

International Compliance 101, 2nd Edition

Appendix B: Code of Ethics for Compliance and Ethics Professionals

Preamble

Compliance and ethics programs serve a critical role in helping to prevent and detect misconduct at and by organizations and to promote ethical business environments. The development and rigorous implementation of effective compliance and ethics programs protects investors, consumers, the business community and the public at large. Compliance and ethics professionals (CEPs) understand that the services we provide require the highest standards of professionalism, integrity and competence. The following Code of Ethics expresses the profession's recognition of its responsibilities to the general public, to employers and clients, and to the profession. The Code of Ethics has been adopted by the membership of the Society of Corporate Compliance and Ethics to provide guidance and rules to all CEPs in the performance of their professional responsibilities.

The Code of Ethics consists of two kinds of standards: Principles and Rules of Conduct. The Principles are broad standards that provide a framework for the more detailed Rules of Conduct. The Rules of Conduct are specific standards that prescribe the minimum level of professional conduct expected of CEPs. Compliance with the Code is expected both of the individual professional and of the professional community. It depends primarily on the CEP's own understanding and voluntary actions, and secondarily on reinforcement by peers and the general public.

Commentary is provided for some Rules of Conduct, which is intended to clarify or elaborate on the meaning and application of the Rule. The following conventions are used throughout the Code:

- "Employing organization" includes the employing organization and clients;
- "Law" or "laws" includes all national, state, provincial and local laws and regulations, court orders and consent agreements;
- "Misconduct" includes both illegal acts and unethical conduct; and
- "Highest governing body" of the employing organization refers to the highest policy and decision-making authority in an organization, such as the board of directors or trustees of an organization.

Principle I

Obligations to the Public

Compliance and ethics professionals (CEPs) should abide by and promote compliance with the spirit and the letter of the law governing their employing organization's conduct and exemplify the highest ethical standards in their professional conduct in order to contribute to the public good.

R1.1 CEPs shall not aid, abet or participate in misconduct.

R1.2 CEPs shall take such steps as are necessary to prevent misconduct by their employing organizations.

Commentary: *The CEP's actions to prevent misconduct must, of course, be legal and ethical. Where a CEP has done what*

he or she can to prevent misconduct within the bounds of the law and business ethics, but is nonetheless unsuccessful in preventing misconduct, he or she should refer to Rule 1.4.

R1.3 CEPs shall exercise sound judgment in responding to or cooperating with all official and legitimate government investigations of or inquiries concerning their employing organization.

Commentary: *While the role of the CEP in a government investigation may vary, the CEP shall never obstruct or lie in an investigation.*

R1.4 If, in the course of their work, CEPs become aware of any decision by their employing organization which, if implemented, would constitute misconduct, the professional shall: (a) refuse to consent to the decision; (b) escalate the matter, including to the highest governing body, as appropriate; (c) if serious issues remain unresolved after exercising “a” and “b”, consider resignation; and (d) report the decision to public officials when required by law.

Commentary: *The duty of a compliance and ethics professional goes beyond a duty to the employing organization, inasmuch as his/her duty to the public and to the profession includes prevention of organizational misconduct. The CEP should exhaust all internal means available to deter his/her employing organization, its employees and agents from engaging in misconduct. The CEP should escalate matters to the highest governing body as appropriate, including whenever: a) directed to do so by that body, e.g., by a board resolution; b) escalation to management has proved ineffective; or c) the CEP believes escalation to management would be futile. CEPs should consider resignation only as a last resort, since CEPs may be the only remaining barrier to misconduct. A letter of resignation should set forth to senior management and the highest governing body of the employing organization in full detail and with complete candor all of the conditions that necessitate his/her action. In complex organizations, the highest governing body may be the highest governing body of a parent corporation.*

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