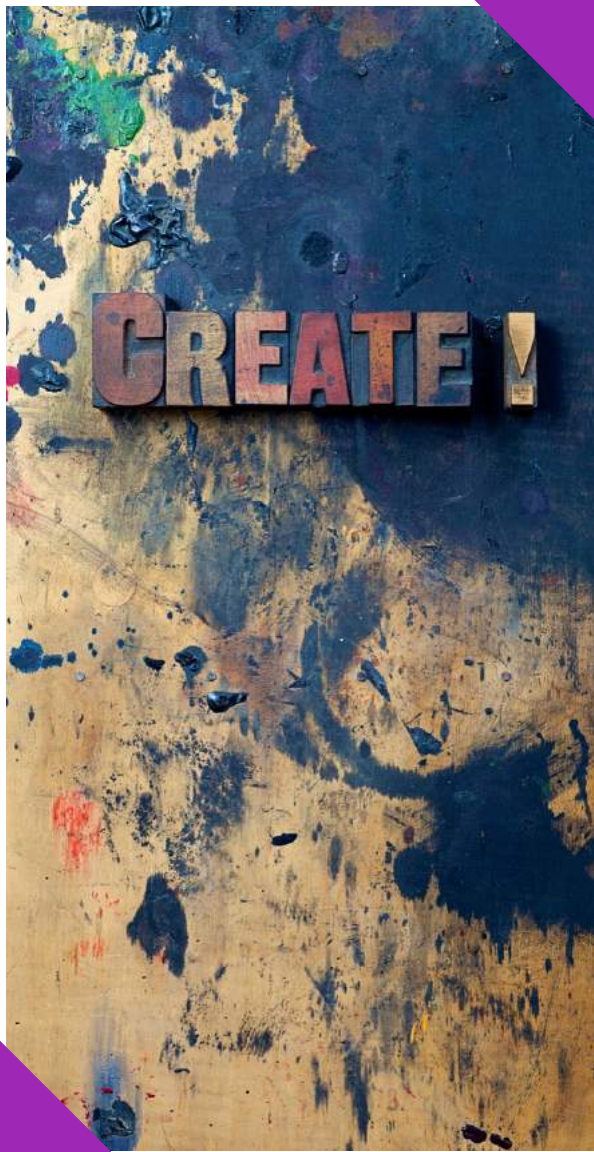# CREATING A CODE OF CONDUCT

COMPLIANCE TOOLKIT

Introduction

A code of conduct tells the world what your organization stands for and how it will make decisions. A code of conduct is a major component of an effective compliance and ethics program.

A code of conduct benefits your organization in many ways, including:

- Communicating your values to customers.
- Simplifying decision-making.
- Showing regulators your ethical culture.
- Setting employee expectations.
- Attracting talent and investment.
- Distinguishing yourself from the competition.

Plus, a good code of conduct is not difficult to create. This toolkit will help you efficiently prepare a code to quickly put into practice.

CONVICTION IS WORTHLESS UNLESS IT IS CONVERTED INTO CONDUCT.

Thomas Carlyle, Historian

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WHAT IS A CODE OF CONDUCT?

Creating a code of conduct is a first step in developing an organizational compliance and ethics program. The code sets the values and standards that are at the heart of the organization, creating a model for consistent and ethical decisions. Having a strong, memorable code of conduct guides actions by everyone in the organization and helps set your company apart.

A code of conduct is different from an employee manual or a mission statement. It is not as detailed as an employee manual, which may contain rules for expense reports and paid time off. A code is also different from a mission statement, which is a very short description of a company's overall activities and goals.

A famous example of a code of conduct is the Johnson & Johnson Credo. Written in 1943 and still followed today, the Credo sets out the company's beliefs and its relationships with others.

The first sentence reads:

We believe our first responsibility is to the patients, doctors and nurses, to mothers and fathers and all others who use our products and services.

The Credo continues with the company's responsibilities to suppliers, employees, communities, and shareholders. In less than 350 words, Johnson & Johnson set out a model that everyone could easily follow. When faced with a difficult decision, an employee would only need to remember the "first responsibility."

A code of conduct may also be called a code of ethical conduct or a code of conduct and ethics. The name is less important than the goal – defining the organization's unique values and rallying its commitment to do the right thing.

CODE OF CONDUCT TOOLKIT FLOWCHART

This flowchart is an overview of the activities in this toolkit.
Use it as a checklist as you create your code of conduct.

1. Gather Existing Standards (using the Organizational Standards Checklist).

Pull together any rules, mission statements, or definitions you already have. (You can even survey your employees using the Employee Survey.)

2. Write Out Loud (using the Working Outline).

Work with your team to determine what defines your organization. Look at Code of Conduct Examples for inspiration.

3. Review and Refine (using the Finalization Checklist).

Run your draft past new eyes to make sure that your text says what you mean.

4. Tell Everyone (using the Communication Plan).

Determine how best to roll out your new Code of Conduct.

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Employee Survey Example

You might know what your company's values are...but do your employees agree? They may have valuable information about what they see the business doing well, and where it could improve. Use Survey Monkey or another anonymous survey site to modify these questions to your needs.

We are working on a compliance and ethics program and would appreciate your responses to this short survey about values. A value is a principle or quality, such as honesty, loyalty, fairness, respect, fun, openness, consistency, or stability, to name just a few. Here are some examples:

- "Innovation" is one of Microsoft's core values.
- "Customer obsession" is a core value of Amazon.com.
- McDonald's offers "opportunity" to new workers.

Your answers will be kept anonymous. Thank you in advance for your feedback!

1. What is the primary value that this company shows in its daily work?
2. What other values does this company demonstrate? (Name up to 3.)
3. Of any of these values, which do you think would be the most important for the company to demonstrate?

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ORGANIZATIONAL STANDARDS INVENTORY

Every organization has rules, even if they are unwritten. For example, maybe your company's "business casual" standard is not documented, but everyone would feel like a rule had been broken if a coworker wore shorts. This checklist will help you gather and evaluate the standards that already apply to your organization. It's a useful step in building a compliance program that is consistent with how your organization really works. It is ok not to have all the listed documents. Just start with what you have.

1. Corporate Documents (things made for the company as a whole)

    ___ Corporate Bylaws
    ___ Mission Statement (or "vision" documentation)
    ___ Marketing Materials

2. Employment Policies

    ___ Employee Handbook
    ___ Sexual Harassment/Anti-discrimination
        Policies
    ___ Office Rules/Policies (such as a dress code)

3. Operational Standards

    ___ Customer Services Procedures
    ___ Environmental Policies (recycling, water use,
        etc.)
    ___ Public Relations/Communications Policies

4. Industry Rules

    ___ Professional Ethics Rules (if applicable)
    ___ Standards for Relevant Professions
    ___ Standards for Your Specific Industry

DON'T FORGET "UNWRITTEN" RULES.
DOES YOUR COMPANY HAVE ANY?

Consider asking your staff with the Employee Survey in this Toolkit!

WORKING OUTLINE

This outline helps put your Code of Conduct together. Working with a team, start with data you already gathered to identify your core values. Use the questions here to kick off the Code drafting process.

- Fundamentally, why does your organization exist?

Tip: Was your company started to fill a need? To provide for a family? To improve a product or process?

- What core values did you identify from your documents and the survey? Does the team identify other values?

Tip: A core value is a line your company will not cross, so a shorter list has more impact. You might be able to combine some ideas.

- For each identified core value, how does your company demonstrate that value toward shareholders, business partners, employees, customers, and the community?

Tip: If you cannot name multiple ways that your company demonstrates a value, consider whether it is truly a core value.

- What is your organization committed to regarding sexual harassment? Anti-discrimination? Quality? Confidentiality and privacy? Environmental sustainability?

Tip: Avoid excess detail! Instead of rules, work on ideals that the company strives towards.

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No need to start from scratch

Large Corporations

The Johnson & Johnson Credo
Google's Code of Conduct
In Good Company: Hershey's Commitment
US Bank's Code of Ethics & Business Conduct
GE: The Spirit and The Letter

Small Businesses & Non-profits

Coremark Metals: The Coremark Code
Organic Bob: Respect Policy
Charles Stewart Mott Foundation: Our Values
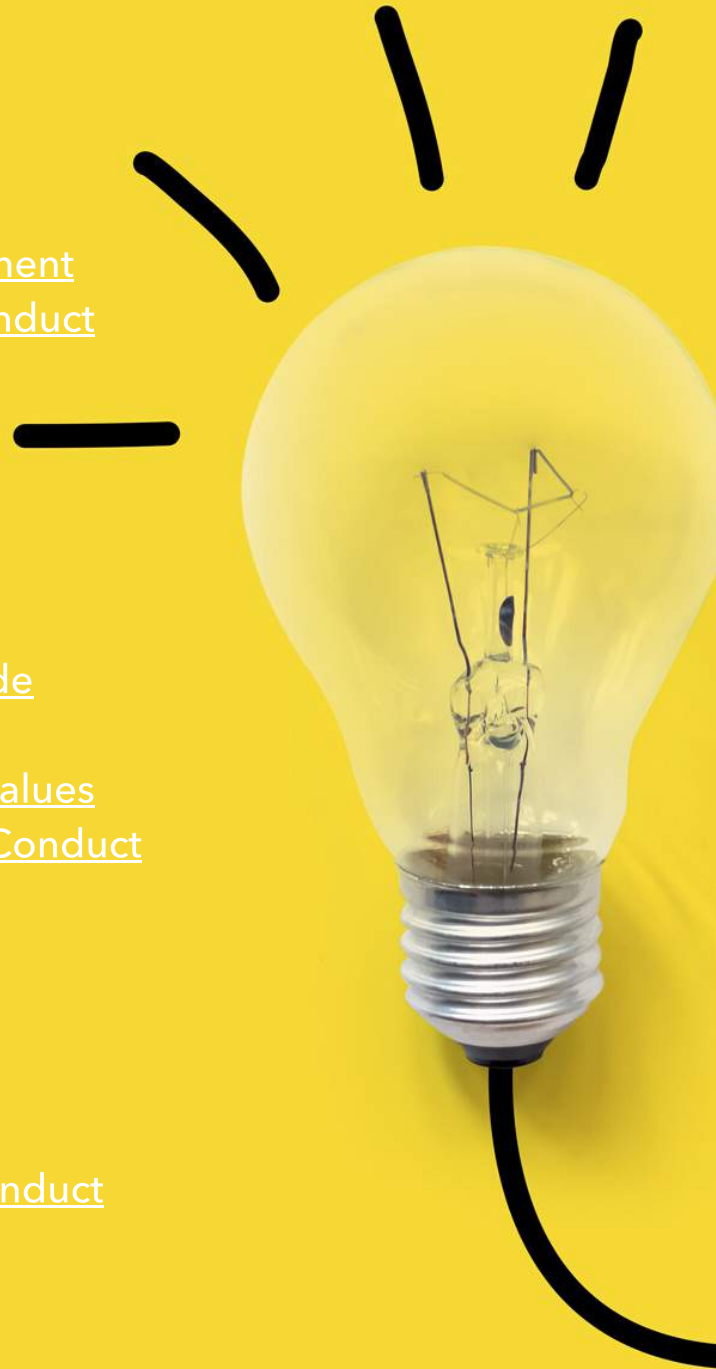National Federation of the Blind: Code of Conduct

Code Templates

Citizen Code of Conduct
I-sight Code of Conduct Template
Workable Sample Employee Code of Conduct Policy

BERC does not endorse any of the linked codes or templates.
Links are provided for informational purposes only.

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Finalization Checklist

In writing your Code of Conduct, it can be easy to miss double meanings or tone problems. When South Dakota launched its "Meth: We're On It" campaign, late night hosts made it a punchline. This checklist will help eliminate that type of issue so employees take your Code seriously.

- Review your Working Outline. Have you covered everything? But remember: the Code does not need to be a long document!

- Run spelling and grammar checks on the Code.

- Ask someone you trust to proofread the Code for items spelling and grammar checks might not catch, such as names.

- If you have an attorney or general counsel who you did not involve in drafting the Code, consider asking for a quick review. Make sure they know the Code will not replace an employee manual.

- Give the Code to at least two people you trust to give you objective feedback. Does it have a pleasant or a nagging tone? Is it easy to read? Is the message clear? Take their feedback with an open mind.

- Make revisions recommended by the reviewers.

- Do a final spelling and grammar check.

- [Optional] Format the code with your organization's colors or logo.