

Multinational Corporation Codes of Conduct: Governance Tools for Corporate Social Responsibility?

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ABSTRACT

Manuscript Type: Empirical

Research Issue: We investigate the assumption found in code and corporate social responsibility (CSR) literature that suggests codes are primarily associated with the CSR practices of an organization.

Research Findings/Results: A web-based study of 150 corporations from three different countries indicates there is little empirical support for this link between codes and CSR. Thus, if a corporation has a code, it is more likely used to govern traditional business concerns, such as compliance with third party governance requirements, internal issues such as conflict of interest, bribery and corruption, insider trading, etc. This is consistent across all three countries. Therefore we must be cautious against assuming a link between codes and CSR. Evidence of the different governance contexts is also briefly discussed.

Theoretical Implications: Findings are addressed to theoretical debates about the construction of corporate identity, the amorization of business, and the globalization of management practices.

Practical Implications: Stakeholders must be careful in assuming that the presence of a code indicates CSR commitments or behavior. Stakeholders need to look at the content of the code to confirm or deny this assumption, particularly such stakeholders as investors who tend to use the existence of a code as evidence of CSR practices to tick "check the box."

Keywords: Corporate Social Responsibility, Corporate Governance Code, Stakeholders

INTRODUCTION

In the vast majority of literature written on codes, there is an assumption (often implicit) that codes are created to encourage and/or ensure corporations act more responsibly. Therefore, this paper explores this assumption by investigating how multinational corporations (MNCs) define and use codes in comparison with other corporate social responsibility (CSR) "tools."

In the CSR and code literature, this assumption can be found in many works such as Diller (1999), Forcese (1997), Alexander (1997), and the ILO (n.d.a. and n.d.b.), where "code" is defined without any indication of the content or commitments to be made, however the body of literature focuses on particular areas of importance with regard to

CSR issues. For example, the United States Council for International Business (2004) website corporate responsibility section has a "position/statement document" on codes of conduct, where codes are defined as "commitments voluntarily made by companies, associations, or other organizations that put forth standards and principles of business conduct in the marketplace, and are thus primarily market-driven" (2000: 2). The definition does not describe content, or the nature of the voluntary commitments to be made by the code. These pages also provide a summary of initiatives such as the US Model Business Principles, UN Global Compact, UN Guidelines for Corporate Social Responsibility and the ILO Tripartite Declaration of Principles, Concerning Multinational Enterprises and Social Policy, whose purpose is to encourage greater social and environmental responsibility by corporations. There are no statements that explicitly suggest or question the assumption that codes are to be used for reasons other than to promote CSR commitments.

In some cases, this relationship between codes and CSR is made explicit. Kolk, van Tulder, and Welters (1999) define

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codes of conduct as 'encompass[ing] guidelines, recommendations or rules issued by entities within society (adopting body or actor) with the intent to affect the behavior of (international) business entities (target) within society in order to enhance corporate responsibility' (p. 151) (see also Dickerson and Hagen, 1998; and OECD, 2001). As we will see later, Kolk, van Tulder and Welters (1999) distinguish between these "international" codes and internal codes "... which consist of guidelines for staff on how to behave when confronted with dilemmas such as conflict of interest, gifts, theft, insider trading, pay-offs and bribery" (p. 150), arguing that the internal codes do not address the business-society relationship.

For the purposes of this research, CSR is defined as "the firm's consideration of, and response to, issues beyond the narrow economic, technical, and legal requirements of the firm. It is the firm's obligation to evaluate the effects of its decision on the external social system in a manner that will accomplish social benefits along with the traditional economic gains" (Davis, 1973, p. 313). The issues are broadly understood to be within the social, environmental, economic (Elkington, 1997), and ethical categories. For our purposes, companies must address issues in at least two of these categories to be considered to be engaging in CSR. Otherwise the issues could be classed under a single-issue heading such as human rights, environment or labor issues.

Similarly with codes of conduct, no standard definition exists. Most definitions include the followings: self-regulatory or voluntary in nature, used to influence behavior of specified group(s), purpose is to define intentions/actions regarding a set of issues or towards certain group(s), sometimes from a market-based perspective (e.g. ILO, n.d.a; ILO, n.d.b; Alexander, 1997; Forcese, 1997; Diller, 1999; Kolk, van Tulder, and Welters, 1999; OECD, 2001; Kaptein and Wempe, 2002).

Therefore, this paper investigates the assumption in the CSR literature that codes are used primarily to govern CSR issues. This is examined by looking at the reasons corporations give for adopting codes, and the characteristics of the codes that they adopt as presented on their corporate websites. The remainder of this paper presents empirical evidence to suggest that codes are not primarily used as governance tools for CSR commitments but are used as governance tools for other issues such as those requiring compliance, and suggests that to effectively understand the complexity of codes and CSR within MNCs, an integrated theoretical approach is needed.

The findings are used to reflect upon three areas of theoretical import: the uses of CSR and codes in the construction of corporate identity; the amoralisation of business; and CSR and codes as manifestations of the globalisation of management practices.

RESEARCH PHILOSOPHY AND APPROACH

This research is located within a phenomenological interactionist perspective, which sits at the fringe of the interpretivist paradigm (Burrell and Morgan, 1979). The phenomenological interactionist assumes a mid-way position between the subjective and objective by suggesting that

although there is no reality to test, we can discern patterns in the meanings associated with social action (Burrell and Morgan, 1979), in this case, codes and their relationship to CSR.

In exploring the reasons why corporations choose to adopt codes, and in looking at the characteristics of these same codes, it became clear that in many cases, there was a disconnect between stated corporate intentions with regard to CSR and the use of codes (e.g. "CSR means we have a duty to our communities to operate responsibly" versus codes formalizing rules already enshrined in law and focused on internal workplace issues such as conflict of interest, insider trading, harassment). The literature discussing motivations for code adoption is often quite superficial due to the fact that motivations are often not the primary focus of the investigation. While these authors suggest "common sense reasons for code adoption, these reasons are largely not substantiated with empirical evidence" (e.g. Diller, 1999; Kolk, van Tulder, and Welters, 1999; Aaronson and Reeves, 2002; Sethi, 2002; Lenox and Nash, 2003).

Based on the fact that we observed this pattern early in our investigation, and the lack of literature to support any particular relationship between codes and CSR other than as noted above, we considered it was necessary to conduct exploratory, inductive research (e.g., Proffitt and Spicer, 2006) to investigate this relationship in practice. Thus, the research was conducted without an ideal theory in mind about this relationship and no particular hypothesis to test (Eisenhardt, 1989; Crane, 2000) to ensure a rich data set that would help to explain the intricacies of any relationship that may or may not exist between codes and CSR.

Therefore, we investigated the websites of 150 corporations from three countries to determine what corporations presented as their motivations for adopting codes, and the characteristics of these codes. This was done for four main reasons: first, a corporation's website acts as a conduit for the corporation's formal and accepted perspective on a range of issues (Maignan and Ralston, 2002; Chapple and Moon, 2005). This formalization creates a plausible, legitimate version of the corporation and its activities for the purpose of public consumption (Coupland, 2003), thereby acting as a form of image standardization on issues it decides to communicate publicly not possible with surveys, interviews or case studies (Chapple and Moon, 2005). Second, it is possible to identify the relative significance given to information by the corporation based on how it is presented. For instance, we can assume that information found on the home page or in bigger, more visible font is more important for the corporation to communicate than information that is retrieved after various links or in small print at the bottom of the page. Therefore, the Internet can provide the researcher with a general idea of the relative importance of issues on any given website, and taken as whole the site provides a narrative of how the corporation wants to be seen by the public (Coupland, 2003). Third, given the debate about the authenticity and reliability of empirical research in business ethics (Crane, 1999), web self-presentations avoid issues of selection bias. Fourth, secondary research is likely to become increasingly more important as access to companies (primary data) continues to decrease (Cowton, 1998). Research fatigue has led certain corpora-

tions to post more information on their websites, to which they direct researchers (Ellis, 2004).

Sample Corporations

Three different countries (the UK, Canada and Germany) were selected to allow for investigation of the degree to which national business systems impacted on data collected in the study. The UK and Germany represent two very well-documented and contrasting business models within Europe. Canada represents a North American business model that, in contrast to the US, was of relatively similar economic size and significance to the UK and Germany.

A rank order list based on 2002 revenue was used to identify the top MNCs in each country as larger companies are more likely to have codes (Langlois and Schlegelmilch, 1990). The FAME database was used for the UK, the June 2003 version of the National Post FP500 business ranking for Canada, and Hoppenstedt (www.hoppenstedt.de) database for Germany. These databases were selected because they are authoritative sources on corporations found within the country. The top 50 corporations (as per Maignan and Ralston, 2002 and Chapple and Moon, 2005) in each country were identified through a selection process designed to ensure that each company was influenced primarily by the respective national business system,¹ resulting in a total of 150 companies in the sample.

Specific Data Collected

We collected data on reasons corporations present for adopting codes and the characteristics of codes and CSR signallers (Table 1). CSR signallers were defined as any other tool provided on the website to indicate the corporation's intention to engage in CSR such as policies, reports or significant websites.

Four distinctive styles for codes and CSR signallers were identified: stipulative, commitments, principles and information. The style indicates the basic structure, tone of language, style of content, associated management objectives and appearance of sanctions or threat of sanctions for non-compliance of code or CSR signaller statements. *Stipulative* tools require the target audience to comply, where words such as "shall," "will," "required," "shall not," "not permitted" etc. are used to indicate the corporations expectations with regard to how individuals will behave on those issues. They may also include sanctions or the threat of sanction for non-compliance. Often these take on a quasi-legal role within the corporation to protect it from potentially harmful employee behavior. *Commitments* based tools specify a set of issues or stakeholders of importance and in some cases an indication of how these will be acted upon. *Principles* based tools typically indicate a corporation's overarching philosophy on CSR issues and may include aspirational statements about the future. Typically these documents indicate little about how the corporation will act on its statements. Lastly, *information* based codes tend to be made up of information on what has already been done by the corporation and may extend to a type of performance reporting.

Two general types of codes were identified – voluntary and mandatory. Mandatory codes are a requirement for cor-

porations determined by governing bodies such as governments (e.g. German Corporate Governance Code, Canadian privacy legislation), financial regulating bodies (e.g. UK Combined Code), or by industry association bodies (e.g. Responsible Care² in the chemical industry).

All of the characteristics listed in Table 1 were qualitatively assessed. For all characteristics except the reasons for adoption, these characteristics were determined through an assessment of the code. Reasons for adoption were determined by looking at the code and the entire corporate website, which was searched for any presented justifications that were recorded verbatim and categories created using a constant comparative method (e.g. Spiggle, 1994; Silverman, 2001).

The first 25 companies from each country were collected and analysed for the first phase, followed two months later by collection and analysis of the second group of 25 for each country. The primary researcher collected all data on Canada and the UK, and the German data was collected with the help of a bilingual German-English speaker. The German data was therefore collected in the presence of the primary researcher, with cross-referencing where possible to the English version of German corporate sites.

RESEARCH FINDINGS

Articulated Motivations for Code Adoption

Table 2 presents the ten most commonly articulated motivations for corporations adopting codes present on their websites. In 22 per cent (85) of cases where a code was present on a corporation's website, no reason was given. Where reasons were given, the ten remaining items account for 60 per cent (232) of total responses. Therefore, the ten reasons found in Table 2 and the cases where no reason was given total 81 per cent (317) and thus a significant proportion of all responses.

In addition to these ten most common reasons for code adoption, 47 other reasons were given. The remaining 47 reasons accounted for the remaining 19 per cent of total responses and were equally distributed among the different corporations and different national business systems. The motivations listed in Table 2, and the other 47 motivations articulated by sample corporations confirm opinions stated in the CSR and code literature, with one major exception, *none* of the corporations listed the threat of government legislation as a motive for adopting codes. Motivations based on other risks or threats were to be found on corporate websites, but they were quite rare in the sample group.

Even when codes adopted for mandatory reasons were removed (106 cases), the same ten motivations represented 74 per cent (211) of those articulated. Therefore, they still represent the majority of total responses.

What is most striking about the motivations found in Table 2, and the remaining 47 motivations is that they have little to do with CSR. None of the articulated motivations indicate that codes are adopted to create, pursue, or further the corporation's engagement with CSR issues. In fact, the motivations listed suggest codes are adopted for traditional business reasons such as improving reputation (e.g. Alcan), making the global network more consistent (e.g. AMD) or ensuring employee compliance (e.g. Sunlife). While these

TABLE 1
Corporate Information and Code/ CSR Signaller Characteristics Collected

Information Recorded	Criteria Names	Criteria Parameters	Justification
Code/ CSR Signaller Characteristics	Code/CSR signaller Exists	Yes/No	Indicates whether further information needs to be gathered
	Code/CSR signaller Date	Date if mentioned	Indicate length of use within the company
	Name of Code/CSR signaller	Name of code/CSR signaller as listed on website	Label given to code may provide clue for other information such as target audience (e.g. Rolls Royce Supplier/Partner Code of Conduct), also used to trace history of code and name changes through corporation
	Style of Code/CSR signaller	1. Stipulative 2. Commitments 3. Principles 4. Informational 5. Unknown	Indicates how the code is being used within the organization e.g. a tool to protect the company from illegal or unethical behavior of employees, or a tool to generate improved trust with stakeholders and enhance reputation.
	Mandatory	Yes/No	Indicates general type of code present and allows for more indepth analysis of data.
	Target Audience	Major audiences targeted by the corporation in the code	Indicates nature of relationship with targeted stakeholders when taken into account with "code focus" data. Qualitative assessment of entire code document (where available) to assess which stakeholder group(s) are targeted. Where code targeted at more than two individual stakeholders, was recorded as "stakeholder" for this criterion.
	Code/CSR signaller Focus	Major content focus of code	Indicates how the corporation defines or views the issues it is trying to govern, the role the corporation believes it should have in society, and the nature of the relationship it encourages with the target audience of the code. For instance, Anglo American's Good Citizenship: Our Business Principles, we can assume that the principles and the text surrounding them indicate how the company understands corporate citizenship and the ways in which they will work to achieve their citizenship goals. From BAT's Standards of Business Conduct we can assume that this code is interested only in ensuring employees do not behave in certain ways such as being involved in conflicts of interest, bribery or corruption, insider trading, which ensures protection of the company from illegal or unethical behavior of its employees and contractors. Qualitative assessment of entire code document (where available) to assess which groups of issues were most prominent within the code. For instance UN Global Compact is a triple bottom line code because includes social, environmental and economic commitments, whereas ETI Base Code focuses solely on working conditions with no commitments to environmental protection or community involvement etc. Therefore the Global Compact was recorded with "triple bottom line" and the Base Code with "working conditions" for this criterion.
	Reasons for Adoption	Any statement on why corporation chooses to use code/CSR signaller as distinct from reasons for engaging in CSR	Comments recorded verbatim to understand (where available) why corporations are using these tools.

TABLE 2
Most Commonly Listed Reasons for Code Adoption

Reasons for Code Adoption	Total		
	Voluntary	Mandatory	% Total
No Reason	85	0	21.8
Requirement ¹		106 ²	27.2
Guide for Behavior	43	0	11.0
Protect and Enhance Reputation	18	0	4.6
Consistent Framework Across Global Network	17	0	4.4
Board and Employee Compliance	9	0	2.3
Supplier Compliance	9	0	2.3
Communicate Code Content with Stakeholders ³	9	0	2.3
Create and Maintain Trust and Confidence with Stakeholders ⁴	8	0	2.1
Formalize Expected Behaviors and Commitments	7	0	1.8
Legal Compliance ⁵	6	0	1.5
Subtotal Reasons Given		317	81.3
Total # Reasons Given		390	100

¹Requirement refers to corporations indicating that certain codes (such as Combined Code in UK) are adopted because they are a requirement.

²Of the 106 mandatory codes, 57 were in the UK, 12 in Canada and 37 in Germany. Canada is much lower due to the fact that they do not have anything produced by the government or quasi legal body (such as the FSA in the UK) to regulate governance practices as is found in both the UK and Germany. The difference in mandatory code levels between Germany and the UK was an unanticipated finding and therefore must be addressed in future research.

³This reason is based on corporations who use the codes purely as a way of communicating their commitments to stakeholders, to let the stakeholders know what the corporation is doing with regard to issues found in the code.

⁴This reason refers to the use of the code by some corporations to act as a tool to help build the relationship with the targeted stakeholder group.

⁵Legal compliance refers to codes that are created to reflect the legal requirements of the company so that these considerations are adopted in all countries of operation.

motivations can be argued to be a vital *part* of CSR, particularly in encouraging business participation in CSR, as the *sole* motivation presented, they indicate codes are adopted to satisfy more traditional business concerns. Therefore, the corporations themselves indicate that codes are used to further their business agenda, which in some cases includes CSR.

As indicated earlier, the reasons given for adopting codes contrast with the reasons given for engaging in CSR. On the vast majority of websites studied, corporations made statements regarding the critical importance of CSR to the business. For instance, BP's Environment and Society web page providing the Group Chief Executive's introduction states "[w]e start from the view that the purpose of the business is to satisfy human needs, and in doing so generate profits for investors . . . [t]his philosophy helps to shape everything we do and we regard responsible behavior as an essential part of the fabric of the group – not something to be added on as an afterthought" (www.bp.com). Tesco's site describes its approach: "Corporate Responsibility is integral to our entire approach to business, from Board level to checkout. This is clear from the way we treat people, local communities and the environment, and is embodied in our governance framework" (www.tescocorporate.com). It would seem reason-

able to suggest that if codes were adopted primarily to govern CSR issues then the reasons for adoption would be similar to the reasons for engaging in CSR. However, the motivation data indicates that corporations adopt codes for more traditional business reasons than as a tool to govern CSR issues. For examples of the different motives and characteristics captured, see Appendix A.

Characteristics of Codes

Code characteristics provide richer information on the relationship between codes and CSR, and allow comparison with articulated motivations for adopting codes, thus either continuing or refuting our conclusions of the weak link between codes and CSR. Table 3 depicts the style of the code in the sample, indicating that 55 per cent of codes mentioned on corporate websites were stipulative.

Clearly, a majority of the mandatory codes mentioned on corporate websites were written in the stipulative style (Table 3). The remaining voluntary codes were quite evenly distributed between stipulative, commitment and principle styles, indicating that when corporations chose the style of code used, they created stipulative codes with the same frequency as either commitment or principle style codes.

TABLE 3
Style of Code

Style of Code	Total		Voluntary Only	
	#	% Total	#	% Total
Stipulative	145	54.9	50	31.3
Commitment	58	22.0	51	31.9
Principle	59	22.4	57	35.6
Information	2	0.8	2	1.3
Total ⁶	264	100	160	100

⁶305 codes were found or referenced on corporate websites in this study. We were unable to ascertain the style of 41 codes in total, 2 of which were mandatory. Therefore, the total number is total codes minus unknown codes to allow for a better understanding of the proportions of styles found in the sample.

TABLE 4
Most Commonly Listed Target Audiences

Target Audiences	Total		Voluntary Only	
	#	% Total	#	% Total
Board Members and Employees	179	55.1	85	39.0
Stakeholders	72	22.2	68	31.2
Suppliers	27	8.3	25	11.5
Customer/Client	8	2.5	4	1.8
Unknown	17	5.2	17	7.8
Subtotal	303	93.3	199	91.3
Total	325		218	

Overall corporations adopt codes (whether third-party or written internally) that are primarily prescriptive in content, that use negative language such as "shall not" and that are used to direct the behavior of target audiences.

Table 4 illustrates that staff members at all levels of the organization were the most frequent target audience. Otherwise, the codes were most often directed at a wide range of external stakeholders such as government, community, NGOs and the environment.

The mandatory data suggests that these third-party codes are written to influence the way corporations and their staff behave, and while voluntary codes also primarily target board members and employees (39 per cent), a higher proportion of these codes target wider stakeholders (31 per cent).

Table 5 depicts the most common issues addressed by the codes, representing 90 per cent of the total data. CSR issues represent 21 per cent of total and 31 per cent of voluntary data. The remaining codes focused either on single issues such as the environment or labor rights or on more traditional business concerns such as governance or workplace issues.

Therefore, these data suggest that codes are designed to govern CSR issues in 21 per cent (69) of total and 31 per cent (68) of voluntary cases, whereas the vast majority of codes 79 per cent (228) of total and 69 per cent (126) of voluntary tend to govern more traditional business issues or single issues that either do not reflect, or do not comprise a holistic CSR approach.

Summary of Code Characteristic Data

The evidence from code characteristics suggests that we must be careful in assuming codes are primarily used as a tool for governing CSR issues. Style data indicate that over half (55 per cent) of codes were written largely to proscribe certain behaviors, primarily to define what "shall not" be done by the targeted group. Target audience data suggests that over half (55 per cent) of codes were written for board members and employees, and content data suggest that the majority (79 per cent) are written to govern traditional business concerns or single issues that do not reflect CSR. Therefore, codes are more likely to dictate certain behaviors to staff members in the workplace than to communicate or set expectations surrounding CSR objectives to a broader group of stakeholders.

Neither the reasons given for adoption, nor the code characteristics provide evidence to suggest that we can assume codes are primarily a tool for governing CSR.

CODES COMPARED TO OTHER TOOLS

Lastly, we compared codes with the CSR signallers to determine whether codes were used in a similar fashion to those tools designed specifically for CSR. This entailed a comparison of codes and CSR signallers on articulated motivations and on basic characteristics except target audience which for CSR signallers was almost always "stakeholders" and therefore is not a useful comparison. As only 14 CSR signallers were mandatory³ with a further eight unknown, totalling 22 of 303 (7 per cent of total), the comparison focuses on voluntary code and CSR signaller data only.

Table 6 compares the most common motivations for codes and CSR signallers in descending frequency. In a majority of cases (62 per cent), motivations for adopting CSR signallers were not articulated on corporate websites. Where given, the motivations focus on communication and engagement with internal and external stakeholders, which is in stark contrast to codes where the articulated motivations focus on such things as protecting the corporation from staff, or protecting the corporation's place in the market, through such things as compliance, formalizing and making behavioral expectations consistent worldwide. Therefore, CSR signallers, are adopted for reasons more consistent with a CSR approach, and are different from the motivations listed for adopting codes. The motivations for adopting codes tend to reflect more traditional business concerns, suggesting they are also more likely to be used as a tool for governing traditional business issues.

The differences between codes and CSR signallers are highlighted further by comparing style and content. Table 7 illustrates that in 82 per cent (224) of cases, CSR signallers

TABLE 5
Most Commonly Listed Code Content Focuses

Content Focus	Total		Voluntary Only	
	#	% Total	#	% Total
Corporate Governance	96	29.1	9	4.0
CSR (social, environmental, economic and ethical)	69	20.9	68	30.5
Workplace Issues ⁷	51	15.5	47	21.1
Environment	19	5.8	16	7.2
Labor Issues/Workers Rights	9	2.7	9	4.0
Prompt Payment (primarily of suppliers)	9	2.7	9	4.0
Ethical Conduct	8	2.4	4	1.8
Industry Specific Issues ⁸	6	1.8	6	2.7
Privacy	5	1.5	2	0.9
Unknown	25	7.6	24	10.8
Subtotal	297	90.0	194	87.0
Total	330		223	

⁷Workplace issues refer to concepts or situations that are unique to groups operating internally to the corporation such as conflict of interest, sexual harassment, use of corporate resources etc.

⁸Industry specific issues refer to those issues dealt with by the particular industry of which the corporation is a member such as responsible gambling, protecting youths on the Internet, airline noise etc.

TABLE 6
Most Common Motivations for Codes and CSR Signallers Compared

Rank	Articulated Motivations for Codes (Voluntary)	% of Total	Articulated Motivations for CSR Signallers (Voluntary)	% of Total
1	No Reason	29.9	No Reason	61.7
2	Guide for Behavior	15.1	Communicate Code Content with Stakeholders	8.2
3	Protect and Enhance Reputation	6.3	Constructive Engagement with Stakeholders	3.5
4	Consistent Framework Across Global Network	6.0	Communicate to Stakeholders (general)	2.9
5	Board and Employee Compliance	3.2	Formalize and Communicate Commitments or Position on Issues	2.5
6	Supplier Compliance	3.2	Recognised as Leader (industry, CSR field, customer relationships)	2.2
7	Communicate Code Content with Stakeholders	3.2	To Be Transparent	1.6
8	Create and Maintain Trust and Confidence with Stakeholders	2.8	Maintain and Create Trust	1.3
9	Formalize Expected Behaviors and Commitments	2.5	Encourage Employee Engagement	1.3
10	Legal Compliance	2.1	Satisfy Expectations	1.0
11			To Be Accountable	1.0
	Subtotal % Reasons Given	74.3	Subtotal % Reasons Given	87.2

were written in a commitment style, indicating that the language used was positive and encouraging, and that content included both future commitments, often with actions taken on these commitments. They also included a variety of issues associated with multiple stakeholders. Comparison

with codes demonstrates that codes were much less uniform in style than the CSR signallers, and were much more likely to either dictate specific actions not to be taken (stipulative style) or to be more broad and vague (typical of principle style) than the CSR signallers.

TABLE 7
Style of Code and CSR Signaller Compared

Style of Code and CSR Signaller (Voluntary)	Code		CSR Signaller	
	#	% Total	#	% Total
Stipulative	50	31.3	4	1.5
Commitment	51	31.9	224	81.7
Principle	57	35.5	19	6.9
Information	2	1.3	27	9.9
Total ⁹	160	100	274	100

⁹The total number here also reflects the removal of all unknown codes (39 voluntary) and signallers (15).

Table 8 shows CSR issues as similarly represented in both the code and CSR signaller data, and although other issues are similar across the data sets, the relative representativeness within the sample varies. Whereas both focus on CSR and the environment, CSR signallers also focus on employee and community issues (from a quality of life perspective), and voluntary codes on issues of critical nature to directly related stakeholders (from a functional perspective), and to particular industries.

In comparison with CSR signallers, codes are adopted for different reasons, are written in different styles and include some similar content although include many traditional business issues that are not found in CSR signallers.

CODES IN DIFFERENT CORPORATE GOVERNANCE CONTEXTS

While the focus of this paper is to provide aggregate evidence from all three countries that codes are not necessarily tools of CSR and are used to govern other more traditional business concerns, the following section will illustrate the key differences between countries discussed in more detail in Bondy, Matten and Moon (2004). Our research then focused on a cross-national comparison based on a significant sample of our data discussed in this paper.⁴

The three countries of our sample represent distinctly different corporate governance environments with the UK and Canada often associated with the "Anglo-Saxon" market oriented model while Germany represents the network oriented model of the "Rhenish capitalism" (Albert, 1991).

Companies in the UK were more likely to participate in third-party codes (both mandatory and voluntary) (53 per cent), stipulative-based (49 per cent), focused on communicating with management and employees (47 per cent) around issues of corporate governance (28 per cent) because it is a requirement (27 per cent). The codes were of very low significance, found within an average of 3.32 portals.

Codes found in the Canadian sample were more likely to be written by internal personnel (54 per cent), focused on management and employee behavior (36 per cent) around workplace issues (37 per cent), commitments-based (42 per cent) and used to guide employee behavior (19 per cent),

than any other combination of code traits. The codes were of medium-low significance on corporate websites, found within an average of 2.69 portals.

German companies were also most likely to participate in third party codes (both mandatory and voluntary) (59 per cent), stipulative-based (54 per cent), focused on senior executives/ management (44 per cent) around corporate governance issues (37 per cent), because it is a requirement (32 per cent). The codes were of low significance, found within an average of 3.17 portals.

While these characteristics all help to support our conclusions about differences in the three countries as relates to NBS literature (see last paragraph of this section), the characteristics most relevant to this discussion are found in Table 9, which provides an overview of the different regimes according to selected criteria discussed in the wider literature (e.g. Weimer and Pape, 1999; Coffee, 2001; Burke, 2002; de Andres, Azofra, and Lopez, 2005).

The UK had the highest number of codes with a significant focus on corporate governance issues. However, the significance of codes on these company's websites was low reflecting the fact that the key audience of these codes (in particular for the Combined Code compliance statements) were shareholders and analysts who normally have different ways of gathering information about the company. When Combined Code references were removed, wider stakeholder communities were targets of codes whose purpose was to communicate intention to engage in CSR, as often as internal stakeholders were the targets of codes whose purpose was to guide and control behavior. The high proportion of signallers suggests that in the UK signallers are the tools more often used to communicate CSR intentions. On the other end of the spectrum, Germany only features half the number of codes in the UK sample reflecting a governance system characterized by networks of ownership and non-market mechanisms of corporate control. However, the codes which are used again are more often focused on corporate governance than any other group of issues – reflecting recent changes in the corporate governance environment of many European countries towards a stronger orientation toward shareholder value (Fiss and Zajac, 2004), in many cases through requirements for compliance with state created governance codes (i.e. German Corporate Governance Code). Most of the codes were adopted rather recently which explains the relative significance they have on the websites of these companies. The Canadian sample provides us with a rather mixed picture. The most striking difference from the other countries, apart from the low number of codes, is the low significance of corporate governance issues and the high proportion of codes focused on workplace issues. It appears that codes are largely considered as insignificant for the governance of both companies and their CSR activities – somewhat consistent with the "Anglo-Saxon" model of market oriented shareholder capitalism – and largely a tool of governing employee behavior internally.

These differences indicate the Canadian model is somewhat unique, thus providing evidence to support concern over the usefulness of the "Anglo-Saxon" model commonly used as a homogeneous model to describe a range of countries such as Canada, the UK, the US, Australia, New Zealand. This evidence suggests that Canada sits some-

TABLE 8
Content Focus of Codes and CSR Signallers Compared

Rank	Code Content Focus (Voluntary)	% of Total	CSR Signaller Content Focus (Voluntary)	% of Total
1	CSR	30.5	CSR	29.6
2	Workplace Issues	21.1	Environment	22.7
3	Environment	7.2	Donations, Foundations, Partnerships, Scholarships	9.6
4	Corporate Governance	4.0	Health and Safety	8.8
5	Labor Issues/Workers Rights	4.0	Community	5.1
6	Prompt Payment (primarily of suppliers)	4.0	Employee Issues	4.0
7	Industry Specific Issues	2.7	Employee Volunteering/Participation	2.8
8	Ethical Conduct	1.8	Social Issues for Poor Societies (capacity building, food prep)	1.3
9	Privacy	0.9	Social Issues for Wealthy Societies (arts, culture, sport)	1.3
10	Unknown	10.8	Unknown	3.8
	Subtotal	87.0	Subtotal	89.0

TABLE 9
Comparative Analysis of the Governance and Workplace in the Three Sample Countries

		United Kingdom	Canada	Germany
Total No of:	Codes	81	26	41
	CSR Signallers	60	48	37
Focus of codes (in %):	Corporate Governance	28	0	37
	Workplace	16	37	11
Mandatory codes (in %):		37	15	39
Voluntary codes (in %):		56	81	61
Significance of codes:		Low	Medium-low	Medium

where in between the two well known national systems of the UK and Germany. It also indicates that the UK data is largely in support of the "Anglo-Saxon" NBS model (e.g. Lane, 1992; Whitley, 1998; Donnelly, Gamble, Jackson and Parkinson, 2000), with signs that there is some convergence of the German NBS model (e.g. Ferner and Quintanilla, 1998; Ferner, Quintanilla, and Varul, 2001; Beyer and Hassel, 2002) to the "Anglo-Saxon" model. It also suggests that providing formal commitments to sound corporate governance has been a much more salient issue in the UK and Germany (as well as the rest of Europe) such that governments and/or financial institutions have required formal corporate commitments to best practice. Without regulation on best practice in Canada, companies focused on the risks associated with employee and management behavior at work.

DISCUSSION

On the basis of our findings, it cannot be assumed that codes are primarily used as a tool for governing CSR issues (a finding consistent across all three countries). It would in fact appear that codes are more often used as tools for governing

traditional business issues such as ensuring compliance with laws and regulations, improving the corporation's reputation, and guiding employees in terms of expected workplace behavior. This holds true in terms of stated motivations for adopting codes, and when looking at specific code characteristics. We therefore conclude that codes are not primarily tools for governing CSR.

Also, our research suggests that corporations do not distinguish between internal, employee-focused codes and those which are more oriented towards external stakeholders. At the beginning of this paper we mentioned the distinction between international codes and internal or corporate codes argued by Kolk, van Tulder and Welters (1999). We agree with their suggestion that internal codes do not address the business-society relationship and we would further argue that this is also true of mandatory codes imposed by governing bodies. However in practice, this distinction is not well understood by the corporations adopting the codes and hence there is a blurring of the lines between the two types. For instance, corporations will regularly include one or two commitments to the environment or sustainability in a code that almost exclusively deals with

workplace issues such as harassment, bribery and corruption, insider trading, confidentiality, use of corporate assets etc. (e.g. Royal Bank of Canada Code of Conduct for employees). Corporations also regularly make these “internal” codes consistent across their global network (e.g. Deutsche Bank Code of Conduct for staff) which can have serious implications for how certain MNCs operate within their host communities.

Corporations adopt all types of codes, be they mandatory or voluntary, and tend to present them equally on their websites. For instance, Deutsche Bank provides the text of their Code of Ethics for Senior Financial Officers, Code of Conduct for Staff and their declarations of conformity to the German Corporate Governance Code on the same webpage. This is an important point because it shows that corporations present these codes equally to signal their engagement in CSR and thereby signify some form of business-society relationship. But, they do not distinguish between the types of codes on their website, nor do they provide information on the types of codes available and their reasons for choosing as they did. This in turn suggests some form of social responsibility which is not actually reflected in the text of the code. Thus, codes, whether internal or international, mandatory or voluntary are used by corporations to signal their responsibility to a set of issues often assumed to deal with the business-society interface. Therefore, not only are the lines blurred in practice, but also the internal codes are being used to mitigate the business-society relationship in some settings, making it even more critical to understand that in practice, codes are more often used to govern traditional business issues and not CSR. In these cases, it is the commitments based on traditional business values that are being used to mediate the business-society relationship.

IMPLICATIONS AND CONCLUSIONS

First, we argue that our study is one of the first to analyze corporate presentations of their motivations for adopting codes of conduct and, thus, the “practical reality” of code adoption in corporations. While the literature on the usefulness, necessity and potential of codes is burgeoning there is a conspicuous dearth of studies about the actual implementation of codes in multinational corporations. As Coupland and Brown (2004) have argued in the case of Royal Dutch/Shell, the representation of a company on its website is a significant tool by which it constructs its identity in particular in relation to CSR issues. While the companies in our sample were keen on including CSR (measured by the various signallers) on their websites and construct a tangible identity around this topic, at the same time they did not include codes to the same degree into this construction. Consequently, we argue that while codes may initially be adopted for CSR-related reasons, they clearly lose this character and function once incorporated into practice. This in itself is a significant contribution as it cautions against much of the optimism in the literature, which considers the adoption of codes for MNCs as indicative of working to address their CSR deficiencies (e.g. Alexander, 1997; Forcese, 1997; Diller, 1999).

Second, we argue that the organizational practices of the MNCs can be explained by Crane’s (2000) thesis of the

“amoralization” of ethical issues in organizations. The striking finding in our study is that even though many of the codes indicate some link (albeit quite tenuous in many cases) to CSR issues, the representation of these codes on the website clearly follows other imperatives. Analogous to Crane’s (2000) argument in the context of environmental issues one could explain our findings by the tendency of organizations to suppress, neutralize and rationalize the moral implications which many CSR issues initially signal. Codes, once adopted and implemented, are then hardly more than just another tool by which the organization is managed more efficiently and by which internal stakeholders – roughly two thirds of the addressees of codes – are committed and indeed forced (stipulative style) to comply with the organization’s objectives.

Finally, our study contributes to the literature on the global spread of management practices (e.g. Guler, Guillén and MacPherson, 2002; Aguilera and Cuervo-Cazurra, 2004). We argue that CSR, and in particular codes, can be considered a recent example of management concepts and tools which have consistently spread globally and have led to convergence of management practice. Based on Powell and DiMaggio’s (1991) analysis, Guler *et al.* have argued that the spread of ISO 9000 globally in different ways is credited to three different forces of isomorphic institutional change in organizations. While (1) coercive isomorphisms are normally based on external pressures, such as legislation, (2) mimetic processes illustrate adoption and spread of best practices in a field and (3) normative pressures reflect the fact that increased professionalization of management practitioners has led to a spread of increasingly uniform practices. Our data certainly reveal the relevance of normative pressure given that 35 per cent (with 6 per cent unknown) of codes were mandatory for these companies. Given that CSR has relatively low importance in the codes of many companies studied, there seems reason to suggest that the spread of codes is also strongly due to mimetic processes (see Table 6). In fact, the absence of reasons for code adoption (one third) and usage of CSR signallers (two thirds) could be interpreted as a strong indicator that companies just engage in these tools because it is “the thing to do” or best practice in their respective organizational field rather than a result of deliberate strategic reasoning. Even though no reason given might not exclude a CSR-related motivation the fact that companies cannot be bothered to legitimize and justify their CSR engagement or their use of codes of conduct suggests that they take these measures somewhat for granted.

To conclude then, our study sheds light on an important instrument of global CSR for MNCs and raises a number of issues for future research. To begin with, while our research suggests some general trends in the usage and role of codes in the broader CSR context our comparative analysis of the three countries under study reveals a potentially more multifaceted and complex picture. While the disjoint between CSR and the use of codes seems most significant in “Anglo-Saxon” countries, there were, nonetheless significant structural differences between Canada and the UK. Germany, however, as a country representing the European model shows significant differences but at the same time seems exposed to dynamic changes in the corporate governance environment, impacting both the relevance of CSR and the

role of codes in wider corporate governance issues (see also Matten and Moon, 2008). There is certainly a need for more qualitative and quantitative research into the process of code implementation and a need to look more closely at implementation of CSR tools in the context of the alleged function of organizational rules and bureaucratic structures on moral and ethical imperatives within organizations. In the light of work, for instance, of Weber (1947) or Bauman (1993) we would argue that our study would suggest a more critical inquiry into the organizational processes of code implementation, in particular at the level of individual organizations. Investigation is also needed into whether other types of corporate governance reform, such as CSR reporting and changes to director's duties are as closely linked to CSR activities as is currently assumed. And finally, the apparent inconsistencies between CSR and codes of conduct as an implementation tool of CSR requires deeper analysis of the antecedents and contingencies of the global spread of this particular family of management concepts, ideas and tools.

NOTES

1. Each company was filtered through eight criteria to ensure that for instance Volkswagen is influenced in the main by the German national business system. A full description of the company selection process is outside the limitations of this paper.
2. It has been suggested that Responsible Care is not a mandatory code as it is not prescribed by government. Over 40 chemical industry association bodies across the world such as in Canada, the US, UK, and Germany require their members to be compliant with Responsible Care to maintain their membership. As those with chemical industry knowledge are aware, the chemical industry association bodies are both powerful and pervasive. Companies without membership have little opportunity to find work legally and suffer credibility issues due to non-membership. Therefore, Responsible Care is considered to be mandatory within the industry and thus for this study.
3. 12 of these 14 CSR signallers were Public Accountability statements by Canadian banks in fulfilment of their requirements under the Bank Act of Canada 1991.
4. The data from all 150 companies shows little difference in proportion to that found in the first half of data. Table 9 presents numbers based on the first half of data.

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APPENDIX A – ILLUSTRATIONS OF MOTIVES AND CHARACTERISTICS WITHIN THE SAMPLE

Code Characteristics	Examples
Style	
e.g. Stipulative	<p>“The Directors, Senior Executive Officers and Senior Financial Officers of CanWest shall, at all times:</p> <ol style="list-style-type: none"> (a) act in accordance with the highest standards of honesty, integrity and fairness and shall avoid actual or perceived conflicts of interest between themselves and the Company, whether or not those conflicts are specifically prohibited herein; (b) adhere to the requirements of any applicable code of conduct on dealing in shares and any provision for the avoidance of conflicts of interest stipulated in applicable terms and conditions of employment; and (c) excuse themselves from making any decision in respect of an issue in which a conflict of interest arises or could arise and, in such event, disclose in writing the relevant facts and circumstances that create or could create the conflict of interest to the Chairperson of the Board of Directors.” (CanWest Global Communications Corp. Code of Ethics) <p>“The devices and equipment in offices and workshops (such as telephones, copying machines, PCs, software, Internet/Intranet, machines, tools) are to be used only for company business. Exceptions, and payment if applicable, can be agreed upon locally. In no case may any information be retrieved or transmitted which incites racial hatred, glorification of violence, or other criminal acts, or contains sexually offensive material which is sexually offensive within the respective cultural background. No employee shall be permitted without the consent of his/her superior to make records, databases, video and audio recordings, or reproductions unless this is directly due to company business.” (Siemen AG – Business Conduct Guidelines)</p> <p>“Each GlaxoSmithKline employee must:</p> <ol style="list-style-type: none"> 3.1. Conduct the Company’s business with honesty and integrity and in a professional manner that protects the Company’s good public image and reputation.” (Glaxosmithkline – Code of Conduct)
e.g. Commitment	<p>“We encourage wise environmental stewardship and diligently apply proven management controls to achieve this goal. Through our comprehensive environmental management programs, we are committed to ensuring that environmental effects are being adequately addressed; controls are in place to ensure compliance with corporate environmental policies and obligations; environmental management activities are supported by adequate resources and financial provisions, and that plans are in place to ensure that the environment is protected for future generations and that the sustainability of nearby communities is safeguarded.” (Barrick Gold Corporation Corporate Social Responsibility Charter)</p> <p>“BP aspires to create a work environment of mutual trust and respect, in which diversity and inclusion are valued, and where everyone who works for BP:</p> <ul style="list-style-type: none"> • Knows what is expected of them in their job • Has open, constructive performance conversations • Is helped to develop their capabilities • Is recognized and competitively rewarded for their performance based on merit . . .” (BP – BP Code of Conduct: Our Commitment to Integrity) <p>“7. Recycling. In order to avoid waste generation, we are developing solutions for recycling old vehicles, applying these technologies systematically. Our objective is to promote recycling optimised product design and to make use of secondary raw materials. This effort decreases overall consumption of energy and resources in production and operation while completing the cycle for the reuse of materials.” (BMW Group – Environmental Guidelines)</p>

APPENDIX A *Continued*

Code Characteristics	Examples
e.g. Principle	<p>“Human Rights Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights; and Principle 2: make sure that they are not complicit in human rights abuses.” (UN Global Compact – multiple signatories in sample)</p> <p>“PRINCIPLE 2: We want to employ environmental protection with regard to our business processes. Objective: To influence the environmental impact of our customers by advising customers on the avoidance of environmental risks and by promoting the introduction of environmentally safe technologies.” (Allianz Group – Statement on Sustainable Development)</p> <p>“8. DIVERSITY, EQUAL OPPORTUNITY AND TOLERANCE. The diversity of our staff is one of our greatest strengths, and a major contributing factor in sustainable business success. We support our employees according to their skills and performance. We regard each other with openness and tolerance. As an Equal Opportunity Employer, we offer all employees and applicants identical chances, regardless of their sex, age, race, ethnic background, sexual identity, possible handicaps, religion or beliefs.” (Metro Group – Corporate Principles)</p>

Target Audience

e.g. Stakeholder	<p>“The Equator Principles Financial Institutions (EPFIs) have consequently adopted these Principles in order to ensure that the projects we finance are developed in a manner that is socially responsible and reflect sound environmental management practices. By doing so, negative impacts on project-affected ecosystems and communities should be avoided where possible, and if these impacts are unavoidable, they should be reduced, mitigated and/or compensated for appropriately. We believe that adoption of and adherence to these Principles offers significant benefits to ourselves, our borrowers and local stakeholders through our borrowers’ engagement with locally affected communities. We therefore recognise that our role as financiers affords us opportunities to promote responsible environmental stewardship and socially responsible development. As such, EPFIs will consider reviewing these Principles from time-to-time based on implementation experience, and in order to reflect ongoing learning and emerging good practice.” (Equator Principles – multiple signatories in sample)</p> <p>“Since its inception in 1904, Kruger has always made it a priority to protect the environment and the quality of life of its employees and the communities in which it operates. Our environmental and forest policies confirm our commitment to sustainable development and government programs for the protection of the environment. Kruger shares with all communities important responsibilities to the environment in which we live and work. It supports the responsible stewardship of resources, including forests, fish and aquatic habitats, wildlife, air, land and water. Responsible stewardship makes sustained economic development possible. In this spirit, the Company believes that a set of principles should govern its attitude and action in environmental matters.” (Kruger Incorporated – Responsible Environmental Management Environment Policy)</p> <p>“Compliance with all legislation to protect human beings and the environment is one of the company’s basic tenets for both legal and ethical reasons. This applies to our products as well as to our processes.” (BASF – Code of Conduct)</p>
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APPENDIX A *Continued*

Code Characteristics	Examples
e.g. Board members and employees	<p>“TransAlta Corporation is committed to increasing its value to employees, shareholders, the communities in which it does business and other key stakeholders through strategic investments in Canada and internationally. TransAlta employees fulfill this commitment while upholding the highest level of ethical conduct and meeting responsibilities as good corporate citizens. All employees are responsible for complying with the Code of Conduct and its associated corporate policies” (TransAlta Utilities Corporate Code of Conduct)</p> <p>“Responsibility for our Environment. We are all responsible for sustaining and protecting our natural environment. The BMW Group is called upon to conduct responsible and sustainable environmental policies, which are also economically viable. This is an obligation we have taken upon ourselves through our competence as a manufacturer of highly technological products and as an employer of a highly qualified workforce around the world. To this end, we strive to reconcile the interests of people and nature, technology and progress with the right of future generations to an intact environment. These BMW Group environmental guidelines are the basis of how we conduct our daily operations . . .” (BMW Group – Environmental Guidelines)</p> <p>“We will carry out our business honestly, ethically and with respect for the rights and interests of our suppliers. We will settle our bills promptly being a signatory to the Better Payment Practice Code and we will co-operate with suppliers to improve quality and efficiency. We seek to develop relationships with supplier companies consistent with these basic principles, and specifically with respect to human rights and conditions of employment. Where supplier audits show shortcomings in any of these areas, we will strive to encourage a programme of improvement leading to compliance. Responsibility for specific supply codes and agreements rests with individual companies.” (Associated British Foods PLC – Ethical Business Practices)</p> <p>“These principles should sit at the heart of our management processes and inform how we work, all over the world. Through them we can protect and perpetuate the ethical standards that make Cadbury Schweppes a great company – to work for and to work with. By working together we can ensure our company maintains its reputation for ethical standards and keeps its promises.” (Cadbury Schweppes – Our Business Principles)</p>

Focus

e.g. CSR	<p>“Our Business Principles define how we intend to conduct our business and our relationships with stakeholders. They require employees to act with honesty, integrity and fairness. The Business Principles cover ethical issues, including bribery and corruption, conflicts of interest, data protection, environment, health and safety, human rights, political contributions and lobbying, and transparency.” (Vodafone – Business Principles)</p> <p>Barrick Gold Corporation – Corporate Social Responsibility Charter: 4 pillar approach of Ethics, Employees, Communities, and Environment, Health and Safety</p> <p>Allianz Statement on Sustainable Development: 4 principles of safeguarding natural resources internally, ensuring environmental protection with business processes, develop partnerships with stakeholders, and foster sustainable development leading to economic growth</p> <p>“It highlights our responsibility, as a group and as individuals, to:</p> <ul style="list-style-type: none"> • promote ethical business practices • respect the environment and communities in which we operate • assure equal employment opportunities • value diversity in the workplace • provide healthy and safe working environments • respect human rights and trade ethically . . .” (Cadbury Schweppes – Our Business Principles) <p>RWE AG – RWE Code of Conduct: range of issues from compliance with the law, external relations, conduct towards political establishment, commitment to corporate responsibility, internal relations, compliance with the code/reporting.</p>
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APPENDIX A *Continued*

Code Characteristics	Examples
e.g. Workplace issues	Index page from Cascades Code of Conduct
	MESSAGE FROM THE PRESIDENT AND CHIEF EXECUTIVE OFFICER 1
	PREAMBLE 4
	Our values 4
	FINANCIAL INFORMATION 7
	Books and records 7
	CONFIDENTIAL INFORMATION 11
	Protection of confidential information and intellectual property 11
	Disclosure of information and insider trading 13
	Media relations 15
	RELATIONS WITH COMPETITORS 17
	The Competition Act 17
	EMPLOYEES 21
	Conflicts of interest 21
	Acceptance of gifts, invitations and other advantages 22
	Environment 24
	Health and safety 24
	Use of Company property 25
	E-mail and Internet use 26
	Harassment and violence in the workplace 28
	Drugs, alcohol and firearms 30
	Human rights and the workplace 31
	COLLECTIVITY 33
	Political activities 33
	Local laws and customs 34
	Social responsibility 34
	COMPLIANCE WITH THE CODE 37
	CONTACTS 39
	APPENDIX—REFERENCE DOCUMENTS 41
	ACKNOWLEDGEMENT 73

Cascades code is typical and illustrates the emphasis many codes have on issues of traditional business concern such as conflicts of interests, use of company property, harassment etc. and where these issues are given the same amount of space in the code as environment, health and safety, human rights and social responsibility. Given the number of issues, and the space allocated to them in the code, traditional workplace issues by far outweigh specific CSR related issues.

Other examples:

- National Bank of Canada – Code of Professional Conduct
- Deutsche Bank – Code of Conduct: Basic Group-wide Standards for the Conduct of all Staff
- Siemen AG – Business Conduct Guidelines
- BASF – Code of Conduct
- E.ON – Code of Conduct
- Glaxosmithkline – Code of Conduct

APPENDIX A *Continued*

Code Characteristics	Examples
Motivations	
Stated CSR Motives	<p>“At TransAlta, we believe being a good corporate citizen is an important part of our success as a company. By exemplifying good corporate citizenship, we believe we can build stronger communities, help young people achieve their full potential and promote a greener future.” (TransAlta – corporate website)</p> <p>“We believe that sustainability and business go hand in hand.” (Alcan corporate website)</p> <p>“Corporate responsibility as an enabler for business success: At Siemens, corporate responsibility is a strategic managerial process aimed at integrating business, environmental and social performance to create greater value and enduring benefits within a framework of ethical practices.” (Siemen AG – corporate website)</p> <p>“Respect and commitment are the core values of Cascades’ culture and philosophy. We respect and are committed to promoting the development and quality of life for our more than 14,000 employees who contribute daily to the growth of our business but also for the communities where our production units are located.” (Cascade – Sustainable Development Report)</p> <p>“Our objective is to be an industry leader in social responsibility. We explicitly endorse the United Nations’ Global Compact and have pledged to comply with its ten principles for doing business ethically and responsibly. We want to foster a corporate culture – at all levels of our organization and along the entire value chain of our business – that ensures that we plan and operate in a socially responsible manner.” (E.ON – Corporate Responsibility Report)</p> <p>“Corporate responsibility is about how we achieve our goals and implement our four business strategies. We aim to operate in a way that reflects our values and to connect business decisions to ethical, social and environmental concerns.” (Glaxosmithkline – CR report)</p>

Stated Motives for Code Adoption

e.g. Guide for behavior

- “The Code describes what acting with integrity means at Nortel and how it relates to our core beliefs and leadership. It outlines principles to guide ethical decision making and gives practical answers to many of the ethical questions we face in the course of our work. Often these questions are difficult, and the Code directs us to resources within the company for assistance.” (Nortel Networks – Code of Business Conduct)
- “The Code of Conduct serves two main purposes: First, it encourages every single employee to take responsibility for his or her actions, and it seeks to provide them with appropriate guidance. Second, it outlines the goals and principles which guide the business activities of RWE.” (RWE – RWE Code of Conduct)
- “We recognise that commercial pressures and complex regulatory environments can present our employees with difficult ethical dilemmas. There are a number of ways in which we support employees to make the right choice, comply with Group policies, regulations and the law and attain the highest ethical standards in their work: Our Employee Guide to Business Conduct promotes honest and ethical conduct by setting out the standards to be followed by GSK’s employees in their everyday work for the company. It contains the Group policies that require all employees to act with integrity, comply with the law, avoid conflicts of interest and report any violations or unethical behavior . . .” (Glaxosmithkline – Code of Conduct)

APPENDIX A *Continued*

Code Characteristics	Examples
e.g. Protect and enhance reputation	<p>“Compliance with the Code is essential to preserving and enhancing Alcan’s reputation as a responsible corporate citizen and ultimately to maximizing shareholder value.” (Worldwide Code of Employee and Business Conduct – Alcan)</p> <p>“To maintain Talisman’s excellent reputation with our stakeholders, all dealings on Talisman’s behalf must reflect high standards of ethical behavior. In particular, the following specific principles must be observed . . .” (Talisman Energy Inc. – Policy on Business Conduct and Ethics)</p> <p>“To a substantial degree, our Company’s public image is determined by our actions and by the way each and every one of us presents and conducts himself or herself, and particularly by the respect we show each other. We all share the responsibility for having our Company meet its corporate social responsibility worldwide.” (Siemen AG – Business Conduct Guidelines)</p> <p>“This Code of Ethics (the “Code”) was adopted not only with a view to complying with the requirements of Canadian and American legislation, but also to preserve our enviable reputation, which constitutes an important asset and which rests on the exemplary conduct of each of us.” (Cascade – Code of Ethics)</p>
e.g. Consistent framework across global network	<p>“The Sun Life Financial Code of Business Conduct sets out minimum standards of business conduct that apply to all employees (full time, part time, temporary or contract, if on payroll), officers and directors of Sun Life Financial Inc., its subsidiaries and joint venture companies, other than those Sun Life Financial subsidiaries or joint venture companies that have adopted a code of business conduct that is consistent with the spirit of this code.” (Sun Life Financial Code of Business Conduct)</p> <p>“To ensure the highest level of integrity and consistency in all our actions at all times, the following code of conduct has been developed. It provides basic standards for the conduct of each and every one of us. At the same time it constitutes the compulsory framework for all areas within the organization issuing specific policies and guidelines. Belonging to Deutsche Bank Group and sharing its identity, means adhering unreservedly to this Code of Conduct.” (Deutsche Bank – Code of Conduct)</p> <p>“Our Business Principles apply to all Vodafone companies in which we have a majority equity interest and to all Vodafone employees. Where Vodafone operates in conjunction with business partners, third parties or in joint venture arrangements where we do not have a majority equity interest, we will seek to promote the application of our Business Principles. We understand that we will be judged on whether we live up to our Business Principles. We will share good practice across Vodafone as we strive for continuous performance improvement.” (Vodafone – Business Principles)</p>
e.g. Board and employee compliance	<p>“Compliance with the Code is mandatory and a condition of your employment.” (Sun Life Financial Code of Business Conduct)</p> <p>“The Business Conduct Guidelines are globally binding rules applicable to every employee. They shall help us meet ethical and legal challenges in our day-to-day work.” (Siemen AG – Business Conduct Guidelines)</p> <p>“The purpose of this Code of Business Conduct (‘the Code’) is to ensure that employees across the Group have a clear understanding of the principles and ethical values that the Company wants to uphold. It applies to all employees in all Reckitt Benckiser Group companies globally. Where the Company participates in joint ventures the Code’s standards should also be actively promoted. Compliance with the Code is an important factor in maintaining and building the reputation of Reckitt Benckiser as a responsible and trustworthy business partner, employer, supplier and corporate citizen.” (Reckitt Benckiser – Code of Business Conduct)</p> <p>“To ensure that we abide by the main principles of the Code it is the responsibility of all employees to uphold the following standards of conduct . . .” (GKN PLC – Code)</p>