



English Summary of decision 2014:2 by the Ethics Committee

Stockholm 2014-03-27

The matter

A company is the owner of a shopping mall containing several independent stores. The stores are required to follow certain rules that the company has established.

The company is in its request to the Ethics Committee asking the committee to comment on certain aspects on arrangements with the following content.

A travel agency arranging travels for tourist groups to Sweden are contracting local guides as employees or as contractors. The travel agency will pay no or nominal compensation to the guides, who are expected to get their compensation in the form of tips and /or commission. Most guides are only staying in Sweden for a short period of time and come from the same country as the tourists.

The guides enter into agreements with agencies that provide contracts with certain stores within the mall. The contracts regulate how the guides should bring tourist groups to specific stores. For this, the guides receive compensation, usually in the form of a percentage of the purchases made by the tourists in the stores. According to the company's, this kind of arrangement is common.

The company has stated that the agreements between stores and agencies regulating how guides should bring tourists to certain stores is in conflict with the rules set up by the company. Furthermore the company has explained that a prerequisite for allowing such agreements is that the procedure is in line with the IMM Code of Business Conduct. The company has also emphasized that - in case it should be allowed - a number of conditions will be set to decrease the risk of an unethical procedure.

The questions in the matter are the following;

1. Is it in conflict with paragraph 6 of the Code of Business Conduct for agencies to offer guides that are employees/contractors with the travel agencies commission to show tourists to certain stores?



- a) Is the answer affected if the travel agency is informed about the arrangement?
 - b) Is the answer affected if the tourists are informed of the arrangement?
2. Is it in conflict with paragraph 6 of the Code of Business Conduct if stores hire agencies with the knowledge that the agencies offers guides that are employees/contractors with the travel agencies commission to show tourists to certain shops?
- a) Is the answer affected if the travel agency is informed about the arrangement?
 - b) Is the answer affected if the tourists are informed of the arrangement?

The Ethics Committee bases its assessment on the company's description.

Considerations

The Ethics Committee's mission is to provide answers on questions in relation to whether an action is in line with the Code of Business Conduct. Other ethical aspects in relation to actions taken by an organization are outside of the mission of the Ethics Committee. Meaning the Ethics Committee will not take a stand on whether it is acceptable that tourist groups are guided to specific stores. The Committee shall not either comment on other ethical considerations on the side of the code that stores have to make in their business relations.

Question 1

What the Ethics Committee needs to consider initially is if the contracts between the agencies and guides are in line with the Code of Business Conduct. The question has been specified so that the question is whether the agreement complies with section 6 of the Code of Business Conduct but the Ethics Committee is not limited only to section 6.

According to section 6 the company may not grant, promise or offer a benefit to employees to or contractors of another company if the benefit relates to e.g. conditional on the recipient providing something for the giver and that is not approved by the employer or the principal.

The agreement between the agency and guides is not in line with the IMM Code of Business Conduct if it has not been approved by the travel agency. This is also confirmed in section 7 of the Code of Business Conduct.

Question 2

The second questions to be considered is the relation between the stores and the agency. What the Ethics Committee needs to consider is if it is in line with the code that a store hires an agency with the knowledge, that the agency is offering travel guides compensation in the form of commission based on



guiding tourists to selected stores. This situation is not directly regulated in the Code of Business Conduct, however, it is not against the Code that a store hires an agency if the relationship between the agency and travel guides are arranged so as to be consistent with the code. The Ethics Committee nevertheless recalls point A 9 of the Code, dealing with contracts with agents and other partners. The store has a responsibility to control that the agency follows the Code of Business Conduct and that conditions has been agreed between the store and agency.

THE DECISION BY THE ETHICS COMMITTEE

The agreement between the agency and tour guides is in line with the Code of Business Conduct provided it is approved by the employer of the guides. It is in line with the Code of Business Conduct for a store to hire an agency in the described manner, provided that the relationship between the agency and travel guides are arranged so as to be consistent with the code. The store must verify that the agency is following the rules set up in the Code of Business Conduct.

The Ethics Committee do not comment on the question whether it is acceptable that tourist groups, in the described manner are guided to selected stores to make their purchases, nor in terms of other ethical considerations alongside the IMM Code of Business Conduct.