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

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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

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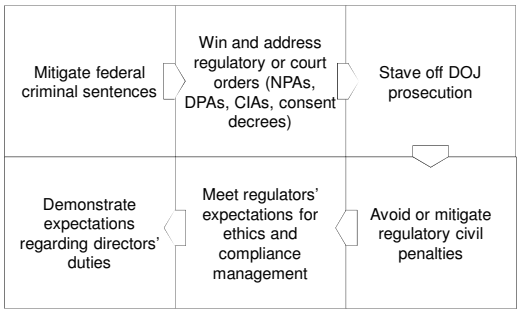
Legal Value of a Great Code



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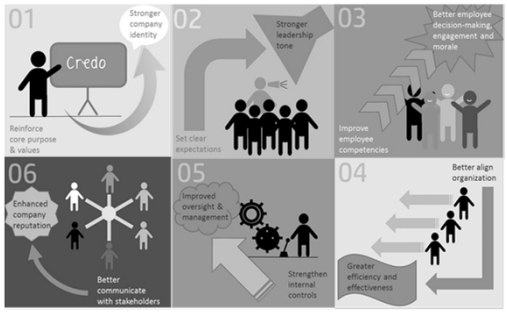
Business Value of a Great Code



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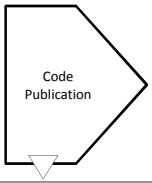
A Great Code of Conduct Program



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.

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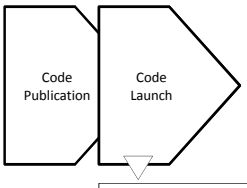
A Great Code of Conduct Program



Code launch
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.

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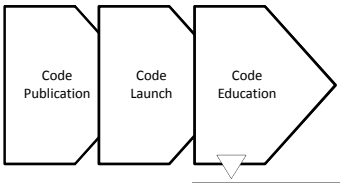
A Great Code of Conduct Program



Code education
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.

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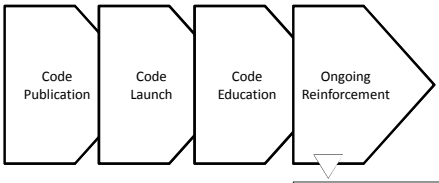
A Great Code of Conduct Program



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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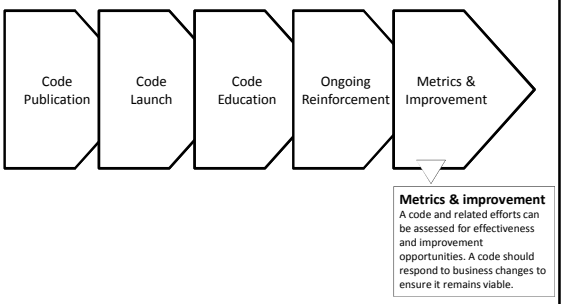
A Great Code of Conduct Program



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.

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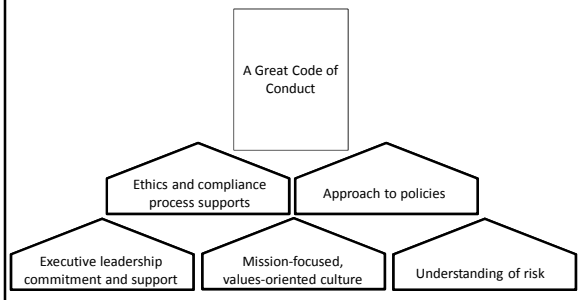
5 Foundations for a Great Code Program



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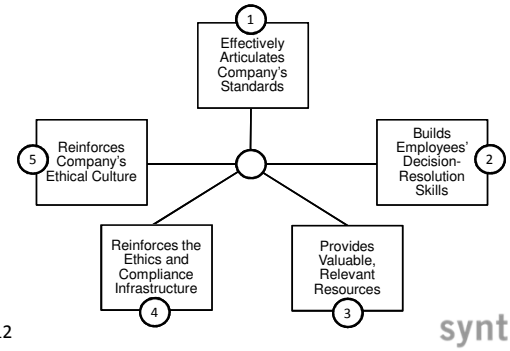
5 Functions of a Great Code



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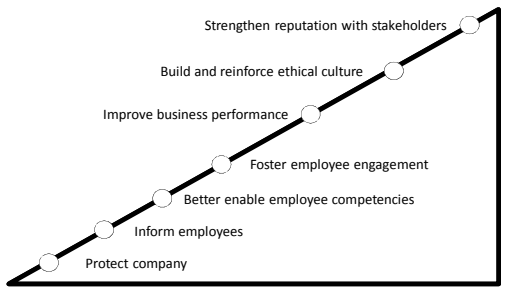
Code of Conduct Maturity Ladder



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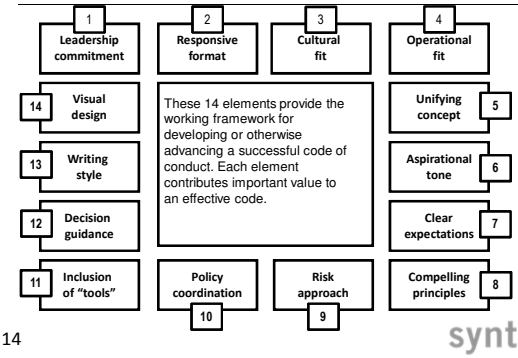
14 Elements of a Great Code



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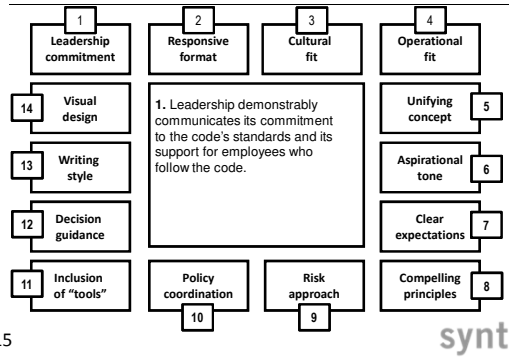

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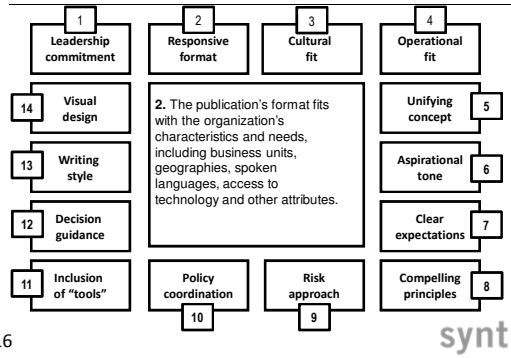

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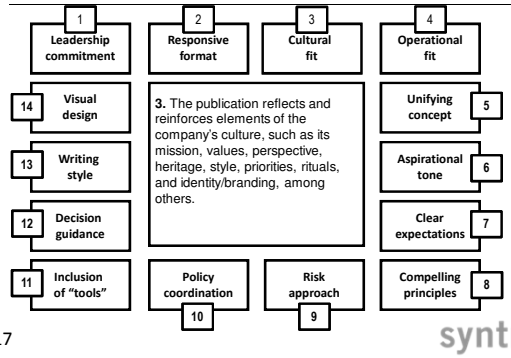

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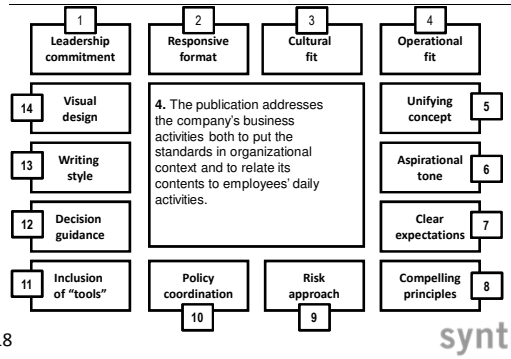

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14 Elements of a Great Code

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

14 Visual design | 13 Writing style | 12 Decision guidance | 11 Inclusion of "tools"

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.

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

10 Policy coordination | 9 Risk approach

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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

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14 Elements of a Great Code

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

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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.

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

10 Policy coordination | 9 Risk approach

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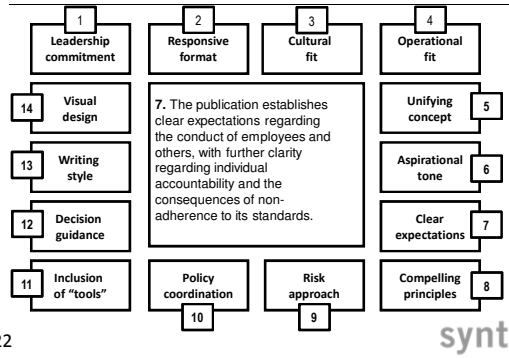

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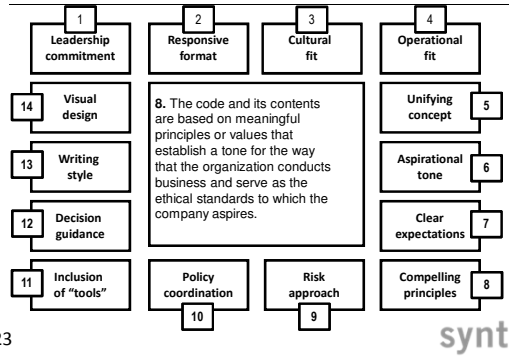

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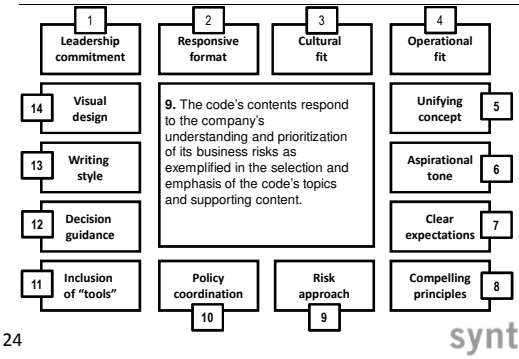

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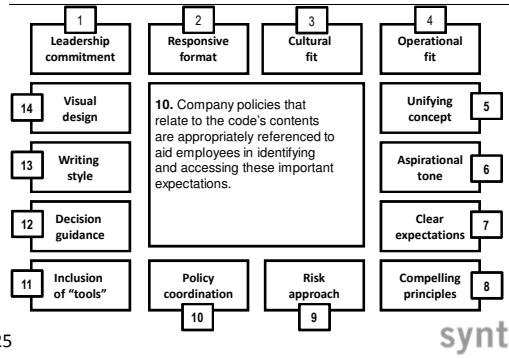

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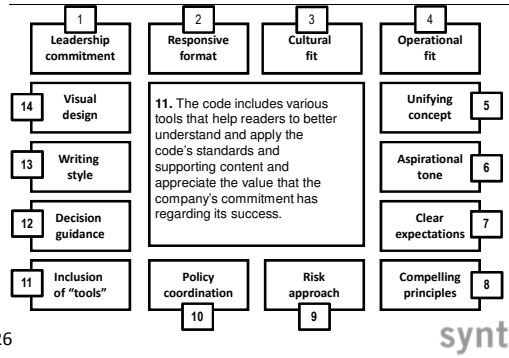

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Tools - Examples

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

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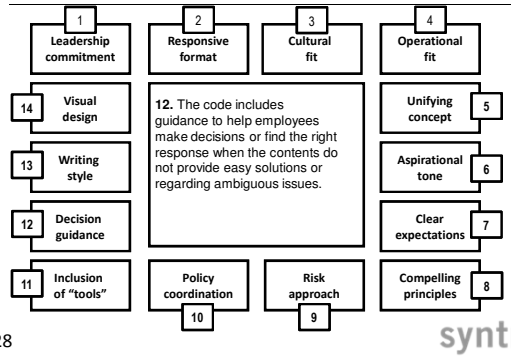

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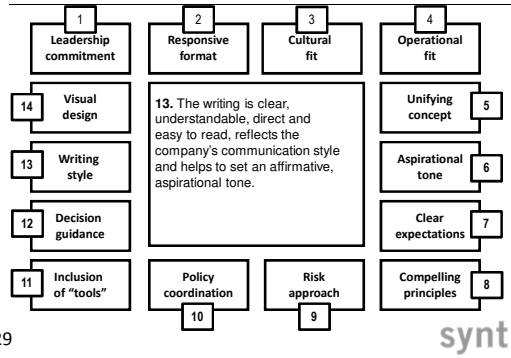

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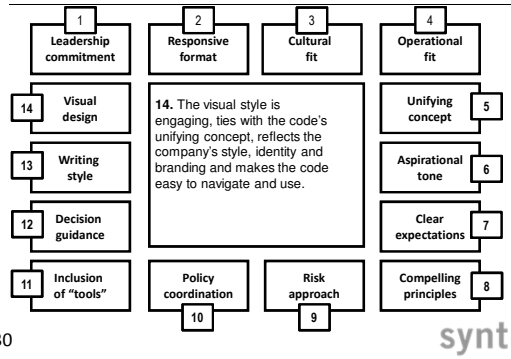

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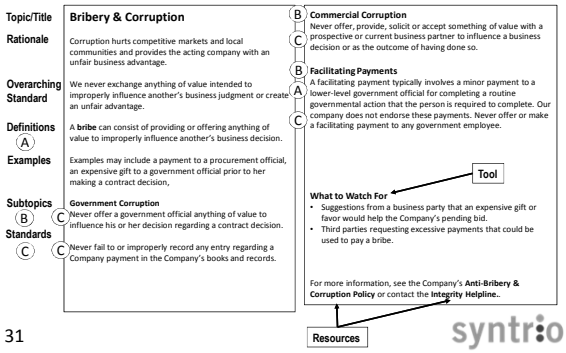
Anatomy of a Topic



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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

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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

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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?

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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?

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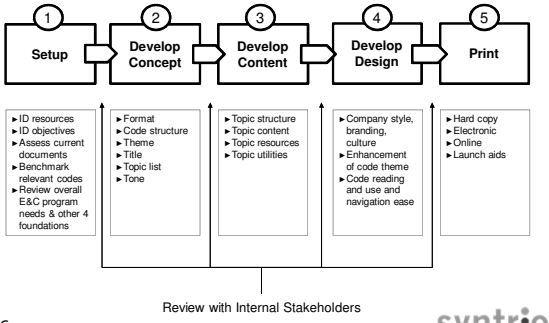
Typical Code Development/Revision Workplan



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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?

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Questions?

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