

Exemplary Gifts and Hospitality Policy BCM Business Ethics Working Group

Purpose and use of this document

Gifts and hospitality are often used by enterprises as a way of building relationships and in some societies they are required behavior. Expenses, meaning travel and associated expenses, can be a legitimate contribution to achieving a business outcome. For example, an enterprise pays the travel and associated costs for representatives of a potential customer to visit a facility or installation or to attend an exhibition, event, conference, or training. However, there are risks attached to these activities. Such actions might be used to disguise illegal payments or to create undue influence and can carry legal consequences for the company. Even where not illegal, accepting or giving gifts may cause the perception of influence-taking and corruption which could compromise the company's image and reputation. Since being offered and/or offering gifts and hospitality may occur with frequency over the course of regular interaction with business partners and government, it is important to implement a written policy, which clarifies when gifts, hospitality, and expenses are acceptable and when they are not.

In order to help BCM members to increase transparency in their business and to support them with the creation of a common understanding among their staff members when it comes to gifts, hospitality, and expenses, the Business Ethics Working Group has created an exemplary gifts and hospitality policy, to be available for all BCM members. This exemplary policy should be understood as a framework that can guide companies in developing or improving their own policy, and which can be adjusted to different businesses. Therefore, the policy was formulated in a flexible manner, while outlining all aspects that should be considered in relation to gifts, hospitality, and expenses.

Before implementing this exemplary policy, it is necessary to refer to national legislation and standards*as well as extra-territorial provisions of laws, such as the UK Bribery Act, which pose particular risks attached to giving benefits to public officials with the intent of influencing them or retaining or obtaining an advantage in the conduct of business. In addition to legal provisions,internal rules and procedures that may exist within the company as well as particular corruption risks should be considered. It may also be useful to consult employees about the policy design, in order to ensure understanding and commitment.The following recommendations should also be considered:

- The company gift policy must be an annex to the employment contract and communicated to all staff already on board.
- Companies should have a focal point responsible for the registration of gifts and the receipt of reports on violations of the policy.
- Companies should encourage employees to report cases of violations and ensure that there are mechanisms for such reporting in accordance with confidentiality standards.
- Companies should define the disciplinary measures that will be taken if any violations should occur.
- The company should establish a guideline on the process to follow for returning gifts when necessary.

1. Purpose

This policy aims to:

- *Provide an instruction which should be used by employees to facilitate a common understanding of acceptable business gifts;*
- *Eliminate the risk of incorrect practices that stem from variations in personal interpretations of what constitutes acceptable business gifts; and*
- *Mitigate reputational risks of perceived external influence from or to the company.*

2. Rule

*Staff and management do not accept gifts and other personal advantages from business partners and/or government, unless these are gifts of minor value (up to a current market value of **XX** MNT) and are given as an act of courtesy and with a clear business reason.*

3. Definitions

Accepting or offering gifts and other advantages may constitute a criminalized offense, such as bribery under applicable anti-corruption laws. Even if in individual cases no criminal act is conducted, it is essential to ensure that advantages do not influence or can be reasonably perceived to influence improperly the outcome of business transactions.

Advantages are not limited to gifts (any item that has a physical form, offered and/or given to a recipient), but include all services to which employees are not entitled and which improve their economic, legal, or personal circumstances. These include:

- *Remuneration: any money or other financial accommodation (e.g., credit), whether presently received or deferred, that is not associated with an approved outside occupation or employment;*
- *Favor: a special privilege or treatment granted to a recipient;*
- *Free or price-reduced (private) travel;*
- *The use of vehicles (to the extent where this is not a contractual agreement for visits of facilities, etc.);*
- *Admission tickets and other discounts (to the extent that these are not expressly granted to the entire staff under contractual agreements);*
- *Payment of travel expenses (to the extent that these are not granted for the implementation of work under contractual agreements);*
- *Dinner/lunch invitations of significant value or those of small value that occur on a regular basis and in a non-business manner;*
- *Advantages are also considered as such when they are given to a 'third party' (spouse, children etc.), if the staff member is aware of this.*

*Gifts of minor value include small token/branded gifts that should not exceed the value of **XX**MNT per person offering the gift, calendar year, and employee.*

In exceptional cases, permission can be sought in writing to accept gifts and other advantages when rejecting them is considered disrespectful or where this would go against standard business practice. The gift is then subject to use by the entire organization or for humanitarian purposes.

4. General Provisions

- *Branded tokens are the most recommended type of gifts.*
- *Cash (including check or cashable documents) should be avoided in all cases.*
- *Gifts should be accepted in a transparent manner, and never behind closed doors.*
- *Gifts should be given on behalf of the company and never in a personal capacity.*
- *Gifts above the threshold of XX MNT offered from any source shall be promptly declined by employees.*
- *If refusal of an unanticipated gift would cause embarrassment to the company, the staff member may exceptionally, with approval, receive it on behalf of the company. Such gifts will either be used for business or humanitarian purposes.*
- *All gifts above the threshold of XX MNT must be documented and/or recorded.*
- *Any advantage extended by a supplier or a source having or seeking a contractual relationship with the company must be rejected. This includes all gifts or offers of gifts, including meals and other invitations, from suppliers, vendors, consultants, non-governmental organizations, and other entities.*

Useful links:

- [Ethics and Integrity at UNICEF](#)

Relevant links in Mongolian:

- [Conflict of interest law](#)
- [Law against corruption](#)
- [Criminal Code](#)

* Article 16 of the “Law on Regulating Public and Private Interests in Public Works, and Preventing from Conflict of Interest” outlines limitations for public officials regarding the receipt of gifts, prohibiting public officials to receive gifts directly or indirectly (excluding diplomatic gifts, the rules of which are approved by the Government). If an employee in the private sector receives gifts, service fees, payments (excluding from family and relatives) that exceed one month salary per gift or 3 months’ salary in the course of one year, the employee has an obligation to report this to the relevant official in writing within 30 days. If gifts, service fees, or payments exceeding 6 months’ salary, they should be used as state property. State officials can keep such a gift by paying the difference from the total of 6 months’ salary. Cashable awards shall be regulated by government guidelines.