



FTSE 100 Codes of Ethics: room for improvement

An assessment of the Codes of Ethics of the UK's leading companies

Codes Matter

Codes of ethics are an important tool for companies to express their ethical culture, provide guidance for employees and set stakeholder expectations. This report takes stock of the codes of the FTSE 100. We find some excellent practice, but also plenty of room for improvement.

The following pages highlight the key points of our research.



Key observations



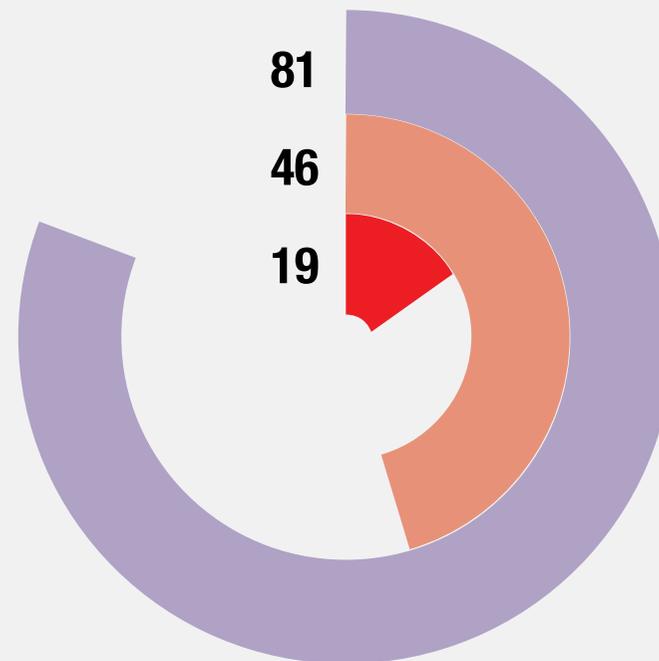
1 Could Do Better

Based on desk research of FTSE 100 companies, the IBE has found that:

- Most have a publicly available code of ethics of some sort,
- but barely half of those meet the standard we would expect...
- if they are to facilitate values-based decision-making and the development of an ethical culture.
- And nearly 1 in 5 FTSE 100 companies still don't have a publicly available code.

Out of 100 companies researched in total

- Have codes publicly available
- Have codes that reach a good standard
- Still don't have a publicly available code



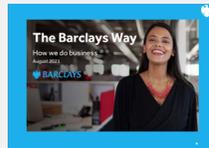
Key observations



2 Positive Signs

Most FTSE 100 companies are charting their own course and not simply following the herd:

- The codes vary greatly in length, style and content
- Companies aren't relying on copy-and-paste or boilerplate text
- Some companies are doing a good job, with excellent practice evident
- Many companies give their code an **identifying name**, which can help reinforce the message.



The Barclays Way
(Barclays)



Our Code, Our Responsibility
(BP)



The way we work
(Rio Tinto)



Stronger, Better, Together: How You Do It
(Imperial Brands)



Our Code of Conduct - Doing What's Right
(Vodafone)



At our best: our Code
(Rolls Royce)

Key observations



3 A Question of Quality

The quality of FTSE 100 codes of ethics varies greatly.

- The average score was 6.3 out of 10
- Taking a score of 7 to be the threshold, only 46 out of 81 (57%) could be said to have reached an acceptable/good standard
- A few were little more than lists of rules. Even if they use the title, they barely warrant the description, ‘code of ethics’
- And don’t forget, 19 FTSE 100 companies don’t have a publicly available code at all

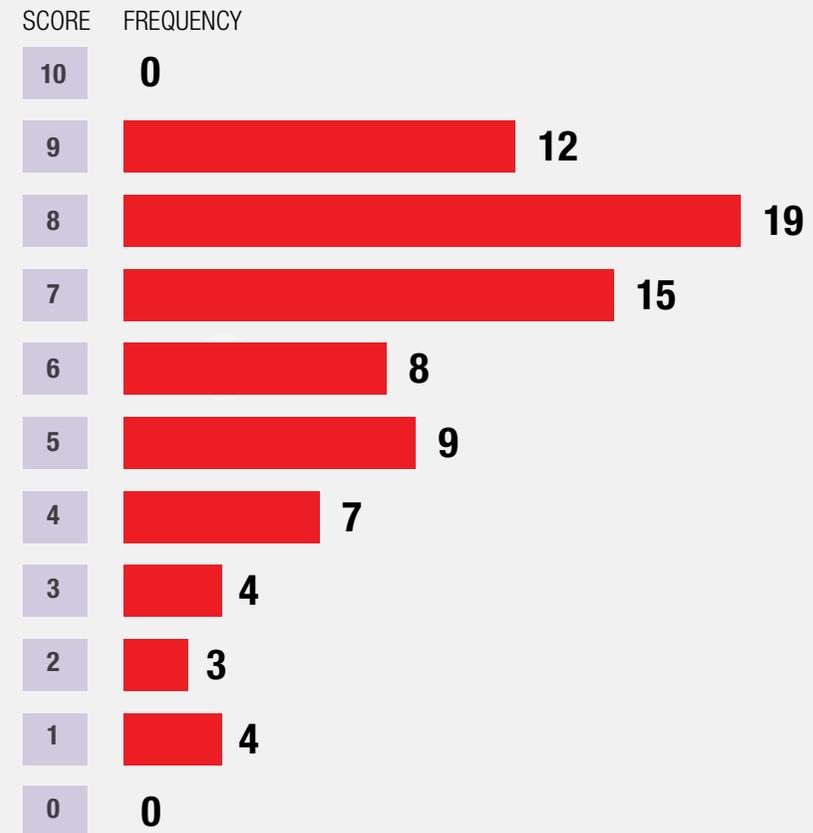
Scoring code quality

We assessed the quality of codes on 4 dimensions:

- Nature, language and tone
- User friendliness
- Speak up
- Leadership

For more information about assessing the quality of codes, see appendix B. [→](#)

Quality scores



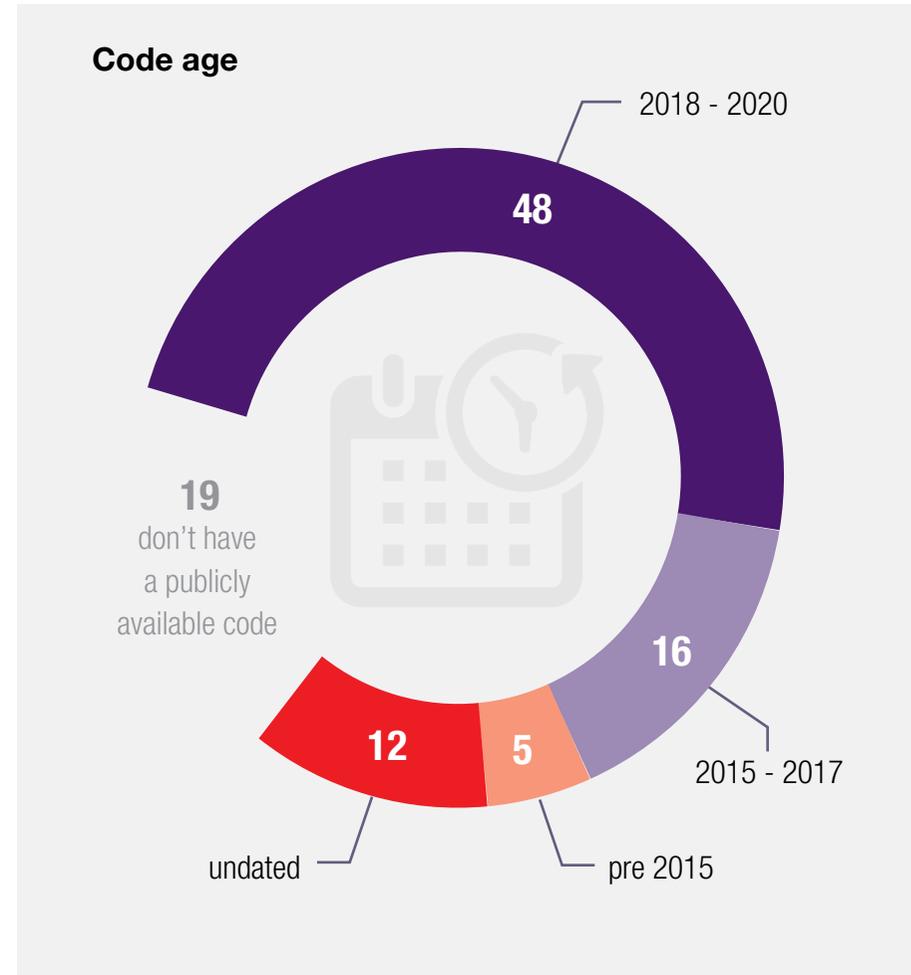
Key observations



4 Looking Dated?

The IBE recommends that codes be version-dated and reviewed at least once every three years. However:

- Of the codes that are dated, nearly a third haven't been revised in the last three years
- 1 in 7 are more than five years old
- Codes that haven't been revised recently tend to score lower on quality
- 1 in 7 aren't even dated.



Key observations



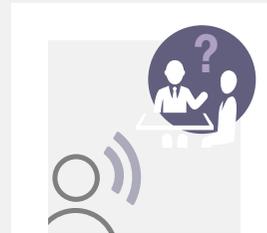
5 Good Additions

Many FTSE 100 companies could make some simple but effective improvements:

Suggested additions



- Add a clear endorsement of the code by senior leadership



- Explain how people can speak up if they have any ethical concerns – a great way of spotting problems before they get out of hand



- Set out what people can expect from the speak up process and include a clear commitment to zero tolerance of retaliation against those who raise concerns



- Include effective guidance for employees, such as a decision-making tool for them to use, FAQs or examples.

Key observations



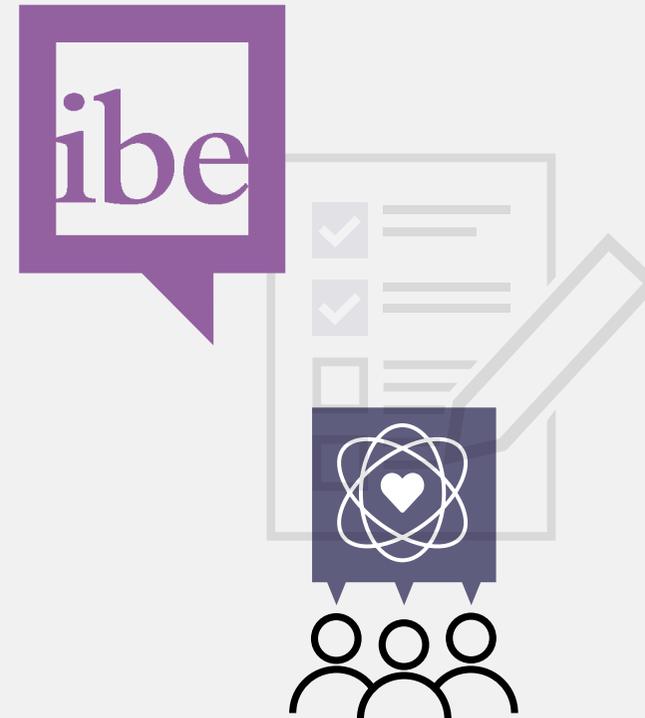
6 Freshen Up

It's time for many companies to revise their code of ethics.

Some companies need to:

- Shift the focus away from rules and policies to a values-led approach that guides employees when there isn't a simple answer
- Avoid legalistic language and seek to generate engagement e.g. 'we will' rather than 'you must'
- Consider the accessibility of the code – e.g. good graphic design rather than dense text; alternatives to the PDF; apps.

The IBE has helped many companies and other organisations review their code of ethics and other aspects of their ethics programme.

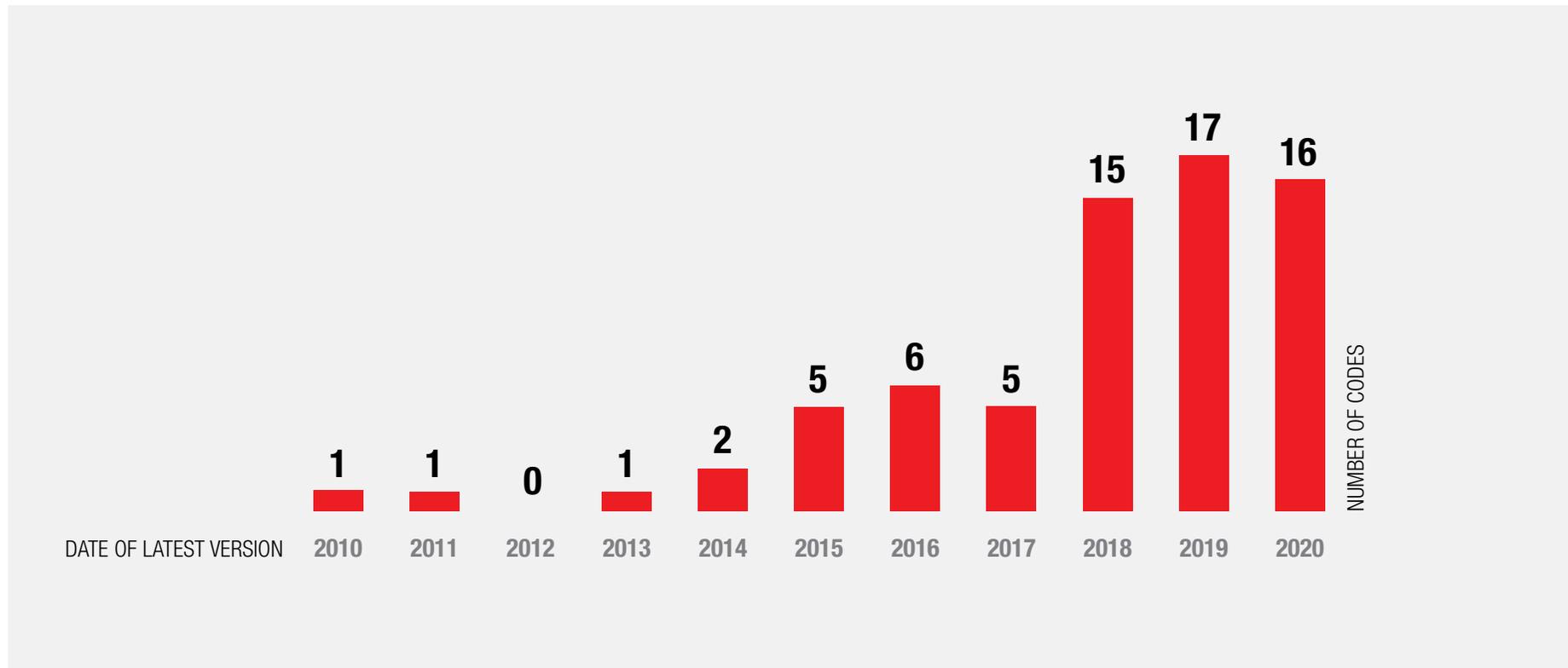


Appendix

A Prevalence and Age

How widespread are codes of ethics and how old are they?

- 81 companies have a readily accessible code (but 12 are undated)
- 4 companies mention having a code, but not publicly available
- 15 companies have no sign of having a code



Appendix

B Assessing Code Quality

Based on our long experience of researching and advising on codes, we devised a scoring system (out of 10):

- **Nature, language and tone** (*max. 3 points*)
Rules or guidance? Natural language or 'legalese'? Values-based approach that provides real guidance?
- **User friendliness** (*max. 2 points*)
Accessible design? Provides tools that help employees make good choices?
- **Speak up** (*max. 3 points*)
Explains how people can raise concerns? Sets out what they can expect to happen when they do so? Commitment to non-retaliation?
- **Leadership** (*max. 2 points*)
Senior leadership endorsement? Managers expected to act as role models?

Code quality assessment



The graphic features the IBE logo (Institute of Business Ethics) in the top left. To its right is a checklist with four items, the first two of which are checked. A pencil icon is positioned over the checklist. In the bottom right corner, there is a circular icon containing a white checkmark on a purple background.

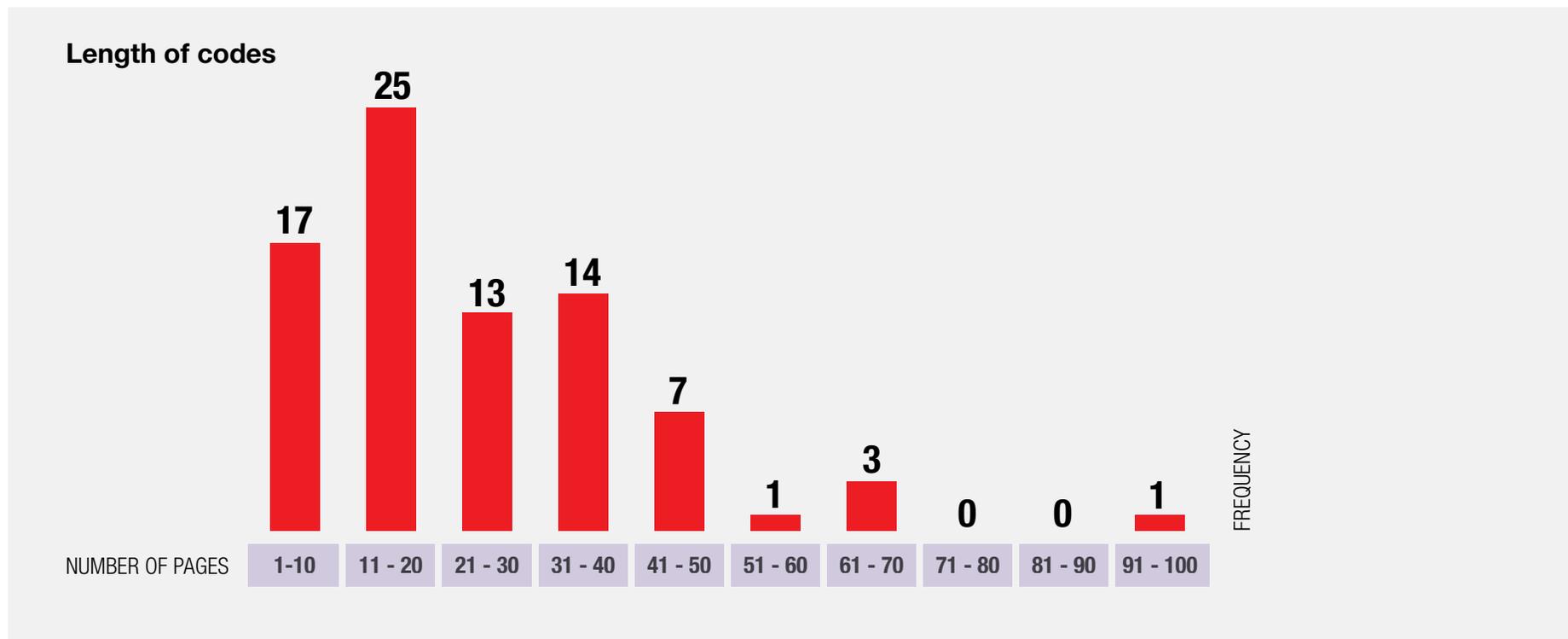
3 + 2 + 3 + 2 = max. 10

Appendix

C Code Length

The IBE doesn't specify an ideal length for a code, which can be affected by simple things like layout and design, but we did find considerable variation.

- The mean length was 24 pages; the median was 20 pages
- Nearly two thirds (64%) fell into the range 11 - 40 pages
- The shortest code was just 1 page; the longest was 94 pages long



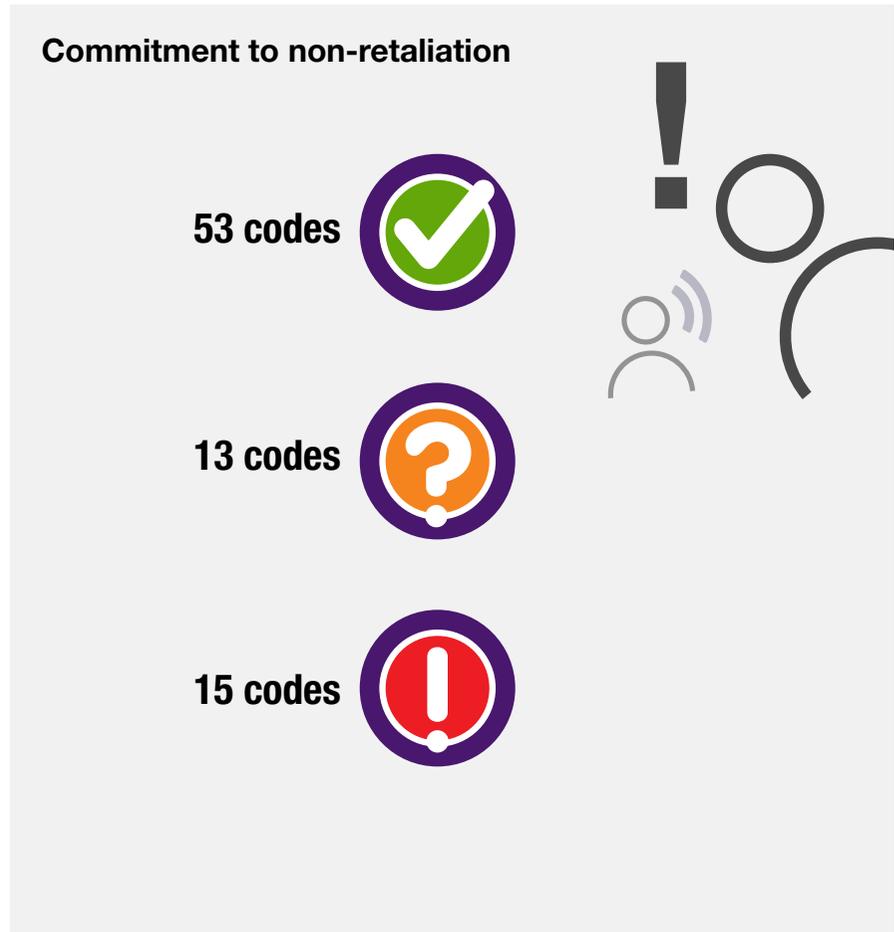
Appendix

D Commitment to Non-Retaliation for Speaking Up

The IBE strongly recommends the inclusion in the code of unequivocal assurances of non-retaliation against those who raise an ethical concern.

Findings:

- 53 codes had a strong, explicit commitment to non-retaliation
- 13 codes made weaker, hedged or implicit commitments
- In 15 codes, we could find nothing about non-retaliation.



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We hope you found this report interesting and useful.

For further information about the research that underpins the report, please email us at research@ibe.org.uk.

If you would like to discuss how we can help you develop or review your code of ethics, please contact engagement@ibe.org.uk.

For further information about the IBE, its services or becoming a Supporter, please visit www.ibe.org.uk or email us at info@ibe.org.uk.

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