Preparing a Code of Conduct

Concept note



EY
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FICCI

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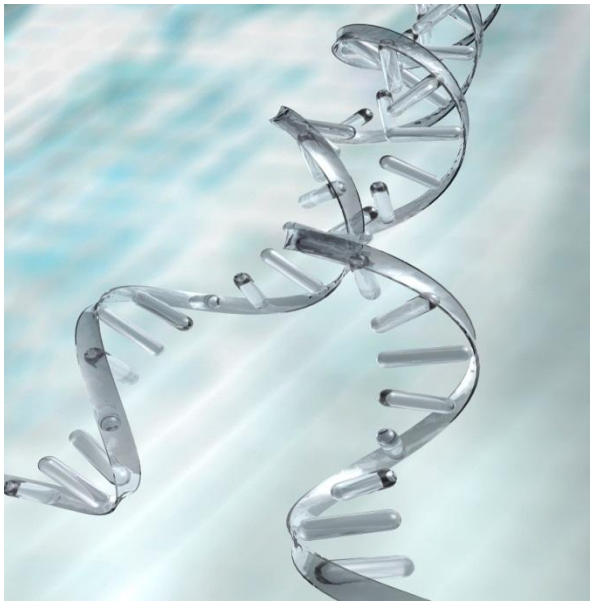
Introduction to the Note

This document has been created by Ernst & Young LLP for for FICCI. The objective is to deliberate and finalise an approach that can be used as a guideline for preparing a Code of Conduct by members of FICCI.

It is not practically feasible to have a "one size fits all Code of Conduct" for member organizations. This documents attempts to lay out guidance containing the following aspects that will help member organizations to prepare their own Code of Conduct:

- What does a Code of Conduct mean
- Sections that need to be included in a Code of Conduct
- Rationale for having the section
- Important aspects to be covered in each section
- Factors to be considered while preparing content for each section
- Good practices that an organization may consider (these may not be related to a Code of Conduct)

Integrity, Morals and Ethics



1. Concepts

1.1 Integrity means ‘Quality of being honest and having strong moral principles’– *source Oxford dictionary*

1.2 Morals means ‘Concerned with or derived from the code of behavior that is considered right or acceptable in a particular society’ – source *Oxford dictionary*

1.3 Ethics means ‘Moral principles that govern a person’s behaviour or the conducting of an activity.’ - source *Oxford dictionary*

As per the Ethics Institute of South Africa, ‘Organizational ethics refers to standards of good, right, and fair conduct that prevail in an organization. These standards determine how an organization will treat internal and external stakeholders.

The ethics of an organization is influenced more by the prevailing culture in an organization than by what is written in policy documents. In other words, it is about the informal knowledge of 'how we do things around here'. Organizational integrity is the extent to which the formal policy documents and the actual behavior are aligned.’

2. From morals to Ethics

2.1 Morals are individualistic traits one imbibes while growing up and interacting with family, friends and others

2.2 When a group of individuals come together they bring together their moral values, the common set of those become group’s moral values. When this group of individual works for commercial purposes, they may take the form of business values

2.3 When the group takes ethical cognizance of all stakeholders in the ecosystem and not just its shareholders (and goes beyond the mere objective of profit), it gives rise to its ethical philosophy and values which form the basis of its code of conduct

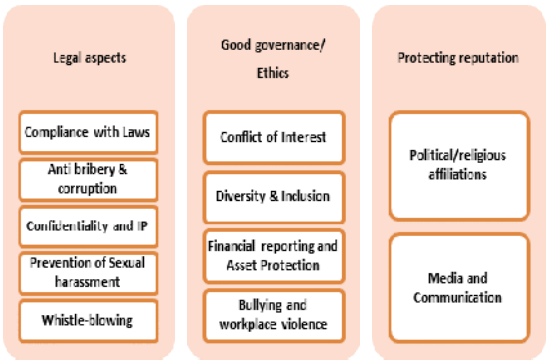
3. Code of Ethics in organizational context

3.1 Individual are governed by morals and core values which in turn determine the behavior of an individual

3.2 Code of Ethics is the philosophy which governs the conduct and business of an organization

3.3 The values of an organization should determine its decisions and its conduct

3.4 The Code of Ethics and Conduct are documents which are instrumental in achieving this



Meaning of Code of Conduct

4. Code of ethics and code of conduct

4.1 A code of ethics is aspirational document outlining an organization's core values, ideals and principles

4.2 Code of conduct lays down procedures and rules regarding acceptable or unacceptable practices related to organizational issues

4.3 Code of ethics is a value-based document, while a code of conduct is a rule-based document

Source – Ethics Institute of South Africa

4.4 While a Code of Conduct is not a compilation of all policies of an organization, it does normally have a reference to all and extract of some critical ones

5. Drivers of a code of conduct

The key drivers of a Code of conduct ("CoC") are primarily compliance (legal & regulatory), good governance and protection of its reputation. These broadly encapsulate the entire contents of a CoC as depicted below:

6. Why is a Code of Conduct required?

6.1 CoC acts as a directive and guide to employees, and other stakeholders in laying down the organization's expectation of them and is a reference to all other detailed policies of the organization

6.2 CoC is a guide that helps employees in dealing with ethical dilemmas

6.3 CoC promotes the organization's values and enhances its ethical environment

6.4 For listed companies, a CoC is required under

6.4.1 SEBI's Clause 49 of the listing agreement which states "*The Board shall lay down a CoC for all Board members and senior management of the company. The CoC shall be posted on the website of the company."*

6.4.2 Schedule IV of the Company's Act, 2013, which states that the appointment of an independent director is to be formalized through an appointment letter which sets out, inter-alia, company's "*Code of Business Ethics". Therefore, by implication, it appears that a company should have a CoC or a "Code of Business Ethics"*

6.5 For other companies, it is advisable to have a CoC as it is an important element of an organization's overall ethical environment and a strong directive control

Contents of a Code of Conduct

7. The suggested contents of a CoC are set out below:

A. Introductory

A1 Preamble

A2 Top management's support

A3 Value statement

A4 Applicability

A5 About raising concerns

B. Procedural sections of CoC

B1 Legal & Regulatory Compliance

B2 Political and religious affiliations

C. Interaction with the world outside

C1 Gifts and business courtesies

C2 Conflict of interest

C4 Confidentiality and intellectual property

C5 Media and communication

D. Internal work culture

D1 Diversity and inclusion

D2 Workplace harassment

D3 Corporate Social Responsibility (CSR)

D4 Whistleblowing

E. Financial reporting and asset protection

A. Introductory

A1. Preamble

The preamble should address the following points:

- Reasons for issuing the CoC
- How it guides decision-making and promotes governance and compliance
- How the other organizational policies and processes need to be read, with respect to CoC
- Clarification about the exhaustiveness of the permissible/non-permissible acts listed in it
- How and from whom clarifications related to CoC may be sought



► *Introductory part sets out the tone and authority of the document and generally puts things in context so that the document is read in the right spirit*



A2. Top management's support

- CoC should contain a message from top management, indicating senior management's commitment to the CoC, its authority and their endeavor to ensure adherence
- The message should encourage the stakeholders to understand the rationale of CoC, its contents and why they need to comply to it

A3. Value statement

- The value statement of the organization may be reproduced in this section
- This could also be the ethics policy of the organization

A4. Applicability

Applicability of the CoC should be clarified with respect to the following:

- Applicability to group entities, subsidiaries, joint ventures, alliances, etc.
- Applicability to internal and external stakeholders
  - Internal stakeholders like employees, workers, contract labor, directors, trainees, retainers etc.
  - External stakeholders like dealers, franchises, distributors, vendors, service providers, etc.
- Applicability across locations and geographies
  - It may include a note that in case of conflict between provisions of CoC and local laws – clearly stating that the latter will prevail and override the former

A5. About raising concerns

- It should state the responsibility of employees for following CoC
- It should caste responsibility for reporting violations/suspected violations on employees- not as a punitive measure but stemming out of the need to "what is right"
- Concerns should be genuine and reported in good faith

A6. Ownership and control:

- The ownership and control of the CoC should be clearly specified
- Normally, it is assigned to a joint committee formed by the representatives of the staff functions (Human Resources, Finance, Compliance, Legal etc.)

A7. Revisions

- The CoC is a dynamic document and needs to be reviewed and revised periodically or on a need basis
- Accordingly, a CoC should contain a provision for review, revision and approval of changes in it
- An illustration is set out below:
  - *i. The CoC should be reviewed every two years by the joint committee which will recommend changes after the review*
  - *ii. The CoC should also be reviewed when there is a:*
    - *a. Change in law, or*
    - *b. Change in the organization structure or a business process*
  - *iii. All changes will be made after the approval of the Leadership Team of the company*

A8. Comments, suggestions or queries

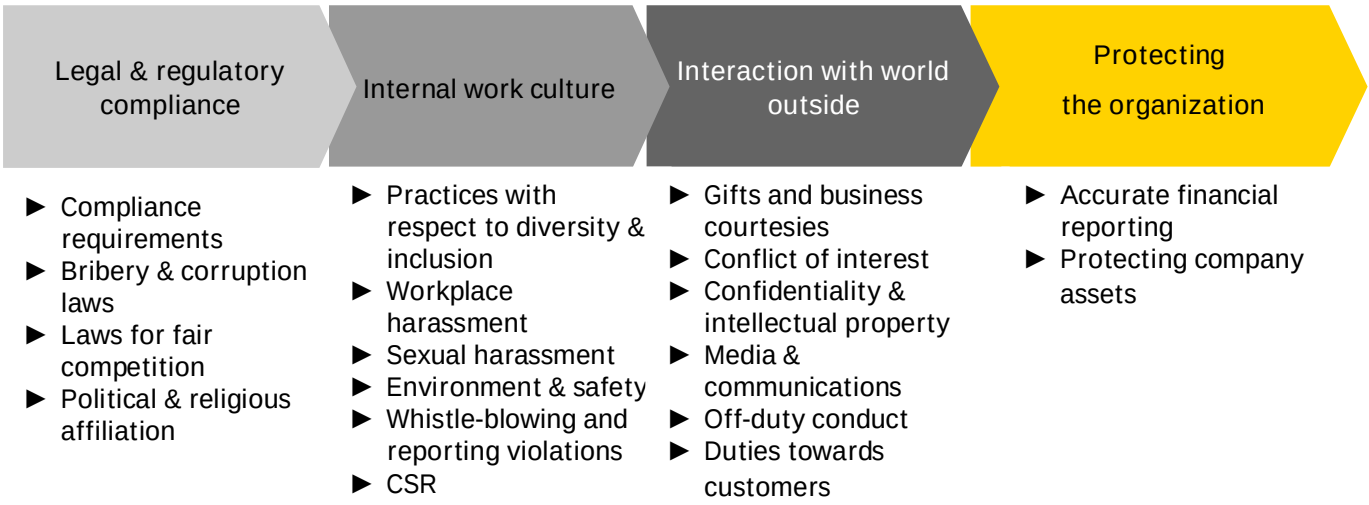
- The CoC should contain provisions for comments, suggestions or queries, and should specify the employee/department who can be contacted for this

Procedural sections of CoC

The procedural sections of a CoC are dependent on the following factors:

- Nature of business or businesses
- Diversity of operations (geographical)
- Interaction with and dependence on third parties
- Nature and extent of tangible and intangible assets generated and held by the organization
- Regulatory framework
- Demographics of employees and vendors

Generally, there are four sections in the procedural part of the CoC. These are depicted below and elucidated in the following pages of this note:



While elucidating each section the rationale for it, guidance in the form of recommended practices, factors to be considered and 'good to have' measures have been explained

There is no "one size fits all" CoC and each organization has to consider various factors to design the contents of each of the sections

B. Legal & Regulatory Compliance

B1. Regulatory compliance

Recommended content:

- Organization's philosophy towards legal and regulatory compliances
- Expectation from employees and other stakeholders - "zero tolerance" towards non compliance
- Contact for seeking clarification in case of doubt and responsibility for non-compliance
- Key provisions of or reference to important anti-bribery, corruption related laws and regulations like Foreign Corrupt Practices Act (FCPA), UK Bribery Act (UKBA), Prevention of Corruption Act (PCA) *(this should be one of the key focus areas of this section)*
- Explaining key provisions by illustrating potential violations of applicable laws and the expected behavior by employees
- Key provisions of and reference to industry body regulations or guidelines
- Statement clarifying that the CoC does not list out all compliance requirements and it is expected of employees to have knowledge of laws and regulations related to their work
- Statement clarifying that the laws of the land supersede the COC.
- Reference and link to the Anti-bribery Policy and any other related policies.

► *Rationale for having this section in CoC*
Organizations are exposed to various legal frameworks in their day to day activities, like, international laws, labor laws, tax laws, civil laws etc. Hence it is critical to set out organization's philosophy and expectations towards compliance of various stake-holders



► Factors to be considered
  - o Laws applicable to the organization – domestic and international
  - o Industry regulations
  - o Industry or trade body rules
  - o Internal compliance risk assessment, management and reporting framework
  - o Geographies in which operations are spread
  - o Nature of business
  - o Feasibility / viability of compliance committee

► Good to have
  - o Compliance Risk assessment
  - o A separate and detailed Anti-bribery & Corruption Policy and training program
  - o Periodic audits
  - o Self-reporting mechanism and confirmations by locations, divisions, functions etc
  - o Compliance committee/s

B2. Fair competition

Recommended content:

- Reference to Competition Act and its requirements applicable to the organization
- Organization's rules and expected behavior of employees and other stakeholders while dealing with competitors
- Key provisions of and reference to industry body regulations or guidelines
- Illustrations explaining the expected behavior
- Reference and link to the Fair Competition Policy and any other related policies



- Factors to be considered
  - Laws applicable to the organization – domestic and international
  - Industry regulations
  - Geographies in which operations are spread
  - Nature of business

- *Rationale for having this section in CoC Competition is an essential element of the economy and markets. This section lays down the ground rules while dealing with competitors and a reference to requirements of competition laws*

- Good to have
  - A separate and detailed Fair Competition Policy



- *Rationale for having this section in CoC*
  Humans are social beings. Almost all people participate in religious or political activities. Consequently, the management maintaining its unbiased stand needs to clarify its position in terms of non-affiliation to religious or political or other mass movements

B3. Political or religious affiliations

The CoC should cover following key aspects related to the expected behavior by the employees:

- Organization's view towards religious, political affiliations and support to mass movements (non-aligned)
- No restrictions on employees to support political, religious or social mass movements in their individual capacity, in their own time, with their own resources, and without any reference to the organization
- The manner in which one should act as a representative of the organization while engaging in political or religious activities
- Explaining expected behavior by way of illustrations while employees participate in social activities like political or religious activities, or mass or civil movements
- Distinguishing Corporate Social Responsibilities (CSR) from political and religious activities by employees in individual capacity

- Factors to be considered
  - Organizational demographics
  - Social environment
  - Extent and nature of business operations

- Good to have
  - Unbiased organizational policies and procedures
  - Identification of champions who can be approached by employees for informal or formal consultation, when in doubt

C. Interacting with the World Outside

Recommended content:

- Following policies should form part of this section
  - Gifts and Business Courtesies
  - Conflict of Interest
  - Media and Communication
  - Whistle Blowing
- Dos and don'ts for employees while working with third parties vendors, customers, sub-contractors
- General principles of a 'fair transaction'
- Illustrating the behavior expected from employees while working while interacting with third parties
- Off duty conduct not to represent or even appear to represent the organization (more and more organizations are including this as a part of the CoC, as employees actions even outside duty hours can impact its reputation)



- *Rationale for having this section in CoC - Organizations transact with their vendors and customers, etc. on a daily basis. This exposes the organization to a risk of reputation apart from risk of fraud, misconduct and non - compliance. Management should specify how the employees should conduct their behavior so that the reputation risk is mitigated*

C1. Gifts and business courtesies

Recommended content:

- Definition of
  - Gifts
  - Business courtesies
- Importance of taking business decisions based on merit alone and without any influence
- Relevant extracts of policies in this regard
- Limits for accepting or offering gifts etc. and approval matrices
- Dealing with government officials
- Illustrations explaining the expected behavior
- Action to be taken in case of deviation which could not be avoided
- Reference and link to the Gift & Business Courtesies Policy

- Factors to be considered
  - Type of third party interactions
  - Level of interaction of employees with third parties
  - Local customs and traditions
  - Nature of industry
  - Financial control over transactions
  - Reporting structure
- Good to have
  - Detailed Gift & Business Courtesies Policy and procedures
  - Robust financial procedures and controls
  - Adequate awareness of the procedural aspects
  - Identifying employees responsible for enforcement, consultation



C2. Conflict of interest

Recommended content:

- Definition of Conflict of Interest (“CoI”)
  - Potential
  - Real
  - Perceived
- Guidance on updating CoI
- CoI declarations process
- Illustrations explaining the expected behavior
- Resolution of COI through a Committee
- Reference and link to the Conflict of Interest Policy

- *Rationale for having this section in CoC -*

  Employees may encounter situations of conflict of interest (“CO”I) while discharging their day to day duties. This may lead them to take decisions that may not be in the best interest of the organization. It is important for them to understand the need to take decisions based only on business considerations and merit

- Factors to be considered
  - Type of third party interactions
  - Level of interaction of employees with third parties
  - Type of information should be shared with third parties
  - Viability of resolution of COI through Committee
  - Reporting structure

- Good to have
  - Detailed Conflict of Interest Policy and procedures
  - Robust Standard Operating Procedures (“SOP”) especially for procurement function
  - Adequate procedures for enforcement of the policy
  - Identifying employees responsible for enforcement, consultation and resolution
  - Awareness amongst employees including

C3. Confidentiality and intellectual property

Recommended content:

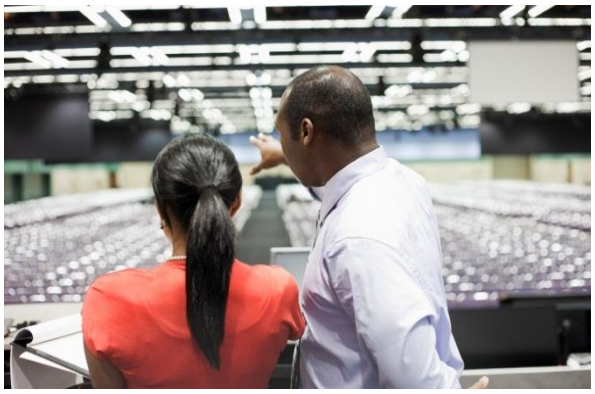
- Definition of confidential information
- Ramifications of leakage of confidential information
- Explaining what constitutes intellectual property
- The permissible manner of sharing critical business information for its appropriate use
- Important to respect confidentiality of information of third parties residing in the organization
- Use of critical business information / IP gathered during work which is related to third parties
- Providing suitable illustrations to explain the concept and expected behavior from employees
- Definition of personal information and the organization's commitment to protect it
- Reference and link to the IT Security or any other relevant policy

- Factors to be considered
  - Nature of business
  - Level of interaction of employees with third parties
  - Nature, type and extent of information shared with third parties
  - Nature, type and extent of confidential information of third parties that is accessible to the organization/employees

- *Rationale for having this section in CoC*
  During course of employment employees get access to vital business information / secrets including related to third parties. The same need to be protected especially from competition



- Good to have
  - Adequate physical and logical controls on sharing of information
  - Strong access controls
  - Monitoring of logs
  - Awareness amongst employees
  - Regular audits
  - IT Security Policy



- *Rationale for having this section in CoC*
  Often employees are required to make public statements, clarify position of the business on certain issues through mass communication media. It is important for organizations to lay down protocols for its employees to follow so that the reputation of the organization is not impacted adversely

  Also, with social media gaining popularity, it is important to recognize the rights of employees to use it. At the same time, it is critical to have guidelines on its usage so that comments made on social media are not perceived as the views of the organization

- Factors to be considered
  - Types of platforms available for public communication and related impact
  - Social norms and cultural environment
  - Organizational demographics
  - Feasibility of having separate team looking after public communication

C4. Media and communication

Recommended content:

- Importance of public communication in maintaining relationships and reputation of the organization
- Identification of authorized department/personnel for media interaction (or post their approval)
- List-out illustrative 'dos and don'ts'
- Specifying permissible interactions and manner of facilitating external communication by way of examples
- Illustrations / explanations about expectations from employee communication:
  - at client locations
  - at vendor locations
  - during public appearances
  - Legal communication, etc.
- Reference and link to the Media Policy

C5. Use of social media

Recommended content:

- What constitutes social media
- Impact of social media
- Ramifications of improper use of social media
- List-out illustrative 'dos and don'ts'
- Expression of own views not to appear as organization's views
- Illustrations / explanations about expectations from employees
- Reference and link to the detailed Social Media Usage Policy

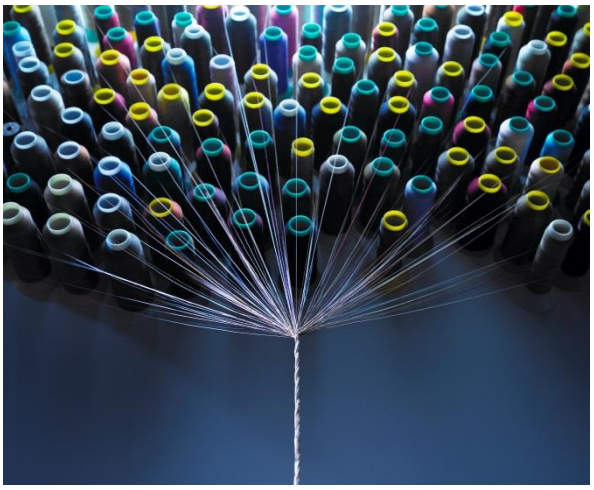
- Good to have
  - Detailed Media Policy and procedures
  - Marketing and communications team for approving communication to be sent out
  - Detailed guidelines on how to communicate in a public forum

D. Internal Work Culture

Recommended content:

Following policies should form part of this section

- Diversity & inclusiveness (including equal opportunity)
- Workplace harassment (including sexual harassment)
- Whistle-blowing
- This section may also contain an extract of the organization's Environment & Safety Policy
- Illustrations explaining the expected behavior
- Reference and link to the detailed Sexual Harassment Policy



- *Rationale for having this section in CoC*
  An organization has employees and others stakeholders who come from diverse backgrounds in terms of religion, culture, ethnicity, caste, gender, mental & ph*ysical ability, marital status, age etc. An organization clearly need to set out that it is an equal opportunity employer and assesses people only on basis of performance and meritocracy*

D1. Diversity & inclusiveness

The CoC may touch upon the following aspects:

- The organization's views on diversity and inclusion and how does it intends to keep decisions free of bias and based only on meritocracy
- Managements support to certain sections of society, if required by law of trade/industry body guidelines
- Illustrations / explanations about expectations from employees
- Reference and link to the detailed Diversity & Inclusiveness Policy

- Factors to be considered
  - Different aspects of diversity in the work environment
  - Employees' exposure and maturity levels
  - Awareness of organizations stance on diversity and the various initiatives driving for the cause
  - Local and international laws (may determine if any of the attributes need to be added or deleted from the list)

- Good to have
  - Platforms for awareness and open communication (training, meetings with leaders, forums to share experiences and success stories
  - Provision for workplace counselling
  - Support groups within the workplace
  - Dedicated council to manage related issues
  - Transparent and well defined performance management system



- *Rationale for having this section in CoC Employees must feel comfortable in their work environment to achieve their maximum potential. It is imperative for an organization to have policies to ensure this. Also, the requirements of local laws need to be adhered to*

- Factors to be considered
  - Organizational demographics
  - Applicable laws including civil, criminal and labor laws or specific laws with regard to harassment or sexual harassment
  - Locations of the organization - from a legal requirement perspective, especially The Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 which came into effect from 9 December 2013

D2. Workplace harassment

Recommended content:

- Defining following concepts:
  1. Misconduct
  2. Bullying at workplace
  3. Workplace harassment
  4. Workplace violence
  5. Sexual harassment
- Procedure to lodge complaints and the mechanism to handle the same
- Procedures meant for sexual harassment may be driven by law and need to be set out separately
- Responsibility of employees to not indulge in any form of harassment and also to report any suspected or real violation of the policy
- Illustrate the relevant laws applicable to this area
- Dos and Don'ts for employees
- Illustrations/examples showing what constitutes various forms of misconduct and recommended action
- Reference and link to the detailed Sexual Harassment and Workplace Harassment Policy

- Good to have
  - Separate and stand-alone Sexual Harassment Policy that may need to be compliant with local laws
  - Different channels to report concerns
  - Provision for witnesses to report inappropriate behavior
  - Provision for workplace counselling/support groups within the workplace
  - Formations of "Internal Complaints Committee" as per the afore-mentioned act (this is mandatory as per the The Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013
  - Objective complaint investigation resolution process
  - Manager's and HR Personnel's intervention in the form of counselling, coaching, workshops on assertion and social survival skills where necessary
  - Graphical representation of the recommended course of actions one should follow when he/she encounters harassment at workplace

D3. Corporate social responsibility

Recommended content:

This section should include a reference to the Corporate Social Responsibility (CSR) Policy. CSR initiatives should be integrated with the business strategy.

- Nature of CSR initiatives:
  - Stakeholder engagement – to win their trust
  - Brand building – to increase brand value and capture markets
  - Employee engagement – to become an employer of choice
  - Reduce, Reuse and Recycle (triple R approach) – to go green
  - Ethical trade – to build a responsible supply chain
- Philanthropy and how it is different from CSR may be explained
- Carrying out due diligence prior to making social investments
- Permissible and non-permissible funding on behalf of the organization
- Compliance with relevant statutes e.g. The Companies Act, 2013, SEBI Circular on Business Responsibility Reports, 2012, etc.
- Reference and link to the detailed Corporate Social Responsibility Policy

- Factors to be considered
  - Prioritizing initiatives
  - Promoting innovation for continuous environmental improvement
  - Financial situation of the organization
  - Legal / statutory requirements
  - Socioeconomic environment in which the organization operates

- *Rationale for having this section in CoC*
  Organizations have a commitment to the society in which they operate. Every organization must contribute to the society to make it better. This is also mandated by laws in form of corporate social responsibility. Every organization must set out its commitment to the society and its expectations of employees and other stakeholders in the CoC



- Good to have
  - A separate and stand-alone policy on CSR
  - CSR reporting as required by law
  - Clearly defined objectives and permissible limits
  - Defined authorities for pre approvals
  - Regular audits

D4. Whistle-blowing (This is referred to as "Vigil mechanism" under the Company's Act, 2013)

Recommended content:

- Definition of whistle-blowing
- Protocols for reporting (whistle-blowing does not substitute other normal reporting protocols)
- The concept and scope of whistleblowing
- Provisions for safeguard of interest of the person using whistle-blowing
- Reiterating that concerns should be genuine and reported in good faith
- Provision for action to be taken against frivolous complaints
- Provision for non-retaliation against the person using the mechanism
- Mechanism available for complaints, related authorities and procedure of handling complaints
- Referring to or reiterating relevant extracts of other policies and procedures (it is a key focus area for this section)
- Providing suitable examples for explaining the scope of whistleblowing and the expected behavior from the stakeholders of CoC
- Casting responsibility of reporting violations of the CoC on employees and other covered stakeholders
- Illustrations of what an employee or any other covered stakeholder is expected to do in when faced with dilemma on whether to report or not
- Reference and link to the detailed Whistle-blowing policy

- Factors to be considered
  - Legal requirements like The Companies Act, 2013 specifically with regard to section 177(9) and (10), which deal with "vigil mechanism"
  - Regulatory requirement like RBI, IDRA
  - Organizational demographics
  - Extent of operations, locations

- *Rationale for having this section in CoC*
  Whistle-blowing provides a platform for reporting concerns to employees and other persons covered by it, without any fear of reprisal or retaliation. Globally, maximum number of frauds is detected through whistle-blowing in comparison to than any other means. It also leads to a strong anti-fraud/misconduct culture.
  At the same time, it clearly reflects the organization's commitment to good governance, including ethical values and transparency.
  Proposed sections of the new Companies Act, 2013 make it mandatory for some companies to have a Vigil Mechanism, which is nothing but whistle-blowing



- Good to have
  - Using a third party service provider for complete and unbiased reporting
  - Fraud response plan, including protocols for preliminary review of concerns, investigation and reporting protocols
  - Training and awareness of the employees and other covered stakeholders
  - Reference of availability of whistle-blowing in other sections of the CoC and stand-alone policies
  - Graphical representation of the recommended procedure to be followed when someone wants to report using the whistle-blowing mechanism (vigil mechanism)

D3. Off duty conduct



Recommended content:

- State the policies for drug and alcohol abuse during office hours
- Statement explaining how employees and ambassadors of the organization and that their actions can impact the reputation of the organization
- Definition of the illegal and immoral off duty conduct
- Illustrations explaining the off duty conduct

- Factors to be considered
  - Socioeconomic environment in which the organization operates
  - Demographic profile of the organization

- *Rationale for having this section in CoC*
  Every organization is concerned about the welfare and safety of its employees at the workplace and outside. This section lays down the rules with regards to substance/alcohol abuse during office hours and is a reminder that employees' off duty conduct can adversely impact the organization's reputation.

- Good to have
  - List of behaviors/actions that can possibly be deemed to be impacting the organization adversely

E. Protecting The Organization



E1. Protecting financial asset and reporting

Recommended content:

- Definition of assets - tangible and intangible assets
- Tangible assets to include physical assets like fixed assets, plan, machinery and also cash, etc
- Intangible assets to include intellectual property, copyrights, patents, goodwill and reputation
- Organization's policy related to usage / possession of assets
- Responsibility to protect the assets and records in possession of the employees
- Organization's policy on recording financial transactions and their transparency of financial reporting and retention policies
- Organization's views on financial audits and reporting risk while reporting risks may result into loss of goodwill or reputation
- Prohibited financial practices (illustrative)
- Refer to or reiterate relevant extracts of other policies and procedures
- Illustrations with hypothetical scenarios and expected behavior
- Refer and link to Financial policies, HR policies, Asset usage policies, IT policies and other related documents.

- Factors to be considered
  - Nature of assets
  - Nature of business operations / transactions
  - Financial control risk and management
  - Robustness of the financial controls and reporting mechanism

- *Rationale for having this section in CoC*
  An organization needs to protect its assets- both tangible and intangible. While tangible assets can easily be seen and it is relatively easy to protect them, it is critical for businesses to safeguard intangibles like reputation and intellectual property. Financial reporting, which is a function of financial controls within an organization can also lead to reputation damage

- Good to have
  - Control over issue of assets
  - Clear policy related to use of assets by employees
  - Mechanism to track assets possessed by others
  - Robust employees policies and SOPs with regard to intellectual property, financial reimbursement, payments, etc
  - Record Retention Policy
  - Regular audits and monitoring mechanism

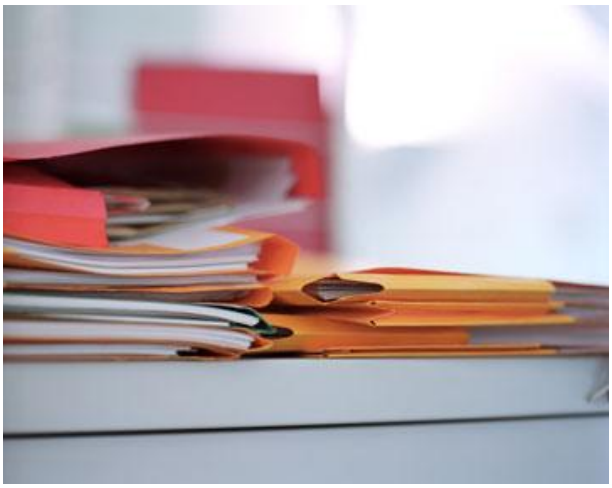
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E2. Insider trading

Recommended content:

- Reference to relevant statutes e.g. Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations 1992
- Definition of insider trading
- Include and define the terms associated with insider trading
- Who does the Insider Trading Code apply to
- Applicable laws that cover insider trading
- Disclosure requirements of the shareholdings in the company
- Preservation of price sensitive information
- Illustrate prohibited insider trading practices
- Refer and link to the detailed Insider Trading Policy and other related documents

- Factors to be considered
  - Nature of business operations / transactions
  - Applicable laws and regulations an organization is subject to(domestic and international)



- *Rationale for having this section in CoC*

  An organization endeavors to preserve its confidentiality and prevent the misuse of material, un-published and price sensitive information especially with regards to insider trading. Also, a listed entity is subject to laws and regulations prohibiting insider trading

- Good to have
  - Detailed Insider Trading Policy and procedures
  - Restrictions and prohibitions
  - Pre clearance of trade in securities
  - Disclosure requirements

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EY Contacts



Arpinder Singh
Partner and National Director
Tel: +91 22 6665 2590
Mobile:+91 98672 83313
Fax: +91 22 6749 8200
Email: arpinder.singh@in.ey.com

Introduction:

- Arpinder is a Partner and the National Leader of EY's Fraud Investigation & Dispute Services with over seven years' global forensic experience specializing in fraud and corruption investigations. He has worked with the Regulatory bodies in India on a number of high profile investigations
- He has an extensive experience of 18 years, working in India and the US. He has worked as a Finance Controller at Cisco Systems Inc in San Jose-USA
- He is a Chartered Accountant, LLB, CFE, MBA (Syracuse University, NY, USA) , and CPA
- He has worked extensively in the area of FCPA across different sectors as it relates to investigations, due diligence and trainings
- President of Mumbai Chapter of The Association of Certified Fraud Examiners (ACFE)
- President of Mumbai Chapter of The Association of Certified Fraud Examiners (ACFE)
- Arpinder is a member of various committees: The International Chamber of Commerce (ICC) Commission on Arbitration, the Confederation of Indian Industry (CII) National Committee on Dispute Resolution, The London Court of International Arbitration (LCIA) UK, Anti-corruption committee of AMCHAM (American Chamber of Commerce); and The Federation of Indian Chambers of Commerce and Industry (FICCI) Anti-Smuggling & Counterfeit committee and Intellectual Property Rights committee



Jagdeep Singh
Director – National Assurance
Tel: + 91 20 6603 6119
Mobile: +91 9049987840
Fax: + 91 20 6603 5900
Email: jagdeep.singh@in.ey.com

Introduction:

- Jagdeep is a Director with EY's Fraud Investigation & Dispute Services
- He is a Chartered Accountant and a Certified Internal Auditor with around 13 years of professional experience
- He specializes in corporate investigations, including investigations into allegations of bribery and corruption
- He has conducted numerous investigations involving occupational frauds and anti-bribery and corruption issues
- He has been advising various corporations on corporate governance (including Code of Conduct), including compliance frameworks and whistle-blowing mechanism
- He has led several projects involving implementation of whistle-blowing mechanism in organizations across sectors
- He speaks regularly at seminars and conferences on corporate integrity, anti-bribery & corruption and fraud & misconduct

Our offices

Ahmedabad
2nd floor, Shivalik Ishaan
Near. C.N Vidhyalaya
Ambawadi,
Ahmedabad – 380 015
Tel: + 91 79 6608 3800
Fax: + 91 79 6608 3900

Bengaluru
12th & 13th floor
"U B City" Canberra Block
No.24, Vittal Mallya Road
Bengaluru – 560 001
Tel: + 91 80 4027 5000
+ 91 80 6727 5000
Fax: + 91 80 2210 6000 (12th floor)
Fax: + 91 80 2224 0695 (13th floor)

1st Floor, Prestige Emerald
No.4, Madras Bank Road
Lavelle Road Junction
Bengaluru-560 001 India
Tel: +91 80 6727 5000
Fax: +91 80 2222 4112

Chandigarh
1st Floor
SCO: 166-167
Sector 9-C, Madhya Marg
Chandigarh – 160 009
Tel: + 91 172 671 7800
Fax: + 91 172 671 7888

Chennai
Tidel Park,
6th & 7th Floor
A Block (Module 601,701-702)
No.4, Rajiv Gandhi Salai
Taramani
Chennai – 600 113
Tel: + 91 44 6654 8100
Fax: + 91 44 2254 0120

Hyderabad
Oval Office
18, iLabs Centre,
Hitech City, Madhapur,
Hyderabad – 500 081
Tel: + 91 40 6736 2000
Fax: + 91 40 6736 2200

Kochi
9th Floor "ABAD Nucleus"
NH-49, Maradu PO,
Kochi – 682 304
Tel: + 91 484 304 4000
Fax: + 91 484 270 5393

Kolkata
22, Camac Street
3rd Floor, Block C"
Kolkata – 700 016
Tel: + 91 33 6615 3400
Fax: + 91 33 2281 7750

Mumbai
14th Floor, The Ruby
29 Senapati Bapat Marg
Dadar (west)
Mumbai – 400 028
Tel + 91 22 6192 0000
Fax + 91 22 6192 1000

5th Floor Block B-2,
Nirlon Knowledge Park
Off. Western Express Highway
Goregaon (E)
Mumbai – 400 063
Tel: + 91 22 6192 0000
Fax: + 91 22 6192 3000

NCR
Golf View Corporate
Tower – B
Near DLF Golf Course,
Sector 42
Gurgaon – 122 002
Tel: + 91 124 464 4000
Fax: + 91 124 464 4050

6th floor, HT House
18-20 Kasturba Gandhi Marg
New Delhi – 110 001
Tel: + 91 11 4363 3000
Fax: + 91 11 4363 3200

4th & 5th Floor, Plot No 2B,
Tower 2, Sector 126,
Noida – 201 304
Gautam Budh Nagar, U.P. India
Tel: + 91 120 671 7000
Fax: + 91 120 671 7171

Pune
C–401, 4th floor
Panchshil Tech Park
Yerwada (Near Don Bosco School)
Pune – 411 006
Tel: + 91 20 6603 6000
Fax: + 91 20 6601 5900

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