



Gifts and Hospitality Issues

What You Need to Know

Six Considerations in Accepting a Gift

Great care should be taken to avoid the risk of compromising, or appearing to compromise, your own or your company's ethical standards. Before accepting a gift or entertainment, review these six considerations:

1. Cost:

- a. Does it have nominal or moderate value?
- b. Is it appearing to be lavish or overly expensive, in cost?

2. Frequency: How frequently do you receive it from the same person or organization?

3. Circumstance:

- a. Is it appropriate to the circumstance?
- b. Is the gift or entertainment related to a legitimate company business?
- c. Does it appear to influence your decision-making, or objectivity, or pose a conflict of interest?

4. Appearance:

- a. How would your acceptance of it look to others?
- b. Does it create the appearance of fair, impartial, and equal treatment?

5. Relationship:

- a. Is it appropriate to your business relationship?
- b. Does the gift or entertainment help improve business, political, or community relationships?

6. Exclusivity:

- a. Could it be given to anyone in your position or is it exclusively for you?
- b. Is it possible to share the gift with co-workers?

You should show common sense and professional judgment when extending or receiving gifts or hospitality. If you don't have a satisfactory answer to any of these questions above then you should NOT accept the gift and report it promptly.



Nominal Value

Any gift given or received in the proper course of doing business should have nominal value. But what does “nominal value” mean?

- An item has “nominal” value when it is promotional in nature. Typically these items are imprinted with corporate advertising and distributed as a promotional item.
- Nominal value also refers to the actual retail value of the gift. For most companies, “nominal value” is between \$20 and \$50 or less.

Acceptable Gifts

The following gifts are acceptable gifts:

- Meals in the course of a business relationship (you should reciprocate whenever possible)
- Items of nominal value such as pens, pencils, calendars, or other logo items
- Modest gifts such as a fruit basket during the holidays or special occasions (you should share it with your co-workers or send it to a charity)
- Moderate gifts or gift cards that have are tied to specific business events or occasions.
- Mementos for participating in an activity or conference sponsored by a supplier or vendor

Unacceptable Gifts

- You cannot receive cash or currency – ever - for any reason.
- You may not accept gratuities in the form of tips unless it is a regular part of your job.
- Inter-city travel paid for by a supplier, vendor, contractor, or anyone outside the company.
- Gifts that personally benefit only you.
- Gift received during a purchasing decision.
- Gifts that are exclusive under terms not available to anyone else.



Unusual Gifts, Entertainment, and Preferred Treatment

Not every gift is obvious. Sometimes you may receive inappropriate gifts in other forms. You should view unusual gifts cautiously and ask for assistance immediately. These other forms of gifts should be avoided:

- Gratuitous services
- Loans
- Discounts (see Gifts and Hospitality from Suppliers below).
- Expense reimbursements from outside your company.
- Articles of significant value – watch out for “free” samples
- Personal use of equipment or facilities

Gifts Above Nominal Value

There may be cases where you receive a gift or intend to give a gift that exceeds nominal value. You must be very careful to be completely open and transparent with the facts of such situations.

In order to receive gifts above nominal value...

- You need to be constant with marketplace practices.
- You must be able to identify a clear business purpose.
- You should obtain authorization.
- You should allow all the facts to be known.

All gifts above nominal value must be reported.



Gifts and Hospitality from Suppliers

Gifts or hospitality from suppliers or vendors should always be approached with caution. By nature, they are in a position to influence you to use or purchase their products.

Accepting gifts from suppliers and vendors can be very precarious and must be approached with caution to avoid conflict of interest. Purchasing decisions must be made on the basis of merit by comparing price, quality, performance, and suitability. There must be a business benefit for accepting any gift or participating in any supplier-sponsored activity.

Sometimes suppliers or other companies make discounts available to employees. If suppliers offer discounts on their products, those discounts should be available to all company employees. Any exclusive discounts to you are inappropriate gifts in disguise. You should also not use the company name or your position to seek out such discounts from.

International Gift Exchange Issues

Other cultures may have different standards for business gifts. In any case, all the regular cautions for identifying inappropriate gifts apply. When doing business in other cultures, you need to maintain a balance between what is appropriate according to the company's standards and what is normal practice in that culture. There may be flexibility in gift-giving standards to accommodate the range of circumstances worldwide, but those standards should always be compared against objective standards. You need to be aware of the company policies on this topic no matter what country you are in.

Giving and receiving gifts and entertainment are an integral part of doing business in other cultures. You need to try to understand the host country's culture in advance and know what the limits are for accepting or giving gifts or hospitality. You should know when a gift is an expression of friendship or goodwill and when the giver has another motive.

Occasionally, you may receive a gift above nominal value from an overseas business partner. If so, the gift should:

- Not violate international corruption laws.
- Be in accordance with your own company's code of business conduct.
- Be documented and reported to your company's legal or ethics office.
- Become property of the company.