



## English Summary of decision 2015:4 by the IMM Ethics Committee

Stockholm 2015-05-04

### The matter

A state owned company is planning future activities, and provides a description of the activities planned, with a request that the Ethics Committee assesses if the activities are compatible with the Code of Business Conduct. A description of the planned activities is provided in paragraphs a) -d) below.

#### **a) Coffee or a simple lunch as well as transportation to and from visits at state owned company**

During visits from the Swedish parliamentary committees and / or regulatory authorities the state owned company plans to offer coffee and a bun alternatively, a simple lunch from the state owned company's internal canteen. The company also plans to provide transportation to and from the company's premises for visitors if so requested (e.g. taxi from the station or airport to the state owned company's premises).

### The question in the matter is the following;

Is it in line with the IMM Code of Business Conduct to invite visitors from the Swedish parliamentary committees and / or regulatory authorities to coffee or a simple lunch during the visit at the state owned company and also arrange for transportation?

#### **b) Lunch, sandwich, or breakfast in conjunction with seminar organized by the state owned company**

A state owned company intends to organize a seminar. The invitation to the seminar is open and sent to businesses that have an interest in the topic of the seminar. The seminar is free of charge and takes place at the company premises. The participants will cover their own travel expenses.

Right before or immediately after the seminar, the state owned company will serve refreshments such as breakfast or a simple lunch.



Among the invitees are politicians, government officials and employees from privately owned businesses.

The question in the matter is the following;

Is it in line with the IMM Code of Business Conduct to invite participants to lunch, sandwich or breakfast and has it any importance what category of participants that are invited?

**c) State owned company invites its customers and suppliers to a soccer game**

The purpose is to, within the framework of a sponsorship agreement (that the state owned company has entered into), offer the company's customers and suppliers to watch soccer and to have dinner and wine. There is no cost for the company to invite to watch the game since the dedicated sponsor area is part of the sponsorship agreement.

The questions in the matter is the following;

Is it in line with the IMM Code of Business Conduct to invite customers and suppliers to watch the soccer game, as described above?

The question is also whether if it would make any difference if an open invitation, where all employees at a client or supplier, can sign up to watch the soccer game based on the principle of "first come first served"?

**d) Representatives of a state owned company participates as VIP guests at a mass**

A trade association organizes a mass for professionals where many different businesses from a specific industry are represented. An invitation is directed from the trade organization to five specific employees within a state owned company. The five employees are invited as VIP guests to participate at the mass free of charge. The content of the mass is such as it is of relevance for the state owned company.

Cost of travel and accommodation is not an issue, since the mass is held in the city where the state owned company is located.

At the mass, that takes place during two days, the trade association offer their VIP guests lunch and coffee. The VIP guests also have access to a separate VIP area where coffee, pastries, sandwiches and water is served. The VIP area is also to be seen as an opportunity to socialize with other VIP guests.



A separate mingle will be held for the VIP guests after the business days ends. During the mingle, beer, wine and a buffet is served. It is not possible for anyone other than VIP guests to attend the mingle.

The questions in the matter is the following;

The question to the Ethics Committee is whether it is in line with the IMM Code of Business Conduct, that employees, within the state owned company, receives VIP treatment and free participation at the mass and the following mingle.

The Ethics Committee bases its assessment on the description provided by the state owned company.

### Considerations

The Ethics Committee responds to the four questions separately under the headings a) -d) below.

The Code of Business Conduct regulates what kind of benefits that may be provided to different categories of recipients in paragraphs B5-B7. What the Ethics Committee has to consider in question a) -c) is how these paragraphs apply to various categories of recipients. In question d) the Ethics Committee has to consider what employees of a state owned company can receive.

A state owned company is to be seen as a company that is covered by the Code of Business Conduct according to point A 2.

#### **a) Coffee or a simple lunch as well as transportation to and from visits at state owned company**

What the Ethics committee has to consider is whether it is in line with the Code of Business Conduct that a state owned company, in connection with a visit by a parliamentary committee or a regulatory agency, serves coffee or a simple lunch and arrange for transportation.

Both members of the parliament and representatives of the regulatory authority are in a position covered by point B 5 of the Code of Business Conduct. According to point B 5 it is forbidden to provide, promise or offer a benefit to a person who exercises public authority or decides on public procurement.

The Ethics Committee concludes that the visit described forms a natural part of ones duties as representative from the parliamentary committee and / or regulatory authority.



## Summary

A simple lunch or coffee with bun served as part of the visit should not be regarded as a benefit under the definition of the Code of Business Conduct. For a lunch to be acceptable it should not be more lavish than what normally is served at the company canteen.

Despite what has been said above, the state owned company need to respect other regulations that may apply to the parliamentary committee or regulatory authorities on what a member or employee may receive in connection with their fulfillments of their duties.

If the visit would include arrangement for transportation that would not be seen as a benefit for a specific individual since the transportation otherwise would have been paid for by the employer of the visitors.

### **Question b) Lunch, sandwich, or breakfast in conjunction with seminar organized by the state owned company**

What the Ethics Committee has to consider is whether it is in line with the Code of Business Conduct that a state owned company offers breakfast, lunch or a sandwich, in connection with a seminar. Participants at the seminar could be those covered by B 5- 7 in the Code of Business Conduct, i.e. persons exercising authority and deciding on public procurement, other categories where special restrictiveness must be observed as well as recipients of private businesses. Invitation to all recipients have been open.

## Summary

It cannot be considered as in conflict with the Code of Business Conduct to arrange a seminar as described. A breakfast, sandwich or simple lunch that will be served during the seminar is a part of the arrangement and its purpose is to facilitate for those invited to participate. It is not to be seen as any gift or reward and therefore no benefit under the definition of the Code of Business Conduct. For a lunch to be in line with the code it should not be more lavish than what is normally served in the state owned company canteen.



**Question c) State owned Company invites its customers and suppliers to a soccer game**

The Ethics committee state that the matter concerns a benefit covered by the Code of Business Conduct as in point A 1.

What the Ethics Committee has to consider is whether it is in line with the Code of Business Conduct to invite customers and suppliers to a soccer game at the company's dedicated VIP area and in connection with game offer dinner and wine.

The question is also whether if it would make any difference if an open invitation, where all employees at a client or supplier, can sign up to watch the soccer game based on the principle of "first come first served"?

The invited parties could be those covered by point B 5-7 of the Code of Business Conduct, i.e., persons exercising authority and decides on public procurement, other categories where special restrictiveness must be observed as well as recipients of purely private businesses.

**Point B 5**

According to point B 5, it is forbidden to give, promise or offer a benefit to those who exercise authority or decides on public procurement. The offered benefits are not allowed to recipients within category B 5.

**Point B 6**

According to point B 6, there are other categories to which the provision, promise or offer of benefits are not entirely forbidden, but where particular restrictiveness should be observed. The question whether a benefit is prohibited must be determined in the light of all the relevant circumstances of the individual case. The circumstances that should be considered particularly in this assessment are as follows;

**The value of the benefit**

The risk of influencing ones behavior is increasing by the financial or sentimental value of the benefit as well as the frequency of benefits to an employee or contractor. In this specific case the value



is what a ticket to the soccer game will cost at market price. The cost of ticket, dinner and wine adds up to 1000 SEK according to the Ethics Committee's assessment. The benefit cannot therefore be considered moderate.

#### The position of the recipient

It is of importance what type of employment or assignment that the recipient has. If the invited employee is a decision maker in relation to the supplier, restrictiveness should be applied.

#### The nature of the benefit

The risk that a benefit is to be seen as improper increases the weaker the link is to the work tasks of the recipient. Thus, it is important whether the benefit has a clear connection to and forms a natural and useful part of the work carried out by the recipient or not.

There is no information indicating that there would be a natural connection between the invitation to the soccer game and the recipients' work, nor anything that shows that recipients would benefit from participating in the match in their duties.

#### The group of recipients and the forms for offering the benefit

A benefit should, in principle, be aimed at an undefined group of recipients, rather than at specifically chosen individuals. In this case, the invitation has been provided to selected individuals within client companies.

The Ethics Committee has concluded that the offer both have a high economic value and is unrelated to the duties of the invitees. Even if the invitation should be sent to an undefined group it would not be in line with the Code of Business Conduct.

#### **Point B 7**

Point B 7 states that companies may provide, promise or offer a benefit to employees or contractors of privately owned companies if it is done overtly, the benefit is moderate and not otherwise such that it can be considered as affecting ones behavior. Tickets including dinner and wine that add up to a value of 1000 SEK is not a benefit that is moderate.

Even if the benefit would target a broad group of recipients, it is not in line with the Code of Business Conduct.



## Summary

The offer to participate at a soccer game, that also includes dinner and wine, is not in line with the Code of Business Conduct regardless of what type of receiver the invitation is addressed to.

### **Question d) Representatives of a state owned company participates as VIP guests at mass**

What the Committee has to decide is whether it is in line with the Code of Business Conduct that employees of a state owned company, without charge, participate as VIP guests at the mass and the mingle.

The Ethics Committee concludes that the VIP invitation is a benefit covered by the Business Code of Conduct as in point A 1.

Point B 9 in the Code of Business Conduct regulates what is allowed to receive. Point B 9 states that a company's ability to provide benefits apply reverse in regards to accepting a benefit.

Benefits to employees of government-owned companies are regulated in point B 6 b) of the Code of Business Conduct. The invitation is directed to a limited group of receivers and covers an event where others pay for their participation.

The offer of free meals, subsequent mingle and access to VIP facilities are benefits not only risking to affect ones attitude but benefits that also may be considered to be behavioral influencing in itself.

## Summary

It is not in line with the Code of Business Conduct that employees of the state owned company participate as VIP guests at the mass.

## THE DECISION BY THE ETHICS COMMITTEE

Coffee, breakfast and a simple lunch, as described in question a) and b) is not what to be seen as benefits according to the definition of the Code of Business Conduct, therefore the offers are in line with the Code of Business Conduct.

An invitation to a soccer game with dinner, and to a mass as VIP guests - as described in the questions c) and d) – are not in line with the Code of Business Conduct.



## Appendix 1

Two of the members of the Ethics Committee were divergent and both stated as follows:

In my opinion, members of parliament should be treated under category B 6 and journalists under category B 7 of the Code of Business Conduct. Apart from that I join the opinion of the majority.