



International Business Ethics and Anti-Corruption

Will your Code of Conduct withstand the global recession?

By Christa C. Wesel, B.A., LL.B., C.Dir.

What does your Code of Conduct have to do with the recession? The pressures on businesses today are increasing. Sales and profits are down everywhere. There are mounting pressures to reach targets and in some cases, remain as a going concern. Businesses are competing now more than ever in parts of the world where the participation in unethical business practices can make the difference between deal or no deal. Often an organization's defense to the influences of corruption is the personal integrity of its employees. All the more reason that a Code of Conduct be articulated in writing and adopted as policy. A Code of Conduct is a fundamental element of an enterprise risk management system and the foundation of an integrity and ethics program.

A good Code of Conduct provides principles to address conflicts of interest, fraud, work place environment, compliance with laws, anti-trust and competition, gifts and hospitality, anti-retaliation, financial reporting, and many other schemes and circumstances that organizations may confront. A good Code of Conduct will codify how you expect your employees to treat each other and how you expect your employees to deal with third parties. Many businesses also require suppliers, consultants, business partners, agents and other associates to adhere to their Code of Conduct as a condition of doing business. Finally a good Code of Conduct will include an expectation that employees and others escalate concerns, and will give guidance on whom to talk to about questions or issues. At the same time the organization should be obligated under the same Code to ensure such concerns are appropriately disclosed and addressed.

Why is it important? In the midst of diminishing returns and a global job meltdown, stress and anxieties heighten, both organizationally and personally. Add to this environment the many announcements of unprecedented stimulus packages where significant sums of money will be awarded as a means kick-start economic recovery. Inevitably desperation will meet opportunity, and sooner or later you may be dealing with an employee who has engaged in unethical conduct. At that time you should be able to point to an established set of expectations and principles, and rely on a Code of Conduct.

In preparation for that moment consider reviewing your Code of Conduct. When was it last updated? If it was more than 18 months ago, look at it again to ensure it is current. Here are some questions to ask:

- Does your Code reflect any changes in your corporate structure?
- Does your Code reflect changes in titles and positions?
- Have any of your business models changed and if so, are the underlying key processes and inherent risks and vulnerabilities identified and addressed?
- Are you doing business in a country or jurisdiction which is new from when you last

updated your Code of Conduct?

- Have any laws changed since you issued your last Code of Conduct, i.e. Money laundering legislation? Does your Code meet the most recent requirements of any applicable securities regulators or industry associations of which you are a member?
- Is the process by which new employees sign up to your Code of Conduct clear?
- For existing employees, are they required to update that commitment to the Code of Conduct regularly (i.e. Bi-annually)?
- Is your Code of Conduct posted and visible within your business in booklets, posters and definitely on your website?
- When did you last train your employees on your Code of Conduct? At a minimum, senior and sales employees should be trained on hiring and annually thereafter.

Finally, take your Code of Conduct seriously. Make it one of the key documents you refer to regularly. Use it to guide reasoning and decision-making in the day-to-day operations of your organization. As a leader in your organization, set the tone and make your Code of Conduct come alive.

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