

**Policy Number**  
STOBG 004A.02

**Contact**  
Compliance & Ethics Department

**EFFECTIVE DATE**  
January 22, 2024

# Gifts and Entertainment Policy

Ajax



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## Introduction

At Ajax Building Company, a member of STO Building Group, we're committed to doing the right thing—every day, for every client, on every jobsite. That means acting with integrity and in compliance with the law in all our interactions with clients, business partners, and each other.

When exchanging gifts or entertainment with clients and business partners, we must do so openly and transparently, in accordance with the law, the policies of all parties involved, and our ethical standards. We must avoid exchanging any gifts or entertainment that could raise conflict of interest concerns or suggest an attempt to improperly influence or other impropriety.

Given our work for government entities, it's crucial that we be extra vigilant when it comes to gifts and entertainment. There are strict and complex laws that restrict or prohibit providing anything of value to government officials, with variations depending on location and the agency with which the government official is associated.

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## Scope

This Gifts and Entertainment Policy ("Policy") applies to all employees of Ajax Building Company ("Ajax") and those acting on its behalf, including: other employees of STO Building Group ("STOBG," and together with Ajax, the "Company"); Company directors and officers; independent contractors; and third parties. For purposes of this Policy only, we refer to all of these individuals collectively as "employees," although some are not employed by the Company.

This Policy is to be read together with our [Code of Conduct & Business Ethics](#) ("Code of Conduct"), [Anti-Corruption Policy](#), [Supplier Code of Conduct & Ethics](#), and other Company policies, including any expense policies.

If there is any inconsistency between this Policy and local law requirements, local law will prevail.

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## Purpose

This Policy is designed to guide you in making the right decisions when offering, providing, or accepting gifts or entertainment with third parties. It applies both during business interactions and when gifts or entertainment offered or exchanged in your personal capacity involve our clients or business partners. Note that this Policy does not apply to gifts and entertainment provided by the Company to employees or exchanged among Company employees.

Managers are responsible for ensuring their employees understand and adhere to this Policy. Senior managers may, at their discretion, establish more stringent standards than those set forth in this Policy, but never less stringent.

This Policy isn't intended to address every situation that could arise, but rather is meant to provide guiding principles about the standards of conduct expected of our employees. Always exercise good judgment and common sense and, if you have questions about the Policy, contact any of the Company resources listed in the [Speaking Up](#) section below.

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## Speaking Up

Preventing misconduct is a responsibility shared by all of us. If you have information about a potential violation of this Policy, promptly report it to any of the following Company resources:

- your manager, a more senior manager, or your business unit leader
- a member of STOBG executive management
- your compliance liaison or the Compliance & Ethics Department
- the Human Resources Department
- STOBG's Legal Department

If you prefer to submit a written report, you can use STOBG's internal complaint form, which is available on our [intranet](#).

You may also report potential misconduct anonymously through our 24/7 helpline, operated by a third party unaffiliated with the Company, by calling the below toll-free number or visiting the online portal.

**Call toll-free:** 800.461.9330

**Online:** [compliancehelpcenter.com](http://compliancehelpcenter.com)

Any report made, whether anonymous or not, should include as much detail as possible to allow the Company to fully investigate the matter. Our [Anti-Retaliation Policy](#) prohibits any form of retaliation against an employee who files a report in good faith.

The Company takes all reports seriously and will conduct a thorough and fair investigation tailored to the circumstances. Appropriate remedial measures will be taken as warranted. Confidentiality will be maintained to the fullest extent possible, consistent with applicable law and the need to conduct a thorough investigation.

## Definitions

A “**gift**” is anything of value exchanged between a Company employee and a third party for which the recipient does not pay fair market value. Examples include:

- tangible items, like gift baskets and wine
- branded promotional items
- door and raffle prizes
- use of facilities or property
- cash or cash equivalents, such as gift cards, vouchers, checks, stock, and stock options
- lodging and transportation
- services
- loans, or forgiveness or guarantees of loans
- discounts or favorable terms on a product or service that are not otherwise available to similarly situated recipients

“**Entertainment**” is an event or activity that you attend **with** a client or business partner for business-related purposes (e.g., to promote goods or services). Examples include meals, parties, and cultural and sporting events (e.g., concerts, golf outings, and hunting or fishing trips). Such business courtesies are considered entertainment only when you are accompanied by a client or business partner. They are considered gifts when you are not accompanied by a client or business partner (for example, you give tickets to a concert to a client, but you don’t attend the concert, or a business partner gives you tickets to a baseball game but does not attend with you). As set out in this Policy, gifts are subject to different rules than entertainment.

The terms “gift” and “entertainment” mean not only the actual act of giving or receiving, but also any offer or promise to provide a gift or entertainment in the future, whether directly or indirectly. When in doubt, apply the broadest reasonable meaning to these terms.

A “**business partner**” is any current or prospective vendor, subcontractor, consultant, or any other third party with which you know the Company does business or reasonably could do business in the future. The term “business partner” does not include clients.

A “**client**” is any person or entity for which you know the Company performs services or is seeking to perform services.

A “**government entity**” includes:

- any federal, state, or local government
- any subdivision, department, commission, board, bureau, agency, regulatory authority, or instrumentality thereof
- entities that are wholly or partially owned or controlled by a federal, state, territorial, or local government, such as government-run universities, school systems, hospitals, or utilities

- entities that tender a public construction project for or on behalf of a federal, state, or local government.

Additionally, entities that provide what are historically governmental functions, including certain K-12 educational institutions and higher educational institutions, correctional facilities, and libraries, may be considered government entities under applicable law and this Policy.

A “**government official**” includes any of the following at all levels of government (foreign, domestic, federal, national, state, regional, local, tribal, or other) and within all branches of government (executive, judicial, legislative, or administrative), as well as their close family members:<sup>1</sup>

Type of government official	Examples
An officer (elected or appointed) of a government entity	A governor, mayor, legislator, council member, police chief, sheriff, or judge
An employee of a government entity	Project manager or procurement staff for a state construction authority, permit coordinator or inspector for a city building department, firefighter, or law enforcement officer
A candidate for public office	A candidate for governor, the state legislature, a city or county commission, or a school board
An officer or employee of an entity that is wholly or partially owned or controlled by a government entity (such as universities and schools, hospitals, utilities, and quasi-governmental entities)	The COO of a government-owned company or bank, a procurement officer at a state university, or a purchasing manager at a city-run hospital
An officer or employee of a public international organization	An employee of the United Nations, International Monetary Fund, or Red Cross
An officer or employee of a political party	The head of a local political party or any employee of a national, state, or local political party
Anyone acting on behalf of a government entity or any officer or employee of any entity that tenders a public construction project	A private consultant acting under government authority, a private inspection agency acting on behalf of a city building department, or a construction manager or designer tendering a public construction project

The above examples are by no means inclusive of all possible examples of government officials. When in doubt, the terms “government entity” and “government official” should be construed broadly. If you have questions about who is considered a government official, contact the Compliance & Ethics Department.

## General Requirements for All Gifts & Entertainment

Exchanging gifts and entertainment with clients and business partners is only allowed for specific employees. Check with your business unit leader to confirm whether you’re permitted to do so.

<sup>1</sup> “**Close family members**” include an individual’s spouse, domestic partner, person to whom the individual is engaged to be married, parents, grandparents, children, grandchildren, siblings, and any family member or other person who lives with or is financially dependent on the individual or on whom the individual is financially dependent.

Any gift or entertainment that you offer, provide, or accept must meet all of the following five criteria:

**1. It must be permitted by law and the policies of all parties involved.**

Make sure that the gift or entertainment is permitted under applicable law and the policies of all parties involved. It's common for companies to make their policies available online or provide them in connection with a contract.

Keep in mind that government officials may be subject to strict laws, regulations, or policies regarding what they can receive, and some gifts or entertainment must be reported. It's your responsibility to be aware of and comply with these laws, regulations, and policies, including any reporting requirements. For more information, see the [Gifts & Entertainment With Government Officials](#) section below.

**2. It must never improperly influence—or even appear to improperly influence—the recipient's decisions.**

A gift or entertainment that is offered as a customary business courtesy—to foster a stronger business relationship or provide a forum to discuss business outside of the office—without any intent to improperly influence the recipient's business decisions, is permissible provided it aligns with this Policy.

However, a gift or entertainment that involves a *quid pro quo* or an attempt to gain an improper business advantage or improperly influence a business decision is never acceptable. Additionally, gifts and entertainment should not be exchanged immediately before or during a procurement or around the time business decisions are made, such as contract awards.

**3. It must never be cash or cash equivalents, such as gift cards (except for store-specific gift cards given in the limited circumstances described below).**

The most obvious form of gift likely to be construed as a bribe is cash. Gifts of cash or cash

equivalents (items that can be readily exchanged for cash, such as gift cards) are generally prohibited with third parties—meaning, you may not accept or provide them as gifts.

One permitted exception exists for **giving** gift cards as a reward or recognition, as described below. However, **accepting gift cards from third parties remains prohibited.**

**Can I accept a gift card from a third party?** No. You may not accept gift cards and other cash equivalents from third parties, such as company subcontractors, vendors, and other business partners.

**Can I give a gift card to a third party?** It depends. Gift cards and other cash equivalents may never be given to clients or government officials. They may be given to certain business partners only in the limited circumstances described below and only with advance written approval from your business unit leader or their designee. In such circumstances, the gift cards must:

- be modest in value (for example, \$25-\$100)
- be in the form of a store-specific gift card, such as Amazon, Home Depot, or Starbucks. General-use gift cards that are usable virtually anywhere, such as Mastercard, Visa, and American Express, are not permitted.
- be given only to private sector third parties, never to a government official
- be given downstream—meaning, to a company or individual working for us, such as an employee of a Company subcontractor or vendor
- be given in celebration of a holiday or other milestone or to recognize participation in a Company event or practice (such as a conference, training, or safety program)
- Not be given at or around the signing of a contract or contract renewal, during a bid or tender process, or when other decisions are made on Company business.

- Be sure to keep accurate records of any gift cards given, including: the name of the recipient; the name of their employer and relationship with our Company; the type of gift card and the amount, and the occasion for the gift card (see *Recordkeeping* below).

An example of a request that may be approved is the Safety Department seeking to give \$50 Home Depot gift cards to subcontractor workers in recognition of good safety practices.

#### **4. It must be appropriate.**

Regardless of its monetary value, the gift or entertainment must:

- be consistent with generally accepted business practices
- be reasonable and proportionate in relation to the business relationship
- be offered transparently and openly
- not be unreasonably frequent
- not be lavish or excessive
- not be in poor taste

When evaluating the appropriateness of a gift or entertainment, consider it in the context of all the gifts and entertainment exchanged with that particular party. In other words, different employees from the same entity may be regarded as a "single source," and you must take into account all gifts and entertainment exchanged with that single source.

#### **5. It must never be solicited on your own behalf or on behalf of a third party.**

Soliciting gifts or entertainment from business partners or clients is prohibited.

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### **Additional Requirements for Gifts With Private Sector Individuals or Entities**

Any gift or entertainment that you offer, provide, or accept must satisfy all the General Requirements listed above. Gifts exchanged

with third parties in the private sector must meet the following additional requirements:

You may not offer or provide a gift with a value over **\$100** (or its equivalent in local currency outside the US) to a third party in the private sector (i.e., not a government official or entity), without advance written approval from your business unit leader. Similarly, if you're offered or sent such a gift, you must get written approval from your business unit leader before accepting it. In some cases, your business unit leader may ask you to decline or return the gift.

This \$100 threshold reflects the total value of a gift to or from a single source, including taxes, gratuities, and shipping where applicable.

It's important to note that a gift valued under \$100 is not automatically permitted to be exchanged with third parties in the private sector; it must still meet all the General Requirements.

Furthermore, this section only applies to gifts exchanged with third parties in the private sector. See the *Gifts & Entertainment With Government Officials* section below for the requirements addressing gifts to government officials.

If you're offered a gift or entertainment that you believe may violate our policies, you should politely refuse it and explain that it is prohibited by Company policy. If refusing the gift isn't feasible, you may accept it but must promptly report it to your business unit leader. They will consult with the Compliance & Ethics Department to determine the appropriate course of action.

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### **Gifts & Entertainment With Union Officials**

Exchanging gifts or entertainment with a union, union representative, or union official is prohibited.

## Gifts & Entertainment With Government Officials

Gifts and entertainment that are permitted with third parties in the private sector may be severely restricted or prohibited by law or regulation when involving government officials. The Company may also be required to publicly report certain gifts and entertainment it provides to government officials.

The laws, rules, and regulations that address giving things of value to a government official (collectively, the “G&E laws”) vary across different states, counties, cities, towns, and even government entities.

Do not rely exclusively on government officials to know the rules, and do not interpret their willingness to accept a gift or entertainment as license for you to provide it. It's your responsibility to be aware of the G&E laws that apply and follow them. You can always contact the Compliance & Ethics Department with questions.

### Gifts

To offer or provide a gift to or accept a gift from a government official or entity, you must obtain advance written approval from both your business unit leader and the Compliance & Ethics Department. This is to ensure that the gift meets the General Requirements outlined above and any applicable G&E laws.

### Entertainment

Regardless of the cost, any entertainment involving government officials must comply with the relevant G&E laws and this Policy.

Additionally, to offer or provide entertainment with an expected cost of over \$25 per person, you must obtain advance written approval from your business unit leader. Entertainment under \$25 is not automatically permissible; you must check whether it is permitted under the applicable G&E laws.

As a starting point, if you intend to offer or provide entertainment to a government official,

you must determine whether there are any state G&E laws that may apply. You must also determine whether there are any local G&E laws (county, city, town), or a G&E regulation or policy specific to the particular government entity itself, that may apply in addition to, or instead of, the state G&E laws.

If you need guidance on the applicable G&E laws, consult the Compliance & Ethics Department.

## When to Request Approval

Below are some examples of gifts and entertainment that require advance written approval from your business unit leader (unless otherwise indicated):

- Gifts to a government official, regardless of value or occasion (approval is required from your business unit leader and the Compliance & Ethics Department)
- Entertainment offered or provided to a government official with an expected cost of over \$25 per person
- Gifts with a private sector client with an expected cost of over \$100
- Exclusive entertainment not available to the general public, such as private or invitation-only performances
- Entertainment that requires a donation or payment to obtain access in addition to the fair market value of the ticket, such as skyboxes to sporting events
- Destination travel with a private sector client or a government official, such as hunting trips or golf outings
- Travel and lodging expenses for a private sector client or government official
- Gifts with an expected cost of over \$100 for a special occasion, such as a birth or wedding, for a personal friend who is also a private sector client

- Gift cards to vendor or subcontractor staff

Of course, if you have any questions about whether a gift or entertainment requires approval or is permitted under our policies, contact the Compliance & Ethics Department.

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## Recordkeeping

Unrecorded gifts and entertainment can create the appearance of impropriety. Therefore, it's important that you keep accurate records of all gifts and entertainment you provide and receive, including receipts.

In addition, whenever this Policy requires you to obtain advance written approval, you should use the Company's approval & disclosure tool so that a record is generated. Please note that the approvals required by this Policy are distinct from approval of your expense report. For example, to give a gift with a value over \$100 to a private sector client, you must obtain advance written approval from your business unit leader, separate and apart from obtaining approval of any expense report you submit to get reimbursed for the cost of the gift.

Your records should include reasonably detailed descriptions of the gift or entertainment.

For gifts, this includes:

- the name of the gift giver/recipient and their relationship with our Company
- a description of the gift and the occasion
- the approximate total fair market value of the gift

For entertainment, this includes:

- the names of the attendees and their relationship with our Company or our client or business partner
- a description of the entertainment, including date and location, and the occasion

- the approximate cost per person of the entertainment

When family members, friends, or individuals not employed by the Company attend entertainment with a client or business partner, it is within the business unit leader's discretion to approve reimbursement for the expenses incurred for those individuals. In doing so, the business unit leader should consider whether the presence of such individuals adds material value to the business purpose of the entertainment.

Expenses incurred in violation of this Policy will not be reimbursed. Any individual reimbursed for expenses later found to be in violation of this Policy may be required to return the reimbursed expenses to the Company. Anyone found to be in violation of this Policy, and managers who knew or should have known about such violations, may be subject to disciplinary action, up to and including termination of employment.

Any gifts and entertainment expenses must promptly be booked to the appropriate accounting cost code. In certain jurisdictions, the Company may be required to publicly report anything of value provided to government officials, and it's critical that the Company be able to easily identify such expenses.

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## FAQ

### **I would like to send one of our longtime clients a gift basket for the holidays. Is this OK?**

It depends. There are a few things to consider when sending a gift of any kind, including a gift basket. First, confirm with your business unit leader that you're permitted to exchange gifts and entertainment with clients. Next, if the client is a private sector entity, consider the value of the gift basket. If the value is over \$100, you need written approval from your business unit leader before giving the gift. Finally, check your client's policies. Some companies prohibit their employees from accepting gifts, and you don't want to put your client in an awkward position. If you've considered the above questions and the gift meets our General Requirements, it's OK to

give the gift basket. Make sure you keep an accurate record of the gift.

If the client is a government entity, you need advance written approval from your business unit leader and the Compliance & Ethics Department, regardless of the basket's value. This is to ensure that we comply with the relevant G&E laws. In addition, even when permissible under applicable G&E laws and approved in accordance with this Policy, gift baskets should be addressed to a government entity, rather than to any particular individual.

**I'm working on a project for a government agency, and some officials from the agency would like to meet for a status update. Rather than meeting in either of our offices, can I take them to lunch?**

Yes, provided that: (1) you are authorized by your business unit leader to provide business courtesies; and (2) the proposed lunch (which qualifies as entertainment under this Policy, since you would be going to lunch with the officials for business purposes) complies with the General Requirements, including the G&E laws that apply to these particular officials. Consult the Compliance & Ethics Department for guidance on which laws and regulations apply.

If you anticipate that the lunch will cost more than \$25 per person, you will also need advance written approval from your business unit leader.

Remember that any entertainment with government officials must be accurately recorded and promptly booked to the appropriate accounting cost code. Depending on the jurisdiction, we may have to file a report with a government authority disclosing the entertainment.

**We are exhibiting at an upcoming sheriffs' association conference and would like to raffle off some Ajax-branded toy trucks and other promotional items as prizes. Is this OK?**

For purposes of this Policy, gifts include items such as door and raffle prizes at business events and conferences. Because government officials will be in attendance at the conference, any gifts

require advance written approval from your business unit leader and the Compliance & Ethics Department, so as to ensure compliance with the applicable G&E laws.

In general, at an event like this, where government officials will be in attendance, door and raffle prizes should be Company-branded and of nominal value and the prize winners must not be pre-selected.

**One of our subcontractors sent our office some food platters for the holidays. Is it OK to accept the food?**

If a third party is sending food to us, as opposed to sharing a meal with us, the food is considered a gift and you must assess whether it's reasonable under the circumstances. Consider how frequently this business partner sends over food. Once a year around the holidays is OK, so long as the platters are not extravagant. But frequent gifts, or those given during a procurement or around the time business decisions are being made, can create the appearance of impropriety. If the food likely costs over \$100, then you also need to get approval from your business unit leader. If you accept the platters, you should arrange for them to be put out for everyone to enjoy.

**A vendor has invited me to its annual weekend golf outing at a resort a few hours away by plane, all expenses paid. We have a longstanding relationship with this vendor, and the outing would allow us to strengthen our relationship with the vendor and network with other companies in our industry. Can I go?**

While a local golf outing with a business partner may be perfectly appropriate, in this case the vendor is offering to cover what is likely thousands of dollars in expenses for you to attend. An event like this, with complimentary accommodations and out-of-town travel, can easily create the appearance of impropriety or a conflict of interest. Consult with your business unit leader and the Compliance & Ethics Department to determine the appropriate course of action. It may be that attending is OK if the Company pays for some of your expenses.

**I'm renovating my home and one of our suppliers is offering to give me the materials and equipment "at cost." Is this OK?**

No. Receiving materials and equipment from a Company subcontractor "at cost" or at a substantial discount could be seen as an improper gift and an attempt to improperly influence your business judgment. Also, hiring a business partner (such as a Company subcontractor) to perform work for you personally requires approval from your business unit leader if you have discretionary authority over that business partner (i.e., the ability to influence business decisions regarding that partner). And regardless of whether you have discretionary authority, you must pay fair market value for any goods or services provided. For more information on conducting personal business with Company business partners, consult our [Code of Conduct](#).

**I've become friends with an employee of one of our subcontractors. He gave me a gift card to my favorite restaurant for my birthday. Is it OK to keep the gift?**

No. So long as we are doing business (or reasonably could do business in the future) with this subcontractor, our business relationship must come before your friendship. Gift cards are never OK to accept from third parties.

**One of my team members truly demonstrated our commitment to Safety 360° on a recent project, and I'd like to give her a gift card as a small token of the Company's appreciation. Is this OK?**

This Policy only applies to gifts with individuals and entities outside of our Company; it does not

apply to gifts or awards from the Company to employees or gifts between Company employees.

When seeking to recognize team members for their significant achievements, we encourage you to be thoughtful and select a tangible item or order from the Company swag shop. However, if you'd still like to provide a gift card from the Company to an employee as an award for their contribution, the gift card should:

- be modest in value and no more than \$100
- be in the form of a store-specific gift card, such as Amazon, Home Depot, or Starbucks, and not a general-use gift card like Mastercard, Visa, or American Express
- be given to recognize participation in a Company program (e.g., our safety program)

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## About This Policy

STOBG's Compliance & Ethics Department is responsible for developing, implementing, and interpreting this Policy. If you have questions about this Policy, contact the Department at [compliance@stobuildinggroup.com](mailto:compliance@stobuildinggroup.com).

The Department periodically reviews this Policy to determine whether revisions are required to reflect changes in the law, our business, or our policies and practices. The most recent version of the Policy can be found on our intranet and website.

