




Codes of Conduct – constitutional chains or a living breathing document?


Bandini Chhichhia – Principal, Policy and Ethics




<p>Codes of Conduct – constitutional chains or a living breathing document?</p> 
<p>➤ Contextualizing Codes of Conduct</p> <ul style="list-style-type: none"> • <u>Codes of conduct/ ethics</u> are an integral part of company accountability framework – they communicate expected values and standards of behaviour to all stakeholders (employees, consultants, suppliers etc..) • Need to be part of the company's compliance program and based on individual risk profiles e.g. different sectors, geography will play a role • Need to be linked to other company elements: <i>company values, business strategy</i> and the overall <i>compliance and risk programmes</i>. • Codes need to allow the company to achieve at least two goals: (1) <i>encourage</i> ethical behaviour and (2) <i>sanction</i> breaches/ ethical failures <p style="text-align: center;">➔ <i>Codes are the written moral compass of an organization!</i></p>

<p>Codes of Conduct – constitutional chains or a living breathing document?</p> 
<p>➤ Is your Code of Conduct fit-for-purpose?</p> <ol style="list-style-type: none"> 1. <u>Ensuring strong culture and values</u> – “<i>living</i>” breathing document 2. <u>Risk assessment</u> – is it assisting mitigation? And, ultimately prevention of ethical failures? 3. <u>Designing ethical incentives</u> – is it rules based or principles based? 4. <u>Embedding ethical incentives</u> – what are the business processes? 5. <u>Monitoring and evaluation</u> – review cycle (mandatory/ discretionary) <p><small>(Incentivising Ethics, Managing Incentives to encourage good and deter bad behaviour, Transparency International, October 2016)</small></p> <p style="text-align: center;">➔ <i>This is a continuous process, as ultimately the company's own institutional experience will be the driving force for successful change.</i></p>

Codes of Conduct – constitutional chains or a living breathing document? 
<p>➤ Embedding Codes of conduct internally</p> <ul style="list-style-type: none"> • <i>“Creating an environment where people can comfortably discuss any concerns and actively encouraging teams to discuss ethical dilemmas in a safe environment are considered the two most effective ways of fostering ethical behaviour” ACCA Survey, 2014</i> • Setting the “tone from the top” – is your senior management engaged? Are they part of the continuous messaging loop? Are they prepared to set an example through their personal behaviour? • Continuous messaging, on relevant ethical topics is an essential part of internal dialogue – how are ethical issues <i>identified</i>, assessed and <i>actioned</i> internally? And, how are they reported? <p style="text-align: center;">→ Using “Nudges” – positive reinforcement and indirect suggestions work better than forced compliance</p>

Codes of Conduct – constitutional chains or a living breathing document? 
<p>➤ Consult, consult, consult ... then communicate!</p> <ul style="list-style-type: none"> • Key stakeholders should feel they “own” the document; senior management buy-in is essential • Build-in time for meaningful discussion and feedback • Is it being seen as an important internal policy document? Why? • Communicate the code of conduct in the way most appropriate for the company. For example, online blog posts, forums, publications, town halls etc., and ensure effective (case-based) training <p style="text-align: center;">→ Stakeholders should realise that codes of conduct are one of the most important internal policy instruments and treat them as such</p>

Codes of Conduct – constitutional chains or a living breathing document? 
<p>➤ How are “ethical failures” captured?</p> <ul style="list-style-type: none"> • Does everybody understand the consequences of a Code breach? • Are the obligations contained in the Code of Conduct actionable? • Does the Code apply consistently across the organization, including senior management? More importantly, is it seen to apply equally? • Is the company’s risk management system capturing “ethical failures”? And, if so any lessons learnt from such failures? • Is the company’s whistleblower protection programme in place and, if so, is it robust? <p style="text-align: center;">→ Perception is stronger than reality, so it is important that the code of conduct is “seen” to be working by all levels of the organisation.</p>

**Codes of Conduct – constitutional chains
or a living breathing document?**



Questions?