
How to Build a *Great* Code of Conduct

that Works for Your Organization

syntrio

Jason L. Lunday

- 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

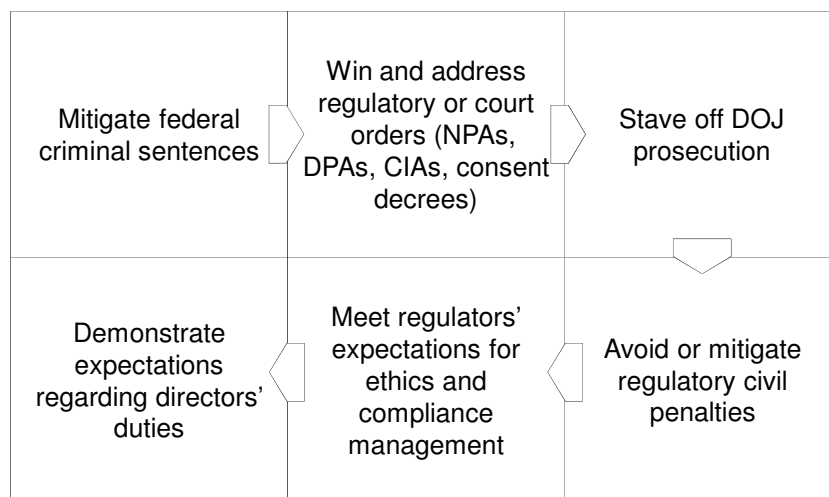
What We'll Talk About

- ▶ 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
- ▶ Topics to Consider
 - ▶ Code Launch
 - ▶ Code Reinforcement
 - ▶ Typical Workplan
 - ▶ Project Considerations

3

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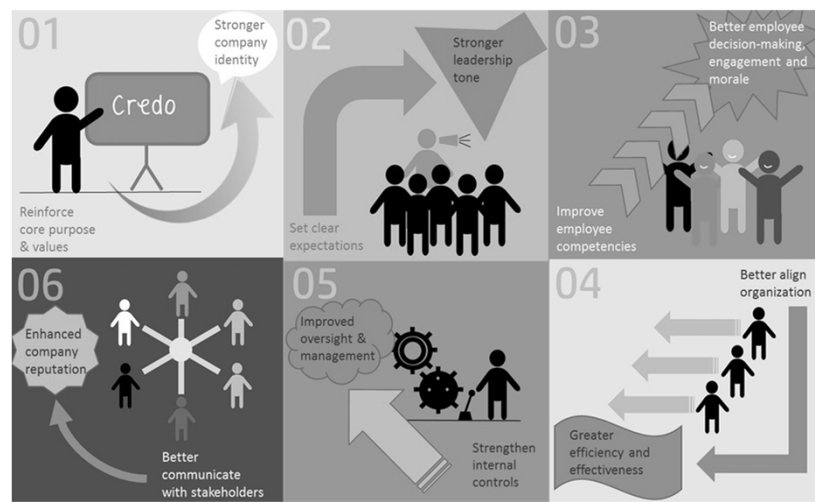
Legal Value of a Great Code



4

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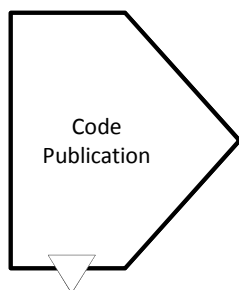
Business Value of a Great Code



5

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A Great Code of Conduct Program

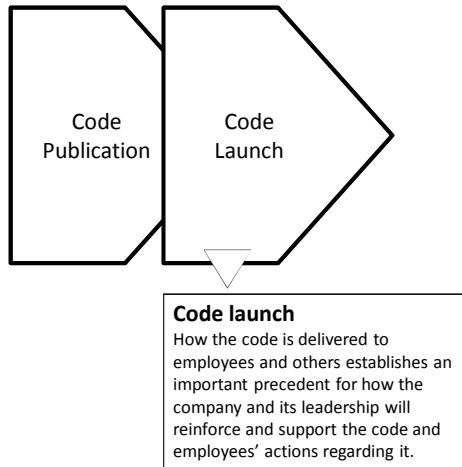


Code publication
 The type of publication(s) is the starting point for a successful code program. But a document alone will not achieve the goal of making its standards live in the hearts and minds of employees.

6

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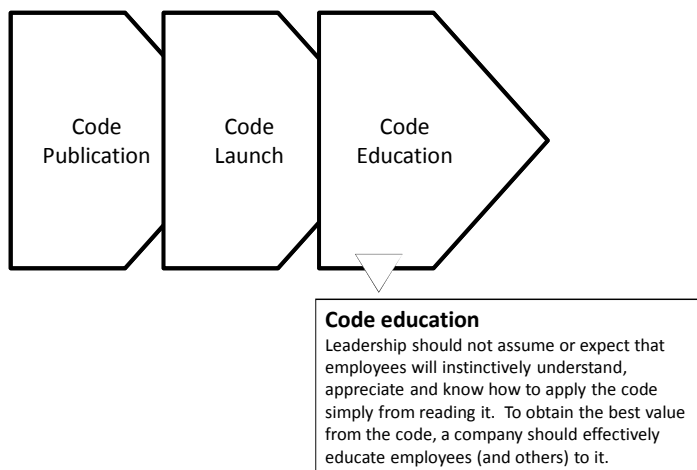
A Great Code of Conduct Program



7

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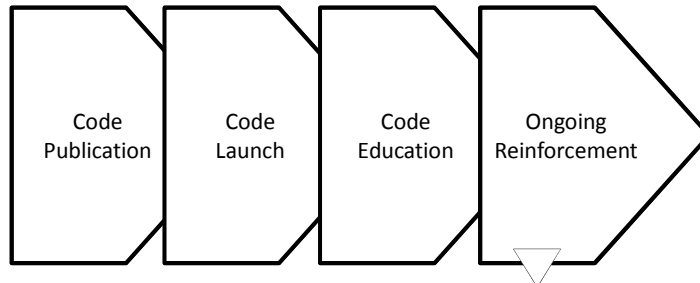
A Great Code of Conduct Program



8

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A Great Code of Conduct Program



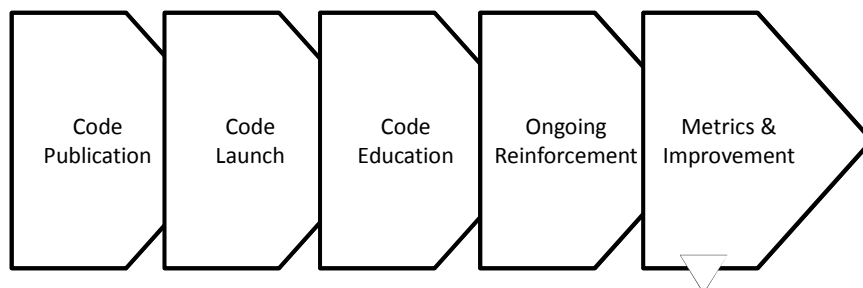
Ongoing reinforcement

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.

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A Great Code of Conduct Program



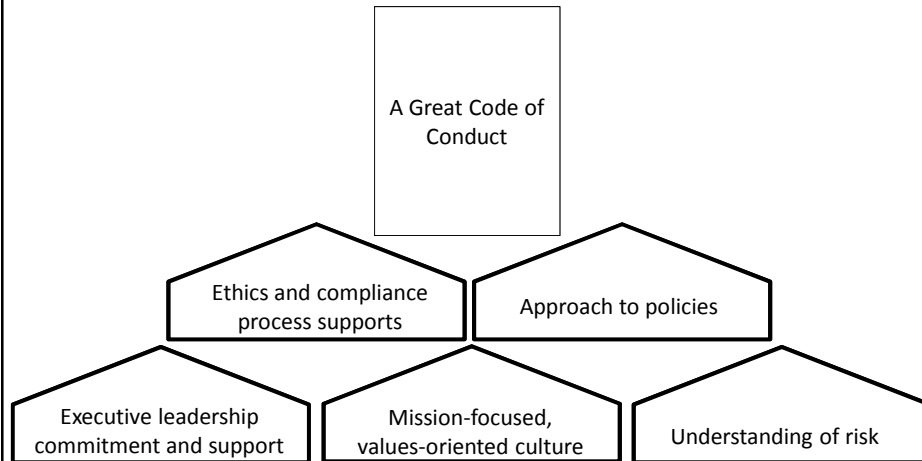
Metrics & improvement

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.

10

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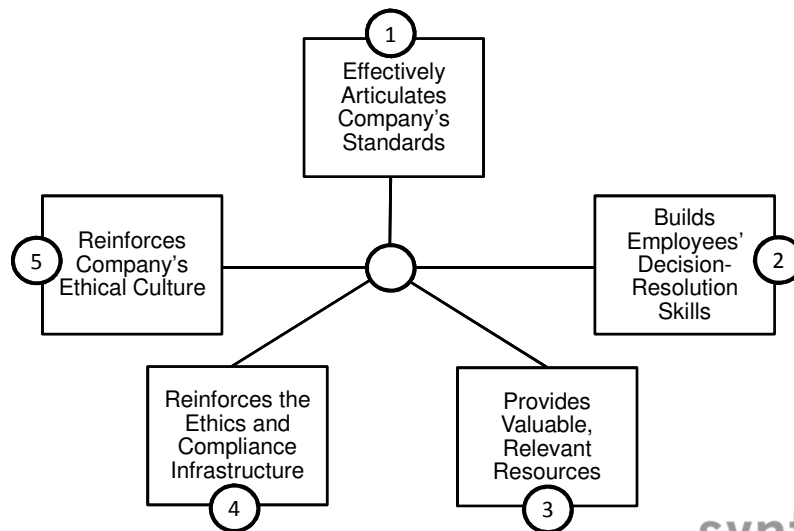
5 Foundations for a Great Code Program



11

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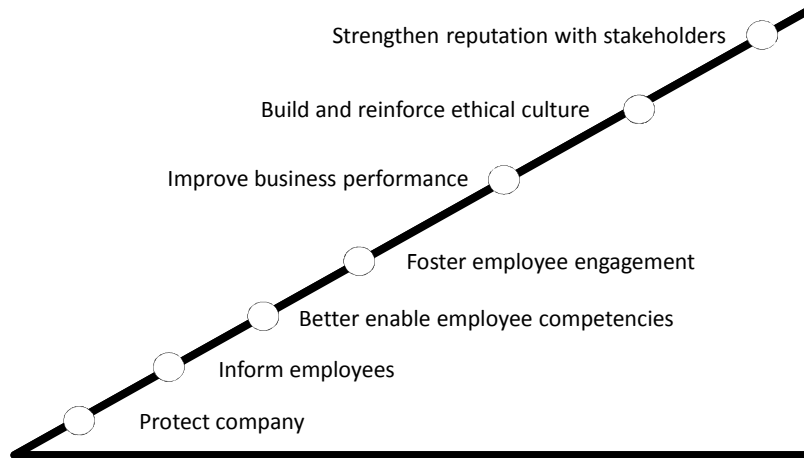
5 Functions of a Great Code



12

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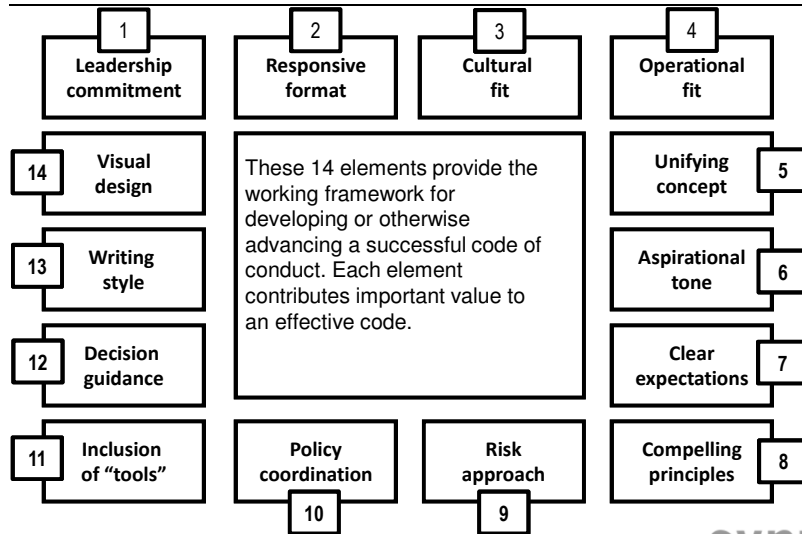
Code of Conduct Maturity Ladder



13

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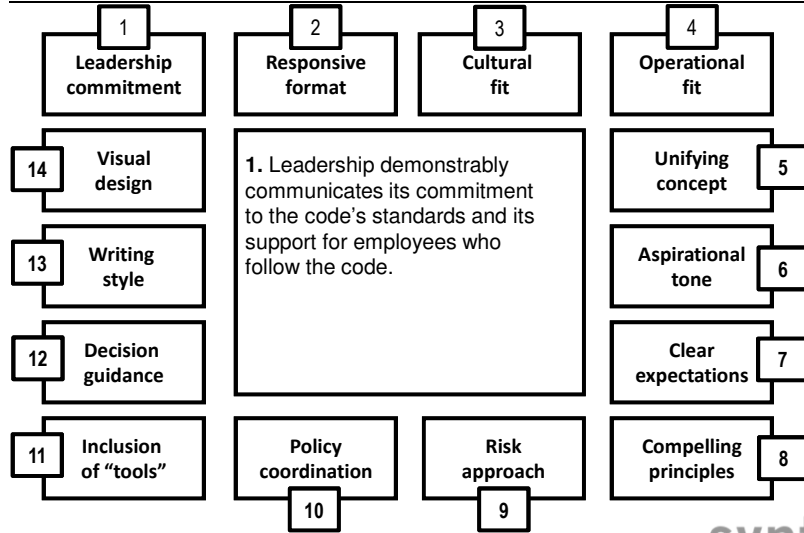
14 Elements of a Great Code



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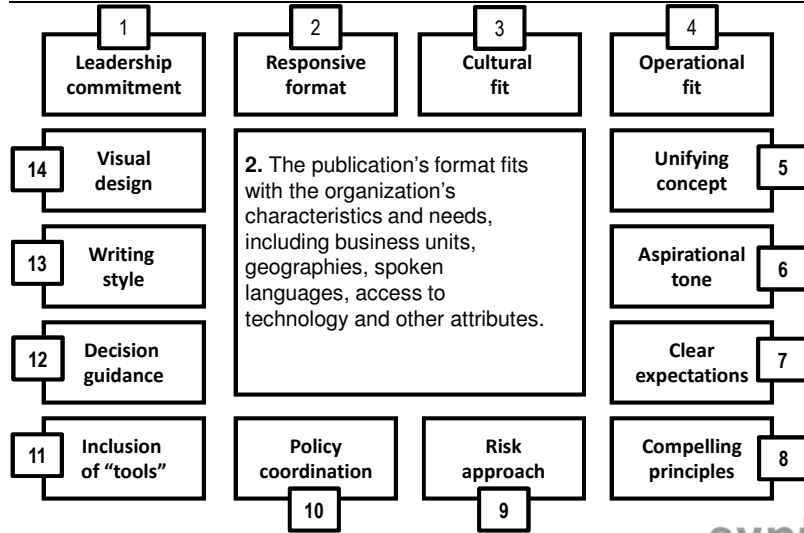
14 Elements of a Great Code



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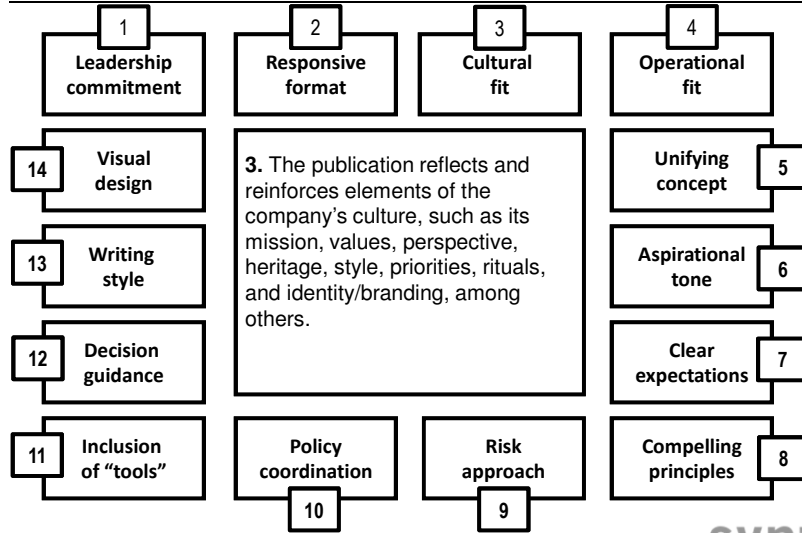
14 Elements of a Great Code



16

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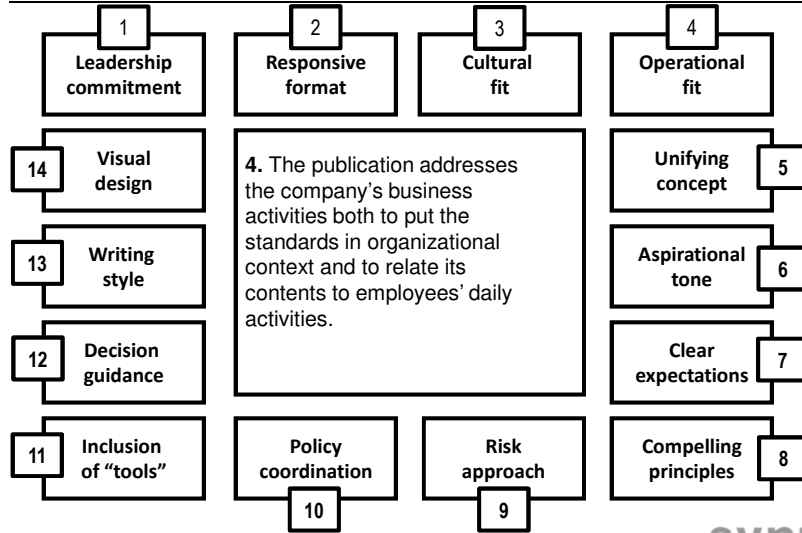
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17

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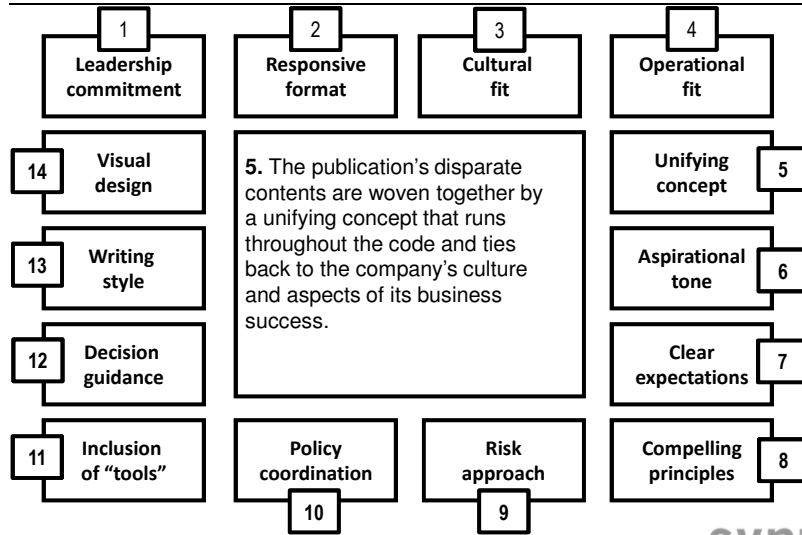
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18

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Theme – A Unifying Concept

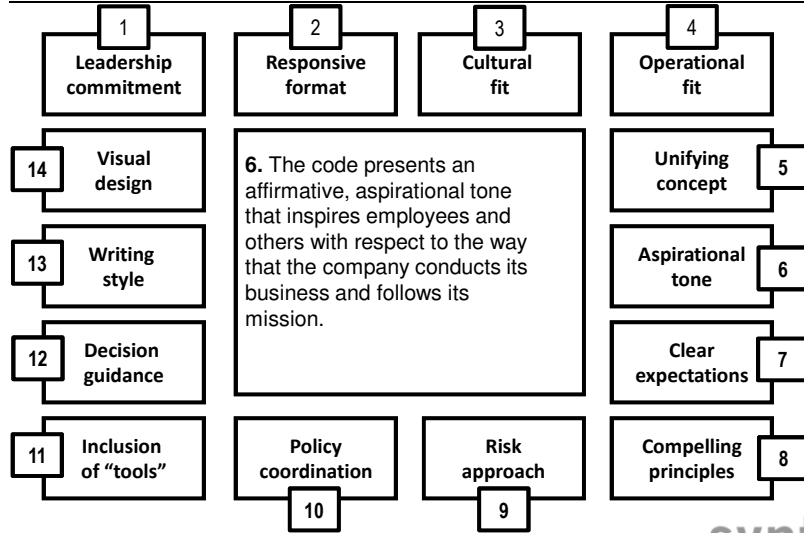
- ▶ Unites content
- ▶ May embody mission, values, culture
- ▶ May work off of company purpose
- ▶ Aspirational, inspirational
- ▶ Often reflected or hinted at in code title and in:
 - ▶ CEO message
 - ▶ Introduction
 - ▶ Section titles
 - ▶ Other content
 - ▶ Visual design



20

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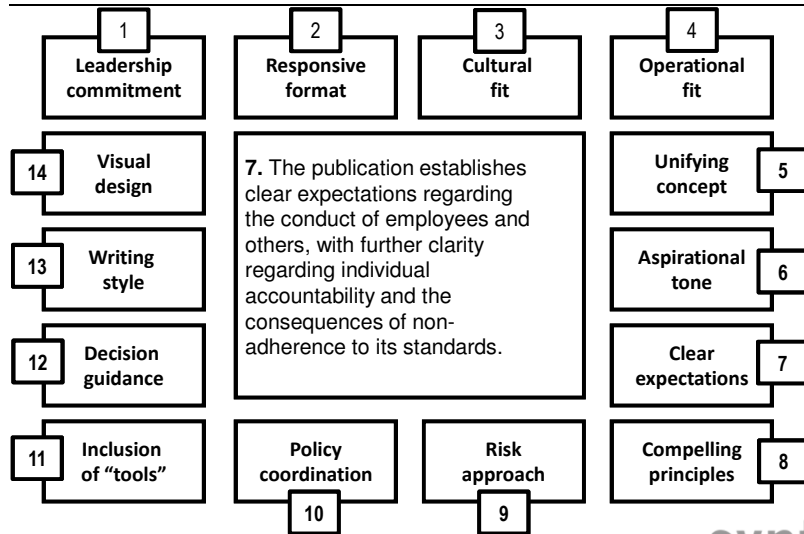
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21

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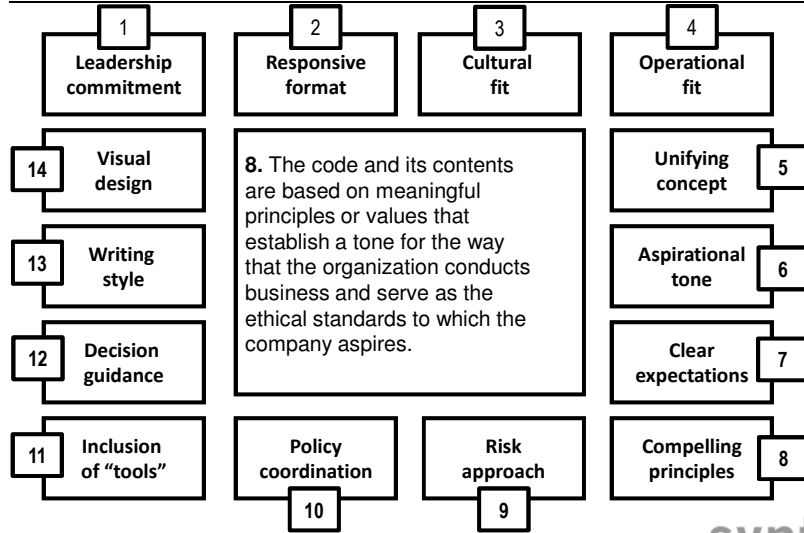
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22

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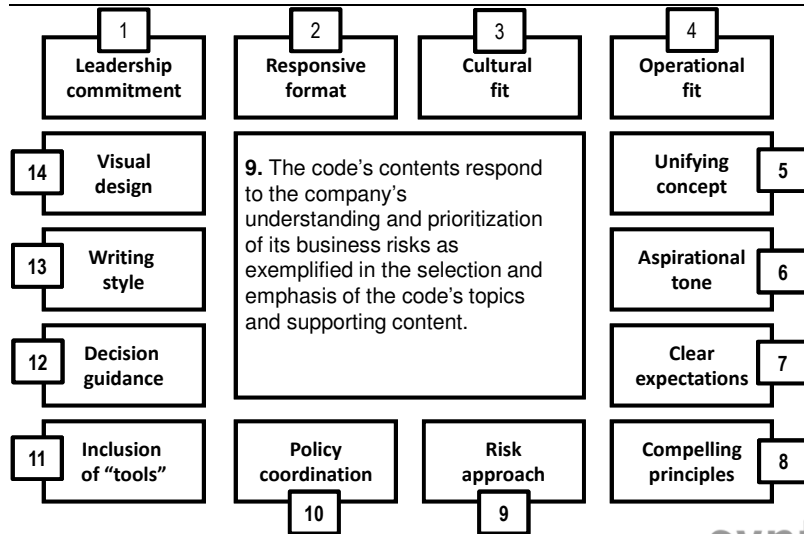
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23

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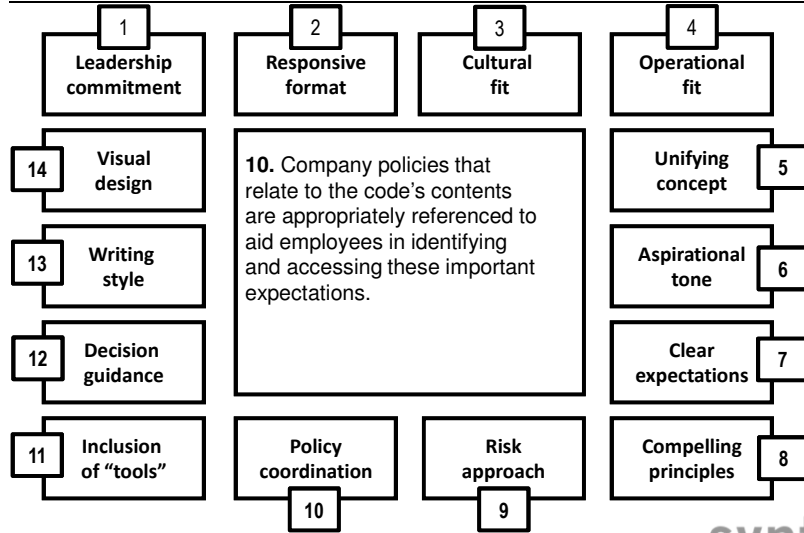
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24

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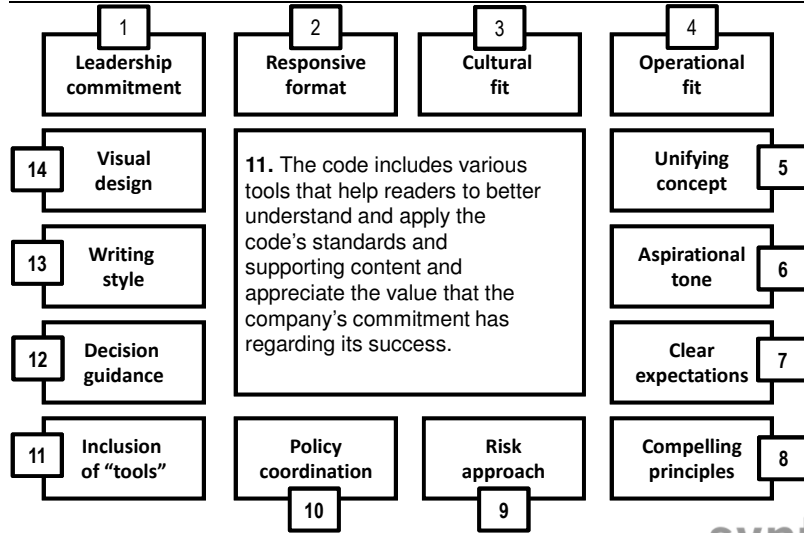
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25

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Tools - Examples

A



Insider information can be anything significant that is not readily available to the general public, such as unpublished financial data, pricing plans or product development information. Do not share, or act upon, insider information.

Quincy Allen
President, Production Systems Group

B

Q. I want to give a client a birthday present that costs more than the monetary limit in my location (for example, above \$100 in the U.S.). Is the gift permissible if I pay for it myself without seeking reimbursement from Morgan Stanley?

No. Any gift to a client is subject to the gift policy; the monetary limit on gifts applies whether or not you seek reimbursement from the Firm.

C

BE AWARE

- Be cautious of outdated, incomplete, incorrect or poorly-completed export or import documentation. These can lead to sanctions, including prohibitions or restrictions on export and import rights. This matter can severely hurt the Company's ability to conduct trade. So, it is better to check than cause the Company to risk significant damage due to penalties or restrictions.
- Watch for attempts by individuals in other countries to purchase Company products through channels that are illegitimate in their countries.
- Be cautious of individuals who seem unwilling to provide accurate, complete and timely information regarding exports or imports. While the situation may be innocent, it also may suggest an effort to deceive the Company or regulators.

D

Did I do my part to protect the environment and ensure a safe workplace?

Ask Yourself!

Did I follow all Air Products Environment, Health, and Safety policies, standards, and procedures designed to keep us safe?


Did I report any safety concerns or unsafe conditions that I saw?

E

No business goal of any kind is ever an excuse for misrepresenting facts or falsifying records.


Always report information accurately and promptly to resolve discrepancies in company records. Verizon's reputation is a key asset that all employees must protect.

F



It is responsible to understand our customer requirements, and to verify those requirements with leading products and services.

G



A Commitment to Customer Focus

We are deeply committed to meeting the needs of our customers, and we constantly focus on customer satisfaction.

H

"Take care of the little things every day..."

- J. Willard Marriott

This philosophy of our founder is behind all Marriott policies, procedures, and systems.

I

COMMON AREAS WHERE CORRUPTION CAN OCCUR

Below are some examples of activities that have potential corruption risk and, as a result, require rigorous review:

- Selection, retention, and compensation of third parties (e.g., agents, contractors)
- Formation and operation of joint ventures
- Gifts, hospitality, travel (including use of company aircraft), and promotional expenses
- Conflicts of interest
- Charitable contributions, sponsorships and social projects
- Political contributions
- Mergers and acquisitions

J

You seek lower-cost suppliers in key areas and have found a non-domestic supplier that looks promising.

Can you e-mail technical drawings to see if this new company has the capabilities you need?

SEE ALSO IN: INTERNATIONAL TRADE CONTROLS

K


<p>Do:</p> <ul style="list-style-type: none"> • Avoid conflicts of interest or the appearance of conflicts of interest. • Act only in the best interests of the Company. • Prepare Company records accurately. • Coordinate with auditors and other investigators. 	<p>Don't:</p> <ul style="list-style-type: none"> • Accept gifts. • Buy or sell Company stock or other securities if you have material non-public information. • Reveal comparative store sales or other Company confidential information. • Destroy Company records without authorization.
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27

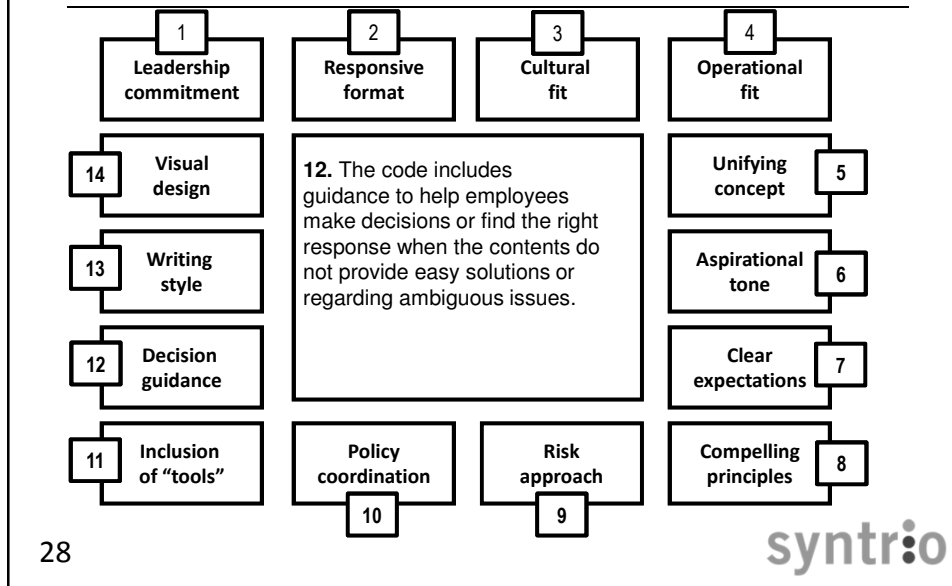
A-Xerox
B-Morgan Stanley
C-LG Electronics
D-Air Products & Chemicals

E-Verizon
F-Waste Management
G-Pfizer
H-Marriott

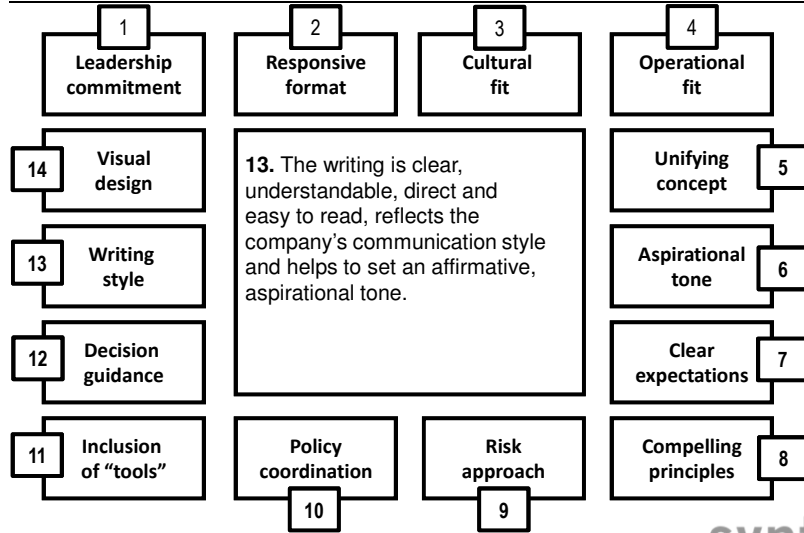
I-Noble Energy
J-GE
K-TJX



14 Elements of a Great Code



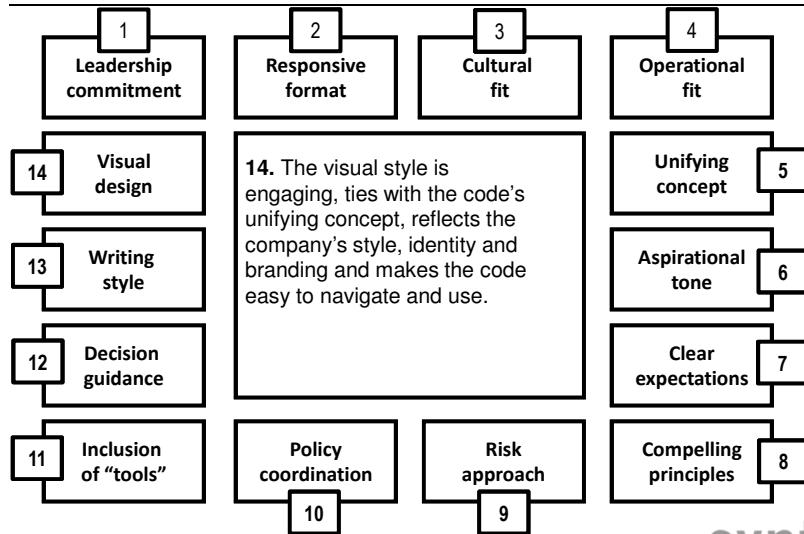
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29

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30

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Anatomy of a Topic

Topic/Title	Bribery & Corruption	B Commercial Corruption Never offer, provide, solicit or accept something of value with a prospective or current business partner to influence a business decision or as the outcome of having done so.
Rationale	Corruption hurts competitive markets and local communities and provides the acting company with an unfair business advantage.	C
Overarching Standard	We never exchange anything of value intended to improperly influence another's business judgment or create an unfair advantage.	B Facilitating Payments A facilitating payment typically involves a minor payment to a lower-level government official for completing a routine governmental action that the person is required to complete. Our company does not endorse these payments. Never offer or make a facilitating payment to any government employee.
Definitions	A bribe can consist of providing or offering anything of value to improperly influence another's business decision.	A
Examples	Examples may include a payment to a procurement official, an expensive gift to a government official prior to her making a contract decision,	C
Subtopics	Government Corruption Never offer a government official anything of value to influence his or her decision regarding a contract decision.	
Standards	Never fail to or improperly record any entry regarding a Company payment in the Company's books and records.	

Tool

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**.

Resources

31



Topics to Consider

Employee Relations

- Diversity
- Fair employment/non-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

32



Topics to Consider, II

Political Activities and Contributions

Personal Political Activities
Personal Political Contributions
Company Political Advocacy
Company Political Activities
Company Political Contributions

Fair Competition

General
Competitor
Related
Customer Related
Supplier Related
Specific Types

Customer-Specific Issues

Marketing
Sales practices
Quality/standards
Privacy/use of personal information
Use of customer resources
Adherence to customer standards of conduct

General Stakeholder Relations

Fair dealing/fraud
Anti-money laundering
Communications with outside parties

Cross-Border Business

Export
Import
Economic sanctions/embargoes/boycotts

Community/Society Responsibilities

Environmental responsibility
Human rights
Community Assistance/volunteerism
Use of Conflict Minerals

Government Relations

Regulatory inquiries and reviews
Contact with regulators
Government procurement
Government/customer relations

General Code Content Topics

Company Mission, Vision, Values
Leadership Message
Introduction
Code conditions
Applicable constituents
Applicable entities
Responsibilities (employee, manager)
General legal compliance
Local customs, cultures
Seeking guidance
Reporting concerns
Investigations
Corrective action
Non-retaliation
Waivers of the standards
Decision tools
Contacts
Other resources (materials, intra/Internet sites)
Ethics & compliance program/processes
Index
Code Acknowledgment

33

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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?

34

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Code Reinforcement

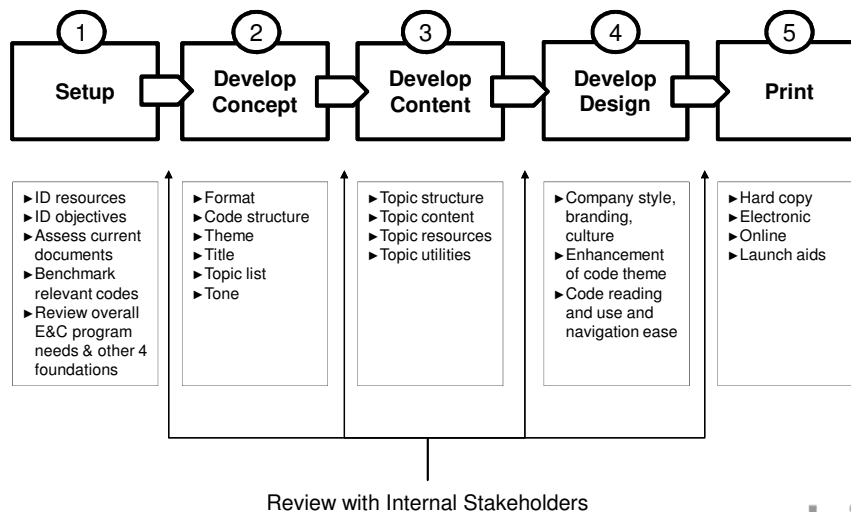
Does your code program:

- 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?

35

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Typical Code Development/Revision Workplan



36

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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?
4. **Formats** – Publications? Printed? Acrobat? Electronic? Interactive? Website?
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?
11. **Review** – Staffing? Review levels/cycles?
12. **Design** – In-house team? Level of investment?
13. **Code launch** – Expected need and effort?

37

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Questions?

38

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