



CODE OF ETHICS

Ethics Committee, Ethics Training, Integrity Pact

Code of Ethics

- Norms and beliefs of an organisation
- Specifies the ethical rules of an organisation
- General principles / guidelines to guide behaviour; outlining a set of principles that affect decision-making and how to approach a problem
- When faced with ethical dilemma, helps in decision-making
- Proposed, discussed and defined by senior executives
- Failure of an employee to follow a company's code can have negative consequences.

Examples of internal practices include the following:

- Dress code
- Cell phone and Internet use
- Sexual harassment
- Diversity
- Drugs and alcohol
- Equal Employment Opportunity

Examples of external practices include the following:

- Communications with the public
- Advertising
- Environment
- Conflicts of interest
- Client confidentiality

Need for Code of Ethics

“Treat others as you would like
to be treated.”

Need for Code of Ethics

- Serves as a valuable reference, helps employees locate relevant documents, services and other resources related to ethics within the organization
- To encourage employees to include particular values in their own decision-making
- To assist employees when they are struggling with ethical questions
- To gain legitimacy in the eyes of the shareholders
- Acts a bench-mark for self-evaluation

Guidelines for Developing Code of Ethics

- Standards and procedures – concise manner of communicating the right thing to do
- Leadership and oversight – BoD must see the implementation
- Curb the propensity to act criminally or unethically – hiring carefully
- Communication and effective training – help the employees think through grey areas in their day-to-day tasks
- Monitoring, auditing and disclosure – perception of unwritten rules
- Discipline and incentives – consistency and credibility of the program
- Corrective action – periodic reassessment and modification in policy



ETHICS COMMITTEE

Ethics Committee

Members

- Senior non-executive directors
- Independent directors
- Legal expert
- Other members - Depending upon the size and governance structure and nature of the industry that the company belongs to (*divisional representation, medical scientists, environmentalists, etc.*)
- These members should also be part of audit committee

Categories of Ethics Committee

Institutional Ethics Committee / Institutional Review Board (IRB)

- Constituted by an institution which is tasked to review documents submitted for clinical trials and to provide opinion on research projects involving human subjects.
- Chairman of this committee is not part of institution where the research is planned to be conducted
- Protection of rights, safety and well-being of human subjects participating in clinical trials

Categories of Ethics Committee

Independent Ethics Committee (IEC)

- Not part of any institution
- Similar role as IRB
- Free from any bias or influence
- Established in Mumbai, Delhi, Ahemadabad, Hyderabad, Bangalore and other places
- An approval from IEC can be use in place of IRB if IRB is not available in that location

Responsibilities of Ethics Committees

- To protect the dignity, rights and well-being of the potential research participants
- To ensure that universal ethical values and international scientific standards are expressed in terms of local community values and customs
- To function as per the laid down SOPs in an independent and transparent manner
- To maintain records and archive the same
- To remain abreast with emerging ethical issues
- To ensure there is effective training in the code of ethics at all levels

Responsibilities of Ethics Committees

- To set up monitoring, reporting and accountability processes
- To assess reports and oversee subsequent actions following breaches of the ethics policy or allegations of misconduct
- To develop, review and update the effectiveness of ethics and related policies and KPIs (Key Performance Indicators)
- To liaison with stakeholders over ethical issues
- To oversee mergers, acquisitions and undertaking major new projects

Ethics Committees

Challenges?



ETHICS TRAINING

Ethics Training

Purpose of ethics training is to enable employees to identify and deal with ethical problems develop their moral institutions, which are implicit in everyday choices and actions.

- Raise awareness around the code, acceptable business practices and where support can be found
- Develop specific skills to help employees respond to ethical challenges (*such as value-based decision making*)
- Promote shared understanding of types of behaviours that represent the organisations' stated values in pursuit of its stated goals
- Help managers become strong role-models

Benefits of Ethics Training

Atmosphere

- Professional behaviour
- Avoid distasteful speech or practices
- Pleasant and friendly environment for employees and customers

Personal Responsibility

- Employees are reminded of their responsibility
- Makes the company secure
- Procrastination decreases and productivity increases

Benefits of Ethics Training

Teamwork

- Trust in co-workers
- Shared commitment
- Appreciate and respect one another

Staff Morale

- Honest interactions
- Workers feel more valued, respected and purposeful
- Livelier work environment

Benefits of Ethics Training

Avoid Scandal

- Self-defence mechanism
- Reduces company's vulnerability
- Promotes zero-tolerance for theft, harassment, etc.

Effective Ethics Training

- Employment terms
- Performance appraisals
- Corporate governance
- Leadership style
- Grievance mechanism
- Decision-making mechanism



INTEGRITY PACT

Integrity Pact

- Signed document
- Approach to public contracting
- Anti-corruption tool to comply with best practices
- A process that includes an agreement between a government or government agency ('the authority') and all bidders for a public sector contract, setting out rights and obligations to the effect that neither side will pay, offer, demand or accept bribes; nor will bidders collude with competitors to obtain the contract, or bribe representatives of the authority while carrying it out

Purpose of Integrity Pact

- To enable companies to abstain from bribing with the assurance that their competitors will also refrain from bribing
- To prevent corruption including extortion in government procurements, privatisation or licensing agencies
- To follow transparent procedures
- To reduce the high cost and the distortionary impact of corruption in public procurement, privatisation or licensing
- To ensure efficiency
- To build public trust in the government

Players of Integrity Pact

- Principal i.e. the company
- The vendors i.e. counter-party
- The Independent External Monitor (IEM) – watchdog for smooth functioning of the IP, recommendations are advice but not legally binding

Pre-requisite for the principal interested in entering into MoU for signing the IP with Transparency International India (TII)

- Clear understanding of IP implementation process
- Share the code of conduct policy with TII
- Commitment to implement IP should be reflected in the words and deed of the Principal
- Principal should take steps to inform/communicate internal staff about various aspects of IP
- A Nodal officer to deal with TII on issues related to IP
 - appointed by the PSU

Pre-requisite for the principal interested in entering into MoU for signing the IP with Transparency International India (TII)

- In case of changes / modifications in the draft MoU and the IP program, TII should be consulted and final draft MoU should be shared IP program should be shared with TII
- All IEMs should be approved by Central Vigilance Commissioner (CVC) before entering into MoU with TII
- Principal, Vendors, IEMs should be present at the time of signing IP
- The MoU has to be signed by the Chair of the organization

Penalty for failure to implement IP

- Officials are subject to penal action
- Bidders have to face cancellation of contract, forfeiture of bond, liquidated damages and blacklisting
- No criminal conviction but action will be based on “no contest” after evidence is made available