

Understanding The Content Within A Code Of Conduct



Intended for beginner compliance programs

Why All The Fuss About A Code Of Conduct?

Maybe you have read articles on product safety, participated in responsible sourcing education, completed the Product Safety Aware program or attended the Product Responsibility Summit. Your eyes have been opened to the reality of the risks you now face as a supplier or distributor of promotional products. Now you find yourself asking, “What’s the next step?” or “Where do I start?”

Once you are on board with compliance and committed to doing what it takes to be a responsible business entity, the logical next step is to adopt a code of conduct. A code of conduct is the cornerstone of any responsible sourcing program as it identifies an organization’s guiding principles and is a tangible representation of what you are doing to meet the expectations of the end buyer for product safety, social and environmental assurances. It is a document a supplier can hand a distributor, and a distributor can share with an end buyer as a public statement of the organization’s values and ethics. Many end buyers, particularly larger businesses, have already adopted their own code and often look for their business partners to adopt their code as well.

While there are no specific laws that mandate the adoption of a specific code of conduct, adoption of a code gives buyers an extra level of confidence when doing business with a vendor who communicates their code in some fashion by posting the code on their website, sharing it in their catalog or providing it with quotation responses.

A well-written code lays out the standards by which the organization will evaluate factories and trading partners. It serves as a statement of principles of compliance with the laws, standards and regulations of the United States and the regions around the globe in which the organization conducts business.

Meaning Behind The Components Of A Code of Conduct

The actual components or principles of a code of conduct were established to ensure “decent and humane working conditions” across the globe by addressing labor standards as defined primarily by the United Nations (UN), through the International Labour Organization (ILO), a specialized agency of the UN.

For simplicity, PPAI has created an industry code of conduct and recommends that all members—suppliers, distributors and business services companies—adopt this voluntary code. Many of the largest and most well-respected companies in the industry have already done so. [View a list of adopters.](#)

A code can contain as many or as few components as an organization wishes to include. In many cases the several standards outlined by the ILO are often consolidated, by one organization or another, into one component or singular principle. The PPAI code of conduct incorporates many of the key components defined by the UN Global Compact.

1. Abuse of Labor

Also referred to as forced labor, abuse of labor is defined by the *Forced Labour Convention*, 1930 as “all work or service which is exacted from any person under the menace of any penalty and for which the said person has not offered himself voluntarily.” Forms of forced labor include indentured, bonded or slave labor. Policies acknowledging worker’s rights and educating those most vulnerable are just some ways to eliminate abuse of workers.

2. Child Labor

According to the ILO, child labor is “work that deprives children of their childhood, their potential and their dignity, and that is harmful to physical and mental development.” *The Minimum Age Convention, 1973* defines the minimum age at which children are allowed to work and the ILO website contains a *list of countries that have ratified these standards*. Within the 1973 convention there are three forms of children’s work—children in employment, child labor and hazardous work. The *Worst Forms of Child Labour Convention, 1999* defines a child as someone under 18 years of age, and it calls for eliminating the worst forms of child labor. For more about child labor trends and statistics visit the *ILO’s resources page*. Organizations are expected to avoid using child labor and comply with all minimum age provisions of applicable laws and regulations.

3. Freedom of Association

At the core of the ILO’s values is the “right for workers and employers to establish and join organizations of their own choosing without previous authorization.” This means that employees are free to associate or organize without fear of reprisal or interference from employers or government. A well-intended code is designed to foster respect for the rights of employees to associate, organize and to bargain collectively.

4. Discrimination

The ILO defines workplace discrimination as “treating people differently because of certain characteristics, such as race, colour, or sex, which results in the impairment of equality and of opportunity and treatment.” Additionally, it is generally accepted that discrimination not occur based on age, religion, political affiliations, disabilities, sexual orientation, social origins, genetics, and lifestyle choices. Discrimination in the workplace, whether obscured or public, is considered a violation of international labor standards.

5. Hours and Wages

“ILO standards on working time provide the framework for regulated hours of work, daily and weekly rest periods, and annual holidays. These instruments ensure high productivity while safeguarding workers’ physical and mental health.”

The ILO standards on wages address wage gaps, lack of guaranteed wages, non-payment of wages and wages paid in other forms such as with goods, bonds or alcohol “by providing for regular payment of wages, the fixing of minimum wage levels, and the settlement of unpaid wages in case of employer insolvency.” Under the *Protection of Wages Convention, 1949* “the term wages means remuneration or earnings, however designated or calculated, capable of being expressed in terms of money and fixed by mutual agreement or by national laws or regulations, which are payable in virtue of a written or unwritten contract of employment by an employer to an employed person for work done or to be done or for services rendered or to be rendered.”

This principle of a code of conduct plainly states that an organization complies with all applicable wage, work hours, hiring, benefits, and overtime laws and regulations. In the absence of law in a particular location relating to product safety, labor, employment, environment or working conditions, the spirit and intent of these policies shall be met.

6. Workplace Conditions

The ILO principles state that “workers should be protected from sickness, disease and injury arising from their employment.” To address this and improve working conditions for workers, the ILO has adopted over 40 standards and over 40 codes of practice in order to deal directly with occupational safety and health issues.

Inclusion of this principle in a code of conduct communicates that your company will provide a safe, healthy and secure workplace by abiding by all applicable laws and regulations for safety and health. Additionally, proper sanitation, lighting, ventilation and fire safety protection will be provided.

7. Environment

The *UN Global Compact*, using principles provided by the *1992 Rio Declaration*, states that “business has the responsibility to ensure that activities within their own operations do not cause harm to the environment. Society expects business to be good actors in the community. Business gains its legitimacy through meeting the needs of society, and increasingly society is expressing a clear need for more environmentally sustainable practices. The FLA maintains that “employers shall adopt responsible measures to mitigate negative impacts that the workplace has on the environment.”

What this means for the business is that organizations are expected to abide by all applicable environmental laws and regulations. In addition to existing laws and regulations, this may include expectations to make all reasonable efforts to manage their environmental footprint by minimizing the adverse impact on the environment resulting from their manufacturing and distribution processes. This includes managing energy, water and waste systems.

8. Subcontractors and Sources

This principle addresses an organization’s supply chain and business partners. Implementing best practices within one’s own facility or facilities is only the start. The business partners that a company chooses to conduct business with, whether directly or indirectly, reflect an organization’s values and commitment to upholding the values of a code of conduct. For example, the UN code of conduct explicitly states that “the UN expects that suppliers ensure that this Code of Conduct is communicated to the employees and subcontractors of all suppliers, and that it is done in the local language and in a manner that is understood by all.” Additionally, “the UN expects that its suppliers encourage and work with their own suppliers and subcontractors to ensure that they also strive to meet the principles of this Code of Conduct or equivalent set of principles.”

The expectation of this principle is that all businesses operating as subcontractors, manufacturers or sources of goods will comply with all of the same policies stated in the organization’s code of conduct and ethical behavior policies. In short, organizations must have visibility and control of all subcontractors and suppliers within the supply chain in order to ensure true compliance with all applicable national and international laws.

9. Product Safety

Product safety regulations are increasing in federal, state and international arenas. As a result, it is essential that the industry as a whole recognize and understand the importance of product safety and that every company develop a basic awareness of the importance and requirements of product safety. When regulations exist, compliance is required by law. It is vital that you communicate frankly with your promotional products partners to ensure you select the right product for your specific application. This principle communicates your organization’s commitment to complying with all applicable laws and regulations regarding safety of products you sell and that you will meet applicable recognized voluntary industry standards for your products and processes.

Communication

All employees within an organization and its factories should be aware of the code and trained in its application. Vendors should commit to audits and corrective action plans as part of a sustainable social responsibility program.

It is considered a best practice to translate a code into local languages so that factory personnel understand their rights and responsibilities. The PPAI code has been translated from English to French Canadian, Chinese and Spanish.

US Tariff Act of 1930

In the past, social standards on a global scale were typically considered more of a “nice thing to do.” While standards and principles have been adopted over the last century, there has rarely been much enforcement, and the lack of laws addressing social responsibility only served to exacerbate the problem. This is no longer the case, as on February 24, 2016, President Obama signed a bill that prohibits the importation of goods into the U.S. that were produced by convicts or through forced or indentured labor. The bill closes a loophole in the Tariff Act of 1930, that allowed goods produced through forced labor into the U.S. if demand exceeded domestic production.

The Trade Facilitation and Trade Enforcement Act has closed this loophole, thus opening the door for stricter enforcement of goods produced via forced labor.

Online Resources:

PPAI Corporate Responsibility: <http://ppai.org/corporate-responsibility/>

PPAI Code of Conduct: <http://ppai.org/corporate-responsibility/ppai-code-of-conduct/>

United Nations Global Compact: www.unglobalcompact.org/

International Labour Organization (ILO): www.ilo.org/global/lang--en/index.htm

Fair Labor Association Workplace Code of Conduct: www.fairlabor.org/our-work/labor-standards

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