CORPORATE ETHICS HEALTH CHECKLIST

Business ethics is the first line of defence against corruption, fraud and malpractices in business corporations. It is embodied in a strong ethical culture which helps businesses maintain the trust of stakeholders, build up company reputation and achieve sustainable development.

This checklist provides a tool for corporate leaders to conduct a quick organisational check-up in corporate ethics and diagnose the areas for follow-up and improvement.

HONG KONG BUSINESS ETHICS DEVELOPMENT CENTRE

The Hong Kong Business Ethics Development Centre (HKBEDC) was established under the auspices of the Community Relations Department of the Independent Commission Against Corruption (ICAC) with a mission of fortifying the business sector's resistance to corruption.

The HKBEDC provides the following free and tailor-made consultancy services to help business organisations cultivate an ethical corporate culture:

- Organising anti-corruption and ethics training
- Producing business ethics resources for reference and training
- Formulating and reviewing codes of conduct
- Offering advice to companies on system controls

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ETHICAL LEADERSHIP
Cultivating a VIRTUOUS MIND

Organisational values form the company culture and shape staff behaviours. Corporate leaders should take the lead in fostering and sustaining a clean corporate culture by serving as role models, promoting ethical behaviours and facilitating open communication among stakeholders.

CHECKLIST	Y	N
Does management communicate to staff members the top level commitment to adopt ethical business practices and serve as a role model itself?		
Does management provide guidance and support to staff members on handling ethical risks?		
Does management convey clearly to customers and business partners the ethical standard required in doing business with the company?		
Does management encourage open communication and provide suitable channels for staff members, customers and work partners to raise enquiries and lodge complaints?		
Does management adopt zero tolerance towards corruption and misconduct and take appropriate and prompt actions against violators?		
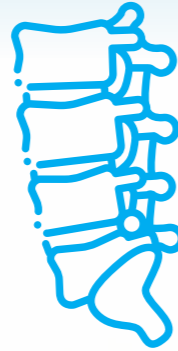
CODE OF CONDUCT
Defining the MORAL BACKBONE

A code of conduct sets out the ethical principles and behavioural standard expected of all directors and staff, reflecting the company's core values and culture.

CHECKLIST	Y	N
Does my company have a code of conduct to provide guidelines on ethical standards for all directors and employees?		
Does the code cover the areas below?		
• Prohibition of any bribery and corrupt practices		
• Further restrictions and guidelines governing the acceptance and offering of advantages and acceptance of entertainment		
• Guidelines on handling records, accounts and other documents		
• Guidelines on handling conflict of interest and managing conflict of interest declared		
• Prohibition of misuse of official position, company assets and information		
• Guidelines on handling outside employment		
• Guidelines on handling relationship with business contacts and public officials		
• Guidelines on conducting business in other jurisdictions		
• Policy on reporting suspected corruption and other criminal offences		
• Consequences of breaching the code and guidelines		
Is there adequate transparency of the code and a mechanism to remind directors and staff of the content of the code at regular intervals?		
Is the code regularly reviewed to meet the current and future needs of the company?		

INTEGRITY TRAINING AND ACTIVITIES
Nurturing the GOOD HEART

Regular integrity training and ethics promotion activities can enhance staff's awareness of common ethical issues in the workplace and their understanding of legal and regulatory requirements.

CHECKLIST	Y	N
Does my company use the following channels to communicate corporate values and ethics management to directors and employees?		
• Induction programmes for newly recruited staff and directors		
• Ethics or compliance training for directors, managerial staff and frontline staff		
• Internal communication channels, e.g. circulars, newsletters, posters, intranet		
• Staff integrity projects, e.g. quizzes, exhibitions, competitions		

SYSTEM CONTROLS
Boosting IMMUNITY against ethical risks

A sound internal control system can prevent staff from falling into the trap of corruption and malpractices. It also helps ensure staff's compliance with the corporate ethics principles.

CHECKLIST	Y	N
Does my company establish a system that can identify and evaluate the risk of corruption?		
Does my company adopt system controls (e.g. operational guidelines, procedures, control mechanisms, regular internal audits) in the following functional areas. Do they align with the company's ethics principles ?		
• Procurement		
• Contract Management		
• Sales and Marketing		
• Finance and Accounting		
• Human Resources Management and Administration		
• Inventory and Stock Control		
Are the policies and operational manuals / procedures / guidelines regularly reviewed?		