



Gifts and Hospitality What You Need to Know

Your Policies and Practices

The most important thing you can do is to clearly identify your company's gift giving policies and practices. Is there any dollar amount for acceptable gifts? What particular restrictions apply to what kind of employees? Keep in mind that with some companies and government agencies there is no allowable gift giving at all. You need to educate yourself on where the boundaries are. The practical application of this is concerned with the “what” and the “how” of the situation. Not every unethical attempt at compromising your judgment and objectivity comes in a neatly wrapped package. Gratuitous services, discounts, special offers, and use of equipment or facilities can sneak inappropriate gifts through the back door. You need to be armed with specific steps to identify and refuse a gift even if it doesn't seem obvious. You also need to be able to apply ethical principles evenly to any situation or cultural practice.

Six Considerations in Accepting a Gift

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

1. Cost: Does it have nominal or moderate value? Is it appearing to be lavish or overly expensive?
2. Frequency: How frequently do you receive it from the same person or organization? You should be careful if you frequently receive gifts from the same person.
3. Circumstance: Is it appropriate to the circumstance? Is the gift or entertainment related to a legitimate company business? Does it appear to influence your decision-making, or objectivity, or pose a conflict of interest?
4. Appearance: Ask yourself how your acceptance of a gift would look to others or outsiders. Does it create the appearance of fair, impartial, and equal treatment?
5. Relationship: Is it appropriate to your business relationship?
And,
6. Exclusivity: Could it be given to anyone in your position or is it exclusively for you? You should demonstrate common sense and good professional judgment. If you don't have a satisfactory answer to any of these questions, you should not accept the gift and report it promptly.



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.

Gifts received during a purchasing decision.

And, 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. Be aware of...

Gratuitous services

Loans

Discounts

Expense reimbursements from outside your company.

Articles of significant value – such as “free” samples

And, personal use of equipment or facilities



Nominal Value

Let's take a look at the principle of "Nominal Value." The principle is this...any gift given or received in the proper course of doing business should have nominal value. 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" maybe between \$20 and \$50 or less.

Now, there may be some 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. In order to receive gifts above nominal value you must be able to identify a clear business purpose, you should allow all the facts to be known, and you should obtain authorization.

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 suppliers.

International Business Gift Giving

One particular area of conflict is in the international business arena. Giving and receiving gifts and entertainment are an integral part of doing business in other cultures. Other cultures may have different standards for business gifts. In any case, all the regular cautions for identifying inappropriate gifts apply here as well. 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 some 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 try to understand your host country's culture in advance and what the limits are for accepting or giving gifts or hospitality. Also, 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 such as the FCPA or the Foreign Corrupt Practices Act.
- It should be given in accordance with your own company's code of business conduct
- And should be documented and reported. Understand that any such gifts you receive become property of the company.