



Advancing Code of Ethics Implementation Course A – Internal considerations module Case Study 1

Facilitators: Sofie Melis and Duangduen Sahavechaphan

Facilitators' Notes

Case study 1: Advancing Code of Ethics Implementation

1. *What would be the first step to help your association establishing a Code of Practice based on the Mexico City Principles?*

The initial step on the way to a first draft for a Code of Practice would be to obtain involvement of the key stakeholders.

2. *Who should you involve to support this initiative?*

In order to get support from your members for this new initiative, participation of member companies is necessary. Therefore, you as a member of the Board of Directors have proposed at the Board meeting the importance of the Code of Practice for the industry as it is what external parties are watching in terms of industry practice in the field and it would be a good standard in showing the right spirit to the society. You must get buy in at the Board level first before going for the next step.

You propose to the Board that a special task force or subcommittee should be set up to work on the first draft of the industry's Code of Practice, which will be proposed for membership endorsement later. You as Board member should at least propose yourself to work on this taskforce/subcommittee so that you can share the progress with the Board.

You decide to send out an invitation to all member companies to nominate a representative for this taskforce/subcommittee. The representative can be either compliance, sales and marketing, or finance in case finance in the company also takes care of compliance.

Then regular meetings should be called to brainstorm for input.



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3. *How can you have the first draft of your Association's Code available?*

You as Board member should chair the taskforce/subcommittee to set tone and direction for the meeting as this is new to all. References can be taken from the Mexico City Principles or the IFPMA Code of Practice.

You may consider whether the structure of either Mexico City Principles and/or IFPMA Code of Practice can fit in the environment of your country. Then work on the contents as skeleton of your Code. The discussion normally will be on the areas that local law allows, but international practice does not. Thus, there must be rationale how you would like to position the ethical practice in your country. You may even consider future steps of how to make your Code in line with international practice and also how to engage non-members or HCPs to understand the standard of ethical practice your industry is going to introduce. Engagement with HCPs, particularly in the area that industry will move towards change, will also help as it will set the tone of anticipation from your stakeholders. If you can also engage government offices where it can help support your implementation, this would be a good start.

Another useful reference is also the law in relation to anti-corruption, public procurement, etc., that may also set certain details in the industry code of practice. It may be helpful here to engage your internal legal Counsel or refer to an external one if needed.

4. *How can you get the Code endorsed and implemented by member companies?*

When the first draft of the Code is finished, you should share it with the Board for initial comments. After doing so, you should share it with all member companies' GM/MD/CEOs for their review and comments. Generally, it is expected that comments from the top management of member companies would be in line with current international practices. However, be prepared to receive feedback from some association members who may believe that following the whole Code of Practice will put them at a competitive disadvantage over those companies that remain non-compliant. This is an opportunity to articulate the rationale for the importance of ethical behavior as a good business practice that will translate to medium- to long-term gains for those who follow the Code."

Thus our engagement to stakeholders that can support our industry is one important factor. Also, the Association's Board of Directors must have a clear view on this subject and support the advancing of ethical business practices to make this rolling.



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After consolidating comments from members, all comments should be discussed at taskforce/subcommittee level before summarizing whether the draft code will be adjusted or not. Then final proposal from the taskforce/subcommittee shall be presented for the Board's endorsement. After that the final draft will be circulated to all members one more time together with the rationale for change/no change and invite for members' endorsement. Endorsement can be either through Annual or Extraordinary General Meeting of the membership or the Board may ask for members to sign a consent as a form of acceptance of the Code.

5. *What would be the timeline to achieve endorsement and implementation of the Code?*

In order to implement the new code, the code should have at least the following:

- Areas of ethical business practices (refer to Mexico City Principles/IFPMA Code of Practice)
- Ongoing taskforce/subcommittee to look after:
 - o Code implementation
 - o Training to make members understand implementation
 - o Regular review of the code to comply with changes of local law/international practice
 - o Nominating a member of the committee to the IFPMA Ethics & Business Integrity Committee to stay involved with global developments
 - o Sanction clauses in case of violation agreed by members
- Separate Adjudicating Committee in case of violation report
- Effective date of the code