

Ethical rules governing public relations activities in the electrical industry

These recommended ethical rules have been drawn up jointly by the Electrical Material Suppliers' Association and SEG, Swedish Electrical Wholesalers Federation.

The document is based on material from the Institute against Bribes (IMM).

Purpose

The rules have two main purposes:

- The employer's interest: The employer wishes to ensure that laws and rules are observed, and that his employees do not act in a manner that in any way disadvantages the company.
- The competitor's interest: All companies in a market have an interest in ensuring that all players follow accepted standards of market ethics in their activities

Some definitions and sanctions (from the Criminal Code, Chaps 17 and 20)

Acceptance of bribes: An employer who receives, allows himself to be promised, or requests a bribe or other improper reward for the performance of his official duties will be sentenced for the acceptance of bribes to fines or to a maximum of two years' imprisonment. If the offence is of an aggravated nature he will be sentenced to a maximum of six years' imprisonment.

Bribery: A person who gives, promises or offers a bribe or other improper reward for performance of official duties will be convicted of bribery and punished with day fines or a maximum of two years' imprisonment.

The law considers as employees *all* employees in state, municipal and private service but also, for example, members of state, municipal and other public bodies.

Acceptance of bribes in the public sector is liable to public prosecution. For acceptance of bribes in the private sector prosecutions may be brought only if the employer reports the offence or if there are grounds for it in the public interest.

Ethical assumptions

It is obviously a legitimate requirement of all business activity to be able to create and maintain good personal contacts and relations with other players in the market. Meetings with customers, study visits, courses and seminars are natural elements of this activity. Customer care is both permitted and necessary, but should be given openly and with moderation. The only methods accepted are those which are ethically appropriate, i.e. which are generally considered fair and honest and consistent with good business practice.

The aim of these rules is to try to create clarity and a common perception of what is ethically appropriate.

Interpretation

Naturally the rules are not exhaustive. If the rules do not give clear guidance, use good judgment and check with the employer.

Permitted favours

Examples of favours which are normally allowed:

- a) working meals of an everyday character
- b) congratulations on round-number birthdays and other days worthy of special note or during illness, provided that these are moderate in relation to the circumstances in the individual case
- c) small samples of merchandise

- d) ornamental objects without substantial market value and comparable moderate souvenirs on the occasion of company anniversaries or similar.

Favours not allowed

- a) pecuniary gifts, cash loans or guarantee commitments
- b) private commission and bonus arrangements and kickbacks
- c) secondary deliveries of goods or services. Examples: Combination offers of extraneous products which can be used for private purposes.
- d) access to vehicles, boats or leisure accommodation for private use
- e) wholly or partly paid pleasure trips or holidays. The same assessment applies even if the employee takes the trip in his free time.

Favours allowed conditionally

Most favours offered in business life are such that the circumstances decide whether they can be regarded as allowed or not.

Criteria for assessment:

Requirement for openness: Any offer of a favour must as a rule be made directly to the employer. In other cases the employee must immediately inform his employer and have the favour approved.

Requirement for moderation: No exact ("allowed") level is stated in law. Corruption may be involved even with small amounts. When assessing these favours account must be taken of the financial value and attractiveness of the favour and the personal potential of the individual for being influenced.

Note that the risk of bribery being involved is greater in connection with planned, current and even completed business negotiations.

Common types of favours allowed conditionally

The following favours are normally considered to be allowed if they satisfy the requirements for openness and moderation:

- Study trips, study visits to own or suppliers' plants, courses etc if the information element predominates and the invitation has been addressed to the client, who has selected the participants and also approved any extra events. It is recommended that participants themselves pay their own travel and accommodation costs. The same rules apply to an accompanying spouse or similar.
- Promotional events with suppliers, wholesalers and their customers. If an arranger expects the financial participation of another party, programmes and lists of participants should be agreed in advance. Funds received must be used only for the joint event and open accounting is recommended.
- Official meals of good class unless there are several invitations to one and the same person over a limited period
- Invitations to cultural and sporting events
- Moderate gifts

If an employee expresses to a supplier a wish for a personal favour this is not normally allowed.

Material for further study:

- *Website of Institute Against Bribery (IMM): <http://www.chamber.se/IMM/>*
- *Vägledande etiska regler för kontakt- och relationsfrämjande förmåner i affärsverksamhet [Ethical guidelines on public relations favours in business activity] (IMM)*
- *Farliga förmåner [Dangerous Favours](IMM)*
- *Mutbrott, bestickning och korruptiv marknadsföring [Bribery and Corrupt Marketing]/Thorsten Cars, Norstedts Juridik*
- *Brottsbalken [The Criminal Code](SFS 1999:197) chaps. 17 and 20.*
- *Marknadsföringslagen [The Marketing Act](SFS 1995:450), §4, §14, §20 and §38*
- *Inkomstskattelagen [The Income Tax Act](SFS 1999:1229) chap. 9 §10*