



# **INSTITUTE OF DIRECTORS – GHANA**

## **CODE OF ETHICS**

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**1.0 Preamble**

- 1.1 Article 42 of the 1999 Constitution states that the Council shall make rules governing the code of professional conduct of members. All members of the Institute shall be bound by the code.
- Good Corporate Governance is essentially built on the foundation of inspiration that breeds confidence, competence, vision and virtue. It also relates to one's professional conduct and relationship with stakeholders like shareholders, employees and the government.

**Objectives**

- 1.2 The objectives of the Code of Ethics are to:
- . achieve good corporate governance
  - . guide director – stakeholders relationship
  - . detail out prescription and prohibitions
  - . explain generally what is desirable and what must be avoided.

To achieve the above objectives, the following foundations of good corporate governance must be observed:

1. The recognition that market orientation in the context of free market enterprise, trade liberalization and adjustments involves seeking value addition to products and services.
2. An understanding of market orientation and what it entails must be part of the education and training of all those in and concerned with Corporate Governance at national, regional and international levels.
3. An understanding that competitiveness is the ability to maintain a sustained and profitable presence in a given market.
4. The belief in the quality of maturity. Maturity is indispensable to good corporate governance. All good directors are produced over time. Maturity is the ability plus the quality one possesses to accept the differences in other opinion, views, personalities, characters, positions and status without being threatened in one's security.
5. To encourage enlightened leadership at every level of Corporate Governance.
6. Effective communication within and between networks is fundamental to the development of good corporate governance and relationships. This embraces not only the collection and dissemination of corporate information but the wider concept of communication.

7. It is important that policy planners and advisers should, by consultation with those who direct and control companies, be made aware of the potential impact of policies and the need for monitoring.
8. Recognition of the fact that existing structures and systems that impede good corporate governance need to be dismantled but where these are capable of appropriate adaptation, it is usually better to build on and improve them.
9. The belief in and commitment to the following essential qualities: HONESTY, DISCIPLINE, COMMON SENSE, DECISIVENESS, FORTITUDE, HUMILITY, INSPIRATIONAL POWER, FELLOWSHIP, PATIENCE AND ENDURANCE.
10. The principle of status states that everything has a purpose which determines its status in relationship to everything else. Position is not given to show the value of one person or part of the body over another; thus visible position does not equate value. Each part is to do his/her task to the best of his/her ability to benefit the whole. Those in leadership position have that status to strengthen everyone. Violation of position always causes chaos and destruction. Take 100% responsibility when things go wrong.
11. The awareness and acceptance of the fact that in today's competitive world, there is the need to be proactive, be a critical thinker; problem solver and have good communication skills as well as good sense of judgment in order to succeed.

## **2.0 Professional Conduct**

### **A Director**

- 2.1 Should comply with all applicable laws of the land especially the Companies Code
- 2.2 Should have a clear understanding of the mission, vision, capabilities and capacity of the company
- 2.3 Should at all times demonstrate commitment to the highest ideals and principles of truth, honesty and integrity
- 2.4 Should at all times appreciate the priority of purpose and time for the benefit and prosperity of the company
- 2.5 Should make use of the advice and service of the Company Secretary.
- 2.6 Should exercise the responsibility and accountability of status.
- 2.7 Should maintain and where possible, enhance the capacity of the company.
- 2.8 Should strive to avoid any situation that might give rise to a perception of conflict of interest between the interests of the company and his/her own interest.
- 2.9 Should be independent minded and objective in exercising judgment.

- 2.10 Should strive to cultivate Professional Enthusiasm. Enthusiasm plus action equals success. It is a psychological ignition system and works miracles. It is the power that spells the difference in business.
- 2.11 Should concentrate his attention on quality and not just quantity.
- 2.12 Should exercise the most appropriate communication culture at all times.
- 2.13 Should only use the authority which the company has conferred on him/her without exceeding them, even if he/she thinks it is in the best interest of the company to do so.
- 2.14 Should endeavour to attend all meetings on time.

### **3.0 Relationship with stakeholders**

Should identify the company's prime stakeholders and then, by understanding what is needed, establish a common interest. This provides the foundation on which constructive alliances are built to replace the confrontational mechanisms. Alliances should be sought from within and across business networks. Relationships, which are based on a mutual understanding of stakeholder needs and ability to meet these needs, are more likely to be effective than the confrontational approach.

This principle is valid in the competitive situation and Corporate Governance practitioners should regard it as a keystone of their strategy.

The philosophy behind the creation of constructive alliance as a theme of market orientation is based on a "win-win" approach to business relationships. This seeks to create and sustain stakeholder satisfaction as opposed to "win-loss" approach, which is essentially a style resulting in dissatisfaction of one or other of the parties as the *immediate result*, and loss of business or supply as the *eventual outcome*.

#### **3.1 Relationship with Employers and Shareholders**

- 3.1.1 Should accord the highest loyalty to the company and its shareholders.
- 3.1.2 Should build and project a strong and positive self image across to the shareholders whose goodwill and support are needed to get ahead.
- 3.1.3 Should promptly disclose to the Board any personal or business interest, which may financially or otherwise compete with or affect the business of the company. Should not allow such interest in any way to affect decisions in the performance of his/her duty.
- 3.1.4 Should direct, define values and run the company in order to maintain and where possible, enhance its value in a way which reflects legal and fiduciary responsibilities to shareholders.
- 3.1.5 Should always present clearly to the shareholders the consequences to be expected from proposals if his/her action/judgment is overruled in situations where he/she is responsible for the adequacy of work.
- 3.1.6 Should uphold the principle of collective responsibility and agree to comply with and execute decisions reached at Board Meetings.
- 3.1.7 Should be willing to step down when no longer able to contribute or comply with subsequent Company's Business Plans and Strategies.

### 3.2 **Relationship with Members of Staff; Subordinates and Employees**

- 3.2.1 Should be conscious of the interest of this group since they are partners in production.
- 3.2.2 Should promote professionalism and raise competency of staff.
- 3.2.3 Should provide adequate safety measures and provide suitable protection to workers and employees at work places.
- 3.2.4 Should ensure that the company does not harass or discriminate in work practices on the grounds of sex, race, religion and colour.
- 3.2.5 Should endeavour to show appreciation for a job well done. A key incentive people have for accomplishing something is to receive positive recognition from their bosses. It is an excellent motivation medicine.
- 3.2.6 Should refrain from personnel abuse at all cost. This involves favouritism, cronyism, sexual harassment, misuse of employees, among others. It is a cardinal management sin and always leads to poor performance.
- 3.2.7 Should always exhibit leadership by example.
- 3.2.8 Should extend the effectiveness of good Corporate Governance by tapping, co-operating and co-ordinating the knowledge of all others in the company since the key part of optimum result method is to get people to express themselves.

### 3.3 **Relationship with the Public Government Social Responsibility and the Environment**

- 3.3.1 Should provide accurate and timely information at all times.
- 3.3.2 Should ensure that the company contributes to empowering and impacting the sick, under-privileged and aged in society as and when possible.
- 3.3.3 Should have due regard to the environment, the safety of life and property.
- 3.3.4 Should adopt the objective and positive attitudes and give the utmost co-operation when dealing with government agencies and regulatory bodies.
- 3.3.5 Should ensure that the company's activities and operations do not harm the interest of the nation.
- 3.3.6 Should see to the delivering of annual accounts and report to the Registrar of Companies.
- 3.3.7 Should ensure that necessary steps are taken in accordance with the laws of Ghana to properly wind up or strike off the company if the company has not commenced business or has ceased to carry on business and is not likely to commence business in future or again to carry on business as the case may be.
- 3.3.8 Should ensure that the company meets all statutory obligations especially on taxes.
- 3.3.9 Promote accountability and transparency in dealing with all stakeholders.