



Business Ethics

GUIDING PRINCIPLES

Purpose

Business ethics defines how a company integrates core values - such as honesty, trust, respect, and fairness -- into its policies, practices, and decision making. Business ethics also involves a company's compliance with legal standards and adherence to internal rules and regulations.

The growing attention to and awareness of business ethics can be attributed to a number of factors, including the many high profile corporate malfeasance scandals in 2002-03 (Enron, Adelphia, Tyco, WorldCom), tougher laws and regulations (e.g., Sarbanes-Oxley Act in the U.S.), and increased investor attention (e.g., increase in corporate-governance-related shareholder resolutions).



Compliance with international, national and regional laws and ethical decision making are critical elements for a sustainable zinc industry.

Guiding Principles

IZA Member Companies are encouraged to design and maintain values-based, globally consistent ethics programs that provide employees at all levels within the company, with guidance and direction needed when facing challenging decisions. Ethics policies and programs with some, or all, of the following elements contribute to a company-wide ethical culture, reduction of risk, and demonstrate a commitment to corporate integrity:

- Demonstrate strong, visible support from senior management;
- Assign responsibility to staff members (e.g., ethics officers) and provide them with adequate resources;
- Create an Ethics Code or Code of Business Conduct that outlines expectations of employees at all levels within the company and where they can go for advice or to report on violations;
- Provide communications and training on ethical issues for employees;
- Establish an ethics help line for employees to pose questions/ report potential areas of misconduct and provide strong whistle-blower protection;
- Review ethical performance; provide rewards and sanctions as necessary; and
- Develop ethics and/or corporate responsibility committees at the board level.

Source: Adapted from CSR Insight™ and Business for Social Responsibility CSR Issues Brief on Business Ethics. www.bsr.org

Principle 1 of ICMM's Sustainable Develop Framework provides guidance on "implementing and maintaining ethical business practices and sound systems of corporate governance".



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Benefits

Companies have found that effective ethics programs can help realize value through the following ways:

- *Avoid bankruptcy, fines, lawsuits and criminal charges;*
- *Protect and strengthen sales, brand image, and reputation;*
- *Protect the company, especially in times of stress or transition (e.g., mergers, acquisitions and restructuring when employees may not have a normal degree of management guidance, and are thrust into new situations and responsibilities);*
- *Strengthen employee loyalty and commitment (positive correlation between high ethical standards, work commitment and loyalty of staff);*
- *Strengthen reputation among other key stakeholders (e.g., companies with demonstrated commitment to ethical behaviour can accrue a kind of "integrity capital" among stakeholders and the general public, help to weather a crisis without lasting damage to credibility or reputation);*
- *Greater access to capital.*



Source: Adapted from Business for Social Responsibility CSR Issues Brief on Business Ethics www.bsr.org

Member Success Stories

Umicore: launches global business ethics code

Umicore launched its Code of Conduct in 2005. The ethics code has been translated into 16 languages and most sites organized special information or training sessions to introduce its content. In some sites and countries, the code was formally signed or included as a part of the employment contract. Compliance and whistle-blowing procedures have been implemented both at the local and corporate level. The content of Umicore's Code of Conduct is available on: www.governance.umicore.com

Votorantim Group: reviews effectiveness of ethics code

In addition to an independent ombudsperson, Votorantim uses interviews with employees, analysis of recording and reporting procedures and seminars, and other forms of investigation to assess knowledge and fulfilment of, its Code of Business Conduct. View Votorantim's code of conduct at: www.votorantim.com.br/ENU/Atendimento/Ouvidoria/ouvidoria_Codigo.htm

Helpful Resources

- ***OECD Guidelines for Multinational Enterprises*** – set of voluntary recommendations to multinational enterprises in all major areas of business ethics, including employment and industrial relations, human rights, environment, information disclosure, combating bribery, consumer interests, science and technology, competition, and taxation. www.oecd.org
- ***ICMM Sustainable Development Framework*** – Principle 1 covers Ethical Business Practices and Corporate Governance www.icmm.com/corporate_governance.php
- ***Institute for Global Ethics*** - www.globalethics.org/index.htm
- ***Business for Social Responsibility*** - www.bsr.org