

ETHICS

Example 10: A Code of Ethics for Directors

In 2013, the Directors Forum published 'An Ethics Guide for Boards'. This contains an a model code of conduct for directors that is reproduced below.

[NAME OF COMPANY]
CODE OF CONDUCT FOR DIRECTORS

Date

Purpose

The Board of Directors (the "Board") of [NAME OF COMPANY] has adopted the following Code of Conduct for directors of the Company.

The purpose of the Code is to provide:

- Guidance to directors and help them recognise and deal with ethical issues;
- Help foster a culture of honesty and accountability and mechanisms to report unethical conduct;

The Code should not be considered as an exhaustive document and should be complemented by applicable laws (for example, the Companies Act 2001) as well as relevant codes of governance (e.g the Code of Corporate Governance 2004).

A. Duties of Directors

Directors should act in good faith and make and enact informed decisions and policies in the best interests of the company. They have a responsibility to carry out their duties diligently, in an honest manner, with reasonable competence and act within the scope of their authority. They must consistently attend Board meetings and devote sufficient time to ensure familiarity with the company's business and environment. Directors should ensure observance of confidentiality provisions of non-public information disclosed to them. They must act in a manner which enhances and maintains the reputation of the Company at all times.

B. Conflict of Interest

Directors must, as far as possible, avoid conflicts and where a conflict or potential conflict arises, the same must be disclosed and all procedures for dealing with such cases must be strictly adhered to. Directors who are conflicted regarding a particular issue should not participate in the related discussions and decision-making. A conflict of interest may occur when:

- i. A director's personal interest is adverse to or may seem to be adverse to the interests of the company.
- ii. A director, or a member of his or her immediate family, receives improper personal benefits as a result of his/her position in the company.

Some of the common conflicts directors should avoid are listed below:

- i. Personal benefits received from a person/ company seeking to do business or to retain the services of the Company.

- ii. Gifts which are not customary in normal business relationships should not be accepted nor given to any person/company seeking to do business or to retain the services of the Company.
- iii. Engaging in any outside business, professional or other activities that would directly or indirectly adversely affect the Company.

C. Corporate Opportunities

Directors must not take improper advantage of their position or use the Company's property or position for personal gain. Directors may not use any information or opportunity received by them in their capacity as Directors in a manner that would be detrimental to the Company's interests.

D. Compliance with Laws, Rules & Regulations: Fair Dealings

Directors must comply, and oversee compliance by employees, officers and other directors, with laws, rules and regulations applicable to the Company. Directors must deal fairly, and must oversee fair dealings by employees and officers, with the Company's customers, suppliers, competitors and employees. Directors should encourage the reporting of any illegal or unethical behaviour. They should communicate any suspected breaches of this Code promptly to the Chairperson of the Corporate Governance Committee or any other person responsible for Compliance in the Company. Any breach of the Code will be investigated and appropriate actions taken as necessary.

E. Waiver of the Code of Conduct

Any waiver of this Code may be made only by the Board of Directors or a Committee of the Board and must be promptly disclosed to the Company's shareholders.