

Sample Code of Conduct

Introduction

1. The (*name of company*) (hereafter referred to as the Company) regards honesty, integrity and fair play as our core values that must be upheld by all directors and staff¹ of the Company at all times. This Code sets out the basic standard of conduct expected of all directors and staff, and the Company's policy on acceptance of advantage and handling of conflict of interest when dealing with the Company's business.

Prevention of Bribery

Prevention of Bribery Ordinance

2. Under the Prevention of Bribery Ordinance (the Ordinance), any director or staff member who, without the permission of his employer or principal (i.e. the Company), solicits or accepts an advantage as a reward or inducement for doing any act or showing favour in relation to the latter's business, commits an offence. The person offering the advantage also commits an offence.

(The relevant provisions of Section 9 of the Ordinance and the definition of "advantage" are detailed at **Annex 1**.)

Acceptance of Advantage

3. It is the Company's policy that directors and staff should not solicit or accept any advantage for themselves or others, from any person, company or organization having business dealings with the Company, except that they may accept (but not solicit) the following advantages when offered on a voluntary basis:

- (a) advertising or promotional gifts or souvenirs of a nominal value; or
- (b) gifts given on festive or special occasions, subject to a maximum limit of \$_____ in value; or
- (c) discounts or other special offers given by any person or company to them as customers, on terms and conditions equally applicable to other customers in general; or
- (d) gifts or souvenirs of nominal value presented to them in official functions.

No director or staff member should accept any advantage from a subordinate, except those mentioned in paragraphs (a) and (b) above.

4. Gifts or souvenirs described in paragraph 3(d) above are deemed as offers to the Company. The directors and staff members concerned should report the acceptance to the Company and seek direction as to how to handle the gifts or souvenirs from the approving

¹ Staff cover full-time, part-time and temporary staff, except where specified.

authority² using Form A (**Annex 2**). If a director or staff member wishes to accept any advantage not covered in paragraph 3, he/she should also seek permission from the approving authority using Form A.

5. However, a director or staff member should decline an offer of advantage if acceptance could affect his/her objectivity in conducting the Company's business or induce him/her to act against the interest of the Company, or acceptance will likely lead to perception or allegation of impropriety.

6. If a director or staff member has to act on behalf of a customer in the course of carrying out the Company's business, he/she should also comply with any additional restrictions on acceptance of advantage that may be set by the customer.

Offer of Advantage

7. Directors and staff are prohibited from offering advantages to any director or staff of another company or organization, for the purpose of influencing such person or company in any dealings, or any member or staff of a government department or public body while having business dealings with the latter, whether directly or indirectly through a third party, when conducting the Company's business.

Entertainment

8. As defined in Section 2 of the Ordinance, "entertainment" refers to food or drink provided for immediate consumption on the occasion, and any other entertainment provided at the same time. Although entertainment is an acceptable form of business and social behaviour, a director or staff member should avoid accepting overly lavish or frequent entertainment from persons with whom the Company has business dealings (e.g. customers, suppliers or contractors) or from his/her subordinates to avoid placing himself/herself in a position of obligation (e.g. provision of favourable test reports to customers). To maintain impartiality, staff members, especially those carrying out inspection duties, should not accept free meals/entertainment from the organizations being assessed unless under very exceptional circumstances.

Records, Accounts and Other Documents

9. Directors and staff should ensure that all testing and assessment records or certificates, receipts, accounts or other documents they submit to the Company give a true representation of the events or business transactions as shown in the documents. Intentional use of documents containing false information to deceive or mislead the Company, regardless of whether there is any gain or advantage involved, may constitute an offence under the Ordinance.

Compliance with Laws of Hong Kong and in Other Jurisdictions

10. Directors or staff must comply with all local laws and regulations when conducting the Company's business, and also those in other jurisdictions when conducting business there.

² Specify the post of the approving authority in the Code and the Form.

Compliance with Professional Standards

11. Directors and staff should perform their work objectively and impartially. They should also observe the technical and ethical requirements as defined in the relevant professional standards for testing, inspection and certification (e.g. ISO standards).

Conflict of Interest

12. Directors and staff should avoid any conflict of interest situation (i.e. situation where their private interest conflicts with the interest of the Company) or the perception of such conflicts. They should not misuse their position or authority in the Company to pursue their own private interests which include both financial or personal interests and those of their family members, relatives or close personal friends. When actual or potential conflict of interest arises, the director or staff member should make a declaration to the management through the reporting channel using Form B (**Annex 3**).

13. Some common examples of conflict of interest are described below but they are by no means exhaustive:

- (a) A staff member providing testing, inspection or certification services to a customer whom he/she, his/her relative or close personal friend has financial interest in the business of the customer.
- (b) A staff member undertaking part-time work as a product design consultant for a customer whom he/she is responsible for testing, inspecting or certifying the products of the customer.
- (c) A staff member involved in subcontracting out the Company's testing services (e.g. selection of subcontractors) is closely related to or has financial interest in a potential subcontracting laboratory.
- (d) A staff member involved in the procurement of laboratory equipment (e.g. evaluation of suppliers' quotations) is closely related to or has financial interest in a potential equipment supplier.

Use of Company Assets

14. Directors and staff in charge of or having access to any Company assets, including funds, property (e.g. laboratory equipment or consumables), information, and intellectual property, should use them solely for the purpose of conducting the Company's business. Unauthorized use, such as misuse for personal gain, is strictly prohibited.

Confidentiality of Information

15. Directors and staff should not disclose any commercially sensitive information of the Company and the customers (e.g. design, innovation, technology or other proprietary information of the products under testing or assessment) without authorization or misuse any Company information (e.g. unauthorized sale of the information). Those who have access to or are in control of such information, including information in the Company's computer

system, should at all times protect the information from unauthorized disclosure or misuse. Special care should also be taken in the use of any personal data, including directors', staff's and customers' personal data, to ensure compliance with the Personal Data (Privacy) Ordinance.

Outside Employment

16. Any full time staff who wish to take up employment outside the Company must seek the prior written approval of the approving authority. The approving authority should consider whether the outside employment would give rise to a conflict of interest with the staff's duties or the interest of the Company.

Relationship with Customers, Suppliers and Contractors

Gambling

17. Directors and staff are advised not to engage in frequent gambling activities (e.g. mahjong) with persons having business dealings with the Company.

Loans

18. Directors and staff should not accept any loan from, or through the assistance of, any individual or organization having business dealings with the Company. There is however no restriction on borrowing from licensed banks or financial institutions.

Compliance with the Code

19. It is the responsibility of every director and staff member of the Company to understand and comply with this Code, whether performing his/her company duties in or outside Hong Kong. Managers and supervisors should also ensure that the staff under their supervision understand well and comply with this Code.

20. Any director or staff member in breach of this Code will be subject to disciplinary action, including termination of appointment. In case of suspected corruption or other criminal offences, a report will be made to the ICAC or the appropriate law enforcement agencies.

21. Any enquiries about this Code or reports of possible breaches of this Code should be made to (*post of designated senior staff*).

(*Name of Company*)

Date :

[*The Company may wish to include other guidelines on the conduct required of directors and staff as appropriate.*]

Extracts of the Prevention of Bribery Ordinance

Section 9

(1) Any agent who, without lawful authority or reasonable excuse, solicits or accepts any advantage as an inducement to or reward for or otherwise on account of his –

- (a) doing or forbearing to do, or having done or forborne to do, any act in relation to his principal's affairs or business; or
- (b) showing or forbearing to show, or having shown or forborne to show, favour or disfavour to any person in relation to his principal's affairs or business,

shall be guilty of an offence.

(2) Any person who, without lawful authority or reasonable excuse, offers any advantage to any agent as an inducement to or reward for or otherwise on account of the agent's –

- (a) doing or forbearing to do, or having done or forborne to do, any act in relation to his principal's affairs or business; or
- (b) showing or forbearing to show, or having shown or forborne to show, favour or disfavour to any person in relation to his principal's affairs or business,

shall be guilty of an offence.

(3) Any agent who, with intent to deceive his principal, uses any receipt, account or other document –

- (a) in respect of which the principal is interested; and
- (b) which contains any statement which is false or erroneous or defective in any material particular; and
- (c) which to his knowledge is intended to mislead the principal,

shall be guilty of an offence.

(4) If an agent solicits or accepts an advantage with the permission of his principal, being permission which complies with subsection (5), neither he nor the person who offered the advantage shall be guilty of an offence under subsection (1) or (2).

(5) For the purposes of subsection (4) permission shall –

- (a) be given before the advantage is offered, solicited or accepted; or
- (b) in any case where an advantage has been offered or accepted without prior permission, be applied for and given as soon as reasonably possible after such offer or acceptance,

and for such permission to be effective for the purposes of subsection (4), the principal shall, before giving such permission, have regard to the circumstances in which it is sought.

Section 2

'Advantage' means :

- (a) any gift, loan, fee, reward or commission consisting of money or of any valuable security or of other property or interest in property of any description;
- (b) any office, employment or contract;
- (c) any payment, release, discharge or liquidation of any loan, obligation or other liability, whether in whole or in part;
- (d) any other service, or favour (other than entertainment), including protection from any penalty or disability incurred or apprehended or from any action or proceedings of a disciplinary, civil or criminal nature, whether or not already instituted;
- (e) the exercise or forbearance from the exercise of any right or any power or duty; and
- (f) any offer, undertaking or promise, whether conditional or unconditional, of any advantage within the meaning of any of the preceding paragraphs (a), (b), (c), (d) and (e),

but does not include an election donation within the meaning of the Elections (Corrupt and Illegal Conduct) Ordinance (Cap. 554), particulars of which are included in an election return in accordance with that Ordinance.

'Entertainment' means :

The provision of food or drink, for consumption on the occasion when it is provided, and of any other entertainment connected with, or provided at the same time as, such provisions.

Section 19

In any proceedings for an offence under this Ordinance, it shall not be a defence to show that any such advantage as is mentioned in this Ordinance is customary in any profession, trade, vocation or calling.

(Company Name)
Report on Gifts Received

Part A – To be completed by Receiving Staff

To : (Approving Authority)

Description of Offeror :

Name & Title of Offeror : _____

Company : _____

Relationship (Business / Personal) : _____

Occasion on which the Gift
was / is to be received :

Description & (assessed) value of the Gift :

Suggested Method of Disposal :

Remark

Retain by the Receiving Staff

Retain for Display / as a Souvenir in the Office

Share among the Office

Reserve as Lucky Draw Prize at Staff Function

Donate to a Charitable Organization

Return to Offeror

Others (please specify) : _____

(Date)

(Name of Receiving Staff)

(Title)

Part B – To be completed by Approving Authority

To : (Name of Receiving Staff)

The recommended method of disposal is **approved / not approved*. *The gift(s) concerned should be disposed of by way of : _____

(Date)

(Name of Approving Authority)

(Title)

** Delete as appropriate*

(Company Name)
Declaration of Conflict of Interest

Part A – Declaration *(To be completed by Declaring Staff)*

To : (Approving Authority) via (Supervisor of the Declaring Staff)

I would like to report the following actual/potential* conflict of interest situation arising during the discharge of my official duties:-

Persons/companies with whom/which I have official dealings
My relationship with the persons/companies (e.g. relative)
Relationship of the persons/companies with our Company (e.g. supplier)
Brief description of my duties which involved the persons/companies (e.g. handling of tender exercise)

(Date)

(Name of Declaring Staff)
(Title / Department)

Part B – Acknowledgement *(To be completed by Approving Authority)*

To : (Declaring Staff) via (Supervisor of the Declaring Staff)

Acknowledgement of Declaration

The information contained in your declaration form of (Date) is noted. It has been decided that:-

- You should refrain from performing or getting involved in performing the work, as described in Part A, which may give rise to a conflict.
- You may continue to handle the work as described in Part A, provided that there is no change in the information declared above, and you must uphold the Company’s interest without being influenced by your private interest.
- Others (please specify) : _____

(Date)

(Name of Approving Authority)
(Title / Department)

* Delete as appropriate