STANDARD OF THE ETHICS PROGRAM

BUSINESS SELF-REGULATION WITHIN THE
2ND pillar of the UN Guiding Principles on Business and Human Rights

Table of content

Introduction

The implementation of **the UN Guiding Principles on Business and Human Rights** is the basic goal of the Global Compact Network Poland Program **"Business and Human Rights – Ethics Standards in Poland".**

One of the most important tools in this process is the **code of ethics of the company and institution** and the measure of success is the number of entities who possess and apply the code in their business practice.

The coalition created by the GCNP includes over 100 Polish companies and institutions that actively implement and disseminate ethics values. The following standard was created as a result of the works conducted by the coalition, to provide a direction for the development of responsible organizations and a catalog of useful tools for implementation and verification.

By jointly developing and hereby disclosing the Standard of the Ethics Program Document, the Institutional Partners, members of the UN Global Compact, members of the Business and Human Rights Program and the Ethics Ambassadors Coalition recommend the adoption of the provisions of the following document as a standard for the businesses and institutions managed thereby and as a necessity for an organization perceiving itself as ethical.

Standard Application

The document is a point of entry for the creation of industry-specific and universal codes of ethics, *compliance* regulations, and other similar good practice in the realm of managing systems of ethics.

Minimum Standard is a range of tools recognized as a collection of basic solutions constituting a point of entry for creating an ethics program for an organization of any size.

Aspiration Standard is an open-ended set, a suggestion of the recommended and most popular expansion of the Minimum Standard. It goes beyond the mandatory minimum in order to further improve on the ethics program and strive for becoming a leader in the scope of responsible and ethical management.

In order to apply the Standard, one must first and foremost identify with the Basic Principles and Values stemming from Source Documents that constitute a pillar for their development, and apply the basic tools described in the Minimum Standard framework.

Each organization that confirms its endeavor to apply the ethical values collected herein is asked to sign the **Ethics Standard Declaration** and join the group of Ethics Standard Ambassadors.

Ethics Standard Ambassadors are members of the coalition of businesses and institutions that advance ethical standards in Polish business. By publishing their own experiences and tools, as well as sharing expert knowledge, they also become co-creators of the **standardetyki.org** website, constituting the largest database of knowledge and good practice.

Basic Principles and Values
the adoption and application of which is the prerequisite
for creating an ethics program

- *Human rights set forth in international treaties,* and subsequently adopted by Poland will have an equivalent in the company's strategy and will constitute a reference point for undertaken activities.

- *Respecting these rights* is deemed to be a stand-alone obligation of the company, as is counteracting infringement thereof and implementing remedial activities should such an infringement occur.

- *Conformance with the abovementioned overarching values and principles w*ill be reflected in the strategy and organizational culture, and the procedures and tools applied within the organization.

- *Conformance with the adopted ethical principles* will be effected in consideration of adapting to the size, industry specificity, or adopted own values.

- *Due diligence will be observed* in regard to issues of managing the risks of occurrence of potential negative events related to respecting the adopted ethical principles and human rights.

- *These hazards will be estimated –* both in already implemented processes and in planned future activities—drawing on the knowledge that is both internally available and obtained through consultations with stakeholders.

- *Due to the dynamic nature of the phenomena* within the organization and the hazards connected thereto, the tools and processes dedicated for them will undergo regular evaluations.

- *Signing the Standard Adoption Declaration is a commitment* to ensure organizations conform with the abovementioned basic principles and values.

Source Documents

■ **The Universal Declaration of Human Rights** constituting a collection of human rights and principles of their application, passed by the UN General Assembly by way of a resolution 217/III A on 10 December 1948 in Paris

■ **UN Guiding Principles on Business and Human Rights** comprised of 31 principles for implementing the UN "Protect, Respect, Remedy" Framework; approved in 2011 by way of Resolution 17/4 by the UN Human Rights Council, they accept that conformance is the responsibility of not only the States-Parties, but also, to the same extent, of enterprises; which is the topic of the entirety of the second pillar of the Guiding Principles.

■ **The 2030 Agenda for Sustainable Development** and Sustainable Development Goals included therein, which emphasize the importance of human rights protection and raising standards, as it pertains to economic, civil, cultural, political, social and personal development rights, in regards to all human beings.

■ **Charter of Fundamental Rights of the European Union of 2000** which states that Countries who wish to become members of the European Union must observe human rights—further defined in the area of EU principles, goals and priorities in the area of human rights under the EU Strategic Framework on Human Rights and Democracy adopted by the Council of the European Union in 2012. They define the priorities of EU policy in the scope of human rights, including promoting freedom of speech, freedom of expressing opinions, freedom of assembly, and freedom of association, or operating with the focus on human rights in multilateral institutions (such as the UN), working toward combating any and all forms and manifestations of discrimination, in particular those that affect women.

■ **10 Principles of UN Global Compact,** in particular those pertaining to human rights where companies are expected to conform and foster protection of internationally recognized human rights and eliminate any and all cases of infringement on human rights and labor standards, in accordance with which they should: promote freedom of association and give practical recognition to collective negotiations, support the elimination of all forms of slavery and forced labor, contribute to actually ending child labor, and combat discrimination in the area of employment.

MINIMUM STANDARD
OF THE ETHICS PROGRAM

(CHECK-LIST) ✔

1. REGULAR COMMUNICATIONS ON ETHICAL PRINCIPLES (ENTITY ETHICS) WITHIN THE ORGANIZATION ☐

2. COMMUNICATING ETHICAL PRINCIPLES (ENTITY ETHICS) BEYOND THE ORGANIZATION ☐

3. REFERENCE IN THE COMPANY'S MISSION AND VISION TO THE DECLARED ETHICAL VALUES ☐

4. CODE OF ETHICS OR ITS EQUIVALENT ADOPTED AS BINDING FOR THE ORGANIZATION ☐

5. DEFINED SET OF PROFESSIONAL PRINCIPLES ☐

6. REGULAR ANALYSIS OF THE CAUSES OF NON-ETHICAL BEHAVIORS ACROSS ALL AREAS OF ORGANIZATION FUNCTIONING ☐

7. ESTABLISHING A SYSTEM OF REWARDS AND DISTINCTIONS PROMOTING POSITIVE BEHAVIORS EXCEEDING THE BASIC ETHICAL ACTIVITIES ☐

8. IMPLEMENTING A SOLUTION FOR REPORTING ABUSE ☐

ASPIRED STANDARD
OF THE ETHICS PROGRAM

1. APPOINTING A PERSON RESPONSIBLE FOR THE ETHICS PROGRAM AT THE HIGHEST POSSIBLE MANAGEMENT LEVEL OF THE ORGANIZATION ☐

2. CREATING AN EDUCATIONAL PROGRAM FOR ETHICAL BEHAVIORS WITHIN THE ORGANIZATION ☐

3. INCLUSION IN THE SYSTEM OF MANAGEMENT BY OBJECTIVES OF ETHICAL ATTITUDES OF THE EMPLOYEES ☐

4. REGULAR VERIFICATION OF THE ASSUMPTIONS OF THE ETHICS SYSTEM AND ITS TOOLS AND PROCESSES ☐

5. APPOINTING A PERSON/TEAM RESPONSIBLE FOR OPERATIONAL EXECUTION OF THE ETHICS PROGRAM ☐

6. INCLUSION OF THE ETHICAL ATTITUDE OF THE EMPLOYEES IN THE EMPLOYEE ASSESSMENT SYSTEM ☐

7. IMPLEMENTATION OF A SOLUTION ENABLING AN INVESTIGATORY AUDIT ☐

8. ESTABLISHING A SANCTION SYSTEM IN CASES OF NEGATIVE BEHAVIORS EXCEEDING THE ETHICAL PRINCIPLES OF THE ORGANIZATION ☐

9. ▪▪▪ MORE PRACTICES AT **standardetyki.org** ☐

DECLARATION
OF THE STANDARD AMBASSADOR

Declaration of adopting the Basic Values and Principles
and willingness to be included in the group
of Ethics Standard Ambassadors

I, the undersigned,

representing and acting on behalf of…………………………………………………… (company, institution, organization), aware of the scale and role of ethics in managing and operating a sustainable organization and aware of the significance of the obligations facing the management and employees of my organization pertaining to human rights protection and ethical behaviors,

hereby declare that:

■ *I support the values set forth in documents constituting the source for the Minimum Standard of the Ethics Program, in particular the Universal Declaration of Human Rights and UN Guiding Principles on Business and Human Rights;*

■ *I undertake to observe the principles and values laid down in the Minimum Standard of the Ethics Program and observe due diligence so that they are reflected in the strategy, operations, and communication of the organization;*

■ *My organization will make every effort in order to maintain the ethics program at the highest attainable level and, as far as possible, ensure it is developed for the purpose of full implementation of the principles and limiting the risk of hazards;*

I hereby express that my organization be admitted to the group of Ethics Standard Ambassadors.

……………………………………   ……………………………………
            (date)   *(signature)*

Definitions and Tool Descriptions

Regular communications on ethical principles (entity ethics) within the organization

Creating an internal communications channel or implementing content about the executed ethics program under already existing channels, which results in regular and effective transfers of key assumptions of the program and information on the advancement of its execution.

Regular communications concerning ethical principles of the organization and particular activities resulting therefrom should be aimed at improving employee awareness and ultimately becoming a permanent part of the organization's awareness as regards the need for, the nature, and effects of the implemented ethics system.

Both the content and the channel should include the characteristics and technical capabilities of the target group of employees, and the effectiveness of communication should be measurable and provide the basis for possible changes in the future.

Communicating ethical principles (entity ethics) beyond the organization	Identifying external stakeholders and conducting information activities for raising awareness in regard to the need, nature, and effects of the adopted ethics system.

Effective communication in the scope of ethical principles and connected processes should also serve to establish the types and mechanisms of mutual relations between the organization and its external stakeholders, particularly those included in the value chain. Such an example of communicating with stakeholders is reporting the *Communication on Progress* (COP) of the UN Global Compact members. |
| *Reference in the company's mission and vision to the declared ethical values* | Inclusion of the basic assumptions and ethical principles of the organization in the key documents of the organization, i.e. its mission and vision, as a declarative (at the mission level) and implementation (at the vision level) element.

This reference may be included in the description of mechanisms of the organization reaching the assumed market position or other desirable goals, at the level of organizational characteristics and its competencies, or at the level of defining the raison d'être of the organization. |
| *Appointing a person responsible for the ethics program at the highest possible management level of the organization* | Placing the responsibility for strategic management and establishing desired processes under an ethical system of the organization at the highest possible level, representing the highest possible decision-making capacity. The proper setting of responsibility—personal or group—should decide the durability and reliability of the justification for implementing the ethics program. |

This can be implemented at the organization management level, or the organization supervisory authority level.

What is also significant in this respect is the assumption of "example comes from the top," which guarantees and accelerates the appropriate climate for implementing the organization's ethics program.

Creating an educational program for ethical behaviors within the organization

Creating a separate educational cycle or including information on the need, essence, and results of implementing the ethics program by the organization in already existing content, whereas the forms and content should be adapted to the characteristics of the target group of employees and their technical capacity.

The implemented program of ethics education, surrounded by relevant internal communications should, similarly thereto, have the option of evaluation and grading over time, whereas grading shall be understood as the constant expansion of employee knowledge in the scope of ethical principles of the organization (ethics improvement process).

Employee education alone, understood as the organization's self-improvement, as well as enabling individual employee self-improvement, may constitute an implementation of the assumptions of responsible management.

Code of Ethics or its equivalent adopted as binding for the organization	Developing a reflection of the ethical principles defined by the organization, which should accompany both it and its employees and drive their actions. The assumption for the code is for it to be a formal document of the proper rank, which would guarantee its constant presence within the organization's consciousness and an actual impact on the processes therein. Simultaneously, it is permissible to develop an equivalent to the code that shall be understood as the simultaneous existence of multiple, parallel policies, procedures, and processes, which should, however, constitute an integral and closed set. Prepared thus, the assortment should be properly communicated and implemented, so that its identification (as well as that of its elements) was intuitive.
Regular analysis of the causes of non-ethical behaviors across all areas of organization functioning	Identification of non-ethical behaviors and the effects thereof, formalized and regular, with the aim of discovering the causes of its occurrence, which can then be eliminated as part of the organization's processes by updating the ethics system. The analysis conducted with the use of existing tools and methods of the organization should be a source of feedback, which is key from the perspective of verification of the ethics system's assumptions.
Appointing a person/team responsible for operational execution of the ethics program	Setting out execution competencies for the ethics program in the form of a dedicated team or employee tasked with day-to-day activities for the ethics program, decision-making under the framework established for the program, initiating changes

and aggregating its effects and feedback, occurring throughout the life-cycle of the program within the organization.

Delegating responsibilities at the operational level should assume integration with management responsibility at a strategic level (set at the highest possible management level within the organization). The proper setting of responsibility, personal or group, is to decide the durability and reliability of the justification for implementing the ethics program. A repeatable, regular process within the organization aimed at improving and adapting the entire ethics system (assumptions, tools, processes) to changes in requirements and expectations.

Regular verification of the assumptions of the ethics system and its tools and processes

Verification should make use of the feedback from the organization's employees (and third parties), focused on the practical parts of the ethics system's operations as well as the degree of implementation of the values and principles of the organization in day-to-day operations.

Feedback can also originate from market regulators, employers and other bodies having control over the organization's operations.

The process of verifying the assumptions of the ethics system should include the manner of submitting comments, submission analysis, the manner of deciding on changes, the manner of implementing changes, and implementation verification.

*Defined set
of professional
principles*

Formal authorization by the organization, for employees to apply the principles defined by the organizations/associations/professional associations to which these employees belong, with observance of the overarching ethical values and principles in place within the organization.

Employees should search for explanations within the ethics system if they determine that the principles and values binding within the organization are in conflict with the values and principles resulting from professional regulations. Regular verification of the assumptions of the ethics system should take account of the issues connected with the sets of professional principles.

*Establishing a system
of rewards and distinctions
promoting positive behaviors
exceeding
the basic ethical activities*

The organization adopting the rules concerning the award of distinctions and rewards to its employees for activities going beyond the ethical principles binding therein. These rules should in particular define activities that may be deemed as exceeding the behaviors expected from all the employees.

The distinction and reward system should be coherent with the general employee assessment system and make use of similar mechanisms that ensure independence of the decision-making process in regards to granting the distinction or reward.

The adopted solutions should be materially significant so that they constitute an element that strengthens the ethics system within the organization.

Inclusion of the ethical attitude of the employees in the employee assessment system	Inclusion of the requirements for acting in accordance with the ethics values and principles adopted by the organization in the employee assessment system in the scope, which materially translates into employee assessment results (i.e. in a way that prevents significant benefits from being achieved without meeting the ethics requirements established by the organization). The assessment system should also include the process of distinguishing and rewarding activities that go beyond the adopted ethical principles, in a manner that prevents rewarding the same actions twice.
Inclusion in the system of management by objectives of ethical attitudes of the employees	Inclusion of the requirements in regards to acting in accordance with the ethics values and principles adopted by the organization within the system of management by objectives (MBO) in the scope, which materially translates into the results of employee assessment (i.e. in a manner that prevents achieving substantial benefits without meeting the ethics requirements established by the organization). Inclusion of the requirements for acting in accordance with the ethics values and principles adopted by the organization within the system of MBO should be consistent with the organization's process of employee assessment and the principles of distinguishing and rewarding for actions that go beyond the adopted ethical principles.

*Implementing
a solution
for reporting abuse*

Implementation of a process, organization-al, and technical solution allowing the or-ganization's employees (at least) and third parties to inform the organization about suspicions regarding behaviors (on part of the organization or a related party, e.g. a supplier) that are contrary to the values and ethical principles adopted by the or-ganization.

The solution should (at a minimum) ensure discretion (including anonymity) for the notifying party, as well as independence of the position/organizational unit verifying such notifications.

*Implementation
of a solution enabling
an investigatory audit*

Inclusion of the possibility of conducting an investigatory audit in case of a breach of the ethics values and principles adopt-ed by the organization in the internal reg-ulations thereof. The purpose of the audit is to explain the circumstances connected with the suspicion of behaviors contrary to the values and principles adopted by the organization, identification of the persons responsible, and recommending sanctions and the manner of preventing the same event in the future.

The organization may adopt a solution that allows for an investigatory audit to be performed by third parties (external, spe-cialized companies) or a solution wherein it distinguishes a unit or position within its structures (depending on the size of the organization) and formally appoints the responsibilities thereof for conducting an investigatory audit.

It is also permissible to adopt a model that includes both manners of conducting an investigatory audit, e.g. depending on the type of ascertained breach.

Establishing a sanction system in cases of negative behaviors exceeding the ethical principles of the organization

Defining clear principles of imposing sanctions by the organization in regards to persons acting contrary to the principles and values adopted thereby.

The organization should also develop a catalog of undesirable behaviors along with the sanctions connected therewith and disclose this to its employees.

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and

ETHICS AMBASSADORS COALITION WORKGROUP

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UN GLOBAL COMPACT

The initiative of United Nations Secretary General Kofi Annan founded in July 2000. The UN Global Compact calls on the private sector worldwide to align their business strategies with universally accepted principles in the areas of human rights, labor, environment and anti-corruption, and to take action in support of UN goals. As a result, business can become a catalyst for positive market changes that have a favorable impact on people's lives and the environment. UN Global Compact is the world's largest business initiative with over 13,500 members in 170 countries. The UN Global Compact coordinates activities within the UN Business Action Hub, where the United Nations works with business to implement the Sustainable Development Goals.

GLOBAL COMPACT NETWORK POLAND

A national network operating under the official authorization of UN Global Compact. The Polish Network was launched in July 2001 together with the United Nations Development Program, and since 2013 is has been run and managed with the support of the Global Compact Poland Foundation. It is the secretariat of the UN Global Compact members, the UN Global Compact's project office, its local contact and information point. Its mission is to promote and implement global initiatives of Global Compact Network Poland and to respond to the unique challenges facing the private sector on the way towards sustainable development. All initiatives of Global Compact Network Poland are conducted in partnership with the world of business.

KNOW-HOW HUB

A think-tank and scientific foundation. Created by UNDP in Poland in 2011, it groups together experts who create and implement development projects. Currently, KHH also acts as the Scientific Council to the Global Compact Network Poland.