



# **JOINT INITIATIVE TO PREVENT BRIBERY AND CORRUPTION (ÖMK)**

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Between developers and employers in the publicly funded construction and real estate sector.



# BACKGROUND

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The construction and real estate sector covers a significant portion of the publicly funded market.

Representatives of industry bodies and private companies in the construction and real estate sector as well as public sector employers, such as municipalities and county councils, have identified a need to improve prevention work in the area of ethics.

Those who work in municipalities, county councils and regions – part of the public domain – work on behalf of and in the interests of their local citizens. A public employee or elected representative must never abuse their position.

Democracy, the rule of law and efficiency are fundamental values for all public bodies, and public trust depends on those involved in these bodies not letting their work be influenced by external requests and considerations.

The Swedish Association of Local Authorities and Regions (SALAR), mem-

ber and industry organizations and the majority of private construction and real estate companies already have internal guidelines. These documents, which address conduct in relation to employers, developers and other partners, have been put in place to ensure that dealings between the parties are conducted in an ethical, lawful and trustworthy manner.

A shared consensus on the cooperation between developers and employers forms an important basis for a healthy business climate and for preventing bribery and corruption. It also creates a framework within which the relevant operators can act and interact without risking breaches of the law or uncertainty as to what is permitted.

In signing this joint initiative, the respective parties have undertaken to work to uphold and comply with the provisions contained within.

# PURPOSE AND OBJECTIVE

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Supported by the Swedish Anti-Corruption Institute (IMM), a working group comprising representatives from the Swedish Construction Employers, JM AB, NCC AB, Peab AB, Skanska Sverige AB, SALAR, the Swedish Construction Federation and Veidekke Sverige AB has drawn up this joint initiative in order to ensure a shared consensus among employers and contractors/developers in the construction and real estate sector.

The aim of the agreement is to offer practical assistance to make the right decisions by providing examples and ethical guidelines for developers and employers active in the publicly funded construction and real estate sector.

The joint initiative has been designed to meet external demands for greater transparency and moderation in business relationships. The joint initiative governs the manner in which parties in the construction and real estate sector should interact, based on an ethical approach and a focus on the business relationship.

The parties themselves are the owner of the document. New parties may join the initiative at any time. The existing parties will review the agreement on an annual basis and are responsible for updating the document with new signatories.

# SCOPE OF THE JOINT INITIATIVE

The intention is that the joint initiative may be applied by all operators and co-workers in the construction and real estate sector, including those who are not party to the initiative.

Relevant legislation, industry guidelines, such as IMM's Code of Business Conduct, and internal guidelines, includ-

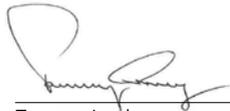
ing policies and codes of conduct for travel, business entertainment and secondary activities within the respective operations, shall take precedence over this joint initiative if they are more restrictive.

This joint initiative applies from 9 December 2015 until further notice.

Signed by:



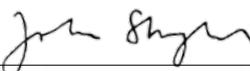
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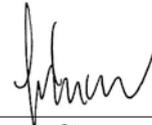
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# CONTENTS

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DEFINITIONS AND NOTES .....	7
FUNDAMENTAL PRINCIPLES AND GUIDELINES .....	8
a. The following fundamental principles apply .....	8
1. Professionalism and impartiality .....	8
2. Transparency .....	8
3. Moderation .....	8
4. Documentation .....	9
b. The following guidelines apply for all forms of business relationships .....	10
1. Basic rule .....	10
2. Secondary activities .....	10
3. Benefits .....	10
4. Accompanying family/friends .....	11
5. Meals .....	11
6. Partnering .....	11
7. Travel .....	11
8. Sponsorship .....	11
9. Sponsoring sport, etc. ....	13
10. Negotiations .....	13
11. Training/Trade fairs .....	13
12. Choice of location and premises .....	13
REFERENCE TO LEGISLATION .....	14
REFERENCE TO GUIDING DOCUMENTS .....	14
CONTACTS .....	15

# DEFINITIONS AND NOTES

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## Operators

Municipalities, county councils, regions, companies, associations and all other forms of legal persons, as well as co-workers, contractors and consultants.

## Secondary activities

All forms of activities, temporary or permanent, that are practised alongside the main employment and that cannot be attributed to private life.

## Construction and real estate sector

All operators that contribute to the construction, adaptation, reparation or management of buildings and infrastructure in the Swedish market.

## Parties

The signatories to this joint initiative to prevent bribery and corruption.

## Partnering

Partnering is a form of collaboration in the construction industry in which project operators cooperate to complete an assignment in open dialog by applying shared objectives, organizations and finances.

## Business entertainment

Business entertainment is an umbrella term for expenses that arise from the relationship between the parties in their drive to promote business. Business entertainment may include the cost of lunches, dinners or events, sometimes in combination with gifts.

## Sponsorship

Sponsorship is a transaction in which a company makes a payment, in cash or by some other means (e.g. goods and services) to link its brand with a particular activity or another organization.

For this payment, the company receives certain rights and benefits, such as:

- Use of the sponsored organization's name.
- Exposure in advertisements in conjunction with various events and in publications.
- Use of facilities, including stadium boxes and season tickets.
- The opportunity to market the company's name, products and services<sup>1</sup>.

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1) The definition is based on the Partnering Against Corruption Initiative (PACI) document from the World Economic Forum.

# FUNDAMENTAL PRINCIPLES AND GUIDELINES

## a. The following fundamental principles apply:

### 1. Professionalism and impartiality

Business relationships in the construction and real estate sector are to be based on and clearly linked to the operators' activities, meaning there must be a mutual benefit for the parties.

For municipalities, county councils and regions, all operations and completed activities must fall within the sphere of municipal authority. This means that municipalities and county councils may only be involved in matters of public interest associated with their spheres of operation or the operations of their members, and that should not be managed solely by the state, another municipality, another county council or some other party.

**1.1 EXAMPLE:** Joint initiatives are only to be associated with activities that fall within the framework of the contractual parties' operations, with mutual benefit.

**1.2 EXAMPLE:** Restrictiveness is to be taken in connection with ordering private work from developers where the employer also engages the services of the developer in the course of their normal work activities.

### 2. Transparency

Collaboration within the construction and real estate sector is to be open and trans-

parent, and comply with this joint initiative, legislation, industry practice and internal rules.

**2.1 EXAMPLE:** When providing gifts or other benefits, the requirement for transparency must be upheld insofar as the benefit should be offered openly and be in line with the recipient's policy. Furthermore, it should not deviate from industry practices and should otherwise comply with the Code of Business Conduct as issued by IMM.

### 3. Moderation

Events that are supported or organized in some way by someone in the construction and real estate industry must be moderate. The requirement for moderation means that a benefit must not appear to influence the behavior of the recipient or participant. A modest event may in itself be seen as influencing behavior if it occurs repeatedly.

Moderation is judged based on the event as such, all sums are added up and taken into account.

Benefits that do not have any direct financial value for the recipient, but that have a personal value are also included, e.g. membership of an exclusive club or a prestigious award.

**3.1 EXAMPLE:** It has, in court practice, been established as improper for a private contractor to invite a municipal official to lunch on ten occasions and to a café on three occasions over a period of 15 months and to pick up the bill on each occasion.

**3.2 EXAMPLE:** In connection with a full-day event that is useful for the invited operators in a professional capacity, it may be permissible to provide a basic breakfast, lunch or dinner, as long as this forms a natural part of the event, complies with the internal guidelines of the invited parties, does not deviate from industry practice, and complies with industry and IMM Code of Business Conduct.

#### 4. Documentation

All forms of business relationships within the construction and real estate sector must be documented whenever any payment or cost recovery occurs, regardless of whether this relates to individuals, groups of co-workers or is at an operational level, for example, via contracts, decisions or joint initiatives, so that the purpose of the transaction/event can be confirmed.

Relevant documentation such as contracts, related reports, invoices and similar must be retained.



# FUNDAMENTAL PRINCIPLES AND GUIDELINES

## b. The following guidelines apply for all forms of business relationships:

### 1. Basic rule

Operators in the construction and real estate sector must not offer, request, or receive benefits or other remuneration or demand measures that breach this agreement or run contrary to the spirit of the agreement.

Great caution must be taken if the event is of a recurring nature, for example, paying for a working lunch or having a working lunch paid for every week is not permitted.

One activity that may be permitted is when operators in the construction and real estate sector organize charity events of various kinds, such as fund raising, together with recognized charitable organizers.

A restrictive approach should be taken concerning invitations to a selected circle of individuals, e.g. VIP activities.

**1.1 EXAMPLE:** Activities with no natural link to work, such as travel, sports and cultural events, cruises and activities with elements of entertainment in a different location, are not permitted.

### 2. Secondary activities

Operators and co-workers are not permit-

ted to have secondary activities that could cause a conflict of interests. The private or external activities of operators and co-workers must not influence or give the impression of influencing another party's actions.

### 3. Benefits

Benefits must never be offered as a way of funding social activities.

Benefits must never be provided to support the internal activities or regular operations of other operators within municipalities, county councils and regions.

It is not permitted to give benefits to individuals who exercise authority or are involved in public procurement processes or ongoing contractual relations.

Discounts and memberships of associations are also regarded as prohibited benefits.

Modest gifts may be provided in exceptional cases in conjunction with retirement and celebrations.

**3.1 EXAMPLE:** Contributions aimed at enabling the recipient to hold a kick-off or teambuilding event are prohibited. It is also prohibited to give co-workers of the recipient gifts, even if these may be useful in the workplace, such as safety helmets.

**3.2 EXAMPLE:** Gifts to speakers/lectures may be given if they are of negligible value.

**3.3 EXAMPLE:** “Giveaways”, i.e. simple gifts bearing the company’s logo that are handed out at various events may be permitted if they are of negligible value.

#### **4. Accompanying family/friends**

Only participants in the event may be invited to attend. Accompanying individuals who have no involvement in the event other than being in a social relationship with the participant may not attend.

**4.1 EXAMPLE:** The presentation of a separate cultural and social program for spouses in the invitation to an event does not automatically grant entitlement for spouses to attend.

#### **5. Meals**

At gatherings organized by or in partnership with businesses in the construction and real estate sector, modest meals may be offered.

**5.1 EXAMPLE:** It may be permitted to provide and accept basic meals, such as breakfast, lunch or dinner, if the majority of the time is devoted to a work-related activity, the food offered is modest and the event is transparent and in line with the policy of the recipient and the party providing the food.

#### **6. Partnering**

In collaborative projects, the rules that apply to external entertainment of employers shall also apply to internal activities, such as teambuilding activities.

If more than one of the parties have internal guidelines, the strictest of these shall be applied in the collaborative project.

#### **7. Travel**

The cost of travel and accommodation should be paid for by the respective parties and shall not be offered to or requested by individual participants.

In conjunction with study visits or similar activities, the cost of shared transport in the form of bus, taxi or similar in the surrounding area may be covered by one party.

**7.1 EXAMPLE:** On occasion, private companies may pay for local transport for municipal personnel in conjunction with study visits to view ongoing joint projects.

#### **8. Sponsorship**

Sponsorship of activities organized by municipalities, county councils and regions, including their wholly or partly owned companies, may only cover specific, documented, reasonable and direct costs that are necessary in order for the work-related elements of an activity to be completed. Sponsorship is based on a business relationships between both parties and is mutually voluntary in nature. Sponsorship of a municipality, county council or region’s regular operations and internal activities, e.g. planning conferences or staff parties, is not permitted. Nor shall such sponsorship be requested or offered.

Where sponsorship is under consideration, full background documentation for the activity must be available as the basis for making a decision, with the aforementioned costs specified, along with the entitlement to check that any sponsorship funding is used for the purposes agreed.

Sponsorship must be open and transparent.



**8.1 EXAMPLE:** Sponsorship is not permitted in the event a party demands sponsorship within the framework of a joint initiative, or the sponsorship is not regulated in the joint initiative.

**8.2 EXAMPLE:** Sponsorship money may be used to offset the cost of lecturers, premises, modest meals as part of an activity or materials used during an activity.

## **9. Sponsoring sport, etc.**

Restrictiveness is to be held when co-workers have private interests in organizations, such as sports clubs, that the parties to an agreement may sponsor.

**9.1 EXAMPLE:** The employer shall not request that a contractor or potential contractor sponsor any type of private interest, such as social or cultural events.

## **10. Negotiations**

During ongoing negotiations, it is particularly important that the operators in the construction and real estate sector maintain an independent relationship with each other, and comply with the rules established in the relevant legislation.

## **11. Training/Trade fairs**

Only gatherings that are in line with the business areas of the invited parties may be arranged, within the construction and real estate sector.

**11.1 EXAMPLE:** It is not appropriate to offer participation in an English course specializing in construction to employees of the technical department of a municipality when it is mandatory to submit all tenders to the municipality in Swedish.

**11.2 EXAMPLE:** It is not appropriate to offer participation in a trade fair for the management of flood risks in coastal areas to an inland municipality with no coastline.

## **12. Choice of location and premises**

The choice of the location and premises for an event should be based on the purpose of the event. Leisure resorts during the holiday season and locations that are known to be exclusive are inappropriate and should be avoided. The same applies to locations where major international events are underway simultaneously or close to the event.

**12.1 EXAMPLE:** It is inappropriate to offer participation in courses located in the host city of an ongoing Olympic or World Cup event if the course could be held elsewhere on the same basis.

# REFERENCE TO LEGISLATION

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- Swedish Penal Code (1962:700)
- Local Government Act (1991:900)
- Public Procurement Act, LOU (SFS 2007:1091)

# REFERENCE TO GUIDING DOCUMENTS

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- On bribery and conflicts of interest – guidelines for public sector co-workers  
*[www.skl.se](http://www.skl.se)*
- Ethical guidelines for members of the Swedish Construction Employers  
*[www.byggherre.se](http://www.byggherre.se)*
- Code of conduct for members of the Swedish Construction Federation  
*[www.sverigesbyggindustrier.se](http://www.sverigesbyggindustrier.se)*
- Ethical rules of the Swedish construction sector  
*[www.byggetik.se](http://www.byggetik.se)*
- Code on gifts, rewards and other benefits in business  
*[www.institutetmotmutor.se](http://www.institutetmotmutor.se)*

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