

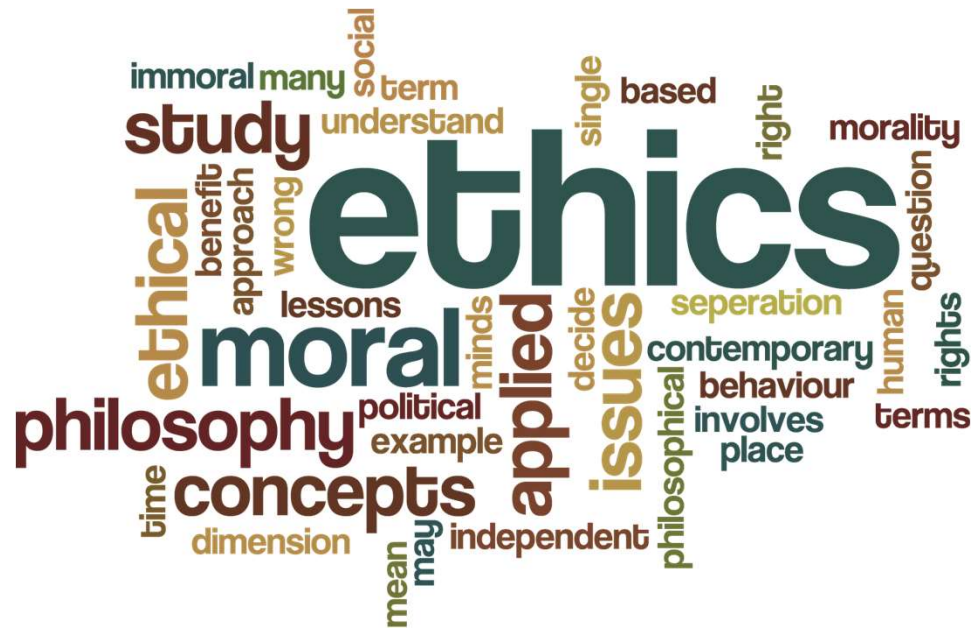
Vicenza, 26 febbraio 2018



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Code of Ethics



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Sociologist Raymond Baumhart asked business people:
"What does ethics mean to you?"

Among their replies were the following:

"Ethics has to do with what my feelings tell me is right or wrong."

"Ethics has to do with my religious beliefs."

"Being ethical is doing what the law requires."

"Ethics consists of the standards of behavior our society accepts."

"I don't know what the word means."



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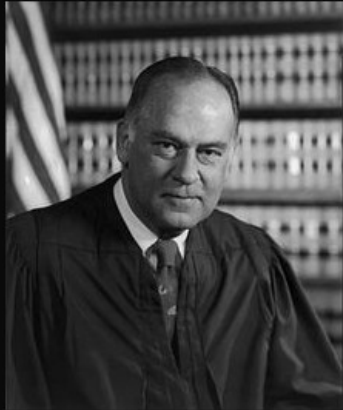
The term *ethics* derives from the Ancient Greek word ἠθικός *ethikos*, which is derived from the word ἦθος *ethos* (habit, "custom").



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Ethics is knowing the difference between what you
have a right to do and what is right to do.

(Potter Stewart)

izquotes.com



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Human dignity can be achieved only
in the field of ethics, and ethical
achievement is measured by the
degree in which our actions are
governed by compassion and love,
not by greed and aggressiveness.

— *Arnold J. Toynbee* —

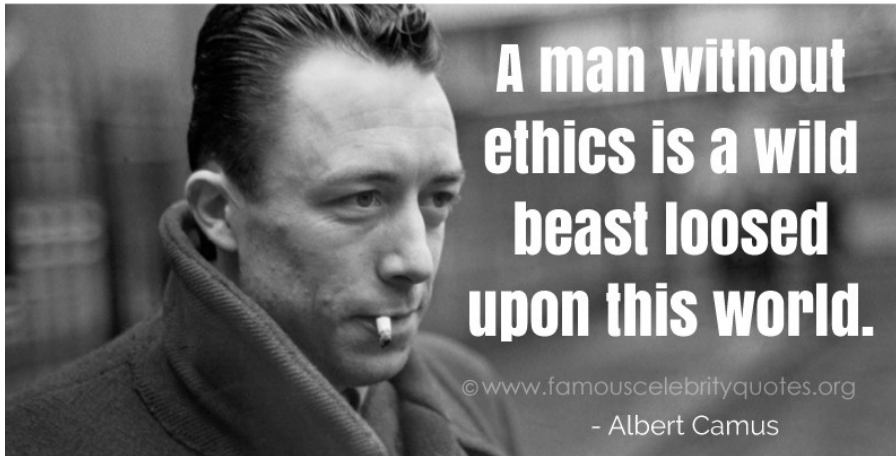
AZ QUOTES



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**A man without
ethics is a wild
beast loosed
upon this world.**

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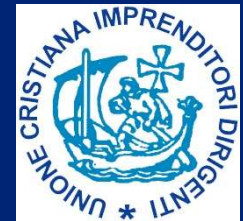
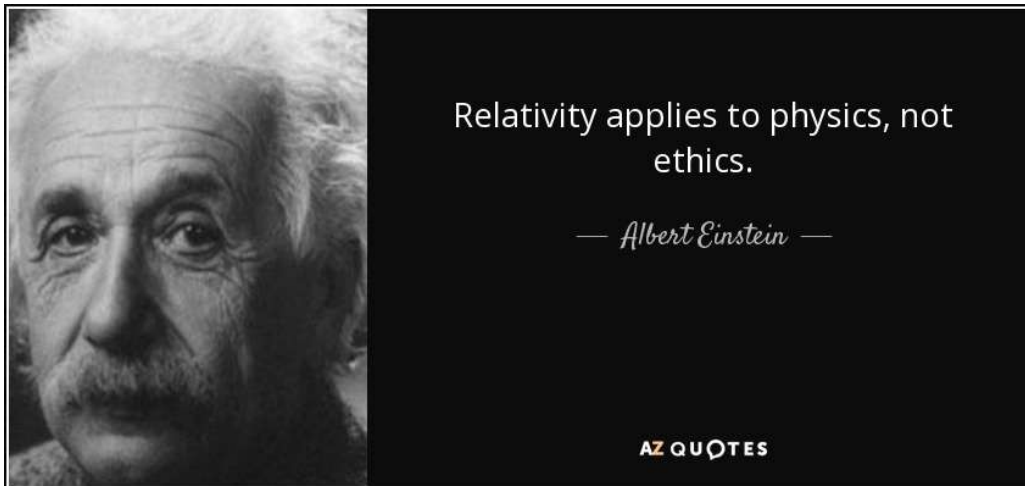
- Albert Camus



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IN LAW A MAN IS
GUILTY WHEN HE
VIOLATES THE RIGHTS
OF OTHERS. IN ETHICS
HE IS GUILTY IF HE
ONLY THINKS OF DOING
SO.

- Immanuel Kant



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Interest in ethics
is an
evidence of
delayed mental
development

~ Oscar Wilde ~



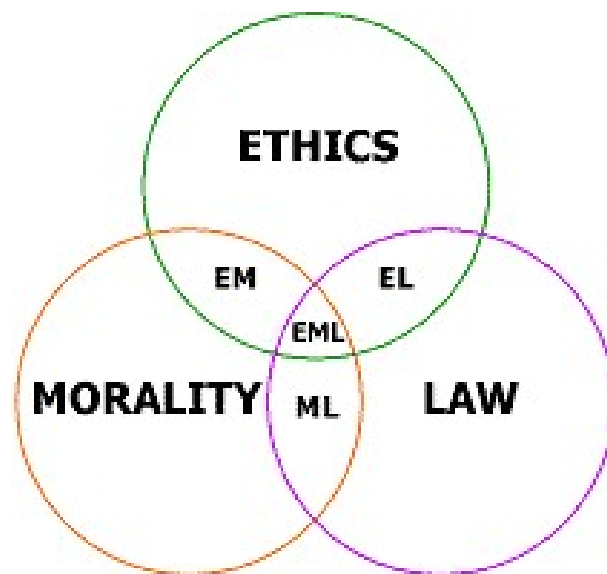
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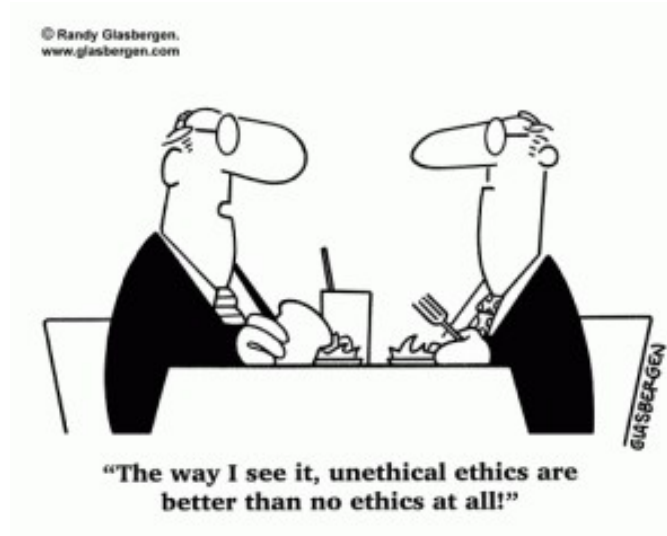
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Ethics investigates the questions:

"What is the best way for people to live?"

"What actions are right or wrong in particular circumstances?"



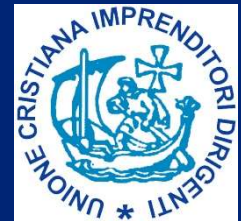
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Ethics seeks to resolve questions of human morality, by defining concepts such as:

- ✓ good and evil
- ✓ right and wrong
- ✓ virtue and vice
- ✓ justice and crime



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Why a lot of people is not acting ethically?

Two main reasons could be:

- Because ethical principles vary from person to person and from society to society
- Because people often acts with egoism



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What are the main justifications or excuses to act unethically?



'That's it agreed then - the company's new motto is going to be "We didn't do anything illegal!".'



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A person who knows the difference between right and wrong and chooses right is moral. A person whose morality is reflected in his willingness to do the right thing – even if it is hard or dangerous – is ethical.

Ethics are moral values in action



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BUSINESS ETHICS

Business ethics is the study of proper business policies and practices regarding potentially controversial issues, such as corporate governance, insider trading, bribery, discrimination, corporate social responsibility and fiduciary responsibilities. Business ethics are often guided by law, while other times provide a basic framework that firms may choose to follow in order to gain public acceptance



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BUSINESS ETHICS

Making money is not wrong in itself. It is the manner in which some businesses conduct themselves that brings up the question of ethical behavior.

When a company does business with another that is considered unethical, does this make the first company unethical by association?



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BUSINESS ETHICS

If a company does not adhere to business ethics and breaks the laws, they usually end up being fined. Many companies have broken anti-trust, ethical and environmental laws and received fines worth millions. The problem is that the amount of money these companies are making outweighs the fines applied. Billion dollar profits blind the companies to their lack of business ethics, and the dollar sign wins.



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CORPORATE SOCIAL RESPONSIBILITY

CSR is a business approach that contributes to sustainable development by delivering economic, social and environmental benefits for all stakeholders.

CSR is a very broad concept that addresses many and various topics such as human rights, corporate governance, health and safety, environmental effects, working conditions and contribution to economic development.



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CSR REPORTING

The concept of CSR reporting is almost as flexible as the concept of CSR itself. Just like every company can define to itself what CSR means, it can also choose how to communicate its CSR progress in whatever way it finds suitable.

This level of flexibility enables companies to be creative and come up with a report that has some sort of personality, reflecting the vision, values and personality of the company



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MANAGING ETHICS IN THE WORKPLACE

The following list describes various types of benefits from managing ethics in the workplace:

1. Attention to business ethics has substantially improved society
2. Ethics programs help maintain a moral course in turbulent times
3. Ethics programs cultivate strong teamwork and productivity



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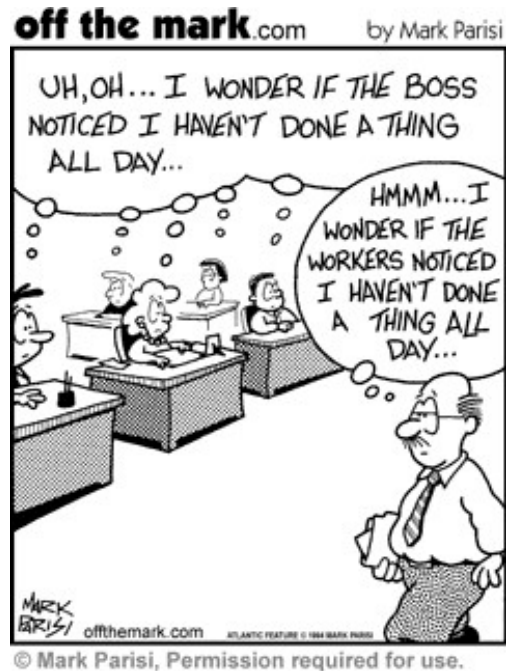
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MANAGING ETHICS IN THE WORKPLACE

The following list describes various types of benefits from managing ethics in the workplace:

4. Ethics programs support employee growth and meaning
5. Ethics programs are an insurance policy — they help ensure that policies are legal
6. Ethics programs help avoid criminal acts “of omission” and can lower fines



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MANAGING ETHICS IN THE WORKPLACE

The following list describes various types of benefits from managing ethics in the workplace:

7. Ethics programs help manage values associated with quality management, strategic planning and diversity management
8. Ethics programs promote a strong public image



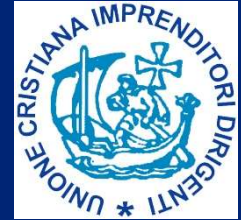
**"We're able to cut back on legal
fees by being more ethical."**



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HOW TO STUMP A
CORPORATE LAWYER



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PROFESSIONAL ETHICS

Professional ethics are professionally accepted standards of personal and business behavior, values and guiding principles.

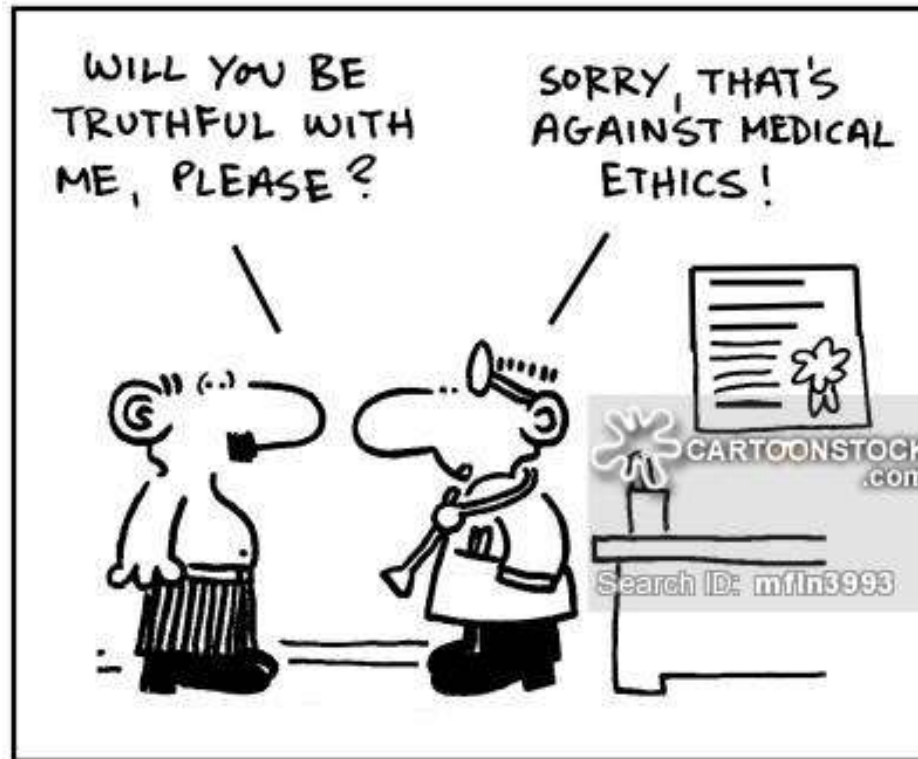
Codes of professional ethics are often established by professional organizations to help guide members in performing their job functions according to ethical principles.



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PROFESSIONAL ETHICS

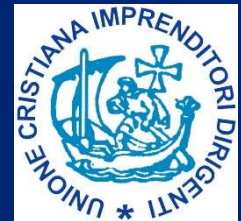
Professional ethics is an ancient concept, with one of the earliest examples in history being the Hippocratic Oath for medical professionals. Some of the most common components of professional ethics codes refer to knowledge, honesty, accountability, integrity, loyalty, compliance with the law and more. Individual responsibility is a main component encompassed in professional ethics.



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PROFESSIONAL ETHICS FOR ACCOUNTANTS

Professional ethics for accountants comes from the International Ethics Standards Board for Accountants (IESBA). This is one of the Standards Setting Boards located within the International Federation of Accountants (IFAC).



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PROFESSIONAL ETHICS FOR ACCOUNTANTS

The IESBA Code of Ethics for Professional Accountants is arranged in three parts:

- **Part A** - General Application of the Code
- **Part B** - Professional Accountants in Public Practice
- **Part C** - Professional Accountants in Business



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PREFACE

PART A - GENERAL APPLICATION OF THE CODE

- 100 Introduction and Fundamental Principles
- 110 Integrity
- 120 Objectivity
- 130 Professional Competence and Due Care
- 140 Confidentiality
- 150 Professional Behavior



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PART B - PROFESSIONAL ACCOUNTANTS IN PUBLIC PRACTICE

- 200 Introduction
- 210 Professional Appointment
- 220 Conflicts of Interest
- 230 Second Opinions
- 240 Fees and Other Types of Remuneration
- 250 Marketing Professional Services
- 260 Gifts and Hospitality
- 270 Custody of Client Assets
- 280 Objectivity - All Services
- 290 Independence - Audit and Review Engagements
- 291 Independence - Other Assurance Engagements



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PART C - PROFESSIONAL ACCOUNTANTS IN BUSINESS

300 Introduction

310 Potential Conflicts

320 Preparation and Reporting of Information

330 Acting with Sufficient Expertise

340 Financial Interests

350 Inducements



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PART A - GENERAL APPLICATION OF THE CODE

A professional accountant shall comply with the following fundamental principles:

- (a) **Integrity** – to be straightforward and honest in all professional and business relationships.
- (b) **Objectivity** – to not allow bias, conflict of interest or undue influence of others to override professional or business judgments.
- (c) **Professional Competence and Due Care** – to maintain professional knowledge and skill at the level required to ensure that a client or employer receives competent professional services based on current developments in practice, legislation and techniques and act diligently and in accordance with applicable technical and professional standards.
- (d) **Confidentiality** – to respect the confidentiality of information acquired as a result of professional and business relationships and, therefore, not disclose any such information to third parties without proper and specific authority, unless there is a legal or professional right or duty to disclose, nor use the information for the personal advantage of the professional accountant or third parties.
- (e) **Professional Behavior** – to comply with relevant laws and regulations and avoid any action that discredits the profession.



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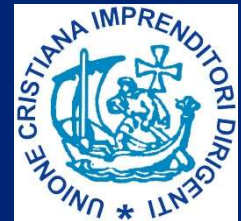
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PART A - GENERAL APPLICATION OF THE CODE
SECTION 100 - Conceptual Framework Approach

The circumstances in which professional accountants operate may create specific **threats** to compliance with the fundamental principles. This Code establishes a conceptual framework that requires a professional accountant to identify, evaluate, and address threats to compliance with the fundamental principles.

When a professional accountant identifies threats to compliance with the fundamental principles and, based on an evaluation of those threats, determines that they are not at an acceptable level, the professional accountant shall determine whether appropriate **safeguards** are available and can be applied to eliminate the threats or reduce them to an acceptable level.

The conceptual framework approach assists professional accountants in complying with the ethical requirements of this Code and meeting their responsibility to act in the public interest.



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PART A - GENERAL APPLICATION OF THE CODE

SECTION 100 - Threats

- (a) **Self-interest threat** – the threat that a financial or other interest will inappropriately influence the professional accountant’s judgment or behavior;
- (b) **Self-review threat** – the threat that a professional accountant will not appropriately evaluate the results of a previous judgment made or service performed by the professional accountant, or by another individual within the professional accountant’s firm or employing organization, on which the accountant will rely when forming a judgment as part of providing a current service;
- (c) **Advocacy threat** – the threat that a professional accountant will promote a client’s or employer’s position to the point that the professional accountant’s objectivity is compromised;
- (d) **Familiarity threat** – the threat that due to a long or close relationship with a client or employer, a professional accountant will be too sympathetic to their interests or too accepting of their work; and
- (e) **Intimidation threat** – the threat that a professional accountant will be deterred from acting objectively because of actual or perceived pressures, including attempts to exercise undue influence over the professional accountant.



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PART A - GENERAL APPLICATION OF THE CODE

SECTION 100 - Safeguards

Safeguards are actions or other measures that may eliminate threats or reduce them to an acceptable level.

They fall into two broad categories:

- (a) Safeguards created by the profession, legislation or regulation; and
- (b) Safeguards in the work environment.

Safeguards created by the profession, legislation or regulation include:

- Educational, training and experience requirements for entry into the profession.
- Continuing professional development requirements.
- Corporate governance regulations.
- Professional standards.
- Professional or regulatory monitoring and disciplinary procedures.
- External review by a legally empowered third party of the reports, returns, communications or information produced by a professional accountant.



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PART B - PROFESSIONAL ACCOUNTANTS IN PUBLIC PRACTICE
SECTION 200 – Threats and Safeguards

Examples of circumstances that create **self-interest threats** for a professional accountant in public practice include:

- A member of the assurance team having a direct financial interest in the assurance client.
- A firm having undue dependence on total fees from a client.
- A member of the assurance team having a significant close business relationship with an assurance client.
- A firm being concerned about the possibility of losing a significant client.
- A member of the audit team entering into employment negotiations with the audit client.
- A firm entering into a contingent fee arrangement relating to an assurance engagement.
- A professional accountant discovering a significant error when evaluating the results of a previous professional service performed by a member of the professional accountant's firm.



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PART B - PROFESSIONAL ACCOUNTANTS IN PUBLIC PRACTICE
SECTION 200 – Threats and Safeguards

Examples of circumstances that create **self-review threats** for a professional accountant in public practice include:

- A firm issuing an assurance report on the effectiveness of the operation of financial systems after designing or implementing the systems.
- A firm having prepared the original data used to generate records that are the subject matter of the assurance engagement.
- A member of the assurance team being, or having recently been, a director or officer of the client.
- A member of the assurance team being, or having recently been, employed by the client in a position to exert significant influence over the subject matter of the engagement.
- The firm performing a service for an assurance client that directly affects the subject matter information of the assurance engagement.



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PART B - PROFESSIONAL ACCOUNTANTS IN PUBLIC PRACTICE
SECTION 200 – Threats and Safeguards

Examples of circumstances that create **advocacy threats** for a professional accountant in public practice include:

- The firm promoting shares in an audit client.
- A professional accountant acting as an advocate on behalf of an audit client in litigation or disputes with third parties.



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PART B - PROFESSIONAL ACCOUNTANTS IN PUBLIC PRACTICE
SECTION 200 – Threats and Safeguards

Examples of circumstances that create **familiarity threats** for a professional accountant in public practice include:

- A member of the engagement team having a close or immediate family member who is a director or officer of the client.
- A member of the engagement team having a close or immediate family member who is an employee of the client who is in a position to exert significant influence over the subject matter of the engagement.
- A director or officer of the client or an employee in a position to exert significant influence over the subject matter of the engagement having recently served as the engagement partner.
- A professional accountant accepting gifts or preferential treatment from a client, unless the value is trivial or inconsequential.
- Senior personnel having a long association with the assurance client.



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PART B - PROFESSIONAL ACCOUNTANTS IN PUBLIC PRACTICE
SECTION 200 – Threats and Safeguards

Examples of circumstances that create **intimidation threats** for a professional accountant in public practice include:

- A firm being threatened with dismissal from a client engagement.
- An audit client indicating that it will not award a planned nonassurance contract to the firm if the firm continues to disagree with the client's accounting treatment for a particular transaction.
- A firm being threatened with litigation by the client.
- A firm being pressured to reduce inappropriately the extent of work performed in order to reduce fees.
- A professional accountant feeling pressured to agree with the judgment of a client employee because the employee has more expertise on the matter in question.
- A professional accountant being informed by a partner of the firm that a planned promotion will not occur unless the accountant agrees with an audit client's inappropriate accounting treatment.



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PART B - PROFESSIONAL ACCOUNTANTS IN PUBLIC PRACTICE
SECTION 210 - Professional Appointment

Client Acceptance

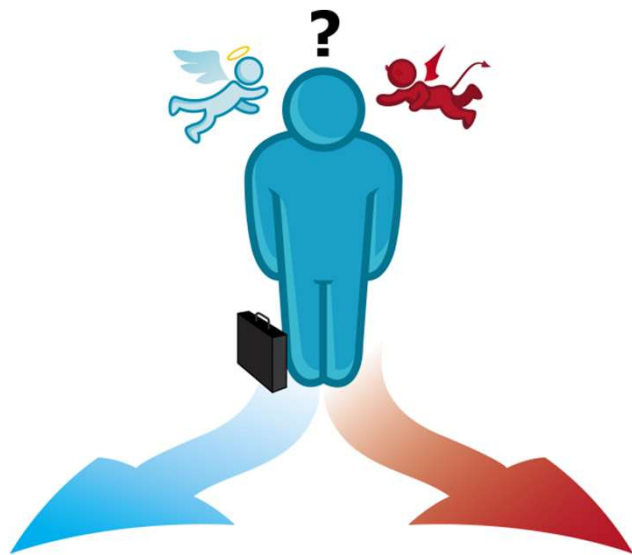
Before accepting a new client relationship, a professional accountant in public practice shall determine whether acceptance would create any threats to compliance with the fundamental principles. Potential threats to integrity or professional behavior may be created from, for example, questionable issues associated with the client (its owners, management or activities).



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