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## OBRUM CODE OF ETHICS

**Abstract.** Polska Grupa Zbrojeniowa (PGZ - Polish Armaments Group) has an established system for protecting employees against discrimination and ill treatment which is described in detail in the Anti-Mobbing Procedure. In 2016, PGZ recommended to the daughter companies of the Capital Group the implementation of the most important documents in the field of ethics, in particular the Code of Ethics and the Anti-Mobbing and Anti-Corruption Procedures. OBRUM, a member of the Group, developed a set of internal documents establishing high standards and rules of conduct regarding broadly understood ethics in interpersonal relations. The article presents issues related to ethics, mobbing and corruption based on the procedures adopted for use by OBRUM. The role and tasks of the Ethics Committee established at OBRUM are also discussed.

**Keywords:** Polska Grupa Zbrojeniowa, PGZ, code of ethics, mobbing, corruption, ethics committee.

### 1. INTRODUCTION

Polska Grupa Zbrojeniowa S.A., being the parent company in the PGZ Capital Group, was established in December 2013. Within the current organizational structure, it consolidates virtually all enterprises and institutions of Polish industrial defence potential.

PGZ S.A., as a mother company, has over 60 companies are under its supervision. The owner supervision over the PGZ Capital Group is exercised directly by the Minister of National Defence. OBRUM was incorporated in the PGZ Capital Group on October 17, 2014, pursuant to an agreement to transfer ownership of shares and subscribe for shares through private subscription concluded between Polska Grupa Zbrojeniowa S.A. and Polski Holding Obronny (Polish Defence Holding). The organizational structure of Polska Grupa Zbrojeniowa is of the holding type. Striving for coherence in the management and organization of work of the entities within the Group, OBRUM is gradually implementing modern forms of management, for example: project management, uniform accounting policy, common transfer pricing policy, guidelines for common foreign trade policy, corporate governance rules, etc.

One of the most important areas affecting the perception of the PGZ Capital Group both on the Polish and international markets are areas related to the system of protection of employees against discrimination and ill-treatment. In 2016 the Management Board of PGZ

adopted its Code of Ethics and the Anti-Mobbing and Anti-Corruption Procedures, at the same time recommending to all Member Companies of the Group to develop their own documents of legal regulations in these areas.

On June 29, 2015, pursuant to an appropriate resolution, the Management Board of OBRUM adopted and implemented the principles of conduct formulated in the "Code of Ethics of OBRUM employees".

The Code was expanded on November 25, 2016, in the area of ethics, new procedures and new rules of conduct were created. In 2017, the Ethics Committee of OBRUM was established. and at the same time the principal document, the Regulations of the OBRUM Ethics Committee, was enforced.

## **2. ETHICS IN BUSINESS**

In the modern world ethics plays a very important role in the conduct of both the entrepreneurs and the employees.

Ethics in business is the relationship between the company and its clients, business partners and competitors, but most importantly it is the relationship between employees. This relationship must comply with the law in force and with the adopted rules of conduct. That relationship also covers compliance with the norms adopted by the society. These norms are constantly verified by the public. Companies strive to achieve the highest profits and often make decisions contrary to the norms of social coexistence, which is why large enterprises devise the so-called ethical codes that set the standards for business conduct. That conduct is related to business partners, employees, clients and competitors.

Ethics in business should be the basis for the activities of any organization. Its recognition and application serves the interests of the company. Ethical responsibility can improve company operation and reduce the costs of possible conflicts arising from ignorance of the moral rules. Norms that are applied in a company largely depend on the social conditions and culture of a given society. When devising these norms, businesses should take into account not only increased profits, but also the satisfaction of clients and employees.

Organizations promoting the ethics of business are being established in many countries. In Poland, these are the Polish Business Roundtable (PRB), Polish Business Ethics Association (PSEB) and Polish Confederation of Private Employers (PKPP).

Ethics in business also means eliminating or reducing the risk of corruption, and clear identification and building of awareness related to the phenomenon of mobbing, that is, understanding and recognizing inappropriate behaviour in the company.

The main values that each company should exercise include:

- responsibility, that is, the company's readiness to change, to withdraw from wrong decisions, to conduct consistent with accepted social norms and to be ready to take responsibility for wrong, unethical behaviours or decisions;
- transparency, that is, sharing information about decisions and activities related to the aspects of company operations that have a relationship with the public;
- ethical behaviour, when all decisions are made and executed in a fair, reliable, trustworthy manner and without receiving or offering illegal advantages. Ethical behaviour also includes personal values and sense of responsibility of the business owner, readiness to treat others as equals, honesty and commitment;
- active presence in the surrounding setting, that is awareness that the company does not act in isolation from the surroundings. Local cooperation and activity, participation in various types of actions of an ethical, anti-mobbing or anti-corruption nature are important.

### **3. OBRUM CODE OF ETHICS**

Every entrepreneur who starts a business sets his goals. Development, care for a co-worker, social work, maximization of profits are just some of the guidelines that companies follow. OBRUM Regulation No. 10/2016 regarding the introduction of the "OBRUM Code of Ethics" came into effect on November 25, 2016. The Code of Ethics is a set of principles and rules that guide the activity of a given company. They define the vision and mission of the company, and also regulate the relations between the company and co-worker, between the company and client, between the co-worker and client. OBRUM's mission is to *create*

*innovations thanks to a highly motivated team of specialists working in a modern and friendly environment and promotion of the resulting technical idea*, and its vision is to be the "leader among research institutions within the Polish armaments industry consolidated around PGZ S.A." The Code of Ethics defines the basic principles that all OBRUM employees must follow and explains what values should guide employees when making decisions. It also regulates the security of confidential information that constitutes classified information. The Code of Ethics specifies situations that may lead to a conflict of personal interests. OBRUM employee should not take part in tasks that may lead to conflicts of interest between the employee's professional duty and his or her private interest. The basic principle of the OBRUM Code of Ethics is cooperation: all employees form one team. Each employee is a part of the company, and cooperation between generations is the foundation of the company's success. Another important principle of the Code of Ethics is "zero tolerance for corruption"; vendors are selected based on the quality of products or services offered and professionalism in business relations. OBRUM does not tolerate accepting or offering gifts to business partners. It complies with the legal acts, both national and applicable in other countries, where OBRUM does business activities. The selection of contractors is based on the principles set out in the OBRUM Code of Ethics. Principal criteria are as follows:

- attractive price offer;
- quality of the services offered;
- terms of cooperation, etc.;
- cooperation with entities that also apply the principles of business ethics equivalent to those adopted by OBRUM.

The activity of internal company structures determines the company's culture. Each employee is obliged to take care of the good corporate image not only among the employees but also in the business field. Then the client's perception is that the company is reliable and trustworthy. The defence industry circles are demanding and OBRUM must take special care of the security of information related to company operations, i.e. about ongoing R&D projects, finance, marketing or ideas for new products. When providing services to clients OBRUM complies with the client's code of ethics, meaning that the good practices are applied and adhered to in business relations.

#### **4. ANTI-MOBING PROCEDURES AT OBRUM**

The more sensitive areas in employee relations include mobbing and harassment. According to art. 943.2 of the Labour Code, mobbing includes actions or behaviours related to an employee or directed against an employee, consisting in persistent and long-lasting harassment or intimidation of an employee, causing him/her to undervalue his/her occupational fitness, causing or aimed at humiliating or ridiculing, isolation or elimination from the team of employees.

The developed anti-mobbing procedures adopted at OBRUM were created to broaden the awareness of the employees regarding this phenomenon.

Mobbing is when the harassment lasts not less than six months, it is systematic, at least once a week, and affects human dignity. The implemented procedures determine the types and forms of mobbing, ways of taking measures in the event of mobbing behaviour, rules, methods and modes of reporting violations. The procedures apply to all OBRUM employees irrespective of their positions.

The procedures specify how persons responsible, that is members of the Board, the Ethics and Anti-Corruption Coordinator, the Ethics Committee, management, as well as employees, are to react to mobber behaviour, such as:

- instrumental treatment of others, without empathy;
- humiliation of others;
- obstruction of communication, e.g. interrupting statements, constant criticism;
- diminishing employee's competences;
- putting pressure on an employee.

Any employee who is ambitious, devoted to work, conscientiously performing his/her duties, for whom work is extremely important, can become a victim of mobbing. People who are most often mobbed have a difficult personal situation, low self-esteem or are those who have found some irregularities in the company. When discussing the issue of mobbing, one must understand the difference between mobbing, harassment and discrimination: these concepts are often confused. According to art. 183a.5.2 of the Labour Code, harassment is a behaviour that violates personal dignity through intrusive and persistent injections, usually close to assault, and is not accepted by the public. According to art. 183a of the Labour Code, discrimination is a form of unjustified marginalization (social exclusion),

manifested by treating a person less favourably than another in a comparable situation with regard to a feature, such as disability, sexual orientation, gender, religion, world view, nationality or race.

## **5. ANTI-CORRUPTION PROCEDURES AT OBRUM**

The purpose of the anti-corruption procedure is to make employees aware of the corruption issues. According to art. 1.3a.1 of the Act on the Central Anti-Corruption Bureau, corruption is an act which involves promising, proposing, giving, demanding or accepting of any undue advantage for themselves or any other person, and also accepting an offer or promise of such advantage in return for acting or omission to act in performing official duties. The procedures define the types and forms of corruption and the procedures for dealing with corruption. As is the case with the anti-mobbing procedures, members of the Board, the Ethics and Anti-Corruption Coordinator, the Ethics Committee, management, as well as employees, are responsible for compliance with procedures. Effective implementation of anti-corruption procedures is not only an activity that reduces risks for the company, but it can also be beneficial to business by expanding the impact on the market, clients and partners. The exchange of gifts and invitations for sports, recreation or entertainment events is legal and is an accepted way to strengthen business relationships. Such tools can support commercial activities and help the company in enhancing its image, provided that they are applied within set limits, in accordance with good business practices. Giving and receiving gifts should be in accordance with the principle that gifts are not presented with the intention of corruption, which is designed to exert undue influence on the decisions or actions of the receiving party. Therefore, two groups of gifts were specified in the procedure applicable at OBRUM, and also in all PGZ companies: acceptable and unacceptable, which is shown in Fig. 1.



Fig.1. Adopted classification of gifts (source: PGZ S.A.)

A person who is a witness of irregularities in his/her professional environment faces numerous dilemmas: whether to respond, to whom to turn, how to pass on information, how to prove conjectures. A whistleblower is a person who, acting in good faith, reports or discloses information about irregularities that occur in the workplace and harm the public interest or the interests of the employer. There is no doubt that to become a whistleblower, a certain amount of independence and courage is necessary that allows taking the risk of communicating the problem to the right people in the company. Factors that usually determine the whistleblower's attitude are characterized in Fig. 2.

## INSIDE THE MIND OF A WHISTLEBLOWER



**Fig. 2. Factors that determine the whistleblower's attitude**

(source: PGZ S.A.)

## 6. SUMMARY

Any negative behaviour occurring in a company can affect that company's reputation. All employed persons should act properly so as not to upset the organization. As for the business values, every company applies a separate system. The choice of individual rules is usually adapted in terms of various factors, including business environment of the organization or the specifics of the given industry.

The procedures are designed to avoid misunderstandings and disputes. Every dispute is different, it has to be dealt with in a different manner. It is most important that the Ethics Committee be impartial. It should be kept in mind that a one-off conflict is not mobbing.

Any doubts or irregularities regarding non-observance of OBRUM procedures should be reported via the so-called OBRUM ethics line, to the member of the Ethics Committee or directly to the Ethics and Anti-Corruption Coordinator.

Documents drawn up by OBRUM:

- OBRUM Code of Ethics;
- Anti-Mobbing Procedure at OBRUM;
- Anti-Corruption Procedure at OBRUM

were implemented pursuant to Regulation No. 10/2016 of the President of the Management Board of OBRUM. To emphasize the importance of the problems discussed, on 11 July 2017 the President of the Management Board of OBRUM addressed a letter to all employees regarding the establishment of the Ethics Committee at OBRUM and implementation of the above-mentioned documents. The President's letter was made available to all employees on OBRUM's Intranet site. That site also keeps all other documents discussed in this article (<http://strona.intranet> – ETYKA/Przepisy wewnętrzne).

The Ethics Committee operating within the company examines complaints and draws up recommendations. The Coordinator of Ethics and Anti-Corruption Procedures appointed at OBRUM is responsible for compliance with the provisions of the Code of Ethics and anti-mobbing and anti-corruption procedures, at the same time offering help for the employees in the interpretation of the provisions.

The Ethics Committee performs the duties assigned and is responsible for:

- accepting complaints;
- carrying out procedures prescribed by the law;

and drawing up the required reports and submitting them to the President of OBRUM Management Board for him/her to make appropriate decisions.

## **7. REFERENCES**

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