

cultural norms and legal issues in every country where they operate. While good governance must be observed at all times, it is simply not feasible to expect a client to pay for their own coffee. In that context, we can agree that company will not be put on trial for hosting a modest dinner, but when the practice of providing lavish gifts and hospitality becomes a norm, company's commercial relationships may be scrutinised in the court of law.

To gift or not to gift, that is the question.

Equally, what constitutes a non-trivial gift or hospitality? One way to determine what is legitimate is to assess whether such act would alter or influence a business relationship. If so, then a gift is not a gift, it becomes a form of bribery. To help employees manoeuvre this complicated terrain, some companies choose to place a monetary limit on the value of gifts that can be offered or accepted. At first this may seem to be the perfect solution to the problem, but it soon becomes obvious that what may seem to be a symbolic monetary value to a senior executive, could be worth significantly more to a junior employee. In addition, senior managers may be required to attend or sponsor a VIP-type event where hospitality cost can easily surpass the established cap. Subsequently, it can get very complicated if different monetary values are designated according to different management levels. Especially, as the exact value of a high-profile event is hard to determine. In addition, multinational companies need to consider how monetary values are perceived in the different countries where they operate. For example, a £30 limit on gifts in the UK may be considered lavish to some employees in developing countries.

To address this issue companies must have a clear, unambiguous policy that provides guidance to their staff. This policy should include: (1) what can be accepted without disclosure; (2) what cannot be accepted or given; (3) what should be recorded; and (4) how staff can seek further guidance. Likewise, it is advisable that corporate gifts and hospitality policies should extend to the family members of staff. For example, an invitation to a conference is a legitimate business expense, but if a spouse is invited and the organisers cover their expenses, this may be misinterpreted as a holiday – a personal benefit. Because a policy

cannot cover all situations, companies should encourage open discussions in the workplace around gifts and hospitality protocols. **A transparent organisational culture can help employees make appropriate decisions.**

A gift consists not in what is done or given, but in the intention of the giver or doer.

*Lucius Annaeus Seneca (4 BC – 65 AD)
Roman statesman*

In addition to the laws of the country where a company is headquartered, it is possible that local laws in foreign markets may regulate or prohibit their nationals from receiving gifts or special treatments. In turn, this could prove to be hugely problematic in the markets, where for example, dining is an expected form of a cultural or social protocol; or where it is unclear what constitutes a government official. In particular, this is a complex issue in countries where the members of the royal family may not be recognised as government officials, and yet they are interlinked with government affairs. Nevertheless, such issues are also a reminder of the risk that, when handled improperly, corporate hospitality can be labelled as bribery. Similarly, while 'cash' can never be justified as an acceptable gift for a foreign official, giving small amounts of cash for Chinese New Year may be an expected form of engagement with local staff and associates. Overall, when considering the cost and potential lavishness of hospitality, it is important to take into account not only the nominal value of the ticket to an event, but also any associated value. Specifically, because the opportunity to attend a high-profile event, regardless of the ticket price, can be seen as having benefited from additional benefit which is impossible to monetize – a VIP experience, networking opportunities or a feeling of exclusivity.

Regardless of the approach a company takes when establishing and enforcing its gifts, hospitality and entertainment policy, the issue should be addressed clearly and consistently. Such an approach will make compliance oversight easier, it will reduce employee confusion and most importantly it will protect a company's reputation and integrity.

Matrix – The Ethics of Gifts and Hospitality

What can company do? <i>To Gift, or Not to Gift, that is the Question?</i>	
Clearly defined Gifts and Hospitality Policy and Protocol:	
What can be accepted without disclosure	What cannot be accepted or given
What should be recorded	How staff can seek further guidance
What can be accepted?	
When gift is not a gift – removing the bias from the equation	
Inappropriate Scale <i>What constitutes a non-trivial gift or hospitality?</i>	Employee Discretion <i>Subject to budget restraints & code of ethics</i>
Reciprocity <i>Determining appropriate of interchange</i>	Fixed Monetary Threshold <i>They may vary by country and seniority</i>
Cash <i>Accepting cash gifts is rarely acceptable</i>	Management approval <i>Risk assessment and compliance approval</i>
What gifts need to be disclosed?	
By operating a 'Gift Register' protocol, the process becomes more effective and transparent	
What can be given?	
This could be a complex issue in sectors where purchasing and contract decisions are made by influential individuals	
Who should be covered?	
Employees and members of their immediate family: hospitality/gift received has to have a clear business reason – not a personal benefit	
How to make the policy effective	
Offering advice and guidance to staff	Providing case-study type training
Identify pressures and doubts	Regular monitoring and audit
What can employees do?	
Be aware of policies and procedures	Follow reporting protocol
Consult when in doubt	Report any wrongdoings

Additional resources Further Reading

Step 1 Please refer back to Our Code of Conduct.

Step 2 If you would like to know more about Gifts and Hospitality, the following external links have been selected for your reference:

OECD / UNDOC/ World Bank: Anti-Corruption Ethics and Compliance Handbook for Business

The handbook is not intended to create new standards or represent any form of legally binding requirement for businesses. It has been developed to serve as a useful, practical tool for companies seeking compliance advice. It brings together, in one reference resource, the major international business guidance instruments and provides real-life case studies from companies on the application of these instruments in practice.

<http://www.oecd.org/corruption/Anti-CorruptionEthicsComplianceHandbook.pdf>

National Audit Office: Investigation into the acceptance of gifts and hospitality

The National Audit Office has today published the findings from its investigation into the acceptance of gifts and hospitality. The report examines the rules and guidance for central government officials and published transparency data on the gifts and hospitality received by departmental board members, directors-general and senior military officers between April 2012 and March 2015.

<https://www.nao.org.uk/report/investigation-into-the-acceptance-of-gifts-and-hospitality/>

UK Government – Ministerial Code (2018)

This Code sets out the standards of behaviour expected from all those who serve in Government. The values it promotes should underpin our conduct as we tackle the challenges of our times and seek to build that fairer Britain, a country of genuine opportunity for all where everyone plays by the same rules.

https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/672633/2018-01-08_MINISTERIAL_CODE_JANUARY_2018_FINAL_3.pdf

SAI Global: UK Bribery Act: When do Gifts and Hospitality become bribes?

This whitepaper discusses what is still a grey area and gives some practical steps that businesses can take to ensure they don't fall foul of the law.

<https://www.saiglobal.com/compliance/resources/whitepapers/gifts-hospitality-bribes.htm>

Thomas Reuters: Gift Giving – Don't Get Caught in the Red

Business courtesies — including gifts, meals and entertainment — are an important way to cement good working relationships between those who do business together. However, such courtesies can have consequences for an organization and its relationships with business partners if they are not handled correctly

<https://risk.thomsonreuters.com/content/dam/openweb/documents/pdf/risk/infographic/gift-giving-dont-be-caught-in-the-red-infographic.pdf>

Step 3 Do your own research on the Internet
