How to Build a *Great* Code of Conduct that Works for Your Organization

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- 25+ years in ethics and compliance
- Helped to develop or update many codes of conduct for a range of organizations
- Regularly review and benchmark codes of conduct and policies
- Recently conducted a review of third-party codes of conduct
What We’ll Talk About

- Legal Value of a Great Code
- Business Value of a Great Code
- A Great Code of Conduct Program
- 5 Foundations of a Great Code Program
- 5 Functions of a Great Code
- 14 Elements of a Great Code
- Anatomy of a Topic

Legal Value of a Great Code

- Mitigate federal criminal sentences
- Win and address regulatory or court orders (NPAs, DPAs, CIAs, consent decrees)
- Stave off DOJ prosecution
- Demonstrate expectations regarding directors’ duties
- Meet regulators’ expectations for ethics and compliance management
- Avoid or mitigate regulatory civil penalties
The type of publication(s) is the starting point for a successful code program. But a document alone will not achieve the goal of making its standards live in the hearts and minds of employees.
A Great Code of Conduct Program

How the code is delivered to employees and others establishes an important precedent for how the company and its leadership will reinforce and support the code and employees’ actions regarding it.

A Great Code of Conduct Program

Leadership should not assume or expect that employees will instinctively understand, appreciate and know how to apply the code simply from reading it. To obtain the best value from the code, a company should effectively educate employees (and others) to it.
A Great Code of Conduct Program

Just as with an ethics and compliance program, leadership must continue to reinforce the code – its purpose, importance, application – and the systems that support it for it to maintain lasting value.

A code and related efforts can be assessed for effectiveness and improvement opportunities. A code should respond to business changes to ensure it remains viable.
5 Foundations for a Great Code Program

- A Great Code of Conduct
- Ethics and compliance process supports
- Approach to policies
- Executive leadership commitment and support
- Mission-focused, values-oriented culture
- Understanding of risk

5 Functions of a Great Code

1. Effectively Articulates Company’s Standards
2. Builds Employees’ Decision-Resolution Skills
3. Provides Valuable, Relevant Resources
4. Reinforces the Ethics and Compliance Infrastructure
5. Reinforces Company’s Ethical Culture
Code of Conduct Maturity Ladder

Strengthen reputation with stakeholders
Build and reinforce ethical culture
Improve business performance
Foster employee engagement
Better enable employee competencies
Inform employees
Protect company

14 Elements of a Great Code

These 14 elements provide the working framework for developing or otherwise advancing a successful code of conduct. Each element contributes important value to an effective code.
14 Elements of a Great Code

1. Leadership demonstrably communicates its commitment to the code's standards and its support for employees who follow the code.

2. The publication's format fits with the organization's characteristics and needs, including business units, geographies, spoken languages, access to technology and other attributes.
14 Elements of a Great Code

1. Leadership commitment
2. Responsive format
3. Cultural fit
4. Operational fit
5. Unifying concept
6. Aspirational tone
7. Clear expectations
8. Compelling principles
9. Risk approach
10. Policy coordination
11. Inclusion of “tools”
12. Decision guidance
13. Writing style
14. Visual design

3. The publication reflects and reinforces elements of the company’s culture, such as its mission, values, perspective, heritage, style, priorities, rituals, and identity/branding, among others.

4. The publication addresses the company’s business activities both to put the standards in organizational context and to relate its contents to employees’ daily activities.
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5. The publication’s disparate contents are woven together by a unifying concept that runs throughout the code and ties back to the company’s culture and aspects of its business success.

Theme – A Unifying Concept

► Unites content
► May embody mission, values, culture
► May work off of company purpose
► Aspirational, inspirational
► Often reflected or hinted at in code title and in:
  ► CEO message
  ► Introduction
  ► Section titles
  ► Other content
  ► Visual design
6. The code presents an affirmative, aspirational tone that inspires employees and others with respect to the way that the company conducts its business and follows its mission.

7. The publication establishes clear expectations regarding the conduct of employees and others, with further clarity regarding individual accountability and the consequences of non-adherence to its standards.
8. The code and its contents are based on meaningful principles or values that establish a tone for the way that the organization conducts business and serve as the ethical standards to which the company aspires.

9. The code’s contents respond to the company’s understanding and prioritization of its business risks as exemplified in the selection and emphasis of the code’s topics and supporting content.
14 Elements of a Great Code

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14. Visual design

10. Company policies that relate to the code’s contents are appropriately referenced to aid employees in identifying and accessing these important expectations.

11. The code includes various tools that help readers to better understand and apply the code’s standards and supporting content and appreciate the value that the company’s commitment has regarding its success.
14 Elements of a Great Code

1. Leadership commitment
2. Responsive format
3. Cultural fit
4. Operational fit

12. The code includes guidance to help employees make decisions or find the right response when the contents do not provide easy solutions or regarding ambiguous issues.

5. Unifying concept
6. Aspirational tone
7. Clear expectations
8. Compelling principles

11. Inclusion of “tools”
10. Policy coordination
9. Risk approach

Visual design
Writing style
Decision guidance
14. The visual style is engaging, ties with the code’s unifying concept, reflects the company’s style, identity and branding and makes the code easy to navigate and use.
Corruption hurts competitive markets and local communities and provides the acting company with an unfair business advantage. We never exchange anything of value intended to improperly influence another’s business judgment or create an unfair advantage.

A bribe can consist of providing or offering anything of value to improperly influence another’s business decision. Examples may include a payment to a procurement official, an expensive gift to a government official prior to her making a contract decision, or never fail to or improperly record any entry regarding a company payment in the company's books and records.

What to Watch For
- Suggestions from a business party that an expensive gift or favor would help the Company's pending bid.
- Third parties requesting excessive payments that could be used to pay a bribe.

For more information, see the Company’s Anti-Bribery & Corruption Policy or contact the Integrity Helpline.

Topics to Consider

Employee Relations
- Diversity
- Fair employment/discrimination
- Respectful Treatment/harassment
- Privacy of Personal Information
- Health & Safety
- Substance Use
- Workplace Violence
- Gambling
- Use of Benefits
- Pre/Post-Employment Duties
- Wage/hour rules/rights
- Work eligibility
- Workplace monitoring

Business Considerations
- Gifts
- Entertainment
- Travel
- Gratuities
- Bribery and Corruption

Use of Resources
- Physical resources (equipment, supplies)
- Funds
- Business Information
- Intellectual Property
- Technology/Communications
- Records
- Financial integrity/reporting
- Brand/reputation

 Securities Trading and Inside Information
- Inside Information and trading
- Restricted Trading Periods
- Securities Trading

Provider-Specific Issues
- Procurement
- Selection of provider
- Ongoing relations
- Provider acting on behalf of the company
- Subcontracting
- Provider adherence to code of conduct

Conflicts of Interest
- Outside Employment
- Outside Other Activities
- Business presentations and speeches
- Financial Interests
- Corporate Opportunities
- Personal Relations
- Solicitations and distribution of materials
- Use of company assets for outside activities
- Use of company employment for outside activities
- Disclosures and review
### Topics to Consider, II

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### Code Launch

Does your code’s launch:

- Ensure all employees receive the code and in a timely manner? (including new hires and staff from acquisitions)
- Instruct leaders and other managers about how to communicate about and reinforce the importance of the code to staff?
- Instruct employees about their important responsibilities for the code (and for reviewing it)?
- Link the relevance of the code to employees’ daily work?
- Reinforce to employee the importance of the code as a problem resolution aid?
- Include communications that reinforce key code messaging?
Code Reinforcement

Does your code program:

- Keep employees informed on timely topics that arise in the business throughout the year?
- Remind leaders and managers to keep the code and its standards and resources top of mind for employees?
- Reinforce the code’s value as a problem resolution “toolkit”?
- Regularly link the value of the code with the organization’s operations and success?
- Help employees balance other incentives or pressures to meet certain business goals?

Typical Code Development/Revision Workplan

1. Setup
   - ID resources
   - ID objectives
   - Assess current documents
   - Benchmark relevant codes
   - Review overall E&C program needs & other 4 foundations

2. Develop Concept
   - Format
   - Code structure
   - Theme
   - Title
   - Topic list
   - Tone

3. Develop Content
   - Topic structure
   - Topic content
   - Topic resources
   - Topic utilities

4. Develop Design
   - Company style, branding, culture
   - Enhancement of code theme
   - Code reading and use and navigation ease

5. Print
   - Hard copy
   - Electronic
   - Online
   - Launch aids

Review with Internal Stakeholders
Project Considerations

1. **Revision** – Degree of anticipated revision (e.g., minor, significant)?
2. **Team** – Use of a staff team for a) project oversight, b) content review.
3. **Code assessment** – Level of effort desired to meet revision degree? Level of leadership and staff engagement? (e.g., interviews, focus groups, survey) Documents to support assessment?
5. **Audience** – Employees, Board, SFOs, third parties?
6. **Standards** – Interest in revising expectations that are being set?
7. **Policies** – Need policy review and/or coordination?
8. **Risk assessment** – Any to align with?
9. **Benchmarking** – Against peers? Other organizations? Degree of effort (topic, subtopic, standard)?
10. **Detail** – Anticipated length of revised code?
12. **Design** – In-house team? Level of investment?
13. **Code launch** – Expected need and effort?

Questions?