

# Suggested Guidelines for Writing a Code of Ethics/Conduct

Companies that follow both the letter and the spirit of the law by taking a “value-based” approach to ethics and compliance may have a distinct advantage in the marketplace. Give the average employee a legalistic “thou shall not...” code, and a negative response is almost guaranteed. Give employees a document that states clearly and concisely the company’s expectations, outlines acceptable behaviors, and presents viable options for asking questions and voicing concerns, and the likelihood is much greater that they will meet those expectations and exhibit the desired behaviors. Make the contents of the code equally applicable to everyone in the organization—at all levels—and you have a key ingredient for a code that becomes cultural, with all of the benefits.

## Code Basics

There is no standard wording for a code of ethics/conduct. Each organization should develop one to suit the needs of its personnel in defining expected behaviors and in addressing the risks, challenges, and customs in the countries in which it operates, as well as to fit their specific industry and situation. However, there are some basic points to keep in mind when creating or modifying a code.

- The code language should be simple, concise, and readily understood by all employees.
- The code should not be legalistic—written as “thou shall not”—but rather state expected behaviors.
- The code should apply to all employees and be global in scope. If the code addresses financial risk and applies to all personnel, there may be no need for a separate financial code of ethics.
- The code should be written, reviewed, and edited by a multidisciplinary team in order to be reasonably confident that it is consistent with other corporate communications and policies, addresses relevant risk areas, has buy-in across the organization, and represents the organization’s culture. Consider inclusion of representatives from the following areas: Risk Management, Human Resources, Communications, Office of General Counsel, Internal Audit, Security, and relevant business units.
- The code should be revised and updated as appropriate to reflect business and regulatory changes.

## Recommended Elements

The elements or sections within a code can vary, but here are some standard recommendations:

- An introductory letter from the senior leadership team or CEO that sets the tone at the top and defines the importance of ethics and compliance to each employee and the company.
- The company’s mission statement, vision, values, and guiding principles that reflect the company’s commitment to ethics, integrity, and quality.
- An ethical decision framework to assist employees in making choices. For example, a code might ask employees to answer some questions to guide them in making an ethical decision about a possible course of action. The goal is for employees to think before acting and to seek guidance when unsure. They should be

encouraged to think about this type of question in the context of an ethical dilemma “Would you be unwilling or embarrassed to tell your family, friends, or co-workers?”

- A listing of available resources for obtaining guidance and for good faith reporting of suspected misconduct. For example:
  - A means to report issues anonymously, such as a helpline or postal address
  - How to contact the ethics and compliance officer or office
  - A definition of the reporting chain of command (e.g. supervisor, department head, etc.)
  - A listing of any internal ethics and compliance web site
- A listing of any additional ethics and compliance resources and/or the identification of supplementary policies and procedures and their location.
- Enforcement and implementation mechanisms that address the notion of accountability and discipline for unethical behavior. For example, unethical behavior will be subject to disciplinary action up to and including termination.
- Generic examples of what constitute acceptable and unacceptable behavior could be included to further explain risk areas. Examples could be based on relevant company or industry experiences.

## Areas of Risk

It is important that a code cover relevant and important issues or risk areas. For example, a manufacturing company would place greater emphasis on environmental responsibilities than a professional services firm. Code content and depth of coverage on a specific topic may vary by industry corporate objectives, or past corporate history, i.e., a company operating under a corporate integrity agreement or with a history of ethical violations or infractions. Content also may vary because of the regulatory environment, as well as the questions and needs of intended audience, local laws, customs, and culture.

Code topics can be organized alphabetically or organized to reflect groupings that make sense to the company. Topics also can be grouped according to the company’s objectives, risk matrix, or related topics such as employment practices, use of corporate assets, or third party relationships.

## Potential Code Topics

The following is a list of issues, topics and risk areas that could be addressed in a company’s code, either under their own subject heading or as part of a broader topic:

- Accurate Records, Reporting and Financial Recordkeeping/Management
- Antitrust/Competitive Information/Fair Competition
- Billing for Services
- Customer Service/Relations
- Customer, Supplier, and Vendor Relationships
- Customer/Supplier/Vendor/Contractor Confidentiality
- Communications on Behalf of Company (PR, media, speeches, articles)

- Communications Systems
- Community Activities – Civic Activity
- Compliance with Professional Standards and Rules
  - Conflicts of Interest
  - Independence
  - Licensure and Professional Certifications
- Confidential and Proprietary Information
- Consultation
- Contracting (Approvals)
- Conflicts of Interest
- Copyrights
- Corporate Governance
- Discrimination
- Diversity and Inclusion
- Document Retention
- Electronic Professional Conduct
- Employment Practices (EEO) and Affirmative Action
- Environment
- Expense Reimbursement and Time Reporting
- External Inquiries/Public Disclosure and Reporting
- Family and Personal Relationships
- Family Medical Leave Act
- Fraud
- Gifts, Entertainment, Gratuities, Favors and Other Items of Value to/from Customers, Suppliers, Vendors, Contractors, Government Employees
- Government Contracting, Transactions, and Relations
- Government Reporting, Inquiries, Investigations, and Litigation
- Harassment (Sexual and Otherwise)
- Health and Safety
- Honesty and Trust
- International and Global Business Practices
  - Anti-boycott Laws
  - Embargoes
  - Export/Import Laws
  - Export Licensing
  - Foreign Corrupt Practices Act
  - Foreign Economic Boycotts
- Marketing, Sales, Advertising, and Promotions
- Money Laundering
- Outside Employment and Other Activities
  - Outside Businesses
  - Outside Employment
  - Professional Organizations
  - Charities and Community Service
  - Fundraising
- Personal Conduct
- Political Contributions and Activity: Lobbying, Holding Office, and Finance
- Privacy
- Procurement/Purchasing
- Professional Competence and Due Care
- Quality
- Securities Trading and Insider Information
- Security
- Social Responsibility
- Supplier, Vendor, and Contractor Relationships

- Use of Company Resources
  - Computer and Network Security (Information Security)
  - Computer Software and Hardware
  - Email and Voicemail (Communications Systems)
  - Internet and Intranet
  - Industrial Espionage and Sabotage
  - Property
- Work/Life Balance
- Workplace Violence

## Implementation

Assign a core team, reporting to the Chief Ethics and Compliance Officer, the task of drafting the code. The code development or enhancement will require the successful completion of the following steps:

- Appoint a multidisciplinary advisory team
- Draft an outline of the proposed code and circulate amongst the multidisciplinary team for review and comment
- Draft code based on approved code outline
- Consider whether the code is aligned with the company's policies, procedures, values, and industry standards
- Circulate draft code amongst the multidisciplinary team for review and comment
- Update code to reflect input of advisory team
- Use focus groups and other methods to get feedback from all levels of personnel on the code update based on their feedback
- Present "final" version of code to management and board for approval
- Circulate final versions to offices of Communications and General Counsel
- Communicate the code to all employees

## Code of Ethics/Conduct Resource Centers

<b>Ethics Resource Center</b>	<a href="http://www.ethics.org">http://www.ethics.org</a>
<b>Ten Writing Tips for Creating an Effective Code of Conduct</b>	<a href="http://www.ethics.org/code_writing.html">http://www.ethics.org/code_writing.html</a>
<b>Ethics Officer Association</b>	<a href="http://www.eoa.org">http://www.eoa.org</a>
<b>Creating a Code of Ethics for Your Organization</b>	<a href="http://www.ethicsweb.ca/codes">http://www.ethicsweb.ca/codes</a>
<b>Institute for Global Ethics</b>	<a href="http://www.globlethics.org">http://www.globlethics.org</a>
<b>Markkula Center for Applied Ethics</b>	<a href="http://www.scu.edu/ethics">http://www.scu.edu/ethics</a>
<b>Business for Social Responsibility</b>	<a href="http://www.bsr.org">http://www.bsr.org</a>
<b>Institute of Business Ethics</b>	<a href="http://www.ibe.org.uk">http://www.ibe.org.uk</a>

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