

# **CSIR Code of Conduct/Ethics**

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## 1. **STATEMENT OF INTEGRITY / MESSAGE FROM THE PRESIDENT**

Our organisation ' s reputation as a leader in the application of best practices in good corporate governance, built over more than half a century, depends on the nature of every business transaction conducted by every employee on a daily basis. It is built on an implicit set of values which inspires our employees to maintain the highest ethical standards in all their dealings with our clients and stakeholders, as well as their relationships within the CSIR.

To reflect and foster our responsibility as a national asset ; to enhance our reputation (which includes the need to be perceived at all relevant times to act both socially and morally responsibly, whilst consistently honouring both our legal and our moral obligations) and to preserve and strengthen the CSIR for those who will follow us, all our employees have to be committed to maintaining the highest level of ethical conduct in their actions and relationships.

The CSIR Code of Conduct has the full support of the CSIR Board and the Executive Management and staff. It reflects our personal integrity, honesty, respect for human dignity, equal opportunity and the rights of others. It reflects our commitment to what is right, fair, reasonable, legal and just and is on all fours with the Guidelines contained in the KING II Code as well as the aims, objectives and provisions of the Public Finance Management Act ("PFMA")

We believe that it is the only way to conduct our business.

## 2. **CSIR ETHICS POLICY**

The CSIR is committed to a policy of fairness, transparency, honesty, impartiality, objectivity, credibility, integrity and, above all, accountability, in the conducting of all its business affairs , both inside and outside the organisation. This commitment is based on a fundamental belief in honest, fair and legal conduct in all business activities. We expect all our employees to share this commitment to high moral, ethical and legal standards. The purpose of this document is therefore to lay down a strict ethical code with which each employee, contract employee and consultant is required to comply.

Failure to comply with this Policy will amount to misconduct and will be dealt with in terms of the CSIR's Disciplinary Code.

### 3. ETHICS AND VALUES

Ethics involve the ability to distinguish right from wrong and a commitment to do what is right. Values are core beliefs which create individual attitudes. Although individual values may differ, this does not imply a choice about behaving ethically in the business environment of the CSIR. Our Code of Conduct, as well as the Constitution of South Africa and the national laws and regulations, prescribe legal conduct that embodies values based on ethical principles, while respecting cultural diversity.

### 4. ETHICAL CONDUCT

Ethical conduct refers to standards of conduct or the ways in which we should behave, based on our moral values that arise from principles about what is right and wrong in our business environment.

Individual ethical behaviour refers to actions by an employee which are intended to further the common good of the organisation, as determined by its policies, procedures, directives and business objectives. Collective ethical behaviour is that which is perceived by the CSIR's external clients and stakeholders about our commitment to the common good based on the actions of our employees.

Ethical conduct is fostered and maintained when individual employees act with integrity, honesty and in good faith in all their business dealings. It is reflected in behaviour that adheres to this policy, adopts its principles and follows its guidelines.

We believe that a reputation for honesty and integrity attracts and retains customers and will ultimately have a direct bearing on the resources available to ensure that we can consistently comply with our statutory mandate, thereby rendering it possible to make an increasingly bigger impact and contribution to the improvement of the quality of life of the people of our country. Furthermore, we believe that having strong ethical values and consistently displaying them in all of our activities, we will derive added benefits, such as:

- ~ Improved business management;
- ~ increased productivity;
- ~ avoidance of litigation;
- ~ an enhanced organisation image that attracts talent; and

~ earning the public's goodwill.

## 4.1 ETHICS ON THE JOB

This section describes responsibilities for protecting confidential information and assets and the need for fair and honest reporting of information internally, and external to, the organisation.

### 4.1.1 Confidential Information:

During the course of our work, employees may have access to confidential information, including business plans, financial information, personnel and salary information. Disclosure of confidential information outside the CSIR, especially to competitors, could be harmful to the organisation. Consequently, confidential information should be used only for the purpose for which it was intended and respecting the confidentiality of corporate or personal information is an absolute requirement that each employee should comply with, without any exception. Confidential information should preferably – where only available in hard copy format – be kept in locked files and storage areas and should eventually properly and responsibly be disposed of.

### 4.1.2 Intellectual Property Rights:

A confidential information category includes CSIR research and development activities, manufacturing methods, patents and product development. The disclosure of information outside the CSIR will only be permitted if it is done by authorised personnel with top management approval.

### 4.1.3 Conditions of Service:

Every employee of the CSIR commits to the Conditions of Service of the CSIR. This includes - as is required by Section 13 of the organisation's enabling legislation, being the Scientific Research Council Act, the mandatory transfer of all rights in and to inventions or discoveries, which are created in the course and scope of employment with the CSIR, to the CSIR, so as to properly protect the CSIR and its intellectual capital and to keep information confidential.

The Conditions of Service, which is agreed to by each employee upon appointment, requires an employee to support the organisation, its vision and goals.

#### **4.1.4 Compliance with Legislation:**

The CSIR is required by legislation – such as, but not limited to, the PFMA - to provide truthful information on our employment conduct, financial reports and any other information required by law. Thus, no false or misleading entries should be made in any books or records of the CSIR for any reason.

#### **4.1.5 Asset Protection** (This clause includes physical assets and the organisational funds):

CSIR employees must at all times ensure that the CSIR assets are used only for legitimate organisational business purposes. Where an employee's position requires organisational funds to be spent, it is the individual's responsibility to use good judgement on behalf of the organisation and to ensure that appropriate value is received by the organisation for such expenditures.

In terms of section 57 of the PFMA, each employee, within the area of his/her responsibility, is responsible for the managing of the organisation's liabilities and for the safeguarding of its assets. Every employee will thus be held accountable for the care and safe custody of the organisation's assets (including Intellectual Property rights) placed under such employee's control.

## **4.2 ETHICS IN CONDUCTING BUSINESS**

This section describes the CSIR's commitment to quality, safety, employee development and society.

### **4.2.1 Commitment to Employees:**

One of the CSIR's core values is being people-oriented. This is reflected in our Human Resource and Employment Equity policies and guidelines. Employees are treated in the most human way and a professional work ethic is promoted.

As employer, the CSIR is committed to honouring the values of respect, dignity and equal opportunity; fully subscribes to employee development; participation

and empowerment; and provides a safe and healthy working environment.

A bi-annual employee satisfaction survey is conducted to assess employee morale and to take remedial action where necessary.

#### **4.2.2 Commitment to Quality:**

The CSIR is committed to the quality and value of its products and services. This is entrenched through the continual improvement of our quality management processes.

#### **4.2.3 Commitment to Safety:**

The CSIR is committed to promoting and ensuring the safety of our employees and customers in the work environment. Safety is defined as to include physical safety and gender-sensitive, professional security.

#### **4.2.4 Competitive Information:**

Although it is appropriate to seek information about the competitive environment from consultants and other experts, we do not contact persons in order to obtain sensitive information or data from competitors.

Communication with competitors regarding sensitive competitive-information, such as prices, costs, terms and conditions of sale, or regarding decisions on whether to quote or not to quote, may be treated as evidence of an improper understanding or agreement between competitors. This is particularly so if the communication is followed by similar bids, price increases or other competitive actions.

#### **4.2.5 Commitment to Society:**

As one of the statutory research councils established by an Act of Parliament, the CSIR is bound by the country's legalisation and constitution. The organisation regards itself as a responsible corporate citizen whose mandate is defined by the Scientific Research Council Act.

The CSIR is committed to the upliftment of the country through contract research and strategic partnerships with local and international partners.

## 4.3 ETHICS OF THE JOB

This section describes ethical standards that employees should adhere to.

### 4.3.1 Conflicts of Interest:

The organisation expects employees not to use their position or knowledge gained through their position within the CSIR for private and/or personal gain or to conduct business in such a manner that a conflict or even a perceived conflict arises between the organisation's interest and any employee's personal interest.

A conflict of interest exists when an employee has a personal interest that could interfere with his/her objectivity in performing his/her duties as a CSIR employee.

For instance, a potential conflict could occur where an employee, a member of an employee's family or a business with which the employee or family is associated, obtains a gain, advantage or profit by virtue of the employee's position with the organisation or information gained through using that position.

Employees should therefore avoid any real or perceived conflict of interest with the CSIR as its employer.

### 4.3.2 Outside Employment and Directorship:

Whilst the CSIR promotes diverse participation of their employees in professional bodies and community organisations, employees should not, without prior authorisation in terms of the CSIR Conditions of Service, acquire any business interest or participate in any activity outside the organisation which could lead to any of the following:

- ~ An excessive demand of the employee's time and attention which would deprive the CSIR of the employee's best efforts on the job employed for.
- ~ A conflict of interest, i.e. an obligation, interest or distraction which would – or could - interfere or appear to interfere with the independent judgement in the CSIR's best interest.

It is regarded as a contravention of this Policy for employees to take up additional outside employment without authorization prior authorization by senior management. Employees who are offered Directorship positions outside the CSIR are required to seek Executive approval prior to accepting any such offer.

The provisions around Outside Work, as contained in the CSIR's Conditions of Service, should accordingly at all relevant times strictly be followed by every employee and the required declarations of interest be signed and/or updated annually.

Conflicts of interest also include:

- External work for clients, suppliers, vendors or competitors.
- Accepting an assignment for personal gain, the nature of which is similar to the work being done for the CSIR
- Holding a financial interest, such as a shareholding or a commission for placing business, in a business concern that is a supplier or client of the CSIR.
- Financial or personal involvement with an employee or representative of a supplier, vendor, client or competitor of the CSIR, with whom the CSIR employee regularly comes into contact while performing CSIR business.
- Accepting exclusive or preferential discounts from an employee or representative of a supplier or client.
- Dealing directly with or through a spouse or family member who is a supplier, vendor, client or competitor, or is employed by one.

- Soliciting loans from clients or suppliers who are not generally in the business of granting loans to the public.
- Purchasing shares from a supplier on a preferential basis.

#### **4.3.3 Political Involvement:**

The CSIR believes in the country's Constitution and thus will not willingly and consciously violate it. Individual employees have a right to participate in political processes and activities, as long as these do not deprive the organisation of their work. The CSIR will not attempt to influence any such activity provided there is no disruption to workplace activities and it does not contribute to industrial unrest.

CSIR funds, goods and services must never be used to contribute to political activities in any way.

#### **4.3.4 Relationship with Customers, Clients and Suppliers:**

When dealing with clients, customers and suppliers, employees should ensure that they are independent and are seen to be independent, from any business organisation having a contractual relationship with the organisation, providing goods or services to the organisation.

### **5. BUSINESS TRANSACTION PAYMENTS**

#### **5.1 Relationships with suppliers, contractors and consultants**

The following applies particularly to employees who have direct contact with outside suppliers or who are indirectly involved in source selection, evaluation and procurement.

Purchase contracts and the award of tenders must be made on the basis of quality, service, price (value for money) and availability. All approved suppliers and contractors must be of good standing, and should have an equal opportunity to compete for the CSIR's business. Consideration must also be given to the support of equity suppliers and small business development, simultaneously

ensuring that the CSIR Procurement Policy is at all times adhered to. Business and personal activities must be kept separate, to avoid actual or potential conflicts of interest.

The CSIR's purchasing power must under no circumstances be used for personal benefit. It would therefore be unethical to seek a concession or benefit of a personal nature from a supplier.

Restricted, proprietary or sensitive information about the CSIR may not be revealed to a supplier or potential supplier without the proper and prior authorisation.

The CSIR will not tolerate any form of improper influence, inducement, bribery or unethical conduct by suppliers or clients. Such conduct will be immediately reported to the relevant employee's supervisor or Manager, who, through the involvement of the relevant Human Resources Manager, will institute the appropriate action.

Employees who make or could influence purchasing decisions, must not be involved in the solicitation, on behalf of charitable, civic or other organisations, of gifts, money or time from current or potential suppliers.

## **5.2 Payments to employees by suppliers, contractors and consultants**

No contractor, supplier or consultant should make any payment or provide any form of reward to any CSIR employee to obtain any business or contract, to take any action, or in respect of any contract or order awarded, or for any other reason. This could amount to bribery and corruption under certain circumstances and any supplier, contractor or consultant who attempts to embark upon such activities, should without avail be reported to the CSIR Internal Audit Function for investigation.

## **5.3 Facilitation payments**

The CSIR does not permit or condone the making of facilitation payments. A facilitation payment is a gratuity paid to any government or other official to expedite services or routine administrative action.

### **5.3 Payments to other persons**

Payments for non-commercial purposes may be made only where authorised in advance by the relevant Business Unit Director.

## **6. EMPLOYEE ACCOUNTABILITY**

### **6.1 Bribes and kickbacks**

No bribes or kickbacks of any type may be paid to or accepted by any employee. Paying or receiving a bribe constitutes criminal behaviour, and will be prosecuted to the full extent of the law.

In South African law, bribery is defined as “the giving, agreeing to give or offering to give, any reward or consideration in return for future or past action, in the course of an employee’s official duties.” The employee who receives or agrees to receive the reward or consideration, also commits bribery and contravenes the Corruption Act.

### **6.2 Solicitation of payments, gifts or loans**

Employees may not use their position at the CSIR to solicit any form of favour, payment, overseas travel, gifts or loans from suppliers or other stakeholders.

Solicitation places the supplier or stakeholder in a position where he or she feels obliged to provide the favour or gift to avoid losing CSIR business or receiving poor service. These practices are strictly forbidden.

## **7. GETTING TO GRIPS WITH ETHICS**

The CSIR's Code of Conduct applies equally to all employees and other representatives of the organisation. Compliance with the Code by all employees and representatives is mandatory. Should you be in doubt about the application of the Code, discuss the matter with your immediate superior or a human resource practitioner in your immediate environment.

These guidelines will help you to perform your tasks at the CSIR with confidence in an ethical and irreproachable manner. It will guide and support you in identifying, considering, understanding and appropriately responding to business ethics issues in the workplace.

The guidelines address a range of common business issues and practices that could present employees with ethical problems and set out the ethical requirements in dealing with them. They are not intended to add to or to alter the CSIR Conditions of Service. Their benefits to employees lie in the provision of clarity and certainty about responsibilities in terms of business ethics.

## **8. EVERY EMPLOYEE'S ETHICAL RESPONSIBILITIES AND RIGHTS**

- 8.1 Familiarise yourself with this policy and its guidelines.
- 8.2 Request that you are familiarised with the full CSIR Code of Conduct and your responsibilities in terms thereof.
- 8.3 Request to be made aware of and be sensitive to situations that could lead to

unethical or illegal behaviour and avoid such situations.

- 8.4 Do not tolerate and report unethical behaviour in others.
- 8.5 Understand and keep up to date with South African laws and those of other countries, funding agency regulations and client and stakeholder requirements as these relate to your job.
- 8.6 Treat people with fairness, courtesy and sensitivity to their rights.
- 8.7 Perform your duties with honesty and integrity, to the best of your ability and the good of the CSIR.
- 8.8 Communicate openly and honestly and act with commitment to achieve a fair, transparent and a responsible end result.
- 8.9 Take responsibility and accept accountability for your actions and decisions.
- 8.10 Obtain authority for any public statement that may be interpreted as an official comment from the CSIR.

## **9. RESPONSIBILITIES OF CSIR MANAGERS**

In addition to their ethical responsibilities and rights as CSIR employees, managers and supervisors have additional responsibilities resulting from their managerial/supervisory duties:

- 9.1 A personal commitment to act according to the CSIR's Code of Conduct, communicate this commitment to your employees and lead by example;
- 9.2 maintain a work environment that encourages open communication about business ethics issues and concerns, and one that promotes compliance with such ethics;
- 9.3 regularly review standards of conduct during team briefings;
- 9.4 ensure that the Code of Conduct is communicated clearly and available to all your employees;

- 9.5 ensure that appropriate ethics sensitisation and training is provided;
- 9.6 familiarise yourself with the resources and processes available to assist in the resolution of questions and concerns about business ethics;
- 9.7 identify areas of risk in your business activities and establish ways to address potential contraventions of the Code of Conduct;
- 9.8 take responsibility for the conduct of your staff and ensure that serious or recurrent misconduct is dealt with appropriately; and
- 9.9 do not delegate discretionary authority to those employees who are unaware of or insensitive to the requirements of the ethics policy or guidelines.

## **10. SUMMARY OF GUIDELINES FOR ETHICAL CONDUCT**

These guidelines serve as a barometer for ethical behaviour in your relationships with peers and colleagues in the CSIR and in conducting business with the clients and stakeholders of the CSIR:

- 10.1 Perform your duties with honesty, integrity and to the best of your ability.
- 10.2 Communicate openly and honestly, and demonstrate a sense of purpose and a commitment to achieving the optimum outcome, even under adverse conditions.
- 10.3 Accept accountability for your actions and decisions.
- 10.4 Behave in a way that is beyond reproach.
- 10.5 At all times, comply with the policies, procedures and guidelines of the CSIR and the manner in which it conducts its business.
- 10.6 Use information obtained from the CSIR's work environment, or resulting from your position as an employee of the CSIR, only for the purpose for which it is intended to the good of the organisation.
- 10.7 Treat the assets and property of the CSIR, its employees, its clients and stakeholders and its suppliers with the same respect as you would your own.

- 10.8 Do not waste the CSIR's resources, including time.
- 10.9 Declare in writing, any information you may have about a personal or corporate conflict of interest.
- 10.10 Refuse any gifts that could be regarded as an attempt to exert undue influence over you to the detriment of the organisation.
- 10.11 Challenge others that you notice acting in an unethical way, report behaviour in conflict with the Code of Conduct and do not tolerate any form of retribution against those who speak up.

## **11. RESOLVING ETHICAL PROBLEMS: A STEP-BY-STEP GUIDE**

Acting ethically often means being able to choose the correct decision or course of action when faced with a number of conflicting alternatives. Having to accept responsibility and accountability for decisions and being able to prove that these decisions were ethical is what makes ethical behaviour in the business environment so critical.

In order to best resolve an ethical dilemma, it is best to break the problem down into its components by asking a number of ethical questions. Some of the generic questions are listed below (these will not always address the specifics of every situation). Follow this step-by-step approach to help you to work through a business ethics problem:

### **11.1 Analyse the Situation:**

- ~ How did it occur?
- ~ What must be decided?
- ~ Who can make the decision - you or someone else?
- ~ What are the implications of the decision?
- ~ What written instructions should be consulted?
- ~ Does an existing policy of procedure throw light on the situation?
- ~ Who should be consulted?
- ~ What are the ethical alternatives and the rationale for each?

If any of the choices require that an ethical principle be compromised, evaluate the facts and assumptions carefully. Is there room for a compromise that would

not violate the CSIR's standards of integrity? Finally, would another employee agree with your ethical judgement?

### **11.2 Consider the Possible Outcomes:**

- ~ Which outcome would be ethically preferable?
- ~ Who could be hurt/who could be helped by the decision?
- ~ To what extent could the persons affected be hurt or helped? What alternatives would be ethically permitted?
- ~ Of the choices identified, which are the most effective in reducing harm; which are the most effective in providing help; which are the most aligned with the CSIR's corporate values; and which most strongly preserve the rights of those involved?

### **11.3 Ask the Following Questions:**

- ~ Would I be proud to tell my family about my actions or have my actions made public?
- ~ If I were on the other side of the table, would I consider it fair?
- ~ Would my actions be viewed as proper by my peers?
- ~ Will my decision still seem correct a year from now; five/ten years from now?
- ~ Will my action contravene a law or guideline?

## **12. CONTRAVENTION OF THE CODE OF CONDUCT / ETHICS**

The organisation has several policies that serve to guide and regulate employee business conduct such as the Fraud Policy. These policies serve to protect the organisation and the employee. All employees within the CSIR are expected not to transgress these policies.

Non-adherence to the policy and guidelines of the CSIR Code of Conduct or transgression of the ethics will result in disciplinary action being taken.

However, should an employee require clarification on any policy, he/she is encouraged to seek information from Senior Management.