



Introduction to Transparent and Ethical Business

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For more details please visit : <http://www.nordicchamber.cz/nordic-values/transparency>

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Do you need to report the situation? We take care.

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Introduction

Transparency and ethics in business are intrinsic to the basic values traditionally endorsed by the Nordic Chamber.

Transparent and ethical business has positive effects, such as:

- Improved corporate reputation and enhanced brand;
- Reduced risks and costs;
- Increased and sustained long term income and profit;
- Improved probability of attracting and retaining foreign capital;
- Enhanced competitiveness;
- Protection against unlawful and penalised acts;
- Access to new market segments – winning interest of environmentally, socially etc. responsible customers;
- Sustainable growth/development;
- Setting an example for business partners and suppliers;
- Increased attractiveness and credibility for prospective employees;
- Increased employee loyalty rate and reduced employee turnover rate.

Based on an internal survey and experience of the Chamber members, the Transparency Work Group has defined the core areas of transparent and ethical business practices. The areas overlap with the CSR and sustainable development fundamentals, as generally accepted. The survey has revealed that the principles have been more widely implemented within the Nordic companies as compared to the level common in our region. In the Nordic companies, the business ethics and transparency policies have been elaborated in detail, consistently applied and reviewed, possible breaches, as a rule, responsibly addressed and the whole concept integrated in their corporate culture.

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Core areas of transparent and ethical business

1. Management declaration – committing themselves to the transparent and ethical business principles.

A written statement by management in which ethical conduct is declared is part of the values of the respective company. The statement should be formalised as a policy and code of ethics.

2. Customer and business partner relationships

The company treats its partners in an open, non-discriminatory and honest way.

3. Employee relationships

Relationships in the company are based on mutual dignity, respect and equal treatment.

4. Legal compliance

The company shall at all times comply with all applicable laws, regulations and generally accepted practices, providing the latter does not contravene morality and/or transparency.

5. Transparent cash management

All cash flows shall be transparently recorded and reviewed. Accounting must be duly kept and must give a fair view of the financial performance of the company.

6. Independent control of abidance by the business ethics rules

The company has implemented a regular control of abidance by the rules, carried out by independent internal/|external entities. The company has in place a whistle blowing procedure, with safe and discreet reporting avenues provided.

7. Prevention of business ethical rules breaches

The companies regularly inform their employees and third parties of the set rules and methods of exceptional situation resolution.

8. Efficient methods of addressing alerts and complains

The company timely and efficiently responds to and resolves queries, alerts and suggestions presented by its employees and third parties.

9. Assessments and updates of processes based on internal and external experience

The company policies are amended and updated, drawing on the amassed experiences (whether internal or third party).

10. Disclosures of financial and non-financial information

The company regularly discloses its business results reflected in its cash flows, as well as in social and operations areas and environmental impact.

How to start?

- **Management meeting** – informal
 - An informal meeting is a suitable venue for truly confirming (discussing) the plan to publicly endorse the ethical business way.

- **Formal decision**
 - Using the normally practised procedure (management meeting etc.), the intent should be declared in writing – e.g. as the minutes of the meeting.

- **Preparatory team**

Such team's purpose is to assist management in implementation, communication and through administrative support. The team members shall be specifically appointed by management for the task (the agenda should be expected to take up approx. 10% of their time capacity). At least the following must be on the team:

 - Member of top management
 - Administrative staff member

- **Documentation**
 - A public commitment by management (signed by the CEO, Statutory Representative etc.) – a policy
 - Code of Ethics

For practical reasons (updates of the documents; a constant declaration towards the public; referrals to the work groups), two separate documents are advisable: the Declaration by Management (a policy) and, Code of Ethics (an internal regulation). The documentation should be then integrated in the internal guidelines, operational procedures, working order, internal regulations, articles of association etc. – to make it binding and to ensure the company abides by it in practice.

- **Recommended implementation procedures**
 - Invoices shall always be matched with the order or contract, with the delivery notes, acceptance records or the final report.
 - All company expenses shall be approved transparently according to the internal regulations stipulated by management; such regulations should respect the four-eye rule, i.e. reviewing/approving by two clearly appointed, responsible persons.
 - An easy-to-understand procedure for handling grievances/complaints from external and internal entities (with the procedure, time limits, escalation methods defined).
 - In the event of an internal conflict (where the direct manager cannot be involved), company management shall appoint a person

respected by the employees, to whom they may discreetly submit reports. An easily available contact form plus reporting procedure shall be introduced (a physical drop box and designated-mail address) for potential anonymous reporting (whistle blowing).

- Where possible, further documents would be suitable to prepare, declaring the company's ethical values, e.g. annexes to contracts may be used, both for the contractors and employees (their employment contract annex).
- Employee training is a highly important element of the management declaration implementation and its proper putting in practice. Such training should always include discussions on the practical knowledge, experiences and solutions of exceptional situations.

Introductory communication

- Internal

Introduction of the employees to the management plan, using the format normally applied in the company (personally; a written notification; the Intranet etc.). The documents, requirements, processes and persons responsible for the project should be presented.

- External
 - Publication of the policy - on the web pages, in the internal newsletter, by posting on the company/branch premises etc.
 - Using a suitable opportunity, it is also recommended to familiarize company's suppliers, customers and business partners etc. with the intent (using offers, contracts, attachments to letters/invoices, meetings with customers etc.).

Practical implementation and prevention

In order to have the entire plan work properly, the procedures and outcomes should be regularly reviewed and (where needed) updated. Both the employees and public should see the long term effort of the company to conform to the professed rules. We would recommend the following steps in particular:

- Regular assessments at the management level (e.g. management meetings) with the minimum six-month periodicity (or more frequently).
- Discussions with employees, such as meetings providing overviews of detected issues and their solutions (may be included as part of the training sessions).
- Integrated as part of the internal audit activities or of other independent control (meaning that the respective department reviews other departments, but not itself); a control by management should be set up at minimum.
- Publication of the control outcomes through the annual report, commentaries on the outcomes, news in the corporate newsletter, on the website or included in the PR communication.

Resolution of exceptional situations

Exceptions – such as deviations from the conduct required by the code of ethics, from legal requirements, company values, as well as any other detected serious facts – must be transparently and efficiently resolved.

- Such situations require proper investigation and transparent assessment, including interviews with the affected employee(s); the employee must be briefed on the investigation conclusions and adopted actions.
- The solution should conform to the equality principle – i.e. should be equal for both regular staff and management, irrespective of the employee/contract importance for the company.
- An analysis of the issue; resultant learning; notify employees of the situation (unless such disclosure might seriously damage the company).

Each company has its own specific environment and requirements that may be reflected in the above procedure. The above recommendations represent general principles, however, may slightly differ according to the nature of business, corporate culture, parent company policies etc.

We wish you successful implementation or just interesting source for your inspiration.

Your Transparency Group 😊

Sample Documents - Specimens

Documents to download

Policy

We commit ourselves to do our business in accordance with the morality and the law and to openly communicate with all parties impacted by our activities. We do not tolerate corruption, bribery and unfair competition._

[Annex 1](#)

Code of Ethics

A summary of rules describing the conduct we expect from our employees so that the clients, employees and third parties know our values and know what conduct to expect from us.

[Annex 2](#)

Annual Report

Disclosure of information on the financial results and company information regarding social, financial and environmental aspects; such information is made accessible to all stakeholders and serves to increase credibility and transparency of the company.

[Annex 3](#)