**Code of Ethics**

Code of ethics, can be described as a set of values that guides the behaviour and decision-making process of an organisation and its people. Companies may create a code of ethics in the form of a document that outlines their core values. The ethical code document usually sets out the broad standards to follow while conducting business or interacting with customers in a business environment. The idea is to run a business equitably under socially acceptable norms.

**Types of Code of Ethics:**

Regulatory Code of Ethics

A regulatory code of ethics is one that companies are legally obliged to follow. For example, companies in the finance and public health domains may require to follow the ethical rules established by their respective regulatory bodies. Although some laws like the Indian Contract Act and the Sale of Goods Act apply to most businesses, some industries may be subject to specific ethical regulations, especially those related to workers' safety, welfare and the environment.

The regulatory codes of ethics are usually more precise in nature, with clear-cut consequences for violations. Companies often appoint a compliance officer to ensure the implementation of these ethical codes. Companies may also impart formal training to employees to help them better understand and comply with these guidelines.

Voluntary code of ethics

A voluntary code of ethics is one that a business adopts willingly although they are not legally obliged to do so. For example, a business that does not necessarily focus on climate change might still detail its commitment to sustainability in its official code of ethics. A voluntary code of ethics comprises the core values of the company. It includes the standards of conduct its employees are expected to follow. Such standards usually relate to the larger good of the community or the environment. Compared to regulatory codes of ethics, voluntary codes often require a greater amount of self-regulation.

Sometimes, a voluntary code of ethics may also require a third party to comply with certain values.

Professional Code of Ethics

Several professions have ethical codes outlined by their governing bodies. For example, legal, medical and chartered accountancy professionals are required to follow the professional code of ethics set by their respective governing bodies, such as the Bar Council of India, the Medical Council of India and the Institute of Chartered Accountants of India.

These professional codes are based on ethical principles like integrity, transparency and fiduciary duty towards the clients and prevention of conflict of interest. Non-compliance with these codes may attract disciplinary actions from the governing body.