques do not

fall within this category because such items have an intrinsic value, even if made into a trophy or an award.

5. Boeing Promotional or Advertising Items

Boeing advertising or promotional items may be offered to a Federal Executive Branch Employee on an infrequent basis if the item has a retail value of less than ten dollars (\$10). Such items may include a coffee mug, pen, pencil, photograph, or similar item that features a Boeing logo. The Vice President of Ethics and Business Conduct may establish limited exceptions to the ten dollars (\$10) retail value limit to a Federal Executive Branch Employee so long as it does not exceed the amount otherwise permitted by law.

6. Boeing Product Models

Boeing product models may be offered to a federal executive branch department or agency only if one of the following conditions is met:

- a. The model is provided to a federal executive branch department or agency with the advance approval of a Boeing vice president and Ethics.
- b. The model is provided to a federal executive branch department or agency under a contract between the federal executive branch department or agency and Boeing.
- c. The recipient of the model pays Boeing the retail cost of the item.

7. Rollout Ceremonies, Widely Attended Gatherings, and Meals in Foreign Areas

Special and specific rules apply to these situations. Before Federal Executive Branch Employees are invited to these events, the employee should seek guidance from Ethics.

B. Additional Requirements Applicable to Federal Legislative Branch Employees. A Federal Legislative Branch Employee is any member, officer, or employee of the U.S. Congress.

1. No Business Courtesies may be provided to any Federal Legislative Branch Employee unless approved in advance by the Vice President of Legislative Affairs. This prohibition applies i) regardless of location, whether in the United States or in foreign countries, and ii) even to relatively insignificant business courtesies such as meals, and refreshments of any kind, local transportation,

product models, or tickets to events. The laws and regulations concerning the offer of Business Courtesies to Federal Legislative Branch Employees are complex, can vary between the U.S. Senate and U.S. House of Representatives, and violations of these rules carry possible civil and criminal penalties. It is, therefore, imperative that i) no gifts be given without prior approval, and ii) that employees know and understand the rules applicable to the individuals with whom they intend to interface.

2. All business contact with Federal Legislative Branch Employees must be coordinated with and approved by the Boeing Washington, D.C. Operations office in advance of such business contact. Employees in this office are available to provide guidance on all matters relating to the offer of Business Courtesies to Federal Legislative Branch Employees. See Company [PRO-43](#), "Company Involvement in Political Activities."

C. Additional Requirements Applicable to State and Local Government Employees

1. The laws and regulations concerning the offer of Business Courtesies to state and local government employees and elected and appointed officials vary greatly from state to state and locality to locality. It is, therefore, imperative that employees know and understand the rules applicable to the individuals with whom they intend to interface.
2. No Business Courtesies may be provided to state or local government employees, or elected or appointed officials, unless approved in advance by the appropriate State and Local Government Relations manager. This prohibition applies even to relatively insignificant business courtesies such as meals, and refreshments of any kind, local transportation, product models, or tickets to events.
3. In addition, all business contact with members of a state legislature or their staffs must be coordinated with and approved in advance by the appropriate State and Local Government Relations manager. (See Boeing [PRO-6393](#), "Employee Involvement in Political Activities.")

EXHIBIT 1

<i>Exhibit 1</i>						
Applicable Policies/Regulations						
Regulation	FCPA	Foreign Local Law	Recipient's Organization Policy	Boeing Consent Decree	U.S. Federal Law (other than FCPA)	State Law
Recipient						
1. Foreign Government Officials	X	X	X	X		
2. Foreign state-owned ⁺ suppliers, subcontractors and partners	X	X	X	X		
3. Foreign commercial* airline customers		X	X	X		
4. Foreign commercial* suppliers, subcontractors and partners		X	X			
5. Foreign commercial* non-airline customers		X	X			
6. U.S. federal government employees			X		X	
7. U.S. local and state government employees			X		X	X
7. Domestic commercial airline customers			X		X	X
8. Domestic commercial non-airline customers			X		X	X
9. Domestic commercial suppliers, subcontractors and partners			X		X	X
⁺ "state-owned" means sufficient state ownership such that the entity is treated as a state-owned enterprise under its local law. [*] "commercial" means not a "state-owned" entity.						