

Company Ethics and Conduct

by Whitney Strickland

AltairStrickland

Many corporate executives have been in the news lately. Unfortunately they were not announcing a new product or a scientific breakthrough. They were in the news because of insider trading, obstruction of justice and accounting, securities or bank fraud. One can only ask, what were these people thinking? They were all highly paid executives. Why risk it? Many are now receiving jail time and it appears that this “not so funny money monkey business” is being more carefully scrutinized with more serious consequences than before.

Most large companies have a code of ethics or “rules of business” that is established policy within their organization. Many of our customers furnish copies of their policies to assure that we, as vendors, are complying with their codes of ethics. We have found that the best way to ensure that our company is in compliance with our customer’s codes is to incorporate the most standard rules in our own code of ethics.

It seems like good values, fair play and common sense would make it unnecessary to have a written code of ethics, but history has demonstrated that it is necessary to spell out what each company expects of its employees and vendors. It never hurts to refresh our memory of these. Here are some of the most basic principles as contained in the Global Business Standards Codex (GBS Codex).

The Fiduciary Principle

A fiduciary is someone who has the power to act on another’s behalf to that person or company’s benefit. Most rules of ethics define this fiduciary responsibility. The GBS Codex defines it as follows:

Carry out the company’s business in a diligent and loyal manner, with the degree of candor expected of a trustee. Promote the company’s legitimate interests in a diligent and professional manner. Maintain the company’s economic health. Safeguard the company’s resources and ensure their prudent and effective use. Refrain from giving and receiving excessive gifts and entertainment. Provide a fair and competitive return on investment. Use position and company resources only for company purposes. Disclose potential conflicts between personal and company interests. Refrain from activities involving actual conflicts of interest, such as self dealing and competing with the company. Refrain from pursuing, for personal benefit, opportunities discovered through position or company resources. Refrain from trading in the company’s securities on the basis of confidential company information.

The Property Principle

Respect property and the rights of those who own it. Refrain from theft and misappropriation, avoid waste, and safeguard the property entrusted to you. Protect

company assets, including confidential and proprietary information, funds, and equipment. Do not misappropriate company resources through theft, embezzlement, or other means. Respect rivals' property rights, including those regarding intellectual property.

The Transparency Principle

Conduct business in a truthful and open manner. Refrain from deceptive acts and practices, keep accurate records, and make timely disclosures of material information while respecting obligations of confidentiality and privacy. Be honest and respect truth in all activities. Record transactions in a fair and accurate manner. Deal with suppliers and partners honestly. Avoid deceptive and misleading statements and omissions in customer related activities, such as marketing, sales and research. Do not acquire commercial information from competitors by dishonest or unethical means. Make timely disclosures of relevant financial and non-financial information. Provide investors with relevant, accurate and timely information. Give customers adequate health and safety information, warnings, and labels. Provide accurate information about the content, use, and maintenance of products. Communicate in an open and honest manner, subject to legal and competitive constraints. Communicate and consult with communities affected by environmental, health, and safety impacts of the enterprise. Add here to independent auditing and financial reporting standards.

Being respectful, transparent and acting responsibly is what has made our company successful for the past thirty years. But there are more principles, we'll talk about those in the next issue of BIC. **For more information contact Whitney Strickland at 281-478-6200 or e-mail him at wstrickland@altairstrickland.com**