

Principal Asset Management Company Limited



Gift and Entertainment Policy

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Define procedures to uphold our core value of Integrity through transparency and disclosure of Business Gifts and Business Entertainment.

Responsibility for Policy

The Conflicts of Interest Committee of Principal is the final authority for this Policy.

Scope

This Policy applies to all employees (“Employees”) of Principal, including all member companies (collectively, “Principal”) except for situations in which any such member company or a business unit thereof has adopted its own gift and entertainment policy, which policy must be consistent with, or more restrictive than, this Policy.

General Policy Statement

Business Gifts may not be given or accepted, or Business Entertainment hosted or accepted that is intended to influence the sound business judgment of, or to reward, any person regarding any business or transaction involving Principal or to allow someone to profit from their position with Principal. While you should review the entirety of this Policy, the below chart summarizes some of its key requirements:

Policy		Submit Report ¹	Obtain Pre-Approval ²
Business Gift: Received from/given to any one Business Associate per year ³	\$100 and under per person per year	Personal Log ⁴	No
	Over \$100 and not more than \$300 per person per year	Yes	No
	Over \$300 per person per year	Yes	Yes
Business Entertainment: Received from/hosted for any one Business Associate	\$300 and under per person	No	No
	Over \$300 per person	Yes	Yes
Transportation & Lodging: Provided to or received from Business Associates	All related expenses must be pre-approved and reported using the process established by your Compliance Director.	Yes	Yes
Government Officials, Union Officials, ERISA clients or FINRA applicability	Other limits apply. Please see section 6 for details.		

¹ **Submit Report:** Report gift/entertainment promptly (within two weeks) using the online Business Gifts and Entertainment Form, unless a separate reporting process has been identified for your area. This report is in addition to normal business expense reporting procedures for the transaction.

² **Pre-Approval:** See Definitions section.

³ **Business Associate:** See Definitions section.

⁴ **Personal Log:** A personal log must be maintained so employees have a record of when annual limits are reached for reporting and Pre-approval purposes.

- Business Gifts:** Business Gifts given to or received from a Business Associate valued in excess of \$100 must be reported using the Business Gifts and Entertainment Form, which can be found in **Appendix 10**. Business Gifts given or received may not exceed \$300 per individual recipient per calendar year unless Pre-approved.

- 1.1. Business Gift** - Anything of value given or received that is not Business Entertainment, including without limitation goods, services, event tickets, use of a vacation home or other accommodations, etc. Admission to any social event, hospitality event, charitable event, sporting event, and other cultural or leisure activity of like nature is treated as a Business Gift if the Business Associate does not attend with you. If the Business Associate attends with you, it is Business Entertainment.
- 1.2. Business Gift Dollar Limits: Receiving** - The total amount of Business Gifts an Employee may receive from any one Business Associate is \$300.00 per calendar year, unless gifts exceeding that amount are Pre-approved. All Business Gifts from Business Associates who are part of a single company or group of affiliated companies must be aggregated each year. **EXAMPLE:** Three employees of a single Business Associate each give you a \$200 gift at holiday time. You cannot accept all three gifts because they add up to over \$300.
- 1.3. Business Gift Dollar Limits: Giving** – Business Gifts to any one Business Associate may not exceed \$300.00 per year, unless gifts exceeding that amount are pre-approved.
- 1.4. Reporting Business Gifts** – All Business Gifts valued at more than \$100 and received from or given to Business Associates must be reported on the Business Gifts and Entertainment Form no later than two weeks after receipt of the gift or after the date the gift was given. Gifts valued at \$100 or less must be aggregated on your personal log during the year, so that when they exceed the \$100 reporting threshold (per Business Associate), they must be reported at that time. Once the \$100 threshold has been exceeded, you must report all gifts on the Gifts and Entertainment Form, including those received or given prior to meeting that threshold.
- 1.5. Nominal Value and Logo Items** - Items below \$75 in value, such as cups, caps, t-shirts and pens, plaques or “tombstones” regarding and commemorating particular events are Nominal Value items that are normally exempt from this Policy. Business Gifts that include a permanently affixed logo are generally considered Nominal Value items and are generally acceptable and not reportable since they are exempt. However, if the item itself has a substantial intrinsic value, such as an iPad, an affixed logo does not make it a Nominal Value item and Business Gift limitations apply. If you are designing a Business Gift program for Business Associates using items with value over \$300 and a logo, you must obtain Pre-approval.
- 1.6. Discounts** - A personal discount on a product or service, which discount is not generally offered by that Business Associate, constitutes a Business Gift for the amount of the discount. **EXAMPLE:** if a Business Associate (who is not in the hotel business) wishes to pass on a hotel discount to an Employee for the Employee’s personal use, the amount of the discount constitutes a Business Gift. On the other hand, if the discount is available to all Employees from that Business Associate, such as a cell phone provider discount which is available to all Employees, the discount does not constitute a Business Gift.
- 1.7. Gift Cards, Cash and Cash Equivalents** - Generally, cash, cash equivalents, stocks, bonds, or any financial instruments may not be given or accepted, regardless of the amount. Gift certificates and gift cards are considered cash equivalents. The following are exceptions to this general policy:

1.7.1. Giving gift certificates/cards

- a. Principal may give gift certificates and gift cards to Employees as part of an approved compensation, motivation, recognition or reward program. Gift cards may be either vendor-specific or cash gift cards (such as a Visa card). Please see Section 4.2 of this Policy with respect to gifts between Employees.
- b. Gift cards given as consideration in connection with "usability testing" (user-centered interaction designed to evaluate a product by testing it with users) are not within the scope of this Policy. See the Gift Cards for Usability Testing Policy.
- c. Principal may establish small amount gift certificate or gift card programs as part of a research or marketing program. Such programs must be Pre-approved and shall be reported by Compliance to the Conflicts Committee at least quarterly. Gift cards may be either vendor-specific or cash gift cards. If program is related to Usability Testing, see 1.7.1b (above).

1.7.2. Accepting gift certificates/cards

- a. Vendor-specific gift certificates/cards (such as those for a specific restaurant, hotel or service) may be accepted subject to the Business Gift and Business Entertainment limits established by this Policy.

EXAMPLE: If an Employee receives a gift card or certificate from a Business Associate to a restaurant with a value of \$125, the Employee may keep the gift card and must report it. If several Business Associates from the same company give gift cards for a restaurant or for services to the same Employee, the Employee may keep only an accumulated value of \$300 or less (and must report these as Business Gifts).

- b. Cash gift cards (such as a Visa gift card):
 - \$25 or less -- may be received from a Business Associate on one occasion during the calendar year.
 - More than \$25 but \$100 or less -- must be returned or given to the recipient's business unit or department for use by that business unit as a whole.
 - More than \$100 -- must be returned to the Business Associate.

1.8. General Limitations - Business Gifts given and received must be:

- 1.8.1.** consistent with this Policy and any other standards applicable to your job;
- 1.8.2.** in accordance with the law, generally accepted business practices, and ethical standards of all relevant jurisdictions;
- 1.8.3.** not given to, or received from, one Business Associate more frequently than four times per calendar year, regardless of individual or cumulative amount;
- 1.8.4.** reasonable and appropriate for the occasion;
- 1.8.5.** presented openly and transparently; and

1.8.6. received at your normal workplace or during a Business Entertainment event. If not received at one of these locations, the gift should be a) taken to work to be shared with your team or department, b) donated to charity or c) returned.

1.9. Negotiations - Special sensitivity should be given to gifts received within six months of an anticipated or completed negotiation process with a Business Associate, including an evaluation of whether the gift would influence decisions with respect to that Business Associate. All such gifts should be received at the work address and shared with the department or donated to charity. In the event you receive a gift from a Business Associate valued in excess of \$100 within six months of an anticipated or completed negotiation process, you must obtain approval of your Compliance Director to keep the gift.

2. Business Entertainment

1.1 Business Entertainment – This is a shared experience involving extending hospitality to one or more Business Associates or receiving hospitality from a Business Associate, in connection with the business of Principal. Business Entertainment may be a social event, hospitality event, charitable event, sporting event, other cultural or leisure activity or event, in which a Business Associate representative accompanies an Employee. The event should include interaction and relationship building, irrespective of whether any business is conducted during the event.

1.2 Business Entertainment Dollar Limits and Reporting – Any Business Entertainment which is hosted or received and valued at more than \$300 per person must be pre-approved. The actual expense, along with evidence of pre-approval, must be reported on the Business Gifts and Entertainment Form within two weeks of the event.

EXAMPLE: A Business Associate gives you three tickets, worth \$150 each, to his or her box at a football game. The Business Associate attends the game as well. You use one ticket for yourself and two for your family members. This exceeds the \$300 limit, because all three tickets should be added together and would total \$450. This requires pre-approval.

1.3 Meals – Occasional meals with a Business Associate, as host or guest, are considered Business Entertainment under this Policy but are not reportable if the value of a person's meal is \$300 or less. However, if the value exceeds \$300, it should be pre-approved and reported as Business Entertainment. In situations in which an Employee has no knowledge of the expense of the meal, reasonable estimations shall be used. Employees' attendance at standard closing dinners related to specific transactions is allowed and does not need to be reported.

1.4 Big Ticket and High Profile Entertainment Events – These events include major sporting events such as the Masters Golf Tournament, the Super Bowl, the World Series, the World Cup, other high profile sports playoffs or championship series, sold-out or hard-to-get tickets to concerts and theatre, etc. In addition to the other requirements of this Policy, if you are offered or wish to offer tickets or access to these events, you must receive pre-approval before accepting or providing the tickets or access.

1.5 Soliciting Business Entertainment – Employees must not solicit tickets to particular entertainment events from a Business Associate. In the event that a Business Associate

requests tickets or access to a particular entertainment event from an Employee, the matter should be reported to your Compliance Director for approval before providing the tickets in order to avoid the appearance of impropriety. All other requirements of this Policy apply to such tickets or access, if provided.

1.6 Prohibited Entertainment – Any business entertainment that is illegal, encourages inappropriate conduct or otherwise compromises the participants, exposes participants to civil liability, or would reflect poorly on Principal due to the nature of the activities involved, venue or other circumstances is not permitted.

1.7 Client Attendance at Business Associate Paid Events – You should not bring clients of Principal to a Business Entertainment event paid for by a Business Associate.

EXAMPLE: A Business Associate has offered to take you and a guest to a conference in Key West, Florida in the winter. There will be vendor presentations, educational seminars and social events, such as golf. You request and receive approval to attend in accordance with the Business Entertainment Policy. You decide you would like to bring one of your clients and entertain them at no expense to Principal. This is NOT permitted because Principal is not hosting the event and there may be an appearance of impropriety.

1.8 General Limitations – When hosting or receiving Business Entertainment, Employees should always act in the best interests of Principal and its Business Associates, and avoid any activity that might create an actual or perceived conflict of interest or the appearance of impropriety. Business Entertainment provide and received must:

- 1.8.1 Be reasonable;
- 1.8.2 Be for the purpose of building a business relationship;
- 1.8.3 Comply with the guidelines for meals and other expenses explained in the Principal Financial Group Corporate Travel and Travel Expense Policies;
- 1.8.4 Not be so frequently given or received that it raises any question of impropriety; and
- 1.8.5 Be in accordance with the law, generally accepted business practices and ethical standards of all relevant jurisdictions.

3. Definitions

3.1 Approving Officer – Generally, this will be the Principal Life Vice President in your reporting line.

- 3.1.1 If you are a Principal Life Vice President, then your Approving Officer is your leader.
- 3.1.2 For Employees of some affiliated entities, your Approving Officer could be someone outside your entity.
- 3.1.3 For PGI affiliates, the Approving Officer could be the Global CCO or any member of the PGI Operating Committee.
- 3.1.4 For Principal International affiliates, the regional Vice President for your country can be the Approving Officer, and there may be another Principal Life Vice President in your reporting line.

- 3.1.5 Contact your Compliance Director or Corporate Compliance with any questions.
- 3.2 **Business Associate** - A client, prospective client, service provider, vendor or any third party that has a business relationship with a company of Principal. Business Associate includes any representative or agent of any such entity.
- 3.3 **Business Gift and Entertainment Form** – The form used to report Business Gifts or Business Entertainment: Gift and Entertainment Reporting Form
- 3.4 **Compliance Director** – Your Compliance Director or Head of Compliance.
- 3.5 **Government Official** – Any individual that is elected or appointed to, or hired by, any governmental or quasi-governmental entity.
- 3.6 **Non-US government official** – Any officer or employee of a foreign government, or of an entity owned or controlled by a foreign government, or any candidate for foreign political office or those acting on their behalf.
- 3.7 **Pre-approval or Pre-approved** – When Pre-approval is required under this Policy, you must obtain written Pre-approval from your Approving Officer and your business unit Compliance Director by email or otherwise. When Pre-approval is required, a copy of the Pre-approval must be submitted along with the Business Gift and Entertainment Form.
- 3.8 **Recordkeeping** – Appropriate and complete accounting and expense records, receipts and other related information are required for Business Gifts given and Business Entertainment, the higher value is used. Items with logos must be valued at cost and not discounted due to the fact that it has a logo.

4. Other Expectations

- 4.1 **Personal Transactions** – This Policy is not intended to restrict purely personal transactions. Business relationships cannot always be clearly separated from personal relationships and the integrity of a business relationship is susceptible to criticism when gifts are given or received, or when entertainment is provided. When a personal relationship cannot be separated from a business relationship, a gift to or from such a Business Associate is considered a Business Gift reportable like any other. Then in doubt, apply a conservative standard and report the Business Gift.
- 4.2 **Gifts and Entertainment to or from other Employees** – This policy does not apply to gifts and entertainment given to or received from another Employee.
- 4.3 **Separate Reporting Processes** – A separate process for reporting Business Gifts and Business Entertainment has been established by Compliance for certain member companies of Principal, including but not limited to those companies located outside of the United States and certain subsidiaries including: Columbus Circle Investors and CCIP, LLC; Edge Asset Management, Inc; Morley Capital Management, Inc. and Morley Financial Services, Inc.; Post Advisory Group, LLC; Principal Enterprise Capital, LLC; Principal Funds Distributor, Inc.; Principal Global Investors, LLC; Principal Real Estate Investors, LLC; Principal Securities, Inc.;

and Spectrum Asset Management, Inc. You do not need to use the Business Gifts and Entertainment Form if you are covered by a separate compliance process.

- 4.4 **Books and Records** – Gifts and entertainment must be recorded accurately in Principal’s books and records and supported by appropriate documentation. Using the Business Gifts and Entertainment Form or reporting through the process established by Compliance under section 4.3 of this Policy fulfills this requirement. In addition, if you frequently give or receive Business Gifts worth less than \$100, you must maintain a personal log so that you can determine if you reach the annual threshold for reporting (i.e., \$100) and the annual limit per Business Associate (i.e., \$300). Once the threshold is reached, please use the Business Gifts and Entertainment Form to report all Business Gifts (including those gifts you received prior to meeting those limits).
- 4.5 **Business Associates’ Policies** – Business Associates are likely to have gift and entertainment policies of their own. We must be careful not to provide a Business Gift or Business Entertainment that violates the gift and entertainment policy applicable to such persons. If in doubt, ask.
- 4.6 **Travel, lodging and other expenses** – Travel, lodging and other expenses waived or paid for by a Business Associate or provided to a Business Associate must be Pre-Approved and not create a conflict of potential conflict of interest involving the Business Associate. If Pre-approved, the expenses need not be reported as Business Entertainment or Business Gifts and shall not be subject to any limit established by this Policy; provided, that if such Pre-approved expenses are reasonably expected to aggregate to five thousand dollars (US\$5,000) or more, the Conflicts of Interest Committee must also approve the expenses before they are incurred.

5. Conferences, Seminars and Education Events

- 5.1 **As Attendee** – You may be invited to attend conferences, seminars and educational events (all of which shall be referred to in this section as “Business Conferences”) sponsored by a Business Associate. Attendance is permissible and associated expenses are not considered either a Business Gift or Business Entertainment if:
 - 5.1.1 It does not create a conflict or potential conflict of interest involving the Business Associate;
 - 5.1.2 The value of any conference-related Business Entertainment is not of an amount and is not so frequent as to raise the appearance of impropriety;
 - 5.1.3 Conference-related business gifts comply with the Business Gifts limits of this Policy;
 - 5.1.4 The purpose is business and related to your job, and there is a reasonable expectation that The Principal will benefit from your attendance; and
 - 5.1.5 Participation is Pre-approved.
- 5.2 **Travel, Lodging and Expenses** – Generally, Principal should pay travel, lodging and other expenses (including registration or similar fees) for Employees in connection with their attendance at Business Conferences.

Any exception must be pre-approved. If pre-approved, these amounts

- Must be reported using the Business Gift and Entertainment Reporting Form, and
- Shall not be subject to any limit established by this Policy; provided, that if such pre-approved expenses are reasonably expected to aggregate to five thousand dollars (US \$5,000) or more, the Conflicts of Interest Committee must also approve the expenses before they are incurred.

The following are permissible and do not require pre-approval:

- Accepting waiver of registration fees in situations in which an Employee is participating as a panelist or other speaker at the Business Conference and the ordinary course policy of the Business Conference is that registration or similar fees are waived in recognition of such participation.
- Accepting reasonable local transportation in connection with such events.

5.3 **As Sponsor** – Member companies of Principal may sponsor Business Conferences, and the business part of these events will not ordinarily be considered a Business Gift or Business Entertainment. Other associated activities may be considered a Business Gift or Business Entertainment, including travel and lodging expenses provided by Principal in connection with these events. Involve your Compliance Director while planning such events in order to determine specific prohibitions, reporting, and other requirements. PGI has a specific policy governing such events.

5.4 **Client Visits** – Clients and potential clients of Principal may be brought to facilities owned or utilized by Principal in order to demonstrate capabilities in the products and services we offer. Some areas of Principal, such as RIS and PGI, have specific policies governing such visits and payment of related expenses. If your area does not have a specific policy, consult with your Compliance Director before offering to pay for travel and lodging expenses for such visits.

5.5 **Government Officials** – If government officials are invited to Business Conferences or for client visits, the requirements set forth in section 6.1 apply.

6. Special Circumstances

6.1 **Government Employees and Officials** – Pre-approval is required for any gift, entertainment or travel related to a Government Official in or outside of the U.S. In most instances within the U.S., no gifts, entertainment or travel is allowed to be given to a Government Official. No gift cards, cash or cash equivalents may ever be given to any Government Official. In addition, with respect to gifts, entertainment, travel and lodging expenses paid in connection with Business Conferences and involving non-U.S. Government Officials:

- 6.1.1. No payments of any type can be made to any such non-U.S. Government Official;
- 6.1.2. All gifts, entertainment, travel and lodging expenses must be directly related to the business purpose of the Business Conference;
- 6.1.3. No type of gift, payment or reimbursement, directly to or for the benefit of family members or guests of non-U.S. Government Officials may be given, made or provided for, including without limitation entertainment, travel or lodging expenses;

- 6.1.4. Payments for entertainment should be made directly to the vendor and if reimbursements are made, receipts should be allocated and retained;
 - 6.1.5. The educational portion of any such events should fill the majority of the event duration;
 - 6.1.6. All expenses must be reasonable and consistent with the Business Gift and Business Entertainment limits set forth in this Policy;
 - 6.1.7. No more than two invitations to Business Conferences can be given in any calendar year to any one non-U.S. Government Official; and
 - 6.1.8. A record must be kept documenting the names of all Business Conference attendees and their organizations, a description of the organization and a description of all expenses related to the Business Conference and such information shall be maintained in the books and records of Principal member company most closely associated with the Business Conference. This record should be maintained by your Compliance Director.
- 6.2 *Please note that there may be additional standards which are applicable to your job. You must familiarize yourself with this Policy and any additional standards applicable to your job. These may include, among others, Financial Industry Regulatory Authority (FINRA) rules; the U.W. Department of Labor (DOL) rules; banking regulations, including those of the Office of Thrift Supervision; or the CFA Institute Code. For example, employees who are registered representatives with Principal Securities, Inc., Spectrum Asset Management, Inc. or Principal Funds Distributor, Inc. are subject to FINRA rules. You are expected to know and follow all applicable standards, such as any special dollar limits, recordkeeping and reporting requirements, applicable to your job. **If there appears to be an inconsistency between this Policy and policies that are applicable to you and designed to comply with standards other than this Policy, the stricter standard applies. Contact your Compliance Director with questions or for additional information.***
- 6.3 **Union Officials** – Business Gifts given to union officials in the United States are subject to specific limits and reporting requirements. Business Entertainment of union officials in the United States is also subject to specific limits and reporting requirements.
- 6.4 **ERISA Clients** – Business Gifts given and Business Entertainment provided to ERISA clients involve complex regulatory requirements. Special internal and external reporting requirements may apply, including but not limited to Form 5500 reporting. If you deal with ERISA clients and prospects, your Compliance Director has worked with your business area's management and the Law Department to establish applicable guidelines which meet all relevant standards. Consult with your Compliance Director for additional information.
- 6.5 **Charitable Events** – Except as provided in section 6.6, Employees must not request charitable contributions from Business Associates. If an Employee participates in a charitable event as the guest of a Business Associate, the event is considered Business Entertainment. Requests from Business Associates and others for Principal to contribute to a charitable event directly or otherwise, such as to pay for a table at a charitable event, are ordinarily considered

promotional or marketing opportunities, including for accounting and expense purposes. These should be considered and approved by the business area based on the value of the activity to the business. Consult with your Compliance Director for guidance on whether there are special prohibitions, reporting requirements or other requirements or other risks concerning the event, and with Corporate Relations on how to best maximize the value of the sponsorship. If the charity is one suggested by a Government Official, pre-approval is required, along with pre-approval by the Audit Committee of Principal Financial Group, Inc. A request for charitable contributions may be forwarded to Principal's charitable grants program or to the Principal Financial Group Foundation Group for consideration.

- 6.6 Principal Financial Group Corporate Sponsorships and Events** – Principal may establish or support special events, such as the Principal Charity Classic. These special events often will include event-specific guidelines for Business Gift and Business Entertainment packages and may include a charitable contribution component as well. Guidelines for such activities may be separately evaluated, developed and documented in coordination with relevant business and corporate areas, and may differ from this Policy. In connection with the Principal Charity Classic, no employee of Principal may accept any gift card or other item other than an item of Nominal Value (section 1.5); items such as golf balls, money clips, lapel pins, shirts, meals and photography shall be considered to be of Nominal Value.
- 6.7 Sweepstakes** – You may enter drawings in which prizes are awarded at random and for which every entrant has an equal chance of winning; and if you win a prize, it is neither reportable as a Business Gift or Entertainment nor subject to any other limitation discussed by this Policy. However, if you are involved, were involved, or expect to be involved in a negotiation process (including the negotiation of a work order or other supplement to any existing master or similar agreement if a financial component or effect is involved) with the Business Associate giving or sponsorship the prize, in each case within six months of the drawing, you may not accept the prize. Any taxes owed on the prize are your personal responsibility. Member companies of Principal may offer random drawings, including drawings at Business Conferences, after participation and prizes have been pre-approved. Business Unit reporting and other requirements may apply.
- 6.8 Gifts Given in an Employee's Name** – An employee may not solicit any contribution or other gift to be given in his or her name, in the name of the employee's choice, or in recognition of a business relationship with Principal, to a charity or other organization by a Business Associate, except when acting at the express request of Principal. The following are not within the prohibition established by this section: any such contribution or gift that is either (i) unsolicited, or (ii) made or given as the result of a situation in which the employee maintains a personal relationship with a Business Associate, entirely separate from any business relationship involving Principal, and the contribution or gift is not associated in any way with Principal.

7. Overall Considerations

7.1 In considering whether it is appropriate to accept or offer a Business Gift or Business Entertainment, the following questions may be helpful. If you have any questions or concerns, you should contact your Compliance Director for guidance.

- 7.1.1.** Would it be difficult to justify the gift or entertainment to your colleagues?
- 7.1.2.** Could this gift or entertainment in any reasonable way be interpreted as, or appear to be, extravagant or inappropriate?
- 7.1.3.** What would you think if your manager or co-worker offered or accepted similar gifts or entertainment?
- 7.1.4.** Are you, or would an observer reasonably think you are, compromising your personal or professional ethics in any way?