

ORGANIZATIONAL POLICY
April 28, 2005 (v3)



ETHICS PROCEDURES:
VIOLATIONS OF THE HSCG CODE OF ETHICS

OVERVIEW

At the Annual Membership Meeting in 2005 the members of the HSCG adopted a Code of Ethics in 2005. As part of the sign-up process, all new and rejoining members agree to abide by the Code of Ethics.

The Bylaws of the HSCG establish a standing Ethics Committee with the responsibility for “the investigation and resolution of any complaint alleging the violation of the HSCG Code of Ethics by an HSCG Member.” This policy outlines the exact steps by which any such complaint is responded to, investigated and otherwise handled.

NOTE: Complaints of misconduct by HSCG staff, Directors or volunteers acting in the capacity of their position within the HSCG are handled in accordance with the HSCG “Whistleblower” policy.

RECEIPT OF COMPLAINTS

Any complaint or comment alleging a violation of the HSCG Code of Ethics is referred to the Ethics Committee.

FORMAL COMPLAINT

A Formal Complaint is an allegation that a member is in violation of the HSCG Code of Ethics that is submitted to the Ethics Committee on a Formal Complaint Form. It must include a completed Formal Complaint Form fully describing the alleged Ethics Code violation(s). Any available documentation including names of witnesses, letters of testimony, receipts or other documents as applicable should accompany the complaint.

The Ethics Committee must address any Formal Complaint received.

INFORMAL COMPLAINT

An informal complaint is a comment or complaint, typically by email or phone, alleging that a member has violated the HSCG Code of Ethics that is submitted in informal format, without documentation and/or is incomplete in nature.

The Ethics Committee should review informal complaints and may take action if they determine the issue warrants followup.

ETHICS COMMITTEE ACTION

IMPORTANT NOTE: The Ethics Committee is established under the Bylaws of the HSCG and therefore has authority only over HSCG members who have agreed to the HSCG Code of Ethics.

Disciplinary actions which may be recommended by the Ethics committee are limited to those which affect a member's status, participation, or membership within the HSCG

FORMAL COMPLAINT

Upon receipt of a Formal Complaint, the Chairman of the Ethics Committee shall take the following actions within 7 days:

- 1) Reply to the sender acknowledging receipt of the complaint.
- 2) Forward (by email or mail) a copy of the complaint to the accused together with notification that the accused has thirty (30) days to respond in writing.
- 3) Send copies of the complaint to all members of the Ethics Committee
- 4) Inform the HSCG Board of Directors of the nature and scope of the complaint.

At the end of the 30-day period, the Chairman of the Ethics Committee shall send a copy of the written response received from the accused to all members of the Ethics Committee. If no response was received, the Chairman shall so inform the members of the Committee.

Based on the content of the original complaint and the response from the accused, the Ethics Committee shall determine whether additional investigation or action is necessary. If additional investigation is deemed appropriate and necessary to finding the truth of the accusations, the Ethics Committee shall gather such additional information as the committee requires to make their findings. Such investigation shall be completed within ninety (90) days of original receipt of the written complaint. The Committee may request from the Board of Directors an extension of up to sixty (60) days and must inform both the complainant and the accused if such extension is granted.

Upon completion of the investigation, the Ethics Committee shall recommend to the Board of Directors one of the following actions based on the facts of the case:

- a) Dismiss the complaint as frivolous or inconsequential, or
- b) Exonerate the accused, or
- c) Reprimand the accused, with or without requiring that an apology be made to the complainant, or
- d) Suspend the accused from membership for a definite period of time, or
- e) Expel the accused from the HSCG permanently.

BOARD OF DIRECTORS ACTION

The Board of Directors shall accept or reject all recommendations forwarded by the Ethics Committee within 30 days.

Upon action being taken by the Board of Directors, the Secretary shall notify both the accused and the Ethics Committee within ten (10) days of the decision by the Board.

The Ethics Committee shall then notify the original complainant of the final outcome of the complaint.

PUBLIC NOTIFICATION

Under normal circumstances, the final outcome of a Formal Complaint would be kept private. However, the Ethics Committee may recommend public announcement of the final outcome if the issues addressed by the complaint were widely known and a public announcement would provide relief to HSCG members or non-members who were affected by the issue(s) of the complaint. Such a public announcement may be specified to be issued on a broad or limited basis.

APPEALS

The accused may appeal any decision made by the Board of Directors by sending a written request to the Secretary within 30 days of receipt of notification of the action taken by the Board. The Board will address any request for appeal in the next regularly scheduled meeting. The Secretary will inform the accused of the result of the appeal within 30 days.

INFORMAL COMPLAINTS

Upon receipt of an Informal Complaint, the Chairman of the Ethics Committee shall:

- 1) Reply to the sender acknowledging receipt of the informal complaint and send him/her copies of this policy, the Formal Complaint Form, the Bylaws and Code of Ethics. The Ethics Committee's response should offer the sender the opportunity to submit a Formal Complaint if they so choose.
- 2) Make a copy of the informal complaint and send a copy to the person(s) about whom it was written, giving them the opportunity to respond to the complaint and resolve it informally with the sender, if possible.

If the person about whom the report was written resolves the matter with the sender, he/she may submit that information to the Ethics Committee.

If, at some point during the informal resolution, the sender of the informal complaint feels the matter is fully resolved, he/she may request that the informal complaint be withdrawn. In this case the Ethics Committee will direct that all copies of the Informal Complaint be removed from the Ethics Files of both the sender and receiver.

MULTIPLE COMPLAINTS

When several informal complaints (whether for the same or different Code of Ethics violations) have been lodged against the same person or company, the Ethics Committee shall review the complaints and determine if further action by the committee is warranted. The determination will be based on:

- a) The number of complainants.
- b) The nature and extent of the complaints.
- c) The adequacy and substantiality of the complaints.
- d) The timeliness of the complaints

If further action is warranted, the Ethics Committee will take the following actions.

- 1) Inform the Board of Directors of the nature and scope of the complaints.

- 2) Notify the accused that a multiple complaint review is in process, provide the accused with copies of the complaints, and give the thirty (30) days to respond in writing.
- 3) Notify the complainants that a multiple complaint review is in process and request further information and/or verification of the facts presented in their informal complaint(s). Such information must be provided within thirty (30) days.

Based on the content of the responses from the complainants and the information received from the accused, within thirty (30) days the Ethics Committee shall submit a report to the Board of Directors and recommend one of the following courses of action:

- ◆ No further action be taken due to insufficient evidence.
- ◆ No further action be taken due to the nature of the complaints.
- ◆ Issuance of a formal warning by the Board of Directors (exact text of the warning should be provided as part of the recommendation).
- ◆ A Formal Complaint be filed on behalf of the HSCG by the Board of Directors.

Upon receipt of the report from the Ethics Committee, the Board of Directors shall accept or reject the recommended course of action by a 2/3 vote and notify the Ethics Committee of their decision.

If the recommendation was not accepted, the Ethics Committee must meet and submit a new report and recommendations (the same or different). Since the complainants and the accused know of a pending investigation, both the Board and the Ethics Committee have an obligation to provide a definite answer rather than leaving all parties hanging. If the Board fails to accept any report from the Ethics Committee with sixty (60) days, the matter will be considered terminated with no further action to be taken.

If the Board approves issuance of a formal warning, the text of the warning, as provided by the Ethics Committee shall be drawn into a formal letter, signed by the Board of Directors (electronic signatures are acceptable) and sent to the accused within ten (10) days.

If the board approves a recommendation to file a Formal Complaint, the documents and information collected by the Ethics Committee shall constitute the submission of such Formal Complaint.

The Ethics Committee shall notify the accused and the complainants within 10 days of the acceptance of the recommendations or other final disposition of the case.

COMPLAINTS AGAINST NON-MEMBERS

The HSCG Code of Ethics is applicable to HSCG Members as they have agreed to abide by it. The HSCG has no official authority over the actions of non-members. However, the HSCG is a trade association for the whole industry of handcrafted soap and cosmetic makers, and as such has a vested interest on actions by anyone, member or not, that could adversely affect the industry as a whole.

Therefore, when a complaint, formal or informal, is received against a person or business that is not a member of the HSCG, the complainant must be notified that no direct action can be taken against a non-member, be reassured the information will remain on file, and be sent a copy of this policy.

At their discretion, the Ethics Committee may contact the accused with information about the complaint and try to assist in the resolution of the issue. In so doing, the role of Ethics Committee must not be as police or enforcers, but rather as facilitators to assist in resolving conflict within the industry.

All details about the complaint, including any attempts at resolution, shall be kept on file in accordance with the “Files” section below.

HSCG MEMBERSHIP OR PARTICIPATION

If at some point in the future the non-member chooses to join the HSCG or participate in HSCG activities (e.g. the Annual Conference or local chapter events), such membership or participation shall be held in suspension. The Ethics Committee shall review the file and based on the relevance, timeliness and completeness of the available information, make recommendation to the Board of Directors. The Ethics Committee may recommend:

- ◆ That the membership or participation be approved without further action; or
- ◆ That a investigation be undertaken to determine the current facts of the matter, after which a recommendation shall be sent to the Board; or
- ◆ (For Membership) The board vote whether to reject the membership in accordance with HSCG Bylaws, Article IV Members, Section 5 Eligibility for Membership;
(For other participation) That board vote whether the person should be precluded from other participation with the HSCG.

Any person so denied membership or participation has the right to request and receive a complete investigation by the Ethics Committee fully resolve the matter. In that case, the Ethics Committee shall follow the procedures as if the complaint were a Formal Complaint.

ADMINISTRATIVE SUPPORT

Since the Ethics Committee is made up of members who may be located anywhere in the world, one HSCG staff member, assigned by the Executive Director, shall serve as liaison with the Ethics Committee. This staff member shall provide administrative assistance to the Committee including such things as filing, copying or mailing materials as needed.

All written reports, including Informal and Formal Complaints, shall be received at the HSCG Office. The Ethics Committee Liaison staff will then copy or scan as necessary and ensure all the information is provided to the Committee Chairman and/or members as required.

If there is insufficient evidence to warrant a formal complaint, the Board of Directors may upon the completion of the review process issue by unanimous vote a formal warning to the accused. Only one warning may be issued per review. Three warnings will constitute adequate substantiation and a Formal Complaint will be filed by the Board of Directors.

FILES

Physical files containing information concerning ethics matters (“Ethics Files”) shall be maintained at the HSCG Office. Such files shall be secure, with limited access.

Any Informal or Formal Complaint received shall be filed, in paper form, in the files of both the complainant and the accused. Any reference in this policy to “files” or that a document is “filed” refers to filing the information in the ethics file for the individual(s) or business(es) concerned.

Upon the conclusion of any investigation by the Ethics Committee, one copy of each electronic or paper document must be sent to the HSCG office for filing in the appropriate ethics file(s). To comply with HSCG privacy standards, once the information has been sent to the office, committee members must delete all relevant electronic documents and shred any paper documents in their possession.

The HSCG staff liaison is responsible for maintaining the ethics files, including printing any electronic documents and filing all pertinent materials in the appropriate file(s).

No complaints, information or documents may be removed from an ethics file for any reason EXCEPT in the case where a complainant requests to withdraw their complaint, in which case it is removed from the folders of the complainant and the accused. Where an investigation is complete, all the pertinent documents may be placed in an envelope or otherwise bundled, but the information must remain in the pertinent ethics folders.

HSCG Board of Directors

Approved by the HSCG Membership

History:

- April 28, 2005 (v1) Original Publication date.
- May 4, 2007 (v2) Revised to include handling of multiple complaints. Approved by the membership at the 2007 Annual Meeting.
- Oct 7, 2013 (v2.1) Housekeeping revisions to change corporate name and remove publication in the Journal (which no longer exists).
- March 20, 2018 (v2.2) Reformat with new branding.
- May 18, 2019 (v3) Major revision to incorporate: changes to the Ethics Committee; existence of a Whistleblower’s policy; additional procedures for addressing claims against non-members; detail administrative support procedures. Revisions approved by the Membership at the 2019 Annual Meeting.