Companies that follow both the letter and the spirit of the law by taking a “values-based” approach to ethics and compliance will have a distinct advantage in the marketplace. Give the average employee a legalistic “thou shall not...” code, and a negative response is almost guaranteed. Give employees a document that states clearly and concisely the company’s expectations, outlines acceptable behaviors, and presents viable options for asking questions and voicing concerns, and the likelihood is much greater that they will meet those expectations and exhibit the desired behaviors. Make the contents of the code equally applicable to everyone in the organization—at all levels—and you have the key ingredient for a code that becomes cultural, with all of the benefits.

Code Basics
There is no pre-packaged verbiage for a code of ethics/conduct. Each organization must develop one to fit their specific industry and situation. However, there are some basic points to keep in mind when creating or modifying your code.

• The code language should be simple, concise and readily understood by all employees.

• The code should not be legalistic—written as “thou shall not”—but rather state expected behaviors.

• The code should apply to all employees and be global in scope.

• The code should be written, reviewed, and edited by a multidisciplinary team in order to ensure it is consistent with other corporate communications and policies, addresses all relevant risk areas, has buy-in across the company, and represents the company’s culture.

• The code should be revised and updated as appropriate, to reflect business and regulatory changes.

Recommended Elements
The elements or sections within a code of ethics/conduct can vary, but here are some standard recommendations.

• An introductory letter from the senior leadership team or CEO that sets the tone at the top and defines the importance of ethics and compliance to each employee and the company.

• The company's mission statement, vision, values, and guiding principles that reflect the company's commitment to ethics, integrity and quality.

• An ethical construct to assist employees in making the right choices. For example, a code might ask employees to answer some questions to guide them in making the right decision about a possible course of action. “Would you be unwilling or embarrassed to tell your family, friends or co-workers?”

• A listing of available resources for obtaining guidance and for good faith reporting of suspected misconduct. For example:
  >An anonymous reporting mechanism and/or an employee help line
  >How to contact the Ethics and Compliance Officer or Office
  >A definition of the reporting chain of command (e.g., supervisor, department head, etc.)
  >The url to an ethics and compliance Web site.

• A listing of any additional ethics and compliance resources and/or the identification of supplementary policies and procedures and their location.

• Enforcement and implementation mechanisms that address the notion of accountability and discipline for unethical behavior (e.g., unethical behavior will be subject to disciplinary action up to and including termination).
• Generic examples of what constitute acceptable and unacceptable behavior could be included to further explain risk areas. Examples could be based on relevant company or industry experiences.

Areas of Risk

It is also important that a code cover all relevant and important issues or risk areas (i.e., a manufacturing company would place greater emphasis on environmental responsibilities than a professional services firm). Code content and depth of coverage on a specific topic may vary by industry, corporate objectives, or past corporate history (i.e., if a company is operating under a corporate integrity agreement or has a history of ethical violations or infractions). Content may also vary because of the regulatory environment, as well as the questions and needs of intended audience.

Potential Code Topics

The following is a list of issues, topics and risk areas that could be addressed in a company’s code. The code topics can be grouped according to the company’s objectives, risk matrix, or related topics such as employment practices, use of corporate assets, or third-party relationships.

• Accurate Records, Reporting & Financial Recordkeeping/Management
• Antitrust/Competitive Information/Fair Competition
• Bribery
• Client Service/Relations/Unethical or Questionable Behavior
  >Respecting client practices and property
  >Respecting intellectual property rights of others
• Client/Supplier/Vendor/Contractor-Related Risk
  >Acceptance and continuance
  >Risks identified during engagement: third-party illegalities, errors and irregularities
• Client/Supplier/Vendor/Contractor Confidentiality
• Communications on Behalf of Company (PR, media, speeches, articles)
• Community Activities – Civic Activity
• Compliance with Professional Standards and Related Rules
  >Independence
  >Conflicts of Interest
  >Licensure
• Conflicts of Interest
• Contracting (Approvals)
• Copyrightable Material
• Corporate Governance
• Discrimination
• Diversity
• Document Retention
• Drugs and Alcohol
• Electronic Professional Conduct
• Employment Practices (EEO) & Affirmative Action
• Environment
• Expenses Reimbursement & Time Reports
• External Inquiries/Public Disclosure and Reporting
• Family and Personal Relationships
• Family Medical Leave Act
• Fraud
• Gifts, Entertainment, Gratuities, Favors and Other Items of Value (to/from Clients, Suppliers, Vendors, Contractors, Government Employees)
• Government Contracting
• Government Reporting, Investigations, Subpoenas and Litigation
• Harassment (Sexual and Otherwise)
• Health and Safety
• International Business & Global Business Practices
  >Antiboycott Laws
  >Embargoes
  >Export/Import Laws
  >Export Licensing
  >Foreign Corrupt Practices Act
  >Foreign Economic Boycotts
• Marketing, Sales, Advertising & Promotions
• Money Laundering
• Obligations Relating to Outside Employment
  >Outside Employment & Other Activities
    >Outside Businesses
    >Professional Organizations
    >Charities & Community Service
    >Fundraising
• Personal Conduct
• Political Contributions and Activity: Lobbying, Holding Office, Campaign Finance
• Privacy
• Procurement/Purchasing
• Protecting Company Assets (Use of Company Resources)
  >Intellectual Property and Proprietary and Confidential Information
    >Property
    >Computer and Network Security (Information Security)
    >Computer Software and Hardware
    >Email and Voicemail (Communications Systems)
    >Internet & Intranet
    >Industrial Espionage & Sabotage
• Quality
• Securities Trading & Insider Information
• Security
• Social Responsibility
• Supplier, Vendor and Contractor Relationships
• Work/Life Balance
• Workplace Violence – Firearms & Weapons

### Code of Ethics/Conduct Resource Centers

<table>
<thead>
<tr>
<th>Resource Name</th>
<th>URL</th>
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</thead>
<tbody>
<tr>
<td>Ethics Resource Center</td>
<td><a href="http://www.ethics.org/">http://www.ethics.org/</a></td>
</tr>
<tr>
<td>Center for Applied Ethics</td>
<td><a href="http://www.ethics.ubc.ca/resources/eth-inst.html">http://www.ethics.ubc.ca/resources/eth-inst.html</a></td>
</tr>
<tr>
<td>Ethics Officers Association</td>
<td><a href="http://www.eoa.org/">http://www.eoa.org/</a></td>
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<tr>
<td>Creating a Code of Ethics for Your Organization</td>
<td><a href="http://www.ethicsweb.ca/codes/">http://www.ethicsweb.ca/codes/</a></td>
</tr>
<tr>
<td>Institute for Global Ethics</td>
<td><a href="http://www.globalethics.org/">http://www.globalethics.org/</a></td>
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<tr>
<td>Markkula Center for Applied Ethics</td>
<td><a href="http://www.scu.edu/ethics">http://www.scu.edu/ethics</a></td>
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<td>Institute of Business Ethics</td>
<td><a href="http://www.ibe.org/">http://www.ibe.org/</a></td>
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<td>Center for the Study of Ethics in the Professions - Illinois Institute for Technology</td>
<td><a href="http://www.iit.edu/departments/csep/PublicWWW/codes/">http://www.iit.edu/departments/csep/PublicWWW/codes/</a></td>
</tr>
<tr>
<td>Ethical Corporation Magazine online</td>
<td><a href="http://www.ethicalcorp.com/">http://www.ethicalcorp.com/</a></td>
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</tbody>
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“Guidelines for Writing a Code of Ethics/Conduct” is a publication of Deloitte & Touche’s Corporate Governance Services designed to help you clearly understand the fast-evolving requirements of the new regulatory and stock market rules, while keeping your response aligned with your broader corporate goals and strategies. These services focus around four specific areas – board roles and responsibilities, ethics and corporate compliance, risk management and controls, and transparency and disclosure.

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