

WHAT DOES A CODE OF CONDUCT LOOK LIKE?

WHY WOULD MY ORGANISATION HAVE A CODE OF CONDUCT?

A Code of Conduct is:

- a set of guidelines for how directors, board members, committee members and/or office bearers should conduct themselves in the activities of the organisation;
- a statement of the type of conduct which the members of the organisation can expect from their elected representatives;
- a promise by the elected representative that he or she will perform and conduct himself or herself to those standards;
- a set of benchmarks, albeit very general, against which the performance and conduct of an elected representative can be judged, both by himself and by others;
- when those persons who hold office in the organisation are confronted with a difficult choice, it is a set of criteria against which they can measure each course of action in order to arrive at the right choice;
- although designed for a positive function - that of setting positive standards to aspire to - it can also, if used in the right way, have a disciplinary use. It can be used to point out to a recalcitrant office-bearer that he or she is not performing to the Code.

It is therefore something personal, or something that applies - in the first instance - to the individual. It is up to individuals to abide by that Code. If all relevant individuals do observe the Code, then the organisation as a whole can say that it performs to that Code. But it is up to individuals in the first instance.

It is not a legal document, departure from which, by itself, results in legal consequences. It is more in the nature of a moral Code.

It is also an acknowledgment that the standards set by the law, and breach of which may result in legal action, are *minimum* standards. The good director, board member, committee member or office bearer will have regard to *all* stakeholders, not just those required by law, and to moral and social issues as well as purely legal ones.

What is the use for a Code of Conduct?

Because a Code of Conduct is generally expressed in general terms, it is sometimes said to be a "motherhood statement". In other words, like motherhood, everyone thinks it is a good idea, and there is nothing to disagree with.

But to be worth the effort, it should be more than that. Some ways it can be used:

- Publicise it. Display it. Present it. Post it in some way or ways that it can be publicly known. If those you deal with and members of the public are aware of it, this publicity will exert pressure for it to be observed and respected.

It is notable that many major companies boast in their annual statement on governance that they have a code of conduct for everyone in the company - but

when asked for a copy, they respond that it is confidential. Instead of that, do what the PNG Institute of Directors has done - put it prominently on the web site and elsewhere, and draw attention to it. This both proclaims your concern about governance and exerts pressure for its observance.

- The Code will certainly have general provisions - it cannot deal with every possible situation. But if so wished it can also have specific, *measurable* standards.

For example:

- * 'Each meeting of the board will devote at least some of the meeting time to issues of good governance'; or
 - * 'Each member of the board commits to using his or her best endeavours to attend every board meeting, and acknowledges that it is very, very difficult to fulfil his or her role if present at less than 70% of meetings'.
- Each director, board member, committee member or office bearer, at the time of his or her appointment, might be asked to sign a copy of the organisation's Code of Conduct which states that he or she agrees to abide by it. This is kept by the company and later, if necessary, this can be produced to challenge a person whose conduct has not lived up to the expectations of the Code.
 - If meetings become unruly, unproductive, or stray from the business in hand it is the job of the chairperson to get the meeting back on track. One possible way might be, on such an occasion, to produce a copy of the Code and remind members of their undertaking to observe those rules in the best interests of the organisation.
 - It can serve as a final 'court of appeal'. It expresses the moral framework of the organisation, and does so at a time when this can be defined objectively, free from the pressures of a difficult decision. Thus when a difficult decision has to be made, an appeal to the Code may determine the appropriate action to take.

Doubtless there are many others.

Where can I get a sample of a Code of Conduct?

As explained above, the PNG Institute of Directors has its Code prominently available from its home page.

The Board of the Institute has no objection to that Code being adopted or adapted by another organisation for its own purposes. Thus each organisation is encouraged to consider adapting that code to its own circumstances and formally adopting a Code of Conduct for itself. Each organization is encouraged to debate the applicability of each clause of the code to its organisation, and consider possible changes or additions to make it particularly applicable to the circumstances of that organisation.

For ease of reference, the Code of Conduct of PNGID is set out below.

Code of Professional and Ethical Practice

As a member of the *PNG Institute of Directors*, in accepting any appointment as a Director or as a Member of a Governing Board, Council, Commission, Trust, or Committee of any legally established or informal organisation, I **undertake to:**

1. Understand legal framework

Learn and understand the structure, legislation and regulations under which my Company, Board, Council, Commission or Trust is constituted and empowered to operate.

2. Care, diligence and law abidance

Use all due care, diligence and honesty in fulfilling the requirements of my appointment and to act within the spirit, as well as to the letter, of the laws of Papua New Guinea and/or such other Country in which I may be required to act.

3. Personal responsibility

Assume personal responsibility and accept personal accountability for strict and careful governance of the company or organistaion for which my Board, Council, Commission, Trust or Committee is constituted.

4. Proper use of powers

Use the powers that are entrusted to me as a Director or Board member for the right and proper purposes of safeguarding the shareholders, stakeholders and assets of the Company or Organisation.

5. Personal gain or favour

Refrain from using my appointment, or the powers entrusted to me therein, or any information that I may obtain therefrom, for undue personal gain or favour, or to provide undue gain or favour for others.

6. Conflict of interests

Ensure that my personal interests or pursuits, or the interests or pursuits of any closely associated person or group, do not interfere with, or influence decisions entered into for or on behalf of, the Company or Organisation.

7. Declaration of interest

Declare my personal interest in, and refrain from entering into discussion upon, any matters of which the outcome may conflict with, impact upon or benefit my personal or associated business interests.

8. Safeguard information

Ensure that information obtained in the course of my duties is kept safe and confidential and is only disclosed as and when it may be permitted or decided upon by my Board, Council, Commission, Trust or Committee or as may be required of me by law.

9. Financial integrity

Accept only such remuneration and perquisites in reward for my services as are reasonable and have been duly approved by the Board, Council, Commission, Trust or Committee or as may have been established by legislative process.

10. Transparency

Provide such statements of personal and immediate family income and assets as may reasonably be requested in the course of any normal or extraordinary audit of the Company or Organisation of which I am a member of the Board, Council, Commission, Trust or Committee.

11. Personal conduct

Conduct myself in a manner that will enhance the image of all Companies and Organisations with which I am associated.

12. Cessation of Board Appointment

Resign, or accept termination of appointment from the Board, Council, Commission, Trust or Committee with due courtesy and dignity, if required to do so by the authority under which my appointment was made, or in the event of my being declared bankrupt, or if my personal circumstances seriously affect the manner in which I can conscientiously and effectively perform my duties.

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