



Compendium of Ethics Codes and Instruments of Corporate Responsibility

A collection of influential ethics codes, principles, guidelines, standards, and other instruments of corporate responsibility in global markets

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INTRODUCTION

The following compendium of ethics codes and instruments of corporate responsibility has been compiled as a companion to the book Ethics Codes, Corporations and the Challenge of Globalization edited by Wesley Cragg (Edward Elgar Publishing, 2005).

This compendium and book were produced as part of a five-year project funded by the Social Sciences and Humanities Research Council and led by Dr. Wesley Cragg, Director of the Gardiner Program in Business Ethics at the Schulich School of Business, York University, Toronto, Canada. This work has now become part of the Canadian Business Ethics Research Network, www.cbern.ca.

The research project is a response to the phenomenon of globalization which has altered in significant ways the tools available to regulate international commerce. One result of globalization has been the emergence of international codes, norms, principles, guidelines and standards of ethical and responsible business conduct.

In compiling this compendium, our goal has been to identify and assemble the most significant and influential ethics codes and other instruments of corporate responsibility. The compendium contains the full text or the most important sections of major codes, briefly introduced where necessary and accompanied by contact details for further information. This compendium is also accompanied by a web site, www.yorku.ca/csr, which succinctly compiles links to all of the major codes in this document.

The material in this compendium has been organized into a number of sections: general or comprehensive codes, environment, sustainable development, labour, gender, corporate governance, money laundering, bribery and corruption, human rights, country-specific codes, industry-specific codes, and company-specific codes, as well as sections on government laws and socially responsible investment practices related to corporate social responsibility. A selection of further resources, organizations and web sites at the end of each major section points users to additional information.

We hope this compendium can serve as a valuable reference document for those interested in the rapidly evolving landscape of ethics codes, corporate self regulation and voluntary codes of conduct.

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General Codes

Canadian Business for Social Responsibility Guidelines for Corporate Social Performance

2001

The Guidelines for Corporate Social Performance were developed by Canadian Business for Social Responsibility and updated in 2001. The guidelines provide a quick self-assessment tool for companies that are implementing socially and environmentally responsible initiatives. More information is available at the CBSR web site: www.cbsr.ca.

Communities

1. Make an explicit community commitment
 - (a) Business basics: Meet community demands for cost-effective products and services
 - (b) Philanthropy: Meet community needs without apparent business benefit
 - (c) Commercial Initiatives: Partner with community-based organizations that support business success
 - (d) Community Investment: Engage in long-term strategic community partnerships
2. Donate 1% of pre-tax profits
3. Prioritize local employment and suppliers
4. Incorporate social values into purchasing decisions
5. Consider local/regional employment and training needs in human resources strategy
6. Have a board and management team that understands community interests
7. Conduct social and environmental impact assessments
8. Gather and promptly respond to community complaints
9. Involve community stakeholders in:
 - (a) Program Definition
 - (b) Performance Indicator Development
 - (c) Program Evaluation

Employees

1. Ensure fair and prompt payment
2. Prioritize employee health and safety
3. Prioritize local employment
4. Consider local/regional employment and training needs in human resources strategy
5. Ensure access to and understanding of employee policies
6. Offer employee performance reviews
7. Provide equal access to employment and promotion
8. Use living wage as a starting point for employee compensation
9. Provide employee benefits
10. Provide opportunities to share in company growth and profitability
11. Use a clear business model for out-sourcing work
12. Investigate alternatives to layoffs and downsizing
13. Encourage employee/management communication
14. Support employees to balance work, family, and personal development commitments
15. Provide equal access to employment and promotion
16. Provide a resource or referral for confidential counseling
17. Practice open book management
18. Gather and promptly respond to employee complaints

19. Involve employees in:
- (a) Program Definition
 - (b) Performance Indicator Development
 - (c) Program Evaluation

Customers

1. Market truthfully without perpetuating negative advertising images
2. Commit to customer satisfaction
3. Monitor quality, safety and environmental impacts of products and services
4. Facilitate customer giving
5. Inform customers of procurement standards
6. Gather and promptly respond to customer complaints
7. Involve customers in product and service development:
 - (a) Product/Service Definition
 - (b) Performance Indicator Development
 - (c) Product/Service Evaluation

Suppliers

1. Incorporate social and environmental values into purchasing decisions
2. Make fair and prompt payment
3. Prioritize local suppliers
4. Ensure all qualified businesses have opportunity to supply
5. Do not enter into business relationships with companies that use compulsory labour
6. Inform suppliers of the company's procurement standards
7. Ensure directors and senior managers practice supply chain risk management
8. Gather and promptly respond to supplier complaints
9. Involve suppliers in supplier contract development:
 - (a) Performance Indicator Development
 - (b) Contract Evaluation

Environment

1. Comply with environmental law and regulations
2. Commit to minimizing negative impacts and optimizing benefits
3. Perform full life-cycle analysis on all products/services
4. Incorporate environmental values into purchasing decisions
5. Appoint one staff member with environmental responsibilities
6. Involve environmental experts and non-governmental organizations in:
 - (a) Program Definition
 - (b) Performance Indicator Development
 - (c) Program Evaluation

Shareholders

1. Implement fiscal policies, financial management systems, and accounting controls
2. Report to shareholders on financial and non-financial success
3. Do not share inside information inappropriately
4. Affirm a mission that includes non-financial objectives
5. Support financial and non-financial objectives with employee training
6. Involve shareholders in:

- (a) Definition of business direction
- (b) Performance Indicator Development
- (c) Company evaluation

International

1. Ensure international operations do not lead to the displacement of existing communities
2. Ensure that fair labour practices are followed
3. Demonstrate sensitivity to local cultures and customs
4. Comply with human rights standards

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Further information:

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Caux Round Table Principles for Business

According to the Caux Round Table, the Caux Principles for Business “are a worldwide vision for ethical and responsible corporate behaviour and serve as a foundation for action for business leaders worldwide.” Issued in 1994, the Principles resulted from a collaborative process between senior business leaders from Europe, Japan and North America. The Caux Principles are a statement of aspirations and aim to express a world standard against which business performance can be evaluated. In developing the Principles, the Caux Round Table sought to begin a process of identifying shared values and perspectives on business behaviours that can be acceptable and honoured by all businesses. Further information available at www.cauxroundtable.org.

SECTION 1. PREAMBLE

The mobility of employment, capital, products and technology is making business increasingly global in its transactions and its effects.

Law and market forces are necessary but insufficient guides for conduct.

Responsibility for the policies and actions of business and respect for the dignity and interests of its stakeholders are fundamental.

Shared values, including a commitment to shared prosperity, are as important for a global community as for communities of smaller scale.

For these reasons, and because business can be a powerful agent of positive social change, we offer the following principles as a foundation for dialogue and action by business leaders in search of business responsibility. In so doing, we affirm the necessity for moral values in business decision making. Without them, stable business relationships and a sustainable world community are impossible.

SECTION 2. GENERAL PRINCIPLES

Principle 1.

The Responsibilities of Businesses: Beyond Shareholders Toward Stakeholders

The value of a business to society is the wealth and employment it creates and the marketable products and services it provides to consumers at a reasonable price commensurate with quality. To create such value, a business must maintain its own economic health and viability, but survival is not a sufficient goal.

Businesses have a role to play in improving the lives of all their customers, employees, and shareholders by sharing with them the wealth they have created. Suppliers and competitors as well should expect businesses to honor their obligations in a spirit of honesty and fairness. As responsible citizens of the local, national, regional and global communities in which they operate, businesses share a part in shaping the future of those communities.

Principle 2.

The Economic and Social Impact of Business: Toward Innovation, Justice and World Community

Businesses established in foreign countries to develop, produce or sell should also contribute to the social advancement of those countries by creating productive employment and helping to raise the purchasing power of their citizens. Businesses also should contribute to human rights, education, welfare, and vitalization of the countries in which they operate.

Businesses should contribute to economic and social development not only in the countries in which they operate, but also in the world community at large, through effective and prudent use of resources, free and fair competition, and emphasis upon innovation in technology, production methods, marketing and communications.

Principle 3.

Business Behaviour: Beyond the Letter of Law Toward a Spirit of Trust

While accepting the legitimacy of trade secrets, businesses should recognize that sincerity, candor, truthfulness, the keeping of promises, and transparency contribute not only to their own credibility and stability but also to the smoothness and efficiency of business transactions, particularly on the international level.

Principle 4.

Respect for Rules

To avoid trade frictions and to promote freer trade, equal conditions for competition, and fair and equitable treatment for all participants, businesses should respect international and domestic rules. In addition, they should recognize that some behaviour, although legal, might still have adverse consequences.

Principle 5.

Support for Multilateral Trade

Businesses should support the multilateral trade systems of the GATT/World Trade Organization and similar international agreements. They should cooperate in efforts to promote the progressive and judicious liberalization of trade and to relax those domestic measures that unreasonably hinder global commerce, while giving due respect to national policy objectives.

Principle 6.

Respect for the Environment

A business should protect and, where possible, improve the environment, promote sustainable development, and prevent the wasteful use of natural resources.

Principle 7.

Avoidance of Illicit Operations

A business should not participate in or condone bribery, money laundering, or other corrupt practices: indeed, it should seek cooperation with others to eliminate them. It should not trade in arms or other materials used for terrorist activities, drug traffic or other organized crime.

SECTION 3. STAKEHOLDER PRINCIPLES

Customers

We believe in treating all customers with dignity, irrespective of whether they purchase our products and services directly from us or otherwise acquire them in the market. We therefore have a responsibility to:

- provide our customers with the highest quality products and services consistent with their requirements;
- treat our customers fairly in all aspects of our business transactions, including a high level of service and remedies for their dissatisfaction;
- make every effort to ensure that the health and safety of our customers, as well as the quality of their environment, will be sustained or enhanced by our products and services;
- assure respect for human dignity in products offered, marketing, and advertising; and respect the integrity of the culture of our customers.

Employees

We believe in the dignity of every employee and in taking employee interests seriously. We therefore have a responsibility to:

- provide jobs and compensation that improve workers' living conditions;
- provide working conditions that respect each employee's health and dignity;
- be honest in communications with employees and open in sharing information, limited only by legal and competitive constraints;
- listen to and, where possible, act on employee suggestions, ideas, requests and complaints;
- engage in good faith negotiations when conflict arises;
- avoid discriminatory practices and guarantee equal treatment and opportunity in areas such as gender, age, race, and religion;
- promote in the business itself the employment of differently abled people in places of work where they can be genuinely useful;
- protect employees from avoidable injury and illness in the workplace;
- encourage and assist employees in developing relevant and transferable skills and knowledge; and
- be sensitive to the serious unemployment problems frequently associated with business decisions, and work with governments, employee groups, other agencies and each other in addressing these dislocations.

Owners / Investors

We believe in honoring the trust our investors place in us. We therefore have a responsibility to:

- apply professional and diligent management in order to secure a fair and competitive return on our owners' investment;
- disclose relevant information to owners/investors subject to legal requirements and competitive constraints;
- conserve, protect, and increase the owners/investors' assets; and
- respect owners/investors' requests, suggestions, complaints, and formal resolutions.

Suppliers

Our relationship with suppliers and subcontractors must be based on mutual respect. We therefore have a responsibility to:

- seek fairness and truthfulness in all our activities, including pricing, licensing, and rights to sell;
- ensure that our business activities are free from coercion and unnecessary litigation;
- foster long-term stability in the supplier relationship in return for value, quality, competitiveness and reliability;
- share information with suppliers and integrate them into our planning processes;
- pay suppliers on time and in accordance with agreed terms of trade; and
- seek, encourage and prefer suppliers and subcontractors whose employment practices respect human dignity.

Competitors

We believe that fair economic competition is one of the basic requirements for increasing the wealth of nations and ultimately for making possible the just distribution of goods and services. We therefore have a responsibility to:

- foster open markets for trade and investment;
- promote competitive behaviour that is socially and environmentally beneficial and demonstrates mutual respect among competitors;
- refrain from either seeking or participating in questionable payments or favors to secure competitive advantages;
- respect both tangible and intellectual property rights; and
- refuse to acquire commercial information by dishonest or unethical means, such as industrial espionage.

Communities

We believe that as global corporate citizens we can contribute to such forces of reform and human rights as are at work in the communities in which we operate. We therefore have a responsibility in those communities to:

- respect human rights and democratic institutions, and promote them wherever practicable;
- recognize government's legitimate obligation to the society at large and support public policies and practices that promote human development through harmonious relations between business and other segments of society;
- collaborate with those forces in the community dedicated to raising standards of health, education, workplace safety and economic well-being;
- promote and stimulate sustainable development and play a leading role in preserving and enhancing the physical environment and conserving the earth's resources;
- support peace, security, diversity and social integration;
- respect the integrity of local cultures; and
- be a good corporate citizen through charitable donations, educational and cultural contributions, and employee participation in community and civic affairs.

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Clarkson Principles of Stakeholder Management

These Principles of Stakeholder Management were developed by Max Clarkson, founder of the Centre for Business Ethics at the Rotman School of Management, University of Toronto, Canada.

Principles of Stakeholder Management

- Principle 1** Managers should acknowledge and actively monitor the concerns of all legitimate stakeholders, and should take their interests appropriately into account in decision-making and operations.
- Principle 2** Managers should listen to and openly communicate with stakeholders about their respective concerns and contributions, and about the risks that they assume because of their involvement with the corporation.
- Principle 3** Managers should adopt processes and modes of behaviour that are sensitive to the concerns and capabilities of each stakeholder constituency.
- Principle 4** Managers should recognize the interdependence of efforts and rewards among stakeholders, and should attempt to achieve a fair distribution of the benefits and burdens of corporate activity among them, taking into account their respective risks and vulnerabilities.
- Principle 5** Managers should work cooperatively with other entities, both public and private, to insure that risks and harms arising from corporate activities are minimized and, where they cannot be avoided, appropriately compensated.
- Principle 6** Managers should avoid altogether activities that might jeopardize inalienable human rights (e.g., the right to life) or give rise to risks which, if clearly understood, would be patently unacceptable to relevant stakeholders.
- Principle 7** Managers should acknowledge the potential conflicts between (a) their own role as corporate stakeholders, and (b) their legal and moral responsibilities for the interests of stakeholders, and should address such conflicts through open communication, appropriate reporting and incentive systems and, where necessary, third party review.

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Further information:

Further background and commentary on the principles is available on the Clarkson Centre web site: <http://www.mgmt.utoronto.ca/~stake/Principles.htm>.

Code of Ethics on International Business for Christians, Muslims and Jews

This code of conduct was developed by the Center for Global Ethics in Amman, Jordan in 1993 from interfaith discussions among a group of distinguished religious leaders.

THE DECLARATION

A. Principles

The Declaration on International Business Ethics is built on the precepts of the three religions represented at the dialogues. Christians, Muslims and Jews have a common basis of religious and moral teaching: they are the People of the Book. Four key concepts recur in the literature of the faiths and form the basis of any human interaction. They are: justice (fairness), mutual respect (love and consideration), stewardship (trusteeship) and honesty (truthfulness).

1. **Justice:** The first principle is justice, which can be defined as just conduct, fairness, exercise of authority in maintenance of right. All three faiths agree that God created the world and that justice must characterise the relationship between its inhabitants. Fair dealings between each other and between believers and others are constantly reiterated in the Scriptures as are God's justice and mercy in His dealings with mankind.
2. **Mutual Respect:** The second principle, mutual respect or love and consideration for others, is also inherent in the moral teachings of each religion. The word love has many meanings in most languages. But, as is clear from the reading of Scripture, the God of justice and mercy is also the God of love. What Scripture expresses as love is here rendered as mutual respect or reciprocal regard "love thy neighbour as thyself" that exists between two individuals. The application of this has come to mean that self-interest only has a place in the community in as much as it takes into account the interests of others. My neighbour in the business context can be defined as any person (individual or corporate) with whom the organisation comes into contact in the course of business life. Of paramount importance in this respect is the employee.
3. **Stewardship:** A third principle shared by all three faiths is that of stewardship (trusteeship) of God's creation and all that is in it. It is a richly diverse universe: "...and it was good". The Scriptures testify to the beauties and wonders of nature as signs of God's goodness and providence. Man is set over it all with delegated responsibility - a steward charged with its care and proper use for which he will have to give account. The Scriptures know nothing of absolute ownership: Man is God's trustee.
4. **Honesty:** The fourth principle inherent to the value system of each of the three faiths is honesty. It incorporates the concepts of truthfulness and reliability and covers all aspects of relationships in human life, thought, word and action. It is more than just accuracy; it is an attitude which is well summed up in the word "integrity". In precepts and parables, Scripture urges truth and honesty in all dealings between human beings. It is stressed that dishonesty is an abomination and bearing false witness breaches the basic laws of God. In business dealings, "true scales, true weights, true measures" are to be used. Speaking the truth is a requirement for everyone.

B. Guidelines

The following guidelines are classified under the three general headings referred to earlier.

1. Business and Political Economy

All business activity takes place within the context of a social, political and economic system. It is recognised that:

- a. Business is part of the social order. Its primary purpose is to meet human and material needs by producing and distributing goods and services in an efficient manner. How this role is carried out - the means as well as the ends - is important to the whole of society.
- b. Competition between businesses has generally been shown to be the most effective way to ensure that resources are not wasted, costs are minimised and prices fair. The State has a duty to see that markets operate effectively, competition is maintained and natural monopolies are regulated. Business will not seek to frustrate this.
- c. All economic systems have flaws; that based on free and open markets is morally neutral and has great potential for good. Private enterprise, sometimes in partnership with the State, has the potential to make efficient and sustainable use of resources, thereby creating wealth that can be used for the benefit of everyone.
- d. There is no basic conflict between good business practice and profit making. Profit is one measure of efficiency and is of paramount importance in the functioning of the system. It provides for the maintenance and growth of business, thus expanding employment opportunities, and is the means of a rising living standard for all concerned. It also acts as an incentive to work and be enterprising. It is from the profit of companies that society can reasonably levy taxes to finance its wider needs.
- e. Because the free market system, like any other, is open to abuse, it can be used for selfish or sectional interests, or it can be used for good. The State has an obligation to provide a framework of law in which business can operate honestly and fairly and business will obey and respect the law of the State in which it operates.
- f. As business is a partnership of people of varying gifts they should never be considered as merely a factor of production. The terms of their employment will be consistent with the highest standards of human dignity.
- g. The efficient use of scarce resources will be ensured by the business. Resources employed by corporations include finance (savings), technology (machinery) and land and natural renewable resources. All are important and most are scarce.
- h. Business has a responsibility to future generations to improve the quality of goods and services, not to degrade the natural environment in which it operates, and seek to enrich the lives of those who work within it. Short-term profitability should not be pursued at the expense of long term viability of the business. Neither should business operations disadvantage the wider community.

2. The Policies of a Business

Business activity involves human relationships. It is the question of balancing the reasonable interests of those involved in the process: i.e. the stakeholders, that produces moral and ethical problems.

The policies of the business will therefore be based on the principles set out in the paragraphs above and in particular:

- a. The board of directors will be responsible for seeing that the business operates within the letter and spirit of the laws of the nations in which it works. If these laws are rather less rigorous in some parts of the world where the business operates than in others, the higher standards will normally be applied everywhere.
- b. The board will issue a written statement concerning the objectives and operating policies of the organisation, and their application. It will set out clearly the obligations of the company towards the different stakeholders involved with a business [employees, shareholders, lenders, customers, suppliers and the community (local and national government)].
- c. The basis of the relationship with the principal stakeholders shall be honesty and fairness, by which is meant integrity, in all relationships, as well as reliability in all commitments made on behalf of the organisation.
- d. The business shall maintain a continuing relationship with each of the groups with which it is involved. It will provide effective means to communicate information affecting the stakeholders. This relationship is based on trust.
- e. The best practice to be adopted in dealings with particular stakeholders can be summarised as follows:
 - Consider the social consequences of company decisions e.g. plant closures, choice of any new sites or expansion of existing ones, and the effects on smaller businesses.
 - Not tolerate any form of bribery, extortion or other corrupt or corrupting practices in business dealings.

3. Owners (Shareholders)

The shareholders undertake the risks of ownership. The elected directors shall:

- a. Protect the interests of shareholders.
- b. See that the company's accounting statements are true and timely.
- c. See that shareholders are kept informed of all major happenings affecting the company.

4. Conduct of Individuals at Work

The following are based on best ethical practice for employees in a business. Employees of an organisation shall:

- a. Implement the decisions of those to whom he or she is responsible, which are lawful and in accordance with the company's policies in cooperation with colleagues.

- b. Avoid all abuse of power for personal gain, advantage or prestige and in particular refuse bribes or other inducements of any sort intended to encourage dishonesty or to break the law.
- c. Not use any information acquired in the business for personal gain or for the benefit of relatives or outside associates.
- d. Reveal the facts to his superiors whenever his personal business or financial interests become involved with those of the company.
- e. Be actively concerned with the difficulties and problems of subordinates, treat them fairly and lead them effectively, assuring them a right of reasonable access and appeal to those to whom their immediate superior is responsible.
- f. Bring to the attention of superiors the likely effects on employees of the company's plans for the future so that such effects can be fully taken into account.

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Further Information

Web site: http://astro.ocis.temple.edu/~dialogue/Codes/cmj_codes.htm

Ethics Compliance Management System Standard ECS2000

1999

The Ethics Compliance System Standard has been developed by the Reitaku University Business Ethics & Compliance Research Center in Japan. The Center was established in April 2001 to conduct research into business ethics and related issues. The Center's literature gives the following purpose for the Ethics Compliance System Standard ECS 2000: 1) To aid and support the establishment of ethical compliance management systems in corporations and other organizations in order to promote equitable and responsible business and 2) To pursue, by the establishment and the promotion of the ECS 2000, the development of a fair and equitable business environment in which ethical behaviour is the key to added value and competitiveness.

Ethics compliance management system requirements

4.1 General requirements

The organisation must establish, apply, maintain and consistently improve an ethical-legal compliance management system. The requirements for this are set out in the whole of Section Four.

4.2 Ethics compliance policy and manual making

4.2.1 Ethics compliance policy making

Executive management must define, implement and maintain an organisation's basic ethical-legal compliance policy which includes the following features.

- a. A set of ethical standards which the organisation will implement according to its own tradition and management beliefs.
- b. A body of rules and regulations of specific relevance and importance to the organisation considering its work content, scale, and the materials and services in which it deals.
- c. A written statement to the effect that the organisation will actively engage in the establishment of a structure of accountability, prevention of unethical or illegal acts, and the strengthening of its integrity.

4.2.2 Disclosure of ethical-legal compliance policy and manual making

The organisation must document its policy of ethics, inform its members of this policy, and disclose this document making it available to direct and indirect stakeholders as well as to the general public. As part of making this policy public, documented versions of the policy of ethics and code of ethics - or at least one of them - must be made available.

Furthermore, where the need arises, an ethical-legal compliance manual based upon the content of the code of ethics, in a form appropriate to specific workplaces, should be produced, administered, and maintained.

4.3 Planning

4.3.1 Implementation plan

The organisation must develop a process by which to spread the policy of ethics throughout the organisation. This procedure should include the following.

- a. A plan for ethical-legal compliance education and training. This should include such tasks as the development of educational materials for use in training.
- b. A plan for improving the reporting/consulting procedures.
- c. A plan for an internal auditing system for ethical-legal compliance. This should include follow-up audits of responses to problems which have been identified and redressed in the past.
- d. Other points including adjustments to changes in the social environment and legal framework, and suggestions for reforms from executive management and related departments.

4.3.2 Legislation and other related regulations and rules

The organisation should establish and maintain a procedure to identify and have access to all the relevant laws, regulations and other rules, that are applicable to its activities, products, or service. This procedure should be maintained along with, but separate from the written code of ethics or compliance manuals.

4.3.3 Internal regulations

The organisation must develop and maintain a system of internal regulations in order to ensure ethical-legal compliance. These internal regulations must include the following.

- a. Regulations concerning an office to manage problems relating to ethical-legal compliance. Education and training, reporting/consulting, audits, regular correction and document control functions can be centralised on a single office or divided among several separate offices. These offices must be designed to suit the needs of the respective organisation and to function in a realistic and effective manner.
- b. Regulations outlining and stipulating the relationship between the office responsible for ethical-legal compliance and the organisation's highest decision making body or individual.
- c. Regulations concerning the organisation's use of third party and independent specialists. This regulation should be designed to suit the situation in each organisation and to function in a realistic and effective manner.
- d. Regulations concerning the authority and responsibility for each office and level of the organisation for ethical-legal compliance.
- e. Regulations concerning education and training for ethical-legal compliance. This should include regulations concerning the subjects and frequency of, and office responsible for, education.

- f. Regulations concerning ethical-legal compliance and reporting/consulting procedures. This should include regulations to protect confidentiality and privacy concerning the office responsible for ethical-legal compliance and reporting/consulting systems.
- g. Regulations covering internal audits of ethical-legal compliance. This should include regulations regarding the procedure for administering audits and the independence of the office responsible for conducting the audits.
- h. Regulations covering penalties for violations of ethical-legal compliance.
- i. Regulations concerning the procedure to be followed in the event of uncovering illegal or unethical activity within the organisation.
- j. Regulations covering procedures to be followed in regular corrective procedures. In order to ensure that the ethical-legal compliance management system actually functions in a real and effective manner, the organisation must review its internal regulations, aligning them with changes in organisational activities, the demands of society and legal or regulatory reforms.

4.4 Implementation and operation

4.4.1 Structure and responsibility

The organisation, in order to establish an effective ethical-legal compliance management system, must set up an internal office (or a number of offices) to deal exclusively with matters relating to ethical-legal compliance. The organisation must define the role, responsibility and authority of the office, which must then be documented and communicated to all members of the organisation. The general manager of this office must be an executive officer or a person of equivalent or higher rank within the organisation.

The office must fulfil the following functions.

- a. Management and amendment of the policy of ethics
- b. Administration, and where necessary, revision of the implementation plan.
- c. Administration of laws and other applicable regulations.
- d. Administration, and where necessary, amendment of internal regulations.
- e. Administration of ethics education and training, reporting/consulting duties, and coordination with related offices and departments such as the legal department, finance and accounts, auditors office, personnel management, general affairs, and planning office.
- f. Document control in order to clarify lines of responsibility within departments.
- g. Communication among those responsible for ethical-legal compliance within each respective department and level of the organisation.
- h. Public relations and external communication regarding the organisation's ethical-legal compliance. The office will also, where necessary, propose amendments and reforms of these functions to the executive officers of the organisation. Such suggestions must be documented and stored.

The organisation must provide the office with the resources necessary for the management of ethical-legal compliance. Upon consultation with the manager of the office, several capable managers must be appointed and delegated the authority and responsibility of managing the ethical-legal compliance system. These managers will constitute the core of the organisation's official ethics compliance initiative.

4.4.2 Training and education

In accordance with internal regulations, the organisation must undertake the systematic administration of ethical-legal compliance education and training.

The organisation must provide education designed for departments with considerable social impact, departments which - by the nature of their function - are at greater risk of unethical practices and behaviour than other departments, and for members of the organisation who are currently engaged in duties which have been related to problems in the past.

The organisation must establish and maintain education and training procedures with which to educate and increase awareness of the following among its members.

- a. The meaning and necessity of following the requirements of the ethical-legal compliance management system, policy of ethics and code of ethics.
- b. The detrimental influence brought to bear upon the organisation as a result of unethical and irresponsible behaviour, as well as the nature and extent of social trust which can accrue as a result of ethical and responsible behaviour.
- c. The function and responsibility of each individual member of the organisation in following the requirements of the ethical-legal compliance management system, policy of ethics and code of ethics.
- d. The penalties and sanctions which apply to members of the organisation whose actions represent a violation of the code of ethics and the ethical-legal compliance manual.

4.4.3 Communication

In addition to communication for the purpose of education and training, the organisation must establish a system to facilitate internal and external reporting and consultations regarding ethical-legal compliance. This system must fulfil and maintain the following functions.

- a. The establishment of a reporting/consulting system in order to promote communication regarding ethical-legal compliance.
- b. Regular surveys of the opinions of the organisations members in order to augment the function of the reporting/consulting system.
- c. The documentation of the results of the survey and reporting/consulting system.
- d. The documentation of and response to enquiries or requests for information from external stakeholders.
- e. To respond to internal enquiries or requests for information in order of their priority and to document each such request and action.
- f. Where necessary, to inform the individuals or departments (including external organisations) of the nature of all actions taken in response to their enquiries or requests.
- g. To protect the privacy of individuals or departments (including external organisations) submitting reports or enquiries, unless the other party expressly forgoes this right.

4.4.4 Ethics compliance management system documents

The organisation must produce and maintain a written record (either physical or electronic) of the main documents constituting the ethical-legal compliance management system and all documents relating to it. This record should indicate the location of all relevant documents. The term "main documents" refers to the policy of ethics, code of ethics, compliance manuals and internal regulations.

4.4.5 Document control

The organisation must establish and maintain a document management method covering the main and related documents which fulfils the following functions.

- a. Ensure that the location of each respective document is known.
- b. Ensure that the latest versions of all documents essential for the administration of the ethical-legal compliance management system are available in all departments where they are needed.
- c. Ensure that documents which are outdated or have been annulled for any other reason are removed from all departments where they have been produced or are being used. Or to otherwise ensure that outdated documents which are not to be removed or destroyed are not used.
- d. Ensure that all outdated documents which are stored because of legal obligations or for the purpose of information collection are suitably categorised and filed.
- e. Ensure that documents are designed for clarity, that all dates are clearly marked, and that all documents are preserved for the period required.

4.4.6 Operational control

In the event that the organisation receives a report or consultation indicating that an action in violation of the code of ethics, or the ethical-legal compliance manual has occurred, it must make every effort to expeditiously consult the related departments, investigate the alleged violation, and propose an action appropriate to redress the problem.

The problematic action here can be classified into two groups: one which can be handled within the organisation, and one which should be reported to a relevant regulatory agency. Procedures to determine which category the problematic action belongs to must be established and maintained. The processes involved here in investigation and redress must be thoroughly documented and these documents subsequently preserved.

Where claims are made suggesting that the individuals or departments initiating a report have become the subject of retaliation, the situation must be investigated and action to redress this problem must be taken where these claims are proven to be valid.

4.4.7 Emergency preparedness and response

The organisation must develop and maintain a procedure for use in the event that an emergency situation arises in which an unethical act involving the executive officers (the organisations highest levels) of the organisation occurs. In the event that the organisation receives information indicating that an emergency situation has arisen, this information must be officially reported to the organisation's executive officers and recorded as such.

4.5 Auditing (checking) and corrective action

4.5.1 Monitoring and evaluation

The organisation must establish and maintain a standing procedure for the monitoring and evaluation of matters pertaining to jobs with a potentially high social impact, and matters derived

from consultations and reports from members of the organisation, as well the level and extent of compliance within the organisation to relevant laws and rules.

4.5.2 Correction and preventative action

Where the organisation's actions do not comply with the policy of ethics, code of ethics or the ethical-legal compliance manual, and where the administration is found to be in conflict with the plans and internal regulations, the organisation must initiate an investigation of the conditions leading up to this situation. The organisation must then reform the ethical-legal compliance management system in order to prevent the further occurrence of such problems.

Reforms and preventive measures, taken with the intention of resolving such actual and potential mismatches within the system, must reflect the scope of the gravity of the problems involved.

4.5.3 Records

The organisation must develop and maintain a procedure for the production, classification, storage and disposal of records concerning events and achievements which occur in the process of ethical-legal compliance activities including education, reporting/consulting, redress of and response to problems, audit results, opinion surveys, corrections and reforms. Where issues of individual privacy and confidentiality are involved, appropriate recording procedures must be developed and maintained.

4.5.4 Ethics compliance management system auditing

The organisation must develop and maintain a procedure for auditing the ethical-legal compliance management system. These internal audits must be carried out with the intention of ensuring that the ethical-legal compliance management system meets with requirements of this international standard, and that it is appropriately set-up and maintained. Audit reports must be submitted to both the executive officers of the organisation and to the office of ethical-legal compliance.

In order to ensure that the audit is comprehensive in nature, the audit procedure must clearly outline the scope, frequency and method of audits. The audit procedure must also specify the authority and responsibility involved in conducting the audit and reporting the audit results. The requirements for internal auditing do not preclude the outsourcing of the audit function to external and third parties.

4.6 Management review

In order to ensure that the ethical-legal compliance management system is appropriate and effective, the organisation's executive officers must review this system at regular, pre-determined intervals. The organisation must collect and manage the information needed by executive officers in their evaluations and reviews of the management system. These managerial reviews must be made upon the basis of data collected in a systematic manner.

From the viewpoint of the continuous improvement of the system, taking into consideration the results of the ethics compliance management systems audit and changes in conditions, the

executive officers should, if necessary, modify the policy of ethics, code of ethics, internal regulations, education programmes, and reporting/consulting system.

4.7 Drastic system reform following emergency situations

In the event of an emergency situation wherein executive officers of the organisation are involved in unethical behaviour, or where the organisation has acted in violation of the law, the organisation must co-operate in official investigations from the earliest stage possible. Upon conclusion of the emergency the organisation must submit to consultation by an external body and initiate a through-going reform of the organisation.

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Further information:

For further information, including an introduction to the ECS2000 see the web site:
<http://www.ie.reitaku-u.ac.jp/~davis/html/ecs-eng-hdoc1.html>

Business Ethics & Compliance Research Center
Reitaku University
2-1-1 Hikarigaoka, Kashiwa
Chiba, 277-8686, Japan

Global Sullivan Principles of Social Responsibility

Issued in 1999, The Global Sullivan Principles are a set of principles of corporate conduct developed with the input of several multinational corporations and written by the Reverend Leon Sullivan, whose original Sullivan Principles provided guidelines for companies doing business in South Africa during apartheid. The principles include eight broad directives on labour, business ethics and environmental practices of multinational companies and their business partners. Companies endorse the Principles by publicly pledging to integrate them into their operations.

The Global Sullivan Principles of Social Responsibility

As a company which endorses the Global Sullivan Principles we will respect the law, and as a responsible member of society we will apply these Principles with integrity consistent with the legitimate role of business. We will develop and implement company policies, procedures, training and internal reporting structures to ensure commitment to these Principles throughout our organization. We believe the application of these Principles will achieve greater tolerance and better understanding among peoples, and advance the culture of peace. Accordingly, we will:

- Express our support for universal human rights and, particularly, those of our employees, the communities within which we operate, and parties with whom we do business.
- Promote equal opportunity for our employees at all levels of the company with respect to issues such as color, race, gender, age, ethnicity or religious beliefs, and operate without unacceptable worker treatment such as the exploitation of children, physical punishment, female abuse, involuntary servitude, or other forms of abuse.
- Respect our employees' voluntary freedom of association.
- Compensate our employees to enable them to meet at least their basic needs and provide the opportunity to improve their skill and capability in order to raise their social and economic opportunities.
- Provide a safe and healthy workplace; protect human health and the environment; and promote sustainable development.
- Promote fair competition including respect for intellectual and other property rights, and not offer, pay or accept bribes.
- Work with governments and communities in which we do business to improve the quality of life in those communities-- their educational, cultural, economic and social well being--and seek to provide training and opportunities for workers from disadvantaged backgrounds.
- Promote the application of these Principles by those with whom we do business.

We will be transparent in our implementation of these Principles and provide information which demonstrates publicly our commitment to them.

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Further information:

Text on the web at: <http://www.mallenbaker.net/csr/CSRfiles/gsprinciples.html>

The GoodCorporation Standard

GoodCorporation Ltd was established in the UK in 2000 and launched the GoodCorporation Standard in 2001. The Standard was developed with the Institute of Business Ethics in the UK and input from a variety of business and NGO stakeholder groups. Companies pay a fee to become Members of GoodCorporation and are externally audited to ensure compliance with the principles of the Standard. Further information is available at www.goodcorporation.com.

Employees

The organisation provides clear and fair terms of employment.

- EMP1: There are clear employment terms and conditions for all staff.
- EMP2: There is a clear disciplinary procedure.
- EMP3: An effective employee grievance procedure is in operation.
- EMP4: The terms for leaving the organisation are explicit.
- EMP5: Freedom of association and organisation of employees is respected.
- EMP6: An employee consultation process is in operation.
- EMP7: Compliance with relevant employment laws and regulations is monitored.

The organisation provides clean, healthy and safe working conditions.

- EMP8: There is a health and safety policy with procedures for protecting and monitoring employees' health and safety.
- EMP9: Training is undertaken to ensure that all employees are able to implement the organisation's health and safety policy and practices.

The organisation has a fair remuneration policy everywhere it operates.

- EMP10: Employees know how and when their remuneration is determined.
- EMP11: Local cost of living and pay norms are taken into consideration when determining remuneration.

The organisation strives for equal opportunities for all present and potential employees. It does not discriminate on grounds of colour, ethnic origin, gender, age, religion, political or other opinion, disability or sexual orientation.

- EMP12: An equal opportunities policy exists and is monitored. The policy states the intention to recruit, promote and reward employees on the basis of merit alone.
- EMP13: Procedures are in place to respond to accusations of workplace discrimination.

The organisation encourages employees to develop skills and progress in their careers.

- EMP14: Employees have appropriate training for their work.
- EMP15: Employees have a performance review, at least annually, which includes consideration of skills development and career prospects.

The organisation does not tolerate any sexual, physical or mental harassment or bullying of its employees.

- EMP16: There is a policy to treat all employees with respect and no forms of harassment are tolerated.

EMP17: Procedures are in place to respond to accusations of workplace harassment or bullying.

The organisation does not employ underage staff.

EMP18: There is a process to ensure that child labour is not employed. In exceptional circumstances where an organisation employs child labour, it must undertake a responsible replacement of that child labour with adult labour.

Customers

The organisation is honest and fair in its relationships with its customers.

CUS1: Terms of business, which explain clearly the basis of the contract with customers, are respected.

CUS2: Personal information received from customers is protected and used only in ways explicitly agreed.

CUS3: The organisation ensures that all advertising and public statements are honest.

CUS4: There is a process for registering and resolving customer complaints and comments against a defined timescale.

CUS5: There is a policy not to use intellectual property, such as copyrights, trademarks, patents or software belonging to customers, without express permission.

CUS6: Customer feedback is taken into account in developing customer policies and practices.

The organisation provides the standards of products and services that have been agreed.

CUS7: The specification of products and services is clear, including where appropriate total cost, delivery charges and timescales for delivery.

CUS8: The organisation's obligations after a product or service is sold are clearly stated.

CUS9: The organisation is open to dialogue to protect the interests of vulnerable consumer groups.

The organisation takes all reasonable steps to ensure the safety and quality of the goods and services it provides.

CUS10: As appropriate, goods and services have accurate and clear information and labelling regarding their content, safe use, maintenance, storage and disposal.

CUS11: Where applicable, the organisation co-operates fully and in a transparent manner with public authorities in the prevention or removal of serious threats to public health and safety deriving from consumption or use of the products or services.

The organisation does not offer or accept bribes or substantial favours.

CUS12: There is a policy not to offer, pay, solicit or accept bribes in any form to or from customers.

CUS13: There is a process for monitoring and checking that the organisation does not offer, pay, solicit or accept bribes in any form to or from customers.

Suppliers

The organisation is honest and fair in its relationships with its suppliers and subcontractors.

SUP1: Terms of business, which explain clearly the basis of the contract with suppliers, are respected.
SUP2: Personal information received from suppliers and subcontractors is protected and used only in ways explicitly agreed.
SUP3: There is a process for registering and responding to supplier and subcontractor complaints and comments against a defined timescale.
SUP4: Supplier and subcontractor feedback is taken into account in developing supplier and subcontractor policies and practices.
SUP5: Where business terms are changed, reasonable time is allowed before implementation.
SUP6: There is a policy not to use intellectual property, such as copyrights, trademarks, patents or software belonging to suppliers or subcontractors, without express permission.

The organisation pays suppliers and subcontractors in accordance with agreed terms.

SUP7: There is an accurate list of invoices and payments, including overdue payments, which demonstrates that suppliers and subcontractors are routinely paid in accordance with agreed terms.

The organisation does not offer or accept bribes or substantial favours.

SUP8: There is a policy not to offer, pay, solicit or accept bribes in any form to or from suppliers.
SUP9: There is a process for monitoring and checking that the organisation does not offer, pay, solicit or accept bribes in any form to or from suppliers.

The organisation encourages suppliers and subcontractors to adopt responsible business practices.

SUP10: A process is in place to inform suppliers and subcontractors about the organisation's adherence to this Standard and encourage them to abide by its principles.

Community and environment

The organisation aims to make the communities in which it works better places to live and do business.

COM1: The organisation understands its impacts on the communities in which it operates and has a process to minimise any negative impacts.
COM2: A process is in place to deal with enquiries and complaints from members of local communities in which the organisation operates.
COM3: Community projects and activities are supported in the localities in which the organisation operates.
COM4: Employees are encouraged to help local community organisations.
COM5: There is a policy to compete fairly and there are procedures in place to prevent anti-competitive behaviour.

The organisation aims to be sensitive to the local community's cultural, social and economic needs.

COM6: The organisation is open to dialogue with relevant community groups where there are concerns about the products, services or operations of the organisation.
COM7: The organisation has purchasing and recruitment policies that favour the communities in which it operates.

The organisation endeavours to protect and preserve the environment where it operates.

COM8: The organisation assesses its environmental impacts in terms of use of resources (such as materials, energy and water) and production of waste and pollution.

COM9: The organisation prioritises its environmental impacts and has a monitored programme for continuous reduction of impacts.

COM10: Compliance with environmental regulations and industry specific codes of practice is monitored.

Shareholders and other suppliers of finance

The organisation is financially accountable to its shareholders.

SHA1: There is a regular review that provides shareholders (or their equivalent) with a clear understanding of the organisation's operations and finances.

SHA2: A verification or inspection of finances is carried out on behalf of a majority of shareholders (or equivalent) when and if they require it.

The organisation communicates to shareholders all matters that are material to an understanding of the future prospects of the organisation.

SHA3: The organisation's plans and prospects are documented and available to all concerned.

The organisation aims to protect shareholders' funds, manage risks and ensure that funds are used as agreed.

SHA4: The senior management regularly assesses its processes to safeguard assets against loss and fraudulent use.

SHA5: The senior management regularly assess the significant financial and non-financial risks and has appropriate controls in place to manage them.

SHA6: Relevant material issues are disclosed to shareholders equally and in a timely fashion.

SHA7: There are procedures to guard against insider trading.

The organisation communicates to shareholders (or their equivalent) all matters that are material to an understanding of the organisation's governance.

SHA8: The principles and practices of corporate governance are clearly communicated to shareholders (or equivalent) and variances from any relevant code of corporate governance justified.

SHA9: A process is in place to deal with queries and complaints regarding corporate governance from shareholders.

Management commitment

The organisation will do all in its power to conform to the letter and spirit of this Standard.

MAN1: The responsibility for adhering to this Standard, and the commitment of the organisation to it, rests with the senior management team.

MAN2: Complaints and comments from stakeholders are taken seriously and dealt with.

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International Code of Ethics for Canadian Business

Developed by several Canadian companies in 1997.

VISION

Canadian business has a global presence that is recognized by all stakeholders as economically rewarding to all parties, acknowledged as being ethically, socially and environmentally responsible, welcomed by the communities in which we operate, and that facilitates economic, human resource and community development within a stable operating environment.

BELIEFS

We believe that:

- we can make a difference within our sphere of influence (our stakeholders)
- business should take a leadership role through establishment of ethical business principles
- national governments have the prerogative to conduct their own government and legal affairs in accordance with their sovereign rights all governments should comply with international treaties and other agreements that they have committed to, including the areas of human rights and social justice
- while reflecting cultural diversity and differences, we should do business throughout the world consistent with the way we do business in Canada
- the business sector should show ethical leadership
- we can facilitate the achievement of wealth generation and a fair sharing of economic benefits
- our principles will assist in improving relations between the Canadian and host governments
- open, honest and transparent relationships are critical to our success
- local communities need to be involved in decision-making for issues that affect them
- multistakeholder processes need to be initiated to seek effective solutions
- confrontation should be tempered by diplomacy
- wealth maximization for all stakeholders will be enhanced by resolution of outstanding human rights and social justice issues
- doing business with other countries is good for Canada and vice versa

VALUES

We value:

- Human rights and social justice
- Wealth maximization for all stakeholders
- Operation of a free market economy
- A business environment which mitigates against bribery and corruption
- Public accountability by governments
- Equality of opportunity
- A defined code of ethics and business practice
- Protection of environmental quality and sound environmental stewardship
- Community benefits
- Good relationships with all stakeholders

- Stability and continuous improvement within our operating environment

PRINCIPLES

A. Concerning Community Participation and Environmental Protection, we will:

- strive within our sphere of influence to ensure a fair share of benefits to stakeholders impacted by our activities
- ensure meaningful and transparent consultation with all stakeholders and attempt to integrate our corporate activities with local communities as good corporate citizens
- ensure our activities are consistent with sound environmental management and conservation practices
- provide meaningful opportunities for technology, training and capacity building within the host nation

B. Concerning Human Rights, we will:

- support and promote the protection of international human rights within our sphere of influence
- not be complicit in human rights abuses

C. Concerning Business Conduct, we will:

- not make illegal and improper payments and bribes and will refrain from participating in any corrupt business practices
- comply with all application laws and conduct business activities in a transparent fashion
- ensure contractor's, supplier's and agent's activities are consistent with these principles

D. Concerning Employees Rights and Health & Safety, we will:

- ensure health and safety of workers is protected
- strive for social justice and promote freedom of association and expression in the workplace
- ensure consistency with universally accepted labour standards, including those related to exploitation of child labour

APPLICATION

The signators of this document are committed to implementation with their individual firms through the development of operational codes and practices that are consistent with the vision, beliefs, values and principles contained herein.

NOTES

The 'Code' is a statement of values/principles designed to facilitate and assist individual firms in the development of their policies and practices that are consistent with the vision, beliefs, values and principles contained herein.

Stakeholders should include: local communities, Canadian and host governments, local governments, shareholders, the media, customers and suppliers, interest groups, and international agencies.

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Further information

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International Finance Corporation's Performance Standards on Social & Environmental Sustainability

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Introduction

1. International Finance Corporation (IFC) applies the Performance Standards to manage social and environmental risks and impacts and to enhance development opportunities in its private sector financing in its member countries eligible for financing.¹ The Performance Standards may also be applied by other financial institutions electing to apply them to projects in emerging markets. Together, the eight Performance Standards establish standards that the client² is to meet throughout the life of an investment by IFC or other relevant financial institution:

Performance Standard 1: Social and Environmental Assessment and Management System

Performance Standard 2: Labor and Working Conditions

Performance Standard 3: Pollution Prevention and Abatement

Performance Standard 4: Community Health, Safety and Security

Performance Standard 5: Land Acquisition and Involuntary Resettlement

Performance Standard 6: Biodiversity Conservation and Sustainable Natural Resource Management

Performance Standard 7: Indigenous Peoples

Performance Standard 8: Cultural Heritage

2. Performance Standard 1 establishes the importance of: (i) integrated assessment to identify the social and environmental impacts, risks, and opportunities of projects; (ii) effective community engagement through disclosure of project-related information and consultation with local communities on matters that directly affect them; and (iii) the client's management of social and environmental performance throughout the life of the project. Performance Standards 2 through 8 establish requirements to avoid, reduce, mitigate or compensate for impacts on people and the environment, and to improve conditions where appropriate. While all relevant social and environmental risks and potential impacts should be considered as part of the assessment, Performance Standards 2 through 8 describe potential social and environmental impacts that require particular attention in emerging markets. Where social or environmental impacts are anticipated, the client is required to manage them through its Social and Environmental Management System consistent with Performance Standard 1.

3. In addition to meeting the requirements under the Performance Standards, clients must comply with applicable national laws, including those laws implementing host country obligations under international law.

4. A set of Guidance Notes, corresponding to the Performance Standards, offers helpful guidance on the requirements contained in the Performance Standards, including reference materials, and on good sustainability practices to help clients improve project performance.

¹ IFC will apply the Performance Standards to projects it finances, consistent with the provisions in the accompanying IFC's Policy on Social and Environmental Sustainability. IFC's institutional disclosure of information will be pursuant to IFC's Policy on Disclosure of Information.

² The term "client" is used throughout the Performance Standards broadly to refer to the party responsible for implementing and operating the project that is being financed, or the recipient of the financing, depending on the project structure and type of financing. The term "project" is defined in Performance Standard 1.

Performance Standard 1

Social and Environmental Assessment and Management Systems

Introduction

1. Performance Standard 1 underscores the importance of managing social and environmental performance throughout the life of a project (any business activity that is subject to assessment and management). An effective social and environmental management system is a dynamic, continuous process initiated by management and involving communication between the client, its workers, and the local communities directly affected by the project (the affected communities). Drawing on the elements of the established business management process of “plan, implement, check, and act,” the system entails the thorough assessment of potential social and environmental impacts and risks from the early stages of project development, and provides order and consistency for mitigating and managing these on an ongoing basis. A good management system appropriate to the size and nature of a project promotes sound and sustainable social and environmental performance, and can lead to improved financial, social and environmental project outcomes.

Objectives

- To identify and assess social and environment impacts, both adverse and beneficial, in the project’s area of influence
- To avoid, or where avoidance is not possible, minimize, mitigate, or compensate for adverse impacts on workers, affected communities , and the environment
- To ensure that affected communities are appropriately engaged on issues that could potentially affect them
- To promote improved social and environment performance of companies through the effective use of management systems

Scope of Application

2. This Performance Standard applies to projects with social or environmental risks and impacts that should be managed, in the early stages of project development, and on an ongoing basis.

Requirements

Social and Environmental Management System

3. The client will establish and maintain a Social and Environmental Management System appropriate to the nature and scale of the project and commensurate with the level of social and environmental risks and impacts. The Management System will incorporate the following elements: (i) Social and Environmental Assessment; (ii) management program ; (iii) organizational capacity; (iv) training; (v) community engagement; (vi) monitoring; and (vii) reporting.

Social and Environmental Assessment

4. The client will conduct a process of Social and Environmental Assessment that will consider in an integrated manner the potential social and environmental (including labor, health, and safety)

risks and impacts of the project. The Assessment process will be based on current information, including an accurate project description, and appropriate social and environmental baseline data. The Assessment will consider all relevant social and environmental risks and impacts of the project, including the issues identified in Performance Standards 2 through 8, and those who will be affected by such risks and impacts. Applicable laws and regulations of the jurisdictions in which the project operates that pertain to social and environmental matters, including those laws implementing host country obligations under international law, will also be taken into account.

5. Risks and impacts will be analyzed in the context of the project's area of influence. This area of influence encompasses, as appropriate: (i) the primary project site(s) and related facilities that the client (including its contractors) develops or controls, such as power transmission corridors, pipelines, canals, tunnels, relocation and access roads, borrow and disposal areas, construction camps; (ii) associated facilities that are not funded as part of the project (funding may be provided separately by the client or by third parties including the government), and whose viability and existence depend exclusively on the project and whose goods or services are essential for the successful operation of the project; (iii) areas potentially impacted by cumulative impacts from further planned development of the project, any existing project or condition, and other project-related developments that are realistically defined at the time the Social and Environmental Assessment is undertaken; and (iv) areas potentially affected by impacts from unplanned but predictable developments caused by the project that may occur later or at a different location. The area of influence does not include potential impacts that would occur without the project or independently of the project.

6. Risks and impacts will also be analyzed for the key stages of the project cycle, including preconstruction, construction, operations, and decommissioning or closure. Where relevant, the Assessment will also consider the role and capacity of third parties (such as local and national governments, contractors and suppliers), to the extent that they pose a risk to the project, recognizing that the client should address these risks and impacts commensurate to the client's control and influence over the third party actions. The impacts associated with supply chains will be considered where the resource utilized by the project is ecologically sensitive, or in cases where low labor cost is a factor in the competitiveness of the item supplied. The Assessment will also consider potential transboundary effects, such as pollution of air, or use or pollution of international waterways, as well as global impacts, such as the emission of greenhouse gasses.

7. The Assessment will be an adequate, accurate, and objective evaluation and presentation of the issues, prepared by qualified and experienced persons. In projects with significant adverse impacts or where technically complex issues are involved, clients may be required to retain external experts to assist in the Assessment process.

8. Depending on the type of project and the nature and magnitude of its risks and impacts, the Assessment may comprise a full-scale social and environmental impact assessment, a limited or focused environmental or social assessment, or straightforward application of environmental siting, pollution standards, design criteria, or construction standards. When the project involves existing business activities, social and/or environmental audits may need to be performed to determine any areas of concern. The types of issues, risks and impacts to be assessed, and the scope of the community engagement (see paragraphs 19 through 23 below) can also vary considerably, depending on the nature of the project, and its size, location, and stage of development.

9. Projects with potential significant adverse impacts that are diverse, irreversible, or unprecedented will have comprehensive social and environmental impact assessments. This assessment will include an examination of technically and financially feasible³ alternatives to the

³ "Technical feasibility" is based on whether the proposed measures and actions can be implemented with commercially available skills, equipment and materials, taking into consideration prevailing local factors such as climate, geography, demography, infrastructure, security, governance, capacity and operational reliability. "Financial feasibility" is based on commercial considerations, including the relative magnitude of the incremental

source of such impacts, and documentation of the rationale for selecting the particular course of action proposed. In exceptional circumstances, a regional, sectoral or strategic assessment may be required.

10. Narrower scopes of Assessments may be conducted for projects with limited impacts that are few in number, generally site-specific, largely reversible, and readily addressed through mitigation measures.

11. Projects with minimal or no adverse impacts will not be subject to further assessment beyond their identification as such.

12. As part of the Assessment, the client will identify individuals and groups that may be differentially or disproportionately affected by the project because of their disadvantaged or vulnerable status.⁴ Where groups are identified as disadvantaged or vulnerable, the client will propose and implement differentiated measures so that adverse impacts do not fall disproportionately on them and they are not disadvantaged in sharing development benefits and opportunities.

Management Program

13. Taking into account the relevant findings of the Social and Environmental Assessment and the result of consultation with affected communities, the client will establish and manage a program of mitigation and performance improvement measures and actions that address the identified social and environmental risks and impacts (the management program).

14. Management programs consist of a combination of operational policies, procedures and practices. The program may apply broadly across the client's organization, or to specific sites, facilities, or activities. The measures and actions to address identified impacts and risks will favor the avoidance and prevention of impacts over minimization, mitigation, or compensation, wherever technically and financially feasible. Where risks and impacts cannot be avoided or prevented, mitigation measures and actions will be identified so that the project operates in compliance with applicable laws and regulations, and meets the requirements of Performance Standards 1 through 8 (see paragraph 16 below). The level of detail and complexity of this program and the priority of the identified measures and actions will be commensurate with the project's risks and impacts.

15. The program will define desired outcomes as measurable events to the extent possible, with elements such as performance indicators, targets, or acceptance criteria that can be tracked over defined time periods, and with estimates of the resources and responsibilities for implementation. Recognizing the dynamic nature of the project development and implementation process, the program will be responsive to changes in project circumstances, unforeseen events, and the results of monitoring (see paragraph 24 below). cost of adopting such measures and actions compared to the project's investment, operating and maintenance costs and whether this incremental cost could make the project nonviable to the client.

Action Plan

16. Where the client identifies specific mitigation measures and actions necessary for the project to comply with applicable laws and regulations and to meet the requirements of Performance Standards 1 through 8, the client will prepare an Action Plan. These measures and actions will reflect the outcomes of consultation on social and environmental risks and adverse impacts and the proposed measures and actions to address these, consistent with the requirements under

⁴ This status may stem from an individual's or group's race, color, sex, language, religion, political or other opinion, national or social origin, property, birth or other status. The client should also consider factors such as gender, ethnicity, culture, sickness, physical or mental disability, poverty or economic disadvantage, and dependence on unique natural resources.

paragraph 21. The Action Plan may range from a brief description of routine mitigation measures to a series of specific plans.⁵ The Action Plan will: (i) describe the actions necessary to implement the various sets of mitigation measures or corrective actions to be undertaken; (ii) prioritize these actions; (iii) include the time-line for their implementation; (iv) be disclosed to the affected communities (see paragraph 26); and (v) describe the schedule and mechanism for external reporting on the client's implementation of the Action Plan.

Organizational Capacity

17. The client will establish, maintain, and strengthen as necessary an organizational structure that defines roles, responsibilities, and authority to implement the management program, including the Action Plan. Specific personnel, including management representative(s), with clear lines of responsibility and authority should be designated. Key social and environmental responsibilities should be well defined and communicated to the relevant personnel and to the rest of the organization. Sufficient management sponsorship and human and financial resources will be provided on an ongoing basis to achieve effective and continuous social and environmental performance.

Training

18. The client will train employees and contractors with direct responsibility for activities relevant to the project's social and environmental performance so that they have the knowledge and skills necessary to perform their work, including current knowledge of the host country's regulatory requirements and the applicable requirements of Performance Standards 1 through 8. Training will also address the specific measures and actions required under the management program, including the Action Plan, and the methods required to perform the action items in a competent and efficient manner.

Community Engagement

19. Community engagement is an on-going process involving the client's disclosure of information. When local communities may be affected by risks or adverse impacts from a project, the engagement process will include consultation with them. The purpose of community engagement is to build and maintain over time a constructive relationship with these communities. The nature and frequency of community engagement will reflect the project's risks to and adverse impacts on the affected communities. Community engagement will be free of external manipulation, interference, or coercion, and intimidation, and conducted on the basis of timely, relevant, understandable and accessible information.

Disclosure

20. Disclosure of relevant project information helps affected communities understand the risks, impacts and opportunities of the project. Where the client has undertaken a process of Social and Environmental Assessment, the client will publicly disclose the Assessment document. If communities may be affected by risks or adverse impacts from the project, the client will provide such communities with access to information on the purpose, nature and scale of the project, the duration of proposed project activities, and any risks to and potential impacts on such communities. For projects with adverse social or environmental impacts, disclosure should occur early in the Social and Environmental Assessment process and in any event before the project construction commences, and on an ongoing basis (see paragraph 26 below).

⁵ For example, Resettlement Action Plans, Biodiversity Action Plans, Hazardous Materials Management Plans, Emergency Preparedness and Response Plans, Community Health and Safety Plans, and Indigenous Peoples Development Plans.

Consultation

21. If affected communities may be subject to risks or adverse impacts from a project, the client will undertake a process of consultation in a manner that provides the affected communities with opportunities to express their views on project risks, impacts, and mitigation measures, and allows the client to consider and respond to them. Effective consultation: (i) should be based on the prior disclosure of relevant and adequate information, including draft documents and plans; (ii) should begin early in the Social and Environmental Assessment process; (iii) will focus on the social and environmental risks and adverse impacts, and the proposed measures and actions to address these; and (iv) will be carried out on an ongoing basis as risks and impacts arise. The consultation process will be undertaken in a manner that is inclusive and culturally appropriate. The client will tailor its consultation process to the language preferences of the affected communities, their decision-making process, and the needs of disadvantaged or vulnerable groups.

22. For projects with significant adverse impacts on affected communities, the consultation process will ensure their free, prior and informed consultation and facilitate their informed participation. Informed participation involves organized and iterative consultation, leading to the client's incorporating into their decision-making process the views of the affected communities on matters that affect them directly, such as proposed mitigation measures, the sharing of development benefits and opportunities, and implementation issues. The client will document the process, in particular the measures taken to avoid or minimize risks to and adverse impacts on the affected communities.

Grievance Mechanism

23. The client will respond to communities' concerns related to the project. If the client anticipates ongoing risks to or adverse impacts on affected communities, the client will establish a grievance mechanism to receive and facilitate resolution of the affected communities' concerns and grievances about the client's environmental and social performance. The grievance mechanism should be scaled to the risks and adverse impacts of the project. It should address concerns promptly, using an understandable and transparent process that is culturally appropriate and readily accessible to all segments of the affected communities, and at no cost and without retribution. The mechanism should not impede access to judicial or administrative remedies. The client will inform the affected communities about the mechanism in the course of its community engagement process.

Monitoring

24. As an element of its Management System, the client will establish procedures to monitor and measure the effectiveness of the management program. In addition to recording information to track performance and establishing relevant operational controls, the client should use dynamic mechanisms, such as inspections and audits, where relevant, to verify compliance and progress toward the desired outcomes. For projects with significant impacts that are diverse, irreversible, or unprecedented, the client will retain qualified and experienced external experts to verify its monitoring information. The extent of monitoring should be commensurate with the project's risks and impacts and with the project's compliance requirements. Monitoring should be adjusted according to performance experience and feedback. The client will document monitoring results, and identify and reflect the necessary corrective and preventive actions in the amended management program. The client will implement these corrective and preventive actions, and follow up on these actions to ensure their effectiveness.

Reporting

Internal Reporting

25. Senior management in the client organization will receive periodic assessments of the effectiveness of the management program, based on systematic data collection and analysis. The scope and frequency of such reporting will depend upon the nature and scope of the activities identified and undertaken in accordance with the client's management program and other applicable project requirements.

External Reporting on Action Plans

26. The client will disclose the Action Plan to the affected communities. In addition, the client will provide periodic reports that describe progress with implementation of the Action Plan on issues that involve ongoing risk to or impacts on affected communities, and on issues that the consultation process or grievance mechanism has identified as of concern to those communities. If the management program results in material changes in, or additions to, the mitigation measures or actions described in the Action Plan on issues of concern to the affected communities, the updated mitigation measures or actions will also be disclosed. These reports will be in a format accessible to the affected communities. The frequency of these reports will be proportionate to the concerns of affected communities but not less than annually.

Performance Standard 2

Labor and Working Conditions

Introduction

1. Performance Standard 2 recognizes that the pursuit of economic growth through employment creation and income generation should be balanced with protection for basic rights of workers. For any business, the workforce is a valuable asset, and a sound worker-management relationship is a key ingredient to the sustainability of the enterprise. Failure to establish and foster a sound worker management relationship can undermine worker commitment and retention, and can jeopardize a project. Conversely, through a constructive worker-management relationship, and by treating the workers fairly and providing them with safe and healthy working conditions, clients may create tangible benefits, such as enhancement of the efficiency and productivity of their operations.

2. The requirements set out in this Performance Standard have been in part guided by a number of international conventions negotiated through the International Labour Organization (ILO) and the United Nations (UN).⁶

Objectives

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- To establish, maintain and improve the worker-management relationship
- To promote the fair treatment, non-discrimination and equal opportunity of workers, and compliance with national labor and employment laws
- To protect the workforce by addressing child labor and forced labor
- To promote safe and healthy working conditions, and to protect and promote the health of workers

⁶ These conventions are:

ILO Convention 87 on Freedom of Association and Protection of the Right to Organize
ILO Convention 98 on the Right to Organize and Collective Bargaining
ILO Convention 29 on Forced Labor
ILO Convention 105 on the Abolition of Forced Labor
ILO Convention 138 on Minimum Age (of Employment)
ILO Convention 182 on the Worst Forms of Child Labor
ILO Convention 100 on Equal Remuneration
ILO Convention 111 on Discrimination (Employment and Occupation)
United Nations Convention on the Rights of the Child, Article 32.1

Scope of Application

3. The applicability of this Performance Standard is established during the Social and Environmental Assessment process, while implementation of the actions necessary to meet the requirements of this Performance Standard is managed through the client's Social and Environmental Management System. The assessment and management system requirements are outlined in Performance Standard 1.

4. Throughout this Performance Standard, the term "workers" is used to refer to employees of the client, as well as to certain types of non-employee workers described in paragraph 17. The application of this Performance Standard will vary depending on the type of workers, as follows:

- **Employees:** All the requirements of this Performance Standard, except for the requirements under paragraphs 17 and 18, apply
- **Non-Employee Workers:** The requirements of paragraph 17 apply

5. Supply chain⁷ issues are addressed in paragraph 18.

Requirements

Working Conditions and Management of Worker Relationship

Human Resources Policy

6. The client will adopt a human resources policy appropriate to its size and workforce that sets out its approach to managing employees consistent with the requirements of this Performance Standard. Under the policy, the client will provide employees with information regarding their rights under national labor and employment law, including their rights related to wages and benefits. This policy will be clear and understandable to employees and will be explained or made accessible to each employee upon taking employment.

Working Relationship

7. The client will document and communicate to all employees and workers directly contracted by the client their working conditions and terms of employment, including their entitlement to wages and any benefits.

Working Conditions and Terms of Employment

8. Where the client is a party to a collective bargaining agreement with a workers' organization, such agreement will be respected. Where such agreements do not exist, or do not address working conditions and terms of employment (such as wages and benefits, hours of work, overtime arrangements and overtime compensation, and leave for illness, maternity, vacation or holiday) the client will provide reasonable working conditions and terms of employment that, at a minimum, comply with national law.

Workers' Organizations

9. In countries where national law recognizes workers' rights to form and to join workers' organizations of their choosing without interference and to bargain collectively, the client will comply with national law. Where national law substantially restricts workers' organizations, the client will enable alternative means for workers to express their grievances and protect their rights regarding working conditions and terms of employment.

10. In either case described in paragraph 9, and where national law is silent, the client will not discourage workers from forming or joining workers' organizations of their choosing or from bargaining collectively, and will not discriminate or retaliate against workers who participate, or

⁷ Supply chain refers to both labor and material inputs for the life-cycle of a good or service.

seek to participate, in such organizations and bargain collectively. Clients will engage with such worker representatives. Worker organizations are expected to fairly represent the workers in the workforce.

Non-Discrimination and Equal Opportunity

11. The client will not make employment decisions on the basis of personal characteristics unrelated to inherent job requirements. The client will base the employment relationship on the principle of equal opportunity and fair treatment, and will not discriminate with respect to aspects of the employment relationship, including recruitment and hiring, compensation (including wages and benefits), working conditions and terms of employment, access to training, promotion, termination of employment or retirement, and discipline. In countries where national law provides for nondiscrimination in employment, the client will comply with national law. When national laws are silent on non-discrimination in employment, the client will meet this Performance Standard. Special measures of protection or assistance to remedy past discrimination or selection for a particular job based on the inherent requirements of the job will not be deemed discrimination.

Retrenchment

12. The client will develop a plan to mitigate the adverse impacts of retrenchment on employees, if it anticipates the elimination of a significant number of jobs or a layoff of a significant number of employees. The plan will be based on the principle of non-discrimination and will reflect the client's consultation with employees, their organizations and, where appropriate, the government.

Grievance Mechanism

13. The client will provide a grievance mechanism for workers (and their organizations, where they exist) to raise reasonable workplace concerns. The client will inform the workers of the grievance mechanism at the time of hire, and make it easily accessible to them. The mechanism should involve an appropriate level of management and address concerns promptly, using an understandable and transparent process that provides feedback to those concerned, without any retribution. The mechanism should not impede access to other judicial or administrative remedies that might be available under law or through existing arbitration procedures, or substitute for grievance mechanisms provided through collective agreements.

Protecting the Work Force

Child Labor

14. The client will not employ children in a manner that is economically exploitative, or is likely to be hazardous or to interfere with the child's education, or to be harmful to the child's health or physical, mental, spiritual, moral, or social development. Where national laws have provisions for the employment of minors, the client will follow those laws applicable to the client. Children below the age of 18 years will not be employed in dangerous work.

Forced Labor

15. The client will not employ forced labor, which consists of any work or service not voluntarily performed that is exacted from an individual under threat of force or penalty. This covers any kind of involuntary or compulsory labor, such as indentured labor, bonded labor or similar labor-contracting arrangements.

Occupational Health and Safety

16. The client will provide the workers with a safe and healthy work environment, taking into account inherent risks in its particular sector and specific classes of hazards in the client's work areas, including physical, chemical, biological, and radiological hazards. The client will take steps to prevent accidents, injury, and disease arising from, associated with, or occurring in the course of work by minimizing, so far as reasonably practicable, the causes of hazards. In a manner

consistent with good international industry practice,⁸ the client will address areas, including: the identification of potential hazards to workers, particularly those that may be life-threatening; provision of preventive and protective measures, including modification, substitution, or elimination of hazardous conditions or substances; training of workers; documentation and reporting of occupational accidents, diseases, and incidents; and emergency prevention, preparedness and response arrangements.

Non-Employee Workers

17. For purpose of this Performance Standard, “non-employee workers” refers to workers who are: (i) directly contracted by the client, or contracted through contractors or other intermediaries; and (ii) performing work directly related to core functions essential to the client’s products or services for a substantial duration. When the client contracts non-employee workers directly, the client will use commercially reasonable efforts to apply the requirements of this Performance Standard, except for paragraphs 6, 12, and 18. With respect to contractors or other intermediaries procuring nonemployee workers, the client will use commercially reasonable efforts to: (i) ascertain that these contractors or intermediaries are reputable and legitimate enterprises; and (ii) require that these contractors or intermediaries apply the requirements of this Performance Standard, except for paragraphs 6, 12, and 13.

Supply Chain

18. The adverse impacts associated with supply chains will be considered where low labor cost is a factor in the competitiveness of the item supplied. The client will inquire about and address child labor and forced labor in its supply chain, consistent with paragraphs 14 and 15 above.

Performance Standard 3

Pollution Prevention and Abatement

Introduction

1. Performance Standard 3 recognizes that increased industrial activity and urbanization often generate increased levels of pollution to air, water, and land that may threaten people and the environment at the local, regional, and global level.⁹ On the other hand, along with international trade, pollution prevention and control technologies and practices have become more accessible and achievable in virtually all parts of the world. This Performance Standard outlines a project approach to pollution prevention and abatement in line with these internationally disseminated technologies and practices. In addition, this Performance Standard promotes the private sector’s ability to integrate such technologies and practices as far as their use is technically and financially feasible and cost-effective in the context of a project that relies on commercially available skills and resources.

Objectives

- To avoid or minimize adverse impacts on human health and the environment by avoiding or minimizing pollution from project activities

⁸ Defined as the exercise of professional skill, diligence, prudence and foresight that would reasonably be expected from skilled and experienced professionals engaged in the same type of undertaking under the same or similar circumstances globally.

⁹ For the purposes of this performance standard, the term “pollution” is used to refer to both hazardous and nonhazardous pollutants in the solid, liquid, or gaseous forms, and is intended to include other forms such as nuisance odors, noise, vibration, radiation, electromagnetic energy, and the creation of potential visual impacts including light.

- To promote the reduction of emissions that contribute to climate change

Scope of Application

2. The applicability of this Performance Standard is established during the Social and Environmental Assessment process, while implementation of the actions necessary to meet the requirements of this Performance Standard is managed through the client's Social and Environmental Management System. The assessment and management system requirements are outlined in Performance Standard 1.

Requirements

General Requirements

3. During the design, construction, operation and decommissioning of the project (the project lifecycle) the client will consider ambient conditions and apply pollution prevention and control technologies and practices (techniques) that are best suited to avoid or, where avoidance is not feasible, minimize or reduce adverse impacts on human health and the environment while remaining technically and financially feasible and cost-effective.¹⁰ The project-specific pollution prevention and control techniques applied during the project life-cycle will be tailored to the hazards and risks associated with project emissions and consistent with good international industry practice,¹¹ as reflected in various internationally recognized sources, including IFC's Environmental, Health and Safety Guidelines (the EHS Guidelines).

Pollution Prevention, Resource Conservation and Energy Efficiency

4. The client will avoid the release of pollutants or, when avoidance is not feasible, minimize or control the intensity or load of their release. This applies to the release of pollutants due to routine, non-routine or accidental circumstances with the potential for local, regional, and transboundary impacts.¹² In addition, the client should examine and incorporate in its operations resource conservation and energy efficiency measures, consistent with the principles of cleaner production.

Wastes

5. The client will avoid or minimize the generation of hazardous and non-hazardous waste materials as far as practicable. Where waste generation cannot be avoided but has been minimized, the client will recover and reuse waste; where waste can not be recovered or reused, the client will treat, destroy, and dispose of it in an environmentally sound manner. If the generated waste is considered hazardous,¹³ the client will explore commercially reasonable alternatives for its environmentally sound disposal considering the limitations applicable to its transboundary movement.¹⁴ When waste disposal is conducted by third parties, the client will use contractors that are reputable and legitimate enterprises licensed by the relevant regulatory agencies.

Hazardous Materials

¹⁰ "Technical feasibility" and "financial feasibility" are defined in Performance Standard 1. "Cost-effectiveness" is based on the effectiveness of reducing emissions relative to the additional cost required to do so.

¹¹ Defined as the exercise of professional skill, diligence, prudence and foresight that would reasonably be expected from skilled and experienced professionals engaged in the same type of undertaking under the same or similar circumstances globally. The circumstances that skilled and experienced professionals may find when evaluating the range of pollution prevention and control techniques available to a project may include, but are not limited to, varying levels of environmental degradation and environmental assimilative capacity as well as varying levels of financial and technical feasibility.

¹² In reference to transboundary pollutants, including those covered under the Convention on Long-range Transboundary Air Pollution.

¹³ As defined by local legislation or international conventions.

¹⁴ Consistent with the objectives of the Basel Convention on the Control of Transboundary Movements of Hazardous Wastes.

6. The client will avoid or, when avoidance is not feasible, minimize or control the release of hazardous materials resulting from their production, transportation, handling, storage and use for project activities. The client will avoid the manufacture, trade, and use of chemicals and hazardous materials subject to international bans or phase-outs due to their high toxicity to living organisms, environmental persistence, potential for bioaccumulation, or potential for depletion of the ozone layer,¹⁵ and consider the use of less hazardous substitutes for such chemicals and materials.

Emergency Preparedness and Response

7. The client will be prepared to respond to process upset, accidental, and emergency situations in a manner appropriate to the operational risks and the need to prevent their potential negative consequences. This preparation will include a plan that addresses the training, resources, responsibilities, communication, procedures, and other aspects required to effectively respond to emergencies associated with project hazards. Additional requirements on emergency preparedness and response are found in paragraph 12 of Performance Standard 4.

Technical Guidance

8. The client will refer to the current version of the EHS Guidelines when evaluating and selecting pollution prevention and control techniques for the project. These Guidelines contain the performance levels and measures that are normally acceptable and applicable to projects. When host country regulations differ from the levels and measures presented in the EHS Guidelines, clients will achieve whichever is more stringent. If less stringent levels or measures are appropriate in view of specific project circumstances, the client will provide full and detailed justification for any proposed alternatives. This justification will demonstrate that the choice for any alternate performance levels is consistent with the overall requirements of this Performance Standard.

Ambient Considerations

9. To address adverse project impacts on existing ambient conditions,¹⁶ the client will: (i) consider a number of factors, including the finite assimilative capacity¹⁷ of the environment, existing and future land use, existing ambient conditions, the project's proximity to ecologically sensitive or protected areas, and the potential for cumulative impacts with uncertain and irreversible consequences; and (ii) promote strategies that avoid or, where avoidance is not feasible, minimize or reduce the release of pollutants, including strategies that contribute to the improvement of ambient conditions when the project has the potential to constitute a significant source of emissions in an already degraded area. These strategies include, but are not limited to, evaluation of project location alternatives and emissions offsets.

Greenhouse Gas Emissions

10. The client will promote the reduction of project-related greenhouse gas (GHG) emissions in a manner appropriate to the nature and scale of project operations and impacts.

11. During the development or operation of projects that are expected to or currently produce significant quantities of GHGs,¹⁸ the client will quantify direct emissions from the facilities owned

¹⁵ Consistent with the objectives of the Stockholm Convention on Persistent Organic Pollutants and the Montreal Protocol on Substances that Deplete the Ozone Layer. Similar considerations will apply to certain World Health Organization (WHO) classes of pesticides.

¹⁶ Such as air, surface and groundwater, and soils.

¹⁷ The capacity of the environment for absorbing an incremental load of pollutants while remaining below a threshold of unacceptable risk to human health and the environment.

¹⁸ The significance of a project's contribution to GHG emissions varies between industry sectors. The threshold for this Performance Standard is 100,000 tons CO₂ equivalent per year for the aggregate emissions of direct sources and indirect sources associated with purchased electricity for own consumption. This or similar thresholds will apply to such industry

or controlled within the physical project boundary and indirect emissions associated with the off-site production of power used by the project. Quantification and monitoring of GHG emissions will be conducted annually in accordance with internationally recognized methodologies.¹⁹ In addition, the client will evaluate technically and financially feasible and cost-effective options to reduce or offset project-related GHG emissions during the design and operation of the project. These options may include, but are not limited to, carbon financing, energy efficiency improvement, the use of renewable energy sources, alterations of project design, emissions offsets, and the adoption of other mitigation measures such as the reduction of fugitive emissions and the reduction of gas flaring.

Pesticide Use and Management

12. The client will formulate and implement an integrated pest management (IPM) and/or integrated vector management (IVM) approach for pest management activities. The client's IPM and IVM program will entail coordinated use of pest and environmental information along with available pest control methods, including cultural practices, biological, genetic and, as a last resort, chemical means to prevent unacceptable levels of pest damage.

13. When pest management activities include the use of pesticides, the client will select pesticides that are low in human toxicity, known to be effective against the target species, and have minimal effects on non-target species and the environment. When the client selects pesticides, the selection will be based on whether the pesticides are packaged in safe containers, are clearly labeled for safe and proper use, and have been manufactured by an entity currently licensed by relevant regulatory agencies.

14. The client will design its pesticide application regime to minimize damage to natural enemies and prevent the development of resistance in pests. In addition, pesticides will be handled, stored, applied, and disposed of in accordance with the Food and Agriculture Organization's International Code of Conduct on the Distribution and Use of Pesticides or other good international industry practice.

15. The client will not use products that fall in World Health Organization Recommended Classification of Pesticides by Hazard Classes Ia (extremely hazardous) and Ib (highly hazardous); or Class II (moderately hazardous), if the project host country lacks restrictions on distribution and use of these chemicals, or if they are likely to be accessible to personnel without proper training, equipment, and facilities to handle, store, apply, and dispose of these products properly.

Performance Standard 4 **Community Health, Safety and Security**

Introduction

1. Performance Standard 4 recognizes that project activities, equipment, and infrastructure often bring benefits to communities including employment, services, and opportunities for economic development. However, projects can also increase the potential for community exposure to risks and impacts arising from equipment accidents, structural failures, and releases of hazardous materials. Communities may also be affected by impacts on their natural resources, exposure to diseases, and the use of security personnel. While acknowledging the public authorities' role in

sectors or activities as energy, transport, heavy industry, agriculture, forestry, and waste management in order to help promote awareness and reduction of emissions.

¹⁹ Estimation methodologies are provided by the Intergovernmental Panel on Climate Change (IPCC), various international organizations, and relevant host country agencies.

promoting the health, safety and security of the public, this Performance Standard addresses the client's responsibility to avoid or minimize the risks and impacts to community health, safety and security that may arise from project activities. The level of risks and impacts described in this Performance Standard may be greater in projects located in conflict and post-conflict areas.

Objectives

- To avoid or minimize risks to and impacts on the health and safety of the local community during the project life cycle from both routine and non-routine circumstances
- To ensure that the safeguarding of personnel and property is carried out in a legitimate manner that avoids or minimizes risks to the community's safety and security

Scope of Application

2. The applicability of this Performance Standard is established during the Social and Environmental Assessment process, while implementation of the actions necessary to meet the requirements of this Performance Standard is managed through the client's Social and Environmental Management System. The assessment and management system requirements are outlined in Performance Standard 1.

3. This Performance Standard addresses potential risks and impacts to the affected community from project activities. Occupational health and safety standards are found in paragraph 16 of Performance Standard 2, and environmental standards to prevent impacts on human health and the environment due to pollution are found in Performance Standard 3.

Requirements

Community Health and Safety Requirements

General Requirements

4. The client will evaluate the risks and impacts to the health and safety of the affected community during the design, construction, operation, and decommissioning of the project and will establish preventive measures to address them in a manner commensurate with the identified risks and impacts. These measures will favor the prevention or avoidance of risks and impacts over minimization and reduction.

5. Where the project poses risks to or adverse impacts on the health and safety of affected communities, the client will disclose the Action Plan and any other relevant project-related information to enable the affected communities and relevant government agencies to understand these risks and impacts, and will engage the affected communities and agencies on an ongoing basis consistent with the requirements of Performance Standard 1.

Infrastructure and Equipment Safety

6. The client will design, construct, and operate and decommission the structural elements or components of the project in accordance with good international industry practice,²⁰ and will give particular consideration to potential exposure to natural hazards, especially where the structural elements are accessible to members of the affected community or where their failure could result in injury to the community. Structural elements will be designed and constructed by qualified and experienced professionals, and certified or approved by competent authorities or professionals.

²⁰ Defined as the exercise of that degree of skill, diligence, prudence and foresight that would reasonably and ordinarily be expected from skilled and experienced professionals engaged in the same type of undertaking under the same or similar circumstances globally.

When structural elements or components, such as dams, tailings dams, or ash ponds, are situated in high-risk locations, and their failure or malfunction may threaten the safety of communities, the client will engage one or more qualified experts with relevant and recognized experience in similar projects, separate from those responsible for the design and construction, to conduct a review as early as possible in project development and throughout the stages of project design, construction, and commissioning. For projects that operate moving equipment on public roads and other forms of infrastructure, the client will seek to prevent the occurrence of incidents and accidents associated with the operation of such equipment.

Hazardous Materials Safety

7. The client will prevent or minimize the potential for community exposure to hazardous materials that may be released by the project. Where there is a potential for the community (including workers and their families) to be exposed to hazards, particularly those that may be life-threatening, the client will exercise special care to avoid or minimize their exposure by modifying, substituting or eliminating the condition or substance causing the hazards. Where hazardous materials are part of existing project infrastructure or components, the client will exercise special care when conducting decommissioning activities in order to prevent exposure to the community. In addition, the client will exercise commercially reasonable efforts to control the safety of deliveries of raw materials and of transportation and disposal of wastes, and will implement measures to avoid or control community exposure to pesticides in accordance with the requirements outlined in paragraphs 6 and 12 through 15 of Performance Standard 3.

Environmental and Natural Resource Issues

8. The client will avoid or minimize the exacerbation of impacts caused by natural hazards, such as landslides or floods that could arise from land use changes due to project activities.

9. The client will also avoid or minimize adverse impacts due to project activities on soil, water, and other natural resources in use by the affected communities.

Community Exposure to Disease

10. The client will prevent or minimize the potential for community exposure to water-borne, water-based, water-related, vector-borne disease, and other communicable diseases that could result from project activities. Where specific diseases are endemic in communities in the project area of influence, the client is encouraged to explore opportunities during the project life cycle to improve environmental conditions that could help reduce their incidence.

11. The client will prevent or minimize transmission of communicable diseases that may be associated with the influx of temporary or permanent project labor.

Emergency Preparedness and Response

12. The client will assess the potential risks and impacts from project activities and inform affected communities of significant potential hazards in a culturally appropriate manner. The client will also assist and collaborate with the community and the local government agencies in their preparations to respond effectively to emergency situations, especially when their participation and collaboration are necessary to respond to such emergency situations. If local government agencies have little or no capacity to respond effectively, the client will play an active role in preparing for and responding to emergencies associated with the project. The client will document its emergency preparedness and response activities, resources, and responsibilities, and will disclose appropriate information in the Action Plan or other relevant document to affected communities and relevant government agencies.

Security Personnel Requirements

13. When the client directly retains employees or contractors to provide security to safeguard its personnel and property, it will assess risks to those within and outside the project site posed by

its security arrangements. In making such arrangements, the client will be guided by the principles of proportionality, good international practices in terms of hiring, rules of conduct, training, equipping and monitoring of such personnel, and applicable law. The client will make reasonable inquiries to satisfy itself that those providing security are not implicated in past abuses, will train them adequately in the use of force (and where applicable, firearms) and appropriate conduct toward workers and the local community, and require them to act within the applicable law. The client will not sanction any use of force except when used for preventive and defensive purposes in proportion to the nature and extent of the threat. A grievance mechanism should allow the affected community to express concerns about the security arrangements and acts of security personnel.

14. If government security personnel are deployed to provide security services for the client, the client will assess risks arising from such use, communicate its intent that the security personnel act in a manner consistent with paragraph 13 above, and encourage the relevant public authorities to disclose the security arrangements for the client's facilities to the public, subject to overriding security concerns.

15. The client will investigate any credible allegations of unlawful or abusive acts of security personnel, take action (or urge appropriate parties to take action) to prevent recurrence, and report unlawful and abusive acts to public authorities when appropriate.

Performance Standard 5

Land Acquisition and Involuntary Resettlement

Introduction

1. Involuntary resettlement refers both to physical displacement (relocation or loss of shelter) and to economic displacement (loss of assets or access to assets that leads to loss of income sources or means of livelihood) as a result of project-related land acquisition.²¹ Resettlement is considered involuntary when affected individuals or communities do not have the right to refuse land acquisition that results in displacement. This occurs in cases of: (i) lawful expropriation or restrictions on land use based on eminent domain;²² and ii) negotiated settlements in which the buyer can resort to expropriation or impose legal restrictions on land use if negotiations with the seller fail.

2. Unless properly managed, involuntary resettlement may result in long-term hardship and impoverishment for affected persons and communities, as well as environmental damage and social stress in areas to which they have been displaced. For these reasons, involuntary resettlement should be avoided or at least minimized. However, where it is unavoidable, appropriate measures to mitigate adverse impacts on displaced persons and host communities²³ should be carefully planned and implemented. Experience demonstrates that the direct involvement of the client in resettlement activities can result in cost-effective, efficient, and timely implementation of those activities, as well as innovative approaches to improving the livelihoods of those affected by resettlement.

3. Negotiated settlements help avoid expropriation and eliminate the need to use governmental authority to remove people forcibly. Negotiated settlements can usually be achieved by providing fair and appropriate compensation and other incentives or benefits to affected persons or communities, and by mitigating the risks of asymmetry of information and bargaining power. Clients are encouraged to acquire land rights through negotiated settlements wherever possible, even if they have the legal means to gain access to the land without the seller's consent.

²¹ Land acquisition includes both outright purchases of property and purchases of access rights, such as rights of way.

²² Such restriction may include restrictions of access to legally designated nature conservation areas.

²³ A host community is any community receiving displaced persons.

Objectives

- To avoid or at least minimize involuntary resettlement wherever feasible by exploring alternative project designs
- To mitigate adverse social and economic impacts from land acquisition or restrictions on affected persons' use of land by: (i) providing compensation for loss of assets at replacement cost; and (ii) ensuring that resettlement activities are implemented with appropriate disclosure of information, consultation, and the informed participation of those affected
- To improve or at least restore the livelihoods and standards of living of displaced persons
- To improve living conditions among displaced persons through provision of adequate housing with security of tenure²⁴ at resettlement sites

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Scope of Application

4. The applicability of this Performance Standard is established during the Social and Environmental Assessment process, while implementation of the actions necessary to meet the requirements of this Performance Standard is managed through the client's Social and Environmental Management System. The assessment and management system requirements are outlined in Performance Standard 1.

5. This Performance Standard applies to physical or economic displacement resulting from the following types of land transactions:

- Type I: Land rights for a private sector project acquired through expropriation or other compulsory procedures
- Type II: Land rights for a private sector project acquired through negotiated settlements with property owners or those with legal rights to land, including customary or traditional rights recognized or recognizable under the laws of the country, if expropriation or other compulsory process would have resulted upon the failure of negotiation²⁵ Paragraph 18 and part of paragraph 20 below apply to displaced persons with no recognizable legal right or claim to the land they occupy.

6. This Performance Standard does not apply to resettlement resulting from voluntary land transactions (i.e., market transactions in which the seller is not obliged to sell and the buyer cannot resort to expropriation or other compulsory procedures if negotiations fail). In the event of adverse economic, social, or environmental impacts from project activities other than land acquisition (e.g., loss of access to assets or resources or restrictions on land use), such impacts will be avoided, minimized, mitigated or compensated for through the process of Social and Environmental Assessment under Performance Standard 1. If these impacts become significantly adverse at any stage of the project, the client should consider applying the requirements of Performance Standard 5, even where no initial land acquisition was involved.

Requirements

General Requirements

Project Design

²⁴ A resettlement site offers security of tenure if it protects the resettled persons from forced evictions.

²⁵ These negotiations can be carried out by the private sector company acquiring the land or by an agent of the company. In the case of private sector projects in which land rights are acquired by the government, the negotiations may be carried out by the government or by the private company as an agent of the government.

7. The client will consider feasible alternative project designs to avoid or at least minimize physical or economic displacement, while balancing environmental, social, and financial costs and benefits.

Compensation and Benefits for Displaced Persons

8. When displacement cannot be avoided, the client will offer displaced persons and communities compensation for loss of assets at full replacement cost and other assistance²⁶ to help them improve or at least restore their standards of living or livelihoods, as provided in this Performance Standard. Standards for compensation will be transparent and consistent within the project. Where livelihoods of displaced persons are land-based, or where land is collectively owned, the client will offer landbased compensation, where feasible. The client will provide opportunities to displaced persons and communities to derive appropriate development benefits from the project.

Consultation

9. Following disclosure of all relevant information, the client will consult with and facilitate the informed participation of affected persons and communities, including host communities, in decisionmaking processes related to resettlement. Consultation will continue during the implementation, monitoring, and evaluation of compensation payment and resettlement to achieve outcomes that are consistent with the objectives of this Performance Standard.

Grievance Mechanism

10. The client will establish a grievance mechanism consistent with Performance Standard 1 to receive and address specific concerns about compensation and relocation that are raised by displaced persons or members of host communities, including a recourse mechanism designed to resolve disputes in an impartial manner.

Resettlement Planning and Implementation

11. Where involuntary resettlement is unavoidable, the client will carry out a census with appropriate socio-economic baseline data to identify the persons who will be displaced by the project, to determine who will be eligible for compensation and assistance, and to discourage inflow of people who are ineligible for these benefits. In the absence of host government procedures, the client will establish a cut-off date for eligibility. Information regarding the cut-off date will be well documented and disseminated throughout the project area.

12. In the case of Type I transactions (acquisition of land rights through the exercise of eminent domain) or Type II transactions (negotiated settlements) that involve the physical displacement of people, the client will develop a resettlement action plan or a resettlement framework based on a Social and Environmental Assessment that covers, at a minimum, the applicable requirements of this Performance Standard regardless of the number of people affected. The plan or framework will be designed to mitigate the negative impacts of displacement, identify development opportunities, and establish the entitlements of all categories of affected persons (including host communities), with particular attention paid to the needs of the poor and the vulnerable (see Performance Standard 1, paragraph 12). The client will document all transactions to acquire land rights, as well as compensation measures and relocation activities. The client will also establish procedures to monitor and evaluate the implementation of resettlement plans and take corrective action as necessary. A resettlement will be considered complete when the adverse impacts of resettlement have been addressed in a manner that is consistent with the objectives stated in the resettlement plan or framework as well as the objectives of this Performance Standard.

13. In the case of Type II transactions (negotiated settlements) involving economic (but not physical) displacement of people, the client will develop procedures to offer to the affected persons and communities compensation and other assistance that meet the objectives of this Performance Standard. The procedures will establish the entitlements of affected persons or communities and will ensure that these are provided in a transparent, consistent, and equitable

²⁶ As described in paragraphs 18 and 20.

manner. The implementation of the procedures will be considered complete when affected persons or communities have received compensation and other assistance according to the requirements of this Performance Standard. In cases where affected persons reject compensation offers that meet the requirements of this Performance Standard and, as a result, expropriation or other legal procedures are initiated, the client will explore opportunities to collaborate with the responsible government agency, and if permitted by the agency, play an active role in the resettlement planning, implementation, and monitoring.

Displacement

14. Displaced persons may be classified as persons: (i) who have formal legal rights to the land they occupy; (ii) who do not have formal legal rights to land, but have a claim to land that is recognized or recognizable under the national laws²⁷; or (iii) who have no recognizable legal right or claim to the land they occupy.²⁸ The census will establish the status of the displaced persons.

15. Land acquisition for the project may result in the physical displacement of people as well as their economic displacement. As a result, requirements for both physical displacement and economic displacement may apply.

Physical Displacement

16. If people living in the project area must move to another location, the client will: (i) offer displaced persons choices among feasible resettlement options, including adequate replacement housing or cash compensation where appropriate; and (ii) provide relocation assistance suited to the needs of each group of displaced persons, with particular attention paid to the needs of the poor and the vulnerable. Alternative housing and/or cash compensation will be made available prior to relocation. New resettlement sites built for displaced persons will offer improved living conditions.

17. In the case of physically displaced persons under paragraph 14 (i) or (ii), the client will offer the choice of replacement property of equal or higher value, equivalent or better characteristics and advantages of location, or cash compensation at full replacement value where appropriate.²⁹

18. In the case of physically displaced persons under paragraph 14 (iii), the client will offer them a choice of options for adequate housing with security of tenure so that they can resettle legally without having to face the risk of forced eviction. Where these displaced persons own and occupy structures, the client will compensate them for the loss of assets other than land, such as dwellings and other improvements to the land, at full replacement cost, provided that these people occupy the project area prior to the cut-off date for eligibility. Compensation in kind will be offered in lieu of cash compensation where feasible. Based on consultation with such displaced persons, the client will provide relocation assistance sufficient for them to restore their standards of living at an adequate alternative site.³⁰ The client is not required to compensate or assist those who encroach on the project area after the cut-off date.

19. Where communities of Indigenous Peoples are to be physically displaced from their communally held traditional or customary lands under use, the client will meet the applicable requirements of this Performance Standard, as well as those of Performance Standard 7 (in particular paragraph 14).

²⁷ Such claims could be derived from adverse possession or from customary or traditional law.

²⁸ Such as opportunistic squatters and recently arrived economic migrants who occupy land prior to the cut-off date.

²⁹ Payment of cash compensation for lost assets may be appropriate where: (a) livelihoods are not land-based; (b) livelihoods are land-based but the land taken for the project is a small fraction of the affected asset and the residual land is economically viable; or (c) active markets for land, housing, and labor exist, displaced persons use such markets, and there is sufficient supply of land and housing. Cash compensation levels should be sufficient to replace the lost land and other assets at full replacement cost in local markets.

³⁰ Relocation of informal settlers in urban areas often has trade-offs. For example, the relocated families may gain security of tenure, but they may lose advantages of location.

Economic Displacement

20. If land acquisition for the project causes loss of income or livelihood, regardless of whether or not the affected people are physically displaced, the client will meet the following requirements:

- Promptly compensate economically displaced persons for loss of assets or access to assets at full replacement cost
- In cases where land acquisition affects commercial structures, compensate the affected business owner for the cost of reestablishing commercial activities elsewhere, for lost net income during the period of transition, and for the costs of the transfer and reinstallation of the plant, machinery or other equipment
- Provide replacement property (e.g., agricultural or commercial sites) of equal or greater value, or cash compensation at full replacement cost where appropriate, to persons with legal rights or claims to land which are recognized or recognizable under the national laws (see paragraph 14 (i) and (ii))
- Compensate economically displaced persons who are without legally recognizable claims to land (see paragraph 14 (iii)) for lost assets (such as crops, irrigation infrastructure and other improvements made to the land) other than land, at full replacement cost. The client is not required to compensate or assist opportunistic settlers who encroach on the project area after the cut-off date
- Provide additional targeted assistance (e.g., credit facilities, training, or job opportunities) and opportunities to improve or at least restore their income-earning capacity, production levels, and standards of living to economically displaced persons whose livelihoods or income levels are adversely affected
- Provide transitional support to economically displaced persons, as necessary, based on a reasonable estimate of the time required to restore their income-earning capacity, production levels, and standards of living

21. Where communities of Indigenous Peoples are economically displaced (but not relocated) as a result of project-related land acquisition, the client will meet the applicable requirements of this Performance Standard, as well as those of Performance Standard 7 (in particular paragraphs 12 and 13).

Private Sector Responsibilities under Government-Managed Resettlement

22. Where land acquisition and resettlement are the responsibility of the host government, the client will collaborate with the responsible government agency, to the extent permitted by the agency, to achieve outcomes that are consistent with the objectives of this Performance Standard. In addition, where government capacity is limited, the client will play an active role during resettlement planning, implementation and monitoring, as described below in paragraphs 23 through 25.

23. In the case of Type I transactions (acquisition of land rights through expropriation or other legal procedures) involving physical or economic displacement, and Type II transactions (negotiated settlements) involving physical displacement, the client will prepare a plan (or a framework) that, together with the documents prepared by the responsible government agency, will address the relevant requirements of this Performance Standard (the General Requirements, except for paragraph 13, and requirements for Physical Displacement and Economic Displacement above). The client may need to include in its plan: (i) a description of the entitlements of displaced persons provided under applicable laws and regulations; (ii) the measures proposed to bridge any gaps between such entitlements and the requirements of this Performance Standard; and (iii) the financial and implementation responsibilities of the government agency and/or the client.

24. In the case of Type II transactions (negotiated settlements) involving economic (but not physical) displacement, the client will identify and describe the procedures that the responsible government agency plans to use to compensate affected persons and communities. If these procedures do not meet the relevant requirements of this Performance Standard (the General Requirements, except for paragraph 12, and requirements for Economic Displacement above), the client will develop its own procedures to supplement government action.

25. If permitted by the responsible government agency, the client will, in collaboration with such agency: (i) implement its plan or procedures established in accordance with paragraph 23 or 24 above; and (ii) monitor resettlement activity that is undertaken by the government agency until such activity has been completed.

Performance Standard 6

Biodiversity Conservation and Sustainable Natural Resource Management

Introduction

1. Performance Standard 6 recognizes that protecting and conserving biodiversity—the variety of life in all its forms, including genetic, species and ecosystem diversity—and its ability to change and evolve, is fundamental to sustainable development. The components of biodiversity, as defined in the Convention on Biological Diversity, include ecosystems and habitats, species and communities, and genes and genomes, all of which have social, economic, cultural and scientific importance. This Performance Standard reflects the objectives of the Convention on Biological Diversity to conserve biological diversity and promote use of renewable natural resources in a sustainable manner. This Performance Standard addresses how clients can avoid or mitigate threats to biodiversity arising from their operations as well as sustainably manage renewable natural resources.

Objectives

- To protect and conserve biodiversity
- To promote the sustainable management and use of natural resources through the adoption of practices that integrate conservation needs and development priorities

Scope of Application

2. The applicability of this Performance Standard is established during the Social and Environmental Assessment process, while implementation of the actions necessary to meet the requirements of this Performance Standard is managed through the client's Social and Environmental Management System. The assessment and management system requirements are outlined in Performance Standard 1.

3. Based on the Assessment of risks and impacts and the vulnerability of the biodiversity and the natural resources present, the requirements of this Performance Standard are applied to projects in all habitats, whether or not those habitats have been previously disturbed and whether or not they are legally protected.

Requirements

Protection and Conservation of Biodiversity

4. In order to avoid or minimize adverse impacts to biodiversity in the project's area of influence (see Performance Standard 1, paragraph 5), the client will assess the significance of project impacts on all levels of biodiversity as an integral part of the Social and Environmental Assessment process. The Assessment will take into account the differing values attached to biodiversity by specific stakeholders, as well as identify impacts on ecosystem services. The Assessment will focus on the major threats to biodiversity, which include habitat destruction and invasive alien species. When requirements of paragraphs 9, 10, or 11 apply, the client will retain qualified and experienced external experts to assist in conducting the Assessment.

Habitat

5. Habitat destruction is recognized as the major threat to the maintenance of biodiversity. Habitats can be divided into natural habitats (which are land and water areas where the biological communities are formed largely by native plant and animal species, and where human activity has not essentially modified the area's primary ecological functions) and modified habitats (where there has been apparent alteration of the natural habitat, often with the introduction of alien species of plants and animals, such as agricultural areas). Both types of habitat can support important biodiversity at all levels, including endemic or threatened species.

Modified Habitat

6. In areas of modified habitat, the client will exercise care to minimize any conversion or degradation of such habitat, and will, depending on the nature and scale of the project, identify opportunities to enhance habitat and protect and conserve biodiversity as part of their operations.

Natural Habitat

7. In areas of natural habitat, the client will not significantly convert or degrade³¹ such habitat, unless the following conditions are met:

- There are no technically and financially feasible alternatives
- The overall benefits of the project outweigh the costs, including those to the environment and biodiversity
- Any conversion or degradation is appropriately mitigated

8. Mitigation measures will be designed to achieve no net loss of biodiversity where feasible, and may include a combination of actions, such as:

- Post-operation restoration of habitats
- Offset of losses through the creation of ecologically comparable area(s) that is managed for biodiversity³²
- Compensation to direct users of biodiversity

Critical Habitat

9. Critical habitat is a subset of both natural and modified habitat that deserves particular attention. Critical habitat includes areas with high biodiversity value³³, including habitat required for the survival of critically endangered or endangered species;³⁴ areas having special significance for endemic or restricted-range species; sites that are critical for the survival of migratory species; areas supporting globally significant concentrations or numbers of individuals of congregatory species; areas with unique assemblages of species or which are associated with key evolutionary processes or provide key ecosystem services; and areas having biodiversity of significant social, economic or cultural importance to local communities.

10. In areas of critical habitat, the client will not implement any project activities unless the following requirements are met:

³¹ Significant conversion or degradation is: (i) the elimination or severe diminution of the integrity of a habitat caused by a major, long-term change in land or water use; or (ii) modification of a habitat that substantially reduces the habitat's ability to maintain viable population of its native species.

³² Clients will respect the ongoing usage of such biodiversity by Indigenous Peoples or traditional communities.

³³ Such as areas that meet the criteria of the World Conservation Union (IUCN) classification.

³⁴ As defined by the IUCN Red List of Threatened Species or as defined in any national legislation.

- There are no measurable adverse impacts on the ability of the critical habitat to support the established population of species described in paragraph 9 or the functions of the critical habitat described in paragraph 9.
- There is no reduction in the population of any recognized critically endangered or endangered species³⁵
- Any lesser impacts are mitigated in accordance with paragraph 8

Legally protected Areas

11. In circumstances where a proposed project is located within a legally protected area,³⁶ the client, in addition to the applicable requirements of paragraph 10 above, will meet the following requirements:

- Act in a manner consistent with defined protected area management plans
- Consult protected area sponsors and managers, local communities, and other key stakeholders on the proposed project
- Implement additional programs, as appropriate, to promote and enhance the conservation aims of the protected area

Invasive Alien Species

12. Intentional or accidental introduction of alien, or non-native, species of flora and fauna into areas where they are not normally found can be a significant threat to biodiversity, since some alien species can become invasive, spreading rapidly and out-competing native species.

13. The client will not intentionally introduce any new alien species (not currently established in the country or region of the project) unless this is carried out in accordance with the existing regulatory framework for such introduction, if such framework is present, or is subject to a risk assessment (as part of the client's Social and Environmental Assessment) to determine the potential for invasive behavior. The client will not deliberately introduce any alien species with a high risk of invasive behavior or any known invasive species, and will exercise diligence to prevent accidental or unintended introductions.

Management and Use of Renewable Natural Resources

14. The client will manage renewable natural resources in a sustainable manner.³⁷ Where possible, the client will demonstrate the sustainable management of the resources through an appropriate system of independent certification.³⁸

15. In particular, forests and aquatic systems are principal providers of natural resources, and need to be managed as specified below.

Natural and Plantation Forests

16. Clients involved in natural forest harvesting or plantation development will not cause any conversion or degradation of critical habitat. Where feasible, the client will locate plantation projects on unforested land or land already converted (excluding land that is converted in

³⁵ As defined by the IUCN Red List of Threatened Species or as defined in any national legislation.

³⁶ An area may be designated as legally protected for different purposes. This Performance Standard refers to areas legally designated for the protection or conservation of biodiversity, including areas proposed by governments for such designation.

³⁷ Sustainable resource management is the management of the use, development and protection of resources in a way, or at a rate, which enables people and communities, including Indigenous Peoples, to provide for their present social, economic and cultural well-being while also sustaining the potential of those resources to meet the reasonably foreseeable needs of future generations and safeguarding the life-supporting capacity of air, water and soil ecosystems.

³⁸ An appropriate certification system would be one which is independent, cost-effective, based on objective and measurable performance standards and developed through consultation with relevant stakeholders, such as local people and communities, indigenous peoples, civil society organizations representing consumer, producer, and conservation interests. Such a system has fair, transparent, independent decision-making procedures that avoid conflicts of interest.

anticipation of the project). In addition, the client will ensure that all natural forests and plantations over which they have management control are independently certified as meeting performance standards compatible with internationally accepted principles and criteria for sustainable forest management. Where a pre-assessment determines that the operation does not yet meet the requirements of such an independent forest certification system, the client will develop and adhere to a time-bound, phased action plan for achieving such certification.

Freshwater and Marine Systems

17. Clients involved in the production and harvesting of fish populations or other aquatic species must demonstrate that their activities are being undertaken in a sustainable manner, through application of an internationally accepted system of independent certification, if available, or through appropriate studies carried out in conjunction with the Social and Environmental Assessment process.

Performance Standard 7

Indigenous Peoples

Introduction

1. Performance Standard 7 recognizes that Indigenous Peoples, as social groups with identities that are distinct from dominant groups in national societies, are often among the most marginalized and vulnerable segments of the population. Their economic, social and legal status often limits their capacity to defend their interests in, and rights to, lands and natural and cultural resources, and may restrict their ability to participate in and benefit from development. They are particularly vulnerable if their lands and resources are transformed, encroached upon by outsiders, or significantly degraded. Their languages, cultures, religions, spiritual beliefs, and institutions may also be under threat. These characteristics expose Indigenous Peoples to different types of risks and severity of impacts, including loss of identity, culture, and natural resource-based livelihoods, as well as exposure to impoverishment and disease.

2. Private sector projects may create opportunities for Indigenous Peoples to participate in, and benefit from, project-related activities that may help them fulfill their aspiration for economic and social development. In addition, this Performance Standard recognizes that Indigenous Peoples may play a role in sustainable development by promoting and managing activities and enterprises as partners in development.

Objectives

- To ensure that the development process fosters full respect for the dignity, human rights, aspirations, cultures and natural resource-based livelihoods of Indigenous Peoples
- To avoid adverse impacts of projects on communities of Indigenous Peoples, or when avoidance is not feasible, to minimize, mitigate, or compensate for such impacts, and to provide opportunities for development benefits, in a culturally appropriate manner
- To establish and maintain an ongoing relationship with the Indigenous Peoples affected by a project throughout the life of the project
- To foster good faith negotiation with and informed participation of Indigenous Peoples when projects are to be located on traditional or customary lands under use by the Indigenous Peoples
- To respect and preserve the culture, knowledge and practices of Indigenous Peoples

Scope of Application

3. The applicability of this Performance Standard is established during the Social and Environmental Assessment process, while implementation of the actions necessary to meet the requirements of this Performance Standard is managed through the client's Social and Environmental Management System. The assessment and management system requirements are outlined in Performance Standard 1.

4. There is no universally accepted definition of "Indigenous Peoples". Indigenous Peoples may be referred to in different countries by such terms as "Indigenous ethnic minorities," "aboriginals," "hill tribes," "minority nationalities," "scheduled tribes," "first nations," or "tribal groups."

5. In this Performance Standard, the term "Indigenous Peoples" is used in a generic sense to refer to a distinct social and cultural group possessing the following characteristics in varying degrees:

- Self-identification as members of a distinct indigenous cultural group and recognition of this identity by others
- Collective attachment to geographically distinct habitats or ancestral territories in the project area and to the natural resources in these habitats and territories
- Customary cultural, economic, social, or political institutions that are separate from those of the dominant society or culture
- An indigenous language, often different from the official language of the country or region

6. Ascertaining whether a particular group is considered as Indigenous Peoples for the purpose of this Performance Standard may require technical judgment.

Requirements

General Requirements

Avoidance of Adverse Impacts

7. The client will identify through a process of Social and Environmental Assessment all communities of Indigenous Peoples who may be affected by the project within the project's area of influence, as well as the nature and degree of the expected social, cultural (including cultural heritage³⁹), and environmental impacts on them, and avoid adverse impacts whenever feasible.

8. When avoidance is not feasible, the client will minimize, mitigate or compensate for these impacts in a culturally appropriate manner. The client's proposed action will be developed with the informed participation of affected Indigenous Peoples and contained in a time-bound plan, such as an Indigenous Peoples Development Plan, or a broader community development plan with separate components for Indigenous Peoples consistent with the requirements of paragraph 9.⁴⁰

Information Disclosure, Consultation and Informed Participation

9. The client will establish an ongoing relationship with the affected communities of Indigenous Peoples from as early as possible in the project planning and throughout the life of the project. In projects with adverse impacts on affected communities of Indigenous Peoples, the consultation process will ensure their free, prior, and informed consultation and facilitate their informed participation on matters that affect them directly, such as proposed mitigation measures, the sharing of development benefits and opportunities, and implementation issues. The process of

³⁹ Additional client requirements on protection of cultural heritage are set out in Performance Standard 8.

⁴⁰ The determination of the appropriate plan will require technical judgment. A community development plan may be appropriate when Indigenous Peoples are integrated into larger affected communities.

community engagement will be culturally appropriate and commensurate with the risks and potential impacts to the Indigenous Peoples. In particular, the process will include the following steps:

- Involve Indigenous Peoples' representative bodies (for example, councils of elders or village councils, among others)
- Be inclusive of both women and men and of various age groups in a culturally appropriate manner
- Provide sufficient time for Indigenous Peoples' collective decision-making processes
- Facilitate the Indigenous Peoples' expression of their views, concerns, and proposals in the language of their choice, without external manipulation, interference, or coercion, and without intimidation
- Ensure that the grievance mechanism established for the project, as described in Performance Standard 1, paragraph 23, is culturally appropriate and accessible for Indigenous Peoples

Development Benefits

10. The client will seek to identify, through the process of free, prior, and informed consultation with and the informed participation of the affected communities of Indigenous Peoples, opportunities for culturally appropriate development benefits. Such opportunities should be commensurate with the degree of project impacts, with the aim of improving their standard of living and livelihoods in a culturally appropriate manner, and to fostering the long-term sustainability of the natural resource on which they depend. The client will document identified development benefits consistent with the requirements of paragraphs 8 and 9 above, and provide them in a timely and equitable manner.

Special Requirements

11. Because Indigenous Peoples may be particularly vulnerable to the project circumstances described below, the following requirements will also apply, in the circumstances indicated, in addition to the General Requirements above. When any of these Special Requirements apply, the client will retain qualified and experienced external experts to assist in conducting the Assessment.

Impacts on Traditional or Customary Lands under Use

12. Indigenous Peoples are often closely tied to their traditional or customary lands and natural resources on these lands. While these lands may not be under legal ownership pursuant to national law, use of these lands, including seasonal or cyclical use, by communities of Indigenous Peoples for their livelihoods, or cultural, ceremonial, or spiritual purposes that define their identity and community, can often be substantiated and documented. Paragraphs 13 and 14 below specify the requirements that the client will follow when traditional or customary lands are under use in a manner described in this paragraph.

13. If the client proposes to locate the project on, or commercially develop natural resources located within, traditional or customary lands under use, and adverse impacts⁴¹ can be expected on the livelihoods, or cultural, ceremonial, or spiritual use that define the identity and community of the Indigenous Peoples, the client will respect their use by taking the following steps:

- The client will document its efforts to avoid or at least minimize the size of land proposed for the project

⁴¹ Such adverse impacts may include impacts from loss of access to assets or resources, or restrictions on land use, resulting from project activities.

- The Indigenous Peoples' land use will be documented by experts in collaboration with the affected communities of Indigenous Peoples without prejudicing any Indigenous Peoples' land claim⁴²
- The affected communities of Indigenous People will be informed of their rights with respect to these lands under national laws, including any national law recognizing customary rights or use
- The client will offer affected communities of Indigenous Peoples at least compensation and due process available to those with full legal title to land in the case of commercial development of their land under national laws, together with culturally appropriate development opportunities; land-based compensation or compensation-in-kind will be offered in lieu of cash compensation where feasible
- The client will enter into good faith negotiation with the affected communities of Indigenous Peoples, and document their informed participation and the successful outcome of the negotiation

Relocation of Indigenous Peoples from Traditional or Customary Lands

14. The client will consider feasible alternative project designs to avoid the relocation of Indigenous Peoples from their communally held⁴³ traditional or customary lands under use. If such relocation is unavoidable, the client will not proceed with the project unless it enters into a good faith negotiation with the affected communities of Indigenous Peoples, and documents their informed participation and the successful outcome of the negotiation. Any relocation of Indigenous Peoples will be consistent with the Resettlement Planning and Implementation requirements of Performance Standard 5. Where feasible, the relocated Indigenous Peoples should be able to return to their traditional or customary lands, should the reason for their relocation cease to exist.

Cultural Resources

15. Where a project proposes to use the cultural resources, knowledge, innovations, or practices of Indigenous Peoples for commercial purposes, the client will inform the Indigenous Peoples of: (i) their rights under national law; (ii) the scope and nature of the proposed commercial development; and (iii) the potential consequences of such development. The client will not proceed with such commercialization unless it: (i) enters into a good faith negotiation with the affected communities of Indigenous People; (ii) documents their informed participation and the successful outcome of the negotiation; and (iii) provides for fair and equitable sharing of benefits from commercialization of such knowledge, innovation, or practice, consistent with their customs and traditions.

Performance Standard 8

Cultural Heritage

Introduction

1. Performance Standard 8 recognizes the importance of cultural heritage for current and future generations. Consistent with the Convention Concerning the Protection of the World Cultural and Natural Heritage, this Performance Standard aims to protect irreplaceable cultural heritage and to guide clients on protecting cultural heritage in the course of their business operations. In addition the requirements of this Performance Standard on a project's use of cultural heritage are based in part on standards set by the Convention on Biological Diversity.

⁴² While this Performance Standard requires substantiation and documentation of the use of such land, clients should also be aware that the land may already be under alternative use, as designated by the host government.

⁴³ Where members of the affected communities of Indigenous Peoples individually hold legal title, or where the relevant national law recognizes customary rights for individuals, the requirements of Performance Standard 5 will apply, rather than the requirements under this heading.

Objectives

- To protect cultural heritage from the adverse impacts of project activities and support its preservation
- To promote the equitable sharing of benefits from the use of cultural heritage in business activities

Scope of Application

2. The applicability of this Performance Standard is established during the Social and Environmental Assessment process, while implementation of the actions necessary to meet the requirements of this Performance Standard is managed through the client's Social and Environmental Management System. The assessment and management system requirements are outlined in Performance Standard 1.

3. For the purposes of this Performance Standard, cultural heritage refers to tangible forms of cultural heritage, such as tangible property and sites having archaeological (prehistoric), paleontological, historical, cultural, artistic, and religious values, as well as unique natural environmental features that embody cultural values, such as sacred groves. However, for the purpose of paragraph 11 below, intangible forms of culture, such as cultural knowledge, innovations and practices of communities embodying traditional lifestyles, are also included. The requirements of this Performance Standard apply to cultural heritage regardless of whether or not it has been legally protected or previously disturbed.

Requirements

Protection of Cultural Heritage in Project Design and Execution

Internationally Recognized Practices

4. In addition to complying with relevant national law on the protection of cultural heritage, including national law implementing the host country's obligations under the Convention Concerning the Protection of the World Cultural and Natural Heritage and other relevant international law, the client will protect and support cultural heritage by undertaking internationally recognized practices for the protection, field-based study, and documentation of cultural heritage. If the requirements of paragraphs 7, 8, 9, 10 or 11 apply, the client will retain qualified and experienced experts to assist in the Assessment.

Chance Find Procedures

5. The client is responsible for siting and designing a project to avoid significant damage to cultural heritage. When the proposed location of a project is in areas where cultural heritage is expected to be found, either during construction or operations, the client will implement chance find procedures established through the Social and Environmental Assessment. The client will not disturb any chance finds further until an Assessment by a competent specialist is made and actions consistent with the requirements of this Performance Standard are identified.

Consultation

6. Where a project may affect cultural heritage, the client will consult with affected communities within the host country who use, or have used within living memory, the cultural heritage for longstanding cultural purposes to identify cultural heritage of importance, and to incorporate into the client's decision-making process the views of the affected communities on such cultural heritage. Consultation will also involve the relevant national or local regulatory agencies that are entrusted with the protection of cultural heritage.

Removal of Cultural Heritage

7. Most cultural heritage is best protected by preservation in its place, since removal is likely to result in irreparable damage or destruction of the cultural heritage. The client will not remove any cultural heritage, unless the following conditions are met:

- There are no technically or financially feasible alternatives to removal
- The overall benefits of the project outweigh the anticipated cultural heritage loss from removal
- Any removal of cultural heritage is conducted by the best available technique

Critical Cultural Heritage

8. Critical cultural heritage consists of (i) the internationally recognized heritage of communities who use, or have used within living memory the cultural heritage for long-standing cultural purposes; and (ii) legally protected cultural heritage areas, including those proposed by host governments for such designation.

9. The client will not significantly alter, damage, or remove any critical cultural heritage. In exceptional circumstances, where a project may significantly damage critical cultural heritage, and its damage or loss may endanger the cultural or economic survival of communities within the host country who use the cultural heritage for long-standing cultural purposes, the client will: (i) meet the requirements of Paragraph 6 above; and (ii) conduct a good faith negotiation with and document the informed participation of the affected communities and the successful outcome of the negotiation. In addition, any other impacts on critical cultural heritage must be appropriately mitigated with the informed participation of the affected communities.

10. Legally protected cultural heritage areas are important for the protection and conservation of cultural heritage, and additional measures are needed for any projects that would be permitted under the applicable national laws in these areas. In circumstances where a proposed project is located within a legally protected area or a legally defined buffer zone, the client, in addition to the requirements for critical cultural heritage cited above in Paragraph 9, will meet the following requirements:

- Comply with defined national or local cultural heritage regulations or the protected area management plans
- Consult the protected area sponsors and managers, local communities and other key stakeholders on the proposed project
- Implement additional programs, as appropriate, to promote and enhance the conservation aims of the protected area

Project's Use of Cultural Heritage

11. Where a project proposes to use the cultural resources, knowledge, innovations, or practices of local communities embodying traditional lifestyles for commercial purposes, the client will inform these communities of: (i) their rights under national law; (ii) the scope and nature of the proposed commercial development; and (iii) the potential consequences of such development. The client will not proceed with such commercialization unless it: (i) enters into a good faith negotiation with the affected local communities embodying traditional lifestyles; (ii) documents their informed participation and the successful outcome of the negotiation; and (iii) provides for fair and equitable sharing of benefits from commercialization of such knowledge, innovation, or practice, consistent with their customs and traditions.

Document online:

[http://www.ifc.org/ifcext/enviro.nsf/AttachmentsByTitle/pol_PerformanceStandards2006_full/\\$FILE/IFC+Performance+Standards.pdf](http://www.ifc.org/ifcext/enviro.nsf/AttachmentsByTitle/pol_PerformanceStandards2006_full/$FILE/IFC+Performance+Standards.pdf)

ISO CSR Standard

In March 2005 the International Standards Organization (ISO) began the process of developing an international standard for Corporate Social Responsibility. This decision came after a number of years of study into the desirability and feasibility of an ISO standard in CSR.

To develop the Corporate Social Responsibility standard, ISO has set up a new working group that will include representation from a variety of stakeholders including experts from developing countries, representatives from consumer organizations and NGOs.

For more information:

ISO CSR Standard information:

<http://isotc.iso.org/livelink/livelink/fetch/2000/2122/830949/3934883/3935096/home.html?nodeid=4451259&vernum=0>

The International Institute for Sustainable Development is tracking the progress of the potential development of an ISO CSR standard as part of its involvement in the ISO Strategic Advisory Group on Corporate Social Responsibility <http://www.iisd.org/standards/csr.asp>.

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The Marketplace Responsibility Principles

WHAT ARE THE MARKETPLACE RESPONSIBILITY PRINCIPLES?

Corporate Responsibility is increasingly about how a company makes its money, not whether it gives some of it away. There is a pressing need to better define what responsible business practice means. Achieving responsibility in the marketplace is characterised by tough dilemmas, grey areas, and real challenges in managing and reporting performance.

In response to these challenges, the Marketplace Responsibility Principles have been developed by the Marketplace Taskforce, a group of 10 global and UK companies chaired by Mike Clasper, former CEO of BAA plc, as a guide for implementing responsible business practice in medium to large companies.

There are two parts to the Principles, one guiding key marketplace relationships, and the other focused on the behaviours that support companies in managing these relationships.

The Principles have been subject to tough scrutiny from CEO's, marketing directors, corporate responsibility professionals and individuals from the socially responsible investment and NGO communities through the course of a rigorous consultation process.

SIGNING UP?

We are asking BITC members to sign up to the set of Principles and make a commitment to reflect the marketplace issues within their CSR reporting. A number of companies have already signed up to the Principles. Please visit www.bitc.org.uk/marketplace to see the full list.

HOW DO YOU USE THEM?

The Principles act as a framework for companies to be able to assess their marketplace strategies. They provide companies with a structure to identify corporate responsibility issues within the main marketplace relationships: with customers, suppliers and governments, as well as helping to assess the impact of products and services.

WHO SHOULD READ THEM?

Individuals within large to medium sized companies who want to assess their performance in their marketplace. This may be the CEO, marketers, innovators, public affairs or corporate responsibility directors.

THE MARKETPLACE RESPONSIBILITY PRINCIPLES

BEST PRACTICE FOR MARKETPLACE RESPONSIBILITY

RESPECT YOUR CUSTOMERS

Treat customers honestly and with integrity. Give full information about your product or service, and honour your promises. Avoid false statements or other irresponsible marketing.

Respond to complaints. See customers as having a legitimate interest in your business over issues and concerns beyond the direct commercial relationship.

Understand which of your customers may be unusually adversely affected by the product or service, or by interruption of supply. Take steps to mitigate these effects.

SUPPORT VULNERABLE CUSTOMERS

SEEK POTENTIAL CUSTOMERS WITHIN EXCLUDED GROUPS

If appropriate, identify whether your product or service would provide real benefit for people that are currently excluded from it, whether through poverty, geography or disability.

Take account of social/environmental impacts as part of the product development process. Aim to identify unintended impacts of product or service as used. Seek opportunities for new products to address social/environmental problems. Address the impact of the product when it reaches its end of life.

MANAGE THE IMPACT OF PRODUCT USE

ACTIVELY DISCOURAGE PRODUCT MISUSE

Identify the potential for harm created by misuse of your products. Aim to prevent or reduce misuse through product design or by influencing customers.

Understand and encourage improvement in the business processes operated by suppliers. Identify and prioritise areas of risk, poor performance and factors outside the company's control that may affect its operations.

ACTIVELY MANAGE RESPONSIBILITY IN YOUR SUPPLY CHAIN

TREAT SUPPLIERS AS PARTNERS

Establish an open and honest dialogue over mutual concerns and conflicts.

Deal honestly and fairly and honour agreed terms of contract. Provide education and resources. Establish clear performance targets.

Seek to influence legislation or regulatory regimes in ways which help serve the public interest relevant to the business. Ensure that the company's activity is transparent.

WORK WITH THE RULE MAKERS

Seek to enforce standards of behaviour in places where laws covering minimum standards are absent or not enforced. Be sensitive to local business operating environments.

HAVE CONSISTENT STANDARDS

The business strategy is built around the achievement of long term, sustainable goals. It is flexible enough to protect the business against short term pressures and capable of adapting to future needs.

PLACE IT AT THE HEART OF THE BUSINESS STRATEGY

The company ensures that responsible business practice is integral to the operation of the business in the marketplace and that skill in execution in this is of equal importance to all other aspects of the business.

EXECUTE WITH SKILL

The organisation ensures that good behaviour is encouraged through rewards and poor behaviour is not. This applies both internally and externally.

ENCOURAGE AND MOTIVATE RESPONSIBLE BEHAVIOUR

Staff throughout the organisation understand and accept the role of responsible practice in delivering the business goals. The organisation encourages staff to challenge 'business as usual', and so nurtures a culture supportive of change.

MAKE IT PART OF THE CULTURE

SHARE BEST PRACTICE WITHIN THE BUSINESS

The business operates as a 'learning organisation' and is responsive to external change. Apply new standards and innovations as much as possible across the full range of products, rather than developing 'ethical' niche products.

MAKE IT MAINSTREAM

The organisation has a track record in applying its values and honouring its commitments over time. Integration of responsible business practice through how the business operates in the marketplace is a commitment of the company's senior management and it does not disappear with a change of leadership at the top.

BE CONSISTENT

The company constantly assesses current issues and attitudes in order to anticipate the trends affecting its business. It uses this information to adapt and develop its products/services accordingly. It aims to lead the market rather than follow.

ANTICIPATE TRENDS

Six companies have been interviewed and analysed about how they manage key marketplace responsibility issues. The results have been compiled into a collection of in depth case studies which give you information about their processes and key learning points. Here are some vignettes.

THE MARKETPLACE RESPONSIBILITY CASE STUDIES

Taking care of the vulnerable: the Camelot Games Design Protocol

How does Camelot produce fun, engaging games, whilst also promoting responsible play? While the majority of lottery players have no problem with 'having a flutter,' some groups are especially vulnerable to their products.

Learn how Camelot has developed a Game Design Protocol, where new games are tested for their potential impact on these vulnerable groups.

How Waitrose raised the bar for the supply chain

Waitrose has established a set of 'Responsible Sourcing Principles', outlining its expectations of its suppliers on issues such as labour standards, environmental management and animal welfare. But has this really helped to reduce the risk in their supply chain? In addition, the Waitrose Foundation is helping to raise standards, by providing financial support to improve the welfare of farm workers.

What makes 3M one of the most sustainable innovators in the world?

3M has a history of producing innovative products that help their customers reduce their environmental impacts. Examples include: a film for LCD displays that makes the screens 20-30% more energy efficient; a non-flammable, non-toxic and biodegradable paint; granules for home roofs that keep the home cool with less energy consumption. Read the full case study to understand how this has impacted their business.

How Tata won its reputation for integrity

Within a business environment where bribery and corruption are routinely tolerated and expected, Tata companies have established a successful model based on a set of values that require the highest standards of integrity. Tata Group explains how they are so well known for their consistency in neither paying nor receiving bribes, that they are now never asked.

How Marks and Spencer leads the way in customer relationships

Marks and Spencer takes a proactive approach to dealing with customer issues, sometimes even taking an activist approach to corporate lobbying on certain issues. Examples include developing alternatives for the chemicals used on T-shirt designs and using free range eggs in food products. But how do you know when the timing is right to communicate about these issues with your customers?

How Fonebak created a new market from scrap

Fonebak has worked with the network providers to collect unwanted mobile phones to be tested, refurbished, and sold to developing economies at a cost to provide more affordable communications. So far Fonebak has refurbished over 4 million phones but how did they get there?

To read the full case studies please go to www.bitc.org.uk/marketplace

MARKETPLACE TASKFORCE MEMBERS

Mike Clasper, Former CEO, BAA (Chair)
Gary Bullard, President, BT Global Business & Services
Bruce Haines, CEO, Leo Burnett
Phil Hodgkinson, Group Finance Director, HBOS
Gerry Murphy, CEO, Kingfisher
Charlotte Oades, Corporate Identity, Public Affairs and Communications, Coca-Cola EU Group
Richard Reid, Senior Partner, KPMG
Dianne Thompson, CEO, Camelot
Adrian Wyatt, CEO, Quintain Estates and Development
Centrica and Microsoft also, contributed to the development of the Marketplace Responsibility Principles

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OECD Guidelines for Multinational Enterprises

Revised in June 2000, the OECD Guidelines are recommendations covering nine areas of business conduct. Although business compliance with the Guidelines is voluntary, the Guidelines are adopted by national governments who sign a binding agreement to implement the guidelines and promote them within their countries.

The Canadian government endorsed the Guidelines in 2000 and has established a national contact point for implementing the Guidelines. The National Contact Point is chaired by the Department of Foreign Affairs and International Trade and includes Industry Canada, Human Resources Development Canada/Labour, Finance, Environment Canada, Natural Resources Canada, and the Canadian International Development Agency. The National Contact Point web site is www.ncp-pcn.gc.ca.

I. Concepts and Principles

The Guidelines are recommendations jointly addressed by governments to multinational enterprises. They provide principles and standards of good practice consistent with applicable laws. Observance of the Guidelines by enterprises is voluntary and not legally enforceable.

Since the operations of multinational enterprises extend throughout the world, international co-operation in this field should extend to all countries. Governments adhering to the Guidelines encourage the enterprises operating on their territories to observe the Guidelines wherever they operate, while taking into account the particular circumstances of each host country.

A precise definition of multinational enterprises is not required for the purposes of the Guidelines. These usually comprise companies or other entities established in more than one country and so linked that they may co-ordinate their operations in various ways. While one or more of these entities may be able to exercise a significant influence over the activities of others, their degree of autonomy within the enterprise may vary widely from one multinational enterprise to another. Ownership may be private, state or mixed.

The Guidelines are addressed to all the entities within the multinational enterprise (parent companies and/or local entities). According to the actual distribution of responsibilities among them, the different entities are expected to co-operate and to assist one another to facilitate observance of the Guidelines.

The Guidelines are not aimed at introducing differences of treatment between multinational and domestic enterprises; they reflect good practice for all. Accordingly, multinational and domestic enterprises are subject to the same expectations in respect of their conduct wherever the Guidelines are relevant to both.

Governments wish to encourage the widest possible observance of the Guidelines. While it is acknowledged that small- and medium-sized enterprises may not have the same capacities as larger enterprises, governments adhering to the Guidelines nevertheless encourage them to observe the Guidelines recommendations to the fullest extent possible.

Governments adhering to the Guidelines should not use them for protectionist purposes nor use them in a way that calls into question the comparative advantage of any country where multinational enterprises invest.

Governments have the right to prescribe the conditions under which multinational enterprises operate within their jurisdictions, subject to international law. The entities of a multinational enterprise located in various countries are subject to the laws applicable in these countries. When multinational enterprises are subject to conflicting requirements by adhering countries, the governments concerned will co-operate in good faith with a view to resolving problems that may arise.

Governments adhering to the Guidelines set them forth with the understanding that they will fulfil their responsibilities to treat enterprises equitably and in accordance with international law and with their contractual obligations.

The use of appropriate international dispute settlement mechanisms, including arbitration, is encouraged as a means of facilitating the resolution of legal problems arising between enterprises and host country governments.

Governments adhering to the Guidelines will promote them and encourage their use. They will establish National Contact Points that promote the Guidelines and act as a forum for discussion of all matters relating to the Guidelines. The adhering Governments will also participate in appropriate review and consultation procedures to address issues concerning interpretation of the Guidelines in a changing world.

II. General Policies

Enterprises should take fully into account established policies in the countries in which they operate, and consider the views of other stakeholders. In this regard, enterprises should:

1. Contribute to economic, social and environmental progress with a view to achieving sustainable development.
2. Respect the human rights of those affected by their activities consistent with the host government's international obligations and commitments.
3. Encourage local capacity building through close co-operation with the local community, including business interests, as well as developing the enterprise's activities in domestic and foreign markets, consistent with the need for sound commercial practice.
4. Encourage human capital formation, in particular by creating employment opportunities and facilitating training opportunities for employees.
5. Refrain from seeking or accepting exemptions not contemplated in the statutory or regulatory framework related to environmental, health, safety, labour, taxation, financial incentives, or other issues.
6. Support and uphold good corporate governance principles and develop and apply good corporate governance practices.
7. Develop and apply effective self-regulatory practices and management systems that foster a relationship of confidence and mutual trust between enterprises and the societies in which they operate.
8. Promote employee awareness of, and compliance with, company policies through appropriate dissemination of these policies, including through training programmes.
9. Refrain from discriminatory or disciplinary action against employees who make bona fide reports to management or, as appropriate, to the competent public authorities, on practices that contravene the law, the Guidelines or the enterprise's policies.
10. Encourage, where practicable, business partners, including suppliers and sub-contractors, to apply principles of corporate conduct compatible with the Guidelines.
11. Abstain from any improper involvement in local political activities.

III. Disclosure

Enterprises should ensure that timely, regular, reliable and relevant information is disclosed regarding their activities, structure, financial situation and performance. This information should be disclosed for the enterprise as a whole and, where appropriate, along business lines or geographic areas. Disclosure policies of enterprises should be tailored to the nature, size and location of the enterprise, with due regard taken of costs, business confidentiality and other competitive concerns.

Enterprises should apply high quality standards for disclosure, accounting, and audit. Enterprises are also encouraged to apply high quality standards for non-financial information including environmental and social reporting where they exist. The standards or policies under which both financial and non-financial information are compiled and published should be reported.

Enterprises should disclose basic information showing their name, location, and structure, the name, address and telephone number of the parent enterprise and its main affiliates, its percentage ownership, direct and indirect in these affiliates, including shareholdings between them.

Enterprises should also disclose material information on:

- a. The financial and operating results of the company;
- b. Company objectives;
- c. Major share ownership and voting rights;
- d. Members of the board and key executives, and their remuneration;
- e. Material foreseeable risk factors;
- f. Material issues regarding employees and other stakeholders;
- g. Governance structures and policies.

Enterprises are encouraged to communicate additional information that could include:

- a. Value statements or statements of business conduct intended for public disclosure including information on the social, ethical and environmental policies of the enterprise and other codes of conduct to which the company subscribes. In addition, the date of adoption, the countries and entities to which such statements apply and its performance in relation to these statements may be communicated;
- b. Information on systems for managing risks and complying with laws, and on statements or codes of business conduct;
- c. Information on relationships with employees and other stakeholders.

IV. Employment and Industrial Relations

Enterprises should, within the framework of applicable law, regulations and prevailing labour relations and employment practices:

1.
 - a) Respect the right of their employees to be represented by trade unions and other bona fide representatives of employees, and engage in constructive negotiations, either individually or through employers' associations, with such representatives with a view to reaching agreements on employment conditions;
 - b) Contribute to the effective abolition of child labour;
 - c) Contribute to the elimination of all forms of forced or compulsory labour;
 - d) Not discriminate against their employees with respect to employment or occupation on such grounds as race, colour, sex, religion, political opinion, national extraction or social origin, unless selectivity concerning employee characteristics furthers established governmental policies which specifically promote greater equality of employment opportunity or relates to the inherent requirements of a job.
2.
 - a) Provide facilities to employee representatives as may be necessary to assist in the development of effective collective agreements;
 - b) Provide information to employee representatives which is needed for meaningful negotiations on conditions of employment;

- c) Promote consultation and co-operation between employers and employees and their representatives on matters of mutual concern.
- 3. Provide information to employees and their representatives which enables them to obtain a true and fair view of the performance of the entity or, where appropriate, the enterprise as a whole.
- 4. a) Observe standards of employment and industrial relations not less favourable than those observed by comparable employers in the host country;
b) Take adequate steps to ensure occupational health and safety in their operations.
- 5. In their operations, to the greatest extent practicable, employ local personnel and provide training with a view to improving skill levels, in co-operation with employee representatives and, where appropriate, relevant governmental authorities.
- 6. In considering changes in their operations which would have major effects upon the livelihood of their employees, in particular in the case of the closure of an entity involving collective lay-offs or dismissals, provide reasonable notice of such changes to representatives of their employees, and, where appropriate, to the relevant governmental authorities, and co-operate with the employee representatives and appropriate governmental authorities so as to mitigate to the maximum extent practicable adverse effects. In light of the specific circumstances of each case, it would be appropriate if management were able to give such notice prior to the final decision being taken. Other means may also be employed to provide meaningful co-operation to mitigate the effects of such decisions.
- 7. In the context of bona fide negotiations with representatives of employees on conditions of employment, or while employees are exercising a right to organise, not threaten to transfer the whole or part of an operating unit from the country concerned nor transfer employees from the enterprises' component entities in other countries in order to influence unfairly those negotiations or to hinder the exercise of a right to organise.
- 8. Enable authorised representatives of their employees to negotiate on collective bargaining or labour-management relations issues and allow the parties to consult on matters of mutual concern with representatives of management who are authorised to take decisions on these matters.

V. Environment

Enterprises should, within the framework of laws, regulations and administrative practices in the countries in which they operate, and in consideration of relevant international agreements, principles, objectives, and standards, take due account of the need to protect the environment, public health and safety, and generally to conduct their activities in a manner contributing to the wider goal of sustainable development. In particular, enterprises should:

1. Establish and maintain a system of environmental management appropriate to the enterprise, including:
 - collection and evaluation of adequate and timely information regarding the environmental, health, and safety impacts of their activities;
 - establishment of measurable objectives and, where appropriate, targets for improved environmental performance, including periodically reviewing the continuing relevance of these objectives; and
 - regular monitoring and verification of progress toward environmental, health, and safety objectives or targets.
2. Taking into account concerns about cost, business confidentiality, and the protection of intellectual property rights:
 - provide the public and employees with adequate and timely information on the potential environment, health and safety impacts of the activities of the enterprise, which could include reporting on progress in improving environmental performance; and

- engage in adequate and timely communication and consultation with the communities directly affected by the environmental, health and safety policies of the enterprise and by their implementation.
3. Assess, and address in decision-making, the foreseeable environmental, health, and safety-related impacts associated with the processes, goods and services of the enterprise over their full life cycle. Where these proposed activities may have significant environmental, health, or safety impacts, and where they are subject to a decision of a competent authority, prepare an appropriate environmental impact assessment.
 4. Consistent with the scientific and technical understanding of the risks, where there are threats of serious damage to the environment, taking also into account human health and safety, not use the lack of full scientific certainty as a reason for postponing cost-effective measures to prevent or minimise such damage.
 5. Maintain contingency plans for preventing, mitigating, and controlling serious environmental and health damage from their operations, including accidents and emergencies; and mechanisms for immediate reporting to the competent authorities.
 6. Continually seek to improve corporate environmental performance, by encouraging, where appropriate, such activities as:
 - a. Adoption of technologies and operating procedures in all parts of the enterprise that reflect standards concerning environmental performance in the best performing part of the enterprise;
 - b. Development and provision of products or services that have no undue environmental impacts; are safe in their intended use; are efficient in their consumption of energy and natural resources; can be reused, recycled, or disposed of safely;
 - c. Promoting higher levels of awareness among customers of the environmental implications of using the products and services of the enterprise; and
 - d. Research on ways of improving the environmental performance of the enterprise over the longer term.
 7. Provide adequate education and training to employees in environmental health and safety matters, including the handling of hazardous materials and the prevention of environmental accidents, as well as more general environmental management areas, such as environmental impact assessment procedures, public relations, and environmental technologies.
 8. Contribute to the development of environmentally meaningful and economically efficient public policy, for example, by means of partnerships or initiatives that will enhance environmental awareness and protection.

VI. Combating Bribery

Enterprises should not, directly or indirectly, offer, promise, give, or demand a bribe or other undue advantage to obtain or retain business or other improper advantage. Nor should enterprises be solicited or expected to render a bribe or other undue advantage. In particular, enterprises should:

1. Not offer, nor give in to demands, to pay public officials or the employees of business partners any portion of a contract payment. They should not use subcontracts, purchase orders or consulting agreements as means of channelling payments to public officials, to employees of business partners or to their relatives or business associates.
2. Ensure that remuneration of agents is appropriate and for legitimate services only. Where relevant, a list of agents employed in connection with transactions with public bodies and state-owned enterprises should be kept and made available to competent authorities.
3. Enhance the transparency of their activities in the fight against bribery and extortion. Measures could include making public commitments against bribery and extortion and disclosing the management systems the company has adopted in order to honour these commitments. The enterprise should also foster openness and dialogue with the public

so as to promote its awareness of and co-operation with the fight against bribery and extortion.

4. Promote employee awareness of and compliance with company policies against bribery and extortion through appropriate dissemination of these policies and through training programmes and disciplinary procedures.
5. Adopt management control systems that discourage bribery and corrupt practices, and adopt financial and tax accounting and auditing practices that prevent the establishment of "off the books" or secret accounts or the creation of documents which do not properly and fairly record the transactions to which they relate.
6. Not make illegal contributions to candidates for public office or to political parties or to other political organisations. Contributions should fully comply with public disclosure requirements and should be reported to senior management.

VII. Consumer Interests

When dealing with consumers, enterprises should act in accordance with fair business, marketing and advertising practices and should take all reasonable steps to ensure the safety and quality of the goods or services they provide. In particular, they should:

1. Ensure that the goods or services they provide meet all agreed or legally required standards for consumer health and safety, including health warnings and product safety and information labels;
2. As appropriate to the goods or services, provide accurate and clear information regarding their content, safe use, maintenance, storage, and disposal sufficient to enable consumers to make informed decisions;
3. Provide transparent and effective procedures that address consumer complaints and contribute to fair and timely resolution of consumer disputes without undue cost or burden;
4. Not make representations or omissions, nor engage in any other practices, that are deceptive, misleading, fraudulent, or unfair;
5. Respect consumer privacy and provide protection for personal data;
6. Co-operate fully and in a transparent manner with public authorities in the prevention or removal of serious threats to public health and safety deriving from the consumption or use of their products.

VIII. Science and Technology

Enterprises should:

1. Endeavour to ensure that their activities are compatible with the science and technology (S&T) policies and plans of the countries in which they operate and as appropriate contribute to the development of local and national innovative capacity.
2. Adopt, where practicable in the course of their business activities, practices that permit the transfer and rapid diffusion of technologies and know-how, with due regard to the protection of intellectual property rights.
3. When appropriate, perform science and technology development work in host countries to address local market needs, as well as employ host country personnel in an S&T capacity and encourage their training, taking into account commercial needs.
4. When granting licenses for the use of intellectual property rights or when otherwise transferring technology, do so on reasonable terms and conditions and in a manner that contributes to the long term development prospects of the host country.
5. Where relevant to commercial objectives, develop ties with local universities, public research institutions, and participate in co-operative research projects with local industry or industry associations.

IX. Competition

Enterprises should, within the framework of applicable laws and regulations, conduct their activities in a competitive manner. In particular, enterprises should:

1. Refrain from entering into or carrying out anti-competitive agreements among competitors:
 - a) To fix prices;
 - b) To make rigged bids (collusive tenders);
 - c) To establish output restrictions or quotas; or
 - d) To share or divide markets by allocating customers, suppliers, territories or lines of commerce.
2. Conduct all of their activities in a manner consistent with all applicable competition laws, taking into account the applicability of the competition laws of jurisdictions whose economies would be likely to be harmed by anti-competitive activity on their part.
3. Co-operate with the competition authorities of such jurisdictions by, among other things and subject to applicable law and appropriate safeguards, providing as prompt and complete responses as practicable to requests for information.
4. Promote employee awareness of the importance of compliance with all applicable competition laws and policies.

X. Taxation

It is important that enterprises contribute to the public finances of host countries by making timely payment of their tax liabilities. In particular, enterprises should comply with the tax laws and regulations in all countries in which they operate and should exert every effort to act in accordance with both the letter and spirit of those laws and regulations. This would include such measures as providing to the relevant authorities the information necessary for the correct determination of taxes to be assessed in connection with their operations and conforming transfer pricing practices to the arm's length principle.

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Further information

The Canadian government's National Contact Point for the OECD Guidelines for Multinational Enterprises is: www.ncp-pcn.gc.ca.

You can also view information on the OECD web site at http://www.oecd.org/document/28/0,2340,en_2649_34889_2397532_1_1_1_1,00.html

Principles for Global Corporate Responsibility: Bench Marks for Measuring Business Performance

The Taskforce on the Churches and Corporate Responsibility (Canada)
The Ecumenical Council for Corporate Responsibility (UK)
The Interfaith Center on Corporate Responsibility (US)
2003

The “Bench Marks” were developed by a coalition of church-based organizations in the US, UK and Canada in 1995 and were revised in 1999 and again in 2003. They are designed to provide a framework through which stakeholders can assess corporate policies and practices with respect to corporate social responsibility expectations.

Further information on the context of the Bench Marks as well as definitions of terms and an appendix of related codes and standards can be found at www.bench-marks.org.

Principles for Global Corporate Responsibility: Bench Marks for Measuring Business Performance

INTRODUCTION

We acknowledge that the different forms of exclusion, impoverishment and marginalisation are a result of inequitable social relations. Ecological degradation and social deprivation threaten the survival of human society. This document and its accompanying processes approaches the questions of the responsibility of corporations with the expectations of a Global Network of people and communities who hold these concerns as central to their agenda:

- a demand for a sustainable system of production and distribution and for the preservation of the environment for present communities and for future generations;
- an appeal for a more equitable system for the distribution of the economic benefit of production and services;
- an insistence for the participation of stakeholders and those most hurt by the activities of corporations in the decision-making processes of companies;
- a requirement for the creation of an awareness that corporations need to consider not only the response of consumers to their activities but that of all those who are stakeholders in their operations.
- a requirement for the opportunities of life and freedom for all humanity;

To meet these principles we believe that it is necessary that certain specific courses of action are followed when corporations are conducting their managerial functions in order that those who are affected directly or indirectly by them will be considered and represented.

COMMITTEE MECHANISMS

We will wish to make an assessment of these principles by checking that the company has in place a communication and reporting system which:

- allows for a two-way communication strategy involving a top-down reporting pattern on challenges and progress and bottom-up reporting on concerns and issues;

- allows for interaction with communities and other stakeholders;
- allows for the creation of corporate committees with proportional representation of all the stakeholders.

REPORTING FRAMEWORK

At several points in our framework we join the call for verified public reporting on company performance, whether on environmental, social or financial issues. At a minimum we would expect such reporting instruments to include the following that:

- the reporting is rooted and grounded in transparent disclosure;
- the information disclosed is directly related to the communities at sites of impact to facilitate their participation;
- independent monitoring and verification processes include a role for non-governmental organisations, for workers and for community organisations;
- additional demands for disclosure impinge on companies operating in zones of conflict;
- the outcomes of corporate reporting are incorporated into strategic planning and participatory decision-making;
- the range of social performance indicators embraces, at the least, the principles outlined in this document.

ETHICAL PRACTICE

The responsibility for ethical performance resides with the whole corporate enterprise and not merely with the individuals who compose it. We therefore are seeking ways in which corporations can be held accountable for the totality of the impact of their operations on people and communities in such a way as to address fully the fundamental aspirations we put forward.

In our understanding of global corporate responsibility, the community rather than the company is the starting point of economic life.⁴⁴ For the community to be sustainable, all members need to be recognized i.e. consumers, employees, shareholders, the community at large and corporations. Respect for each group's essential role in the economic and social life of the community will facilitate more just relationships locally and globally.

In this document, by

- **PRINCIPLES** we mean a statement of business philosophy fundamental to a responsible company's actions.
- **CRITERIA** we mean particular company policies and practices that can be compared for consistency with the Principles.
- **BENCH MARKS** we mean suggested specific reference points of measurement to be used in assessing the company's performance in relation to the Criteria.

For reasons of clarity the categories under which the Principles are defined are divided into two groupings: **1. THE WIDER COMMUNITY** and **2. THE CORPORATE BUSINESS COMMUNITY**.

The Principles are offered as an ethical standard of measurement on which to base decisions about global corporate social responsibility. They arise from jointly held beliefs, which are based on the faiths of the participant groups, communities, denominations and traditions. The concepts stem from an understanding of the ethical value of creation, humanity and the nature of society.

⁴⁴ Corporate language generally uses the word 'stakeholder' to include only those who benefit from the company's activities. In the corporate context the company, rather than the community is the starting point of economic life.

1. THE WIDER COMMUNITY

Section 1.1 - ECOSYSTEMS

Principles

1.1.P.1

Careful attention is paid to ensure that the company's actions do not damage the global and local environment. Issues such as climate change, bio-diversity and pollution prevention are central to this. The company adopts, as a minimum, internationally recognized standards and ensures that they are implemented universally regardless of any legal enforcement or lack thereof in any jurisdiction and continually seeks to improve its performance.

1.1.P.2

To minimize environmental degradation and health impacts, the *precautionary principle*⁴⁵ is the overriding principle guiding action, shifting the burden of proof from one of proving environmental harm to one of proving environmental safety.

1.1.P.3

The presence of unused, unexploited, non-renewable, natural resources within a particular area is recognized as an asset of the community of that area.

1.1.P.4

The company has responsibility for the environmental impact of its production processes and its products and services throughout the life-cycle of these products and services.

1.1.P.5

The company affirms the precautionary principle that must be invoked prior to the development of genetically modified organisms (GMOs).

1.1.P.6

The company develops genetically modified organisms only where there are safe and clear health, social and environmental benefits.

1.1.P.7

The company affirms the principle that patent rights do not supercede farmers' rights to pursue traditional sustainable agriculture or forest use.

1.1.P.8

The company affirms the right of communities to be involved in any proposals regarding the development of GMO products.

1.1.P.9

The company affirms that situations of hunger and famine are not used to impose the GMO system of agriculture over traditional methods.

Criteria

1.1.C.1

A company-wide environmental code has been adopted and implemented.

1.1.C.2

An active environmental committee has been established by and reports to the Board of Directors.

1.1.C.3

⁴⁵ Precautionary Principle: Where there are threats of serious or irreversible damage, lack of full scientific certainty should not be used as a reason for postponing cost-effective measures to prevent environmental degradation. (Agenda 21, Principle 15)

The company has in place appropriate management systems to implement its policies.

1.1.C.4

Environmental assessments are completed by the company in which the unused, unexploited natural resources are stated as assets of the community.

1.1.C.5

The company provides to the public regular reports on its environmental performance and future plans. These are based on a pattern of environmental auditing and reporting according to, at a minimum, internationally recognized standards and include data for each facility.

1.1.C.6

The company holds public consultations and seeks collaboration from interested individuals and groups to review both its past performance and its future plans, including the location of new facilities.

1.1.C.7

Where environmental damage does occur, every effort is made by the company to reduce its impact immediately, to provide technical data to those working on the containment and repair, to restore the damaged ecosystem and to ensure appropriate measures are taken to redress injuries to persons caused by environmental hazards created by the company.

1.1.C.8

The company has policies, practices and procedures to prevent pollution, reduce resource and energy use in each stage of the product or service life-cycle.

1.1.C.9

The company has a designated person to provide assurance of compliance with its environmental policies.

1.1.C.10

The company has established a regular procedure to monitor the environmental impact of the production process on the health and safety of workers.

1.1.C.11

Prior to development, the company establishes a process for determining the benefits and safety of GMOs through independent stakeholder groups in order to satisfy stakeholder concerns, such as, unknown long-term effects of GMOs on human and animal health, soil ecology and local germplasm.

1.1.C.12

Prior to the introduction of GMO products, the company initiates and makes public a study that takes into account the impact on land, soil, natural limits on gene flow, indigenous farming techniques and the sustainability of local agriculture and forest management.

1.1.C.13

The company adopts a policy of consultation with credible and recognized local and national bodies, especially civil society, before exporting GMO products.

1.1.C.14

The company adopts a policy of transparency so that consumers can make fully informed choices about GMO ingredients in food.

Bench Marks

1.1.B.1

Natural resources, which become an asset to the company, are stated as a debit to the community, which the company addresses in a mutually agreed negotiation with the community.

1.1.B.2

Environmental assessments are made periodically and include, but are not limited to:

- environmental impact;
- physical infrastructure impact;
- social infrastructure impact;
- cumulative (synergistic) impacts.

1.1.B.3

The company has a policy, which includes performance standards relating to:

- protection of the biosphere;
- sustainable use of natural resources;
- reduction and disposal of wastes;
- reduction of anthropogenic greenhouse gas emissions;
- the development of renewable and alternative energy sources in place of reliance on fossil fuels;
- energy conservation;
- risk reduction;
- safe products and services;
- environmental restoration;
- informing the workers involved and the public.

The company has adopted and implemented at least one or more of the recognized environmental monitoring programmes.

1.1.B.4

Environmental performance standards are set and applied on a comparable basis throughout the company's operations.

1.1.B.5

The company is in full compliance with all international, national, and sub-national environmental regulations and breaches are recorded.

1.1.B.6

The company discloses for each of its operations the same or better categories and levels of information as are required in their 'home' country.

1.1.B.7

An annual, standardized, environmental report, including data on the extent to which performance goals have been met, is publicly issued and its contents are verified by an independent authority.

1.1.B.8

On-going environmental performance evaluation is conducted and the results are periodically audited by an independent auditor. The results of the audit are reported to the stakeholders.

1.1.B.9

Employee remuneration/compensation packages, especially those of senior executives, are linked to corporate environmental performance.

1.1.B.10

The company produces useful products which fulfil community needs and which avoid built-in obsolescence. It employs process technology that reduces life-style impacts.

1.1.B.11

The company commits to the on-going transparent and independent monitoring of environmental, social and health impacts accompanying any production of GMOs.

1.1.B.12

The company publicly reports on the results of testing for long-term safety of its crops, organisms or products on humans, animals, the environment and local agronomic cultures.

1.1.B.13

The company develops its GMO policies based on the recommendations of the International Treaty on Plant Genetic Resources for Food and Agriculture.

1.1.B.14

The company clearly labels its GMO food products to inform consumers of the genetically engineered ingredients.

Section 1.2 - NATIONAL COMMUNITIES

Principles

1.2.P.1

The company is fully committed to respecting internationally recognized human rights standards, including the Universal Declaration of Human Rights, International Covenant on Economic, Social and Cultural Rights, International Covenant on Civil and Political Rights, corresponding international covenants adopted by the General Assembly of the United Nations, and International Labour Organization Conventions and standards found in International Human Rights Law and International Humanitarian Law.

1.2.P.2

The company recognizes that the state has a duty to protect and promote internationally recognized human rights standards and is aware that human rights treaties, which are legally binding on states that ratify them, require the state to regulate the behaviour of the private sector as non-state actors in respect of the rights guaranteed by treaty.

1.2.P.3

The company makes a commitment to, as a minimum, the internationally recognized standards of performance in each and every country in which it operates.

1.2.P.4

The company, in all its locations, holds it to be the responsibility of every employee to ensure that there is full compliance with all internationally recognized labour, health, environment and safety standards.

1.2.P.5

The company contributes in a responsible and transparent way to each society's efforts to promote full human development for all its members.

1.2.P.6

The company respects the political jurisdiction of national communities.

1.2.P.7

The company does not use the mobility of capital and the immobility of labour as a tool against workers.

1.2.P.8

The company subscribes to the principle that every person has the right of access to health care, including access to affordable therapies and medicines.

1.2.P.9

The company views health in holistic terms of body, mind and spirit, rather than the absence of sickness.

1.2.P.10

The company is committed to peace in all its endeavours.

1.2.P.11

The company that produces arms or raw materials for arms, safeguards participation of all stakeholders in lobbying for the restructuring of companies so that workers' interests will not be threatened.

1.2.P.12

The company aims at converting from arms production to the production of socially useful life sustaining products that promote peace.

Criteria

1.2.C.1

The company adopts a comprehensive and verifiable human rights policy which includes an explicit commitment to secure the principles and values contained in the Universal Declaration of Human Rights and its two covenants and the International Labour Organisation standards.

1.2.C.2

The company links executive compensation to social as well as financial performance, including the company's efforts to secure basic human rights within its operations.

1.2.C.3

The company carefully considers the international human rights implications of entering into business relationships, either as a direct partner or through a third-party venture in which it holds an interest with the parties or entities of any state recognized or known for its widespread violations of international human rights standards.

1.2.C.4

In instances where legislation or the actual practices of any public institution violate fundamental human rights, the company does everything in its power to secure those fundamental rights in its own operations. The company also seeks to exercise its corporate influence to contribute to the establishment of such fundamental rights.

1.2.C.5

The company has a policy that, when there is a movement from within the country calling for withdrawal, in instances where there are gross and systematic violations of human rights, it will withdraw from that country.

1.2.C.6

An active human rights committee, with a designated responsible person, has been established by and reports to the Board of Directors and publicly discloses any significant material effect on the company.

1.2.C.7

The company pays appropriate taxes and uses no covert means (such as inflated internal or transfer prices) for removing profits from a host jurisdiction.

1.2.C.8

A drug company creates and implements a policy of price restraint on prescription drugs, utilizing a combination of approaches to keep drug prices at affordable levels, and refrains from enforcing patents in developing countries where this will exacerbate health problems.

1.2.C.9

A tobacco company acknowledges the inherent hazards connected to the use of its products.

1.2.C.10

The company ensures that its activities respect all life on the Planet.

1.2.C.11

The company is committed not to involve itself in military or war activities.

1.2.C.12

The activities of the company are geared towards peacemaking.

1.2.C.13

The company involved in the arms industry will adopt a policy for the conversion of its products from military to civilian use.

Bench Marks

1.2.B.1

A senior executive in each operation is responsible for all matters of human rights and reports to the appropriate management committee and the committee of the Board of Directors established for human rights matters.

1.2.B.2

The company by policy and by practice does not commit or engage in activity which leads to the abuse and violation of internationally recognized human rights standards, nor does it assist in abuses and violations committed by others, be they government authorities, paramilitary organisations, armed gangs or other non-state actors.

1.2.B.3

The company adopts a security policy that protects human rights and is consistent with international standards of law enforcement. (UN Basic Principles on the use of Force and Firearms by Law Enforcement Officials and the UN Code of Conduct for Law Enforcement Officials)

1.2.B.4

The company, in consultation with the stakeholders, uses a checklist, which guides its approach to human rights.

1.2.B.5

The company adheres to the relevant codes of the World Health Organization (e.g. The International Code of Marketing of Breastmilk Substitutes) and the relevant International Labour Organisation's recommendations on health and safety, on the health of young persons, the health of women, the use of chemicals, occupational diseases, compensation for occupational injury and other related issues.

1.2.B.6

The company develops its health policies based on 'Beyond Philanthropy Benchmarks' published by Oxfam UK, VSO and Save the Children (July 2002).

1.2.B.7

The company subscribes to the principles expressed in the 1977 International Labour Organization Tripartite Declaration of Principles Concerning Multinational Enterprises and Social Policy.

1.2.B.8

The company discloses labour and human rights tribunal cases and lawsuits settled or decided against the company, in addition to any pending lawsuits that might have a significant material effect on the company.

1.2.B.9

Operations in countries, which consistently violate the Universal Declaration of Human Rights, are reviewed annually by the Board of Directors

1.2.B.10

All contraventions of human rights are reviewed and recorded, and corrective action is taken.

1.2.B.11

All contraventions of health and safety laws are reviewed and recorded, and corrective action is taken.

1.2.B.12

A tobacco company ceases all advertising and promotion of tobacco targeting young people, and supports efforts to make enclosed spaces smoke-free.

1.2.B.13

Taxes are paid by the company within the appropriate jurisdictions.

1.2.B.14

The company distributes a comprehensive and independently verified report on the production and use of its products in the arms and security industry.

1.2.B.15

A company which manufactures or trades in armaments ensures independent monitoring by civil society of the company's operations.

1.2.B.16

The company strictly controls its arms sales, by establishing a clear system of accounting of the use of the arms and reports the information to the public.

1.2.B.17

The company develops a plan for the conversion of its products from military to civilian use and ensures that workers' interests will not be undermined in the process.

Section 1.3 - LOCAL COMMUNITIES

Principles

1.3.P.1

The company recognizes its political and economic impact on local communities especially where it is the principal or key employer. Its programme, policies and practices help promote a full range of human rights within each community where it operates.

- 1.3.P.2
The company takes account of local culture in its decision-making processes while not condoning cultural patterns, which denigrate human beings on the basis of gender, class, racial/ethnic origin, culture, ethnicity, religion, sexual orientation, caste, tribe or disability.
- 1.3.P.3
The company affirms the central importance of sustainability for communities, in the present and the future, for the integrity of human beings, culture, society, economic well being, environmental responsibility and the way of life of the people.
- 1.3.P.4
The company respects the inclusive involvement of all stakeholders in developing civil society partnerships and host community agreements.
- 1.3.P.5
The company accepts the principle of prior engagement with relevant non-governmental organisations and civil society.

Criteria

- 1.3.C.1
The company develops a policy statement that measures its social, environmental and economic impact on local communities affected by its operations.
- 1.3.C.2
The company, in consultation with the local community, establishes a policy that incorporates into its business plan the best interests of the community, both now and into the future.
- 1.3.C.3
The company evaluates all of its operations in the light of community sustainability.
- 1.3.C.4
Respect is shown by the company for the local community, especially with regard to water, land, air, food, energy, religion, gender and culture.
- 1.3.C.5
Employees are encouraged to participate in local community activities and organisations.
- 1.3.C.6
The company seeks to develop long-term business relationships in local communities and does not terminate its operations without assessing the long-term environmental, social, cultural and economic sustainability impacts on the local community.
- 1.3.C.7
The company is careful of the impact of its power and influence especially in its use of the local media and its advertising strategies.
- 1.3.C.8
The company aspires to integrating the interests of all stakeholders with that of its own business goals.
- 1.3.C.9
The company recognizes various stakeholder groups and establishes an inclusive and exhaustive consultation process with them.

Bench Marks

- 1.3.B.1
Company decisions are made in accordance with the Universal Declaration of Human Rights, the Convention on the Elimination of All Forms of Discrimination Against Women and the International Convention on the Elimination of All Forms of Racial Discrimination.
- 1.3.B.2
The company establishes a transparent process to gain the informed consent of the community prior to establishing its operations in that community.
- 1.3.B.3
The company establishes a consultative structure, including a senior director and representatives of stakeholders identified by local communities, society and its own workforce, which meets on a regular basis to discuss the company's business goals in relation to community needs, including social and environmental concerns.
- 1.3.B.4
The company develops specific indicators (such as on local employment, natural resources, health, infrastructure, preservation of cultural values) to measure how it contributes to community sustainability and reports publicly.
- 1.3.B.5
The company reports in oral and written form, on its community impact in a manner that is accessible to local communities in the local language.
- 1.3.B.6
The company communicates to its shareholders and the public any environmental liabilities by reflecting these liabilities in its financial statements and balance sheet reporting.
- 1.3.B.7
The company makes available its returned, second-hand, and reject goods and outlet samples through local independent distributors.
- 1.3.B.8
The company has a plant closure policy, which provides transitional arrangements for employees.

Section 1.4 - INDIGENOUS COMMUNITIES

Principles

- 1.4.P.1
Where, in a specific national context, there exists constitutional legislation, or where recognized agreements exist, determining policies of reconciliation with indigenous peoples, nations or communities, the company seeks to develop its policies in accordance with that legislation or agreement.
- 1.4.P.2
The company where it operates in post-conflict and/or oppressive situations seeks to implement existing policies of reconciliation where they are in place.
- 1.4.P.3
The company respects the cultural, religious and social customs and traditional knowledge of members of indigenous communities.
- 1.4.P.4

The company strives to contribute to the long-term environmental, social, cultural, and economic sustainability of the indigenous peoples, nations or communities in which it operates.

1.4.P.5

The company respects the bio-cultural integrity of indigenous peoples and their lands and traditions.

1.4.P.6

The company only pursues economic development upon prior resolution and completion of the settlement of land claims between the indigenous people (or First Nation) and the appropriate government(s).

1.4.P.7

The development of joint working agreements between indigenous communities and companies is a prerequisite to building business relationships and commitments.

1.4.P.8

Indigenous peoples, by virtue of their inherent rights, are entitled to full participation in the business decisions which pertain to their ancestral lands and their way of life.

1.4.P.9

The company is committed to respecting fully the rights of indigenous peoples as they are recognized by the appropriate jurisdictions and laws.

1.4.P.10

The company respects indigenous medicines and medical practices.

Criteria

1.4.C.1

The company seeks to develop long-term business relationships in indigenous communities and does not terminate its operations without assessing the long-term environmental, social, cultural and economic sustainability impacts on the indigenous community.

1.4.C.2

The company communicates its business plans in a way that the local indigenous community can understand and seeks to be actively involved in the development of indigenous businesses.

1.4.C.3.

The company seeks and receives approval from the legitimate local indigenous leadership prior to beginning any business activities.

1.4.C.4

The company, with the co-operation of the indigenous peoples concerned, performs a holistic comprehensive study of its potential environmental, physical, social, economic, cultural and spiritual impact on the community and modifies its business plan to ameliorate potential harm.

1.4.C.5

The company negotiates a just and equitable economic settlement with the indigenous community(ies) involved, including adequate compensation where applicable.

1.4.C.6

The company's employment policies and practices fully accommodate the cultural, spiritual and social needs of employees who are members of indigenous communities.

1.4.C.7

The company develops a transparent process for the inclusion of indigenous peoples as full participants in business decisions.

1.4.C.8

The company provides employment and training opportunities for, and actively recruits from, indigenous communities for all levels of employment.

1.4.C.9

The company provides opportunities for all its employees to obtain an understanding of indigenous culture, treaties, history and current issues.

Bench Marks

1.4.B.1

The company, through its programmes, policies, practices, and communications implements the principles expressed in the International Conventions on Human Rights, Agenda 21 and the International Labour Organisation Convention Concerning Indigenous and Tribal Peoples in Independent Countries, Convention 169.

1.4.B.2

The company adheres to the International Convention on Bio-Diversity and ensures the protection of bio-cultural integrity and intellectual property rights of the indigenous community(ies).

1.4.B.3

The company, as a matter of policy, refrains from litigation that obstructs the implementation of the recognized rights of indigenous peoples and respect of local customs and traditions.

1.4.B.4

The company, as a matter of policy, refrains from using any imagery, which is offensive to the indigenous community in product marketing, advertising, endorsements, sponsorships and promotions.

1.4.B.5

The company's business plans, and its employment policies and practices are communicated clearly and are available in indigenous languages in both written and oral form.

1.4.B.6

The company, together with the legitimate representatives of the indigenous community jointly establishes clear decision-making processes and structures with a recognized programme that monitors their implementation.

Section 1.5 – RESOURCE EXTRACTION

Principles

1.5.P.1

The company conducts the extraction and/or exploitation of natural resources such as minerals, timber, oil and energy sources, including hydro-electric power, in such a manner as to avoid conflict with the human rights, the sustainability of the environment and the economic survival of national, local and indigenous communities.

1.5.P.2

The company is careful to control its exploitation, management and extraction of natural resources, especially non-renewable resources, in countries where environmental laws and regulations are inadequate or are improperly enforced, or where there is protracted internal or regional conflict to which the government is a party.

1.5.P.3

The company does not make unfettered exploitation of natural resources, especially non-renewable resources, against the wishes of national, local or indigenous communities, nor in such a way that it damages or dramatically changes the ecosystem.

1.5.P.4

The company recognises that resources which it may wish to extract from a particular area are an asset of that community and conducts its business in accordance with that recognition.

1.5.P.5

Where the company is engaged in the extraction of natural resources in zones of conflict it does not engage governmental or militia forces to provide security but conducts its own independent security operation.

1.5.P.6

The company, if it is unable to provide proper security for its workforce in zones of conflict does not enter into an engagement to conduct such extractive business or if already engaged, it withdraws from such locations.

1.5.P.7

The company does not engage in resource extraction in highly vulnerable and non-sustainable communities without ensuring that its operations are designed to benefit the local community and monitors the impact of its engagement.

Criteria

1.5.C.1

The company ensures that its policies in regard to resource extraction do not infringe the human rights of local populations and do not contravene local laws and regulations.

1.5.C.2

The company only proceeds to extract natural resources in situations where their renewal is guaranteed or where, in the case of non-renewable resources, it has made provision for the creation of sustainable alternatives.

1.5.C.3

The company has a strategy whereby proper compensation for the extraction of resources is made to all the relevant national, local and indigenous communities for the acquisition of their assets.

1.5.C.4

In instances where the extraction of resources either, violates human rights or where the extraction can only be carried forward with the aid of military intervention in zones of conflict, the company does not proceed with the work programme.

1.5.C.5

The company publicly discloses all royalties, taxes, fees, payments and any other revenue paid to state or parastatal partners as derived from project partnerships.

1.5.C.6

The company does not contract with or collaborate with governmental military authorities or with local militias to facilitate the extraction of natural resources.

1.5.C.7

A company which is engaged in resource extraction, on discovering previously unknown vulnerabilities or non-sustainable situations immediately seeks to withdraw in such a way as to ensure that these works are not proceeded with by other agencies or companies.

1.5.C.8

The company has a consultation and appraisal process in place that involves all local communities where new developments of resource extraction are contemplated.

Bench Marks

1.5.B.1

The company, in its endeavours to ensure the human rights of the peoples who live where it is extracting natural resources, has policies that specifically ensure the human rights of communities within the terms of the Universal Declaration of Human Rights and its two covenants and the International Labour Organisation's standards.

1.5.B.2

The company ensures that when extracting non-renewable resources it creates and puts in place alternative and sustainable benefits for the future of the community in which it is operating.

1.5.B.3

The company has an agreed policy whereby compensation for the removal of natural, non-renewable assets is fully paid.

1.5.B.4

The company has in place performance standards for the monitoring of the extraction of natural and especially non-renewable resources.

1.5.B.5

The company, as a minimum, adheres to the Voluntary Principles on Security and Human Rights to ensure respect for human rights and fundamental freedoms in their security operations.

1.5.B.6

The company has in place policies that prohibit it from accepting protection from governmental military forces or from local militias.

2. THE CORPORATE BUSINESS COMMUNITY

Section 2.1 - THE EMPLOYED - Conditions

Principles

2.1.P.1

The company is guided by the various International Labour Organisation's (ILO) standards as a minimum governing its employment practices and industrial relations. This standard includes genuine respect for employees' right to freedom of association, labour organization, free collective bargaining, non-discrimination in employment and a safe and healthy working environment provided for all employees.

2.1.P.2

The company does not discriminate on the basis of gender, racial/ethnic origin, social or ethnic origin, culture, religion, age, disability, sexual orientation, nationality, citizenship or political opinion.

2.1.P.3

The company values all its employees in terms of their social, intellectual, economic and personal contribution to the company in every sector of its operations.

2.1.P.4

The company ensures that each employee is treated with respect and dignity.

2.1.P.5

The company ensures its labour force and managerial employees are proportionally representative of the communities in which it operates.

2.1.P.6

The company seeks to maximize long term contractual relationships with its employees and to safeguard employees' future employability.

2.1.P.7

The company pays sustainable living wages, which enables employees to meet the basic needs of themselves and their families, as well as to invest in the on-going sustainability of local communities through the use of discretionary income.

2.1.P.8

The company provides equal pay for work of equal value.

2.1.P.9

The company ensures work schedules that are reasonable and enable employees and their families to live in a sustained and healthful manner; the company does not rely on production based on unpaid labour.

2.1.P.10

The company recognizes the need for supporting and/or providing the essential social infrastructure of child care, elder care and community service in order to facilitate access to employment and the full participation of employees in the workplace.

Criteria

2.1.C.1

The company ensures that no person is subject to any discrimination in employment, including recruitment, hiring, remuneration, benefits, advancement, discipline, termination, or retirement, on the basis of gender, racial/ethnic origin, social or ethnic origin, culture, religion, age, disability, sexual orientation, nationality or political opinion.

2.1.C.2

The company accommodates the cultural, religious and social needs of employees.

2.1.C.3

The company ensures that no employee is subject to any physical, sexual, psychological or verbal harassment or abuse.

2.1.C.4

The company has a policy, which prohibits health testing as a condition of employment including pregnancy testing.

2.1.C.5

The company actively recruits and employs for all positions at all levels, including management, from the local population.

2.1.C.6

Training, development, promotion and advancement opportunities within the company are available to all employees of the company, regardless of status, whether full-time, part-time, short-term, permanent, or with any other contracts of employment.

2.1.C.7

All who work within and on the company's premises, whether permanent, temporary or contracted employees, including those engaged in day labour, receive equal protection, especially in provision of equipment and information concerning their health and safety at work. This information is provided in the languages of the workers.

2.1.C.8

The company recognizes the responsibilities of all its workers to their families, and provides paid maternity, paternity, family and compassionate leave.

2.1.C.9

The company supports and/or provides the essential social infrastructure of child care, elder care and community services which allow workers, especially women who have traditionally done this work as unpaid labour, to participate as employees.

2.1.C.10

Employees are free to organize and join workers' organizations without discrimination or interference and to engage freely in collective negotiations to regulate the terms and conditions of employment. No employee is discriminated against for engaging in union organizing and collective bargaining activities and other worker committees.

2.1.C.11

The company has in place programmes, policies and practices with specific goals and time lines to ensure equal pay for work of equal value.

2.1.C.12

The company ensures that, as a minimum, all employees are paid a wage, which, at least, provides sufficient purchasing power to enable employees to meet the basic needs of themselves and their families.

2.1.C.13

The company uses an established process to calculate a sustainable living wage. The process to determine a sustainable living wage is used in each of the geographic areas where workers live.

2.1.C.14

The company limits overtime work to a level that ensures humane working conditions, especially for young workers.

2.1.C.15

In situations where corporate restructuring is taking place, the company provides the opportunity for redeployment and retraining of employees in order to offer sustainable patterns of employment.

2.1.C.16

The company implements a standard grievance procedure allowing for progressive steps and channels to resolve grievances, where in the case of a grievance not being resolved at company level, provision is made for the employee to follow the appropriate legal

route. The company undertakes to inform workers of their rights and assists them in this regard.

2.1.C.17

The company agrees to implement a grievance procedure, which is easily understood by workers.

2.1.C.18

The company adopts a policy not to discriminate against employees exercising their basic rights.

2.1.C.19

The company limits overtime work to minimum levels, and further endeavours to reduce overtime with a view to increasing overall employment levels whilst addressing the health needs of workers.

Bench Marks

2.1.B.1

The company adheres to ILO conventions regarding basic employment practices, equality of opportunity, and the elimination of all forms of discrimination.

2.1.B.2

The company adheres to the principles set out in the International Labour Organisation Conventions on Freedom of Association and Free Collective Bargaining.

2.1.B.3

The company makes available to independent monitors the work records of employees when there is question of discrimination against labour organizing or other collective bargaining activities.

2.1.B.4

The company pays all legally mandated benefits as a minimum standard.

2.1.B.5

The company does not require employees to work overtime on a regular basis and does not require young employees to work overtime. Employees may refuse overtime without any threat of penalty, punishment, demotion or dismissal.

2.1.B.6

The company keeps a record of all grievances lodged, how they were resolved and actions pending against the company.

2.1.B.7

The company reports publicly on the frequency of training and education of workers on their rights and responsibilities in line with best practice and industry developments. It undertakes such training that is free and compensated.

2.1.B.8

The company does not adopt the quota system for production or any forms of penalty.

2.1.B.9

Formal redundancy/layoff policies are only adopted as a last resort.

Section 2.2 – THE EMPLOYED – Health and Safety

Principles

2.2.P.1

The company provides a working environment that supports health and wellness.

2.2.P.2

The company affirms that workers have a right to a workplace that is free of toxic substances and all forms of health hazards, including second-hand smoke.

2.2.P.3

The company subscribes to the principle that every worker has the right of access to health care, including accessible and affordable medicines.

2.2.P.4

The company views health in holistic terms of body, mind and spirit, rather than the absence of sickness.

Criteria

2.2.C.1

The company adopts specific policies to ensure that the workplace is free from toxic substances and all kinds of risks; is properly ventilated and appropriate, free, protective equipment and hygienic bathrooms and changing rooms for workers, especially for women and young workers are provided.

2.2.C.2

The company ensures participation by workers from all levels of employment, in education, examination and the monitoring process on issues of occupational health and safety.

2.2.C.3

The company has a policy, which prohibits health testing as a condition for employment, including pregnancy testing.

2.2.C.4

Where governments do not provide universal health coverage, the company provides adequate coverage for its employees and their dependents. This includes necessary essential medicines, including antiretrovirals for HIV / AIDS.

2.2.C.5

The company adopts a policy of non-discrimination and commits to programmes to overcome discrimination and stigmatization of employees with HIV / AIDS.

Bench Marks

2.2.B.1

The company adheres to the relevant codes of the World Health Organization (e.g. The International Code of Marketing of Breastmilk Substitutes) and the relevant International Labour Organisation's recommendations on health and safety, on the health of young workers, the health of women workers, the use of chemicals, occupational diseases, compensation for occupational injury and other related issues.

2.2.B.2

The company has clear communication policies on occupational health and safety, stress issues and all forms of harassment, through a variety of means, including a clear checklist and a worker-friendly handbook.

2.2.B.3

The company ensures that workers can elect representatives through democratic processes to factory Health and Safety Committees. They have rights to have regular monitoring of the factory, to have full access to all the information related to the occupational health and safety issues, and they will not be penalized when they assume these duties.

2.2.B.4

The company accepts independent monitoring by civil society groups and qualified inspectors and provides access for the inspection of plant facilities. The company agrees to take action to rectify any problems in a timely fashion.

2.2.B.5

The company ensures that workers can stop work if they find themselves at risk and that workers injured at work will be provided with suitable jobs after medical and psychological treatment.

2.2.B.6

Where provided, the company ensures healthy food and decent accommodation for the workers.

2.2.B.7

The company provides on-going education on the prevention of HIV / AIDS, training to overcome the stigmatization of employees with HIV / AIDS, and provides support systems to employees and their families such as counselling.

Section 2.3 - THE EMPLOYED - Persons

Sub-section 2.3a - Women in the Workforce

Principles

2.3a.P.1

The company values women as a vital group of employees who have a significant contribution to make to the work of all companies.

2.3a.P.2

The company is aware that the rights of women are often violated by business policies and practices, which contribute to the 'feminization of poverty' and exacerbate gender inequalities. It seeks to neutralize the impact of any such policies or practices on their employees.

2.3a.P.3

The company ensures that there is equal remuneration for work of equal value.

2.3a.P.4

The company ensures that the social and biological determinants that affect women because of gender are addressed by appropriate policies within the work place, including, but not limited to, pregnancy leave, maternity leave, medical leave.

Criteria

2.3a.C.1

The company recognizes that there may be particular barriers to the full participation of women and takes positive action to diminish these barriers within the company.

2.3a.C.2

The company has in place a ranking of work situations to ensure pay parity among workers.

2.3a.C.3

The company works to provide resources of social support to enhance women's economic empowerment.

Bench Marks

2.3a.B.1

The company has in place effective and appropriate policies and statements of equality of opportunity for women in the workforce and these are monitored and maintained throughout all levels of employment. These are available to all workers in the languages of the workers.

2.3a.B.2

The company develops specific goals and measurable objectives to provide women with true and equal participation in decision-making.

2.3a.B.3

The company provides adequate technical training, which contributes to the advancement of all workers, especially women.

2.3a.B.4

The company has a policy of responding flexibly to the needs of women regarding pregnancy and family care without detriment to their employment. The company provides paid maternity and paternity leave.

2.3a.B.5

The company encourages or participates in the creation of childcare centres and centres for the elderly and persons with disabilities where appropriate.

Sub-Section 2.3b - Minority Groups

Principles

2.3b.P.1

The company does not discriminate on grounds of racial/ethnic origin, or culture.

Criteria

2.3b.C.1

The company has an employment policy, which enables people from minority groups to be recruited to the company, to achieve progression in employment in the company and to receive training and promotional opportunities without discrimination.

2.3b.C.2

The company recognizes that there may be particular barriers to the full participation of people from minority groups and takes positive action to diminish these barriers within the company.

2.3b.C.3

The company has a policy that its work force reflects the racial/ethnic origin and cultural composition of the local population at all levels.

Bench Marks

2.3b.B.1

The company complies with all forms of international conventions, such as the Wood-Sheppard Principles and does not discriminate on the basis of racial/ethnic origin, gender, religion, sexual orientation and disability.

2.3b.B.2

The company publicly discloses information on the diversity of all of its workforce, including the number of employees by gender, disability and racial/ethnic origin, at every level of the company, including at senior management level.

Sub-Section 2.3c - Persons with Disabilities

Principles

2.3c.P.1

The company ensures that persons with disabilities who apply for jobs with the company receive fair treatment and are considered solely on their ability to do the job with or without workplace modifications.

2.3c.P.2

The company values persons with physical, sensory and/or mental disabilities as full participants in the company workforce.

Criteria

2.3c.C.1

The company has in place an operative anti-discrimination policy vis-à-vis persons with physical and/or mental disabilities, with provisions for the monitoring of compliance with the policy.

2.3c.C.2

The company has a policy of employing people with disabilities and of providing the resources and facilities, which enable them to achieve progression in employment in the company and to receive training and promotional opportunities without discrimination.

2.3c.C.3

When a worker employed by the company becomes disabled, the company continues to employ that person and provides the modifications necessary to enable the worker to continue at the previous status. If a worker requires transfer to another position within the company because of disability, wherever possible, this new job is at the same level; where not possible, existing remuneration is protected for a specified period.

2.3c.C.4

The company provides training for all its employees about hiring and accommodating persons with physical and/or mental disabilities.

2.3c.C.5

The company recognizes that there may be particular barriers to the full participation of people with disabilities and takes positive action to diminish these barriers within the company.

2.3c.C.6

The company offers disability awareness training to all employees working with or supervising people with disabilities.

2.3c.C.7

The company adopts a policy whereby managers, particularly those responsible for recruitment and employment matters, are fully versed in obligations to employ and accommodate people with disabilities.

Bench Marks

2.3c.B.1

The company periodically assesses its hiring and employment practices of persons with physical and/or mental disabilities and makes necessary correction in a specified period.

2.3c.B.2

The company regularly consults with organisations with experience and expertise regarding the employment of persons with physical and/or mental disabilities.

2.3c.B.3

The company makes the particular accommodations necessary for persons with disabilities to be able to function in the workplace.

2.3c.B.4

The company monitors and reports on the number of offers made to employees with disabilities for skill development, testing and promotion, as it does for all employees.

Sub-Section 2.3d - Child Labour

Principles

2.3d.P.1

The company does not exploit children as workers.

2.3d.P.2

The company guarantees that neither it nor its contractors employ children in conditions that violate the rights of the child.

2.3d.P.3

The company:

- does not interfere with the right of a child to an education
- agrees to abide by minimum age requirements for admission of children to employment as stated in the International Convention on the Rights of the Child
- accepts appropriate regulation of hours and conditions regarding employment of children
- safeguards the health, safety and morals of child workers.

2.3d.P.4

The company does not employ persons under the age of majority as a means of avoiding the payment of the full adult wage for doing the same work.

Criteria

2.3d.C.1

The company does not employ, in a full-time capacity, in its own workplaces or in that of its subsidiaries and suppliers, any child under the age of completion of compulsory schooling and, in any case, less than the age of 15 years. In countries where the economy and educational facilities are insufficiently developed, companies may, after consultation with the young workers, worker associations, and organizations concerned with children's rights, labour rights and human rights, initially specify a minimum age of 14 years.

2.3d.C.2

The company, when it has taken advantage of the above exception to 14 years, has made a specific public declaration of the reasons for this exception and has determined a date by which it will cease to avail itself of the provisions of this policy.

2.3d.C.3

The company works with organizations concerned with children's rights, human rights and labour rights and within the country of production to ensure that young workers are not exploited.

2.3d.C.4

The company has a precise statement regarding the employment of children and young people. This policy is publicly available throughout the company and its suppliers in the languages of any and all workers. It is clearly communicated to all employees in a manner, which can be understood, and includes verbal communications for employees lacking adequate reading skills.

2.3d.C.5

The company has a clearly stated policy and monitoring programme in regard to the employment of children.

Bench Marks

2.3d.B.1

The company has in place a monitoring and auditing programme to ensure compliance with its corporate code of conduct. This programme includes internal monitoring and auditing and well as independent monitoring.

2.3d.B.2

The company has a precise standard of recording and measurement in place, which enables it to monitor the significance of all exceptions to the pattern of child employment below the age of 15 years. In addition, the company has a precise standard and measurement of any exposure to a potentially hazardous environment for anyone aged 18 or below. These records are available for public scrutiny, especially by those groups responsible for human rights, labour rights and children's rights.

2.3d.B.3

If monitoring reveals that children are being exploited, immediate steps are taken to rectify the practice and to provide for the rehabilitation of the children involved. The company does not solve the problem by the dismissal of the children affected.

2.3d.B.4

The company regularly consults with country-specific knowledgeable organizations regarding programmes and practices to remove children from work sites and re-integrate them into home, school and community.

Sub-section 2.3e - Forced Labour

Principles

2.3e.P.1

The company employs workers who choose to be employed by that company. The company does not use any forced labour, whether in the forms of prison labour, indentured labour, bonded labour, slave labour or any other non-voluntary labour.

Criteria

2.3e.C.1

The company has a clearly stated policy in regard to the monitoring of the employment of people under duress. If it is discovered in such monitoring that any workers have been employed under duress, immediate steps are taken to rectify the practice and to provide for the rehabilitation of the workers involved. The company does not solve the problem by the dismissal of the workers involved.

Bench Marks

2.3e.B.1

The company adheres to International Labour Organisation Convention Number 29 and Convention Number 105 on Forced Labour.

Section 2.4 – SUPPLIERS

Principles

2.4.P.1

The company accepts responsibility for all those whom it employs either directly or indirectly through contract suppliers, sub-contractors, vendors or suppliers.

2.4.P.2

The company is responsible for the labour, social and environmental conditions under which and in which its products and services are produced, provided, advertised or marketed under licensing agreement.

2.4.P.3

The company affirms the concept of joint responsibility with suppliers for the additional costs of compliance with ILO labour standards, national law and the company's code of conduct.

Criteria

2.4.C.1

The company has a strong code of conduct for vendors and suppliers which includes, but is not limited to, child labour, forced labour, harassment, nondiscrimination, healthy and safe workplace, freedom of association and right to bargain collectively, sustainable living wages and benefits, hours of work, the environment, supportive social and physical community infrastructure and monitoring mechanisms for compliance.

2.4.C.2

The company adopts a policy to involve employees and workers in the supply chain in formulating, amending and implementing the company's code of conduct.

2.4.C.3

The company adopts a policy based on the equitable sharing of all costs relating to the compliance of ILO standards, national law and the company's code.

2.4.C.4

The company adopts a fair pricing policy that enables the supplier to meet its obligations to labour, social and environmental standards.

2.4.C.5

The company works with its suppliers to put in place on-going education and training programmes for workers and management on workers' rights and how to achieve and sustain compliance with labour, social and environmental standards.

Bench Marks

- 2.4.B.1
The company clearly communicates to its suppliers, vendors and licensees the company's code of vendor/supplier conduct and its process of enforcement. Violations of the code are effectively addressed. Cancellation of contract is used only as a last resort.
- 2.4.B.2
The company develops long-term business relations with its supplier in which job security of workers is considered.
- 2.4.B.3
The company, along with its vendors and suppliers, has a plan of action with specific time lines to address code violations. The company has guidelines to terminate its contract if identified code violations are not dealt with in a reasonable period of time.
- 2.4.B.4
The company has an effective internal compliance process of training, on-site inspections and audits of suppliers and vendors.
- 2.4.B.5
The company accepts the role of workers and unions as monitors of workplace conditions.
- 2.4.B.6
To supplement its internal monitoring of code compliance, the company accepts independent monitoring of its suppliers and/or vendors. Sources of independent monitoring include non-governmental organizations, local community groups, religious, human rights, children's rights and labour groups.
- 2.4.B.7
The company provides regular reports to all stakeholders that are independently verified on a plan detailing how the company and the suppliers have shared responsibility for compliance.
- 2.4.B.8
The company adopts a transparent policy and reports publicly to all stakeholders on its compliance programme, the findings, and what changes have been made at the factory level.
- 2.4.B.9
The company has clear guidelines for the investigation of possible code of conduct violations, which include a safe, confidential process of interviewing employees without penalizing them or jeopardizing their jobs or safety.
- 2.4.B.10
The company provides on-going, free and compensated education and training for workers.

Section 2.5 - FINANCIAL INTEGRITY ⁴⁶

Principles

2.5.P.1

The company insists on honesty and integrity in all aspects of its business, wherever business is conducted.

2.5.P.2

The company does not offer, pay, solicit or accept bribes in any form.

2.5.P.3

The company is committed to transparency in all its accounting and financial reporting statements and communications with shareholders through its compliance with independent auditing and financial reporting principles.

2.5.P.4

The financial services and lending practices instituted by the financial institution include investment in the infrastructure and social development of all the communities where they have a presence and an impact.

2.5.P.5

The financial institution recognizes that it is the responsibility of management to prevent the use of its worldwide operations for criminal purposes.

2.5.P.6

The company acknowledges that in order for socially responsible investment to take place that it must adhere to the following principles:

- respect for the integrity of creation
- that socially responsible investment is based on human and community needs
- that it consults with relevant stakeholders
- and, that it abides by the recommendations of these stakeholder groups.

Criteria

2.5.C.1

All transactions on behalf of the company are appropriately described in the accounts of the company in accordance with established procedures and are subject to audit.

2.5.C.2

All employees are required to avoid conflicts of interest between their private financial activities and their part in the conduct of company business.

2.5.C.3

The company's financial reporting policies, procedures and practices ensure that the financial position of the company is fully disclosed to all stakeholders.

2.5.C.4

The financial institution has clearly stated policies and practices to promote community reinvestment schemes that include provision for the full range of financial services to the local communities in which they operate or upon which they have an impact.

2.5.C.5

⁴⁶ In 2001/2002 the finance industry was under review in regard to auditing practices relating to the financial integrity and accountability of companies in the light of a string of corporate collapses in several jurisdictions. Reforms, some more comprehensive than others, are anticipated. Reference should be made to these legislative and regulatory changes, and the several proposals calling for universal accounting standards.

The financial institution has clear policies, controls and due diligence practices, which ensure that the source of wealth and funds of clients can be reasonably established to be legitimate.⁴⁷

2.5.C.6

The company ensures that socially responsible initiatives are decided upon and agreed by all stakeholders, that the consultation process is inclusive and exhaustive, and that only jointly agreed socially responsible investment is implemented.

Bench Marks

2.5.B.1

As part of their reporting responsibilities, the company's auditors indicate the amount of any consultancy fees incurred, and/or commission payments made, in respect of any contract and the percentage which these fees bear to the total gross value of such contract.

2.5.B.2

The senior administrative officer of each significant unit of the company, as well as the company Chief Executive Officer, is required annually to sign a letter containing the following representations:

- that neither the company (unit) nor any of its authorized representatives has been party to the offering, paying or receiving of bribes
- that no payments have been made which knowingly violate the laws of the countries in which the company operates
- that no receipts or payments of monies or other assets derived from the company (unit) have been either unrecorded or falsified when described in the relevant books and records and no other improper accounting practice has been adopted in the period under review.

2.5.B.3

The company's directors and senior management certify in writing the veracity of all financial statements, and fully disclose and publicly report the financial standing of the company in an understandable manner.

2.5.B.4

Financial services, including micro-financing, discounted loan services and other fair lending practices are made available to local communities, including those under-served, on a fair and equitable basis. (e.g. financial institutions can reduce interest on loans, reduce profit margins and avoid predatory lending practices.)

2.5.B.5

The financial institution establishes an adequately staffed and independent department, which regularly reviews client activities and tracks and reports any unusual or suspicious activities to the proper authorities that any alleged criminal activity can be appropriately addressed.

2.5.B.6

The company keeps a record of all socially responsible investment initiatives, and reports them in the company's annual report in order that stakeholders may verify this report. In addition, twice-yearly reports shall be given to stakeholders on ideas, work in progress and impact assessment of these initiatives.

⁴⁷ See the *Global Anti-Money-Laundering Guidelines for Private Banking* Wolfsberg AML Principles at www.wolfsberg-principles.com

Section 2.6 - ETHICAL INTEGRITY

Principles

2.6.P.1

The company recognizes that its directors and employees have a central role in upholding the company's ethical standards and codes of conduct.

2.6.P.2

The company directly addresses issues of justice in line with criteria developed and endorsed by workers and stakeholders as an expression of its financial, social and environmental reporting.

2.6.P.3

The company, when lobbying, commits itself to uphold a consistent policy, which *inter alia* supports responsible environmental protection and promotes social, labour and human rights.

2.6.P.4

The company commits itself to a policy of integrating its corporate social responsibility goals into its lobbying strategy.

2.6.P.5

In its lobbying with sovereign and international authorities, the company will promote principles, legislation and rules that enhance the social, environmental and financial well being of all communities and bio-regions where they have a presence and an impact.

2.6.P.6

The company agrees not to lobby local, regional, national and international institutions to by-pass basic environmental, labour, social and human rights standards.

Criteria

2.6.C.1

The company provides training for its directors and employees regarding ethical issues, corporate social responsibility issues and codes of conduct.

2.6.C.2

The company has a mechanism to address ethical issues of concern raised by employees.

2.6.C.3

The company has in place a system of review that aligns and integrates its corporate social responsibility principles in relation to its lobbying activities at all levels.

2.6.C.4

The company establishes participatory structures representative of all stakeholders to ensure compliance with its lobbying policy.

2.6.C.5

The company's policy and guidelines for external and public relations direct that, in its efforts to influence favourable terms of reference with sovereign and international authorities, the company will promote principles, legislation and rules that enhance the social, environmental and financial well-being of all communities and bio-regions where they have a presence and an impact.

Bench Marks

2.6.B.1

The company ensures that employees who raise issues of concern do not suffer negative repercussions.

2.6.B.2

The company ensures that, should the mechanism fail and the employee raises the issue outside the company, there are no negative repercussions on their employment.

2.6.B.3

The company keeps a record of its lobbying activities and provides regular reports to all stakeholders.

2.6.B.4

The company, when lobbying United Nations agencies or other institutions, includes in its delegation, groups representative of non-governmental organisations and relevant government ministries.

2.6.B.5

The company is recognized by civil society organisations as a leader in securing legislation, rules and practices that enhance the social, environmental and financial well being of all communities and bio-regions where they have a presence and an impact.

Section 2.7 – CORPORATE GOVERNANCE

Principles

2.7.P.1

The company's governance structure is based on ethical values, including inclusivity, integrity, honesty, justice, transparency and responsiveness to shareowners and stakeholders.

2.7.P.2

The company's governance reflects its obligations to its stakeholders in the social, environmental and financial arenas.

2.7.P.3

The company's Board of Directors is characterized by independence, willingness to ask hard questions, diversity of membership, transparency of decision making and accountability.

2.7.P.4

The company's executive compensation and bonus packages are tied to financial, social and environmental performance and are in alignment with community expectations of fair and reasonable compensation.

2.7.P.5

The company communicates to its shareholders and stakeholders its plans and strategies for business acquisitions, mergers and restructuring.

Criteria

2.7.C.1

The company adopts policies and implementation plans for its environmental, social and financial operations including effective evaluation tools.

2.7.C.2

The company has systems, programmes and measurable goals in place to continuously improve the integration of financial, social and environmental decisions.

2.7.C.3

The composition of the Board of Directors demonstrates diversity (gender, ethnicity, age, background, employee) and includes a majority of independent/non-executive directors. Independent directors are included on all Standing Committees and are the sole directors on Audit, Nominating and Compensation Committees.

2.7.C.4

The company adopts a policy to measure executive compensation based on the ratio of top management's compensation compared to the lowest paid worker and takes into account such issues as limiting compensation packages during times of layoffs and economic downturns.

2.7.C.5

The company undertakes a merger, acquisition or restructuring only if it is consistent with the company's social and environmental goals.

Bench Marks

2.7.B.1

Top managers report regularly on the ethical issues and corporate responsibilities and programmes and a full report is made public annually.

2.7.B.2

The company publicly discloses the manner in which its financial, social and environmental goals are being met.

2.7.B.3

The Board reports publicly on how it is meeting its corporate governance goals.

2.7.B.4

The company offers stock options to a broad cross-section of employees and calculates stock options as an expense.

2.7.B.5

The company reports well in advance of proposed mergers, acquisitions or restructuring to secure worker participation in the decision-making process.⁴⁸

Section 2.8 - THE SHAREHOLDERS

Principles

2.8.P.1

Information, which enables shareowners/shareholders to understand corporate compliance with these *Principles of Global Corporate Responsibility: Bench Marks for Measuring Business Performance* as articulated in the Criteria and Bench Marks of this document, is fully available.

2.8.P.2

The company's corporate governance policies balance the interests of managers, employees, shareowners/shareholders, and other interested and affected parties.

2.8.P.3

⁴⁸ The corporate governance movement is speeding forward internationally as never before. The changes in laws, regulations, as well as shareholder pressure promoting additional changes, are significant and growing in Canada, South Africa, the United Kingdom, the United States and many other countries. Recommending one comprehensive set of corporate governance standards at any particular moment is impossible. However, the proponents believe that the practices listed above are acceptable internationally and are consistent with the values expressed in the other sections of this document.

The company neither restricts nor obstructs the legal rights of shareowners /shareholders.

Criteria

2.8.C.1

The company ensures shareowners'/shareholders' participation and rights to information while protecting other interested and affected parties.

2.8.C.2

The company respects the right of shareowners/shareholders to submit proposals for vote and to ask questions at the annual meeting.

2.8.C.3

The company is committed to meet with shareowners/shareholders to address issues of concern.

Bench Marks

2.8.B.1

The company observes a code or codes of best practice or has drawn up its own comprehensive corporate code, which includes guidelines for corporate governance.

2.8.B.2

Shareowners/shareholders are informed through reports and meetings about significant and material violations of corporate policies, including codes of conduct, adverse decisions by tribunals or courts, and the results of internal audits or analyses of corporate activity.

2.8.B.3

Shareowner/shareholder proposals and questions are welcomed at the company's annual meeting.

Section 2.9 - JOINT VENTURES / PARTNERSHIPS / SUBSIDIARIES

Principles

2.9.P.1

When entering into and throughout the duration of joint ventures and partnerships, the company takes into account the ethical implications as well as the financial implications of those relationships.

2.9.P.2

All parts of the company, associated companies, divisions and units and subsidiary companies abide by the same codes of ethics and conduct as the parent company as a minimum standard.

2.9.P.3

The company accepts a responsibility to promote its codes of ethics and of conduct with licensees and franchisees.

Criteria

2.9.C.1

The company recognizes that unethical behaviour by joint venture and other partners reflects on its own reputation and integrity, and the company has a mechanism to address such unethical behaviour.

2.9.C.2

The company has a clearly stated policy in regard to the monitoring of the application of codes of ethics and conduct by licensees and franchisees.

Bench Marks

2.9.B.1

The company has guidelines to assess and determine its course of action when a violation of ethical codes is perpetrated by a partner or subsidiary. These guidelines include, but are not limited to, challenging the partner or terminating the relationship.

2.9.B.2

The company takes immediate steps to address violations of codes of ethics and conduct by licensees and franchisees. The company only terminates the relationship as a last resort.

Section 2.10 - CUSTOMERS & CONSUMERS

Principles

2.10.P.1

The company adheres to international standards and protocols relevant to its products and services.

2.10.P.2

The company is committed to a marketing policy whereby it does not produce goods and services under conditions where human rights, labour rights, and environmental standards which are internationally recognized are violated.

2.10.P.3

The company ensures that its products and services meet customer requirements and product specification.

2.10.P.4

The company is committed to marketing practices which protect consumers and which ensure the safety of all products.

2.10.P.5

The company is fully committed to fair trading practices.

Criteria

2.10.C.1

The company does not market products, which denigrate or supplant sustainable natural products, nor produce them under conditions where human rights, labour rights and environmental standards are violated.

2.10.C.2

All advertisement and labelling of products is complete, fair and honest. Only claims, which can be substantiated and fulfilled, are made by the company, its employees and its agents.

2.10.C.3

The company does not market products, which denigrate or supplant sustainable natural products in such a way as to cause harm to the environment or to consumers.

2.10.C.4

The company does not market products in other countries, which have been found to be harmful in any country.

2.10.C.5

The company does not engage in cartels, spheres of influence or patent protections, which are deliberately designed to denigrate the rights of others.

2.10.C.6

The company ensures that products marketed globally have clear, specific warnings in the appropriate local language, about their possible dangers to the consumer.

2.10.C.7

The company does not take advantage of vulnerable groups through inappropriately directed marketing of unsuitable products (such as toy guns for children and tobacco).

Bench Marks

2.10.B.1

The company complies with human rights, labour standards, and environmental protocols, advertising standards legislation, international standards and protocols, product safety legislation or recognized codes where they exist and this compliance is regularly disclosed.

2.10.B.2

The company's activities and products have received positive evaluations from independent consumer organisations.

2.10.B.3

Relevant consumer codes are followed by the company in such a way as to protect vulnerable groups.

2.10.B.4

There is no evidence of the participation of the company in cartels, spheres of influence or unfair patent protections.

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Further Information

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The Ecumenical Council for
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Web site: www.eccr.org.uk/

Social Venture Network Standards of Corporate Social Responsibility

The standards were developed in 1999 by the [Social Venture Network](#), a San Francisco based organization that provides resources and assistance to socially responsible businesses and non-profits. The Standards list practices and measures for nine principles of Corporate Social Responsibility.

PRINCIPLES

1. Ethics

The company develops and implements ethical standards and practices in dealings with all company stakeholders. The company's commitment to ethical behavior is widely communicated in an explicit statement and is rigorously upheld.

2. Accountability

The company acknowledges that many constituents have legitimate interests in its activities and discloses information in a timely manner so that stakeholders can make informed decisions. Stakeholder need-to know takes precedence over inconvenience and cost to the corporation.

3. Governance

The company balances the interests of employees, customers, investors, lenders, suppliers, affected communities, and other stakeholders in strategic objectives as well as day-to-day management and investment decisions. The company manages its resources conscientiously and effectively, seeking to enhance both financial and human capital.

4. Financial Returns

The company compensates providers of capital with an attractive and competitive rate of return while protecting company assets and sustainability of these returns. Company policies and practices are established to enhance long-term growth and shareholder value.

5. Employment Practices

The company engages in human resource management practices that promote personal and professional employee development, diversity at all levels, and empowerment. The company regards employees as valued partners in the business, respecting their right to fair labor practices, competitive wages and benefits, and a safe, harassment-free, family-friendly work environment.

6. Business Relationships

The company is fair and honest with business partners, including suppliers, distributors, licensees, and agents. The company promotes and monitors the corporate social responsibility of business partners.

7. Products and Services

The company identifies and responds to the needs, desires, and rights of its customers and ultimate consumers. It strives to provide the highest levels of product and service value, including a strong commitment to integrity, customer satisfaction, and safety.

8. Community Involvement

The company fosters an open relationship with the community in which it operates that is sensitive to the community's culture and needs. The company plays a proactive, cooperative, and where appropriate, collaborative role in making the community a better place to live and conduct business.

9. Environmental Protection

The company strives to protect and restore the environment and promote sustainable development with products, processes, services, and other activities. It is committed to minimizing the use of energy and natural resources and decreasing waste and harmful emissions. The company integrates these considerations into day-to-day management decisions.

Ethics

PRACTICES

1. The company creates an accessible ethics statement that articulates the behavior expected of all employees, agents, and business partners.
2. The company establishes an Ethics Committee, including a mix of stakeholders (e.g. directors, senior managers, hourly workers, union representatives, community activists) to develop, communicate, and monitor compliance with the ethics statement.
3. The company undertakes a benchmarking effort to compare its ethical performance against that of comparable organizations.
4. The company rewards exemplary performance and penalizes acts contrary to the ethics statement even when in the pursuit of financial objectives.
5. The company periodically reviews its policies to ensure that financial incentives do not create pressure for employees to commit misdeeds or unethical behavior. "Scorecards" and cash-bonus programs designed solely to encourage employees to meet short-term financial targets are either eliminated or balanced with ethical or other non-financial factors,
6. The company provides ethics education that demonstrates how ethical values apply to the daily work environment and how ethical dilemmas may be resolved. It integrates ethics-based decision-making into all training.
7. The company provides a mechanism that allows employees to discuss ethical dilemmas and report offenses without suffering negative consequences (e.g. an ethics officer of high executive rank or a confidential help line).
8. The company has well-documented and effective systems for monitoring, evaluating, and reporting compliance with its ethics statement and provides reports to its stakeholders.
9. The company honors recognized human rights principles, such as the Universal Declaration of Human Rights and related covenants.
10. The company establishes a system to monitor compliance of suppliers, distributors, and business partners, particularly those operating in countries that consistently violate the UN Charter of Human Rights.

11. When children are employed, the company supports internationally recognized local educational and vocational training for them.
12. The company protects the privacy of its stakeholders.
13. The company demands honesty in all its oral and written statements, reports, and marketing materials and upholds all corporate statements, terms of agreements, and payment schedules.
14. The company eliminates or limits the cost or type of gifts employees or company agents may receive from outside vendors or business associates.
15. The company has clear policies regarding the improper use of the property and information of the company, its business partners, and competitors.
16. The company treats animals humanely and, if animal tests must be undertaken to comply with regulatory requirements, supports the elimination of animal testing and research into alternatives.

MEASURES

1. Active efforts to improve ethical performance, including a corporate code of conduct and management systems to encourage, monitor, and reward ethical performance
2. Statistics documenting ethics training and stakeholder involvement in ethics initiatives; and the effectiveness of such activities
3. Stakeholder perceptions of ethical behavior as determined in audits and surveys
4. Examples demonstrating that the ethics statement has influenced behavior
5. Active and documented system of recognition for employees who make difficult ethical decisions; and punishment for those who disregard code of conduct
6. Number and type of ethics violations reported by third parties
7. Number of prosecutions and amount of fines for ethical violations

Accountability

PRACTICES

1. The company respects the right to know of stakeholders and balances it with the company's need to protect intellectual capital.
2. The company broadly identifies the interests of its stakeholders and regularly assesses their informational needs.
3. The company provides timely information in clear and accessible language to allow informed decisions by stakeholders.

4. The company regularly assesses its corporate citizenship, providing measurable and independently verified evidence to support any claims regarding achievement of its ethical, social, and environmental objectives.
5. The company encourages communication through face-to-face relationships with stakeholders, such as volunteering with community advisory panels, neighborhood associations, and advocacy groups, as well as standard communication vehicles such as Web site and online forums, newsletters, and hotlines.
6. The company informs employees and other key stakeholders about any significant violation of corporate policies, adverse decisions by regulators or courts, and the results of other analyses of corporate activity.
7. The company provides adequate, accurate information on labels, packages, and operation manuals and responds to other information requests related to workplace safety, lawsuits, environmental emissions, pay equity, etc.
8. The company endeavors to meet the information needs of all its stakeholders as effectively as it meets those of its investors.
9. The company's top management is accessible to stakeholders.

MEASURES

1. Results of stakeholder surveys regarding satisfaction with disclosures and response to their informational needs
2. Evaluation of assessments by external stakeholders and third-party organizations
3. Quality and quantity of required and voluntary disclosures
4. Lawsuits and violations for inadequate disclosure related to such items as finance, product labeling, and environmental performance
5. Number and nature of meetings held with stakeholders
6. Number and nature of communications from stakeholders (e.g., complaint letters, suggestions, accolades)

Governance

PRACTICES

1. The company formally integrates stakeholder management into its governing philosophy.
2. The company adopts an explicit mission statement and governance code, along with effective implementation strategies and performance metrics emphasizing fair process and accountability to stakeholders.
3. The board and management embrace a role of "stakeholder trustee," while protecting long-term shareholder value.

4. The company incorporates and balances stakeholder expectations and concerns into its objectives and strategic planning.
5. The company makes stakeholder impact a component of performance evaluation throughout the organization.
6. The company's governing body takes responsibility for assessing, managing, and reporting the overall solvency, stability, and prospects of the organization.
7. The company's governing body ensures that it is fully informed about the impact of the company's products, services, and activities on its stakeholders and strives for continuous improvement.
8. The company provides mechanisms and opportunities for regular consultation and communications among board, management, employees, and other stakeholders (e.g., hotline, email, newsletters, open meetings, personal appointments, and other formal and informal interactions with stakeholder leaders and groups).
9. Senior executives are accessible to employees and other stakeholders.
10. The governing body evaluates CEO and senior-management performance against the achievement of social, non-financial, and financial performance factors, and compensation is based on these performance measures.
11. The governing body and senior managers expressly recognize their responsibility to place the interests of stakeholders as a whole above the exclusive interests of management and the board.
12. The governing body recognizes the importance of fair process in making decisions and communicating them throughout the organization.

MEASURES

1. Corporate governance code that meets or exceeds industry standards
2. Board of directors and management assessment of stakeholder impacts and approaches to improve performance
3. Independent board members such as external directors and active board members such as a lead director
4. Number of board resolutions generated by stakeholders/investors and responses by board
5. Results of stakeholder satisfaction surveys
6. Compensation of CEO and senior management based on social performance factors
7. Tangible incentives for employees to consider stakeholder interests and impacts in their daily decisions and analysis of the extent to which stakeholder interests are considered

Financial Returns

PRACTICES

1. The company provides its investors, including lenders, with fair and attractive financial returns and recognizes the importance of increasing shareholder value.
2. The company aligns financial and non-financial objectives and does not allow profit-seeking to undermine a commitment to balancing the interest of all stakeholders.
3. The company reports to investors and other stakeholders regularly on progress achieved against its financial, non-financial, and social performance targets. These reports communicate both successes achieved and shortfalls remaining, and provide an overview of board and management strategies for improvement.
4. The company provides investors with disclosures of historical and forward-looking information and easy access to the organization commensurate with the need to protect proprietary information.
5. The company provides stakeholders with opportunities to invest in the company.
6. The company promptly responds to investor requests, suggestions, complaints, and formal resolutions.
7. The company's own external investments, if any, are made consistent with its mission and ethical statement.

MEASURES

1. Revenue growth
2. Economic value added
3. Growth in shareholder value
4. Return on equity
5. Debt-to-equity ratios
6. Coverage ratio of debt service
7. After-tax income
8. Growth in net income
9. Earnings per share
10. Operating profitability and margins
11. Healthy cash flow generation
12. Increased market share and return on equity
13. Return on capital employed
14. Quality of financial disclosures
15. Asset utilization
16. Liquidity ratios

Employment Practices

PRACTICES

1. The company has written policies containing measurable objectives to promote diversity and empowerment in the work force. Performance against those measures is monitored and reported regularly to the board of directors and senior management.
2. The company places special emphasis on maintaining the health and safety of its employees. A written statement is provided to all employees that details the procedures for risk reduction and monitoring.
3. The company does not tolerate discrimination in the hiring, salary, promotion, training, advancement opportunities, or termination of any employee on the basis of gender, race, age, ethnicity, physical disability, sexual orientation, political affiliation, or religion. The company pays comparable pay for comparable work.
4. The company meets or exceeds all internationally recognized labor standards and conventions, including those concerning freedom of association, right to engage in collective bargaining, discrimination, minimum age, and living wages.
5. The company maximizes the participation of employees in corporate governance and enlists employees help in improving the work environment.
6. The company determines the livable wage for each community in which it operates and sets that wage as the goal for compensating its lowest paid employees. It annually measures progress toward that goal and reports progress to employees.
7. The company solicits employee advice in designing benefit plans that are flexible and portable. Benefits that can be used by low-wage workers are included, such as referral services, employee assistance plans, flextime, and tuition assistance.
8. The company provides commensurate treatment for part-time employees regarding pay, benefits, training, and opportunities for promotion.
9. The company offers performance bonuses and profit-sharing programs to employees; monthly and quarterly bonuses are instituted to decrease the interval between performance and feedback. Open-book management is practiced, and employees are provided assistance in understanding financial statements.
10. The company offers tuition reimbursement, internal training, and career development opportunities to all employees and encourages promotion from within the organization wherever possible. Mentoring relationships are encouraged.
11. Training opportunities transcend the purely technical or professional to include life skills. The company attends to the financial well being of employees with seminars on topics such as debt relief, retirement planning, tax assistance, eldercare, and life management.
12. The company takes a dynamic and integrated approach to addressing employees' economic, social, psychological, and spiritual needs.
13. The company develops and communicates work-life policies and programs, such as flextime and daycare, that support balanced work and personal lives.

14. The company conducts regular employee and work-life surveys.
15. The company seeks to achieve a participatory, fair process in all situations affecting employees' job security. In job-threatening situations, employees are fully briefed and solicited for input and cooperation in such practices as voluntary pay cuts and leave without pay.
16. The company offers outplacement services, re-training, and severance benefits if layoffs occur.
17. The company monitors the employment practices of its suppliers, distributors, and business partners to encourage alignment with its own employment policies.

MEASURES

1. Number of jobs provided and new jobs created, by type, location, and salary level
2. Promotions, by type of job and salary level; percentage of promotions that are internal; increases in salary and wage levels
3. Reputation of company as a desirable employer as measured by national surveys, employee surveys, and job applicant feedback
4. Level of employee satisfaction, absenteeism, and employee turnover relative to sector norms
5. Percentage of work force with medical insurance, paid leave, and other benefits
6. Comparison of benefits and hourly wages between full-time and part-time employees
7. Existence of work-life programs such as flextime, job sharing, telecommuting, child care, sabbaticals, and training; and percentage of employees participating in these programs relative to sector norms
8. Numbers, percentage, and lengths of service of women and minorities: in senior management and on the board; interviewed, employed, and promoted by job category; earning above industry and/or local averages; and completing special training programs
9. Number and type of employees with gain-sharing, profit-sharing, or other incentive plans
10. Dollars spent for training and career planning per employee, number of hours, and number of employees participating, by type of employee per year
12. Percentage of employee-development goals achieved
13. Number of accidents, by type; ratio of lost time to total employee hours
14. Exposure of employees to hazardous and potentially hazardous substances and conditions
15. Dollars paid in workers compensation relative to sector
16. Number and percentage of employees attending safety education classes
17. Relationship with union; record and outcomes of complaints, frequency of job actions and legal proceedings

Business Relationships

PRACTICES

1. The company selects its business partners in consideration not only of price and quality, but also of social, ethical, and environmental performance.
2. The company leverages its purchasing power to encourage business partners to pursue improvement of their own social, ethical, and environmental practices.
3. The company shows loyalty to suppliers that are consistently innovative and offer quality products and services at a fair price.
4. The company cross-markets with valued business partners.
5. The company pays promptly, using negotiation and mutual agreement for longer payment cycles.
6. The company sets specific targets for utilizing indigenous, disadvantaged, and minority-owned businesses as joint-venture suppliers and partners.
7. The company supports organizations that practice and promote the concept of "fair trade."

MEASURES

1. Instances of technical assistance to business partners
2. Percentage of suppliers audited and results as to compliance with SM Standards
3. Percentage of volume with fair-trading partners
4. Percentage of overall budget set aside for partnerships with co-operatives/non-profits
5. Percentage of volume of business with female and minority-owned businesses
6. Prompt payment terms and conditions
7. Terms and conditions of agreements are readily honored and upheld
8. Third-party mediation is used to settle disputes

Products and Services

PRACTICES

1. The company creates programs to assess the impacts of its products and services on its stakeholders. It is committed to continuous improvement of these impacts at each phase of product development, design, production, and delivery.

2. The company strives for increased customer satisfaction by regularly assessing customer needs, developing innovative products and services, and monitoring quality.
3. The company advertises honestly, within industry and regulatory codes of practice, and abides by explicit standards of advertising and marketing.
4. The company adopts policies to promptly and conscientiously honor warranties and guarantees and address consumer complaints, privacy, and solicitation.
5. The company's products and services meet or exceed the standards for product safety wherever the products or services are offered.
6. The company takes immediate action to recall products if health and safety risks occur.
7. The company's packaging contains accurate and understandable product and company information and serves other purposes, such as a communications tool for raising awareness or as a utilitarian recycled container.
8. Employee compensation and bonuses are based on non-financial factors such as customer satisfaction.

MEASURES

1. Value of products and services, including social value, as measured by consumer surveys and recognition received
2. Percentage of new product sales as an indicator of innovation
3. Customer satisfaction ratings such as customer retention, new customers, market share, and brand loyalty
4. Quality assessment scores, service incidence rates, number and costs of product recalls, by type
5. Product availability and back order, on-time delivery rates, and condition of product on delivery
6. Number and nature of customer complaints on issues of product quality, value, safety, or satisfaction and challenges to marketing or pricing practices
7. Percentage of complaints closed within targeted time periods, average time needed to close complaints, number of references to authorities
8. Average life-cycle costs of products

Community Involvement

PRACTICES

1. The company establishes formal mechanisms to maximize and promote two-way communication with the local communities in which it operates. Where appropriate, the company

collaborates with community members to promote improvements in community health, education, workplace safety, diversity, and economic development.

2. The community is seen as an important stakeholder in company operations, is considered in decision-making, and kept informed of the company's operations and plans, and of the impacts of the company's products, services, and activities.
3. The company uses its procurement and investment practices to improve local economic and social development. Where possible, it locates operations and investments in under-served communities to generate employment and training opportunities.
4. The company contributes to the local community through corporate policies and programs that explicitly encourage corporate charitable giving, employee volunteerism, and in-kind contributions of goods and services to local organizations.
5. The company focuses on at least one critical community issue and uses its financial and political weight to create change.
6. The company's employees and managers serve on the boards of local organizations and institutions with a willingness to be involved over time and to leverage their positions in the company to provide creative in-kind or monetary contributions,
7. The company engages its employees and customers in choosing charitable causes.
8. The company makes a special effort to train and employ marginalized, minority, and underemployed members of the local community
9. The company enters joint marketing partnerships with community groups to promote socially progressive causes.

MEASURES

1. Net gain/loss in local jobs, income, and/or business opportunities over time
2. Social and recreational benefits provided to community
3. Training for employees and opportunities for training and/or employment for community residents
4. Hours of community relationship-building training and number of employees trained
5. Number and percentage of employees, including top management, who participate in company-sponsored volunteer activities on their own and company time
6. Dollar amount and percentage of profits and/or in-kind resources donated to improve the quality of life in the community
7. Number and type of community activities held on company property
8. Community awards, accolades received, and assessment of impact of charitable contributions
9. Nature and magnitude of public/private partnerships

Environmental Protection

PRACTICES

1. The company mission includes and promotes the pursuit of "sustainable development," defined by the UN World Commission on Environment and Development as "development which meets the needs of the present without compromising the ability of future generations to meet their own needs."
2. The company strives for continuous improvement in the efficiency with which it uses all forms of energy and materials; in reducing its consumption of water and other natural resources; and in its emissions of hazardous substances.
3. The company creates explicit programs and mechanisms for monitoring its energy, water, and materials use and corresponding emissions into the environment, and communicates to its stakeholders about its progress and strategies for improvement.
4. The company develops a company-wide Environmental Management System that translates its environmental mission and policy statements into an action plan, with objectives and procedures for evaluating progress.
5. The company includes environmental factors and audits in its performance evaluation systems for individuals and business units.
6. The company designs products, services, processes, and facilities to minimize adverse environmental impacts.
7. Wherever possible, the company quantifies the environmental impacts of its products and services and makes continuous improvement in reducing or eliminating any adverse impacts throughout their entire life cycle.
8. The company is committed to using and producing recycled and recyclable materials, increasing the durability of products, and minimizing packaging.
9. The company gives preference to purchasing environmentally superior products and office materials.
10. The company tries to transfer successful environmental techniques and technologies to all its divisions and locations.
11. The company seeks out suppliers, distributors, and business partners that meet equivalent environmental and social standards as the company sets for its own products and services.
12. The company shares the savings from environmental impact reductions with employees.
13. The company offsets carbon emissions with equivalent carbon-fixing, such as tree-planting.

MEASURES

1. Independently verified environmental disclosure report
2. Progress towards zero emissions

3. Reductions in waste
4. Process changes adopted to reduce waste, emissions, and energy consumption; and costs or savings associated with those changes
5. Level of emissions, expenditures for pollution prevention, amounts of materials that are recycled and/or diverted from the waste stream, and amounts of energy consumed and conserved, by major type
6. Funds committed for research and development on more effective pollution prevention and control and energy conservation
7. Number of complaints, suits, and final judgments for environmental infractions
8. Evidence of effective environmental site-selection criteria for facilities
9. Number and percentage of facilities which are certified to ISO 14001 and continuous improvement of environmental performance
10. Degree of integration of environmental impacts into daily management decisions

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Further Information

The standards are available online at www.svn.org/initiatives/standards.html

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UN Global Compact

The UN Global Compact was announced by UN Secretary General Kofi Annan at the World Economic Forum in Davos, Switzerland in January 1999 and formally launched in September 2000. The Global Compact calls on world business leaders to embrace and enact a set of ten principles in their individual corporate practices and public policy initiatives.

HUMAN RIGHTS

Principle 1:

Businesses should support and respect the protection of internationally proclaimed human rights; and

Principle 2:

make sure that they are not complicit in human rights abuses.

LABOUR STANDARDS

Principle 3:

Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;

Principle 4:

the elimination of all forms of forced and compulsory labour;

Principle 5:

the effective abolition of child labour; and

Principle 6:

the elimination of discrimination in respect of employment and occupation.

ENVIRONMENT

Principle 7:

Businesses should support a precautionary approach to environmental challenges;

Principle 8:

undertake initiatives to promote greater environmental responsibility; and

Principle 9:

encourage the development and diffusion of environmentally friendly technologies.

ANTI-CORRUPTION

Principle 10:

Businesses should work against all forms of corruption, including extortion and bribery.

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Further information

Detailed commentary on the principles is available at www.unglobalcompact.org.

Further Resources and Links on General Codes and Instruments of Corporate Responsibility

A selected list is given in this section. For a more comprehensive list of organizations see the list of [Ethics Organizations](#) at the end of this compendium.

Books & Reports

Ethics Codes, Corporations and the Challenge of Globalization. Edited by Wesley Cragg. Edward Elgar publishing, 2005. https://www.e-elgar.co.uk/web/action.lasso?-database=ElgarTitles.fp5&-layout=lay_select&-response=../search/Selection.lasso&CDM+SerialNo=3634&-search

Corporate Responsibility and Accountability in the Global Marketplace: A Canadian Vision and Next-steps National Agenda. A report from the “High-level Canadian Dialogue on Corporate, Government and Civil Society Roles in Achieving International Standards of Performance by Canadian Corporations” organized by the Voluntary Codes Research Group at York University, June 19-22, 2003. [http://skip.ssb.yorku.ca/SSB-Extra/businessethics.nsf/Lookup/CSR_Brief_v5/\\$file/CSR_Brief_v5.pdf](http://skip.ssb.yorku.ca/SSB-Extra/businessethics.nsf/Lookup/CSR_Brief_v5/$file/CSR_Brief_v5.pdf)

International Standards and Global Codes. A special issue of *International Business Ethics Review*, Volume 8, Spring 2005. <http://www.business-ethics.org/iberpub.asp>

Strategic challenges for business in the use of corporate responsibility codes, standards, and frameworks. Prepared by AccountAbility for the WBCSD Accountability and Reporting Working Group, October 2004. <http://www.wbcd.ch/web/publications/accountability-codes.pdf>

Desiree Abrahams, ***Regulating Corporations: A Resource Guide***, UNRISD, Geneva, 2004 [http://www.unrisd.org/unrisd/website/document.nsf/ab82a6805797760f80256b4f005da1ab/81a67bdf6d6e4a9c1256eed005041f8/\\$FILE/guideCSR_Dec04.pdf](http://www.unrisd.org/unrisd/website/document.nsf/ab82a6805797760f80256b4f005da1ab/81a67bdf6d6e4a9c1256eed005041f8/$FILE/guideCSR_Dec04.pdf)

Corporate Social Responsibility and Business Regulation, Research and Policy Brief, UNRSID, March, 2004.

Regulating Business via Multi-stakeholder Initiatives: A Preliminary Assessment, by Peter Utting. In *Voluntary Approaches to Corporate Responsibility. Readings and a Resource Guide*, published by UN Non-Governmental Liaison Service / UNRISD, Geneva May 2002.

Corporate Codes of Conduct: Self-Regulation in a Global economy, UNRISD, Geneva, 2001. <http://www.unrisd.org/unrisd/website/document.nsf/0/E3B3E78BAB9A886F80256B5E00344278?OpenDocument>

Business and Code of Conduct Implementation: How Firms Use Management Systems for Social Performance, ILO, Geneva, 2003 http://www.ilo.org/images/empent/static/mcc/download/supply_chain.pdf

G. Smith and D. Feldman, ***Company Codes of Conduct and International Standards: An Analytical Comparison***, World Bank/IFC, Washington, DC.
Part I Apparel, Footwear, Light Manufacturing, Agribusiness, Tourism (2003);
[http://ifcln1.ifc.org/ifcext/economics.nsf/AttachmentsByTitle/CompanyCodesofConductEdited/\\$FILE/CompanyCodesofConductEdited.pdf](http://ifcln1.ifc.org/ifcext/economics.nsf/AttachmentsByTitle/CompanyCodesofConductEdited/$FILE/CompanyCodesofConductEdited.pdf)
Part II: Oil, Gas Mining (2004)
http://siteresources.worldbank.org/INTPSD/Resources/Angola/Angola_CompanyCodesofConduct.pdf

Michael Urminsky, ***Self-Regulation in the Workplace: Codes of Conduct, Social Labelling, and Socially Responsible Investment***, Published as MCC Working Paper No. 1. ILO, Geneva, 2001.

Anita Baker. ***Are Standards Becoming Standard Operating Procedures? An International Update***. International Business Ethics Review, Vol. 8, No. 1, Spring/Summer 2005.
www.business-ethics.org

Strengthening and Implementation of Corporate Social Responsibility in Global Supply Chains. World Bank/IFC, October 2003.
http://www.humanrightsbusiness.org/pdf_files/Strengthening%20Implementation%20of%20CSR%20in%20Global%20Supply%20Chains.pdf

Implementation Mechanisms for Codes of Conduct, World Bank/IFC, November 2004.
[http://ifcln1.ifc.org/ifcext/economics.nsf/AttachmentsByTitle/Implementation+mechanisms/\\$FILE/Implementation+mechanisms.pdf](http://ifcln1.ifc.org/ifcext/economics.nsf/AttachmentsByTitle/Implementation+mechanisms/$FILE/Implementation+mechanisms.pdf)

Corporate Codes of Conduct: Is common environmental content feasible? World Bank/IFC, March 2005.
[http://ifcln1.ifc.org/ifcext/economics.nsf/AttachmentsByTitle/CSR+Environmental+codes+of+conduct/\\$FILE/Environmental+Codes+of+Conduct.pdf](http://ifcln1.ifc.org/ifcext/economics.nsf/AttachmentsByTitle/CSR+Environmental+codes+of+conduct/$FILE/Environmental+Codes+of+Conduct.pdf)

J. E. Berman and T. Webb, ***Race to the Top: Attracting and Enabling Global Sustainable Business***. Business Survey Report, World Bank/IFC, 2003;
http://siteresources.worldbank.org/INTPSD/Resources/CSR/Race_to_The_Top.pdf

M. Blair, A. Bugg-Levine, and T. Rippin, ***"The UN's Role in Corporate Social Responsibility,"*** McKinsey Quarterly, 2004, Number 4, pp. 21-23.
http://mckinseyquarterly.com/article_abstract.aspx?ar=1499&L2=33&L3=117

Reflecting an International Workforce: The Comprehensive Guide to Developing an Effective Global Business Conduct Program. International Business Ethics Institute, Spring/Summer 2005.
<http://www.business-ethics.org/otherpubs.asp>

A. Crane and D. Matten, ***Business Ethics: A European Perspective. Managing Corporate Citizenship and Sustainability in the Age of Globalization***, Oxford University Press, 2004.
<http://www.oup.com/us/catalog/general/subject/Business/Ethics/~~/chI9MTAmcGY9MCZzc1hdXR0b3luYXNjJnNmPWFsbCZzZD1hc2Mmdmldz11c2EmY2k9MDE5OTI1NTE1Ng>

The Business Case for Corporate Citizenship. Prepared for the 2002 World Economic Forum by Arthur D. Little – with additional links to the best additional resources.
<http://www.weforum.org/site/homepublic.nsf/Content/Global+Corporate+Citizenship+Initiative%5CThe+Business+Case+for+Corporate+Citizenship>

Business and Self Regulation in the Global Marketplace: Are "for profit" corporations capable of ethical self regulation? Report on a Retreat on Ethics Codes organized by the Voluntary Codes Research Group at York University, June 23-25, 2002.

http://www.iris.yorku.ca/CompletedResearch/file_Business_and_Self_Regulation_in_the_Global_Marketplace.pdf

Codes of Corporate Conduct: An Expanded Review of their Contents

Published by the OECD, this report examines in detail the contents of 246 codes of conduct from OECD countries with respect to issue convergence and code implementation procedures.

<http://www.oecd.org/dataoecd/57/24/1922656.pdf>

Conversations with Disbelievers by Simon Zadek examines how evidence of the business case for corporate social responsibility can be communicated most effectively.

<http://www.conversations-with-disbelievers.net/>

Corporate Responsibility and the Competitive Advantage of Nations by Simon Zadek and Tracey Swift. The Copenhagen Centre, 2003.

<http://www.accountability.org.uk/resources/default.asp?pageid=66>

Corporate Responsibility Code Book

Deborah Liepziger, *The Corporate Responsibility Code Book*, GreenLeaf, November 2003.

<http://www.greenleaf-publishing.com/>

Codes and Standards Issues Management Tool

Produced by the World Business Council for Sustainable Development in 2004, this guide provides a practical and user friendly tool on a selected number of codes, standards and frameworks relevant to the sustainability agenda.

<http://www.wbcsd.org/web/publications/accountability-codes.pdf>

Deciphering Codes of Corporate Conduct: A Review of their Contents (updated March 2000)

This working paper concentrates on the relevance of the aspirations and commitments set forth in corporate codes in addressing public concerns, focusing on how these issues are addressed. It also takes a closer look at the codes in the apparel and extractive industries.

<http://www.oecd.org/dataoecd/23/19/2508552.pdf>

Eighty Exemplary Ethics Statements by Patrick Murphy (University of Notre Dame Press, 1997) is a survey of codes of conduct at leading corporations and suggestions of principles to follow in developing codes.

<http://www.amazon.com/exec/obidos/tg/detail/-/0268009392/002-3855099-0136823?v=glance>

Ethical Business – Corporate Use of Codes of Conduct is a report on a survey of companies that have codes of conduct and the trends and current issues in business ethics. Published by the Institute of Business Ethics.

<http://www.ibe.org.uk/publications.html>

Self-regulation in the Workplace: Codes of conduct, social labelling and socially responsible investment, by Michael Urminsky (ed.), International Labour Organization Working Paper No. 1, Geneva 2001.

[http://www.unrisd.org/unrisd/website/document.nsf/\(httpPapersForProgrammeArea\)/E3B3E78BA B9A886F80256B5E00344278?OpenDocument](http://www.unrisd.org/unrisd/website/document.nsf/(httpPapersForProgrammeArea)/E3B3E78BA B9A886F80256B5E00344278?OpenDocument)

Voluntary Codes: A Guide for their Development and Use by Kernaghan Webb. A joint initiative of the Office of Consumer Affairs, Industry Canada, and the Regulatory Affairs Division, Treasury Board Secretariat, March 1998.

[http://strategis.ic.gc.ca/epic/internet/inoca-bc.nsf/vwapj/volcodes.pdf/\\$FILE/volcodes.pdf](http://strategis.ic.gc.ca/epic/internet/inoca-bc.nsf/vwapj/volcodes.pdf/$FILE/volcodes.pdf)

Voluntary Codes: Private Governance, the Public Interest and Innovation by Kernaghan Webb. Ottawa: Carleton University Research Unit for Innovation, Science and the Environment, 2002.

Voluntary Approaches to Corporate Responsibility: Readings and a Resource Guide. UN Non-Governmental Liaison Service / UNRISD: Geneva 2002.
<http://www.unrisd.org/>

Organizations

Ashridge Centre for Business and Society conducts research on corporate social responsibility and the changing role of business. <http://www.acbas.org/>

Biological Weapons and Codes of Conduct web site

Maintained by the University of Exeter, this web site compiles developments, conferences, resources and publications relating to codes of conduct relating to biological weapons.
<http://www.ex.ac.uk/codesofconduct/index.htm>

Business and Sustainable Development: A Global Guide is a web site developed by the International Institute for Sustainable Development with a wealth of resources on corporate sustainability. <http://www.bsdglobal.com/>

BusinessEthics.ca is a web portal with links to business ethics organizations, articles and case studies in Canada and world wide.
<http://www.businessethics.ca/>

Business Impact is a UK business-lead member organization that helps businesses manage their impacts on society.
<http://www.business-impact.org/>

The Business Integrity Assessment in Indianapolis assesses ethical culture and measures effectiveness as perceived by employees. The website offers free publications on stakeholder measurement, business ethics and balanced scorecards.
www.walkernet.com

Canadian Business for Social Responsibility has produced the *Good Company Guidelines*, a tool for companies to assess, improve and report on their social, environmental and financial performance.
<http://www.cbsr.ca/>

Canadian Centre for Business in the Community at the Conference Board of Canada generates and disseminates information in a number of areas including governance, corporate social responsibility, business ethics, aboriginal relations and community investment.
<http://www.conferenceboard.ca/GCSR/>

The Caux Roundtable is a group of business leaders that have developed stakeholder principles to improve their company practices.
www.cauxroundtable.org

Centre for Tomorrow's Company provides research and facilitation to help company's shape a vision of sustainable development.
<http://www.tomorrowcompany.com/>

CodesofConduct.org includes links to full text of various codes of conduct.
<http://www.codesofconduct.org/>

Conference Board (US) provides its members with research findings and consulting advice on corporate citizenship, corporate governance and other related issues.
<http://www.conference-board.org/>

The Corporate Citizenship Company provides research, consultancy and publications to help businesses succeed as good corporate citizens.
<http://www.corporate-citizenship.co.uk/>

Council of Better Business Bureaus provides a variety of services to protect consumers and ethical companies including marketing and advertising codes and the BBBOnline seal.
<http://www.bbb.org/>

Council for Ethics in Economics in Columbus, Ohio, offers online ethics case studies and other services to strengthen the ethical performance of businesses.
www.businessethics.org

CSR Europe is a portal for information on Corporate Social Responsibility in Europe/
<http://www.csreurope.org/>

EthicsCentre.ca (the Canadian Centre for Ethics and Corporate Policy) promotes ethical decision making in business.
<http://www.ethicscentre.com/>

Ethics in Action Awards recognize Canadian leadership in Corporate Social Responsibility.
<http://www.ethicsinaction.com/>

The Ethics Resource Center in Washington, DC, fosters ethical practices in individuals and organizations. The organization publishes Ethics Today magazine and has created the Ethics Effectiveness Quick Test which includes questions in twelve ethics management areas.
www.ethics.org

The Ethics Officer Association is a professional association for managers of corporate ethics and compliance programs. The EOA is working on a Business Conduct management System project. www.eoa.org

Ethics Practitioners Association of Canada provides advice to support ethical decision making in organizations.
<http://www.epac-apec.ca/>

Global Integrity Alliance

The Global Integrity Alliance (GIA) is a network of ethics and anti-corruption experts from NGOs, companies, multilateral organizations and national governments. The GIA seeks to coordinate and further develop ethics and good governance efforts around the world through capacity building, research, dialogue, cross-sectoral partnerships and anti-corruption initiatives.
<http://www.ethics.org/gia/index.html>

Institute for Business, Technology and Ethics

Founded in 1998 to study the interrelationships between business, technology and ethics.
<http://www.ethix.org/>

Institute for Global Ethics aims to promote ethical behavior in individuals, institutions, and nations through research, public discourse, and practical action. Offices in Toronto, and the UK.
<http://www.globalethics.org/>

International Chamber of Commerce

In addition to the Business Charter for Sustainable Development the International Chamber of Commerce has developed a number of codes and standards including the International Code on Sponsorship, International Code of Sales, International Code of Direct Marketing, International Code of Advertising Practice, Guidelines on Advertising and Marketing on the Internet.

<http://www.iccwbo.org/index.asp>

Jantzi Research conducts research on the social and environmental performance of Canadian companies for institutional investors.

http://www.jantziresearch.com/about.asp?section=1&level_2=0&level_3=0

National Round Table on the Environment and the Economy is an independent advisory body appointed by the Canadian Prime Minister to provide recommendations on promoting sustainable development.

<http://www.nrtee-trnee.ca/>

Organization for Economic Cooperation and Development. In addition to the Guidelines for Multinational Enterprises, the OECD produces a number of codes and standards including the Declaration on International Investment and Multinational Enterprises, the Code of Liberalization of Capital Movements and the Code of Liberalization of Invisible Transactions.

<http://www.oecd.org/>

Prince of Wales International Business Leaders Forum

A leading corporate social responsibility organization globally.

<http://www.csrforum.com/>

Project Sigma

Designed to be the first Triple Bottom Line Management Standard. Project sigma is a partnership between the British Standards Institution, Forum for the Future, and the Institute for Social and Ethical Accountability with the funding from the UK department of trade and industry and the private sector.

<http://www.projectsigma.com/>

Social Investment Organization is a nonprofit organization dedicated to the advancement of socially responsible investment in Canada.

<http://www.socialinvestment.ca/>

The Social Venture Network's *Standards for Corporate Social Responsibility* includes an excellent list of further resources and organizations to help businesses develop ethical and sustainable activities.

<http://www.svn.org/>

Task Force on Churches and Corporate Responsibility is a coalition of Canadian churches working to influence Canadian business to adopt responsible policies in carrying out their activities. <http://www.web.net/~tccr/>

The United Nations online documentation centre contains UN declarations, covenants, resolutions and other documents.

<http://www.un.org/documents/>

United Nations Centre on Transnational Corporations

An archive of this UN organization's major reports and activities, 1977-1993.

<http://www.benchpost.com/unctc/>

Academic Institutions

Centre for Business Ethics in Waltham, Massachusetts, provides specialized ethics training and research. <http://ecampus.bentley.edu/dept/cbe/>

The Centre for Corporate Citizenship at Boston College is an educational institution associated with the Carroll School of Management.
http://www.bc.edu/bc_org/avp/csom/ccs/index.html

Clarkson Centre for Business Ethics at the University of Toronto lists a number of recent papers, books and articles on business ethics topics.
<http://www.mgmt.utoronto.ca/CCBE/#Publications>

Illinois Institute of Technology's Center for the Study of Ethics in the Professions: Codes of Ethics Online Project includes over 850 codes of professional ethics.
<http://www.iit.edu/departments/csep/PublicWWW/codes/>

Institute for Business & Professional Ethics at DePaul University, Chicago, has an extensive website devoted to ethics practice with links to a variety of ethics codes. DePaul University also publishes Business Ethics Magazine which covers issues related to socially responsible business. <http://commerce.depaul.edu/ethics/>

Markkula Center for Applied Ethics at Santa Clara University provides links to other ethics resources. <http://www.scu.edu/ethics/>

Schulich School of Business - Business Ethics web site.
<http://www.schulich.yorku.ca/ssb-extra/businessethics.nsf>

University of British Columbia's W. Maurice Young Centre for Applied Ethics has developed a web portal of business ethics resources on the internet including codes of ethics.
<http://www.ethics.ubc.ca/index.htm>

Business Ethics Electronic Newsletters

APPE_News

E-mail bulletin from the Association for Practical and Professional Ethics at Indiana University in Bloomington (Indiana).
<http://www.indiana.edu/~appe/>

Brooklyn Bridge Newsletter

A monthly publication of Brooklyn Bridge, based in the Netherlands.
<http://www.tbli.org/>

Caux Round Table Perspectives

Quarterly e-mail newsletter of the Caux Round Table.
<http://www.cauxroundtable.org/>

EthicsCentre CA

Quarterly newsletter on Canadian business ethics issues.
<http://www.ethicscentre.ca/html/giMembership.html>

Ethics Matters

Quarterly newsletter of the Center for Business Ethics at Bentley College in Waltham, Massachusetts.

http://ecampus.bentley.edu/dept/cbe/research/newsletter_mainpage.html

Ethics Newslite

A weekly newsletter by the Institute for Global Ethics.

<http://www.globalethics.org/newslite/members/index.tmp>

Ethical Performance is a newsletter of information on Corporate Social Responsibility.

<http://www.ethicalperformance.com/>

Ethics Practitioners Association of Canada

Quarterly newsletter for practitioners and educators of organizational ethics in Canada.

<http://www.epac-apec.ca/>

Ethics Today Online

A monthly newsletter by the Ethics Resource Center.

<http://www.ethics.org/today/index.html>

GoodCompany

The quarterly electronic newsletter of Canadian Business for Social Responsibility, based in Vancouver and Toronto.

<http://www.cbsr.bc.ca/>

MallenBaker.net provides information and an excellent bi-weekly newsletter on CSR issues internationally.

<http://www.mallenbaker.net/csr/#>

Philosophy for Business

A monthly newsletter from the International Society for Philosophers based in Sheffield UK.

<http://www.isfp.co.uk/businesspathways/>

Transparency International Newsletter

Quarterly publication of Transparency International, based in Berlin.

<http://www.transparency.org/newsletters/index.html>

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Environment

Agenda 21

The following is adopted from the web site of the UN Department of Economic and Social Affairs Division for Sustainable Development. For the full text of Agenda 21 see <http://www.un.org/esa/sustdev/documents/agenda21/english/agenda21toc.htm>.

Agenda 21 is a comprehensive plan of action to be taken globally, nationally and locally by organizations of the United Nations System, Governments, and Major Groups in every area in which human impacts on the environment.

Agenda 21, the [Rio Declaration on Environment and Development](#), and the [Statement of principles for the Sustainable Management of Forests](#) were adopted by more than 178 Governments at the United Nations Conference on Environment and Development (UNCED) held in Rio de Janeiro, Brazil, 3 to 14 June 1992.

The [Commission on Sustainable Development](#) (CSD) was created in December 1992 to ensure effective follow-up of UNCED, to monitor and report on implementation of the agreements at the local, national, regional and international levels. It was agreed that a five year review of Earth Summit progress would be made in 1997 by the [United Nations General Assembly meeting in special session](#).

The full implementation of Agenda 21, the Programme for Further Implementation of Agenda 21 and the Commitments to the Rio principles, were strongly reaffirmed at the World Summit on Sustainable Development (WSSD) held in Johannesburg, South Africa from 26 August to 4 September 2002.

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Further Information

UN Department of Economic and Social Affairs Division for Sustainable Development
<http://www.un.org/esa/sustdev/documents/agenda21/english/agenda21toc.htm>

Basel Convention on the Control of Transboundary Movements of Hazardous Wastes (UNEP)

1992

The following is an abridged version of the complete Convention. See link in "Further Information" section below for complete text and annotations.

BASEL CONVENTION ON THE CONTROL OF TRANSBOUNDARY MOVEMENTS OF HAZARDOUS WASTES AND THEIR DISPOSAL ADOPTED BY THE CONFERENCE OF THE PLENIPOTENTIARIES ON 22 MARCH 1989

ENTRY INTO FORCE MAY 1992

Article 1

Scope of the Convention

The following wastes that are subject to transboundary movement shall be "hazardous wastes" for the purposes of this Convention:

- (a) Wastes that belong to any category contained in Annex I, unless they do not possess any of the characteristics contained in Annex III; and
- (b) Wastes that are not covered under paragraph (a) but are defined as, or are considered to be, hazardous wastes by the domestic legislation of the Party of export, import or transit.

Article 2

Definitions

For the purposes of this Convention:

1. "Wastes" are substances or objects which are disposed of or are intended to be disposed of or are required to be disposed of by the provisions of national law;
2. "Management" means the collection, transport and disposal of hazardous wastes or other wastes, including after-care of disposal sites;
3. "Transboundary movement" means any movement of hazardous wastes or other wastes from an area under the national jurisdiction of one State to or through an area under the national jurisdiction of another State or to or through an area not under the national jurisdiction of any State, provided at least two States are involved in the movement;
4. "Disposal" means any operation specified in Annex IV to this Convention;

5. "Approved site or facility" means a site or facility for the disposal of hazardous wastes or other wastes which is authorized or permitted to operate for this purpose by a relevant authority of the State where the site or facility is located;
6. "Competent authority" means one governmental authority designated by a Party to be responsible, within such geographical areas as the Party may think fit, for receiving the notification of a transboundary movement of hazardous wastes or other wastes, and any information related to it, and for responding to such a notification, as provided in Article 6;
7. "Focal point" means the entity of a Party referred to in Article 5 responsible for receiving and submitting information as provided for in Articles 13 and 16;
8. "Environmentally sound management of hazardous wastes or other wastes" means taking all practicable steps to ensure that hazardous wastes or other wastes are managed in a manner which will protect human health and the environment against the adverse effects which may result from such wastes;
9. "Area under the national jurisdiction of a State" means any land, marine area or airspace within which a State exercises administrative and regulatory responsibility in accordance with international law in regard to the protection of human health or the environment;
10. "State of export" means a Party from which a transboundary movement of hazardous wastes or other wastes is planned to be initiated or is initiated;
11. "State of import" means a Party to which a transboundary movement of hazardous wastes or other wastes is planned or takes place for the purpose of disposal therein or for the purpose of loading prior to disposal in an area not under the national jurisdiction of any State;
12. "State of transit" means any State, other than the State of export or import, through which a movement of hazardous wastes or other wastes is planned or takes place;
13. "States concerned" means Parties which are States of export or import, or transit States, whether or not Parties;
14. "Person" means any natural or legal person;
15. "Exporter" means any person under the jurisdiction of the State of export who arranges for hazardous wastes or other wastes to be exported;
16. "Importer" means any person under the jurisdiction of the State of import who arranges for hazardous wastes or other wastes to be imported;
17. "Carrier" means any person who carries out the transport of hazardous wastes or other wastes;
18. "Generator" means any person whose activity produces hazardous wastes or other wastes or, if that person is not known, the person who is in possession and/or control of those wastes;
19. "Disposer" means any person to whom hazardous wastes or other wastes are shipped and who carries out the disposal of such wastes;
20. "Political and/or economic integration organization" means an organization constituted by sovereign States to which its member States have transferred competence in respect of matters governed by this Convention and which has been duly authorized, in accordance with its internal procedures, to sign, ratify, accept, approve, formally confirm or accede to it;

21. "Illegal traffic" means any transboundary movement of hazardous wastes or other wastes as specified in Article 9.

Article 3

National Definitions of Hazardous Wastes

Each Party shall, within six months of becoming a Party to this Convention, inform the Secretariat of the Convention of the wastes, other than those listed in Annexes I and II, considered or defined as hazardous under its national legislation and of any requirements concerning transboundary movement procedures applicable to such wastes.

Article 4

General Obligations

1.
 - (a) Parties exercising their right to prohibit the import of hazardous wastes or other wastes for disposal shall inform the other Parties of their decision pursuant to Article 13.
 - (b) Parties shall prohibit or shall not permit the export of hazardous wastes and other wastes to the Parties which have prohibited the import of such wastes, when notified pursuant to subparagraph (a) above.
 - (c) Parties shall prohibit or shall not permit the export of hazardous wastes and other wastes if the State of import does not consent in writing to the specific import, in the case where that State of import has not prohibited the import of such wastes.
2. Each Party shall take the appropriate measures to:
 - (a) Ensure that the generation of hazardous wastes and other wastes within it is reduced to a minimum, taking into account social, technological and economic aspects;
 - (b) Ensure the availability of adequate disposal facilities, for the environmentally sound management of hazardous wastes and other wastes, that shall be located, to the extent possible, within it, whatever the place of their disposal;
 - (c) Ensure that persons involved in the management of hazardous wastes or other wastes within it take such steps as are necessary to prevent pollution due to hazardous wastes and other wastes arising from such management and, if such pollution occurs, to minimize the consequences thereof for human health and the environment;
 - (d) Ensure that the transboundary movement of hazardous wastes and other wastes is reduced to the minimum consistent with the environmentally sound and efficient management of such wastes, and is conducted in a manner which will protect human health and the environment against the adverse effects which may result from such movement;
 - (e) Not allow the export of hazardous wastes or other wastes to a State or group of States belonging to an economic and/or political integration organization that are Parties, particularly developing countries, which have prohibited by their legislation all imports, or if it has reason to believe that the wastes in question will not be managed in an environmentally sound manner, according to criteria to be decided on by the Parties at their first meeting;

- (f) Require that information about a proposed transboundary movement of hazardous wastes and other wastes be provided to the States concerned, according to Annex V A, to state clearly the effects of the proposed movement on human health and the environment;
 - (g) Prevent the import of hazardous wastes and other wastes if it has reason to believe that the wastes in question will not be managed in an environmentally sound manner;
 - (h) Co-operate in activities with other Parties and interested organizations, directly and through the Secretariat, including the dissemination of information on the transboundary movement of hazardous wastes and other wastes, in order to improve the environmentally sound management of such wastes and to achieve the prevention of illegal traffic.
3. The Parties consider that illegal traffic in hazardous wastes or other wastes is criminal.
4. Each Party shall take appropriate legal, administrative and other measures to implement and enforce the provisions of this Convention, including measures to prevent and punish conduct in contravention of the Convention.
5. A Party shall not permit hazardous wastes or other wastes to be exported to a non-Party or to be imported from a non-Party.
6. The Parties agree not to allow the export of hazardous wastes or other wastes for disposal within the area south of 60° South latitude, whether or not such wastes are subject to transboundary movement.
7. Furthermore, each Party shall:
- (a) Prohibit all persons under its national jurisdiction from transporting or disposing of hazardous wastes or other wastes unless such persons are authorized or allowed to perform such types of operations;
 - (b) Require that hazardous wastes and other wastes that are to be the subject of a transboundary movement be packaged, labelled, and transported in conformity with generally accepted and recognized international rules and standards in the field of packaging, labelling, and transport, and that due account is taken of relevant internationally recognized practices;
 - (c) Require that hazardous wastes and other wastes be accompanied by a movement document from the point at which a transboundary movement commences to the point of disposal.
8. Each Party shall require that hazardous wastes or other wastes, to be exported, are managed in an environmentally sound manner in the State of import or elsewhere. Technical guidelines for the environmentally sound management of wastes subject to this Convention shall be decided by the Parties at their first meeting.
9. Parties shall take the appropriate measures to ensure that the transboundary movement of hazardous wastes and other wastes only be allowed if:
- (a) The State of export does not have the technical capacity and the necessary facilities, capacity or suitable disposal sites in order to dispose of the wastes in question in an environmentally sound and efficient manner; or

(b) The wastes in question are required as a raw material for recycling or recovery industries in the State of import; or

(c) The transboundary movement in question is in accordance with other criteria to be decided by the Parties, provided those criteria do not differ from the objectives of this Convention.

10. The obligation under this Convention of States in which hazardous wastes and other wastes are generated to require that those wastes are managed in an environmentally sound manner may not under any circumstances be transferred to the States of import or transit.

11. Nothing in this Convention shall prevent a Party from imposing additional requirements that are consistent with the provisions of this Convention, and are in accordance with the rules of international law, in order better to protect human health and the environment.

12. Nothing in this Convention shall affect in any way the sovereignty of States over their territorial sea established in accordance with international law, and the sovereign rights and the jurisdiction which States have in their exclusive economic zones and their continental shelves in accordance with international law, and the exercise by ships and aircraft of all States of navigational rights and freedoms as provided for in international law and as reflected in relevant international instruments.

13. Parties shall undertake to review periodically the possibilities for the reduction of the amount and/or the pollution potential of hazardous wastes and other wastes which are exported to other States, in particular to developing countries.

A. Article 5

Designation of Competent Authorities and Focal Point

To facilitate the implementation of this Convention, the Parties shall Designate or establish one or more competent authorities and one focal point. One competent authority shall be designated to receive the notification in case of a State of transit.

Article 6

Transboundary Movement between Parties

1. The State of export shall notify, or shall require the generator or exporter to notify, in writing, through the channel of the competent authority of the State of export, the competent authority of the States concerned of any proposed transboundary movement of hazardous wastes or other wastes. Such notification shall contain the declarations and information specified in Annex V A, written in a language acceptable to the State of import. Only one notification needs to be sent to each State concerned.

2. The State of import shall respond to the notifier in writing, consenting to the movement with or without conditions, denying permission for the movement, or requesting additional information. A copy of the final response of the State of import shall be sent to the competent authorities of the States concerned which are Parties.

Article 7

Transboundary Movement from a Party through States which are not Parties

Paragraph 1 of Article 6 of the Convention shall apply mutatis mutandis to transboundary movement of hazardous wastes or other wastes from a Party through a State or States which are not Parties.

Article 8

Duty to Re-import

When a transboundary movement of hazardous wastes or other wastes to which the consent of the States concerned has been given, subject to the provisions of this Convention, cannot be completed in accordance with the terms of the contract, the State of export shall ensure that the wastes in question are taken back into the State of export, by the exporter, if alternative arrangements cannot be made for their disposal in an environmentally sound manner, within 90 days from the time that the importing State informed the State of export and the Secretariat, or such other period of time as the States concerned agree. To this end, the State of export and any Party of transit shall not oppose, hinder or prevent the return of those wastes to the State of export.

Article 9

Illegal Traffic

For the purpose of this Convention, any transboundary movement of hazardous wastes or other wastes:

- (a) without notification pursuant to the provisions of this Convention to all States concerned; or
- (b) without the consent pursuant to the provisions of this Convention of a State concerned; or
- (c) with consent obtained from States concerned through falsification, misrepresentation or fraud; or
- (d) that does not conform in a material way with the documents; or
- (e) that results in deliberate disposal (e.g. dumping) of hazardous wastes or other wastes in contravention of this Convention and of general principles of international law, shall be deemed to be illegal traffic.

B. Article 10

International Co-operation

The Parties shall co-operate with each other in order to improve and achieve environmentally sound management of hazardous wastes and other wastes.

Article 11

Bilateral, Multilateral and Regional Agreements

1. Notwithstanding the provisions of Article 4 paragraph 5, Parties may enter into bilateral, multilateral, or regional agreements or arrangements regarding transboundary movement of hazardous wastes or other wastes with Parties or non-Parties provided that such agreements or arrangements do not derogate from the environmentally sound management of hazardous wastes and other wastes as required by this Convention. These agreements or arrangements shall stipulate provisions which are not less environmentally sound than those provided for by this Convention in particular taking into account the interests of developing countries.

Article 12

Consultations on Liability

The Parties shall co-operate with a view to adopting, as soon as practicable, a protocol setting out appropriate rules and procedures in the field of liability and compensation for damage resulting from the transboundary movement and disposal of hazardous wastes and other wastes.

Article 13

Transmission of Information

The Parties shall, whenever it comes to their knowledge, ensure that, in the case of an accident occurring during the transboundary movement of hazardous wastes or other wastes or their disposal, which are likely to present risks to human health and the environment in other States, those States are immediately informed.

Article 14

Financial Aspects

1. The Parties agree that, according to the specific needs of different regions and subregions, regional or sub-regional centres for training and technology transfers regarding the management of hazardous wastes and other wastes and the minimization of their generation should be established. The Parties shall decide on the establishment of appropriate funding mechanisms of a voluntary nature.

Article 15

Conference of the Parties

A Conference of the Parties is hereby established. The first meeting of the Conference of the Parties shall be convened by the Executive Director of UNEP not later than one year after the entry into force of this Convention. Thereafter, ordinary meetings of the Conference of the Parties shall be held at regular intervals to be determined by the Conference at its first meeting.

Article 16

Secretariat

The functions of the Secretariat shall be:

- (a) To arrange for and service meetings provided for in Articles 15 and 17;
- (b) To prepare and transmit reports based upon information received in accordance with Articles 3, 4, 6, 11 and 13 as well as upon information derived from meetings of subsidiary bodies established under Article 15 as well as upon, as appropriate, information provided by relevant intergovernmental and non-governmental entities;
- (c) To prepare reports on its activities carried out in implementation of its functions under this Convention and present them to the Conference of the Parties;
- (d) To ensure the necessary coordination with relevant international bodies, and in particular to enter into such administrative and contractual arrangements as may be required for the effective discharge of its function;
- (e) To communicate with focal points and competent authorities established by the Parties in accordance with Article 5 of this Convention;
- (f) To compile information concerning authorized national sites and facilities of Parties available for the disposal of their hazardous wastes and other wastes and to circulate this information among Parties;
- (g) To receive and convey information from and to Parties on:
 - sources of technical assistance and training;
 - available technical and scientific know-how;
 - sources of advice and expertise; and
 - availability of resources
- (h) To provide Parties, upon request, with information on consultants or consulting firms having the necessary technical competence in the field, which can assist them to examine a notification for a transboundary movement, the concurrence of a shipment of hazardous wastes or other wastes with the relevant notification, and/or the fact that the proposed disposal facilities for hazardous wastes or other wastes are environmentally sound, when they have reason to believe that the wastes in question will not be managed in an environmentally sound manner. Any such examination would not be at the expense of the Secretariat;
- (i) To assist Parties upon request in their identification of cases of illegal traffic and to circulate immediately to the Parties concerned any information it has received regarding illegal traffic;
- (j) To co-operate with Parties and with relevant and competent international organizations and agencies in the provision of experts and equipment for the purpose of rapid assistance to States in the event of an emergency situation; and
- (k) To perform such other functions relevant to the purposes of this Convention as may be determined by the Conference of the Parties.

Article 17

Amendment of the Convention

Any Party may propose amendments to this Convention and any Party to a protocol may propose amendments to that protocol. Such amendments shall take due account, inter alia, of relevant scientific and technical considerations.

Article 18

Adoption and Amendment of Annexes

The annexes to this Convention or to any protocol shall form an integral part of this Convention or of such protocol, as the case may be and, unless expressly provided otherwise, a reference to this Convention or its protocols constitutes at the same time a reference to any annexes thereto. Such annexes shall be restricted to scientific, technical and administrative matters.

Article 19

Verification

Any Party which has reason to believe that another Party is acting or has acted in breach of its obligations under this Convention may inform the Secretariat thereof, and in such an event, shall simultaneously and immediately inform, directly or through the Secretariat, the Party against whom the allegations are made. All relevant information should be submitted by the Secretariat to the Parties.

Article 20

Settlement of Disputes

In case of a dispute between Parties as to the interpretation or application of, or compliance with, this Convention or any protocol thereto, they shall seek a settlement of the dispute through negotiation or any other peaceful means of their own choice.

Article 21

Signature

This Convention shall be open for signature by States, by Namibia, represented by the United Nations Council for Namibia, and by political and/or economic integration organizations, in Basel on 22 March 1989, at the Federal Department of Foreign Affairs of Switzerland in Berne from 23 March 1989 to 30 June 1989 and at United Nations Headquarters in New York from 1 July 1989 to 22 March 1990.

Article 22

Ratification, Acceptance, Formal Confirmation or Approval

This Convention shall be subject to ratification, acceptance or approval by States and by Namibia, represented by the United Nations Council for Namibia, and to formal confirmation or approval by political and/or economic integration organizations. Instruments of ratification, acceptance, formal confirmation, or approval shall be deposited with the Depository.

Article 23

Accession

This Convention shall be open for accession by States, by Namibia, represented by the United Nations Council for Namibia, and by political and/or economic integration organizations from the day after the date on which the Convention is closed for signature. The instruments of accession shall be deposited with the Depository.

Article 24

Right to Vote

Except as provided, each Contracting Party to this Convention shall have one vote.

Article 25

Entry into Force

This Convention shall enter into force on the ninetieth day after the date of deposit of the twentieth instrument of ratification, acceptance, formal confirmation, approval or accession.

Article 26

Reservations and Declarations

No reservation or exception may be made to this Convention.

C. Article 27

Withdrawal

At any time after three years from the date on which this Convention has entered into force for a Party, that Party may withdraw from the Convention by giving written notification to the Depository.

Article 28

Depository

The Secretary-General of the United Nations shall be the Depository of this Convention and of any protocol thereto.

D. Article 29

Authentic texts

The original Arabic, Chinese, English, French, Russian and Spanish texts of this Convention are equally authentic.

Further information:

On the web, complete text: <http://www.basel.int/text/con-e.htm>

CERES Principles

The 10 CERES principles are a corporate code of environmental conduct developed by the Coalition for Environmentally Responsible Economies in 1989 in response to the Exxon Valdez disaster. CERES endorses commit to ecologically sound operations and standardized, public environmental reporting.

PRINCIPLES

Protection of the Biosphere

We will reduce and make continual progress toward eliminating the release of any substance that may cause environmental damage to the air, water, or the earth or its inhabitants. We will safeguard all habitats affected by our operations and will protect open spaces and wilderness, while preserving biodiversity.

Sustainable Use of Natural Resources

We will make sustainable use of renewable natural resources, such as water, soils and forests. We will conserve non-renewable natural resources through efficient use and careful planning.

Reduction and Disposal of Wastes

We will reduce and where possible eliminate waste through source reduction and recycling. All waste will be handled and disposed of through safe and responsible methods.

Energy Conservation

We will conserve energy and improve the energy efficiency of our internal operations and of the goods and services we sell. We will make every effort to use environmentally safe and sustainable energy sources.

Risk Reduction

We will strive to minimize the environmental, health and safety risks to our employees and the communities in which we operate through safe technologies, facilities and operating procedures, and by being prepared for emergencies.

Safe Products and Services

We will reduce and where possible eliminate the use, manufacture or sale of products and services that cause environmental damage or health or safety hazards. We will inform our customers of the environmental impacts of our products or services and try to correct unsafe use.

Environmental Restoration

We will promptly and responsibly correct conditions we have caused that endanger health, safety or the environment. To the extent feasible, we will redress injuries we have caused to persons or damage we have caused to the environment and will restore the environment.

Informing the Public

We will inform in a timely manner everyone who may be affected by conditions caused by our company that might endanger health, safety or the environment. We will regularly seek advice and counsel through dialogue with persons in communities near our facilities. We will not take any action against employees for reporting dangerous incidents or conditions to management or to appropriate authorities.

Management Commitment

We will implement these Principles and sustain a process that ensures that the Board of Directors and Chief Executive Officer are fully informed about pertinent environmental issues and are fully responsible for environmental policy. In selecting our Board of Directors, we will consider demonstrated environmental commitment as a factor.

Audits and Reports

We will conduct an annual self-evaluation of our progress in implementing these Principles. We will support the timely creation of generally accepted environmental audit procedures. We will annually complete the CERES Report, which will be made available to the public.

ENDORISING COMPANY STATEMENT

By adopting these Principles, we publicly affirm our belief that corporations have a responsibility for the environment, and must conduct all aspects of their business as responsible stewards of the environment by operating in a manner that protects the Earth. We believe that corporations must not compromise the ability of future generations to sustain themselves.

We will update our practices constantly in light of advances in technology and new understandings in health and environmental science. In collaboration with CERES, we will promote a dynamic process to ensure that the Principles are interpreted in a way that accommodates changing technologies and environmental realities. We intend to make consistent, measurable progress in implementing these Principles and to apply them to all aspects of our operations throughout the world.

DISCLAIMER

These Principles establish an environmental ethic with criteria by which investors and others can assess the environmental performance of companies. Companies that endorse these Principles pledge to go voluntarily beyond the requirements of the law. The terms "may" and "might" in Principles one and eight are not meant to encompass every imaginable consequence, no matter how remote. Rather, these Principles obligate endorsers to behave as prudent persons who are not governed by conflicting interests and who possess a strong commitment to environmental excellence and to human health and safety. These Principles are not intended to create new legal liabilities, expand existing rights or obligations, waive legal defenses, or otherwise affect the legal position of any endorsing company, and are not intended to be used against an endorser in any legal proceeding for any purpose.

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Further Information

Coalition for Environmentally Responsible Economies
11 Arlington Street, 6th Floor
Boston, MA 02116-3411 USA
Phone: 617-247-0700
Fax: 617-267-5400
Website: www.ceres.org

Eco-Management and Audit Scheme (EMAS)

EMAS, the Eco-Management and Audit Scheme, is a European-based voluntary initiative designed to improve companies' environmental performance. Initially established in 1993, the standard is built on the ISO 14000 framework but is considered an improvement because it encourages companies to report on their performance. EMAS has a greater presence in Europe than in North America. However, many European companies still prefer the weaker and higher profile ISO 1400 standard.

EMAS certification requires that participating organizations regularly produce a public environmental statement that reports on their environmental performance. The accuracy and reliability of the report must be independently verified.

Organizations wanting to participate must follow a number of steps including:

- i. Implement an Environmental Management System that meets the requirements of ISO 14001
- ii. Undertake internal audits, including checks on legal compliance and environmental performance improvement
- iii. Prepare an Environmental Statement
- iv. Have the Policy, EMS and Environmental Statement independently validated by an EMAS accredited verifier
- v. Submit the application to the EMAS Oversight Body
- vi. Make environmental statements publicly available

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Further Information:

Eco-Management and Audit Scheme
c/o Bradley Dunbar Associates
Scotland House
Rond-Point Schuman 6
B-1040 Brussels
E-mail: emas@cec.eu.int
Tel: +32 2 282 84 54
Fax: +32 2 282 84 54

Web site: http://europa.eu.int/comm/environment/emas/index_en.htm

ISO 14000

The International Organization for Standardization (ISO) coordinates the ISO 14000 series of standards for environmental management systems. ISO 14001 is a process standard on which an organization can base environmental improvement. As such, like most process standards, ISO 14000 is not a performance standard.

The benefits of ISO 14001 include a business approach to gain an understanding of the activities, products or services for which the organization is responsible that cause significant environmental impacts relative to the organization. It enables the organization to implement and maintain management procedures to achieve control of these impacts with the goal of improving financial and environmental performance. As mentioned, ISO 14001 does not itself state environmental performance criteria; the adopting organization sets those as part of the process.

To meet or exceeds the requirements of ISO 14001, an organization must:

1. Identify the scope of its EMS application (*i.e. the physical area, activities, products and services, operating units that the EMS will apply to*).
2. Define an environmental policy which includes a commitment to prevention of pollution, compliance and continual improvement.
3. Describe procedures to:
 - Identify the environmental aspects of its activities, products, or services (as appropriate) that it controls and over which it can expect to have an influence, in order to determine those that have or can have significant impacts on the environment.
 - Identify and have access to legal and other requirements to which it subscribes that are applicable to the environmental aspects of its activities, products or services
4. Describe the company's environmental objectives and targets, at each relevant function and level within the organization consistent with the environmental policy.
5. Describe the programs for achieving environmental objectives and targets and the means to achieve them within identified timeframes.
6. Describe how roles, responsibilities, and authorities are to be documented and communicated in order to facilitate effective environmental management and provided resources for their implementation.
7. (a) Describe a process to identify and document training needs and procedures to make employees and members at each relevant function and level aware of:
 - the importance of conformance with the environmental policy and EMS,
 - the significant impacts of their work activities,
 - their roles and responsibilities in achieving conformance with the EMS and
 - the potential consequences of departure from specified operating procedures.

(b) Describe a procedure that requires that all personnel whose work may have a significant environmental impact are competent and have received appropriate training.

8. Describe procedures for internal communications and for receiving, documenting and responding to relevant communications from external interested parties regarding its environmental aspects and EMS.
9. Describe the core elements of the EMS and their interaction.
10. Describe procedures for controlling all documents required by ISO 14001.
11. Identify those operations and activities that are associated with the identified significant environmental aspects in line with its policies, objectives and targets.
12. (a) Describe procedures to identify the potential for and respond to:
 - accidents and emergency situations, and
 - for preventing and mitigating the environmental impacts that may be associated with them; and(b) Describe procedures to document its periodic testing of such procedures where practicable.
13. Describe procedures to monitor and measure, on a regular basis, the key characteristics of its operations and activities that can have a significant impact on the environment, including a documented procedure for periodically evaluating compliance with relevant environmental legislation and regulations.
14. Describe procedures for defining responsibility and authority for handling, investigating and acting on non-conformance.
15. Describe procedures for the identification, maintenance and disposition of environmental records including training records and environmental audits.
16. (a) Describe programs and procedures for periodic EMS audits to be carried out in order to:
 - Determine whether or not the EMS conforms to planned arrangements for environmental management including the requirements of ISO 14001 and has been properly implemented and maintained; and
 - Provide information on the results of the audits to management; and(b) Describe procedures to document management's reviews of and changes and improvements in its EMS from time to time.

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Further information:

For more information on ISO 14001 and the ISO 14000 series visit the following web sites:

ISO: <http://www.iso.org/iso/en/iso9000-14000/iso14000/iso14000index.html>

Canadian Standards Association:

<http://www.csa.ca/standards/environment/Default.asp?language=English>

Kyoto Protocol

The United Nations Framework Convention on Climate Change

The international response to climate change began with the development of the United Nations Framework Convention on Climate Change (UNFCCC) at the 1992 Rio Summit on Environment and Development. The UNFCCC set out a framework for action to control or cut greenhouse gas emissions. Since the UNFCCC entered into force in 1994, several meetings of the Conference of the Parties have taken place, as well as numerous workshops and meetings of the UNFCCC's subsidiary bodies. A Protocol to the Convention was adopted in 1997 at the Third Conference of the Parties, held in Kyoto. The UNFCCC's Kyoto Protocol commits industrialized countries to achieve quantified targets for decreasing their emissions of greenhouse gases.

The Parties to this Convention,

Acknowledging that change in the Earth's climate and its adverse effects are a common concern of humankind,

Concerned that human activities have been substantially increasing the atmospheric concentrations of greenhouse gases, that these increases enhance the natural greenhouse effect, and that this will result on average in an additional warming of the Earth's surface and atmosphere and may adversely affect natural ecosystems and humankind,

Noting that the largest share of historical and current global emissions of greenhouse gases has originated in developed countries, that per capita emissions in developing countries are still relatively low and that the share of global emissions originating in developing countries will grow to meet their social and development needs,

Aware of the role and importance in terrestrial and marine ecosystems of sinks and reservoirs of greenhouse gases,

Noting that there are many uncertainties in predictions of climate change, particularly with regard to the timing, magnitude and regional patterns thereof,

Acknowledging that the global nature of climate change calls for the widest possible cooperation by all countries and their participation in an effective and appropriate international response, in accordance with their common but differentiated responsibilities and respective capabilities and their social and economic conditions,

Recalling the pertinent provisions of the Declaration of the United Nations Conference on the Human Environment, adopted at Stockholm on 16 June 1972,

Recalling also that States have, in accordance with the Charter of the United Nations and the principles of international law, the sovereign right to exploit their own resources pursuant to their own environmental and developmental policies, and the responsibility to ensure that activities within their jurisdiction or control do not cause damage to the environment of other States or of areas beyond the limits of national jurisdiction,

Reaffirming the principle of sovereignty of States in international cooperation to address climate change,

Recognizing that States should enact effective environmental legislation, that environmental standards, management objectives and priorities should reflect the environmental and developmental context to which they apply, and that standards applied by some countries may be

inappropriate and of unwarranted economic and social cost to other countries, in particular developing countries,

Recalling the provisions of General Assembly resolution 44/228 of 22 December 1989 on the United Nations Conference on Environment and Development, and resolutions 43/53 of 6 December 1988, 44/207 of 22 December 1989, 45/212 of 21 December 1990 and 46/169 of 19 December 1991 on protection of global climate for present and future generations of mankind,

Recalling also the provisions of General Assembly resolution 44/206 of 22 December 1989 on the possible adverse effects of sea-level rise on islands and coastal areas, particularly low-lying coastal areas and the pertinent provisions of General Assembly resolution 44/172 of 19 December 1989 on the implementation of the Plan of Action to Combat Desertification,

Recalling further the Vienna Convention for the Protection of the Ozone Layer, 1985, and the Montreal Protocol on Substances that Deplete the Ozone Layer, 1987, as adjusted and amended on 29 June 1990,

Noting the Ministerial Declaration of the Second World Climate Conference adopted on 7 November 1990,

Conscious of the valuable analytical work being conducted by many States on climate change and of the important contributions of the World Meteorological Organization, the United Nations Environment Programme and other organs, organizations and bodies of the United Nations system, as well as other international and intergovernmental bodies, to the exchange of results of scientific research and the coordination of research,

Recognizing that steps required to understand and address climate change will be environmentally, socially and economically most effective if they are based on relevant scientific, technical and economic considerations and continually re-evaluated in the light of new findings in these areas,

Recognizing that various actions to address climate change can be justified economically in their own right and can also help in solving other environmental problems,

Recognizing also the need for developed countries to take immediate action in a flexible manner on the basis of clear priorities, as a first step towards comprehensive response strategies at the global, national and, where agreed, regional levels that take into account all greenhouse gases, with due consideration of their relative contributions to the enhancement of the greenhouse effect,

Recognizing further that low-lying and other small island countries, countries with low-lying coastal, arid and semi-arid areas or areas liable to floods, drought and desertification, and developing countries with fragile mountainous ecosystems are particularly vulnerable to the adverse effects of climate change,

Recognizing the special difficulties of those countries, especially developing countries, whose economies are particularly dependent on fossil fuel production, use and exportation, as a consequence of action taken on limiting greenhouse gas emissions,

Affirming that responses to climate change should be coordinated with social and economic development in an integrated manner with a view to avoiding adverse impacts on the latter, taking into full account the legitimate priority needs of developing countries for the achievement of sustained economic growth and the eradication of poverty,

Recognizing that all countries, especially developing countries, need access to resources required to achieve sustainable social and economic development and that, in order for developing countries to progress towards that goal, their energy consumption will need to grow taking into account the possibilities for achieving greater energy efficiency and for controlling

greenhouse gas emissions in general, including through the application of new technologies on terms which make such an application economically and socially beneficial,

Determined to protect the climate system for present and future generations,
Have agreed as follows:

ARTICLE 1

DEFINITIONS⁴⁹

For the purposes of this Convention:

1...."Adverse effects of climate change" means changes in the physical environment or biota resulting from climate change which have significant deleterious effects on the composition, resilience or productivity of natural and managed ecosystems or on the operation of socio-economic systems or on human health and welfare.

2...."Climate change" means a change of climate which is attributed directly or indirectly to human activity that alters the composition of the global atmosphere and which is in addition to natural climate variability observed over comparable time periods.

3...."Climate system" means the totality of the atmosphere, hydrosphere, biosphere and geosphere and their interactions.

4...."Emissions" means the release of greenhouse gases and/or their precursors into the atmosphere over a specified area and period of time.

5...."Greenhouse gases" means those gaseous constituents of the atmosphere, both natural and anthropogenic, that absorb and re-emit infrared radiation.

6...."Regional economic integration organization" means an organization constituted by sovereign States of a given region which has competence in respect of matters governed by this Convention or its protocols and has been duly authorized, in accordance with its internal procedures, to sign, ratify, accept, approve or accede to the instruments concerned.

7...."Reservoir" means a component or components of the climate system where a greenhouse gas or a precursor of a greenhouse gas is stored.

8...."Sink" means any process, activity or mechanism which removes a greenhouse gas, an aerosol or a precursor of a greenhouse gas from the atmosphere.

9...."Source" means any process or activity which releases a greenhouse gas, an aerosol or a precursor of a greenhouse gas into the atmosphere.

ARTICLE 2

OBJECTIVE

The ultimate objective of this Convention and any related legal instruments that the Conference of the Parties may adopt is to achieve, in accordance with the relevant provisions of the Convention, stabilization of greenhouse gas concentrations in the atmosphere at a level that would prevent

⁴⁹ Titles of articles are included solely to assist the reader.

dangerous anthropogenic interference with the climate system. Such a level should be achieved within a time-frame sufficient to allow ecosystems to adapt naturally to climate change, to ensure that food production is not threatened and to enable economic development to proceed in a sustainable manner.

ARTICLE 3 PRINCIPLES

In their actions to achieve the objective of the Convention and to implement its provisions, the Parties shall be guided, INTER ALIA, by the following:

1....The Parties should protect the climate system for the benefit of present and future generations of humankind, on the basis of equity and in accordance with their common but differentiated responsibilities and respective capabilities. Accordingly, the developed country Parties should take the lead in combating climate change and the adverse effects thereof.

2....The specific needs and special circumstances of developing country Parties, especially those that are particularly vulnerable to the adverse effects of climate change, and of those Parties, especially developing country Parties, that would have to bear a disproportionate or abnormal burden under the Convention, should be given full consideration.

3....The Parties should take precautionary measures to anticipate, prevent or minimize the causes of climate change and mitigate its adverse effects. Where there are threats of serious or irreversible damage, lack of full scientific certainty should not be used as a reason for postponing such measures, taking into account that policies and measures to deal with climate change should be cost-effective so as to ensure global benefits at the lowest possible cost. To achieve this, such policies and measures should take into account different socio-economic contexts, be comprehensive, cover all relevant sources, sinks and reservoirs of greenhouse gases and adaptation, and comprise all economic sectors. Efforts to address climate change may be carried out cooperatively by interested Parties.

4....The Parties have a right to, and should, promote sustainable development. Policies and measures to protect the climate system against human-induced change should be appropriate for the specific conditions of each Party and should be integrated with national development programmes, taking into account that economic development is essential for adopting measures to address climate change.

5....The Parties should cooperate to promote a supportive and open international economic system that would lead to sustainable economic growth and development in all Parties, particularly developing country Parties, thus enabling them better to address the problems of climate change. Measures taken to combat climate change, including unilateral ones, should not constitute a means of arbitrary or unjustifiable discrimination or a disguised restriction on international trade.

ARTICLE 4 COMMITMENTS

1....All Parties, taking into account their common but differentiated responsibilities and their specific national and regional development priorities, objectives and circumstances, shall:

(a)....Develop, periodically update, publish and make available to the Conference of the Parties, in accordance with Article 12, national inventories of anthropogenic emissions by

sources and removals by sinks of all greenhouse gases not controlled by the Montreal Protocol, using comparable methodologies to be agreed upon by the Conference of the Parties;

(b)....Formulate, implement, publish and regularly update national and, where appropriate, regional programmes containing measures to mitigate climate change by addressing anthropogenic emissions by sources and removals by sinks of all greenhouse gases not controlled by the Montreal Protocol, and measures to facilitate adequate adaptation to climate change;

(c)....Promote and cooperate in the development, application and diffusion, including transfer, of technologies, practices and processes that control, reduce or prevent anthropogenic emissions of greenhouse gases not controlled by the Montreal Protocol in all relevant sectors, including the energy, transport, industry, agriculture, forestry and waste management sectors;

(d)....Promote sustainable management, and promote and cooperate in the conservation and enhancement, as appropriate, of sinks and reservoirs of all greenhouse gases not controlled by the Montreal Protocol, including biomass, forests and oceans as well as other terrestrial, coastal and marine ecosystems;

(e)....Cooperate in preparing for adaptation to the impacts of climate change; develop and elaborate appropriate and integrated plans for coastal zone management, water resources and agriculture, and for the protection and rehabilitation of areas, particularly in Africa, affected by drought and desertification, as well as floods;

(f)....Take climate change considerations into account, to the extent feasible, in their relevant social, economic and environmental policies and actions, and employ appropriate methods, for example impact assessments, formulated and determined nationally, with a view to minimizing adverse effects on the economy, on public health and on the quality of the environment, of projects or measures undertaken by them to mitigate or adapt to climate change;

(g)....Promote and cooperate in scientific, technological, technical, socio-economic and other research, systematic observation and development of data archives related to the climate system and intended to further the understanding and to reduce or eliminate the remaining uncertainties regarding the causes, effects, magnitude and timing of climate change and the economic and social consequences of various response strategies;

(h)....Promote and cooperate in the full, open and prompt exchange of relevant scientific, technological, technical, socio-economic and legal information related to the climate system and climate change, and to the economic and social consequences of various response strategies;

(i)....Promote and cooperate in education, training and public awareness related to climate change and encourage the widest participation in this process, including that of non- governmental organizations; and

(j)....Communicate to the Conference of the Parties information related to implementation, in accordance with Article 12.

2....The developed country Parties and other Parties included in Annex I commit themselves specifically as provided for in the following:

(a)....Each of these Parties shall adopt national policies and take corresponding measures on the mitigation of climate change, by limiting its anthropogenic emissions of

greenhouse gases and protecting and enhancing its greenhouse gas sinks and reservoirs. These policies and measures will demonstrate that developed countries are taking the lead in modifying longer-term trends in anthropogenic emissions consistent with the objective of the Convention, recognizing that the return by the end of the present decade to earlier levels of anthropogenic emissions of carbon dioxide and other greenhouse gases not controlled by the Montreal Protocol would contribute to such modification, and taking into account the differences in these Parties' starting points and approaches, economic structures and resource bases, the need to maintain strong and sustainable economic growth, available technologies and other individual circumstances, as well as the need for equitable and appropriate contributions by each of these Parties to the global effort regarding that objective. These Parties may implement such policies and measures jointly with other Parties and may assist other Parties in contributing to the achievement of the objective of the Convention and, in particular, that of this subparagraph;

(b)...In order to promote progress to this end, each of these Parties shall communicate, within six months of the entry into force of the Convention for it and periodically thereafter, and in accordance with Article 12, detailed information on its policies and measures referred to in subparagraph (a) above, as well as on its resulting projected anthropogenic emissions by sources and removals by sinks of greenhouse gases not controlled by the Montreal Protocol for the period referred to in subparagraph (a), with the aim of returning individually or jointly to their 1990 levels these anthropogenic emissions of carbon dioxide and other greenhouse gases not controlled by the Montreal Protocol. This information will be reviewed by the Conference of the Parties, at its first session and periodically thereafter, in accordance with Article 7;

(c)...Calculations of emissions by sources and removals by sinks of greenhouse gases for the purposes of subparagraph (b) above should take into account the best available scientific knowledge, including of the effective capacity of sinks and the respective contributions of such gases to climate change. The Conference of the Parties shall consider and agree on methodologies for these calculations at its first session and review them regularly thereafter;

(d)...The Conference of the Parties shall, at its first session, review the adequacy of subparagraphs (a) and (b) above. Such review shall be carried out in the light of the best available scientific information and assessment on climate change and its impacts, as well as relevant technical, social and economic information. Based on this review, the Conference of the Parties shall take appropriate action, which may include the adoption of amendments to the commitments in subparagraphs (a) and (b) above. The Conference of the Parties, at its first session, shall also take decisions regarding criteria for joint implementation as indicated in subparagraph (a) above. A second review of subparagraphs (a) and (b) shall take place not later than 31 December 1998, and thereafter at regular intervals determined by the Conference of the Parties, until the objective of the Convention is met;

(e)...Each of these Parties shall :

i)...Coordinate as appropriate with other such Parties, relevant economic and administrative instruments developed to achieve the objective of the Convention; and

(ii)...Identify and periodically review its own policies and practices which encourage activities that lead to greater levels of anthropogenic emissions of greenhouse gases not controlled by the Montreal Protocol than would otherwise occur;

(f)...The Conference of the Parties shall review, not later than 31 December 1998, available information with a view to taking decisions regarding such amendments to the lists in Annexes I and II as may be appropriate, with the approval of the Party concerned;

(g)....Any Party not included in Annex I may, in its instrument of ratification, acceptance, approval or accession, or at any time thereafter, notify the Depositary that it intends to be bound by subparagraphs (a) and (b) above. The Depositary shall inform the other signatories and Parties of any such notification.

3....The developed country Parties and other developed Parties included in Annex II shall provide new and additional financial resources to meet the agreed full costs incurred by developing country Parties in complying with their obligations under Article 12, paragraph 1. They shall also provide such financial resources, including for the transfer of technology, needed by the developing country Parties to meet the agreed full incremental costs of implementing measures that are covered by paragraph 1 of this Article and that are agreed between a developing country Party and the international entity or entities referred to in Article 11, in accordance with that Article. The implementation of these commitments shall take into account the need for adequacy and predictability in the flow of funds and the importance of appropriate burden sharing among the developed country Parties.

4....The developed country Parties and other developed Parties included in Annex II shall also assist the developing country Parties that are particularly vulnerable to the adverse effects of climate change in meeting costs of adaptation to those adverse effects.

5....The developed country Parties and other developed Parties included in Annex II shall take all practicable steps to promote, facilitate and finance, as appropriate, the transfer of, or access to, environmentally sound technologies and know-how to other Parties, particularly developing country Parties, to enable them to implement the provisions of the Convention. In this process, the developed country Parties shall support the development and enhancement of endogenous capacities and technologies of developing country Parties. Other Parties and organizations in a position to do so may also assist in facilitating the transfer of such technologies.

6....In the implementation of their commitments under paragraph 2 above, a certain degree of flexibility shall be allowed by the Conference of the Parties to the Parties included in Annex I undergoing the process of transition to a market economy, in order to enhance the ability of these Parties to address climate change, including with regard to the historical level of anthropogenic emissions of greenhouse gases not controlled by the Montreal Protocol chosen as a reference.

7....The extent to which developing country Parties will effectively implement their commitments under the Convention will depend on the effective implementation by developed country Parties of their commitments under the Convention related to financial resources and transfer of technology and will take fully into account that economic and social development and poverty eradication are the first and overriding priorities of the developing country Parties.

8....In the implementation of the commitments in this Article, the Parties shall give full consideration to what actions are necessary under the Convention, including actions related to funding, insurance and the transfer of technology, to meet the specific needs and concerns of developing country Parties arising from the adverse effects of climate change and/or the impact of the implementation of response measures, especially on:

(a)....Small island countries;

(b)....Countries with low-lying coastal areas;

(c)....Countries with arid and semi-arid areas, forested areas and areas liable to forest decay;

(d)....Countries with areas prone to natural disasters;

- (e)....Countries with areas liable to drought and desertification;
 - (f)....Countries with areas of high urban atmospheric pollution;
 - (g)....Countries with areas with fragile ecosystems, including mountainous ecosystems;
 - (h)....Countries whose economies are highly dependent on income generated from the production, processing and export, and/or on consumption of fossil fuels and associated energy-intensive products; and
 - (i)....Land-locked and transit countries.
- Further, the Conference of the Parties may take actions, as appropriate, with respect to this paragraph.

9.....The Parties shall take full account of the specific needs and special situations of the least developed countries in their actions with regard to funding and transfer of technology.

10....The Parties shall, in accordance with Article 10, take into consideration in the implementation of the commitments of the Convention the situation of Parties, particularly developing country Parties, with economies that are vulnerable to the adverse effects of the implementation of measures to respond to climate change. This applies notably to Parties with economies that are highly dependent on income generated from the production, processing and export, and/or consumption of fossil fuels and associated energy-intensive products and/or the use of fossil fuels for which such Parties have serious difficulties in switching to alternatives.

ARTICLE 5 RESEARCH AND SYSTEMATIC OBSERVATION

In carrying out their commitments under Article 4, paragraph 1(g), the Parties shall:

- (a)....Support and further develop, as appropriate, international and intergovernmental programmes and networks or organizations aimed at defining, conducting, assessing and financing research, data collection and systematic observation, taking into account the need to minimize duplication of effort;
- (b)....Support international and intergovernmental efforts to strengthen systematic observation and national scientific and technical research capacities and capabilities, particularly in developing countries, and to promote access to, and the exchange of, data and analyses thereof obtained from areas beyond national jurisdiction; and
- (c)....Take into account the particular concerns and needs of developing countries and cooperate in improving their endogenous capacities and capabilities to participate in the efforts referred to in subparagraphs (a) and (b) above.

ARTICLE 6 EDUCATION, TRAINING AND PUBLIC AWARENESS

In carrying out their commitments under Article 4, paragraph 1(i), the Parties shall:

- (a)....Promote and facilitate at the national and, as appropriate, subregional and regional levels, and in accordance with national laws and regulations, and within their respective capacities:

- (i)...The development and implementation of educational and public awareness programmes on climate change and its effects;
 - (ii)...Public access to information on climate change and its effects;
 - (iii)...Public participation in addressing climate change and its effects and developing adequate responses; and
 - (iv)...Training of scientific, technical and managerial personnel.
- (b)...Cooperate in and promote, at the international level, and, where appropriate, using existing bodies:
- (i)...The development and exchange of educational and public awareness material on climate change and its effects; and
 - (ii)...The development and implementation of education and training programmes, including the strengthening of national institutions and the exchange or secondment of personnel to train experts in this field, in particular for developing countries.

ARTICLE 7

CONFERENCE OF THE PARTIES

1...A Conference of the Parties is hereby established.

2...The Conference of the Parties, as the supreme body of this Convention, shall keep under regular review the implementation of the Convention and any related legal instruments that the Conference of the Parties may adopt, and shall make, within its mandate, the decisions necessary to promote the effective implementation of the Convention. To this end, it shall:

- (a)...Periodically examine the obligations of the Parties and the institutional arrangements under the Convention, in the light of the objective of the Convention, the experience gained in its implementation and the evolution of scientific and technological knowledge;
- (b)...Promote and facilitate the exchange of information on measures adopted by the Parties to address climate change and its effects, taking into account the differing circumstances, responsibilities and capabilities of the Parties and their respective commitments under the Convention;
- (c)...Facilitate, at the request of two or more Parties, the coordination of measures adopted by them to address climate change and its effects, taking into account the differing circumstances, responsibilities and capabilities of the Parties and their respective commitments under the Convention;
- (d)...Promote and guide, in accordance with the objective and provisions of the Convention, the development and periodic refinement of comparable methodologies, to be agreed on by the Conference of the Parties, inter alia, for preparing inventories of greenhouse gas emissions by sources and removals by sinks, and for evaluating the effectiveness of measures to limit the emissions and enhance the removals of these gases;

(e)....Assess, on the basis of all information made available to it in accordance with the provisions of the Convention, the implementation of the Convention by the Parties, the overall effects of the measures taken pursuant to the Convention, in particular environmental, economic and social effects as well as their cumulative impacts and the extent to which progress towards the objective of the Convention is being achieved;

(f)....Consider and adopt regular reports on the implementation of the Convention and ensure their publication;

(g)....Make recommendations on any matters necessary for the implementation of the Convention;

(h)....Seek to mobilize financial resources in accordance with Article 4, paragraphs 3, 4 and 5, and Article 11;

(i)....Establish such subsidiary bodies as are deemed necessary for the implementation of the Convention;

(j)....Review reports submitted by its subsidiary bodies and provide guidance to them;

(k)....Agree upon and adopt, by consensus, rules of procedure and financial rules for itself and for any subsidiary bodies;

(l)....Seek and utilize, where appropriate, the services and cooperation of, and information provided by, competent international organizations and intergovernmental and non-governmental bodies; and

(m)....Exercise such other functions as are required for the achievement of the objective of the Convention as well as all other functions assigned to it under the Convention.

3....The Conference of the Parties shall, at its first session, adopt its own rules of procedure as well as those of the subsidiary bodies established by the Convention, which shall include decision-making procedures for matters not already covered by decision-making procedures stipulated in the Convention. Such procedures may include specified majorities required for the adoption of particular decisions.

4....The first session of the Conference of the Parties shall be convened by the interim secretariat referred to in Article 21 and shall take place not later than one year after the date of entry into force of the Convention. Thereafter, ordinary sessions of the Conference of the Parties shall be held every year unless otherwise decided by the Conference of the Parties.

5....Extraordinary sessions of the Conference of the Parties shall be held at such other times as may be deemed necessary by the Conference, or at the written request of any Party, provided that, within six months of the request being communicated to the Parties by the secretariat, it is supported by at least one third of the Parties.

6....The United Nations, its specialized agencies and the International Atomic Energy Agency, as well as any State member thereof or observers thereto not Party to the Convention, may be represented at sessions of the Conference of the Parties as observers. Any body or agency, whether national or international, governmental or non-governmental, which is qualified in matters covered by the Convention, and which has informed the secretariat of its wish to be represented at a session of the Conference of the Parties as an observer, may be so admitted unless at least one third of the Parties present object. The admission and participation of observers shall be subject to the rules of procedure adopted by the Conference of the Parties.

ARTICLE 8 SECRETARIAT

1....A secretariat is hereby established.

2....The functions of the secretariat shall be:

(a)....To make arrangements for sessions of the Conference of the Parties and its subsidiary bodies established under the Convention and to provide them with services as required;

(b)....To compile and transmit reports submitted to it;

(c)....To facilitate assistance to the Parties, particularly developing country Parties, on request, in the compilation and communication of information required in accordance with the provisions of the Convention;

(d)....To prepare reports on its activities and present them to the Conference of the Parties;

(e)....To ensure the necessary coordination with the secretariats of other relevant international bodies;

(f)....To enter, under the overall guidance of the Conference of the Parties, into such administrative and contractual arrangements as may be required for the effective discharge of its functions; and

(g)....To perform the other secretariat functions specified in the Convention and in any of its protocols and such other functions as may be determined by the Conference of the Parties.

3....The Conference of the Parties, at its first session, shall designate a permanent secretariat and make arrangements for its functioning.

ARTICLE 9 SUBSIDIARY BODY FOR SCIENTIFIC AND TECHNOLOGICAL ADVICE

1....A subsidiary body for scientific and technological advice is hereby established to provide the Conference of the Parties and, as appropriate, its other subsidiary bodies with timely information and advice on scientific and technological matters relating to the Convention. This body shall be open to participation by all Parties and shall be multidisciplinary. It shall comprise government representatives competent in the relevant field of expertise. It shall report regularly to the Conference of the Parties on all aspects of its work.

2....Under the guidance of the Conference of the Parties, and drawing upon existing competent international bodies, this body shall:

(a)....Provide assessments of the state of scientific knowledge relating to climate change and its effects;

(b)....Prepare scientific assessments on the effects of measures taken in the implementation of the Convention;

(c)....Identify innovative, efficient and state-of-the-art technologies and know-how and advise on the ways and means of promoting development and/or transferring such technologies;

(d)....Provide advice on scientific programmes, international cooperation in research and development related to climate change, as well as on ways and means of supporting endogenous capacity-building in developing countries; and

(e)....Respond to scientific, technological and methodological questions that the Conference of the Parties and its subsidiary bodies may put to the body.

3....The functions and terms of reference of this body may be further elaborated by the Conference of the Parties.

ARTICLE 10

SUBSIDIARY BODY FOR IMPLEMENTATION

1....A subsidiary body for implementation is hereby established to assist the Conference of the Parties in the assessment and review of the effective implementation of the Convention. This body shall be open to participation by all Parties and comprise government representatives who are experts on matters related to climate change. It shall report regularly to the Conference of the Parties on all aspects of its work.

2....Under the guidance of the Conference of the Parties, this body shall:

(a)....Consider the information communicated in accordance with Article 12, paragraph 1, to assess the overall aggregated effect of the steps taken by the Parties in the light of the latest scientific assessments concerning climate change;

(b)....Consider the information communicated in accordance with Article 12, paragraph 2, in order to assist the Conference of the Parties in carrying out the reviews required by Article 4, paragraph 2(d); and

(c)....Assist the Conference of the Parties, as appropriate, in the preparation and implementation of its decisions.

ARTICLE 11

FINANCIAL MECHANISM

1....A mechanism for the provision of financial resources on a grant or concessional basis, including for the transfer of technology, is hereby defined. It shall function under the guidance of and be accountable to the Conference of the Parties, which shall decide on its policies, programme priorities and eligibility criteria related to this Convention. Its operation shall be entrusted to one or more existing international entities.

2....The financial mechanism shall have an equitable and balanced representation of all Parties within a transparent system of governance.

3....The Conference of the Parties and the entity or entities entrusted with the operation of the financial mechanism shall agree upon arrangements to give effect to the above paragraphs, which shall include the following:

(a)....Modalities to ensure that the funded projects to address climate change are in conformity with the policies, programme priorities and eligibility criteria established by the Conference of the Parties;

(b)....Modalities by which a particular funding decision may be reconsidered in light of these policies, programme priorities and eligibility criteria;

(c)....Provision by the entity or entities of regular reports to the Conference of the Parties on its funding operations, which is consistent with the requirement for accountability set out in paragraph 1 above; and

(d)....Determination in a predictable and identifiable manner of the amount of funding necessary and available for the implementation of this Convention and the conditions under which that amount shall be periodically reviewed.

4....The Conference of the Parties shall make arrangements to implement the above- mentioned provisions at its first session, reviewing and taking into account the interim arrangements referred to in Article 21, paragraph 3, and shall decide whether these interim arrangements shall be maintained. Within four years thereafter, the Conference of the Parties shall review the financial mechanism and take appropriate measures.

5....The developed country Parties may also provide and developing country Parties avail themselves of, financial resources related to the implementation of the Convention through bilateral, regional and other multilateral channels.

ARTICLE 12

COMMUNICATION OF INFORMATION RELATED TO IMPLEMENTATION

1....In accordance with Article 4, paragraph 1, each Party shall communicate to the Conference of the Parties, through the secretariat, the following elements of information:

(a)....A national inventory of anthropogenic emissions by sources and removals by sinks of all greenhouse gases not controlled by the Montreal Protocol, to the extent its capacities permit, using comparable methodologies to be promoted and agreed upon by the Conference of the Parties;

(b)....A general description of steps taken or envisaged by the Party to implement the Convention; and

(c)....Any other information that the Party considers relevant to the achievement of the objective of the Convention and suitable for inclusion in its communication, including, if feasible, material relevant for calculations of global emission trends.

2....Each developed country Party and each other Party included in Annex I shall incorporate in its communication the following elements of information:

(a)....A detailed description of the policies and measures that it has adopted to implement its commitment under Article 4, paragraphs 2(a) and 2(b); and

(b)....A specific estimate of the effects that the policies and measures referred to in subparagraph (a) immediately above will have on anthropogenic emissions by its sources

and removals by its sinks of greenhouse gases during the period referred to in Article 4, paragraph 2(a).

3....In addition, each developed country Party and each other developed Party included in Annex II shall incorporate details of measures taken in accordance with Article 4, paragraphs 3, 4 and 5.

4....Developing country Parties may, on a voluntary basis, propose projects for financing, including specific technologies, materials, equipment, techniques or practices that would be needed to implement such projects, along with, if possible, an estimate of all incremental costs, of the reductions of emissions and increments of removals of greenhouse gases, as well as an estimate of the consequent benefits.

5....Each developed country Party and each other Party included in Annex I shall make its initial communication within six months of the entry into force of the Convention for that Party. Each Party not so listed shall make its initial communication within three years of the entry into force of the Convention for that Party, or of the availability of financial resources in accordance with Article 4, paragraph 3. Parties that are least developed countries may make their initial communication at their discretion. The frequency of subsequent communications by all Parties shall be determined by the Conference of the Parties, taking into account the differentiated timetable set by this paragraph.

6....Information communicated by Parties under this Article shall be transmitted by the secretariat as soon as possible to the Conference of the Parties and to any subsidiary bodies concerned. If necessary, the procedures for the communication of information may be further considered by the Conference of the Parties.

7....From its first session, the Conference of the Parties shall arrange for the provision to developing country Parties of technical and financial support, on request, in compiling and communicating information under this Article, as well as in identifying the technical and financial needs associated with proposed projects and response measures under Article 4. Such support may be provided by other Parties, by competent international organizations and by the secretariat, as appropriate.

8....Any group of Parties may, subject to guidelines adopted by the Conference of the Parties, and to prior notification to the Conference of the Parties, make a joint communication in fulfilment of their obligations under this Article, provided that such a communication includes information on the fulfilment by each of these Parties of its individual obligations under the Convention.

9....Information received by the secretariat that is designated by a Party as confidential, in accordance with criteria to be established by the Conference of the Parties, shall be aggregated by the secretariat to protect its confidentiality before being made available to any of the bodies involved in the communication and review of information.

10....Subject to paragraph 9 above, and without prejudice to the ability of any Party to make public its communication at any time, the secretariat shall make communications by Parties under this Article publicly available at the time they are submitted to the Conference of the Parties.

ARTICLE 13

RESOLUTION OF QUESTIONS REGARDING IMPLEMENTATION

The Conference of the Parties shall, at its first session, consider the establishment of a multilateral consultative process, available to Parties on their request, for the resolution of questions regarding the implementation of the Convention.

ARTICLE 14

SETTLEMENT OF DISPUTES

1....In the event of a dispute between any two or more Parties concerning the interpretation or application of the Convention, the Parties concerned shall seek a settlement of the dispute through negotiation or any other peaceful means of their own choice.

2....When ratifying, accepting, approving or acceding to the Convention, or at any time thereafter, a Party which is not a regional economic integration organization may declare in a written instrument submitted to the Depositary that, in respect of any dispute concerning the interpretation or application of the Convention, it recognizes as compulsory ipso facto and without special agreement, in relation to any Party accepting the same obligation:

(a)....Submission of the dispute to the International Court of Justice, and/or

(b)....Arbitration in accordance with procedures to be adopted by the Conference of the Parties as soon as practicable, in an annex on arbitration.

A Party which is a regional economic integration organization may make a declaration with like effect in relation to arbitration in accordance with the procedures referred to in subparagraph (b) above.

3....A declaration made under paragraph 2 above shall remain in force until it expires in accordance with its terms or until three months after written notice of its revocation has been deposited with the Depositary.

4....A new declaration, a notice of revocation or the expiry of a declaration shall not in any way affect proceedings pending before the International Court of Justice or the arbitral tribunal, unless the parties to the dispute otherwise agree.

5....Subject to the operation of paragraph 2 above, if after twelve months following notification by one Party to another that a dispute exists between them, the Parties concerned have not been able to settle their dispute through the means mentioned in paragraph 1 above, the dispute shall be submitted, at the request of any of the parties to the dispute, to conciliation.

6....A conciliation commission shall be created upon the request of one of the parties to the dispute. The commission shall be composed of an equal number of members appointed by each party concerned and a chairman chosen jointly by the members appointed by each party. The commission shall render a recommendatory award, which the parties shall consider in good faith.

7....Additional procedures relating to conciliation shall be adopted by the Conference of the Parties, as soon as practicable, in an annex on conciliation.

8....The provisions of this Article shall apply to any related legal instrument which the Conference of the Parties may adopt, unless the instrument provides otherwise.

ARTICLE 15

AMENDMENTS TO THE CONVENTION

1....Any Party may propose amendments to the Convention.

2....Amendments to the Convention shall be adopted at an ordinary session of the Conference of the Parties. The text of any proposed amendment to the Convention shall be communicated to

the Parties by the secretariat at least six months before the meeting at which it is proposed for adoption. The secretariat shall also communicate proposed amendments to the signatories to the Convention and, for information, to the Depositary.

3....The Parties shall make every effort to reach agreement on any proposed amendment to the Convention by consensus. If all efforts at consensus have been exhausted, and no agreement reached, the amendment shall as a last resort be adopted by a three-fourths majority vote of the Parties present and voting at the meeting. The adopted amendment shall be communicated by the secretariat to the Depositary, who shall circulate it to all Parties for their acceptance.

4....Instruments of acceptance in respect of an amendment shall be deposited with the Depositary. An amendment adopted in accordance with paragraph 3 above shall enter into force for those Parties having accepted it on the ninetieth day after the date of receipt by the Depositary of an instrument of acceptance by at least three fourths of the Parties to the Convention.

5....The amendment shall enter into force for any other Party on the ninetieth day after the date on which that Party deposits with the Depositary its instrument of acceptance of the said amendment.

6....For the purposes of this Article, "Parties present and voting" means Parties present and casting an affirmative or negative vote.

ARTICLE 16

ADOPTION AND AMENDMENT OF ANNEXES TO THE CONVENTION

1....Annexes to the Convention shall form an integral part thereof and, unless otherwise expressly provided, a reference to the Convention constitutes at the same time a reference to any annexes thereto. Without prejudice to the provisions of Article 14, paragraphs 2(b) and 7, such annexes shall be restricted to lists, forms and any other material of a descriptive nature that is of a scientific, technical, procedural or administrative character.

2....Annexes to the Convention shall be proposed and adopted in accordance with the procedure set forth in Article 15, paragraphs 2, 3 and 4.

3....An annex that has been adopted in accordance with paragraph 2 above shall enter into force for all Parties to the Convention six months after the date of the communication by the Depositary to such Parties of the adoption of the annex, except for those Parties that have notified the Depositary, in writing, within that period of their non-acceptance of the annex. The annex shall enter into force for Parties which withdraw their notification of non-acceptance on the ninetieth day after the date on which withdrawal of such notification has been received by the Depositary.

4....The proposal, adoption and entry into force of amendments to annexes to the Convention shall be subject to the same procedure as that for the proposal, adoption and entry into force of annexes to the Convention in accordance with paragraphs 2 and 3 above.

5....If the adoption of an annex or an amendment to an annex involves an amendment to the Convention, that annex or amendment to an annex shall not enter into force until such time as the amendment to the Convention enters into force.

ARTICLE 17 PROTOCOLS

- 1....The Conference of the Parties may, at any ordinary session, adopt protocols to the Convention.
- 2....The text of any proposed protocol shall be communicated to the Parties by the secretariat at least six months before such a session.
- 3....The requirements for the entry into force of any protocol shall be established by that instrument.
- 4....Only Parties to the Convention may be Parties to a protocol.
- 5....Decisions under any protocol shall be taken only by the Parties to the protocol concerned.

ARTICLE 18 RIGHT TO VOTE

- 1....Each Party to the Convention shall have one vote, except as provided for in paragraph 2 below.
- 2....Regional economic integration organizations, in matters within their competence, shall exercise their right to vote with a number of votes equal to the number of their member States that are Parties to the Convention. Such an organization shall not exercise its right to vote if any of its member States exercises its right, and vice versa.

ARTICLE 19 DEPOSITARY

The Secretary-General of the United Nations shall be the Depositary of the Convention and of protocols adopted in accordance with Article 17.

ARTICLE 20 SIGNATURE

This Convention shall be open for signature by States Members of the United Nations or of any of its specialized agencies or that are Parties to the Statute of the International Court of Justice and by regional economic integration organizations at Rio de Janeiro, during the United Nations Conference on Environment and Development, and thereafter at United Nations Headquarters in New York from 20 June 1992 to 19 June 1993.

ARTICLE 21 INTERIM ARRANGEMENTS

- 1....The secretariat functions referred to in Article 8 will be carried out on an interim basis by the secretariat established by the General Assembly of the United Nations in its resolution 45/212 of 21 December 1990, until the completion of the first session of the Conference of the Parties.

2....The head of the interim secretariat referred to in paragraph 1 above will cooperate closely with the Intergovernmental Panel on Climate Change to ensure that the Panel can respond to the need for objective scientific and technical advice. Other relevant scientific bodies could also be consulted.

3....The Global Environment Facility of the United Nations Development Programme, the United Nations Environment Programme and the International Bank for Reconstruction and Development shall be the international entity entrusted with the operation of the financial mechanism referred to in Article 11 on an interim basis. In this connection, the Global Environment Facility should be appropriately restructured and its membership made universal to enable it to fulfil the requirements of Article 11.

ARTICLE 22

RATIFICATION, ACCEPTANCE, APPROVAL OR ACCESSION

1....The Convention shall be subject to ratification, acceptance, approval or accession by States and by regional economic integration organizations. It shall be open for accession from the day after the date on which the Convention is closed for signature. Instruments of ratification, acceptance, approval or accession shall be deposited with the Depositary.

2....Any regional economic integration organization which becomes a Party to the Convention without any of its member States being a Party shall be bound by all the obligations under the Convention. In the case of such organizations, one or more of whose member States is a Party to the Convention, the organization and its member States shall decide on their respective responsibilities for the performance of their obligations under the Convention. In such cases, the organization and the member States shall not be entitled to exercise rights under the Convention concurrently.

3....In their instruments of ratification, acceptance, approval or accession, regional economic integration organizations shall declare the extent of their competence with respect to the matters governed by the Convention. These organizations shall also inform the Depositary, who shall in turn inform the Parties, of any substantial modification in the extent of their competence.

ARTICLE 23

ENTRY INTO FORCE

1....The Convention shall enter into force on the ninetieth day after the date of deposit of the fiftieth instrument of ratification, acceptance, approval or accession.

2....For each State or regional economic integration organization that ratifies, accepts or approves the Convention or accedes thereto after the deposit of the fiftieth instrument of ratification, acceptance, approval or accession, the Convention shall enter into force on the ninetieth day after the date of deposit by such State or regional economic integration organization of its instrument of ratification, acceptance, approval or accession.

3....For the purposes of paragraphs 1 and 2 above, any instrument deposited by a regional economic integration organization shall not be counted as additional to those deposited by States members of the organization.

ARTICLE 24 RESERVATIONS

No reservations may be made to the Convention.

ARTICLE 25 WITHDRAWAL

1....At any time after three years from the date on which the Convention has entered into force for a Party, that Party may withdraw from the Convention by giving written notification to the Depository.

2....Any such withdrawal shall take effect upon expiry of one year from the date of receipt by the Depository of the notification of withdrawal, or on such later date as may be specified in the notification of withdrawal.

3....Any Party that withdraws from the Convention shall be considered as also having withdrawn from any protocol to which it is a Party.

ARTICLE 26 AUTHENTIC TEXTS

The original of this Convention, of which the Arabic, Chinese, English, French, Russian and Spanish texts are equally authentic, shall be deposited with the Secretary-General of the United Nations.

IN WITNESS WHEREOF the undersigned, being duly authorized to that effect, have signed this Convention.

DONE at New York this ninth day of May one thousand nine hundred and ninety- two.

[see website for list of signatories]

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Further Information

The full text of the UN Framework Convention for Climate Change is available at the UNFCCC web site: <http://unfccc.int/2860.php>.

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Keidanren Global Environment Charter

This Charter was developed in 1991 by the Japanese Federation of Economic Organizations was developed in 1991 to help Japanese companies incorporate sustainable development into their activities and corporate policies. Select the links below for the full text of the various sections.

[Introduction](#)

[Basic philosophy](#)

[Guidelines for corporate action](#)

- [General management policies](#)
- [Corporate Organization](#)
- [Concern for the environment](#)
- [Technology development](#)
- [Technology transfers](#)
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Further Information

Nippon Keidanren web site in English: <http://www.keidanren.or.jp/index.html>

Stockholm Convention on Persistent Organic Pollutants

Article 1

Objective

Mindful of the precautionary approach as set forth in Principle 15 of the Rio Declaration on Environment and Development, the objective of this Convention is to protect human health and the environment from persistent organic pollutants.

Article 2

Definitions

For the purposes of this Convention:

- (a) "Party" means a State or regional economic integration organization that has consented to be bound by this Convention and for which the Convention is in force;
- (b) "Regional economic integration organization" means an organization constituted by sovereign States of a given region to which its member States have transferred competence in respect of matters governed by this Convention and which has been duly authorized, in accordance with its internal procedures, to sign, ratify, accept, approve or accede to this Convention;
- (c) "Parties present and voting" means Parties present and casting an affirmative or negative vote.

Article 3

Measures to reduce or eliminate releases from intentional production and use

1. Each Party shall:

- (a) Prohibit and/or take the legal and administrative measures necessary to eliminate:
 - (i) Its production and use of the chemicals listed in Annex A subject to the provisions of that Annex; and
 - (ii) Its import and export of the chemicals listed in Annex A in accordance with the provisions of paragraph 2; and
- (b) Restrict its production and use of the chemicals listed in Annex B in accordance with the provisions of that Annex.

2. Each Party shall take measures to ensure:

- (a) That a chemical listed in Annex A or Annex B is imported only:
 - (i) For the purpose of environmentally sound disposal as set forth in paragraph 1 (d) of Article 6; or
 - (ii) For a use or purpose which is permitted for that Party under Annex A or Annex B;

3. Each Party that has one or more regulatory and assessment schemes for new pesticides or new industrial chemicals shall take measures to regulate with the aim of preventing the production and use of new pesticides or new industrial chemicals which, taking into consideration the criteria in paragraph 1 of Annex D, exhibit the characteristics of persistent organic pollutants.

Article 4

Register of specific exemptions

A Register is hereby established for the purpose of identifying the Parties that have specific exemptions listed in Annex A or Annex B. It shall not identify Parties that make use of the provisions in Annex A or Annex B that may be exercised by all Parties. The Register shall be maintained by the Secretariat and shall be available to the public.

Article 5

Measures to reduce or eliminate releases from unintentional production

Each Party shall at a minimum take the following measures to reduce the total releases derived from anthropogenic sources of each of the chemicals listed in Annex C, with the goal of their continuing minimization and, where feasible, ultimate elimination:

(a) Develop an action plan or, where appropriate, a regional or subregional action plan within two years of the date of entry into force of this Convention for it, and subsequently implement it as part of its implementation plan specified in Article 7, designed to identify, characterize and address the release of the chemicals listed in Annex C and to facilitate implementation of subparagraphs (b) to (e).

(b) Promote the application of available, feasible and practical measures that can expeditiously achieve a realistic and meaningful level of release reduction or source elimination;

(c) Promote the development and, where it deems appropriate, require the use of substitute or modified materials, products and processes to prevent the formation and release of the chemicals listed in Annex C, taking into consideration the general guidance on prevention and release reduction measures in Annex C and guidelines to be adopted by decision of the Conference of the Parties;

(d) Promote and, in accordance with the implementation schedule of its action plan, require the use of best available techniques for new sources within source categories which a Party has identified as warranting such action in its action plan, with a particular initial focus on source categories identified in Part II of Annex C. In any case, the requirement to use best available techniques for new sources in the categories listed in Part II of that Annex shall be phased in as soon as practicable but no later than four years after the entry into force of the Convention for that Party. For the identified categories, Parties shall promote the use of best environmental practices. When applying best available techniques and best environmental practices, Parties should take into consideration the general guidance on prevention and release reduction measures in that Annex and guidelines on best available techniques and best environmental practices to be adopted by decision of the Conference of the Parties;

(e) Promote, in accordance with its action plan, the use of best available techniques and best environmental practices.

Article 6

Measures to reduce or eliminate releases from stockpiles and wastes

In order to ensure that stockpiles consisting of or containing chemicals listed either in Annex A or Annex B and wastes, including products and articles upon becoming wastes, consisting of, containing or contaminated with a chemical listed in Annex A, B or C, are managed in a manner protective of human health and the environment, each Party shall:

- (a) Develop appropriate strategies for identifying:
 - (i) Stockpiles consisting of or containing chemicals listed either in Annex A or Annex B; and
 - (ii) Products and articles in use and wastes consisting of, containing or contaminated with a chemical listed in Annex A, B or C;
- (b) Identify, to the extent practicable, stockpiles consisting of or containing chemicals listed either in Annex A or Annex B on the basis of the strategies referred to in subparagraph (a);
- (c) Manage stockpiles, as appropriate, in a safe, efficient and environmentally sound manner. Stockpiles of chemicals listed either in Annex A or Annex B, after they are no longer allowed to be used according to any specific exemption specified in Annex A or any specific exemption or acceptable purpose specified in Annex B, except stockpiles which are allowed to be exported according to paragraph 2 of Article 3, shall be deemed to be waste and shall be managed in accordance with subparagraph (d);
- (d) Take appropriate measures so that such wastes, including products and articles upon becoming wastes, are:
 - (i) Handled, collected, transported and stored in an environmentally sound manner;
 - (ii) Disposed of in such a way that the persistent organic pollutant content is destroyed or irreversibly transformed so that they do not exhibit the characteristics of persistent organic pollutants or otherwise disposed of in an environmentally sound manner when destruction or irreversible transformation does not represent the environmentally preferable option or the persistent organic pollutant content is low, taking into account international rules, standards, and guidelines, including those that may be developed pursuant to paragraph 2, and relevant global and regional regimes governing the management of hazardous wastes;
 - (iii) Not permitted to be subjected to disposal operations that may lead to recovery, recycling, reclamation, direct reuse or alternative uses of persistent organic pollutants; and
 - (iv) Not transported across international boundaries without taking into account relevant international rules, standards and guidelines;
- (e) Endeavour to develop appropriate strategies for identifying sites contaminated by chemicals listed in Annex A, B or C; if remediation of those sites is undertaken it shall be performed in an environmentally sound manner.

Article 7

Implementation plans

Each Party shall:

- (a) Develop and endeavour to implement a plan for the implementation of its obligations under this Convention;
- (b) Transmit its implementation plan to the Conference of the Parties within two years of the date on which this Convention enters into force for it; and
- (c) Review and update, as appropriate, its implementation plan on a periodic basis and in a manner to be specified by a decision of the Conference of the Parties.

Article 8

Listing of chemicals in Annexes A, B and C

A Party may submit a proposal to the Secretariat for listing a chemical in Annexes A, B and/or C. The proposal shall contain the information specified in Annex D. In developing a proposal, a Party may be assisted by other Parties and/or by the Secretariat.

Article 9

Information exchange

1. Each Party shall facilitate or undertake the exchange of information relevant to:
 - (a) The reduction or elimination of the production, use and release of persistent organic pollutants; and
 - (b) Alternatives to persistent organic pollutants, including information relating to their risks as well as to their economic and social costs.
2. The Parties shall exchange the information referred to in paragraph 1 directly or through the Secretariat.

Article 10

Public information, awareness and education

Each Party shall, within its capabilities, promote and facilitate:

- (a) Awareness among its policy and decision makers with regard to persistent organic pollutants;
- (b) Provision to the public of all available information on persistent organic pollutants, taking into account paragraph 5 of Article 9;
- (c) Development and implementation, especially for women, children and the least educated, of educational and public awareness programmes on persistent organic pollutants, as well as on their health and environmental effects and on their alternatives;
- (d) Public participation in addressing persistent organic pollutants and their health and environmental effects and in developing adequate responses, including opportunities for providing input at the national level regarding implementation of this Convention;
- (e) Training of workers, scientists, educators and technical and managerial personnel;

(f) Development and exchange of educational and public awareness materials at the national and international levels; and

(g) Development and implementation of education and training programmes at the national and international levels.

Article 11

Research, development and monitoring

The Parties shall, within their capabilities, at the national and international levels, encourage and/or undertake appropriate research, development, monitoring and cooperation pertaining to persistent organic pollutants and, where relevant, to their alternatives and to candidate persistent organic pollutants, including on their:

(a) Sources and releases into the environment;

(b) Presence, levels and trends in humans and the environment;

(c) Environmental transport, fate and transformation;

(d) Effects on human health and the environment;

(e) Socio-economic and cultural impacts;

(f) Release reduction and/or elimination; and

(g) Harmonized methodologies for making inventories of generating sources and analytical techniques for the measurement of releases.

Article 12

Technical assistance

The Parties recognize that rendering of timely and appropriate technical assistance in response to requests from developing country Parties and Parties with economies in transition is essential to the successful implementation of this Convention.

Article 13

Financial resources and mechanisms

Each Party undertakes to provide, within its capabilities, financial support and incentives in respect of those national activities that are intended to achieve the objective of this Convention in accordance with its national plans, priorities and programmes.

Article 14

Interim financial arrangements

The institutional structure of the Global Environment Facility, operated in accordance with the

Instrument for the Establishment of the Restructured Global Environment Facility, shall, on an interim basis, be the principal entity entrusted with the operations of the financial mechanism referred to in Article 13, for the period between the date of entry into force of this Convention and the first meeting of the Conference of the Parties, or until such time as the Conference of the Parties decides which institutional structure will be designated in accordance with Article 13. The institutional structure of the Global Environment Facility should fulfill this function through operational measures related specifically to persistent organic pollutants taking into account that new arrangements for this area may be needed.

Article 15

Reporting

Each Party shall report to the Conference of the Parties on the measures it has taken to implement the provisions of this Convention and on the effectiveness of such measures in meeting the objectives of the Convention..

Article 16

Effectiveness evaluation.

Commencing four years after the date of entry into force of this Convention, and periodically thereafter at intervals to be decided by the Conference of the Parties, the Conference shall evaluate the effectiveness of this Convention.

Article 17

Non-compliance

The Conference of the Parties shall, as soon as practicable, develop and approve procedures and institutional mechanisms for determining non-compliance with the provisions of this Convention and for the treatment of Parties found to be in non-compliance.

Article 18

Settlement of disputes

Parties shall settle any dispute between them concerning the interpretation or application of this Convention through negotiation or other peaceful means of their own choice.

Article 19

Conference of the Parties

1. A Conference of the Parties is hereby established.
2. The first meeting of the Conference of the Parties shall be convened by the Executive Director of the United Nations Environment Programme no later than one year after the entry into force of this Convention. Thereafter, ordinary meetings of the Conference of the Parties shall be held at regular intervals to be decided by the Conference.

E. Article 20

Secretariat

1. A Secretariat is hereby established.
2. The functions of the Secretariat shall be:
 - (a) To make arrangements for meetings of the Conference of the Parties and its subsidiary bodies and to provide them with services as required;
 - (b) To facilitate assistance to the Parties, particularly developing country Parties and Parties with economies in transition, on request, in the implementation of this Convention;
 - (c) To ensure the necessary coordination with the secretariats of other relevant international bodies;
 - (d) To prepare and make available to the Parties periodic reports based on information received pursuant to Article 15 and other available information;
 - (e) To enter, under the overall guidance of the Conference of the Parties, into such administrative and contractual arrangements as may be required for the effective discharge of its functions; and
 - (f) To perform the other secretariat functions specified in this Convention and such other functions as may be determined by the Conference of the Parties.

Article 21

Amendments to the Convention

Amendments to this Convention may be proposed by any Party.

Article 22

Adoption and amendment of annexes

1. Annexes to this Convention shall form an integral part thereof and, unless expressly provided otherwise, a reference to this Convention constitutes at the same time a reference to any annexes thereto.
2. Any additional annexes shall be restricted to procedural, scientific, technical or administrative matters.

Article 23

Right to vote

1. Each Party to this Convention shall have one vote, except as provided for in paragraph 2.
2. A regional economic integration organization, on matters within its competence, shall exercise its right to vote with a number of votes equal to the number of its member States that are Parties to this Convention. Such an organization shall not exercise its right to vote if any of its member States exercises its right to vote, and vice versa.

Article 24

Signature

This Convention shall be open for signature at Stockholm by all States and regional economic integration organizations on 23 May 2001, and at the United Nations Headquarters in New York from 24 May 2001 to 22 May 2002.

Article 25

Ratification, acceptance, approval or accession

This Convention shall be subject to ratification, acceptance or approval by States and by regional economic integration organizations. It shall be open for accession by States and by regional economic integration organizations from the day after the date on which the Convention is closed for signature. Instruments of ratification, acceptance, approval or accession shall be deposited with the depositary.

Article 26

Entry into force

This Convention shall enter into force on the ninetieth day after the date of deposit of the fiftieth instrument of ratification, acceptance, approval or accession.

Article 27

Reservations

No reservations may be made to this Convention.

Article 28

Withdrawal

At any time after three years from the date on which this Convention has entered into force for a Party, that Party may withdraw from the Convention by giving written notification to the depositary.

Article 29

Depositary

The Secretary-General of the United Nations shall be the depositary of this Convention.

Article 30

Authentic texts

The original of this Convention, of which the Arabic, Chinese, English, French, Russian and Spanish texts are equally authentic, shall be deposited with the Secretary-General of the United Nations.

Further information:

Document on the web: http://www.pops.int/documents/convtext/convtext_en.pdf

Further Resources and Links: Environment

See also the section on Sustainable Development.

Business and Biodiversity: A Handbook for Corporate Action. WBCSD, 2002.
http://www.wbcsd.org/web/publications/business_biodiversity2002.pdf

Business for Social Responsibility in San Francisco has a Business and the Environment Program which provides organizations with access to practical information to improve environmental performance.
www.bsr.org

Canadian National Round Table on Environment and the Economy (NRTEE)'s *Measuring Eco-efficiency in Business* presents the results of feasibility testing of material and energy intensity indicators by a small group of large companies. www.nrtee-trnee.ca

Coalition for Environmentally Responsible Economies (CERES) is a non-profit coalition of investors, labour, environmental, religious groups working with companies to promote corporate environmental responsibility. The CERES Principles are online at: www.ceres.org

Conservation International works with businesses and cooperatives to supply products and enterprises that sustainably use natural resources.
www.conservation.org

Convention on Biological Diversity
Adopted at the World Summit on Sustainable Development in 1992.
<http://www.biodiv.org/default.aspx>

Global Network of Environment and Technology
<http://www.gnet.org/>

International Society for Ecological Economics is a non-profit organization that encourages the integration of economics and ecology toward developing a sustainable world.
<http://www.ecoeco.org/>

Natural Step
The Natural Step, originally developed in Sweden, uses a science-based, systems framework to help organizations, individuals and communities take steps towards sustainability.
www.naturalstep.org

Pollution Probe is a leading Canadian environmental organization that works with businesses to press for practical solutions to environmental problems.
www.pollutionprobe.org/

UNEP Voluntary Initiatives
Outreach and partnerships with business.
http://www.uneptie.org/outreach/vi_home.htm

World Business Council for Sustainable Development is a coalition of 140 international companies united by a shared commitment to sustainable development, environmental protection, social equity and economic growth.
<http://www.wbcsd.org/>

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Sustainable Development

Bellagio Principles

Guidelines for the Practical Assessment of Progress toward Sustainable Development

November 1996

Background

In 1987, the World Commission on Environment and Development (Brundtland Commission) called for the development of new ways to measure and assess progress. This call has been subsequently echoed through activities that range from local to global in scale. In response, significant efforts to assess performance have been made by corporations, non-government organizations, academics, communities, nations, and international organizations.

The International Institute for Sustainable Development sought and received support from the Rockefeller Foundation to bring together an international group of measurement practitioners and researchers to review progress to date and to synthesize insights from practical ongoing efforts. Overarching principles were sought that would provide a link between theory and practice. Such principles serve as practical guidelines for the whole of the assessment process.

Who Developed the Principles?

In November 1996, an international group of practitioners and researchers from five continents came together at the Rockefeller Foundation's Study and Conference Center in Bellagio, Italy to review progress to date and to synthesize insights from practical ongoing efforts. The attached principles resulted and were unanimously endorsed.

Overview

These principles deal with four aspects of assessing progress toward sustainability. Principle 1 deals with the starting point of any assessment by establishing a vision of sustainable development and clear goals that provide a practical definition of that vision in terms that are meaningful for the decision-making unit in question. Principles 2 through 5 deal with the content of any assessment and the need to merge a sense of the overall system with a practical focus on current priority issues. Principles 6 through 8 deal with key issues of the process of assessment, while Principles 9 and 10 deal with the necessity for establishing a continuing capacity for assessment.

1. Guiding Vision and Goals

Assessment of progress toward sustainable development should be guided by a clear vision of sustainable development and goals that define that vision.

2. Holistic Perspective

Assessment of progress toward sustainable development should:

- include review of the whole system as well as its parts
- consider the well-being of social, ecological, and economic sub-systems, their state as well as the direction and rate of change of that state, of their component parts, and the interaction between parts

- consider both positive and negative consequences of human activity, in a way that reflects the costs and benefits for human and ecological systems, in monetary and non-monetary terms

3. Essential Elements

Assessment of progress toward sustainable development should:

- consider equity and disparity within the current population and between present and future generations, dealing with such concerns as resource use, over-consumption and poverty, human rights, and access to services, as appropriate
- consider the ecological conditions on which life depends
- consider economic development and other, non-market activities that contribute to human/social well-being

4. Adequate Scope

Assessment of progress toward sustainable development should:

- adopt a time horizon long enough to capture both human and ecosystem time scales thus responding to needs of future generations as well as those current to short-term decision-making
- define the space of study large enough to include not only local but also long distance impacts on people and ecosystems
- build on historic and current conditions to anticipate future conditions - where we want to go, where we could go

5. Practical Focus

Assessment of progress toward sustainable development should be based on:

- an explicit set of categories or an organising framework that links vision and goals to indicators and assessment criteria
- a limited number of key issues for analysis
- a limited number of indicators or indicator combinations to provide a clearer signal of progress
- standardising measurement wherever possible to permit comparison
- comparing indicator values to targets, reference values, ranges, thresholds, or direction of trends, as appropriate

6. Openness

Assessment of progress toward sustainable development should:

- make methods and data that are used accessible to all

- make explicit all judgments, assumptions, and uncertainties in data and interpretations

7. Effective Communication

Assessment of progress toward sustainable development should:

- be designed to address the needs of the audience and set of users
- draw from indicators and other tools that are stimulating and serve to engage decision-makers
- aim, from the outset, for simplicity in structure and use of clear and plain language

8. Broad Participation

Assessment of progress toward sustainable development should:

- obtain broad representation of key grass-roots, professional, technical and social groups, including youth, women, and indigenous people - to ensure the recognition of diverse and changing values
- ensure the participation of decision-makers to secure a firm link to adopted policies and resulting action

9. On-going Assessment

Assessment of progress toward sustainable development should:

- develop a capacity for repeated measurement to determine trends
- be iterative, adaptive, and responsive to change and uncertainty because systems are complex and change frequently
- adjust goals, frameworks, and indicators as new insights are gained
- promote development of collective learning and feedback to decision-making

10. Institutional Capacity

Continuity of assessing progress toward sustainable development should be assured by:

- Clearly assigning responsibility and providing on-going support in the decision-making process
- providing institutional capacity for data collection, maintenance, and documentation
- supporting development of local assessment capacity

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Further information:

Bellagio Principles: <http://www.nssd.net/references/SDInd/Bellagio.html>

Earth Charter

In 1987 the United Nations World Commission on Environment and Development issued a call for creation of a new charter that would set forth fundamental principles for sustainable development.

The drafting of an Earth Charter was part of the unfinished business of the 1992 Rio Earth Summit. In 1994 Maurice Strong, the Secretary General of the Earth Summit and Chairman of the Earth Council, and Mikhail Gorbachev, President of Green Cross International, launched a new Earth Charter initiative with support from the Dutch government. An Earth Charter Commission was formed in 1997 to oversee the project and an Earth Charter Secretariat was established at the Earth Council in Costa Rica.

The Earth Charter was officially launched in June 2000. The mission of the initiative is to establish a sound ethical foundation for the emerging global society and to help build a sustainable world based on respect for nature, universal human rights, economic justice, and a culture of peace.

PREAMBLE

We stand at a critical moment in Earth's history, a time when humanity must choose its future. As the world becomes increasingly interdependent and fragile, the future at once holds great peril and great promise. To move forward we must recognize that in the midst of a magnificent diversity of cultures and life forms we are one human family and one Earth community with a common destiny. We must join together to bring forth a sustainable global society founded on respect for nature, universal human rights, economic justice, and a culture of peace. Towards this end, it is imperative that we, the peoples of Earth, declare our responsibility to one another, to the greater community of life, and to future generations.

Earth, Our Home

Humanity is part of a vast evolving universe. Earth, our home, is alive with a unique community of life. The forces of nature make existence a demanding and uncertain adventure, but Earth has provided the conditions essential to life's evolution. The resilience of the community of life and the well-being of humanity depend upon preserving a healthy biosphere with all its ecological systems, a rich variety of plants and animals, fertile soils, pure waters, and clean air. The global environment with its finite resources is a common concern of all peoples. The protection of Earth's vitality, diversity, and beauty is a sacred trust.

The Global Situation

The dominant patterns of production and consumption are causing environmental devastation, the depletion of resources, and a massive extinction of species. Communities are being undermined. The benefits of development are not shared equitably and the gap between rich and poor is widening. Injustice, poverty, ignorance, and violent conflict are widespread and the cause of great suffering. An unprecedented rise in human population has overburdened ecological and social systems. The foundations of global security are threatened. These trends are perilous—but not inevitable.

The Challenges Ahead

The choice is ours: form a global partnership to care for Earth and one another or risk the destruction of ourselves and the diversity of life. Fundamental changes are needed in our values, institutions, and ways of living. We must realize that when basic needs have been met, human

development is primarily about being more, not having more. We have the knowledge and technology to provide for all and to reduce our impacts on the environment. The emergence of a global civil society is creating new opportunities to build a democratic and humane world. Our environmental, economic, political, social, and spiritual challenges are interconnected, and together we can forge inclusive solutions.

Universal Responsibility

To realize these aspirations, we must decide to live with a sense of universal responsibility, identifying ourselves with the whole Earth community as well as our local communities. We are at once citizens of different nations and of one world in which the local and global are linked. Everyone shares responsibility for the present and future well-being of the human family and the larger living world. The spirit of human solidarity and kinship with all life is strengthened when we live with reverence for the mystery of being, gratitude for the gift of life, and humility regarding the human place in nature.

We urgently need a shared vision of basic values to provide an ethical foundation for the emerging world community. Therefore, together in hope we affirm the following interdependent principles for a sustainable way of life as a common standard by which the conduct of all individuals, organizations, businesses, governments, and transnational institutions is to be guided and assessed.

PRINCIPLES

I. RESPECT AND CARE FOR THE COMMUNITY OF LIFE

1. Respect Earth and life in all its diversity.

- a. Recognize that all beings are interdependent and every form of life has value regardless of its worth to human beings.
- b. Affirm faith in the inherent dignity of all human beings and in the intellectual, artistic, ethical, and spiritual potential of humanity.

2. Care for the community of life with understanding, compassion, and love.

- a. Accept that with the right to own, manage, and use natural resources comes the duty to prevent environmental harm and to protect the rights of people.
- b. Affirm that with increased freedom, knowledge, and power comes increased responsibility to promote the common good.

3. Build democratic societies that are just, participatory, sustainable, and peaceful.

- a. Ensure that communities at all levels guarantee human rights and fundamental freedoms and provide everyone an opportunity to realize his or her full potential.
- b. Promote social and economic justice, enabling all to achieve a secure and meaningful livelihood that is ecologically responsible.

4. Secure Earth's bounty and beauty for present and future generations.

- a. Recognize that the freedom of action of each generation is qualified by the needs of future generations.
- b. Transmit to future generations values, traditions, and institutions that support the long-term flourishing of Earth's human and ecological communities.

In order to fulfill these four broad commitments, it is necessary to:

II. ECOLOGICAL INTEGRITY

5. Protect and restore the integrity of Earth's ecological systems, with special concern for biological diversity and the natural processes that sustain life.

- a. Adopt at all levels sustainable development plans and regulations that make environmental conservation and rehabilitation integral to all development initiatives.
- b. Establish and safeguard viable nature and biosphere reserves, including wild lands and marine areas, to protect Earth's life support systems, maintain biodiversity, and preserve our natural heritage.
- c. Promote the recovery of endangered species and ecosystems.
- d. Control and eradicate non-native or genetically modified organisms harmful to native species and the environment, and prevent introduction of such harmful organisms.
- e. Manage the use of renewable resources such as water, soil, forest products, and marine life in ways that do not exceed rates of regeneration and that protect the health of ecosystems.
- f. Manage the extraction and use of non-renewable resources such as minerals and fossil fuels in ways that minimize depletion and cause no serious environmental damage.

6. Prevent harm as the best method of environmental protection and, when knowledge is limited, apply a precautionary approach.

- a. Take action to avoid the possibility of serious or irreversible environmental harm even when scientific knowledge is incomplete or inconclusive.
- b. Place the burden of proof on those who argue that a proposed activity will not cause significant harm, and make the responsible parties liable for environmental harm.
- c. Ensure that decision making addresses the cumulative, long-term, indirect, long distance, and global consequences of human activities.
- d. Prevent pollution of any part of the environment and allow no build-up of radioactive, toxic, or other hazardous substances.
- e. Avoid military activities damaging to the environment.

7. Adopt patterns of production, consumption, and reproduction that safeguard Earth's regenerative capacities, human rights, and community well-being.

- a. Reduce, reuse, and recycle the materials used in production and consumption systems, and ensure that residual waste can be assimilated by ecological systems.
- b. Act with restraint and efficiency when using energy, and rely increasingly on renewable energy sources such as solar and wind.
- c. Promote the development, adoption, and equitable transfer of environmentally sound technologies.
- d. Internalize the full environmental and social costs of goods and services in the selling price, and enable consumers to identify products that meet the highest social and environmental standards.
- e. Ensure universal access to health care that fosters reproductive health and responsible reproduction.
- f. Adopt lifestyles that emphasize the quality of life and material sufficiency in a finite world.

8. Advance the study of ecological sustainability and promote the open exchange and wide application of the knowledge acquired.

- a. Support international scientific and technical cooperation on sustainability, with special attention to the needs of developing nations.
- b. Recognize and preserve the traditional knowledge and spiritual wisdom in all cultures that contribute to environmental protection and human well-being.
- c. Ensure that information of vital importance to human health and environmental protection, including genetic information, remains available in the public domain.

III. SOCIAL AND ECONOMIC JUSTICE

9. Eradicate poverty as an ethical, social, and environmental imperative.

- a. Guarantee the right to potable water, clean air, food security, uncontaminated soil, shelter, and safe sanitation, allocating the national and international resources required.
- b. Empower every human being with the education and resources to secure a sustainable livelihood, and provide social security and safety nets for those who are unable to support themselves.
- c. Recognize the ignored, protect the vulnerable, serve those who suffer, and enable them to develop their capacities and to pursue their aspirations.

10. Ensure that economic activities and institutions at all levels promote human development in an equitable and sustainable manner.

- a. Promote the equitable distribution of wealth within nations and among nations.
- b. Enhance the intellectual, financial, technical, and social resources of developing nations, and relieve them of onerous international debt.
- c. Ensure that all trade supports sustainable resource use, environmental protection, and progressive labor standards.
- d. Require multinational corporations and international financial organizations to act transparently in the public good, and hold them accountable for the consequences of their activities.

11. Affirm gender equality and equity as prerequisites to sustainable development and ensure universal access to education, health care, and economic opportunity.

- a. Secure the human rights of women and girls and end all violence against them.
- b. Promote the active participation of women in all aspects of economic, political, civil, social, and cultural life as full and equal partners, decision makers, leaders, and beneficiaries.
- c. Strengthen families and ensure the safety and loving nurture of all family members.

12. Uphold the right of all, without discrimination, to a natural and social environment supportive of human dignity, bodily health, and spiritual well-being, with special attention to the rights of indigenous peoples and minorities.

- a. Eliminate discrimination in all its forms, such as that based on race, color, sex, sexual orientation, religion, language, and national, ethnic or social origin.

- b. Affirm the right of indigenous peoples to their spirituality, knowledge, lands and resources and to their related practice of sustainable livelihoods.
- c. Honor and support the young people of our communities, enabling them to fulfill their essential role in creating sustainable societies.
- d. Protect and restore outstanding places of cultural and spiritual significance.

IV. DEMOCRACY, NONVIOLENCE, AND PEACE

13. Strengthen democratic institutions at all levels, and provide transparency and accountability in governance, inclusive participation in decision making, and access to justice.

- a. Uphold the right of everyone to receive clear and timely information on environmental matters and all development plans and activities which are likely to affect them or in which they have an interest.
- b. Support local, regional and global civil society, and promote the meaningful participation of all interested individuals and organizations in decision making.
- c. Protect the rights to freedom of opinion, expression, peaceful assembly, association, and dissent.
- d. Institute effective and efficient access to administrative and independent judicial procedures, including remedies and redress for environmental harm and the threat of such harm.
- e. Eliminate corruption in all public and private institutions.
- f. Strengthen local communities, enabling them to care for their environments, and assign environmental responsibilities to the levels of government where they can be carried out most effectively.

14. Integrate into formal education and life-long learning the knowledge, values, and skills needed for a sustainable way of life.

- a. Provide all, especially children and youth, with educational opportunities that empower them to contribute actively to sustainable development.
- b. Promote the contribution of the arts and humanities as well as the sciences in sustainability education.
- c. Enhance the role of the mass media in raising awareness of ecological and social challenges.
- d. Recognize the importance of moral and spiritual education for sustainable living.

15. Treat all living beings with respect and consideration.

- a. Prevent cruelty to animals kept in human societies and protect them from suffering.
- b. Protect wild animals from methods of hunting, trapping, and fishing that cause extreme, prolonged, or avoidable suffering.
- c. Avoid or eliminate to the full extent possible the taking or destruction of non-targeted species.

16. Promote a culture of tolerance, nonviolence, and peace.

- a. Encourage and support mutual understanding, solidarity, and cooperation among all peoples and within and among nations.

- b. Implement comprehensive strategies to prevent violent conflict and use collaborative problem solving to manage and resolve environmental conflicts and other disputes.
- c. Demilitarize national security systems to the level of a non-provocative defense posture, and convert military resources to peaceful purposes, including ecological restoration.
- d. Eliminate nuclear, biological, and toxic weapons and other weapons of mass destruction.
- e. Ensure that the use of orbital and outer space supports environmental protection and peace.
- f. Recognize that peace is the wholeness created by right relationships with oneself, other persons, other cultures, other life, Earth, and the larger whole of which all are a part.

THE WAY FORWARD

As never before in history, common destiny beckons us to seek a new beginning. Such renewal is the promise of these Earth Charter principles. To fulfill this promise, we must commit ourselves to adopt and promote the values and objectives of the Charter.

This requires a change of mind and heart. It requires a new sense of global interdependence and universal responsibility. We must imaginatively develop and apply the vision of a sustainable way of life locally, nationally, regionally, and globally. Our cultural diversity is a precious heritage and different cultures will find their own distinctive ways to realize the vision. We must deepen and expand the global dialogue that generated the Earth Charter, for we have much to learn from the ongoing collaborative search for truth and wisdom.

Life often involves tensions between important values. This can mean difficult choices. However, we must find ways to harmonize diversity with unity, the exercise of freedom with the common good, short-term objectives with long-term goals. Every individual, family, organization, and community has a vital role to play. The arts, sciences, religions, educational institutions, media, businesses, nongovernmental organizations, and governments are all called to offer creative leadership. The partnership of government, civil society, and business is essential for effective governance.

In order to build a sustainable global community, the nations of the world must renew their commitment to the United Nations, fulfill their obligations under existing international agreements, and support the implementation of Earth Charter principles with an international legally binding instrument on environment and development.

Let ours be a time remembered for the awakening of a new reverence for life, the firm resolve to achieve sustainability, the quickening of the struggle for justice and peace, and the joyful celebration of life.

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Further Information

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International Chamber of Commerce Business Charter for Sustainable Development

The International Chamber of Commerce created the Business Charter for Sustainable Development in 1991 to help businesses around the world improve their environmental performance. It is comprised of sixteen principles for environmental management.

PRINCIPLES

1. Corporate priority

To recognise environmental management as among the highest corporate priorities and as a key determinant to sustainable development; to establish policies, programmes and practices for conducting operations in an environmentally sound manner.

2. Integrated management

To integrate these policies, programmes and practices fully into each business as an essential element of management in all its functions.

3. Process of improvement

To continue to improve corporate policies, programmes and environmental performance, taking into account technical developments, scientific understanding, consumer needs and community expectations, with legal regulations as a starting point; and to apply the same environmental criteria internationally.

4. Employee education

To educate, train and motivate employees to conduct their activities in an environmentally responsible manner.

5. Prior assessment

To assess environmental impacts before starting a new activity or project and before decommissioning a facility or leaving a site.

6. Products and services

To develop and provide products or services that have no undue environmental impact and are safe in their intended use, that are efficient in their consumption of energy and natural resources, and that can be recycled, reused, or disposed of safely.

7. Customer advice

To advise, and where relevant educate, customers, distributors and the public in the safe use, transportation, storage and disposal of products provided; and to apply similar considerations to the provision of services.

8. Facilities and operations

To develop, design and operate facilities and conduct activities taking into consideration the efficient use of energy and materials, the sustainable use of renewable resources, the minimisation of adverse environmental impact and waste generation, and the safe and responsible disposal of residual wastes.

9. Research

To conduct or support research on the environmental impacts of raw materials, products, processes, emissions and wastes associated with the enterprise and on the means of minimizing such adverse impacts.

10. Precautionary approach

To modify the manufacture, marketing or use of products or services or the conduct of activities, consistent with scientific and technical understanding, to prevent serious or irreversible environmental degradation.

11. Contractors and suppliers

To promote the adoption of these principles by contractors acting on behalf of the enterprise, encouraging and, where appropriate, requiring improvements in their practices to make them consistent with those of the enterprise; and to encourage the wider adoption of these principles by suppliers.

12. Emergency preparedness

To develop and maintain, where significant hazards exist, emergency preparedness plans in conjunction with the emergency services, relevant authorities and the local community, recognizing potential transboundary impacts.

13. Transfer of technology

To contribute to the transfer of environmentally sound technology and management methods throughout the industrial and public sectors.

14. Contributing to the common effort

To contribute to the development of public policy and to business, governmental and intergovernmental programmes and educational initiatives that will enhance environmental awareness and protection.

15. Openness to concerns

To foster openness and dialogue with employees and the public, anticipating and responding to their concerns about the potential hazards and impacts of operations, products, wastes or services, including those of transboundary or global significance.

16. Compliance and reporting

To measure environmental performance; to conduct regular environmental audits and assessments of compliance with company requirements, legal requirements and these principles; and periodically to provide appropriate information to the Board of Directors, shareholders, employees, the authorities and the public.

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For More Information

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Business Charter for Sustainable Development: www.iccwbo.org/home/environment/charter.asp

Johannesburg Declaration on Sustainable Development

The draft political declaration submitted by the President of the UN World Summit on Sustainable Development in Johannesburg, South Africa, 26 August–4 September 2002.

From our origins to the future

1. We, the representatives of the peoples of the world, assembled at the World Summit on Sustainable Development in Johannesburg, South Africa, from 2 to

4 September 2002, reaffirm our commitment to sustainable development.

2. We commit ourselves to build a humane, equitable and caring global society cognizant of the need for human dignity for all.

3. At the beginning of this Summit, the children of the world spoke to us in a simple yet clear voice that the future belongs to them, and accordingly challenged all of us to ensure that through our actions they will inherit a world free of the indignity and indecency occasioned by poverty, environmental degradation and patterns of unsustainable development.

4. As part of our response to these children, who represent our collective future, all of us, coming from every corner of the world, informed by different life experiences, are united and moved by a deeply felt sense that we urgently need to create a new and brighter world of hope.

5. Accordingly, we assume a collective responsibility to advance and strengthen the interdependent and mutually reinforcing pillars of sustainable development — economic development, social development and environmental protection — at the local, national, regional and global levels.

6. From this continent, the cradle of humanity, we declare, through the Plan of Implementation of the World Summit on Sustainable Development and this Declaration, our responsibility to one another, to the greater community of life and to our children.

7. Recognizing that humankind is at a crossroads, we have united in a common resolve to make a determined effort to respond positively to the need to produce a practical and visible plan that should bring about poverty eradication and human development.

From Stockholm to Rio de Janeiro to Johannesburg

8. Thirty years ago, in Stockholm, we agreed on the urgent need to respond to the problem of environmental deterioration. Ten years ago, at the United Nations Conference on Environment and Development, held in Rio de Janeiro, we agreed that the protection of the environment and social and economic development are fundamental to sustainable development, based on the Rio Principles. To achieve such development, we adopted the global programme entitled Agenda 21 and the Rio Declaration on Environment and Development, to which we reaffirm our commitment. The Rio Conference was a significant milestone that set a new agenda for sustainable development.

9. Between Rio and Johannesburg, the world's nations have met in several major conferences under the auspices of the United Nations, including the International Conference on Financing for Development, as well as the Doha Ministerial Conference. These conferences defined for the world a comprehensive vision for the future of humanity.

10. At the Johannesburg Summit, we have achieved much in bringing together a rich tapestry of peoples and views in a constructive search for a common path towards a world that respects and implements the vision of sustainable development.

The Johannesburg Summit has also confirmed that significant progress has been made towards achieving a global consensus and partnership among all the people of our planet.

The challenges we face

11. We recognize that poverty eradication, changing consumption and production patterns, and protecting and managing the natural resource base for economic and social development are overarching objectives of, and essential requirements for sustainable development.

12. The deep fault line that divides human society between the rich and the poor and the ever-increasing gap between the developed and developing worlds pose a major threat to global prosperity, security and stability.

13. The global environment continues to suffer. Loss of biodiversity continues, fish stocks continue to be depleted, desertification claims more and more fertile land, the adverse effects of climate change are already evident, natural disasters are more frequent and more devastating and developing countries more vulnerable, and air, water and marine pollution continue to rob millions of a decent life.

14. Globalization has added a new dimension to these challenges. The rapid integration of markets, mobility of capital and significant increases in investment flows around the world have opened new challenges and opportunities for the pursuit of sustainable development. But the benefits and costs of globalization are unevenly distributed, with developing countries facing special difficulties in meeting this challenge.

15. We risk the entrenchment of these global disparities, and unless we act in a manner that fundamentally changes their lives the poor of the world may lose confidence in their representatives and the democratic systems to which we remain committed, seeing their representatives as nothing more than sounding brass or tinkling cymbals.

Our commitment to sustainable development

16. We are determined to ensure that our rich diversity, which is our collective strength, will be used for constructive partnership for change and for the achievement of the common goal of sustainable development.

17. We welcome the focus of the Johannesburg Summit on the indivisibility of human dignity and are resolved, through decisions on targets, timetables and partnerships, to speedily increase access to such basic requirements as clean water, sanitation, energy, health care, food security and the protection of biodiversity. At the same time, we will work together to help one another to have access to financial resources, benefit from the opening of markets, ensure capacity-building, use modern technology to bring about development, and make sure that there is technology transfer, human resource development, education and training to banish underdevelopment forever.

18. We are committed to ensure that women's empowerment and emancipation and gender equality are integrated in all the activities encompassed within Agenda 21, the millennium development goals and the Plan of Implementation of the Summit.

19. We recognize the reality that global society has the means and is endowed with the resources to address the challenges of poverty eradication and sustainable development confronting all humanity. Together, we will take extra steps to ensure that these available resources are used to the benefit of humanity.

20. In this regard, to contribute to the achievement of our development goals and targets, we urge developed countries that have not done so to make concrete efforts towards the internationally agreed levels of official development assistance.

21. We welcome and support the emergence of stronger regional groupings and alliances, such as the New Partnership for Africa's Development, to promote regional cooperation, improved international cooperation and sustainable development.

22. We shall continue to pay special attention to the developmental needs of small island developing States and the least developed countries.

23. We recognize that sustainable development requires a long-term perspective and broad-based participation in policy formulation, decision-making and implementation at all levels. As social partners, we will continue to work for stable partnerships with all major groups, respecting the independent, important roles of each of them.

24. We agree that in pursuit of its legitimate activities the private sector, including both large and small companies, has a duty to contribute to the evolution of equitable and sustainable communities and societies.

25. We also agree to provide assistance to increase income-generating employment opportunities, taking into account the Declaration on Fundamental Principles and Rights at Work of the International Labour Organization.

26. We agree that there is a need for private sector corporations to enforce corporate accountability, which should take place within a transparent and stable regulatory environment.

27. We undertake to strengthen and improve governance at all levels for the effective implementation of Agenda 21, the millennium development goals and the Plan of Implementation of the Summit.

Multilateralism is the future

28. To achieve our goals of sustainable development, we need more effective, democratic and accountable international and multilateral institutions.

29. We reaffirm our commitment to the principles and purposes of the Charter of the United Nations and international law, as well as to the strengthening of multilateralism. We support the leadership role of the United Nations as the most universal and representative organization in the world, which is best placed to promote sustainable development.

30. We further commit ourselves to monitor progress at regular intervals towards the achievement of our sustainable development goals and objectives.

Making it happen!

31. We are in agreement that this must be an inclusive process, involving all the major groups and Governments that participated in the historic Johannesburg Summit.

32. We commit ourselves to act together, united by a common determination to save our planet, promote human development and achieve universal prosperity and peace.

33. We commit ourselves to the Plan of Implementation of the World Summit on Sustainable Development and to expedite the achievement of the time-bound, socioeconomic and environmental targets contained therein.

34. From the African continent, the cradle of humankind, we solemnly pledge to the peoples of the world, and the generations that will surely inherit this Earth, that we are determined to ensure that our collective hope for sustainable development is realized.

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Further information

Documents from the 2002 World Summit on Sustainable Development:

http://www.un.org/esa/sustdev/documents/WSSD_POI_PD/English/POI_PD.htm

Rio Declaration on Environment and Development

United Nations, 1992

The twenty-seven principles of the Rio Declaration define the rights and responsibilities of nations as they pursue human development and well-being. Negotiated in 1992, the Declaration is based on the idea of sustainable development and defines a number of basic principles (e.g. precautionary principle, polluter pays principle, the right to development).

The United Nations Conference on Environment and Development,

Having met at Rio de Janeiro from 3 to 14 June 1992,

Reaffirming the Declaration of the United Nations Conference on the Human Environment, adopted at Stockholm on 16 June 1972,¹ and seeking to build upon it,

With the goal of establishing a new and equitable global partnership through the creation of new levels of cooperation among States, key sectors of societies and people,

Working towards international agreements which respect the interests of all and protect the integrity of the global environmental and developmental system,

Recognizing the integral and interdependent nature of the Earth, our home,

Proclaims that:

Principle 1

Human beings are at the centre of concerns for sustainable development. They are entitled to a healthy and productive life in harmony with nature.

Principle 2

States have, in accordance with the Charter of the United Nations and the principles of international law, the sovereign right to exploit their own resources pursuant to their own environmental and developmental policies, and the responsibility to ensure that activities within their jurisdiction or control do not cause damage to the environment of other States or of areas beyond the limits of national jurisdiction.

Principle 3

The right to development must be fulfilled so as to equitably meet developmental and environmental needs of present and future generations.

Principle 4

In order to achieve sustainable development, environmental protection shall constitute an integral part of the development process and cannot be considered in isolation from it.

Principle 5

All States and all people shall cooperate in the essential task of eradicating poverty as an indispensable requirement for sustainable development, in order to decrease the disparities in standards of living and better meet the needs of the majority of the people of the world.

Principle 6

The special situation and needs of developing countries, particularly the least developed and those most environmentally vulnerable, shall be given special priority. International actions in the field of environment and development should also address the interests and needs of all countries.

Principle 7

States shall cooperate in a spirit of global partnership to conserve, protect and restore the health and integrity of the Earth's ecosystem. In view of the different contributions to global environmental degradation, States have common but differentiated responsibilities. The developed countries acknowledge the responsibility that they bear in the international pursuit to sustainable development in view of the pressures their societies place on the global environment and of the technologies and financial resources they command.

Principle 8

To achieve sustainable development and a higher quality of life for all people, States should reduce and eliminate unsustainable patterns of production and consumption and promote appropriate demographic policies.

Principle 9

States should cooperate to strengthen endogenous capacity-building for sustainable development by improving scientific understanding through exchanges of scientific and technological knowledge, and by enhancing the development, adaptation, diffusion and transfer of technologies, including new and innovative technologies.

Principle 10

Environmental issues are best handled with participation of all concerned citizens, at the relevant level. At the national level, each individual shall have appropriate access to information concerning the environment that is held by public authorities, including information on hazardous materials and activities in their communities, and the opportunity to participate in decision-making processes. States shall facilitate and encourage public awareness and participation by making information widely available. Effective access to judicial and administrative proceedings, including redress and remedy, shall be provided.

Principle 11

States shall enact effective environmental legislation. Environmental standards, management objectives and priorities should reflect the environmental and development context to which they apply. Standards applied by some countries may be inappropriate and of unwarranted economic and social cost to other countries, in particular developing countries.

Principle 12

States should cooperate to promote a supportive and open international economic system that would lead to economic growth and sustainable development in all countries, to better address the problems of environmental degradation. Trade policy measures for environmental purposes should not constitute a means of arbitrary or unjustifiable discrimination or a disguised restriction on international trade. Unilateral actions to deal with environmental challenges outside the jurisdiction of the importing country should be avoided. Environmental measures addressing transboundary or global environmental problems should, as far as possible, be based on an international consensus.

Principle 13

States shall develop national law regarding liability and compensation for the victims of pollution and other environmental damage. States shall also cooperate in an expeditious and more determined manner to develop further international law regarding liability and compensation for adverse effects of environmental damage caused by activities within their jurisdiction or control to areas beyond their jurisdiction.

Principle 14

States should effectively cooperate to discourage or prevent the relocation and transfer to other States of any activities and substances that cause severe environmental degradation or are found to be harmful to human health.

Principle 15

In order to protect the environment, the precautionary approach shall be widely applied by States according to their capabilities. Where there are threats of serious or irreversible damage, lack of full scientific certainty shall not be used as a reason for postponing cost-effective measures to prevent environmental degradation.

Principle 16

National authorities should endeavour to promote the internalization of environmental costs and the use of economic instruments, taking into account the approach that the polluter should, in principle, bear the cost of pollution, with due regard to the public interest and without distorting international trade and investment.

Principle 17

Environmental impact assessment, as a national instrument, shall be undertaken for proposed activities that are likely to have a significant adverse impact on the environment and are subject to a decision of a competent national authority.

Principle 18

States shall immediately notify other States of any natural disasters or other emergencies that are likely to produce sudden harmful effects on the environment of those States. Every effort shall be made by the international community to help States so afflicted.

Principle 19

States shall provide prior and timely notification and relevant information to potentially affected States on activities that may have a significant adverse transboundary environmental effect and shall consult with those States at an early stage and in good faith.

Principle 20

Women have a vital role in environmental management and development. Their full participation is therefore essential to achieve sustainable development.

Principle 21

The creativity, ideals and courage of the youth of the world should be mobilized to forge a global partnership in order to achieve sustainable development and ensure a better future for all.

Principle 22

Indigenous people and their communities and other local communities have a vital role in environmental management and development because of their knowledge and traditional

practices. States should recognize and duly support their identity, culture and interests and enable their effective participation in the achievement of sustainable development.

Principle 23

The environment and natural resources of people under oppression, domination and occupation shall be protected.

Principle 24

Warfare is inherently destructive of sustainable development. States shall therefore respect international law providing protection for the environment in times of armed conflict and cooperate in its further development, as necessary.

Principle 25

Peace, development and environmental protection are interdependent and indivisible.

Principle 26

States shall resolve all their environmental disputes peacefully and by appropriate means in accordance with the Charter of the United Nations.

Principle 27

States and people shall cooperate in good faith and in a spirit of partnership in the fulfilment of the principles embodied in this Declaration and in the further development of international law in the field of sustainable development.

Notes:

¹ Report of the United Nations Conference on the Human Environment, Stockholm, 5-16 June 1972 (United Nations publication, Sales No. E.73.II.A.14 and corrigendum), chap. I

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Further information

Visit the United Nations Environment Program web site at:

<http://www.unep.org/Documents/Default.asp?DocumentID=78&ArticleID=1163>

Further Resources: Sustainable Development

See also the section on Environment.

Center for Renewable Energy and Sustainable Technology (CREST)

<http://www.crest.org/>

Center for Sustainable Development in the Americas. Climate change mitigation in Latin America and the Caribbean.

<http://www.csdanet.org/>

International Institute for Sustainable Development in Winnipeg provides research and networking information on voluntary codes and corporate reporting.

www.iisd.ca

Natural Resources and Sustainable Development is a public forum for information and communication concerning natural resources (minerals, oil and gas, biodiversity, energy, and water) and their interface with the economy, the environment and society.

<http://www.natural-resources.org/>

Sustainable Development Technology Canada

<http://www.sdtc.ca/>

World Business Council for Sustainable Development is a coalition of 140 international companies united by a shared commitment to sustainable development, environmental protection, social equity and economic growth.

<http://www.wbcsd.org/>

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Labour

Ethical Trading Initiative Base Code

The Ethical Trading Initiative has developed a code of labour practice – the 'Base Code' – that was the result of negotiations between trade unions, NGOs and business. The Base Code was released in 1998 and is based on Conventions of the International Labour Organization.

Ethical Trading Initiative member companies agree to adopt this Base Code, and must require that their suppliers meet the provisions of that Code within a reasonable timeframe.

The ETI Base Code

1. EMPLOYMENT IS FREELY CHOSEN

1.1 There is no forced, bonded or involuntary prison labour.

1.2 Workers are not required to lodge "deposits" or their identity papers with their employer and are free to leave their employer after reasonable notice.

2. FREEDOM OF ASSOCIATION AND THE RIGHT TO COLLECTIVE BARGAINING ARE RESPECTED

2.1 Workers, without distinction, have the right to join or form trade unions of their own choosing and to bargain collectively.

2.2 The employer adopts an open attitude towards the activities of trade unions and their organisational activities.

2.3 Workers representatives are not discriminated against and have access to carry out their representative functions in the workplace.

2.4 Where the right to freedom of association and collective bargaining is restricted under law, the employer facilitates, and does not hinder, the development of parallel means for independent and free association and bargaining.

3. WORKING CONDITIONS ARE SAFE AND HYGIENIC

3.1 A safe and hygienic working environment shall be provided, bearing in mind the prevailing knowledge of the industry and of any specific hazards. Adequate steps shall be taken to prevent accidents and injury to health arising out of, associated with, or occurring in the course of work, by minimising, so far as is reasonably practicable, the causes of hazards inherent in the working environment.

3.2 Workers shall receive regular and recorded health and safety training, and such training shall be repeated for new or reassigned workers.

3.3 Access to clean toilet facilities and to potable water, and, if appropriate, sanitary facilities for food storage shall be provided.

3.4 Accommodation, where provided, shall be clean, safe, and meet the basic needs of the workers.

3.5 The company observing the code shall assign responsibility for health and safety to a senior management representative.

4. CHILD LABOUR SHALL NOT BE USED

4.1 There shall be no new recruitment of child labour.

4.2 Companies shall develop or participate in and contribute to policies and programmes which provide for the transition of any child found to be performing child labour to enable her or him to attend and remain in quality education until no longer a child; "child" and "child labour" being defined in the appendices.

4.3 Children and young persons under 18 shall not be employed at night or in hazardous conditions.

4.4 These policies and procedures shall conform to the provisions of the relevant ILO standards.

5. LIVING WAGES ARE PAID

5.1 Wages and benefits paid for a standard working week meet, at a minimum, national legal standards or industry benchmark standards, whichever is higher. In any event wages should always be enough to meet basic needs and to provide some discretionary income.

5.2 All workers shall be provided with written and understandable information about their employment conditions in respect to wages before they enter employment and about the particulars of their wages for the pay period concerned each time that they are paid.

5.3 Deductions from wages as a disciplinary measure shall not be permitted nor shall any deductions from wages not provided for by national law be permitted without the expressed permission of the worker concerned. All disciplinary measures should be recorded.

6. WORKING HOURS ARE NOT EXCESSIVE

6.1 Working hours comply with national laws and benchmark industry standards, whichever affords greater protection.

6.2 In any event, workers shall not on a regular basis be required to work in excess of 48 hours per week and shall be provided with at least one day off for every 7 day period on average. Overtime shall be voluntary, shall not exceed 12 hours per week, shall not be demanded on a regular basis and shall always be compensated at a premium rate.

7. NO DISCRIMINATION IS PRACTISED

7.1 There is no discrimination in hiring, compensation, access to training, promotion, termination or retirement based on race, caste, national origin, religion, age, disability, gender, marital status, sexual orientation, union membership or political affiliation.

8. REGULAR EMPLOYMENT IS PROVIDED

8.1 To every extent possible work performed must be on the basis of recognised employment relationship established through national law and practice.

8.2 Obligations to employees under labour or social security laws and regulations arising from the regular employment relationship shall not be avoided through the use of labour-only contracting, sub-contracting, or home-working arrangements, or through apprenticeship schemes where there is no real intent to impart skills or provide regular employment, nor shall any such obligations be avoided through the excessive use of fixed-term contracts of employment.

9. NO HARSH OR INHUMANE TREATMENT IS ALLOWED

9.1 Physical abuse or discipline, the threat of physical abuse, sexual or other harassment and verbal abuse or other forms of intimidation shall be prohibited.

The provisions of this code constitute minimum and not maximum standards, and this code should not be used to prevent companies from exceeding these standards. Companies applying this code are expected to comply with national and other applicable law and, where the provisions of law and this Base Code address the same subject, to apply that provision which affords the greater protection.

Principles of Implementation

The purpose of the ETI is to identify, develop and promote good practice with respect to implementing codes of labour practice. Critical areas include monitoring and independent verification, and transparency and disclosure, to determine and communicate whether standards embodied in the code are being achieved. ETI members accept the following as general principles upon which to develop or refine their search for best practice.

1. Commitment

1.1 The company gives its membership of ETI, the code and its implementation process an informed and explicit endorsement.

1.2 This commitment is communicated throughout the company and to its suppliers and sub-contractors (including closely associated self-employed staff).

1.3 A member of senior management is assigned responsibility for the implementation of compliance with the code.

1.4 The code and the implementation process is integrated into the core business relationships and culture.

1.5 The company will ensure that human and financial resources are made available to enable it to meet its stated commitments.

2. Monitoring, independent verification, and reporting

2.1 Member companies accept the principle that the implementation of codes will be assessed through monitoring and independent verification; and that performance with regard to monitoring practice and implementation of codes will be reported annually.

2.2 Companies will engage with other members in the design, implementation and analysis of pilot schemes to identify good practice in monitoring and independent verification and share this experience with other members.

2.3 Company members will draw on this experience in establishing where relevant with other ETI members' work plans to implement programmes of monitoring, independent verification, and reporting, and will report progress against these programmes to and through the ETI in a format and timing to be agreed.

2.4 Workers covered by the code shall be provided with a confidential means to report failure to observe the code and shall be otherwise protected in this respect.

3. Awareness raising and training

3.1 All relevant personnel are provided appropriate training and guidelines that will enable them to apply the code in their work.

3.2 Suppliers are made aware of the code, and the company's commitment to sourcing from suppliers who observe the standards in the code.

3.3 Workers whose work is covered by the code are, where possible, made aware of the code and implementation principles or procedures.

4. Corrective actions

4.1 Member companies commit themselves, on the basis of knowledge gained from monitoring to; (a) negotiate and implement agreed schedules for corrective actions with suppliers failing to observe the terms of the code, i.e. a continuous improvement approach; (b) require the immediate cessation of serious breaches of the code, and; (c) where serious breaches of the code persist, to terminate any business relationship with the supplier concerned.

5. Management procedures, pricing and incentives

5.1 Negotiations with suppliers shall take into account the costs of observing the code.

5.2 Understanding and implementation of company policy with respect to its code of labour practice shall constitute a positive performance measure when assessing appropriate personnel.

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Web site: <http://www.ethicaltrade.org>

Fair Labour Association Workplace Code of Conduct

Developed by the non-profit Fair Labour Association, based on ILO conventions. Colleges and universities join the FLA to promote fair and decent conditions in the production of goods bearing their logo.

Forced Labor There shall not be any use of forced labor, whether in the form of prison labor, indentured labor, bonded labor or otherwise.

Child Labor No person shall be employed at an age younger than 15 (or 14 where the law of the country of manufacture* allows) or younger than the age for completing compulsory education in the country of manufacture where such age is higher than 15.

Harassment or Abuse Every employee shall be treated with respect and dignity. No employee shall be subject to any physical, sexual, psychological or verbal harassment or abuse.

Nondiscrimination No person shall be subject to any discrimination in employment, including hiring, salary, benefits, advancement, discipline, termination or retirement, on the basis of gender, race, religion, age, disability, sexual orientation, nationality, political opinion, or social or ethnic origin.

Health and Safety Employers shall provide a safe and healthy working environment to prevent accidents and injury to health arising out of, linked with, or occurring in the course of work or as a result of the operation of employer facilities.

Freedom of Association and Collective Bargaining Employers shall recognize and respect the right of employees to freedom of association and collective bargaining.

Wages and Benefits Employers recognize that wages are essential to meeting employees' basic needs. Employers shall pay employees, as a floor, at least the minimum wage required by local law or the prevailing industry wage, whichever is higher, and shall provide legally mandated benefits.

Hours of Work Except in extraordinary business circumstances, employees shall (i) not be required to work more than the lesser of (a) 48 hours per week and 12 hours overtime or (b) the limits on regular and overtime hours allowed by the law of the country of manufacture or, where the laws of such country do not limit the hours of work, the regular work week in such country plus 12 hours overtime and (ii) be entitled to at least one day off in every seven day period.

Overtime Compensation In addition to their compensation for regular hours of work, employees shall be compensated for overtime hours at such premium rate as is legally required in the country of manufacture or, in those countries where such laws do not exist, at a rate at least equal to their regular hourly compensation rate.

*All references to local law throughout this Code shall include regulations implemented in accordance with applicable local law.

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Further Information

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ILO Declaration on Fundamental Principles and Rights at Work

The ILO Declaration on Fundamental Principles and Rights at Work is based on the core labour standards outlined in the ILO Conventions. The Declaration is not binding but applies to all ILO states by virtue of their membership in the ILO.

Its ultimate aim is to provide a basis for ILO assistance to member states in establishing these rights in law and in practice to allow for ratification of the Conventions. The Declaration was adopted in Geneva in June 1998. For more information visit the ILO web site at:

<http://www.ilo.org/public/english/standards/realm/ilc/ilc86/com-dtxt.htm>

ILO Declaration on Fundamental Principles and Rights at Work

Whereas the ILO was founded in the conviction that social justice is essential to universal and lasting peace;

Whereas economic growth is essential but not sufficient to ensure equity, social progress and the eradication of poverty, confirming the need for the ILO to promote strong social policies, justice and democratic institutions;

Whereas the ILO should, now more than ever, draw upon all its standard-setting, technical cooperation and research resources in all its areas of competence, in particular employment, vocational training and working conditions, to ensure that, in the context of a global strategy for economic and social development, economic and social policies are mutually reinforcing components in order to create broad-based sustainable development;

Whereas the ILO should give special attention to the problems of persons with special social needs, particularly the unemployed and migrant workers, and mobilize and encourage international, regional and national efforts aimed at resolving their problems, and promote effective policies aimed at job creation;

Whereas, in seeking to maintain the link between social progress and economic growth, the guarantee of fundamental principles and rights at work is of particular significance in that it enables the persons concerned to claim freely and on the basis of equality of opportunity their fair share of the wealth which they have helped to generate, and to achieve fully their human potential;

Whereas the ILO is the constitutionally mandated international organization and the competent body to set and deal with international labour standards, and enjoys universal support and acknowledgement in promoting fundamental rights at work as the expression of its constitutional principles;

Whereas it is urgent, in a situation of growing economic interdependence, to reaffirm the immutable nature of the fundamental principles and rights embodied in the Constitution of the Organization and to promote their universal application;

The International Labour Conference,

1. Recalls:

(a) that in freely joining the ILO, all Members have endorsed the principles and rights set out in its Constitution and in the Declaration of Philadelphia, and have undertaken to work towards attaining the overall objectives of the Organization to the best of their resources and fully in line with their specific circumstances;

(b) that these principles and rights have been expressed and developed in the form of specific rights and obligations in Conventions recognized as fundamental both inside and outside the Organization.

2. Declares that all Members, even if they have not ratified the Conventions in question, have an obligation arising from the very fact of membership in the Organization, to respect, to promote and to realize, in good faith and in accordance with the Constitution, the principles concerning the fundamental rights which are the subject of those Conventions, namely:

(a) freedom of association and the effective recognition of the right to collective bargaining;

(b) the elimination of all forms of forced or compulsory labour;

(c) the effective abolition of child labour; and

(d) the elimination of discrimination in respect of employment and occupation.

3. Recognizes the obligation on the Organization to assist its Members, in response to their established and expressed needs, in order to attain these objectives by making full use of its constitutional, operational and budgetary resources, including by the mobilization of external resources and support, as well as by encouraging other international organizations with which the ILO has established relations, pursuant to article 12 of its Constitution, to support these efforts:

(a) by offering technical cooperation and advisory services to promote the ratification and implementation of the fundamental Conventions;

(b) by assisting those Members not yet in a position to ratify some or all of these Conventions in their efforts to respect, to promote and to realize the principles concerning fundamental rights which are the subject of those Conventions; and

(c) by helping the Members in their efforts to create a climate for economic and social development.

4. Decides that, to give full effect to this Declaration, a promotional follow-up, which is meaningful and effective, shall be implemented in accordance with the measures specified in the annex hereto, which shall be considered as an integral part of this Declaration.

5. Stresses that labour standards should not be used for protectionist trade purposes, and that nothing in this Declaration and its follow-up shall be invoked or otherwise used for such purposes; in addition, the comparative advantage of any country should in no way be called into question by this Declaration and its follow-up.

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ILO Tripartite Declaration of Principles concerning Multinational Enterprises and Social Policy

The ILO Tripartite Declaration of Principles Concerning Multinational Enterprises and Social Policy is a global instrument designed to provide guidelines to governments, employers and workers in areas of employment, training, conditions of work and industrial relations. All core labour standards are covered in the Declaration. Although it is a non-binding instrument, its implementation is nevertheless the object of regular reviews and there is a procedure for examining disagreements concerning its application by means of an interpretation of its provisions.

The Declaration was first adopted by the Governing Body of the International Labour Office at its 204th Session (Geneva, November 1977). It was updated in 1987 and 1995. This document includes a list of ILO conventions and recommendations referred to in the original 1977 document and a list of relevant conventions and recommendations adopted by the ILO up to 1995.

PREAMBLE

The Governing Body of the International Labour Office:

Recalling that the International Labour Organization for many years has been involved with certain social issues related to the activities of multinational enterprises;

Noting in particular that various Industrial Committees, Regional Conferences, and the International Labour Conference since the mid-1960s have requested appropriate action by the Governing Body in the field of multinational enterprises and social policy;

Having been informed of the activities of other international bodies, in particular the UN Commission on Transnational Corporations and the Organization for Economic Cooperation and Development (OECD);

Considering that the ILO, with its unique tripartite structure, its competence, and its long-standing experience in the social field, has an essential role to play in evolving principles for the guidance of governments, workers' and employers' organizations, and multinational enterprises themselves;

Recalling that it convened a Tripartite Meeting of Experts on the Relationship between Multinational Enterprises and Social Policy in 1972, which recommended an ILO programme of research and study, and a Tripartite Advisory Meeting on the Relationship of Multinational Enterprises and Social Policy in 1976 for the purpose of reviewing the ILO programme of research and suggesting appropriate ILO action in the social and labour field;

Bearing in mind the deliberations of the World Employment Conference;

Having thereafter decided to establish a tripartite group to prepare a Draft Tripartite Declaration of Principles covering all of the areas of ILO concern which relate to the social aspects of the activities of multinational enterprises, including employment creation in the developing countries, all the while bearing in mind the recommendations made by the Tripartite Advisory Meeting held in 1976;

Having also decided to reconvene the Tripartite Advisory Meeting to consider the Draft Declaration of Principles as prepared by the tripartite group;

Having considered the Report and the Draft Declaration of Principles submitted to it by the reconvened Tripartite Advisory Meeting;

Hereby approves the following Declaration which may be cited as the Tripartite Declaration of Principles concerning Multinational Enterprises and Social Policy, adopted by the Governing Body of the International Labour Office, and invites governments of States Members of the ILO, the employers' and workers' organizations concerned and the multinational enterprises operating in their territories to observe the principles embodied therein.

THE DECLARATION

1. Multinational enterprises play an important part in the economies of most countries and in international economic relations. This is of increasing interest to governments as well as to employers and workers and their respective organizations. Through international direct investment and other means such enterprises can bring substantial benefits to home and host countries by contributing to the more efficient utilization of capital, technology and labour. Within the framework of development policies established by governments, they can also make an important contribution to the promotion of economic and social welfare; to the improvement of living standards and the satisfaction of basic needs; to the creation of employment opportunities, both directly and indirectly; and to the enjoyment of basic human rights, including freedom of association, throughout the world. On the other hand, the advances made by multinational enterprises in organizing their operations beyond the national framework may lead to abuse of concentrations of economic power and to conflicts with national policy objectives and with the interest of the workers. In addition, the complexity of multinational enterprises and the difficulty of clearly perceiving their diverse structures, operations and policies sometimes give rise to concern either in the home or in the host countries, or in both.

2. The aim of this Tripartite Declaration of Principles is to encourage the positive contribution which multinational enterprises can make to economic and social progress and to minimize and resolve the difficulties to which their various operations may give rise, taking into account the United Nations resolutions advocating the Establishment of a New International Economic Order.

3. This aim will be furthered by appropriate laws and policies, measures and actions adopted by the governments and by cooperation among the governments and the employers' and workers' organizations of all countries.

4. The principles set out in this Declaration are commended to the governments, the employers' and workers' organizations of home and host countries and to the multinational enterprises themselves.

5. These principles are intended to guide the governments, the employers' and workers' organizations and the multinational enterprises in taking such measures and actions and adopting such social policies, including those based on the principles laid down in the Constitution and the relevant Conventions and Recommendations of the ILO, as would further social progress.

6. To serve its purpose this Declaration does not require a precise legal definition of multinational enterprises; this paragraph is designed to facilitate the understanding of the Declaration and not to provide such a definition. Multinational enterprises include enterprises, whether they are of public, mixed or private ownership, which own or control production, distribution, services or other facilities outside the country in which they are based. The degree of autonomy of entities within

multinational enterprises in relation to each other varies widely from one such enterprise to another, depending on the nature of the links between such entities and their fields of activity and having regard to the great diversity in the form of ownership, in the size, in the nature and location of the operations of the enterprises concerned. Unless otherwise specified, the term "multinational enterprise" is used in this Declaration to designate the various entities (parent companies or local entities or both or the organization as a whole) according to the distribution of responsibilities among them, in the expectation that they will cooperate and provide assistance to one another as necessary to facilitate observance of the principles laid down in the Declaration.

7. This Declaration sets out principles in the fields of employment, training, conditions of work and life and industrial relations which governments, employers' and workers' organizations and multinational enterprises are recommended to observe on a voluntary basis; its provisions shall not limit or otherwise affect obligations arising out of ratification of any ILO Convention.

GENERAL POLICIES

8. All the parties concerned by this Declaration should respect the sovereign rights of States, obey the national laws and regulations, give due consideration to local practices and respect relevant international standards. They should respect the Universal Declaration of Human Rights and the corresponding International Covenants adopted by the General Assembly of the United Nations as well as the Constitution of the International Labour Organization and its principles according to which freedom of expression and association are essential to sustained progress. They should also honour commitments which they have freely entered into, in conformity with the national law and accepted international obligations.

9. Governments which have not yet ratified Conventions Nos. 87, 98, 111 and 122 are urged to do so and in any event to apply, to the greatest extent possible, through their national policies, the principles embodied therein and in Recommendations Nos. 111, 119 and 122¹. Without prejudice to the obligation of governments to ensure compliance with Conventions they have ratified, in countries in which the Conventions and Recommendations cited in this paragraph are not complied with, all parties should refer to them for guidance in their social policy.

10. Multinational enterprises should take fully into account established general policy objectives of the countries in which they operate. Their activities should be in harmony with the development priorities and social aims and structure of the country in which they operate. To this effect, consultations should be held between multinational enterprises, the government and, wherever appropriate, the national employers' and workers' organizations concerned.

11. The principles laid down in this Declaration do not aim at introducing or maintaining inequalities of treatment between multinational and national enterprises. They reflect good practice for all. Multinational and national enterprises, wherever the principles of this Declaration are relevant to both, should be subject to the same expectations in respect of their conduct in general and their social practices in particular.

12. Governments of home countries should promote good social practice in accordance with this Declaration of Principles, having regard to the social and labour law, regulations and practices in host countries as well as to relevant international standards. Both host and home country governments should be prepared to have consultations with each other, whenever the need arises, on the initiative of either.

EMPLOYMENT PROMOTION

13. With a view to stimulating economic growth and development, raising living standards, meeting manpower requirements and overcoming unemployment and underemployment, governments should declare and pursue, as a major goal, an active policy designed to promote full, productive and freely chosen employment ².

14. This is particularly important in the case of host country governments in developing areas of the world where the problems of unemployment and underemployment are at their most serious. In this connection, the general conclusions adopted by the Tripartite World Conference on Employment, Income Distribution and Social Progress and the International Division of Labour (Geneva, June 1976) should be kept in mind ³.

15. Paragraphs 13 and 14 above establish the framework within which due attention should be paid, in both home and host countries, to the employment impact of multinational enterprises.

16. Multinational enterprises, particularly when operating in developing countries, should endeavour to increase employment opportunities and standards, taking into account the employment policies and objectives of the governments, as well as security of employment and the long-term development of the enterprise.

17. Before starting operations, multinational enterprises should, wherever appropriate, consult the competent authorities and the national employers' and workers' organizations in order to keep their manpower plans, as far as practicable, in harmony with national social development policies. Such consultation, as in the case of national enterprises, should continue between the multinational enterprises and all parties concerned, including the workers' organizations.

18. Multinational enterprises should give priority to the employment, occupational development, promotion and advancement of nationals of the host country at all levels in cooperation, as appropriate, with representatives of the workers employed by them or of the organizations of these workers and governmental authorities.

19. Multinational enterprises, when investing in developing countries, should have regard to the importance of using technologies which generate employment, both directly and indirectly. To the extent permitted by the nature of the process and the conditions prevailing in the economic sector concerned, they should adapt technologies to the needs and characteristics of the host countries. They should also, where possible, take part in the development of appropriate technology in host countries.

20. To promote employment in developing countries, in the context of an expanding world economy, multinational enterprises, wherever practicable, should give consideration to the conclusion of contracts with national enterprises for the manufacture of parts and equipment, to the use of local raw materials and to the progressive promotion of the local processing of raw materials. Such arrangements should not be used by multinational enterprises to avoid the responsibilities embodied in the principles of this Declaration.

EQUALITY OF OPPORTUNITY AND TREATMENT

21. All governments should pursue policies designed to promote equality of opportunity and treatment in employment, with a view to eliminating any discrimination based on race, colour, sex, religion, political opinion, national extraction or social origin ⁴.

22. Multinational enterprises should be guided by this general principle throughout their operations without prejudice to the measures envisaged in paragraph 18 or to government

policies designed to correct historical patterns of discrimination and thereby to extend equality of opportunity and treatment in employment. Multinational enterprises should accordingly make qualifications, skill and experience the basis for the recruitment, placement, training and advancement of their staff at all levels.

23. Governments should never require or encourage multinational enterprises to discriminate on any of the grounds mentioned in paragraph 21, and continuing guidance from governments, where appropriate, on the avoidance of such discrimination in employment is encouraged.

SECURITY OF EMPLOYMENT

24. Governments should carefully study the impact of multinational enterprises on employment in different industrial sectors. Governments, as well as multinational enterprises themselves, in all countries should take suitable measures to deal with the employment and labour market impacts of the operations of multinational enterprises.

25. Multinational enterprises equally with national enterprises, through active manpower planning, should endeavour to provide stable employment for their employees and should observe freely negotiated obligations concerning employment stability and social security. In view of the flexibility which multinational enterprises may have, they should strive to assume a leading role in promoting security of employment, particularly in countries where the discontinuation of operations is likely to accentuate long-term unemployment.

26. In considering changes in operations (including those resulting from mergers, take-overs or transfers of production) which would have major employment effects, multinational enterprises should provide reasonable notice of such changes to the appropriate government authorities and representatives of the workers in their employment and their organizations so that the implications may be examined jointly in order to mitigate adverse effects to the greatest possible extent. This is particularly important in the case of the closure of an entity involving collective lay-offs or dismissals.

27. Arbitrary dismissal procedures should be avoided ⁵.

28. Governments, in cooperation with multinational as well as national enterprises, should provide some form of income protection for workers whose employment has been terminated ⁶.

TRAINING

29. Governments, in cooperation with all the parties concerned, should develop national policies for vocational training and guidance, closely linked with employment ⁷. This is the framework within which multinational enterprises should pursue their training policies.

30. In their operations, multinational enterprises should ensure that relevant training is provided for all levels of their employees in the host country, as appropriate, to meet the needs of the enterprise as well as the development policies of the country. Such training should, to the extent possible, develop generally useful skills and promote career opportunities. This responsibility should be carried out, where appropriate, in cooperation with the authorities of the country, employers' and workers' organizations and the competent local, national or international institutions.

31. Multinational enterprises operating in developing countries should participate, along with national enterprises, in programmes, including special funds, encouraged by host governments and supported by employers' and workers' organizations. These programmes should have the

aim of encouraging skill formation and development as well as providing vocational guidance, and should be jointly administered by the parties which support them. Wherever practicable, multinational enterprises should make the services of skilled resource personnel available to help in training programmes organized by governments as part of a contribution to national development.

32. Multinational enterprises, with the cooperation of governments and to the extent consistent with the efficient operation of the enterprise, should afford opportunities within the enterprise as a whole to broaden the experience of local management in suitable fields such as industrial relations.

CONDITIONS OF WORK AND LIFE

Wages, benefits and conditions of work

33. Wages, benefits and conditions of work offered by multinational enterprises should be not less favourable to the workers than those offered by comparable employers in the country concerned.

34. When multinational enterprises operate in developing countries, where comparable employers may not exist, they should provide the best possible wages, benefits and conditions of work, within the framework of government policies⁸. These should be related to the economic position of the enterprise, but should be at least adequate to satisfy basic needs of the workers and their families. Where they provide workers with basic amenities such as housing, medical care or food, these amenities should be of a good standard⁹.

35. Governments, especially in developing countries, should endeavour to adopt suitable measures to ensure that lower income groups and less developed areas benefit as much as possible from the activities of multinational enterprises.

Safety and health

36. Governments should ensure that both multinational and national enterprises provide adequate safety and health standards for their employees. Those governments which have not yet ratified the ILO Conventions on Guarding of Machinery (No. 119), Ionizing Radiation (No. 115), Benzene (No. 136) and Occupational Cancer (No. 139) are urged nevertheless to apply to the greatest extent possible the principles embodied in these Conventions and in their related Recommendations (Nos. 118, 114, 144 and 147). The Codes of Practice and Guides in the current list of ILO publications on Occupational Safety and Health should also be taken into account¹⁰.

37. Multinational enterprises should maintain the highest standards of safety and health, in conformity with national requirements, bearing in mind their relevant experience within the enterprise as a whole, including any knowledge of special hazards. They should also make available to the representatives of the workers in the enterprise, and upon request, to the competent authorities and the workers' and employers' organizations in all countries in which they operate, information on the safety and health standards relevant to their local operations, which they observe in other countries. In particular, they should make known to those concerned any special hazards and related protective measures associated with new products and processes. They, like comparable domestic enterprises, should be expected to play a leading role in the examination of causes of industrial safety and health hazards and in the application of resulting improvements within the enterprise as a whole.

38. Multinational enterprises should cooperate in the work of international organizations concerned with the preparation and adoption of international safety and health standards.

39. In accordance with national practice, multinational enterprises should cooperate fully with the competent safety and health authorities, the representatives of the workers and their organizations, and established safety and health organizations. Where appropriate, matters relating to safety and health should be incorporated in agreements with the representatives of the workers and their organizations.

INDUSTRIAL RELATIONS

40. Multinational enterprises should observe standards of industrial relations not less favourable than those observed by comparable employers in the country concerned.

Freedom of association and the right to organize

41. Workers employed by multinational enterprises as well as those employed by national enterprises should, without distinction whatsoever, have the right to establish and, subject only to the rules of the organization concerned, to join organizations of their own choosing without previous authorisation¹¹. They should also enjoy adequate protection against acts of anti-union discrimination in respect of their employment¹².

42. Organizations representing multinational enterprises or the workers in their employment should enjoy adequate protection against any acts of interference by each other or each other's agents or members in their establishment, functioning or administration¹³.

43. Where appropriate, in the local circumstances, multinational enterprises should support representative employers' organizations.

44. Governments, where they do not already do so, are urged to apply the principles of Convention No. 87, Article 5, in view of the importance, in relation to multinational enterprises, of permitting organizations representing such enterprises or the workers in their employment to affiliate with international organizations of employers and workers of their own choosing.

45. Where governments of host countries offer special incentives to attract foreign investment, these incentives should not include any limitation of the workers' freedom of association or the right to organize and bargain collectively.

46. Representatives of the workers in multinational enterprises should not be hindered from meeting for consultation and exchange of views among themselves, provided that the functioning of the operations of the enterprise and the normal procedures which govern relationships with representatives of the workers and their organizations are not thereby prejudiced.

47. Governments should not restrict the entry of representatives of employers' and workers' organizations who come from other countries at the invitation of the local or national organizations concerned for the purpose of consultation on matters of mutual concern, solely on the grounds that they seek entry in that capacity.

Collective bargaining

48. Workers employed by multinational enterprises should have the right, in accordance with national law and practice, to have representative organizations of their own choosing recognized for the purpose of collective bargaining.

49. Measures appropriate to national conditions should be taken, where necessary, to encourage and promote the full development and utilization of machinery for voluntary negotiation between

employers or employers' organizations and workers' organizations, with a view to the regulation of terms and conditions of employment by means of collective agreements¹⁴.

50. Multinational enterprises, as well as national enterprises, should provide workers' representatives with such facilities as may be necessary to assist in the development of effective collective agreements¹⁵.

51. Multinational enterprises should enable duly authorized representatives of the workers in their employment in each of the countries in which they operate to conduct negotiations with representatives of management who are authorized to take decisions on the matters under negotiation.

52. Multinational enterprises, in the context of bona fide negotiations with the workers' representatives on conditions of employment, or while workers are exercising the right to organize, should not threaten to utilize a capacity to transfer the whole or part of an operating unit from the country concerned in order to influence unfairly those negotiations or to hinder the exercise of the right to organize; nor should they transfer workers from affiliates in foreign countries with a view to undermining bona fide negotiations with the workers' representatives or the workers' exercise of their right to organize.

53. Collective agreements should include provisions for the settlement of disputes arising over their interpretation and application and for ensuring mutually respected rights and responsibilities.

54. Multinational enterprises should provide workers' representatives with information required for meaningful negotiations with the entity involved and, where this accords with local law and practices, should also provide information to enable them to obtain a true and fair view of the performance of the entity or, where appropriate, of the enterprise as a whole¹⁶.

55. Governments should supply to the representatives of workers' organizations on request, where law and practice so permit, information on the industries in which the enterprise operates, which would help in laying down objective criteria in the collective bargaining process. In this context, multinational as well as national enterprises should respond constructively to requests by governments for relevant information on their operations.

Consultation

56. In multinational as well as in national enterprises, systems devised by mutual agreement between employers and workers and their representatives should provide, in accordance with national law and practice, for regular consultation on matters of mutual concern. Such consultation should not be a substitute for collective bargaining¹⁷.

Examination of grievances

57. Multinational as well as national enterprises should respect the right of the workers whom they employ to have all their grievances processed in a manner consistent with the following provision: any worker who, acting individually or jointly with other workers, considers that he has grounds for a grievance should have the right to submit such grievance without suffering any prejudice whatsoever as a result, and to have such grievance examined pursuant to an appropriate procedure¹⁸. This is particularly important whenever the multinational enterprises operate in countries which do not abide by the principles of ILO Conventions pertaining to freedom of association, to the right to organize and bargain collectively and to forced labour (¹⁹).

Settlement of industrial disputes

58. Multinational as well as national enterprises jointly with the representatives and organizations of the workers whom they employ should seek to establish voluntary conciliation machinery, appropriate to national conditions, which may include provisions for voluntary arbitration, to assist in the prevention and settlement of industrial disputes between employers and workers. The voluntary conciliation machinery should include equal representation of employers and workers ²⁰.

List of International Labour Conventions and Recommendations referred to in the Tripartite Declaration of Principles concerning Multinational Enterprises and Social Policy

Adopted by the Governing Body of the International Labour Office at its 204th Session (Geneva, November 1977) ²¹

Conventions

- Convention (No. 29) concerning Forced or Compulsory Labour, 1930.
- Convention (No. 87) concerning Freedom of Association and Protection of the Right to Organize, 1948.
- Convention (No. 98) concerning the Application of the Principles of the Right to Organize and to Bargain Collectively, 1949.
- Convention (No. 100) concerning Equal Remuneration for Men and Women Workers for Work of Equal Value, 1951.
- Convention (No. 105) concerning the Abolition of Forced Labour, 1957.
- Convention (No. 110) concerning Conditions of Employment of Plantation Workers, 1958.
- Convention (No. 111) concerning Discrimination in Respect of Employment and Occupation, 1958.
- Convention (No. 115) concerning the Protection of Workers against Ionizing Radiations, 1960.
- Convention (No. 119) concerning the Guarding of Machinery, 1963.
- Convention (No. 122) concerning Employment Policy, 1964.
- Convention (No. 130) concerning Medical Care and Sickness Benefits, 1969.
- Convention (No. 135) concerning Protection and Facilities to be Afforded to Workers' Representatives in the Undertaking, 1971.
- Convention (No. 136) concerning Protection against Hazards of Poisoning arising from Benzene, 1971.
- Convention (No. 139) concerning Prevention and Control of Occupational Hazards caused by Carcinogenic Substances and Agents, 1974.
- Convention (No. 142) concerning Vocational Guidance and Vocational Training in the Development of Human Resources, 1975.

Recommendations

- Recommendation (No. 35) concerning Indirect Compulsion to Labour, 1930.
- Recommendation (No. 69) concerning Medical Care, 1944.
- Recommendation (No. 90) concerning Equal Remuneration for Men and Women Workers for Work of Equal Value, 1951.
- Recommendation (No. 92) concerning Voluntary Conciliation and Arbitration, 1951.

- Recommendation (No. 94) concerning Consultation and Cooperation between Employers and Workers at the Level of the Undertaking, 1952.
- Recommendation (No. 110) concerning Conditions of Employment of Plantation Workers, 1958.
- Recommendation (No. 111) concerning Discrimination in Respect of Employment and Occupation, 1958.
- Recommendation (No. 114) concerning the Protection of Workers against Ionizing Radiations, 1960.
- Recommendation (No. 115) concerning Workers' Housing, 1961.
- Recommendation (No. 116) concerning Reduction of Hours of Work, 1962.
- Recommendation (No. 118) concerning the Guarding of Machinery, 1963.
- Recommendation (No. 119) concerning Termination of Employment at the Initiative of the Employer, 1963.
- Recommendation (No. 122) concerning Employment Policy, 1964.
- Recommendation (No. 129) concerning Communications between Management and Workers within the Undertaking, 1967.
- Recommendation (No. 130) concerning the Examination of Grievances within the Undertaking with a View to their Settlement, 1967.
- Recommendation (No. 134) concerning Medical Care and Sickness Benefits, 1969.
- Recommendation (No. 144) concerning Protection against Hazards of Poisoning arising from Benzene, 1971.
- Recommendation (No. 147) concerning Prevention and Control of Occupational Hazards caused by Carcinogenic Substances and Agents, 1974.
- Recommendation (No. 150) concerning Vocational Guidance and Vocational Training in the Development of Human Resources, 1975.

Addendum to the Tripartite Declaration of Principles concerning Multinational Enterprises and Social Policy

Adopted by the Governing Body of the International Labour Office at its 238th Session (Geneva, November 1987) and 264th Session (November 1995).

References to Conventions and Recommendations in the Tripartite Declaration of Principles concerning Multinational Enterprises and Social Policy

A number of international labour Conventions and Recommendations containing provisions relevant to the Declaration are referred to in footnotes in the Declaration as well as in an annex. These footnotes do not affect the meaning of the provisions of the Declaration to which they refer. They should be considered as references to relevant instruments adopted by the International Labour Organization in the corresponding subject areas, which have helped shape the provisions of the Declaration.

Since the adoption of the Declaration by the Governing Body on 16 November 1977, new Conventions and Recommendations have been adopted by the International Labour Conference. This makes it necessary to include a new list of Conventions and Recommendations adopted since 1977 (including those adopted in June 1977), containing provisions relevant to the Declaration, and this list is set out below. Like the footnotes included in the Declaration at the time of its adoption, the new references do not affect the meaning of the provisions of the Declaration.

In keeping with the voluntary nature of the Declaration all of its provisions, whether derived from ILO Conventions and Recommendations or other sources, are recommendatory, except of course for provisions in Conventions which are binding on the member States which have ratified them.

List of Conventions and Recommendations adopted since 1977 (inclusive) which contain provisions relevant to the Declaration

Number and title of Convention and Recommendation	Relevant paragraphs
Conventions	
No. 148 concerning the Protection of Workers against Occupational Hazards in the Working Environment Due to Air Pollution, Noise and Vibration, 1977	36
No. 154 concerning the Promotion of Collective Bargaining, 1981	9, 49
No. 155 concerning Occupational Safety and Health and the Working Environment, 1981	36
No. 156 concerning Equal Opportunities and Equal Treatment for Men and Women Workers: Workers with Family Responsibilities, 1981	21
No. 158 concerning Termination of Employment at the Initiative of the Employer, 1982	9, 26, 27, 28
No. 161 concerning Occupational Health Services, 1985	36
No. 162 concerning Safety in the Use of Asbestos, 1986	36
No. 167 concerning Safety and Health in Construction, 1988	36
No. 168 concerning Employment Promotion and Protection against Unemployment, 1988	13
No. 170 concerning Safety in the Use of Chemicals at Work, 1990	36
No. 173 concerning the Protection of Workers' Claims in the Event of the Insolvency of their Employer, 1992	28
No. 174 concerning the Prevention of Major Industrial Accidents, 1993	36
No. 176 concerning Safety and Health in Mines, 1995	36
Recommendations	
No. 156 concerning the Protection of Workers against Occupational Hazards in the Working Environment Due to Air Pollution, Noise and Vibration, 1977	36
No. 163 concerning the Promotion of Collective Bargaining, 1981	51, 54, 55
No. 164 concerning Occupational Safety and Health and the Working Environment, 1981	36
No. 165 concerning Equal Opportunities and Equal Treatment for Men and Women Workers: Workers With Family Responsibilities, 1981	21
No. 166 concerning Termination of Employment at the Initiative of the Employer,	9, 26, 27, 28
No. 169 concerning Employment Policy, 1984	9, 13
No. 171 concerning Occupational Health Services, 1985	36
No. 172 concerning Safety in the Use of Asbestos, 1986	36
No. 175 concerning Safety and Health in Construction, 1988	36
No. 176 concerning Employment Promotion and Protection against Unemployment, 1988	13
No. 177 concerning Safety in the Use of Chemicals at Work, 1990	36
No. 180 concerning the Protection of Workers' Claims in the event of the Insolvency of their Employer, 1992	28
No. 181 concerning the Prevention of Major Industrial Accidents, 1993	36
No. 183 concerning Safety and Health in Mines, 1995	36

Notes:

¹ Convention (No. 87) concerning Freedom of Association and Protection of the Right to Organize; Convention (No. 98) concerning the Application of the Principles of the Right to Organize and to Bargain Collectively; Convention (No. 111) concerning Discrimination in Respect of Employment and Occupation; Convention (No. 122) concerning Employment Policy; Recommendation (No. 111) concerning Discrimination in Respect of Employment and Occupation; Recommendation (No. 119) concerning Termination of Employment at the Initiative of the Employer; Recommendation (No. 122) concerning Employment Policy.

² Convention (No. 122) and Recommendation (No. 122) concerning Employment Policy.

³ ILO, World Employment Conference, Geneva, 4-17 June 1976.

⁴ Convention (No. 111) and Recommendation (No. 111) concerning Discrimination in Respect of Employment and Occupation; Convention (No. 100) and Recommendation (No. 90) concerning Equal Remuneration for Men and Women Workers for Work of Equal Value.

⁵ Recommendation (No. 119) concerning Termination of Employment at the Initiative of the Employer.

⁶ Recommendation (No. 119) concerning Termination of Employment at the Initiative of the Employer.

⁷ Convention (No. 142) and Recommendation (No. 150) concerning Vocational Guidance and Vocational Training in the Development of Human Resources.

⁸ Recommendation (No. 116) concerning Reduction of Hours of Work.

⁹ Convention (No. 110) and Recommendation (No. 110) concerning Conditions of Employment of Plantation Workers; Recommendation (No. 115) concerning Workers' Housing; Recommendation (No. 69) concerning Medical Care; Convention (No. 130) and Recommendation (No. 134) concerning Medical Care and Sickness.

¹⁰ The ILO Conventions and Recommendations referred to are listed in "Publications on Occupational Safety and Health", ILO, Geneva, 1976, pp. 1-3. An up-to-date list of Codes of Practice and Guides can be found in the latest edition.

¹¹ Convention No. 87, Article 2.

¹² Convention No. 98, Article 1(1).

¹³ Convention No. 98, Article 2(1).

¹⁴ Convention No. 98, Article 4.

¹⁵ Convention (No. 135) concerning Protection and Facilities to be Afforded to Workers' Representatives in the Undertaking.

¹⁶ Recommendation (No. 129) concerning Communications between Management and Workers within Undertakings.

¹⁷ Recommendation (No. 94) concerning Consultation and Cooperation between Employers and Workers of the Level of Undertaking; Recommendation (No. 129) concerning Communications within the Undertaking.

¹⁸ Recommendation (No. 130) concerning the Examination of Grievances within the Undertaking with a view to their Settlement.

¹⁹ Convention (No. 29) concerning Forced or Compulsory Labour; Convention (No. 105) concerning the Abolition of Forced Labour; Recommendation (No. 35) concerning Indirect Compulsion to Labour.

²⁰ Recommendation (No. 92) concerning Voluntary Conciliation and Arbitration.

²¹ It was proposed that the Office make available, on request, offprints of the international labour Conventions and Recommendations referred to in the Tripartite Declaration. ILO: Report of the Reconvened Tripartite Advisory Meeting on the Relationship of Multinational Enterprises and Social Policy, Geneva, 4-7 April 1977, GB.204/4/2, 204th Session, Geneva, 15-18 November 1977, p. 2.

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Further information:

International Labour Organization
Liaison Office with the United Nations
New York, USA

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The document on line at: <http://www.ilo.org/public/english/employment/multi/index.htm>

International Confederation of Free Trade Unions Basic Code of Labour Practice

1997

Introduction

The purpose of this basic code is to promote the primacy of international labour standards and the inclusion of trade union rights in codes of conduct covering labour practices. It is also meant to encourage the use of uniform language in codes of conduct as part of a strategy to promote an international framework for worker rights. This basic code is meant to assist any trade union organisation in negotiations with companies and in working with NGOs in campaigns involving codes of conduct. It can also be used as a benchmark for evaluating any unilaterally-adopted codes of labour practice.

This code is the result of extensive consultations with various trade union organisations and with other interested parties. It aims to establish a minimum list of standards that ought to be included in all codes of conduct covering labour practices. It is not meant, and should not be interpreted to mean, that codes of conduct that are the result of a collective bargained agreement with an appropriate trade union organisation should be limited to the provisions of this code.

The basic code is as follows:

Preamble

1. *(name of company)* recognises its responsibilities to workers for the conditions under which its products or services are made and that these responsibilities extend to all workers producing products or services for *(name of company)* whether or not they are employees of *(name of company)*.
2. Any workers producing products or services manufactured, sold or distributed by *(name of company)* must be provided with living wages and decent working conditions, and the international labour standards established by Conventions 29, 87, 98, 100, 105, 111, 135 and 138 of the International Labour Organisation must be observed.
3. *(name of company)* will require its contractors, their sub-contractors, principal suppliers and licensees (franchise-holders) to provide these conditions and observe these standards when producing or distributing products or components of products for *(name of company)*. *(name of company)* will, prior to placing orders with principal suppliers, engaging contractors and subcontractors or granting licenses, assess whether the provisions of this Code can be met.
4. For the purposes of this code the term contractor shall mean any natural or legal person who contracts with *(name of company)* to perform work or provide services. The term "sub-contractor" means any natural or legal person who contracts with a contractor, as defined above, for the purpose of performing work or providing services related to or as part of an agreement with *(name of company)*. The term "principal supplier" means any natural or legal person who provides *(name of company)* with materials or components used in the final products, or the final products, sold by *(name of company)*. The terms "licensee" and "franchise-holder" mean any natural or legal person who, as part of a contractual arrangement with *(name of company)*, uses for any purpose the name of *(name of company)* or its recognised brand names or images.

Provisions

5. (*Name of company*) and its contractors, their subcontractors, principal suppliers and licensees involved in the production and/or distribution of products for (*name of company*) shall ensure that:-

EMPLOYMENT IS FREELY CHOSEN

There shall be no use of forced, including bonded or involuntary prison, labour (ILO Conventions 29 and 105). Nor shall workers be required to lodge "deposits" or their identity papers with their employer.

THERE IS NO DISCRIMINATION IN EMPLOYMENT

Equality of opportunity and treatment regardless of race, colour, sex, religion, political opinion, nationality, social origin or other distinguishing characteristics shall be provided (ILO Conventions 100 and 111).

CHILD LABOUR IS NOT USED

There shall be no use of child labour. Only workers above the age of 15 years or above the compulsory school-leaving age, whichever is higher, shall be engaged (ILO Convention 138). Adequate transitional economic assistance and appropriate educational opportunities shall be provided to any replaced child workers.

FREEDOM OF ASSOCIATION AND THE RIGHT TO COLLECTIVE BARGAINING ARE RESPECTED

The right of all workers to form and join trade unions and to bargain collectively shall be recognised (ILO Conventions 87 and 98). Workers representatives shall not be the subject of discrimination and shall have access to all workplaces necessary to enable them to carry out their representation functions. (ILO Convention 135 and Recommendation 143)

Employers shall adopt a positive approach towards the activities of trade unions and an open attitude towards their organisational activities.

LIVING WAGES ARE PAID

Wages and benefits paid for a standard working week shall meet at least legal or industry minimum standards and always be sufficient to meet basic needs of workers and their families and to provide some discretionary income.

Deductions from wages for disciplinary measures shall not be permitted nor shall any deductions from wages not provided for by national law be permitted without the expressed permission of the worker concerned. All workers shall be provided written and understandable information about the conditions in respect of wages before they enter employment and of the particulars of their wages for the pay period concerned each time that they are paid.

HOURS OF WORK ARE NOT EXCESSIVE

Hours of work shall comply with applicable laws and industry standards. In any event, workers shall not on a regular basis be required to work in excess of 48 hours per week and shall be

provided with at least one day off for every 7 day period. Overtime shall be voluntary, shall not exceed 12 hours per week, shall not be demanded on a regular basis and shall always be compensated at a premium rate.

WORKING CONDITIONS ARE DECENT

A safe and hygienic working environment shall be provided, and best occupational health and safety practice shall be promoted, bearing in mind the prevailing knowledge of the industry and of any specific hazards. Physical abuse, threats of physical abuse, unusual punishments or discipline, sexual and other harassment, and intimidation by the employer is strictly prohibited.

THE EMPLOYMENT RELATIONSHIP IS ESTABLISHED

Obligations to employees under labour or social security laws and regulations arising from the regular employment relationship shall not be avoided through the use of labour-only contracting arrangements, or through apprenticeship schemes where there is no real intent to impart skills or provide regular employment. Younger workers shall be provided the opportunity to participate in education and training programmes.

(Closing section)

6. Contractors, subcontractors, principal suppliers and licensees (franchise-holders) shall undertake to support and co-operate in the implementation and monitoring of this code by:-

- providing (*name of company*) with relevant information concerning their operations;
- permitting inspection at any time of their workplaces and operations by approved inspectors;
- maintaining records of the name, age, hours worked and wages paid for each worker and making these available to approved inspectors on request;
- informing, verbally and in writing, the workers concerned of the provisions of this Code;
- refraining from disciplinary action, dismissal or otherwise discriminating against any worker for providing information concerning observance of this code.

7. Contractors, subcontractors, principal suppliers and licensees (franchise-holders) found to be in breach of one or more terms of the code shall lose the right to produce or organise production of goods for (*name of company*).

8. Questions as to the interpretation of the meaning of the provisions of the code shall be resolved according to the procedure outlined in the (*name of implementation and monitoring agreement between the company and trade union and any other organisations*)

9. The provisions of this code constitute only minimum standards. (*name of company*) does not intend, will not use, and will not allow any contractor, subcontractor, principal supplier or licensee to use these minimum standards and conditions as maximum standards or as the only conditions permitted by (*name of company*) or to serve as the basis for any claim as to what standards or conditions of employment should be provided.

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Further Information

Document on the web: <http://www.itcilo.it/english/actrav/telearn/global/ilo/guide/icftuco.htm>

Investors in People Standard

Investors in People is a UK-based standard which sets a level of good practice for training and development of people to achieve business goals. The Standard was developed in 1990 by the UK National Training Task Force in partnership with business and a number of professional and employee organizations.

Principles	Indicators	Evidence
<p>Commitment</p> <p>An Investor in People is fully committed to developing its people in order to achieve its aims and objectives</p>	<p>1 The organisation is committed to supporting the development of its people</p>	<p>Top management can describe strategies that they have put in place to support the development of people in order to improve the organisation's performance</p> <p>Managers can describe specific actions that they have taken and are currently taking to support the development of people</p> <p>People can confirm that the specific strategies and actions described by top management and managers take place</p> <p>People believe the organisation is genuinely committed to supporting their development</p>
	<p>2 People are encouraged to improve their own and other people's performance</p>	<p>People can give examples of how they have been encouraged to improve their own performance</p> <p>People can give examples of how they have been encouraged to improve other people's performance</p>
	<p>3 People believe their contribution to the organisation is recognised</p>	<p>People can describe how their contribution to the organisation is recognised</p> <p>People believe that their contribution to the organisation is recognised</p> <p>People receive appropriate and constructive feedback on a timely and regular basis</p>

	<p>4 The organisation is committed to ensuring equality of opportunity in the development of its people</p>	<p>Top management can describe strategies that they have put in place to ensure equality of opportunity in the development of people</p> <p>Managers can describe specific actions that they have taken and are currently taking to ensure equality of opportunity in the development of people</p> <p>People confirm that the specific strategies and actions described by top management and managers take place and recognise the needs of different groups</p> <p>People believe the organisation is genuinely committed to ensuring equality of opportunity in the development of people</p>
<p>Planning</p> <p>An Investor in People is clear about its aims and its objectives and what its people need to do to achieve them</p>	<p>5 The organisation has a plan with clear aims and objectives which are understood by everyone</p>	<p>The organisation has a plan with clear aims and objectives</p> <p>People can consistently explain the aims and objectives of the organisation at a level appropriate to their role</p> <p>Representative groups are consulted about the organisation's aims and objectives</p>
	<p>6 The development of people is in line with the organisation's aims and objectives</p>	<p>The organisation has clear priorities which link the development of people to its aims and objectives at organisation, team and individual level</p> <p>People clearly understand what their development activities should achieve, both for them and the organisation</p>
	<p>7 People understand how they contribute to achieving the organisation's aims and objectives</p>	<p>People can explain how they contribute to achieving the organisation's aims and objectives</p>

<p>Action</p> <p>An Investor in People develops its people effectively in order to improve its performance</p>	<p>8 Managers are effective in supporting the development of people</p>	<p>The organisation makes sure that managers have the knowledge and skills they need to develop their people</p> <p>Managers at all levels understand what they need to do to support the development of people</p> <p>People understand what their manager should be doing to support their development</p> <p>Managers at all levels can give examples of actions that they have taken and are currently taking to support the development of people</p> <p>People can describe how their managers are effective in supporting their development</p>
	<p>9 People learn and develop effectively</p>	<p>People who are new to the organisation, and those new to a job, can confirm that they have received an effective induction</p> <p>The organisation can show that people learn and develop effectively</p> <p>People understand why they have undertaken development activities and what they are expected to do as a result</p> <p>People can give examples of what they have learnt (knowledge, skills and attitude) from development activities</p> <p>Development is linked to relevant external qualifications or standards (or both), where appropriate</p>

Evaluation An Investor in People understands the impact of its investment in people on its performance	10 The development of people improves the performance of the organisation, teams and individuals	The organisation can show that the development of people has improved the performance of the organisation, teams and individuals
	11 People understand the impact of the development of people on the performance of the organisation, teams and individuals	Top management understands the overall costs and benefits of the development of people and its impact on performance People can explain the impact of their development on their performance, and the performance of their team and the organisation as a whole
	12 The organisation gets better at developing its people	People can give examples of relevant and timely improvements that have been made to development activities

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Further Information:

Web site:

<http://www.investorsinpeople.co.uk/IIP/Web/About+Investors+in+People/Investors+in+People+Standard/default.htm>

Investors in People

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Fax: +44 (0)20 7636 2386.

Email: information@iipuk.co.uk.

Social Accountability 8000

In 1997, the Council on Economic Priorities (CEP), a U.S. corporate-responsibility research institute, began to develop the Social Accountability 8000 (SA 8000) standard modeled after the ISO 9000 and ISO 14000 management standards.

SA 8000 is a voluntary, factory-based monitoring and certification standard for assessing labour conditions in global manufacturing operations.

SA 8000 relies on certified monitors to verify factory compliance with the standard. SA 8000 was updated in 2001 by the sponsor of the standard, Social Accountability International.

More information on SA 8000 is available on the Social Accountability International web site:
<http://www.sa-intl.org/index.cfm?fuseaction=Page.viewPage&pageId=473&stopRedirect=1>

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Further Information

Social Accountability International

220 East 23rd Street, Suite 605

New York, NY 10010

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Phone: 1-212-684-1414

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E-mail: info@sa-intl.org

Web site: www.sa-intl.org

Wood-Sheppard principles for Race Equality in Employment

2003

The Wood-Sheppard Principles provide employers with a framework for action to ensure equal opportunity in employment policy and practice. The Principles were originally launched in 1993, after the publication of "Buried Talents", a survey of the race equality policies of some of the UK's major employers. The principles were revised in 2003.

The survey was undertaken by the Race Equality in Employment Project (REEP) which was set up by the ECCR (Ecumenical Committee for Corporate Responsibility) and the EEBC (The Economic Empowerment of the Black Community). The following are the 10 principles agreed by Bishop Wilfrid Wood and Bishop David Sheppard:

1. Create and implement an effective and practical race equality policy incorporated within the overall business plan and owned by the entire organisation.
2. Declare a clear intention to reflect at all levels in the workforce the ethnic diversity found within the local community.
3. Adopt and value ethnic diversity as a cornerstone of human resource policies which is reflected in the workforce.
4. Monitor EOP performance against targets and improve over time.
5. Use fair and transparent recruitment and selection processes.
6. Make access to comprehensive training opportunities available to all employees irrespective of the level of entry and/or the qualifications held at the time of entry into the organisation.
7. Assign a Senior Management executive officer champion to enable all line managers to design and maintain their own E.O. action plans in line with the overall business plan.
8. Building on a base of compliance with statutory regulations on discrimination, develop a culture and processes that make racial and religious harassment or discrimination a serious offence within the organisation.
9. Publish an annual profile by ethnic origin, gender and grade within the organisation in relation to the Annual Report.
10. Make one Board member responsible for overseeing EOP monitoring and actively seek an appropriately qualified ethnic minority Board member.

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Further information:

Wood-Sheppard Principles on the Web: <http://www.industrialmission.org/reep/reep1.html>

Worker's Rights Consortium Model Code of Conduct

The Worker Rights Consortium (WRC) is a non-profit organization created by college and university administrations, students and labor rights experts. The WRC's purpose is to assist in the enforcement of manufacturing Codes of Conduct adopted by colleges and universities. These codes are designed to ensure that factories producing clothing and other goods bearing college and university names respect the basic rights of workers. The WRC works with labor rights experts in the United States and around the world to investigate factory conditions.

Member schools may adopt the Model Code of Conduct as the standard they will require of licensees. The Worker Rights Consortium uses this Code of Conduct as the basis for their investigations.

I. Introduction

- A. The Universities participating in the Worker Rights Consortium are each committed to conducting their business affairs in a socially responsible and ethical manner consistent with their respective educational, research and/or service missions, and to protecting and preserving the global environment.
- B. While the Consortium and the Member Institutions believe that Licensees share this commitment, the Consortium and the Member Institutions have adopted the following Code of Conduct (the "Code") which requires that all Licensees, at a minimum, adhere to the principles set forth in the Code.
- C. Throughout the Code the term "Licensee" shall include all persons or entities which have entered into a written "License Agreement" with the University manufacture "Licensed Articles" (as that term is defined in the License Agreement) bearing the names, trademarks and/or images of one or more Member Institutions. The term "Licensee" shall for purposes of the Code, and unless otherwise specified in the Code, encompass all of Licensees' contractors, subcontractors or manufacturers which produce, assemble or package finished Licensed Articles for the consumer.

II. Notice

- A. The principles set forth in the Code shall apply to all Licensees.
- B. As a condition of being permitted to produce and/or sell Licensed Articles, Licensees must comply with the Code. Licensees are required to adhere to the Code within six (6) months of notification of the Code and as required in applicable license agreements.

III. Standards

- A. Licensees agree to operate work places and contract with companies whose work places adhere to the standards and practices described below. The University prefers that Licensees exceed these standards.

B. Legal Compliance: Licensees must comply with all applicable legal requirements of the country(ies) of manufacture in conducting business related to or involving the production or sale of Licensed Articles. Where there are differences or conflicts with the Code and the laws of the country(ies) of manufacture, the higher standard shall prevail, subject to the considerations stated in Section VI.

C. Employment Standards: Licensees shall comply with the following standards:

1. *Wages and Benefits*: Licensees recognize that wages are essential to meeting employees' basic needs. Licensees shall pay employees, as a floor, wages and benefits which comply with all applicable laws and regulations, and which provide for essential needs and establish a dignified living wage for workers and their families. [A living wage is a "take home" or "net" wage, earned during a country's legal maximum work week, but not more than 48 hours. A living wage provides for the basic needs (housing, energy, nutrition, clothing, health care, education, potable water, childcare, transportation and savings) of an average family unit of employees in the garment manufacturing employment sector of the country divided by the average number of adult wage earners in the family unit of employees in the garment manufacturing employment sector of the country.]
2. *Working Hours*: Hourly and/or quota-based wage employees shall (i) not be required to work more than the lesser of (a) 48 hours per week or (b) the limits on regular hours allowed by the law of the country of manufacture, and (ii) be entitled to at least one day off in every seven day period, as well as holidays and vacations.
3. *Overtime Compensation*: All overtime hours must be worked voluntarily by employees. In addition to their compensation for regular hours of work, hourly and/or quota-based wage employees shall be compensated for overtime hours at such a premium rate as is legally required in the country of manufacture or, in those countries where such laws do not exist, at a rate at least one and one-half their regular hourly compensation rate.
4. *Child Labor*: Licensees shall not employ any person at an age younger than 15 (or 14, where, consistent with International Labor Organization practices for developing countries, the law of the country of manufacture allows such exception). Where the age for completing compulsory education is higher than the standard for the minimum age of employment stated above, the higher age for completing compulsory education shall apply to this section. Licensees agree to consult with governmental, human rights, and nongovernmental organizations, and to take reasonable steps as evaluated by the University to minimize the negative impact on children released from employment as a result of implementation or enforcement of the Code.
5. *Forced Labor*: There shall not be any use of forced prison labor, indentured labor, bonded labor or other forced labor.
6. *Health and Safety*: Licensees shall provide a safe and healthy working environment to prevent accidents and injury to health arising out of, linked with, or occurring in the course of work or as a result of the operation of Licensee facilities. In addition, Licensees must comply with the following provisions:
 - a. The Licensee shall ensure that its direct operations and those of any subcontractors comply with all workplace safety and health regulations established by the national government where the production facility is located, or with Title 29 CFR of the Federal Code of Regulations, enforced by Federal OSHA (Occupational Safety and

Health Administration), whichever regulation is more health protective for a given hazard.

- b. The Licensee shall ensure that its direct operations and subcontractors comply with all health and safety conventions of the International Labor Organization (ILO) ratified and adopted by the country in which the production facility is located.
7. *Nondiscrimination*: No person shall be subject to any discrimination in employment, including hiring, salary, benefits, advancement, discipline, termination or retirement, on the basis of gender, race, religion, age, disability, sexual orientation, nationality, political opinion, or social or ethnic origin.
8. *Harassment or Abuse*: Every employee shall be treated with dignity and respect. No employee shall be subject to any physical, sexual, psychological, or verbal harassment or abuse. Licensees will not use or tolerate any form of corporal punishment.
9. *Freedom of Association and Collective Bargaining*: Licensees shall recognize and respect the right of employees to freedom of association and collective bargaining. No employee shall be subject to harassment, intimidation or retaliation in their efforts to freely associate or bargain collectively. Licensees shall not cooperate with governmental agencies and other organizations that use the power of the State to prevent workers from organizing a union of their choice. Licensees shall allow union organizers free access to employees. Licensees shall recognize the union of the employees' choice.

10. *Women's Rights*

- a. Women workers will receive equal remuneration, including benefits; equal treatment; equal evaluation of the quality of their work; and equal opportunity to fill all positions open to male workers.
- b. Pregnancy tests will not be a condition of employment, nor will they be demanded of employees.
- c. Workers who take maternity leave will not face dismissal nor threat of dismissal, loss of seniority or deduction of wages, and will be able to return to their former employment at the same rate of pay and benefits.
- d. Workers will not be forced or pressured to use contraception.
- e. Workers will not be exposed to hazards, including glues and solvents, that may endanger their safety, including their reproductive health.
- f. Licensees shall provide appropriate services and accommodation to women workers in connection with pregnancy.

IV. Compliance and Disclosure: Licensees (for themselves and on behalf of their contractors, subcontractors, or manufacturers) shall disclose to the Worker Rights Consortium, the University, and the public the information set forth in Sections A, B, and C below.

- A. Upon execution and renewal of the License Agreement and upon the selection of any new manufacturing facility which produces Licensed Articles, the company names, contacts, addresses, phone numbers, e-mail addresses, and nature of the business association for all such facilities which produce Licensed Articles;

- B. at least sixty (60) days prior to the end of each contract year of the License Agreement, written assurance that (i) Licensees are in compliance with the Code and/or (ii) licensees are taking reasonable steps to remedy non-compliance in facilities found not to be in compliance with the code;
- C. at least sixty (60) days prior to the end of each contract year of the License Agreement, a summary of those steps taken to remedy material violations, and/or difficulties encountered, during the preceding year in implementing and enforcing the Code at all of Licensees' facilities which produce Licensed Articles.

V. Verification: It shall be the responsibility of Licensees (for themselves and on behalf of their contractors, subcontractors, or manufacturers) to ensure their compliance with the Code. The WRC and its Member Institutions will undertake efforts to determine and clearly define the obligations associated with the development of adequate methods and training for independent external monitoring, as guided by the principles in the founding document of the Consortium.

VI. Labor Standards Environment: In countries where law or practice conflicts with these labor standards, Licensees agree to consult with governmental, human rights, labor and business organizations and to take effective actions as evaluated by the University to achieve full compliance with each of these standards. Licensees further agree to refrain from any actions that would diminish the protections of these labor standards. In addition to all other rights under the Licensing Agreement, the University reserves the right to refuse renewal of Licensing Agreements for goods made in countries where:

- A. progress toward implementation of the employment standards in the Code is no longer being made; and
- B. compliance with the employment standards in the Code is deemed impossible. The University shall make such determinations based upon examination of reports from governmental, human rights, labor and business organizations and after consultation with the relevant Licensees.

VII. Remediation: Remedies herein apply to violations which occur after the Effective Date of the Code.

- A. If a Licensee has failed to self-correct a violation of the Code, the University will consult with the Licensee (for itself and on behalf of its contractors, subcontractors, or manufacturers) to determine appropriate corrective action.
- B. The remedy will, at a minimum, include requiring the licensee to take all steps necessary to correct such violations including, without limitation:
 - 1. Paying all applicable back wages found due to workers who manufactured the licensed articles.
 - 2. Reinstatement of any worker found to have been unlawfully dismissed.
- C. If agreement on corrective action is not reached, and/or the action does not result in correction of the violation within a specified reasonable time period, the University reserves the right to
 - 1. require that the Licensee terminate its relationship with any contractor, subcontractor, or manufacturer that continues to conduct its business in violation of the Code, and/or

2. terminate its relationship with any Licensee that continues to conduct its business in violation of the Code.

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Further Information

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Fax: (202) 387-3292

Web site: www.workersrights.org

The full text of the Model Code of Conduct: <http://www.workersrights.org/coc.asp>

Further Resources and Links: Labour

Agreement between IKEA and the IFBWW union

Agreement Between IKEA and the International Federation of Building and Wood Workers (IFBWW), May 25, 1998, Geneva, Switzerland
<http://www1.umn.edu/humanrts/links/ikeacode.html>

Business and Social Initiatives Database

This International Labour Organization (ILO) database includes access to information on private sector initiatives addressing labour and social conditions. The database features corporate policies and reports, codes of conduct and accreditation and certification criteria.
<http://www.ilo.org/public/english/comp/business>

Commission for the Verification of Corporate Codes of Conduct

A Guatemalan independent monitoring NGO that gathers and publishes information about working conditions in Guatemala.
www.coverco.org

Draft Code of Practice on Managing Disability in the Workplace

www.ilo.org/public/english/employment/skills/disability/draftcod.htm

Ethical Trading Initiative is a UK based initiative that aims to promote the use of codes of conduct and standards, and monitoring and auditing methods. The ETI's Base Code is focused on a set of defined labour issues.

<http://www.ethicaltrade.org/>

The Fair Wear Foundation

A Dutch initiative to promote fair working conditions in the global garment industry.
<http://www.fairwear.nl/>

Global Alliance

The Global Alliance for Workers and Communities is a partnership of private, public and non-governmental organizations working to improve the workplace experience of workers involved in global production and service supply chains in developing countries.

<http://www.theglobalalliance.org>

International Confederation of Free Trade Unions advocates for International labour standards and workers rights.

<http://www.icftu.org/default.asp?Language=EN>

International Labour Organization's extensive information on corporate codes of conduct including the results of a number of surveys on corporate codes of conduct.

<http://www.itcilo.it/english/actrav/telearn/global/ilo/code/main.htm>

International Labour Organization's Conventions on Child Labour

www.ilo.org/public/english/comp/child/

International Labour Organization's Convention Concerning Indigenous and Tribal Peoples in Independent Countries, Convention 169

www.unhchr.ch/html/menu3/b/62.htm

International Labour Organization's Conventions of the Freedom of Association and Free Collective Bargaining

www.ilo.org/ilolex/english/convdisp2.htm CLICK ON C.87

International Labour Organization's Fundamental Conventions

The ILO has authored numerous international conventions and standards relating to labour.

www.ilo.org/public/english/standards/norm/whatare/fundam/

Labor Law

A web-based tool created by US-based Business for Social Responsibility to improve labor compliance and safeguard human rights in the supply chain. Labor Law provides detailed reports on labour law in over 60 countries.

http://laborlaw.bsr.org/laborlaw_bsr/about.cfm

Statement by the Tobacco Growers Association and its Union

Joint Statement by the International Tobacco Growers' Association (ITGA) and the International Union of Food, Agriculture, Hotel, Restaurant, Catering, Tobacco and Allied Workers' Association

<http://www1.umn.edu/humanrts/links/itga-iuf.html>

Workers Tool or PR Ploy?: A Guide to Codes of International Labour Practice published by the Friederich Ebert Stiftung Foundation , 2002.

<http://www.suedwind-institut.de/Workers-tool-2003.pdf>

World Commission on the Social Dimension of Globalization launched by the International Labour Organization.

<http://www.ilo.org/public/english/wcsdq/index.htm>

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Gender

Beijing Declaration from the Fourth UN World Conference on Women

Declaration

1. We, the Governments participating in the Fourth World Conference on Women,
2. Gathered here in Beijing in September 1995, the year of the fiftieth anniversary of the founding of the United Nations,
3. Determined to advance the goals of equality, development and peace for all women everywhere in the interest of all humanity,
4. Acknowledging the voices of all women everywhere and taking note of the diversity of women and their roles and circumstances, honouring the women who paved the way and inspired by the hope present in the world's youth,
5. Recognize that the status of women has advanced in some important respects in the past decade but that progress has been uneven, inequalities between women and men have persisted and major obstacles remain, with serious consequences for the well-being of all people,
6. Also recognize that this situation is exacerbated by the increasing poverty that is affecting the lives of the majority of the world's people, in particular women and children, with origins in both the national and international domains,
7. Dedicate ourselves unreservedly to addressing these constraints and obstacles and thus enhancing further the advancement and empowerment of women all over the world, and agree that this requires urgent action in the spirit of determination, hope, cooperation and solidarity, now and to carry us forward into the next century.

We reaffirm our commitment to:

8. The equal rights and inherent human dignity of women and men and other purposes and principles enshrined in the Charter of the United Nations, to the Universal Declaration of Human Rights and other international human rights instruments, in particular the Convention on the Elimination of All Forms of Discrimination against Women and the Convention on the Rights of the Child, as well as the Declaration on the Elimination of Violence against Women and the Declaration on the Right to Development;
9. Ensure the full implementation of the human rights of women and of the girl child as an inalienable, integral and indivisible part of all human rights and fundamental freedoms;
10. Build on consensus and progress made at previous United Nations conferences and summits - on women in Nairobi in 1985, on children in New York in 1990, on environment and development in Rio de Janeiro in 1992, on human rights in Vienna in 1993, on population and development in Cairo in 1994 and on social development in Copenhagen in 1995 with the objective of achieving equality, development and peace;

11. Achieve the full and effective implementation of the Nairobi Forward-looking Strategies for the Advancement of Women;
12. The empowerment and advancement of women, including the right to freedom of thought, conscience, religion and belief, thus contributing to the moral, ethical, spiritual and intellectual needs of women and men, individually or in community with others and thereby guaranteeing them the possibility of realizing their full potential in society and shaping their lives in accordance with their own aspirations.

We are convinced that:

13. Women's empowerment and their full participation on the basis of equality in all spheres of society, including participation in the decision-making process and access to power, are fundamental for the achievement of equality, development and peace;
14. Women's rights are human rights;
15. Equal rights, opportunities and access to resources, equal sharing of responsibilities for the family by men and women, and a harmonious partnership between them are critical to their well-being and that of their families as well as to the consolidation of democracy;
16. Eradication of poverty based on sustained economic growth, social development, environmental protection and social justice requires the involvement of women in economic and social development, equal opportunities and the full and equal participation of women and men as agents and beneficiaries of people-centred sustainable development;
17. The explicit recognition and reaffirmation of the right of all women to control all aspects of their health, in particular their own fertility, is basic to their empowerment;
18. Local, national, regional and global peace is attainable and is inextricably linked with the advancement of women, who are a fundamental force for leadership, conflict resolution and the promotion of lasting peace at all levels;
19. It is essential to design, implement and monitor, with the full participation of women, effective, efficient and mutually reinforcing gender-sensitive policies and programmes, including development policies and programmes, at all levels that will foster the empowerment and advancement of women;
20. The participation and contribution of all actors of civil society, particularly women's groups and networks and other non-governmental organizations and community-based organizations, with full respect for their autonomy, in cooperation with Governments, are important to the effective implementation and follow-up of the Platform for Action;
21. The implementation of the Platform for Action requires commitment from Governments and the international community. By making national and international commitments for action, including those made at the Conference, Governments and the international community recognize the need to take priority action for the empowerment and advancement of women.

We are determined to:

22. Intensify efforts and actions to achieve the goals of the Nairobi Forward-looking Strategies for the Advancement of Women by the end of this century;

23. Ensure the full enjoyment by women and the girl child of all human rights and fundamental freedoms and take effective action against violations of these rights and freedoms;
24. Take all necessary measures to eliminate all forms of discrimination against women and the girl child and remove all obstacles to gender equality and the advancement and empowerment of women;
25. Encourage men to participate fully in all actions towards equality;
26. Promote women's economic independence, including employment, and eradicate the persistent and increasing burden of poverty on women by addressing the structural causes of poverty through changes in economic structures, ensuring equal access for all women, including those in rural areas, as vital development agents, to productive resources, opportunities and public services;
27. Promote people-centred sustainable development, including sustained economic growth, through the provision of basic education, life-long education, literacy and training, and primary health care for girls and women;
28. Take positive steps to ensure peace for the advancement of women and, recognizing the leading role that women have played in the peace movement, work actively towards general and complete disarmament under strict and effective international control, and support negotiations on the conclusion, without delay, of a universal and multilaterally and effectively verifiable comprehensive nuclear-test-ban treaty which contributes to nuclear disarmament and the prevention of the proliferation of nuclear weapons in all its aspects;
29. Prevent and eliminate all forms of violence against women and girls;
30. Ensure equal access to and equal treatment of women and men in education and health care and enhance women's sexual and reproductive health as well as education;
31. Promote and protect all human rights of women and girls;
32. Intensify efforts to ensure equal enjoyment of all human rights and fundamental freedoms for all women and girls who face multiple barriers to their empowerment and advancement because of such factors as their race, age, language, ethnicity, culture, religion, or disability, or because they are indigenous people;
33. Ensure respect for international law, including humanitarian law, in order to protect women and girls in particular;
34. Develop the fullest potential of girls and women of all ages, ensure their full and equal participation in building a better world for all and enhance their role in the development process.

We are determined to:

35. Ensure women's equal access to economic resources, including land, credit, science and technology, vocational training, information, communication and markets, as a means to further the advancement and empowerment of women and girls, including through the enhancement of their capacities to enjoy the benefits of equal access to these resources, inter alia, by means of international cooperation;
36. Ensure the success of the Platform for Action, which will require a strong commitment on the part of Governments, international organizations and institutions at all levels. We are deeply convinced that economic development, social development and environmental protection are

interdependent and mutually reinforcing components of sustainable development, which is the framework for our efforts to achieve a higher quality of life for all people. Equitable social development that recognizes empowering the poor, particularly women living in poverty, to utilize environmental resources sustainably is a necessary foundation for sustainable development. We also recognize that broad-based and sustained economic growth in the context of sustainable development is necessary to sustain social development and social justice. The success of the Platform for Action will also require adequate mobilization of resources at the national and international levels as well as new and additional resources to the developing countries from all available funding mechanisms, including multilateral, bilateral and private sources for the advancement of women; financial resources to strengthen the capacity of national, sub regional, regional and international institutions; a commitment to equal rights, equal responsibilities and equal opportunities and to the equal participation of women and men in all national, regional and international bodies and policy-making processes; and the establishment or strengthening of mechanisms at all levels for accountability to the world's women;

37. Ensure also the success of the Platform for Action in countries with economies in transition, which will require continued international cooperation and assistance;
38. We hereby adopt and commit ourselves as Governments to implement the following Platform for Action, ensuring that a gender perspective is reflected in all our policies and programmes. We urge the United Nations system, regional and international financial institutions, other relevant regional and international institutions and all women and men, as well as non-governmental organizations, with full respect for their autonomy, and all sectors of civil society, in cooperation with Governments, to fully commit themselves and contribute to the implementation of this Platform for Action.

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Further information:

See the UN's Beijing Declaration and Platform for Action:
<http://www.un.org/womenwatch/daw/beijing/platform/>.

The Calvert Women's Principles: A Global Code of Conduct for Corporations

2004

Developed by Calvert, a US-based social investment company, the Calvert Women's Principles are a code of conduct for companies focusing exclusively on women's rights and gender equality.

Preamble

1. The Calvert Group, Ltd. (Calvert), America's largest family of socially responsible mutual funds, is introducing *The Calvert Women's Principles* because we see a clear relationship between the empowerment of women and the potential for sustainable development, and a clear role for business corporations to play in fostering and nurturing this relationship.
2. The *Women's Principles* reflect Calvert's view that there is a strong *business case* for gender equality. We offer these *Principles* as a set of standards that corporations can aspire to and a measure against which they can assess their performance, while offering investors a set of tools they can use to assess corporate behavior and progress on issues of gender equity and women's empowerment.
3. The *Women's Principles* are consistent with Calvert's longstanding investment approach, which holds that well-governed, socially responsible companies are better positioned to manage risk and deliver long-term value to their shareholders. We also believe they can play a critical role in improving the quality of life for women employees, their families, vendors, suppliers and other stakeholders, while advancing the rights and status of women around the globe. This is particularly true for businesses where women are treated equally, where they hold key leadership positions and are full participants in decision-making.
4. Although there are well-established labor and human rights norms and standards affecting women, to date there has been no systematic effort to apply those standards directly and specifically to corporate conduct. *The Calvert Women's Principles* represent the first comprehensive attempt to do so. What distinguishes these *Principles* from other initiatives is their focus on business corporations as vehicles for addressing gender inequalities and advancing the global empowerment of women.
5. While globalization has provided greater opportunities for women to participate in the market economy, it has also contributed to widening gender inequality, both within and among societies. For some, there have been new opportunities and increased prosperity through economic growth; for others, the effects of globalization have been uneven, with gains tending to accrue to those with higher levels of education, ownership of assets and access to capital. For vulnerable groups, especially poor women, globalization has been a particularly mixed bag, often exacerbating existing inequalities and relegating women to low pay, dead-end jobs in the manufacturing, service and agricultural sectors. Consider this:

"There is about a 90 percent chance that a young woman put together your palm pilot. There is a 50 percent chance that a woman picked the coffee beans you drank this morning. And there is about a 70 percent chance that a woman sewed the clothes you are wearing"

6. So, while women increasingly comprise the majority of the labor force in certain sectors of globalized production, they are also, in most cases, at the very bottom of the occupational hierarchy, participating mainly as unorganized laborers with little or no possibility of skills

upgrading, no job security, poor working conditions and no collective bargaining or other labor rights. According to the World Bank, women have achieved approximate gender parity in only four countries— Denmark, Finland, Norway and Sweden—based on gender equality in secondary school enrollment, representation in legislative bodies, and representation in non-agricultural paid employment.

7. The United Nations Secretary General has identified adverse labor conditions as a major contributing factor to what has been called the “feminization of poverty.” It is estimated that of the 1.5 billion people living on a dollar a day or less worldwide, 70 percent are women. Poverty not only undermines women’s rights and status, but prevents them from improving their status through political or legal action, leading to a downward spiral and deteriorating quality of life for many women and their children. Reducing the barriers to women’s economic empowerment, entrepreneurship and self-sufficiency is, therefore, integral to poverty eradication worldwide.
8. A key area of emerging consensus is the strong correlation between sustainable development and equality between men and women. However, gender inequalities remain pervasive worldwide. In addition, sometimes policy and program prescriptions that treat men and women “equally” will fail because equal treatment of people in unequal situations perpetuates inequality. Similarly, remedies that treat women in isolation will also achieve only limited success. Women’s enterprise is woven into the fabric of community and, as primary care givers and income earners, women are key actors in family survival strategy. Therefore, how wage employment overlaps household responsibilities has implications for women’s social and economic gain. International experience supported by substantial research has shown that higher levels of investment in women’s education, health care and access to productive resources have potentially large payoffs in terms of higher productivity, more efficient use of resources, improved child survival rates, and better household health.
9. Even in developed countries, where there are fewer “sticky floors” confining women to low paying jobs and industries, so-called “glass ceilings” continue to block upward mobility. Evidence suggests that the gender gap is widest at the pinnacles of economic power. Worldwide, women occupy less than three percent of the top executive posts in the largest corporations; they hold only 11 percent of the seats in parliaments globally; and only one percent of trade union leaders are women, though women constitute 40 percent of their membership worldwide. In developing countries, girls are less likely to attend school than boys, and more likely to drop out (in many cases due to pregnancy and lack of access to reproductive health services). In industrial countries, women earn on average only 77 percent of what men earn; in developing countries they earn 73 percent. Only about one-fifth of this wage gap can be attributed to gender differences in education, work experience, or job characteristics (World Bank Gender and Development Group, 2003).
10. There is a strong *business case* for promoting women’s economic development, entrepreneurship, and enterprise. As a result of gender inequities, women remain—to some degree in all parts of the globe—an untapped economic resource and an under-utilized economic asset. Corporations can play a vital role in unleashing women’s economic capacity, which has the potential to boost economies and transform societies. Central to *The Calvert Women’s Principles*, therefore, is the recognition of women as economic *actors* and as productive assets, rather than as victims. Promoting and supporting women’s enterprise is essential to economic growth. Women should not only be treated with dignity and respect in the workplace, but it is in the best interest of business corporations to empower, advance, and invest in women worldwide.
11. The *Women’s Principles* are in concert with the Millennium Declaration, signed in 2000 at the United Nations, committing countries “to promote gender equality and the empowerment of women, as effective ways to combat poverty, hunger and disease and to stimulate development that is truly sustainable.” The *Principles* are also consistent with and meant to

advance progress in the 12 critical areas identified by the Beijing Platform for Action, which was adopted by all 189 United Nations member countries at the Fourth World Conference on Women in 1995. Finally, they also support the goals of the Convention on the Elimination of All Forms of Discrimination Against Women (CEDAW) adopted by the UN General Assembly in 1979 and ratified by 170 countries. What distinguishes these *Principles* from other initiatives is their focus on business corporations as vehicles for addressing gender inequality and women's empowerment. (In this respect, the *Principles* are also consistent with the Norms on the Responsibilities of Transnational Corporations and Other Business Enterprises With regard to Human Rights.)

12. Launching the *Women's Principles* is a natural outgrowth of Calvert's longstanding work in the field of socially responsible investing. We are experienced analysts of the myriad ways in which corporate behavior impacts employees, communities and the environment. Given this experience and expertise, we believe Calvert is uniquely situated to develop and hold companies accountable to a set of criteria regarding corporate conduct and its impact on women.
13. Calvert therefore intends to integrate the *Women's Principles* into our own social and environmental screening of companies as prospective investments for our portfolios. We also intend to issue ratings of companies based in part upon their commitment to the *Principles*, both in terms of implementation and aspirations. Finally, as shareholders, we intend to engage corporations on gender equality and empowerment issues, asking them to endorse the *Principles* and to take concrete actions to implement the same.
14. The challenge of redressing the many dimensions of gender inequality is too large in scope, complexity and costs to be tackled by governments alone. It will require, instead, the massive mobilization of governments, corporations, foundations and NGOs to provide women with the economic and educational opportunities needed to participate in and benefit from global development. Corporations in particular will play a critical role in this process, as the global empowerment of women will be facilitated, in large part, through employment opportunities in the private sector. Additionally, corporations can act as powerful change agents through the spillover and demonstration effects they have on local firms and communities. In short, one of the primary characteristics of globalization is the ever-increasing power of multinational corporations: With such power comes responsibility and opportunity.
15. We recognize that some corporations will be better positioned than others to implement these *Principles*, and that some of the specific *Principles* may be problematic or difficult to implement. We have designed the *Principles* with these realities in mind, and have structured each section in a way that generally proceeds from the more elemental to the more difficult. It is our hope that this approach will allow companies to determine where along the continuum they are most comfortable, and that they will then be induced to build upon their commitments and their successes over time.
16. Finally, we recognize that while principles are universal, circumstances are not. Corporations must take into account a wide range of cultural, societal, legal, economic and other factors when adopting and implementing policies affecting women. At the same time, care must be taken to ensure that cultural differences and customs never become an excuse for denying or abusing the basic human rights of individuals. Corporations have the opportunity to hold themselves to higher standards than local contexts may prescribe or tolerate. We believe that, where possible, corporations should do so, and should assume a proactive leadership role in advancing the rights of women in particular and human dignity more generally. Working together as partners, corporations, governments, the donor community, private organizations, and NGOs can contribute significantly to the economic, political, intellectual, social and cultural development of women. As shareholders in corporations, the investment community can significantly impact whether women and their families prosper or fall further behind in the global economy. The choice is ours.

The Calvert's Women's Principles

1. DISCLOSURE, IMPLEMENTATION, AND MONITORING

Corporations will promote and strive to attain gender equality in their operations and in their business and stakeholder relationships by adopting and implementing proactive policies that are publicly disclosed, monitored, and enforced.

In this regard, companies agree to take all reasonable steps to:

- A. Publicize their commitment to these Principles through a CEO statement or comparably prominent means, and prominently display them in the workplace and/or make them available to all employees in a readily accessible and understandable form.
- B. Be transparent in the implementation of these Principles, and promote their endorsement and implementation by affiliates, vendors, suppliers, customers, and others with whom they do business.
- C. Engage in constructive dialogue with stakeholder groups, including non-governmental organizations (NGOs), business associations, investors, and the media on their progress in implementing the Principles.
- D. Establish benchmarks to measure and monitor progress toward gender equality, and report results publicly.
- E. Develop and implement company policies, procedures, training, and internal reporting processes to ensure observance and implementation of these Principles throughout the organization.
- F. Establish an unbiased, non-retaliatory grievance policy allowing employees to make comments, recommendations, reports, or complaints concerning the treatment of women in the workplace.
- G. Conduct periodic audits, self-evaluation, public disclosure, and reporting on status and progress made in the implementation of these Principles.
- H. Ensure that these Principles are observed not only with respect to their own employees, but also in their relations with independent contractors, sub-contractors, home-based workers, vendors, and other non-employees with whom they do business.

2. EMPLOYMENT AND INCOME

Corporations will promote and strive to attain gender equality by adopting and implementing wage, income, hiring, promotion, and other employment policies that eliminate gender discrimination in all its forms.

In this regard, companies agree to take all reasonable steps to:

- A. Pay the legal wage to all women.

- B. Establish pay equity policies that pay comparable wages and benefits, including retirement security benefits, to men and women for comparable work.
- C. Eliminate all forms of discrimination based on gender or cultural stereotypes, including wages, hours, benefits, job access and qualifications, working conditions, or other work-related privileges or activities.
- D. Develop verifiable programs to hold managers accountable for attaining measurable progress in the hiring, training, retention, and promotion of women.
- E. Prohibit discrimination based on a woman's marital, parental status, or reproductive status in making decisions regarding employment or promotion.
- F. Implement reasonable and equitable policies regarding layoffs, contract work, and temporary work that do not disproportionately affect women.
- G. Undertake concrete, verifiable actions to provide pregnant and post-natal women with employment security that allows for interruptions in their work for maternity, parental leave, and family-related responsibilities.
- H. Facilitate or otherwise provide information regarding the availability of childcare or family care facilities or assistance to employees.
- I. Strive to pay a living wage to all women.

3. HEALTH, SAFETY, AND VIOLENCE

Corporations will promote and strive to attain gender equality by adopting and implementing policies to secure the health, safety, and well-being of women workers.

In this regard, companies agree to take all reasonable steps to:

- A. Ensure that women's health and safety, including reproductive health, are protected in the workplace.
- B. Prohibit and prevent all forms of violence in the workplace, including physical, sexual or verbal harassment, and have well-publicized procedures for reporting and responding to the same.
- C. Ensure the safety of female employees and vendors in the workplace, in travel to and from the workplace, and on company-related business.
- D. Strive to eliminate unsafe working conditions and provide protection from exposure to hazardous or toxic chemicals in the workplace, particularly when those substances have known or suspected adverse effects on the health of women and children. In addition to these steps, provide full disclosure of possible hazards, and obtain prior informed consent from women who may be exposed to such substances in the workplace.
- E. Prohibit discrimination against women with health problems, including individuals with AIDS/HIV-positive status.
- F. Allow time off from work for women employees seeking medical care or treatment, including family planning, counseling, and reproductive health care.

- G. Provide and make readily accessible information on domestic violence with information about available local resources.
- H. Provide and make readily accessible information on reproductive health care with information about available local resources.

4. CIVIC AND COMMUNITY ENGAGEMENT

Corporations will promote and strive to attain gender equality by adopting and implementing policies to help secure and protect the right of women to fully participate in civic life and to be free from all forms of discrimination and exploitation.

In this regard, companies agree to take all reasonable steps to:

- A. Clearly forbid business-related activities that condone, support, or otherwise participate in the trafficking in women and young girls, prostitution, or sexual exploitation.
- B. Ensure that affiliated philanthropic foundations observe and support the implementation of and aspirations underlining these Principles through their donations, grant-making, and programmatic initiatives.
- C. Ensure that female employees are able to participate in legal, civic, and political affairs—including time off to vote—without interference or fear of repercussion or retaliation in the workplace.
- D. Respect employees' voluntary freedom of association, including the voluntary freedom of association of female employees.
- E. Forbid political activities at the worksite that result in harassment or intimidation of women employees.
- F. Work with host governments and communities where the company does business to eliminate gender-based discrimination and improve educational and other opportunities for women and girls in those communities, including support for women's non-governmental organizations and other community groups working for the advancement of women.
- G. Exercise proactive leadership and hold themselves to higher standards than local culture, custom, or context may prescribe or tolerate in situations where cultural differences or customs are used to deny or abuse the basic human rights of women and girls.
- H. Take measures to protect female employees and their families from sexual harassment, violence, mutilation, intimidation, retaliation, or other denial of their basic human rights by host governments or non-governmental political, religious, or cultural organizations.

5. MANAGEMENT AND GOVERNANCE

Corporations will promote and strive to attain gender equality by adopting and implementing policies to ensure women's participation in corporate management and governance.

In this regard, companies agree to take all reasonable steps to:

- A. Establish policies and undertake proactive efforts to recruit and appoint women to managerial positions and to the corporate boards of directors.

- B. Establish policies and undertake proactive efforts to assure participation by women in decisionmaking and governance at all levels and in all areas of the business.

6. EDUCATION, TRAINING, AND PROFESSIONAL DEVELOPMENT

Corporations will promote and strive to attain gender equality by adopting and implementing education, training, and professional development policies benefiting women.

In this regard, companies agree to take all reasonable steps to:

- A. Provide women employees with opportunities for and access to education and continuing education, literacy training, certified vocational skills, and information technology training, and professional development.
- B. Facilitate access to special educational and vocational programs for young women who did not complete schooling and/or left their families or homes to enter the workforce.

7. BUSINESS, SUPPLY CHAIN, AND MARKETING PRACTICES

Corporations will promote and strive to attain gender equality by adopting and implementing proactive, non-discriminatory business, marketing, and supply chain policies and practices.

In this regard, companies agree to take all reasonable steps to:

- A. Respect the dignity of women in all sales, promotional, and advertising materials, and exclude any form of gender or sexual exploitation in marketing and advertising campaigns.
- B. Publicly identify vendors and suppliers, share these Principles with them, and make every effort to ensure that vendors and suppliers adhere to these Principles and monitor their compliance with the same.
- C. Encourage and support women's entrepreneurship, and seek to enter into contractual and other business relationships with women-owned businesses and vendors, including micro-enterprises, and work with them to arrange fair credit and lending terms.

Calvert wishes to thank the many women leaders, corporate representatives, representatives of labor, human rights, women's advocacy, and other non-governmental organizations, and others who were kind enough to provide valuable counsel and advice during the drafting of these Principles.

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Further information

Calvert web site: www.calvert.com.

The Calvert Women's Principles online: <http://www.calvert.com/pdf/womensprinciples.pdf>.

UN Convention on the Elimination of All Forms of Discrimination against Women

Adopted and opened for signature, ratification and accession by General Assembly resolution 34/180 of 18 December 1979. Entry into force 3 September 1981.

The States Parties to the present Convention,

Noting that the Charter of the United Nations reaffirms faith in fundamental human rights, in the dignity and worth of the human person and in the equal rights of men and women,

Noting that the Universal Declaration of Human Rights affirms the principle of the inadmissibility of discrimination and proclaims that all human beings are born free and equal in dignity and rights and that everyone is entitled to all the rights and freedoms set forth therein, without distinction of any kind, including distinction based on sex,

Noting that the States Parties to the International Covenants on Human Rights have the obligation to ensure the equal rights of men and women to enjoy all economic, social, cultural, civil and political rights,

Considering the international conventions concluded under the auspices of the United Nations and the specialized agencies promoting equality of rights of men and women,

Noting also the resolutions, declarations and recommendations adopted by the United Nations and the specialized agencies promoting equality of rights of men and women,

Concerned, however, that despite these various instruments extensive discrimination against women continues to exist,

Recalling that discrimination against women violates the principles of equality of rights and respect for human dignity, is an obstacle to the participation of women, on equal terms with men, in the political, social, economic and cultural life of their countries, hampers the growth of the prosperity of society and the family and makes more difficult the full development of the potentialities of women in the service of their countries and of humanity,

Concerned that in situations of poverty women have the least access to food, health, education, training and opportunities for employment and other needs,

Convinced that the establishment of the new international economic order based on equity and justice will contribute significantly towards the promotion of equality between men and women,

Emphasizing that the eradication of apartheid, all forms of racism, racial discrimination, colonialism, neo-colonialism, aggression, foreign occupation and domination and interference in the internal affairs of States is essential to the full enjoyment of the rights of men and women,

Affirming that the strengthening of international peace and security, the relaxation of international tension, mutual co-operation among all States irrespective of their social and economic systems, general and complete disarmament, in particular nuclear disarmament under strict and effective international control, the affirmation of the principles of justice, equality and mutual benefit in relations among countries and the realization of the right of peoples under alien and colonial domination and foreign occupation to self-determination and independence, as well as respect for national sovereignty and territorial integrity, will promote social progress and development and as a consequence will contribute to the attainment of full equality between men and women,

Convinced that the full and complete development of a country, the welfare of the world and the cause of peace require the maximum participation of women on equal terms with men in all fields,

Bearing in mind the great contribution of women to the welfare of the family and to the development of society, so far not fully recognized, the social significance of maternity and the role of both parents in the family and in the upbringing of children, and aware that the role of women in procreation should not be a basis for discrimination but that the upbringing of children requires a sharing of responsibility between men and women and society as a whole,

Aware that a change in the traditional role of men as well as the role of women in society and in the family is needed to achieve full equality between men and women,

Determined to implement the principles set forth in the Declaration on the Elimination of Discrimination against Women and, for that purpose, to adopt the measures required for the elimination of such discrimination in all its forms and manifestations,

Have agreed on the following:

PART I

Article 1

For the purposes of the present Convention, the term "discrimination against women" shall mean any distinction, exclusion or restriction made on the basis of sex which has the effect or purpose of impairing or nullifying the recognition, enjoyment or exercise by women, irrespective of their marital status, on a basis of equality of men and women, of human rights and fundamental freedoms in the political, economic, social, cultural, civil or any other field.

Article 2

States Parties condemn discrimination against women in all its forms, agree to pursue by all appropriate means and without delay a policy of eliminating discrimination against women and, to this end, undertake:

- (a) To embody the principle of the equality of men and women in their national constitutions or other appropriate legislation if not yet incorporated therein and to ensure, through law and other appropriate means, the practical realization of this principle;
- (b) To adopt appropriate legislative and other measures, including sanctions where appropriate, prohibiting all discrimination against women;
- (c) To establish legal protection of the rights of women on an equal basis with men and to ensure through competent national tribunals and other public institutions the effective protection of women against any act of discrimination;
- (d) To refrain from engaging in any act or practice of discrimination against women and to ensure that public authorities and institutions shall act in conformity with this obligation;
- (e) To take all appropriate measures to eliminate discrimination against women by any person, organization or enterprise;
- (f) To take all appropriate measures, including legislation, to modify or abolish existing laws, regulations, customs and practices which constitute discrimination against women;
- (g) To repeal all national penal provisions which constitute discrimination against women.

Article 3

States Parties shall take in all fields, in particular in the political, social, economic and cultural fields, all appropriate measures, including legislation, to ensure the full development and advancement of women, for the purpose of guaranteeing them the exercise and enjoyment of human rights and fundamental freedoms on a basis of equality with men.

Article 4

1. Adoption by States Parties of temporary special measures aimed at accelerating de facto equality between men and women shall not be considered discrimination as defined in the present Convention, but shall in no way entail as a consequence the maintenance of unequal or separate standards; these measures shall be discontinued when the objectives of equality of opportunity and treatment have been achieved.
2. Adoption by States Parties of special measures, including those measures contained in the present Convention, aimed at protecting maternity shall not be considered discriminatory.

Article 5

States Parties shall take all appropriate measures:

- (a) To modify the social and cultural patterns of conduct of men and women, with a view to achieving the elimination of prejudices and customary and all other practices which are based on the idea of the inferiority or the superiority of either of the sexes or on stereotyped roles for men and women;
- (b) To ensure that family education includes a proper understanding of maternity as a social function and the recognition of the common responsibility of men and women in the upbringing and development of their children, it being understood that the interest of the children is the primordial consideration in all cases.

Article 6

States Parties shall take all appropriate measures, including legislation, to suppress all forms of traffic in women and exploitation of prostitution of women.

PART II

Article 7

States Parties shall take all appropriate measures to eliminate discrimination against women in the political and public life of the country and, in particular, shall ensure to women, on equal terms with men, the right:

- (a) To vote in all elections and public referenda and to be eligible for election to all publicly elected bodies;
- (b) To participate in the formulation of government policy and the implementation thereof and to hold public office and perform all public functions at all levels of government;
- (c) To participate in non-governmental organizations and associations concerned with the public and political life of the country.

Article 8

States Parties shall take all appropriate measures to ensure to women, on equal terms with men and without any discrimination, the opportunity to represent their Governments at the international level and to participate in the work of international organizations.

Article 9

1. States Parties shall grant women equal rights with men to acquire, change or retain their nationality. They shall ensure in particular that neither marriage to an alien nor change of nationality by the husband during marriage shall automatically change the nationality of the wife, render her stateless or force upon her the nationality of the husband.
2. States Parties shall grant women equal rights with men with respect to the nationality of their children.

PART III

Article 10

States Parties shall take all appropriate measures to eliminate discrimination against women in order to ensure to them equal rights with men in the field of education and in particular to ensure, on a basis of equality of men and women:

- (a) The same conditions for career and vocational guidance, for access to studies and for the achievement of diplomas in educational establishments of all categories in rural as well as in urban areas; this equality shall be ensured in pre-school, general, technical, professional and higher technical education, as well as in all types of vocational training;
- (b) Access to the same curricula, the same examinations, teaching staff with qualifications of the same standard and school premises and equipment of the same quality;
- (c) The elimination of any stereotyped concept of the roles of men and women at all levels and in all forms of education by encouraging coeducation and other types of education which will help to achieve this aim and, in particular, by the revision of textbooks and school programmes and the adaptation of teaching methods;
- (d) The same opportunities to benefit from scholarships and other study grants;
- (e) The same opportunities for access to programmes of continuing education, including adult and functional literacy programmes, particularly those aimed at reducing, at the earliest possible time, any gap in education existing between men and women;
- (f) The reduction of female student drop-out rates and the organization of programmes for girls and women who have left school prematurely;
- (g) The same Opportunities to participate actively in sports and physical education;
- (h) Access to specific educational information to help to ensure the health and well-being of families, including information and advice on family planning.

Article 11

1. States Parties shall take all appropriate measures to eliminate discrimination against women in the field of employment in order to ensure, on a basis of equality of men and women, the same rights, in particular:

- (a) The right to work as an inalienable right of all human beings;
- (b) The right to the same employment opportunities, including the application of the same criteria for selection in matters of employment;
- (c) The right to free choice of profession and employment, the right to promotion, job security and all benefits and conditions of service and the right to receive vocational training and retraining, including apprenticeships, advanced vocational training and recurrent training;
- (d) The right to equal remuneration, including benefits, and to equal treatment in respect of work of equal value, as well as equality of treatment in the evaluation of the quality of work;
- (e) The right to social security, particularly in cases of retirement, unemployment, sickness, invalidity and old age and other incapacity to work, as well as the right to paid leave;
- (f) The right to protection of health and to safety in working conditions, including the safeguarding of the function of reproduction.

2. In order to prevent discrimination against women on the grounds of marriage or maternity and to ensure their effective right to work, States Parties shall take appropriate measures:

- (a) To prohibit, subject to the imposition of sanctions, dismissal on the grounds of pregnancy or of maternity leave and discrimination in dismissals on the basis of marital status;
- (b) To introduce maternity leave with pay or with comparable social benefits without loss of former employment, seniority or social allowances;
- (c) To encourage the provision of the necessary supporting social services to enable parents to combine family obligations with work responsibilities and participation in public life, in particular through promoting the establishment and development of a network of child-care facilities;
- (d) To provide special protection to women during pregnancy in types of work proved to be harmful to them.

3. Protective legislation relating to matters covered in this article shall be reviewed periodically in the light of scientific and technological knowledge and shall be revised, repealed or extended as necessary.

Article 12

1. States Parties shall take all appropriate measures to eliminate discrimination against women in the field of health care in order to ensure, on a basis of equality of men and women, access to health care services, including those related to family planning.

2. Notwithstanding the provisions of paragraph 1 of this article, States Parties shall ensure to women appropriate services in connection with pregnancy, confinement and the post-natal period, granting free services where necessary, as well as adequate nutrition during pregnancy and lactation.

Article 13

States Parties shall take all appropriate measures to eliminate discrimination against women in other areas of economic and social life in order to ensure, on a basis of equality of men and women, the same rights, in particular:

- (a) The right to family benefits;
- (b) The right to bank loans, mortgages and other forms of financial credit;
- (c) The right to participate in recreational activities, sports and all aspects of cultural life.

Article 14

1. States Parties shall take into account the particular problems faced by rural women and the significant roles which rural women play in the economic survival of their families, including their work in the non-monetized sectors of the economy, and shall take all appropriate measures to ensure the application of the provisions of the present Convention to women in rural areas.

2. States Parties shall take all appropriate measures to eliminate discrimination against women in rural areas in order to ensure, on a basis of equality of men and women, that they participate in and benefit from rural development and, in particular, shall ensure to such women the right:

- (a) To participate in the elaboration and implementation of development planning at all levels;
- (b) To have access to adequate health care facilities, including information, counselling and services in family planning;
- (c) To benefit directly from social security programmes;
- (d) To obtain all types of training and education, formal and non-formal, including that relating to functional literacy, as well as, inter alia, the benefit of all community and extension services, in order to increase their technical proficiency;
- (e) To organize self-help groups and co-operatives in order to obtain equal access to economic opportunities through employment or self employment;
- (f) To participate in all community activities;
- (g) To have access to agricultural credit and loans, marketing facilities, appropriate technology and equal treatment in land and agrarian reform as well as in land resettlement schemes;
- (h) To enjoy adequate living conditions, particularly in relation to housing, sanitation, electricity and water supply, transport and communications.

PART IV

Article 15

1. States Parties shall accord to women equality with men before the law.
2. States Parties shall accord to women, in civil matters, a legal capacity identical to that of men and the same opportunities to exercise that capacity. In particular, they shall give women equal rights to conclude contracts and to administer property and shall treat them equally in all stages of procedure in courts and tribunals.
3. States Parties agree that all contracts and all other private instruments of any kind with a legal effect which is directed at restricting the legal capacity of women shall be deemed null and void.

4. States Parties shall accord to men and women the same rights with regard to the law relating to the movement of persons and the freedom to choose their residence and domicile.

Article 16

1. States Parties shall take all appropriate measures to eliminate discrimination against women in all matters relating to marriage and family relations and in particular shall ensure, on a basis of equality of men and women:

- (a) The same right to enter into marriage;
- (b) The same right freely to choose a spouse and to enter into marriage only with their free and full consent;
- (c) The same rights and responsibilities during marriage and at its dissolution;
- (d) The same rights and responsibilities as parents, irrespective of their marital status, in matters relating to their children; in all cases the interests of the children shall be paramount;
- (e) The same rights to decide freely and responsibly on the number and spacing of their children and to have access to the information, education and means to enable them to exercise these rights;
- (f) The same rights and responsibilities with regard to guardianship, wardship, trusteeship and adoption of children, or similar institutions where these concepts exist in national legislation; in all cases the interests of the children shall be paramount;
- (g) The same personal rights as husband and wife, including the right to choose a family name, a profession and an occupation;
- (h) The same rights for both spouses in respect of the ownership, acquisition, management, administration, enjoyment and disposition of property, whether free of charge or for a valuable consideration.

2. The betrothal and the marriage of a child shall have no legal effect, and all necessary action, including legislation, shall be taken to specify a minimum age for marriage and to make the registration of marriages in an official registry compulsory.

PART V

Article 17

1. For the purpose of considering the progress made in the implementation of the present Convention, there shall be established a Committee on the Elimination of Discrimination against Women (hereinafter referred to as the Committee) consisting, at the time of entry into force of the Convention, of eighteen and, after ratification of or accession to the Convention by the thirty-fifth State Party, of twenty-three experts of high moral standing and competence in the field covered by the Convention. The experts shall be elected by States Parties from among their nationals and shall serve in their personal capacity, consideration being given to equitable geographical distribution and to the representation of the different forms of civilization as well as the principal legal systems.

2. The members of the Committee shall be elected by secret ballot from a list of persons nominated by States Parties. Each State Party may nominate one person from among its own nationals.

3. The initial election shall be held six months after the date of the entry into force of the present Convention. At least three months before the date of each election the Secretary-

General of the United Nations shall address a letter to the States Parties inviting them to submit their nominations within two months. The Secretary-General shall prepare a list in alphabetical order of all persons thus nominated, indicating the States Parties which have nominated them, and shall submit it to the States Parties.

4. Elections of the members of the Committee shall be held at a meeting of States Parties convened by the Secretary-General at United Nations Headquarters. At that meeting, for which two thirds of the States Parties shall constitute a quorum, the persons elected to the Committee shall be those nominees who obtain the largest number of votes and an absolute majority of the votes of the representatives of States Parties present and voting.

5. The members of the Committee shall be elected for a term of four years. However, the terms of nine of the members elected at the first election shall expire at the end of two years; immediately after the first election the names of these nine members shall be chosen by lot by the Chairman of the Committee.

6. The election of the five additional members of the Committee shall be held in accordance with the provisions of paragraphs 2, 3 and 4 of this article, following the thirty-fifth ratification or accession. The terms of two of the additional members elected on this occasion shall expire at the end of two years, the names of these two members having been chosen by lot by the Chairman of the Committee.

7. For the filling of casual vacancies, the State Party whose expert has ceased to function as a member of the Committee shall appoint another expert from among its nationals, subject to the approval of the Committee.

8. The members of the Committee shall, with the approval of the General Assembly, receive emoluments from United Nations resources on such terms and conditions as the Assembly may decide, having regard to the importance of the Committee's responsibilities.

9. The Secretary-General of the United Nations shall provide the necessary staff and facilities for the effective performance of the functions of the Committee under the present Convention.

Article 18

1. States Parties undertake to submit to the Secretary-General of the United Nations, for consideration by the Committee, a report on the legislative, judicial, administrative or other measures which they have adopted to give effect to the provisions of the present Convention and on the progress made in this respect:

(a) Within one year after the entry into force for the State concerned;

(b) Thereafter at least every four years and further whenever the Committee so requests.

2. Reports may indicate factors and difficulties affecting the degree of fulfilment of obligations under the present Convention.

Article 19

1. The Committee shall adopt its own rules of procedure.

2. The Committee shall elect its officers for a term of two years.

Article 20

1. The Committee shall normally meet for a period of not more than two weeks annually in order to consider the reports submitted in accordance with article 18 of the present Convention.
2. The meetings of the Committee shall normally be held at United Nations Headquarters or at any other convenient place as determined by the Committee.

Article 21

1. The Committee shall, through the Economic and Social Council, report annually to the General Assembly of the United Nations on its activities and may make suggestions and general recommendations based on the examination of reports and information received from the States Parties. Such suggestions and general recommendations shall be included in the report of the Committee together with comments, if any, from States Parties.
2. The Secretary-General of the United Nations shall transmit the reports of the Committee to the Commission on the Status of Women for its information.

Article 22

The specialized agencies shall be entitled to be represented at the consideration of the implementation of such provisions of the present Convention as fall within the scope of their activities. The Committee may invite the specialized agencies to submit reports on the implementation of the Convention in areas falling within the scope of their activities.

PART VI

Article 23

Nothing in the present Convention shall affect any provisions that are more conducive to the achievement of equality between men and women which may be contained:

- (a) In the legislation of a State Party; or
- (b) In any other international convention, treaty or agreement in force for that State.

Article 24

States Parties undertake to adopt all necessary measures at the national level aimed at achieving the full realization of the rights recognized in the present Convention.

Article 25

1. The present Convention shall be open for signature by all States.
2. The Secretary-General of the United Nations is designated as the depositary of the present Convention.
3. The present Convention is subject to ratification. Instruments of ratification shall be deposited with the Secretary-General of the United Nations.
4. The present Convention shall be open to accession by all States. Accession shall be effected by the deposit of an instrument of accession with the Secretary-General of the United Nations.

Article 26

1. A request for the revision of the present Convention may be made at any time by any State Party by means of a notification in writing addressed to the Secretary-General of the United Nations.
2. The General Assembly of the United Nations shall decide upon the steps, if any, to be taken in respect of such a request.

Article 27

1. The present Convention shall enter into force on the thirtieth day after the date of deposit with the Secretary-General of the United Nations of the twentieth instrument of ratification or accession.
2. For each State ratifying the present Convention or acceding to it after the deposit of the twentieth instrument of ratification or accession, the Convention shall enter into force on the thirtieth day after the date of the deposit of its own instrument of ratification or accession.

Article 28

1. The Secretary-General of the United Nations shall receive and circulate to all States the text of reservations made by States at the time of ratification or accession.
2. A reservation incompatible with the object and purpose of the present Convention shall not be permitted.
3. Reservations may be withdrawn at any time by notification to this effect addressed to the Secretary-General of the United Nations, who shall then inform all States thereof. Such notification shall take effect on the date on which it is received.

Article 29

1. Any dispute between two or more States Parties concerning the interpretation or application of the present Convention which is not settled by negotiation shall, at the request of one of them, be submitted to arbitration. If within six months from the date of the request for arbitration the parties are unable to agree on the organization of the arbitration, any one of those parties may refer the dispute to the International Court of Justice by request in conformity with the Statute of the Court.
2. Each State Party may at the time of signature or ratification of the present Convention or accession thereto declare that it does not consider itself bound by paragraph 1 of this article. The other States Parties shall not be bound by that paragraph with respect to any State Party which has made such a reservation.
3. Any State Party which has made a reservation in accordance with paragraph 2 of this article may at any time withdraw that reservation by notification to the Secretary-General of the United Nations.

Article 30

The present Convention, the Arabic, Chinese, English, French, Russian and Spanish texts of which are equally authentic, shall be deposited with the Secretary-General of the United Nations.

IN WITNESS WHEREOF the undersigned, duly authorized, have signed the present Convention.

[Ed. note: see website for list of signatories]

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Further information

UNHCR web site: <http://www.unhcr.ch/html/menu3/b/e1cedaw.htm>.

Corporate Governance

International Corporate Governance Network Statement on Global Corporate Governance Principles

1999

The International Corporate Governance Network (ICGN), founded in 1995 at the instigation of major institutional investors, represents investors, companies, financial intermediaries, academics and other parties interested in the development of global corporate governance practices. Its objective is to facilitate international dialogue on the issues concerned. Through this process, the ICGN holds, companies can compete more effectively and economies can best prosper. The organization's charter empowers it to adopt guidelines when it feels they can contribute to achieving this objective.

STATEMENT ON THE OECD PRINCIPLES

In May 1999 ministers representing the 29 governments which comprise the Organisation for Economic Co-operation and Development (OECD) voted unanimously to endorse the OECD Principles of Corporate Governance. These principles were negotiated over the course of a year in consultation with key players in the market, including the ICGN. They constitute the chief response by governments to the G-7 Summit Leaders' recognition of corporate governance as an important pillar in the architecture of the 21st century global economy. The Principles were welcomed by the G7 leaders at the Cologne summit in June 1999 and are likely to act as signposts for activity in this area by the International Monetary Fund, the World Bank, the United Nations and other international organizations.

The ICGN applauds the OECD Principles as a declaration of minimum acceptable standards for companies and investors around the world. Much of the document reflects perspectives promoted by ICGN representatives serving on the OECD's Ad Hoc Task Force on Corporate Governance, relying on the draft principles under discussion at the ICGN. The ICGN welcomes the OECD Principles as a remarkable convergence on corporate governance common ground among diverse interests, practices and cultures.

The ICGN affirms—with the OECD Principles—that along with traditional financial criteria, the governance profile of a corporation is now an essential factor that investors take into consideration when deciding how to allocate their investment capital. The Principles highlight elements that ICGN investing members already take into account when making asset allocation and investment decisions.

While the ICGN considers the OECD Principles the necessary bedrock of good corporate governance, it holds that amplifications are required to give them sufficient force. In particular, the ICGN believes that companies around the world deserve clear, concrete guidance on how the OECD Principles can best be implemented. Practical guidance can help boards meet real-world expectations so that they may operate most efficiently and, in particular, compete for scarce investment capital effectively. The ICGN contends that if investors and managers succeed in establishing productive communication on issues, they will have enhanced prospects for economic prosperity, fuller employment, better wages, and greater shareholder wealth.

The ICGN therefore advocates that companies adopt the OECD Principles as amplified in the attached statements. First, to offer more concise guidance, the ICGN distills the most significant points in its statement on the OECD Principles into a short-form roster of corporate governance tenets—a "Working Kit"—that reflects the viewpoints of ICGN members. Then the ICGN statement amplifying the OECD Principles tracks that document's format, underscoring or

interpreting as appropriate. It is the ICGN's view that it is in companies' best interests to adhere to these recommendations even in the absence of any domestic legal requirements for their implementation.

ICGN APPROACH TO THE OECD PRINCIPLES: A 'Working Kit' Statement of Corporate Governance Criteria

1. CORPORATE OBJECTIVE

The overriding objective of the corporation should be to optimize over time the returns to its shareholders. Where other considerations affect this objective, they should be clearly stated and disclosed. To achieve this objective, the corporation should endeavor to ensure the long-term viability of its business, and to manage effectively its relationships with stakeholders.

2. COMMUNICATIONS AND REPORTING

Corporations should disclose accurate, adequate and timely information, in particular meeting market guidelines where they exist, so as to allow investors to make informed decisions about the acquisition, ownership obligations and rights, and sale of shares.

3. VOTING RIGHTS

Corporations' ordinary shares should feature one vote for each share. Corporations should act to ensure the owners' rights to vote. Fiduciary investors have a responsibility to vote. Regulators and law should facilitate voting rights and timely disclosure of the levels of voting.

4. CORPORATE BOARDS

The board of directors, or supervisory board, as an entity, and each of its members, as an individual, is a fiduciary for all shareholders, and should be accountable to the shareholder body as a whole. Each member should stand for election on a regular basis.

Corporations should disclose upon appointment to the board and thereafter in each annual report or proxy statement information on the identities, core competencies, professional or other backgrounds, factors affecting independence, and overall qualifications of board members and nominees so as to enable investors to weigh the value they add to the company. Information on the appointment procedure should also be disclosed annually.

Boards should include a sufficient number of independent non-executive members with appropriate competencies. Responsibilities should include monitoring and contributing effectively to the strategy and performance of management, staffing key committees of the board, and influencing the conduct of the board as a whole. Accordingly, independent non-executives should comprise no fewer than three members and as much as a substantial majority.

Audit, remuneration and nomination board committees should be composed wholly or predominantly of independent non-executives.

5. CORPORATE REMUNERATION POLICIES

Remuneration of corporate directors or supervisory board members and key executives should be aligned with the interests of shareholders.

Corporations should disclose in each annual report or proxy statement the board's policies on remuneration—and, preferably, the remuneration break up of individual board members and top executives—so that investors can judge whether corporate pay policies and practices meet that standard.

Broad-based employee share ownership plans or other profit-sharing programs are effective market mechanisms that promote employee participation.

6. STRATEGIC FOCUS

Major strategic modifications to the core business(es) of a corporation should not be made without prior shareholder approval of the proposed modification. Equally, major corporate changes which in substance or effect materially dilute the equity or erode the economic interests or share ownership rights of existing shareholders should not be made without prior shareholder approval of the proposed change.

Shareholders should be given sufficient information about any such proposal, sufficiently early, to allow them to make an informed judgment and exercise their voting rights.

7. OPERATING PERFORMANCE

Corporate governance practices should focus board attention on optimizing over time the company's operating performance. In particular, the company should strive to excel in specific sector peer group comparisons.

8. SHAREHOLDER RETURNS

Corporate governance practices should also focus board attention on optimizing over time the returns to shareholders. In particular, the company should strive to excel in comparison with the specific equity sector peer group benchmark.

9. CORPORATE CITIZENSHIP

Corporations should adhere to all applicable laws of the jurisdictions in which they operate.

Boards that strive for active cooperation between corporations and stakeholders will be most likely to create wealth, employment and sustainable economies. They should disclose their policies on issues involving stakeholders, for example workplace and environmental matters.

10. CORPORATE GOVERNANCE IMPLEMENTATION

Where codes of best corporate governance practice exist, they should be applied pragmatically. Where they do not yet exist, investors and others should endeavor to develop them.

Corporate governance issues between shareholders, the board and management should be pursued by dialogue and, where appropriate, with government and regulatory representatives as well as other concerned bodies, so as to resolve disputes, if possible, through negotiation, mediation or arbitration. Where those means fail, more forceful actions should be possible. For instance, investors should have the right to sponsor resolutions or convene extraordinary meetings.

OECD PRINCIPLES AS AMPLIFIED

Preamble

The ICGN affirms that, to be effective, corporate governance practices should focus board attention on optimizing over time the returns to shareholders with a view to excel in comparison with the company's equity sector peer group.

To achieve this objective, the board is expected to manage successfully its relationships with other stakeholders, i.e. those with a legitimate interest in the operation of the business, such as employees, customers, suppliers, creditors, and the communities in which the company operates.

I The Rights of Shareholders

Overall Strategy. Major strategic modifications to the core business(es) of a corporation should not be made without prior shareholder approval of the proposed modification. Equally, major corporate changes which in substance or effect materially dilute the equity or erode the economic interests or share ownership rights of existing shareholders should not be made without prior shareholder approval of the proposed change. Shareholders should be given sufficient information about any such proposal, sufficiently early, to allow them to make an informed judgment and exercise their voting rights.

Access to the Vote. The right and opportunity to vote at shareholder meetings hinges in part on the adequacy of the voting system. The ICGN believes that markets and companies can facilitate access to the ballot by following the ICGN's Global Share Voting Principles, adopted at the July 10, 1998 annual meeting in San Francisco. In particular, the ICGN supports initiatives to expand voting options to include the secure use of telecommunication and other electronic channels.

Disclosing Results. The ICGN underlines both the OECD assertion that "equal effect should be given to votes whether cast in person or in absentia" and the Annotation's statement that "as a matter of transparency, meeting procedures should ensure that votes are properly counted and recorded, and that a timely announcement of the outcome be made." To implement this recommendation, the ICGN believes that corporations should disclose voting levels for each resolution in a timely manner.

Unequal Voting. The ICGN affirms that divergence from a 'one-share, one-vote' standard which gives certain shareholders power disproportionate to their equity ownership is undesirable. Any such divergence should be both disclosed and justified.

Duty to Vote. The ICGN believes that institutional investors have a fiduciary obligation to vote their shares, subject to considerations of excessive cost and obstacles.

II The Equitable Treatment of Shareholders

One-Share, One-Vote. The ICGN affirms the OECD's recognition that "many institutional investors and shareholder associations support...the concept of 'one-share, one-vote.'" The ICGN holds that national capital markets can grow best over the long-term if they move toward the 'one-share, one-vote' principle. Conversely, capital markets that retain inequities are likely to be disadvantaged compared with markets that embrace fair voting procedures.

Protections. As the OECD declares, boards should treat all the corporation's shareholders equitably and should ensure that the rights of all investors, "including minority and foreign shareholders," are protected.

III The Role of Stakeholders in Corporate Governance

Board Member Duties. The ICGN is of the view that the board should be accountable to shareholders and responsible for managing successful and productive relationships with the corporation's stakeholders. The ICGN concurs with the OECD Principle that "active cooperation between corporations and stakeholders" is essential in creating wealth, employment and financially-sound enterprises over time.

Stakeholder Participation. The ICGN affirms that performance-enhancing mechanisms promote employee participation and align shareholder and stakeholder interests. These include broad-based employee share ownership plans or other profit-sharing programs.

IV Disclosure and Transparency

Objective. The ICGN holds that corporations should disclose accurate, adequate and timely information, in particular meeting market guidelines where they exist, so as to allow investors to make informed decisions about the acquisition, ownership obligations and rights, and sale of shares.

Ownership and Voting Rights. In addition to financial and operating results, company objectives, risk factors, stakeholder issues and governance structures, the information enumerated in the OECD Annotations is needed. These are "data on major shareholders and others that control or may control the company, including information on special voting rights, shareholder agreements, the beneficial ownership of controlling or large blocks of shares, significant cross-shareholding relationships and cross-guarantees" as well as information on differential voting rights and related party transactions.

Board Member Information. The ICGN further asserts that corporations should disclose upon appointment to the board and thereafter in each annual report or proxy statement sufficient information on the identities, core competencies, professional backgrounds, other board memberships, factors affecting independence, and overall qualifications of board members and nominees so as to enable the assessment of the value they add to the company. Information on the appointment procedure should also be disclosed annually.

Remuneration. Remuneration of corporate directors or supervisory board members and key executives should be aligned with the interests of shareholders. Corporations should disclose in each annual report or proxy statement the board's policies on remuneration—and, preferably, the remuneration break up of individual directors and top executives—so that it can be judged whether corporate pay policies and practices meet that standard.

Audit. The ICGN advocates annual audits of corporations by independent, outside auditors, together with measures that enhance confidence in the quality and independence of the audit. The ICGN itself has voted support for the development of the highest-quality international accounting standards, and would encourage corporations to apply those or other standards of comparable quality. The ICGN also backs active, independent board audit committees and, to limit the risks of possible conflicts of interest, disclosure of the fees paid to auditors for non-audit services.

V The Responsibilities of the Board

The ICGN agrees with the OECD's enumeration of board duties and responsibilities.

Independent Board Members. It endorses the assertion that "the board should be able to exercise objective judgment on corporate affairs independent, in particular, from management." To meet this challenge, the ICGN holds that each company should take the following steps. First, it should

acknowledge that the board of directors, or supervisory board, as an entity, and each of its members, as an individual, is a fiduciary for all shareholders, and should be accountable to the shareholder body as a whole. Each elected member should stand for election on a regular basis. Second, each board should include sufficient independent non-executive members with appropriate competencies. Responsibilities should include monitoring and contributing effectively to the strategy and performance of management, staffing key committees of the board, and influencing the conduct of the board as a whole. Accordingly, independent non-executives should comprise no fewer than three members and as much as a substantial majority.

Independent Committees. To further strengthen the professionalism of boards, the ICGN endorses earlier language considered by the OECD. "Certain key responsibilities of the board such as audit, nomination and executive remuneration, require the attention of independent, non-executive members of the board. Boards should consider establishing committees containing a sufficient number of independent non-executive board members in these areas where there is a potential for conflict of interest or where independent business judgment is advisable." The ICGN considers that to meet this challenge audit, remuneration and nomination board committees should be composed wholly or predominantly of independent non-executives.

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Further information:

Document on the web: <http://www.icgn.org/documents/globalcorpgov.htm>

International Corporate Governance Network web site: <http://www.icgn.org/>

OECD Principles of Corporate Governance

2004

Preamble

The Principles are intended to assist OECD and non-OECD governments in their efforts to evaluate and improve the legal, institutional and regulatory framework for corporate governance in their countries, and to provide guidance and suggestions for stock exchanges, investors, corporations, and other parties that have a role in the process of developing good corporate governance. The Principles focus on publicly traded companies, both financial and non-financial. However, to the extent they are deemed applicable, they might also be a useful tool to improve corporate governance in non-traded companies, for example, privately held and stateowned enterprises. The Principles represent a common basis that OECD member countries consider essential for the development of good governance practices. They are intended to be concise, understandable and accessible to the international community. They are not intended to substitute for government, semi-government or private sector initiatives to develop more detailed “best practice” in corporate governance.

Increasingly, the OECD and its member governments have recognized the synergy between macroeconomic and structural policies in achieving fundamental policy goals. Corporate governance is one key element in improving economic efficiency and growth as well as enhancing investor confidence. Corporate governance involves a set of relationships between a company’s management, its board, its shareholders and other stakeholders. Corporate governance also provides the structure through which the objectives of the company are set, and the means of attaining those objectives and monitoring performance are determined. Good corporate governance should provide proper incentives for the board and management to pursue objectives that are in the interests of the company and its shareholders and should facilitate effective monitoring. The presence of an effective corporate governance system, within an individual company and across an economy as a whole, helps to provide a degree of confidence that is necessary for the proper functioning of a market economy. As a result, the cost of capital is lower and firms are encouraged to use resources more efficiently, thereby underpinning growth.

Corporate governance is only part of the larger economic context in which firms operate that includes, for example, macroeconomic policies and the degree of competition in product and factor markets. The corporate governance framework also depends on the legal, regulatory, and institutional environment. In addition, factors such as business ethics and corporate awareness of the environmental and societal interests of the communities in which a company operates can also have an impact on its reputation and its long-term success.

While a multiplicity of factors affect the governance and decision making processes of firms, and are important to their long-term success, the Principles focus on governance problems that result from the separation of ownership and control. However, this is not simply an issue of the relationship between shareholders and management, although that is indeed the central element. In some jurisdictions, governance issues also arise from the power of certain controlling shareholders over minority shareholders. In other countries, employees have important legal rights irrespective of their ownership rights. The Principles therefore have to be complementary to a broader approach to the operation of checks and balances. Some of the other issues relevant to a company’s decision-making processes, such as environmental, anti-corruption or ethical concerns, are taken into account but are treated more explicitly in a number of other OECD instruments (including the Guidelines for Multinational Enterprises and the Convention on

Combating Bribery of Foreign Public Officials in International Transactions) and the instruments of other international organisations.

Corporate governance is affected by the relationships among participants in the governance system. Controlling shareholders, which may be individuals, family holdings, bloc alliances, or other corporations acting through a holding company or cross shareholdings, can significantly influence corporate behaviour. As owners of equity, institutional investors are increasingly demanding a voice in corporate governance in some markets. Individual shareholders usually do not seek to exercise governance rights but may be highly concerned about obtaining fair treatment from controlling shareholders and management. Creditors play an important role in a number of governance systems and can serve as external monitors over corporate performance. Employees and other stakeholders play an important role in contributing to the long-term success and performance of the corporation, while governments establish the overall institutional and legal framework for corporate governance. The role of each of these participants and their interactions vary widely among OECD countries and among non- OECD countries as well. These relationships are subject, in part, to law and regulation and, in part, to voluntary adaptation and, most importantly, to market forces.

The degree to which corporations observe basic principles of good corporate governance is an increasingly important factor for investment decisions. Of particular relevance is the relation between corporate governance practices and the increasingly international character of investment. International flows of capital enable companies to access financing from a much larger pool of investors. If countries are to reap the full benefits of the global capital market, and if they are to attract long-term “patient” capital, corporate governance arrangements must be credible, well understood across borders and adhere to internationally accepted principles. Even if corporations do not rely primarily on foreign sources of capital, adherence to good corporate governance practices will help improve the confidence of domestic investors, reduce the cost of capital, underpin the good functioning of financial markets, and ultimately induce more stable sources of financing.

There is no single model of good corporate governance. However, work carried out in both OECD and non-OECD countries and within the Organisation has identified some common elements that underlie good corporate governance. The Principles build on these common elements and are formulated to embrace the different models that exist. For example, they do not advocate any particular board structure and the term “board” as used in this document is meant to embrace the different national models of board structures found in OECD and non-OECD countries. In the typical two tier system, found in some countries, “board” as used in the Principles refers to the “supervisory board” while “key executives” refers to the “management board”. In systems where the unitary board is overseen by an internal auditor’s body, the principles applicable to the board are also, *mutatis mutandis*, applicable. The terms “corporation” and “company” are used interchangeably in the text.

The Principles are non-binding and do not aim at detailed prescriptions for national legislation. Rather, they seek to identify objectives and suggest various means for achieving them. Their purpose is to serve as a reference point. They can be used by policy makers as they examine and develop the legal and regulatory frameworks for corporate governance that reflect their own economic, social, legal and cultural circumstances, and by market participants as they develop their own practices.

The Principles are evolutionary in nature and should be reviewed in light of significant changes in circumstances. To remain competitive in a changing world, corporations must innovate and adapt their corporate governance practices so that they can meet new demands and grasp new opportunities. Similarly, governments have an important responsibility for shaping an effective regulatory framework that provides for sufficient flexibility to allow markets to function effectively and to respond to expectations of shareholders and other stakeholders. It is up to governments

and market participants to decide how to apply these Principles in developing their own frameworks for corporate governance, taking into account the costs and benefits of regulation.

The following document is divided into two parts. The Principles presented in the first part of the document cover the following areas: I) Ensuring the basis for an effective corporate governance framework; II) The rights of shareholders and key ownership functions; III) The equitable treatment of shareholders; IV) The role of stakeholders; V) Disclosure and transparency; and VI) The responsibilities of the board. Each of the sections is headed by a single Principle that appears in bold italics and is followed by a number of supporting sub-principles. In the second part of the document, the Principles are supplemented by annotations that contain commentary on the Principles and are intended to help readers understand their rationale. The annotations may also contain descriptions of dominant trends and offer alternative implementation methods and examples that may be useful in making the Principles operational.

The OECD Guidelines for Corporate Governance

I. ENSURING THE BASIS FOR AN EFFECTIVE CORPORATE GOVERNANCE FRAMEWORK

The corporate governance framework should promote transparent and efficient markets, be consistent with the rule of law and clearly articulate the division of responsibilities among different supervisory, regulatory and enforcement authorities.

- A. The corporate governance framework should be developed with a view to its impact on overall economic performance, market integrity and the incentives it creates for market participants and the promotion of transparent and efficient markets.
- B. The legal and regulatory requirements that affect corporate governance practices in a jurisdiction should be consistent with the rule of law, transparent and enforceable.
- C. The division of responsibilities among different authorities in a jurisdiction should be clearly articulated and ensure that the public interest is served.
- D. Supervisory, regulatory and enforcement authorities should have the authority, integrity and resources to fulfil their duties in a professional and objective manner. Moreover, their rulings should be timely, transparent and fully explained.

II. THE RIGHTS OF SHAREHOLDERS AND KEY OWNERSHIP FUNCTIONS

The corporate governance framework should protect and facilitate the exercise of shareholders' rights.

- A. Basic shareholder rights should include the right to: 1) secure methods of ownership registration; 2) convey or transfer shares; 3) obtain relevant and material information on the corporation on a timely and regular basis; 4) participate and vote in general shareholder

meetings; 5) elect and remove members of the board; and 6) share in the profits of the corporation.

- B. Shareholders should have the right to participate in, and to be sufficiently informed on, decisions concerning fundamental corporate changes such as: 1) amendments to the statutes, or articles of incorporation or similar governing documents of the company; 2) the authorisation of additional shares; and 3) extraordinary transactions, including the transfer of all or substantially all assets, that in effect result in the sale of the company.
- C. Shareholders should have the opportunity to participate effectively and vote in general shareholder meetings and should be informed of the rules, including voting procedures, that govern general shareholder meetings:
 - 1) Shareholders should be furnished with sufficient and timely information concerning the date, location and agenda of general meetings, as well as full and timely information regarding the issues to be decided at the meeting.
 - 2) Shareholders should have the opportunity to ask questions to the board, including questions relating to the annual external audit, to place items on the agenda of general meetings, and to propose resolutions, subject to reasonable limitations.
 - 3) Effective shareholder participation in key corporate governance decisions, such as the nomination and election of board members, should be facilitated. Shareholders should be able to make their views known on the remuneration policy for board members and key executives. The equity component of compensation schemes for board members and employees should be subject to shareholder approval.
 - 4) Shareholders should be able to vote in person or in absentia, and equal effect should be given to votes whether cast in person or in absentia.
- D. Capital structures and arrangements that enable certain shareholders to obtain a degree of control disproportionate to their equity ownership should be disclosed.
- E. Markets for corporate control should be allowed to function in an efficient and transparent manner.
 - 1) The rules and procedures governing the acquisition of corporate control in the capital markets, and extraordinary transactions such as mergers, and sales of substantial portions of corporate assets, should be clearly articulated and disclosed so that investors understand their rights and recourse. Transactions should occur at transparent prices and under fair conditions that protect the rights of all shareholders according to their class.
 - 2) Anti-take-over devices should not be used to shield management and the board from accountability.
- F. The exercise of ownership rights by all shareholders, including institutional investors, should be facilitated.
 - 1) Institutional investors acting in a fiduciary capacity should disclose their overall corporate governance and voting policies with respect to their investments, including the procedures that they have in place for deciding on the use of their voting rights.
 - 2) Institutional investors acting in a fiduciary capacity should disclose how they manage material conflicts of interest that may affect the exercise of key ownership rights regarding their investments.

- G. Shareholders, including institutional shareholders, should be allowed to consult with each other on issues concerning their basic shareholder rights as defined in the Principles, subject to exceptions to prevent abuse.

III. The Equitable Treatment of Shareholders

The corporate governance framework should ensure the equitable treatment of all shareholders, including minority and foreign shareholders. All shareholders should have the opportunity to obtain effective redress for violation of their rights.

- A. All shareholders of the same series of a class should be treated equally.
 - 1) Within any series of a class, all shares should carry the same rights. All investors should be able to obtain information about the rights attached to all series and classes of shares before they purchase. Any changes in voting rights should be subject to approval by those classes of shares which are negatively affected.
 - 2) Minority shareholders should be protected from abusive actions by, or in the interest of, controlling shareholders acting either directly or indirectly, and should have effective means of redress.
 - 3) Votes should be cast by custodians or nominees in a manner agreed upon with the beneficial owner of the shares.
 - 4) Impediments to cross border voting should be eliminated.
 - 5) Processes and procedures for general shareholder meetings should allow for equitable treatment of all shareholders. Company procedures should not make it unduly difficult or expensive to cast votes.
- B. Insider trading and abusive self-dealing should be prohibited.
- C. Members of the board and key executives should be required to disclose to the board whether they, directly, indirectly or on behalf of third parties, have a material interest in any transaction or matter directly affecting the corporation.

IV. THE ROLE OF STAKEHOLDERS IN CORPORATE GOVERNANCE

The corporate governance framework should recognise the rights of stakeholders established by law or through mutual agreements and encourage active co-operation between corporations and stakeholders in creating wealth, jobs, and the sustainability of financially sound enterprises.

- A. The rights of stakeholders that are established by law or through mutual agreements are to be respected.

- B. Where stakeholder interests are protected by law, stakeholders should have the opportunity to obtain effective redress for violation of their rights.
- C. Performance-enhancing mechanisms for employee participation should be permitted to develop.
- D. Where stakeholders participate in the corporate governance process, they should have access to relevant, sufficient and reliable information on a timely and regular basis.
- E. Stakeholders, including individual employees and their representative bodies, should be able to freely communicate their concerns about illegal or unethical practices to the board and their rights should not be compromised for doing this.
- F. The corporate governance framework should be complemented by an effective, efficient insolvency framework and by effective enforcement of creditor rights.

V. DISCLOSURE AND TRANSPARENCY

The corporate governance framework should ensure that timely and accurate disclosure is made on all material matters regarding the corporation, including the financial situation, performance, ownership, and governance of the company.

- A. Disclosure should include, but not be limited to, material information on:
 - 1) The financial and operating results of the company.
 - 2) Company objectives.
 - 3) Major share ownership and voting rights.
 - 4) Remuneration policy for members of the board and key executives, and information about board members, including their qualifications, the selection process, other company directorships and whether they are regarded as independent by the board.
 - 5) Related party transactions.
 - 6) Foreseeable risk factors.
 - 7) Issues regarding employees and other stakeholders.
 - 8) Governance structures and policies, in particular, the content of any corporate governance code or policy and the process by which it is implemented.
- B. Information should be prepared and disclosed in accordance with high quality standards of accounting and financial and non-financial disclosure.
- C. An annual audit should be conducted by an independent, competent and qualified, auditor in order to provide an external and objective assurance to the board and shareholders that the financial statements fairly represent the financial position and performance of the company in all material respects.
- D. External auditors should be accountable to the shareholders and owe a duty to the company to exercise due professional care in the conduct of the audit.

- E. Channels for disseminating information should provide for equal, timely and cost efficient access to relevant information by users.
- F. The corporate governance framework should be complemented by an effective approach that addresses and promotes the provision of analysis or advice by analysts, brokers, rating agencies and others, that is relevant to decisions by investors, free from material conflicts of interest that might compromise the integrity of their analysis or advice.

VI. THE RESPONSIBILITIES OF THE BOARD

The corporate governance framework should ensure the strategic guidance of the company, the effective monitoring of management by the board, and the board's accountability to the company and the shareholders.

- A. Board members should act on a fully informed basis, in good faith, with due diligence and care, and in the best interest of the company and the shareholders.
- B. Where board decisions may affect different shareholder groups differently, the board should treat all shareholders fairly.
- C. The board should apply high ethical standards. It should take into account the interests of stakeholders.
- D. The board should fulfil certain key functions, including:
 - 1) Reviewing and guiding corporate strategy, major plans of action, risk policy, annual budgets and business plans; setting performance objectives; monitoring implementation and corporate performance; and overseeing major capital expenditures, acquisitions and divestitures.
 - 2) Monitoring the effectiveness of the company's governance practices and making changes as needed.
 - 3) Selecting, compensating, monitoring and, when necessary, replacing key executives and overseeing succession planning.
 - 4) Aligning key executive and board remuneration with the longer term interests of the company and its shareholders.
 - 5) Ensuring a formal and transparent board nomination and election process.
 - 6) Monitoring and managing potential conflicts of interest of management, board members and shareholders, including misuse of corporate assets and abuse in related party transactions.
 - 7) Ensuring the integrity of the corporation's accounting and financial reporting systems, including the independent audit, and that appropriate systems of control are in place, in particular, systems for risk management, financial and operational control, and compliance with the law and relevant standards.
 - 8) Overseeing the process of disclosure and communications.

- E. The board should be able to exercise objective independent judgement on corporate affairs.
- 1) Boards should consider assigning a sufficient number of non-executive board members capable of exercising independent judgement to tasks where there is a potential for conflict of interest. Examples of such key responsibilities are ensuring the integrity of financial and non-financial reporting, the review of related party transactions, nomination of board members and key executives, and board remuneration.
 - 2) When committees of the board are established, their mandate, composition and working procedures should be well defined and disclosed by the board.
 - 3) Board members should be able to commit themselves effectively to their responsibilities.
- F. In order to fulfil their responsibilities, board members should have access to accurate, relevant and timely information.

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Principles for Corporate Governance in the Commonwealth

Commonwealth Association for Corporate Governance, 1999

Background

The Commonwealth Association for Corporate Governance was established in April 1998 in response to the Edinburgh Declaration of the Commonwealth Heads of Government meeting in 1997 to promote excellence in corporate governance in the Commonwealth and facilitate the development of institutions to advance such standards.

Executive Summary of Guidelines

The board should:

Principle 1 - exercise leadership, enterprise, integrity and judgment in directing the corporation so as to achieve continuing prosperity for the corporation and to act in the best interest of the business enterprise in a manner based on transparency, accountability and responsibility;

Principle 2 - ensure that through a managed and effective process board appointments are made that provide a mix of proficient directors, each of whom is able to add value and to bring independent judgment to bear on the decision-making process;

Principle 3 - determine the corporation's purpose and values, determine the strategy to achieve its purpose and to implement its values in order to ensure that it survives and thrives, and ensure that procedures and practices are in place that protect the corporation's assets and reputation;

Principle 4 - monitor and evaluate the implementation of strategies, policies, management performance criteria and business plans;

Principle 5 - ensure that the corporation complies with all relevant laws, regulations and codes of best business practice;

Principle 6 - ensure that the corporation communicates with shareholders and other stakeholders effectively;

Principle 7 - serve the legitimate interests of the shareholders of the corporation and account to them fully;

Principle 8 - identify the corporation's internal and external stakeholders and agree a policy, or policies, determining how the corporation should relate to them;

Principle 9 - ensure that no one person or a block of persons has unfettered power and that there is an appropriate balance of power and authority on the board which is, inter alia, usually reflected by separating the roles of the chief executive officer and Chairman, and by having a balance between executive and non-executive directors;

Principle 10 - regularly review processes and procedures to ensure the effectiveness of its internal systems of control, so that its decision-making capability and the accuracy of its reporting and financial results are maintained at a high level at all times;

Principle 11 - regularly assess its performance and effectiveness as a whole, and that of the individual directors, including the chief executive officer;

Principle 12 - appoint the chief executive officer and at least participate in the appointment of senior management, ensure the motivation and protection of intellectual capital intrinsic to the corporation, ensure that there is adequate training in the corporation for management and employees, and a succession plan for senior management;

Principle 13 - ensure that all technology and systems used in the corporation are adequate to properly run the business and for it to remain a meaningful competitor;

Principle 14 - identify key risk areas and key performance indicators of the business enterprise and monitor these factors;

Principle 15 - ensure annually that the corporation will continue as a going concern for its next fiscal year.

Principles of Guidelines

Principle 1 - Leadership

The board should exercise leadership, enterprise, integrity and judgment in directing the corporation so as to achieve continuing prosperity for the corporation and to act in the best interest of the business enterprise in a manner based on transparency, accountability and responsibility.

Every business enterprise should be headed by an effective board which can both lead and control the corporation, comprising non-executive directors and executive directors. The concept of a unitary board, constituting executive directors with their intimate knowledge of the business and independent nonexecutive directors who can bring a broader view to the corporation's activities, is the favoured board structure. Management of the business risk and the exercise of commercial judgment on behalf of the corporation can be positively enhanced by this mutual association and exchange of business experience and knowledge for the benefit of the corporation. The board should, preferably, be balanced as between executive and non-executive directors. The actual proportion will depend on the circumstances and business of each enterprise, and may well be influenced by local law and regulations.

The firm and objective leadership of a Chairman, preferably non-executive, who accepts the duties and responsibilities which the post entails, should provide the direction necessary for an effective board. The board should strive to focus on "performance" in directing the commercial and economic fortunes of the corporation, and not only concentrate on issues of "conformance". The board, under an effective Chairman, must be in a position to ensure a balance between enterprise and control in the direction it gives to the corporation.

The fundamental responsibility of each board is to improve the economic and commercial prosperity of the corporation - regardless of whether it is a private sector or state-owned enterprise. Each director should be diligent in discharging his or her duties to the corporation, endeavour to regularly attend meetings and must acquire a broad knowledge of the business of the corporation so that they can provide meaningful direction to it. Equally, every director should be aware and conversant with the statutory and regulatory requirements affecting the direction of the corporation and thereby of the society in which it operates.

Principle 2 - Board Appointments

The board should ensure that through a managed and effective process board appointments are made that provide a mix of proficient directors, each of whom is able to add value and to bring independent judgment to bear on the decision-making process.

The board should be composed of people of integrity who can bring a blend of knowledge, skills, objectivity, experience and commitment to the board which should be led by a capable Chairman who brings out the best in each director. Crucial to this, is having a proper director selection process to avoid the propensity for "cronyism" and "tokenism". The selection process must be managed by asking what skills are needed on the board to add value to the processes of the board in the context of the business of the corporation. Consequently, the composition of the board should be planned with strategic considerations and objectives of the corporation in mind.

New directors should be familiarised with the corporation's operations, senior management and its business environment and be inducted in terms of their fiduciary duties and responsibilities as well as in respect of the board's expectations. If new directors have no board experience, they should receive training in their unaccustomed responsibility which carries with it significant personal liabilities.

The board, as a whole, should be involved in the selection of directors. Ultimately the shareholders, as owners of the capital of the corporation, have the jurisdiction and discretion to appoint or remove directors but this should always be done through a transparent process at properly constituted meetings.

Principle 3 - Strategy and Values

The board should determine the corporation's purpose and values, determine the strategy to achieve its purpose and to implement its values in order to ensure that it survives and thrives, and ensure that procedures and practices are in place that protect the corporation's assets and reputation.

The primary role of the board is to define the purpose of the corporation (that is, its strategic intent and objectives as a business enterprise) and its values (that is, its organisational behaviour and norms to achieve its purpose). Both the purpose and the values should be clear, concise and achievable.

The board should be able to exercise objective judgment on the corporate affairs of the business enterprise, independent from management but with sufficient management information to enable a proper and objective assessment to be made by the directors. The board should guide and set the pace for the corporation's current operations and future developments. The board should regularly review and evaluate the present and future strengths, weaknesses and opportunities of and threats to the corporation. Comparisons with competitors, locally and internationally, and best practice are important elements of this process - especially in the new era of the global economy and electronic information.

The board should promote a culture that supports enterprise and innovation, with appropriate short and long term performance-related rewards that are fair and achievable in motivating management and employees effectively and productively. It is imperative that the board seeks to drive the business enterprise proficiently through proper and considered decision-making

processes, and recognises entrepreneurial endeavour amongst its management without contravening laws and regulations.

The board, having agreed the purpose and values of the corporation, needs also to identify the corporation's external and internal stakeholders (see Principle 8 for more detail). The board should monitor management's implementation of the corporation's strategic and financial objectives, and the application by management of its policies towards the corporation's shareholders and other stakeholders.

As part of these processes, the board should on a regular basis monitor the corporation to determine that the corporate governance framework in the organisation remains valid and consistent with its strategy and values.

Principle 4 - Company Performance

The board should monitor and evaluate the implementation of strategies, policies, management performance criteria and business plans.

The board should define its own levels of materiality, reserving specific powers to itself and delegating other matters with the necessary authority to management. The implementation of these strategies, policies, mutually agreed management performance criteria and business plans must be monitored and evaluated to ensure that they remain relevant and dynamic.

The board must ensure that internal control procedures provide reliable and valid information for this monitoring and evaluation process. These control procedures and systems of reporting must be appropriately resourced and should be reviewed regularly. Internal controls include not only financial matters but also operational and compliance controls and management of business risk associated with the corporation. See Principle 10 for more detail on a formal internal audit process necessary to provide these assurances.

The strategies, policies, mutually agreed management performance criteria and business plans of the corporation must be clearly defined and measurable in a manner which is precise and tangible, both to the board and management. Each aspect requires a comprehensive assessment against accurate and relevant information, both financial and non-financial as appropriate, and should be obtained from the corporation's own internal reporting systems as well as external sources so that an informed assessment can be made of all issues facing the board and the corporation in monitoring and evaluating the implementation of these objectives. It is within this context that the corporation's governance structures (see Principle 3 above) should be monitored with constant vigilance to ensure that the business enterprise operates in a manner resulting in enhanced governance.

Principle 5 - Compliance

The board should ensure that the corporation complies with all relevant laws, regulations and codes of best business practice.

Directors, at all times, have a duty and responsibility to act honestly and with due diligence and care in their business dealings and to ensure that the corporation epitomises this in all that it undertakes and at every level of the organisation. Each director must comply with the law and associated regulations, and has a responsibility to ensure that the corporation and its employees do likewise.

While the board is accountable to the shareholders of the corporation as the owners of its capital, society expects a corporation to act responsibly in regard to aspects concerning its broader constituency such as the environment, health and safety, employee relations, equal opportunity for all employees, the effect of anti-competitive practices, ethical consumer conduct, etc.

Principle 6 - Communication

The board should ensure that the corporation communicates with shareholders and other stakeholders effectively.

Shareholders and potential investors require access to regular, reliable and comparable information in sufficient detail for them to assess the stewardship of management to enable them to make informed investment decisions. Insufficient or unclear information will affect confidence in the corporation, its board and management and may result in the increase of the cost of capital to the corporation and hamper efficient allocation of resources. Effective communication and disclosure will also help improve public understanding of the structure and objectives of the business enterprise, its corporate policies, and relationships with its shareholders and other stakeholders.

The board should ensure that all communications with shareholders, employees and other relevant stakeholders are timely and accurate. Communication should be understandable and based on the guidelines of openness, with substance prevailing over form. The information provided should be reliable, frank and robust in times of crisis. The communication must enable the reader to evaluate the situation with all the facts in order to take appropriate action.

Obviously, in many circumstances, the requirements for communication with shareholders will be prescribed by statute and/or regulation. Regardless of the effectiveness or otherwise of such regulations, directors nevertheless have a responsibility to ensure that a corporation's communication is in the spirit outlined. This is good corporate citizenship.

The board must recognise that communication will be most effective where it is treated as an on-going pro-active process. The board should ensure that long term strategic decisions are communicated not only to shareholders, but also to the stakeholders whose co-operation will be needed for the long term success of the strategy and thereby the corporation.

Directors must not disclose price sensitive confidential information, unless that disclosure has been authorised by the board of the corporation and such disclosure is made public. Neither the board as a whole, nor individual directors, must knowingly or recklessly disseminate false or misleading information.

Principle 7 - Accountability to Shareholders

The board should serve the legitimate interests of the shareholders of the corporation and account to them fully.

The board should endeavour to ensure that the business enterprise is financially viable and properly managed, so as to protect and enhance the interests of the corporation and its shareholders over time. The board should seek to understand the expectations of shareholders and endeavour to fulfil those expectations when deciding upon the best interests of the corporation. The board should always ensure that all shareholders are treated fairly and provided with appropriate information on an equal basis, irrespective of the significance or otherwise of their interest in the corporation. The board should act in

the context that its shareholders, certainly in the case of publicly quoted corporations, are constantly changing. Consequently, decisions should consider the interests of future shareholders as well.

The personal interests of a director, or persons closely associated with the director, must not take precedence over those of the corporation and its shareholders. A director should avoid conflicts of interests. Full and timely disclosure of any conflict, or potential conflict, must be made known to the board. Where an actual or potential conflict does arise, a director should at least refrain from participating in the debate and/or voting on the matter. In the extreme case of continuing material conflict of interest, the director should consider resigning from the board. Any director who is appointed to a board at the instigation of a party with a substantial interest in the corporation, such as a major shareholder or a substantial creditor, should recognise the potential for a conflict of interests and accept that their primary responsibility is to always act in the interests of the corporation.

Directors must not make improper use of information acquired by them in their position as a director. This prohibition applies irrespective of whether or not the director, or any person closely associated with them, would gain directly or indirectly a personal advantage or whether or not the corporation would be harmed - this is as applicable to state-owned enterprises as it is to private sector enterprises. Likewise, a director should not obtain, attempt to obtain, or accept any bribe, secret commission or illegal inducement of any sort and this should be actively discouraged throughout the corporation with appropriate sanction where it is found to have taken place.

In matters of remuneration, the board should set and implement a remuneration policy that creates a reward system to recruit, retain and motivate high quality executive directors.

With reference to the issue of communication with shareholders, and other relevant stakeholders, see Principle 6.

Principle 8 - Relationships with Stakeholders

The board should identify the corporation's internal and external stakeholders and agree a policy, or policies, determining how the corporation should relate to them.

Good governance ensures that constituencies with a relevant interest in the corporation's business are taken into account. Corporations do not act independently from the societies in which they operate and, therefore, a business enterprise's corporate actions must be compatible with legitimate societal issues pertinent to its location of activities. The competitiveness and ultimate success of a corporation is dependent on a range of different resource providers including investors, employees, creditors, suppliers, etc.

Hence, the board must take into account stakeholders who may have a direct or indirect interest in the achievement of the economic objectives of the corporation. The board should promote goodwill and a reciprocal relationship with these parties, and be prepared to outline a policy or policies determining and regulating its conduct and relationships with stakeholders identified as having a legitimate interest in the activities of the corporation - whether by way of contractual relationships or as a consequence of the impact of its activities.

The board should recognise that its relationship and communication with interested parties now takes place in a society that demands greater transparency.

It is important to reiterate that while the board remains accountable to its shareholders, it has a responsibility to develop relationships with other relevant stakeholders. This is the modern inclusive approach to directing the fortunes of a business enterprise.

Principle 9 - Balance of Powers

The board should ensure that no one person or a block of persons has unfettered power and that there is an appropriate balance of power and authority on the board which is, inter alia, usually reflected by separating the roles of the chief executive officer and Chairman, and by having a balance between executive and non-executive directors.

Effective boards should have a good balance of well-chosen, competent directors who under the Chairman's leadership will shape a strategy for the future of the corporation and direct its interests to ensure profitable performance and sustainable growth over the longer term. Given the importance of the Chairman's role in leading the board, it is recommended to separate this role from that of the chief executive officer. Where the roles of the Chairman and chief executive officer are combined, it is important to ensure that the non-executive directors are of sufficient calibre to bring an independent judgment to bear on issues of strategy, performance, resources and standards of conduct and evaluation of performance. Courage, wisdom and independence should be the hallmark of any non-executive director, so that he or she acts in the best interests of the corporation.

The board should allow every director to play a full and constructive role in its affairs. A director should be prepared and able, where necessary, to express disagreement with colleagues on the board - including the Chairman and chief executive officer.

If a director is in doubt as to whether a proposed course of action is consistent with his or her fiduciary duties and responsibilities, then the course of action should rather not be supported. Independent professional advice should be sought as soon as possible to clarify the position of the director concerned. When a director concludes that he or she is unable to acquiesce in a decision of the board, and all reasonable steps have been taken to resolve the issue, the director should rather accept that resignation or dismissal is a better alternative than acquiescence. Consideration should be given to informing shareholders of instances where a director's resignation or dismissal relates to a policy disagreement of the nature described, as they have the ultimate discretion and jurisdiction in the appointment and dismissal of directors and should be aware of an honest account of any such disagreements between directors.

It should always be remembered that as shareholders are responsible ultimately for electing board members, it is in their interests that the board is properly constituted and not dominated by an individual or group of individuals. However, in practice the board as a whole usually plays a major role in selecting its own members and should accordingly plan for its own continuity and succession.

To remain effective, the board should select, appoint, induct and develop or remove board members as necessary from time to time. Incompetent or unsuitable directors should be removed, taking relevant legal and other matters into consideration. In practice, the Chairman will usually play a lead part in such issues.

Non-executive directors, desirably, should be free from any business or other relationship which could interfere materially with the exercise of their independent judgment (see also Principle 7).

Principle 10 - Internal Procedures

The board should regularly review processes and procedures to ensure the effectiveness of its internal systems of control, so that its decision-making capability and the accuracy of its reporting and financial results are maintained at a high level at all times.

It is good practice for boards to create and maintain relevant board committees and to determine their terms of reference, life span, role and function. In doing so, the board should establish, maintain and develop appropriate reporting procedures and proper written mandates or charters for committees such as the executive or management committee which usually oversees the day-to-day implementation of board policy and decisions, the remuneration committee which reviews executive and top management remuneration arrangements, the environmental committee where the corporation's operations warrant such a committee, and the audit committee which reviews amongst other things the internal audit function.

The board should determine a policy for the frequency, purpose, conduct and duration of its meetings and those of its committees. It should also adopt efficient and timely methods for informing and briefing board members prior to meetings. The information needs of the board should be well defined and regularly monitored. Each board member has a responsibility to be satisfied that, objectively, they have been furnished with all the material facts before making a decision.

The board should implement a formal internal audit function. An audit committee should be established to keep under review the scope and effectiveness of the audit (both internal and external) and its relative cost efficiencies. The board should make sure that access between itself and the corporation's internal and external auditors is open and constructive. It should be satisfied that the scope of the audit is adequate, and that management and the internal auditors have co-operated fully. This aspect, while perhaps erring more on the detail than the principle, is critical to assuring the board of the efficacy of a corporation's internal systems of control and financial reporting. However, for all practical purposes, the establishment of an internal audit process may not necessarily be capable of implementation in many of the Commonwealth countries. As with a number of the principles set out in these Guidelines, it is nonetheless an objective to which all business enterprises should aspire in the fullness of time and development of the corporation.

Principle 11 - Board Performance Assessment

The board should regularly assess its performance and effectiveness as a whole, and that of the individual directors, including the chief executive officer.

The board should examine regularly the impact of the effectiveness of its directors - collectively and individually. It should set and achieve objectives for continuous improvement in the quality and effectiveness of the board's performance, including performance in a crisis. The board should review regularly the degree to which its objectives are achieved and the quality of the board's decisions.

In order to maximise the efficiency and effectiveness of the board's work, each individual director's performance should be monitored and appraised on an annual basis. Training opportunities for existing and potential directors should be identified and appropriate development undertaken.

The Chairman, whose role is crucial in ensuring that the board is properly led, is responsible primarily for the working of the board and for ensuring that all relevant issues are on the agenda and that all available information on an issue is before the board. The Chairman should also ensure that all directors are suitably enabled and encouraged to play a full role in the board's activities. Given this pivotal role, the other members of the board should ensure that the Chairman's effectiveness is also appraised annually. In practice, non-executive directors may take a lead role in this appraisal process.

The performance of the chief executive officer, whose principal function is to lead the corporation on a day-to-day basis, should be appraised annually. In practice, the Chairman may take a lead role in this process.

The evaluation of the board should be based on objective and tangible criteria, including the performance of the corporation, accomplishment of long-term strategic objectives and the development of management, etc.

Every director should keep abreast of both practical and theoretical developments in the corporation's direction to ensure that his or her expertise is constantly relevant to the corporation. Continuous and rapid change is now the norm in business, and it is the responsibility of each director to continually and systematically add to their knowledge and expertise in a way which will substantively contribute to the success and prosperity of the business enterprise.

Principle 12 - Management Appointments and Development

The board should appoint the chief executive officer and at least participate in the appointment of senior management, ensure the motivation and protection of intellectual capital intrinsic to the corporation, ensure that there is adequate training in the corporation for management and employees, and a succession plan for senior management.

One of the board's important responsibilities is the appointment of the chief executive officer. The board should participate, with its chief executive officer, in the appointment of senior management. After all, the board must have confidence in the management to implement its strategies, plans and policies. In this regard, the board owes its duty to the corporation and is thereby accountable to the owners of the corporation's capital (shareholders) for the performance of the business enterprise.

The board must ensure, where necessary, that the corporation's intrinsic intellectual capital is protected by way of trade and employment restraints, copyright, confidentiality undertakings, etc. While this, again, may be considered to extend beyond mere principle to detail, this aspect serves as an example of issues inherent to the success of the corporation. It emphasises the importance with which the board should consider all of the corporation's inherent assets, with particular relevance to its human resources and their development generally in the business enterprise.

Training is an essential part of most businesses today. Where it is needed, the board should ensure not only that it is adequate and relevant but that it will result in the corporation remaining competitive and effective. With the modern emphasis on human resource utilisation, succession planning of senior management is an important board responsibility.

The board should also monitor management and staff morale generally.

Principle 13 - Technology

The board should ensure that technology and systems used in the corporation are adequate to properly run the business and for it to remain a meaningful competitor.

The development of electronic information and technology in the 20th Century has been significant, and the advances in the next millennium are anticipated to be momentous. Competitive advantages may well be derived by a corporation's strategy regarding its use of

information technology, and technology generally be it electronic or otherwise, in the efficient utilisation of its assets and processes.

Consequently, a board has the responsibility to ensure that its management information systems, internal controls and technology relevant to the corporation's business are not only updated so that the corporation remains competitive but are of such a nature that they can cope with the planned strategy of the business enterprise in an increasingly competitive world without barriers.

Principle 14 - Risk Management

The board must identify key risk areas and key performance indicators of the business enterprise and monitor these factors.

If its strategies and objectives are to have any relevance, the board must understand and fully appreciate the business risk issues and key performance indicators affecting the ability of the corporation to achieve its purpose. Generating economic profit so as to enhance shareholder value in the long term, by competing effectively, is the primary objective of a corporation and its board. The framework of good corporate governance practices in a corporation must be designed with this objective in mind, while fulfilling broader economic, social and other objectives in the environment and circumstances in which the corporation operates.

These factors - business risk and key performance indicators - should be benchmarked against industry norms and best practice, so that the corporation's performance can be effectively evaluated. Once established, these indicators must be constantly monitored by the board. Management must ensure that they fully and accurately report on them to the satisfaction of the board.

The board, as emphasised throughout, has a critical role to play in ensuring that the business enterprise is directed towards achieving its primary economic objectives of profit and growth. It must, therefore, fully appreciate the key performance indicators of the corporation and respond to key risk areas when it deems it necessary to assure the long-term sustainable development of the corporation.

Principle 15 - Annual Review of Future Solvency

The board must ensure annually that the corporation will continue as a going concern for its next fiscal year.

The intent behind this principle is not that a corporation continues in perpetuity but to have a process in place which will prompt directors to act expeditiously when it is believed that the business may no longer be a going concern.

It is the responsibility of the board, all things being equal at the time the financial statements and annual audit have been completed and reviewed, to satisfy itself that the corporation will continue as a going concern in its next fiscal year. Any conclusion arrived at by the board that the corporation will continue as a going concern should result from the evaluation by the board of objective criteria. The conclusion should be reported in the financial statements for the benefit of the shareholders, but also be communicated as appropriate to the corporation's other relevant stakeholders.

The losses through company failures are felt not only by shareholders - employees lose their jobs, their families lose their livelihood, the consumers lose choice of products, the suppliers lose customers, and the whole economy of a country may possibly suffer as a consequence. The

modern approach is to deal with failing corporations pro-actively, rather than reactively. Every corporation saved from failure preserves precious jobs and sustains the economy. The role of the auditors in ensuring that international standards of accounting and reporting are adhered to by corporations is a fundamental element of this principle.

World-wide the approach is now to rescue and turn around a failing business enterprise, rather than to liquidate and wind it up. It is important, however, for the board to recognise factors and issues - both internally and externally - which may lead to the failure of the corporation and take responsibility for initiating measures likely to sustain its ongoing economic existence. In short, managing the corporation back to health is preferred to liquidation and the choice of resuscitation of a business enterprise should be preferred to bankruptcy.

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Further Information

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Toronto Stock Exchange Guidelines for Improved Corporate Governance

The Toronto Stock Exchange's current guidelines for effective corporate governance are drawn from the report *Where Were the Directors: Guidelines for Improved Corporate Governance in Canada*, issued in 1994 by the Toronto Stock Exchange Committee on Corporate Governance in Canada. The relevant guidelines from the *Where Were the Directors* report are given below.

The following are the proposed guidelines for effective corporate governance:

1. The board of directors of every corporation should explicitly assume responsibility for the stewardship of the corporation and as part of the overall stewardship responsibility, should assume responsibility for the following matters:
 - (a) adoption of a corporate strategy;
 - (b) succession planning, including appointing, training and monitoring senior management;
 - (c) a communications program for the corporation;
 - (d) the integrity of the corporation's internal control and management information systems.
2. The board of directors of every corporation should be constituted with a majority of individuals who qualify as unrelated directors. An unrelated director is a director who is free from any interest and any business or other relationship which could, or could reasonably be perceived to, materially interfere with the director's ability to act with a view to the best interests of the corporation.
3. The application of the definition of "unrelated director" to the circumstances of each individual director should be the responsibility of the board which will be required to disclose on an annual basis which directors qualify as unrelated directors and will be required to disclose the analysis of the application of the principles supporting this conclusion.
4. The board of directors of every corporation should appoint a committee of directors composed exclusively of outside, i.e. non-management directors, a majority of whom are unrelated directors, with the responsibility for proposing to the full board new nominees to the board and for assessing directors.
5. Every board of directors should implement a process to be carried out by the nominating committee or other appropriate committee for assessing the effectiveness of the board as a whole and of committees of the board and for assessing the contribution of each individual director.
6. Every corporation, as an integral element of the process for appointing new directors, should provide an orientation and education program for new recruits on the board.
7. Every board of directors should examine its size and, with a view to determining the impact of the number upon effectiveness, undertake a program to reduce the number of directors to a number which facilitates more effective decision-making.

8. The board of directors should review the adequacy and form of the compensation of directors and ensure the compensation realistically reflects the responsibilities and risk involved in being an effective director.
9. Committees of the board of directors should generally be composed of outside directors, a majority of whom are unrelated directors, although some board committees, such as the executive committee, may include one or more inside directors.
10. Every board of directors should expressly assume responsibility for, or assign to a committee of directors, the general responsibility for developing the corporation's approach to governance issues. This committee would, amongst other things, be responsible for the corporation's response to these governance guidelines.
11. Every board of directors should have in place appropriate structures and procedures to ensure that the board can function independently of management. These structures and procedures may involve the board meeting on a regular basis without management present or may involve expressly assigning the responsibility for administering the board's relationship to management to a committee of the board. These means are described in guideline (13).
12. The board of directors, together with the CEO, should develop position descriptions for the board and for the CEO, involving the definition of the limits to management's responsibilities. In addition, the board should approve or develop the corporate objectives which the CEO is responsible for meeting.
13. Every board of directors should either (i) appoint a chair of the board who is not a member of management or (ii) adopt alternate means for implementing guideline (11), so that the board is able to function independently of management; this could include assigning the responsibility to ensure the board discharges its responsibilities to a committee of the board or to a director, sometimes referred to as the "lead director".
14. The audit committee of every board of directors should be composed only of outside directors. The roles and responsibilities of the audit committee should be specifically defined so as to provide appropriate guidance to audit committee members as to their duties. The audit committee should have direct communication channels with the internal and external auditors to discuss and review specific issues as appropriate. The audit committee duties should include oversight responsibility for management reporting on internal control. While it is management's responsibility to design and implement an effective system of internal control, it is the responsibility of the audit committee to ensure that management has done so.
15. The board of directors should implement a system which enables an individual director to engage an outside adviser at the expense of the corporation in appropriate circumstances. The engagement of the outside adviser should be subject to the approval of an appropriate committee of the board.

OTHER RECOMMENDATIONS

The implementation of our proposals is based upon the recommendation to The Toronto Stock Exchange: that the Exchange adopt as a listing requirement, the disclosure by each listed corporation of its approach to corporate governance; on an annual basis commencing with companies with June 30, 1995 year ends.

In addition, the Report contains recommendations for legislative reform which are summarized as follows:

1. We recommend that the governing corporate statutes be revised to eliminate any possible interpretation of the director's responsibility as being to manage the business day-to-day. Rather, the statutes should describe the responsibility as being to supervise the management of the business.
2. The government departments responsible for the administration of the corporate laws in each of the federal and provincial jurisdictions should undertake a review of all legislation enacted in their particular jurisdiction imposing personal liability upon directors. Following the review, all legislatures should repeal or modify legislation imposing personal liability on directors which no longer serves the purpose for which it was enacted and legislation not so repealed should be amended to ensure directors are provided with an effective due diligence defence.
3. We recommend that the issue of legislated civil liability upon directors in respect of timely and continuous disclosure by corporations should be examined by Canada's securities administrators and any proposal should afford the business and financial community with an opportunity to comment. We would not support any recommendations to legislate civil liability of directors for timely and continuous disclosure unless our general recommendation concerning civil liability of directors is also accepted and implemented.

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Further Information

Where Were the Directors report:: http://www.ecgi.org/codes/code.php?code_id=22

Other Canadian Corporate Governance Reports: http://www.ecgi.org/codes/all_codes.php

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Further Resources and Links: Corporate Governance

The **California Public Employees' Retirement System** (CalPERS) maintains a website devoted to governance issues, including suggested principles and links to other board-related sources.
www.calpers-governance.org

The **Combined Code on Corporate Governance in the UK** issued by the Financial Reporting Council in 2003. http://www.ecgi.org/codes/documents/combined_code_final.pdf

The **Conference Board's Global Corporate Governance Research Center** produces publications, conferences and seminars on corporate governance issues.
www.conference-board.org

The **Corporate Governance website** highlights issues and discussions to facilitate shareholder involvement in corporate governance issues.
www.corpgov.net

The **European Corporate Governance Institute** is an excellent source for locating codes and principles of corporate governance.
<http://www.ecgi.org/>

Global Corporate Governance Forum

The Global Corporate Governance Forum is sponsored by the governments of India, several European countries, the United States, the OECD and the World Bank Group to help governments improve the standards of corporate governance, transparency and accountability.
<http://www.gcgf.org/>

Index of Corporate Governance Codes and Principles from around the world
http://www.ecgi.org/codes/all_codes.htm; including:

Canada

http://www.ecgi.org/codes/country_pages/codes_canada.htm

United Kingdom

http://www.ecgi.org/codes/country_pages/codes_uk.htm

United States

http://www.ecgi.org/codes/country_pages/codes_usa.htm

Comparative Studies

http://www.ecgi.org/codes/comparative_summaries.htm

International Chamber of Commerce Corporate Governance web site
<http://www.iccwbo.org/cg.htm>

International Corporate Governance Network

The ICGN emerged from the convergence of the corporate governance endeavors of a number of Institutional pension fund managers from the US and Europe.
<http://www.icgn.org/>

Investor Responsibility Research Centre

Providing information on corporate governance and social responsibility issues affecting investors and corporations.

<http://www.irrc.org/>

Nestlé has developed a statement of Corporate Governance Principles. Included as appendix 1 of their corporate business principles.

http://www.nestle.com/All_About/Business_Principles/

The Organization for Economic Cooperation and Development website contains information and links on corporate governance issues including the OECD Principles of Corporate Governance. http://www.oecd.org/topic/0,2686,en_2649_37439_1_1_1_1_37439,00.html

The World Bank maintains a comprehensive website on International principles of best practice in corporate governance.

<http://web.worldbank.org/WBSITE/EXTERNAL/WBI/WBIPROGRAMS/CGCSRLP/0,,menuPK:460901~pagePK:64156143~piPK:64154155~theSitePK:460861,00.html>

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Money Laundering

Basel Core Principles for Effective Banking Supervision

1997

The 1997 Basel “Core principles for effective banking supervision” guidelines state that banks should have adequate policies, practices and procedures in place, including strict know-your-customer rules. Specifically, supervisors should encourage the adoption of the relevant recommendations of the Financial Action Task Force on Money Laundering related to customer identification and record-keeping, increased diligence by financial institutions in detecting and reporting suspicious transactions and measures to deal with countries with inadequate anti-money-laundering measures.

1. Weaknesses in the banking system of a country, whether developing or developed, can threaten financial stability both within that country and internationally. The need to **improve the strength of financial systems** has attracted growing international concern. The Communiqué issued at the close of the Lyon G-7 Summit in June 1996 called for action in this domain. Several official bodies, including the Basel Committee on Banking Supervision, the Bank for International Settlements, the International Monetary Fund and the World Bank, have recently been examining ways to strengthen financial stability throughout the world.

2. The Basel Committee on Banking Supervision has been working in this field for many years, both directly and through its many contacts with banking supervisors in every part of the world. In the last year and a half, it has been examining how best to expand its efforts aimed at strengthening prudential supervision in all countries by building on its relationships with countries outside the G-10 as well as on its earlier work to enhance prudential supervision in its member countries. In particular, the Committee has prepared two documents for release:

- a comprehensive set of **Core Principles** for effective banking supervision (The Basel Core Principles) and,
- a **Compendium** (to be updated periodically) of the existing Basel Committee recommendations, guidelines and standards most of which are cross-referenced in the Core Principles document.

Both documents have been endorsed by the G-10 central bank Governors. They were submitted to the G-7 and G-10 Finance Ministers in preparation for the June 1997 Denver Summit in the hope that they would provide a useful mechanism for strengthening financial stability in all countries.

3. In developing the Principles, the Basel Committee has worked closely with **non-G-10 supervisory authorities**. The document has been prepared in a group containing representatives from the Basel Committee and from Chile, China, the Czech Republic, Hong Kong, Mexico, Russia and Thailand. Nine other countries (Argentina, Brazil, Hungary, India, Indonesia, Korea, Malaysia, Poland and Singapore) were also closely associated with the work. The drafting of the Principles benefited moreover from broad consultation with a larger group of individual supervisors, both directly and through the regional supervisory groups.

4. The Basel Core Principles comprise **twenty-five basic Principles** that need to be in place for a supervisory system to be effective. The Principles relate to:

- Preconditions for effective banking supervision - Principle 1
- Licensing and structure - Principles 2 to 5

Prudential regulations and requirements - Principles 6 to 15
Methods of ongoing banking supervision - Principles 16 to 20
Information requirements - Principle 21
Formal powers of supervisors - Principle 22, and
Cross-border banking - Principles 23 to 25.

In addition to the Principles themselves, the document contains explanations of the various methods supervisors can use to implement them.

5. National agencies should apply the Principles in the supervision of all banking organisations within their jurisdictions. The Principles are **minimum requirements** and in many cases may need to be supplemented by other measures designed to address particular conditions and risks in the financial systems of individual countries.

6. The Basel Core Principles are intended to serve as a basic reference for **supervisory and other public authorities in all countries and internationally**. It will be for national supervisory authorities, many of which are actively seeking to strengthen their current supervisory regime, to use the attached document to review their existing supervisory arrangements and to initiate a programme designed to address any deficiencies as quickly as is practical within their legal authority. The Principles have been designed to be verifiable by supervisors, regional supervisory groups, and the market at large. The Basel Committee will play a role, together with other interested organisations, in monitoring the progress made by individual countries in implementing the Principles. It is suggested that the IMF, the World Bank and other interested organisations use the Principles in assisting individual countries to strengthen their supervisory arrangements in connection with work aimed at promoting overall macroeconomic and financial stability. Implementation of the Principles will be reviewed at the International Conference of Banking Supervisors in October 1998 and biennially thereafter.

7. Supervisory authorities throughout the world are encouraged to **endorse** the Basel Core Principles. The members of the Basel Committee and the sixteen other supervisory agencies that have participated in their drafting all agree with the content of the document.

8. The chairpersons of the **regional supervisory groups** are supportive of the Basel Committee's efforts and are ready to promote the endorsement of the Core Principles among their membership. Discussions are in progress to define the role the regional groups can play in securing the endorsement of the Principles and in monitoring implementation by their members.

9. The Basel Committee believes that achieving consistency with the Core Principles by every country will be a significant step in the process of improving financial stability domestically and internationally. The speed with which this objective will be achieved will vary. In many countries, substantive **changes in the legislative framework** and in the powers of supervisors will be necessary because many supervisory authorities do not at present have the statutory authority to implement all of the Principles. In such cases, the Basel Committee believes it is essential that national legislators give urgent consideration to the changes necessary to ensure that the Principles can be applied in all material respects.

10. **The Basel Committee** will continue to pursue its standard-setting activities in key risk areas and in key elements of banking supervision as it has done in documents such as those reproduced in the Compendium. The Basel Core Principles will serve as a reference point for future work to be done by the Committee and, where appropriate, in cooperation with non-G-10 supervisors and their regional groups. The Committee stands ready to encourage work at the national level to implement the Principles in conjunction with other supervisory bodies and interested parties. Finally, the Committee is committed to strengthening its interaction with supervisors from non-G-10 countries and intensifying its considerable investment in technical assistance and training.

LIST OF CORE PRINCIPLES FOR EFFECTIVE BANKING SUPERVISION

Preconditions for Effective Banking Supervision

1. An effective system of banking supervision will have clear responsibilities and objectives for each agency involved in the supervision of banking organisations. Each such agency should possess operational independence and adequate resources. A suitable legal framework for banking supervision is also necessary, including provisions relating to authorisation of banking organisations and their ongoing supervision; powers to address compliance with laws as well as safety and soundness concerns; and legal protection for supervisors. Arrangements for sharing information between supervisors and protecting the confidentiality of such information should be in place.

Licensing and Structure

2. The permissible activities of institutions that are licensed and subject to supervision as banks must be clearly defined, and the use of the word "bank" in names should be controlled as far as possible.

3. The licensing authority must have the right to set criteria and reject applications for establishments that do not meet the standards set. The licensing process, at a minimum, should consist of an assessment of the banking organisation's ownership structure, directors and senior management, its operating plan and internal controls, and its projected financial condition, including its capital base; where the proposed owner or parent organisation is a foreign bank, the prior consent of its home country supervisor should be obtained.

4. Banking supervisors must have the authority to review and reject any proposals to transfer significant ownership or controlling interests in existing banks to other parties.

5. Banking supervisors must have the authority to establish criteria for reviewing major acquisitions or investments by a bank and ensuring that corporate affiliations or structures do not expose the bank to undue risks or hinder effective supervision.

Prudential Regulations and Requirements

6. Banking supervisors must set prudent and appropriate minimum capital adequacy requirements for all banks. Such requirements should reflect the risks that the banks undertake, and must define the components of capital, bearing in mind their ability to absorb losses. At least for internationally active banks, these requirements must not be less than those established in the Basel Capital Accord and its amendments.

7. An essential part of any supervisory system is the evaluation of a bank's policies, practices and procedures related to the granting of loans and making of investments and the ongoing management of the loan and investment portfolios.

8. Banking supervisors must be satisfied that banks establish and adhere to adequate policies, practices and procedures for evaluating the quality of assets and the adequacy of loan loss provisions and loan loss reserves.

9. Banking supervisors must be satisfied that banks have management information systems that enable management to identify concentrations within the portfolio and supervisors must set prudential limits to restrict bank exposures to single borrowers or groups of related borrowers.

10. In order to prevent abuses arising from connected lending, banking supervisors must have in place requirements that banks lend to related companies and individuals on an arm's-length basis, that such extensions of credit are effectively monitored, and that other appropriate steps are taken to control or mitigate the risks.

11. Banking supervisors must be satisfied that banks have adequate policies and procedures for identifying, monitoring and controlling country risk and transfer risk in their international lending and investment activities, and for maintaining appropriate reserves against such risks.

12. Banking supervisors must be satisfied that banks have in place systems that accurately measure, monitor and adequately control market risks; supervisors should have powers to impose specific limits and/or a specific capital charge on market risk exposures, if warranted.

13. Banking supervisors must be satisfied that banks have in place a comprehensive risk management process (including appropriate board and senior management oversight) to identify, measure, monitor and control all other material risks and, where appropriate, to hold capital against these risks.

14. Banking supervisors must determine that banks have in place internal controls that are adequate for the nature and scale of their business. These should include clear arrangements for delegating authority and responsibility; separation of the functions that involve committing the bank, paying away its funds, and accounting for its assets and liabilities; reconciliation of these processes; safeguarding its assets; and appropriate independent internal or external audit and compliance functions to test adherence to these controls as well as applicable laws and regulations.

15. Banking supervisors must determine that banks have adequate policies, practices and procedures in place, including strict "know-your-customer" rules, that promote high ethical and professional standards in the financial sector and prevent the bank being used, intentionally or unintentionally, by criminal elements.

Methods of Ongoing Banking Supervision

16. An effective banking supervisory system should consist of some form of both onsite and off-site supervision.

17. Banking supervisors must have regular contact with bank management and thorough understanding of the institution's operations.

18. Banking supervisors must have a means of collecting, reviewing and analyzing prudential reports and statistical returns from banks on a solo and consolidated basis.

19. Banking supervisors must have a means of independent validation of supervisory information either through on-site examinations or use of external auditors.

20. An essential element of banking supervision is the ability of the supervisors to supervise the banking group on a consolidated basis.

Information Requirements

21. Banking supervisors must be satisfied that each bank maintains adequate records drawn up in accordance with consistent accounting policies and practices that enable the supervisor to obtain a true and fair view of the financial condition of the bank and the profitability of its business, and that the bank publishes on a regular basis financial statements that fairly reflect its condition.

Formal Powers of Supervisors

22. Banking supervisors must have at their disposal adequate supervisory measures to bring about timely corrective action when banks fail to meet prudential requirements (such as minimum capital adequacy ratios), when there are regulatory violations, or where depositors are threatened in any other way. In extreme circumstances, this should include the ability to revoke the banking licence or recommend its revocation.

Cross-border Banking

23. Banking supervisors must practise global consolidated supervision over their internationally-active banking organisations, adequately monitoring and applying appropriate prudential norms to all aspects of the business conducted by these banking organisations worldwide, primarily at their foreign branches, joint ventures and subsidiaries.

24. A key component of consolidated supervision is establishing contact and information exchange with the various other supervisors involved, primarily host country supervisory authorities.

25. Banking supervisors must require the local operations of foreign banks to be conducted to the same high standards as are required of domestic institutions and must have powers to share information needed by the home country supervisors of those banks for the purpose of carrying out consolidated supervision.

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Further information:

This document and additional commentary on the web at: <http://www.bis.org/publ/bcbssc102.pdf>.

In addition, the 1999 Core principles methodology elaborates upon the Core principles by listing a number of essential and additional criteria: <http://www.bis.org/publ/bcbssc103.pdf>.

Basel Committee Statement on the Prevention of Money-laundering

December 1988

The "Prevention of criminal use of the banking system for the purpose of money-laundering" guidelines of 1988 outline the basic ethical principles and encourages banks to put in place effective procedures to identify customers, refuse suspicious transactions and cooperate with law enforcement agencies.

Preamble

1. Banks and other financial institutions may be unwittingly used as intermediaries for the transfer or deposit of funds derived from criminal activity. Criminals and their associates use the financial system to make payments and transfers of funds from one account to another; to hide the source and beneficial ownership of money; and to provide storage for bank-notes through a safe-deposit facility. These activities are commonly referred to as money-laundering.
2. Efforts undertaken hitherto with the objective of preventing the banking system from being used in this way have largely been undertaken by judicial and regulatory agencies at national level. However, the increasing international dimension of organised criminal activity, notably in relation to the narcotics trade, has prompted collaborative initiatives at the international level. One of the earliest such initiatives was undertaken by the Committee of Ministers of the Council of Europe in June 1980. In its report the Committee of Ministers concluded that "... the banking system can play a highly effective preventive role while the cooperation of the banks also assists in the repression of such criminal acts by the judicial authorities and the police". In recent years the issue of how to prevent criminals laundering the proceeds of crime through the financial system has attracted increasing attention from legislative authorities, law enforcement agencies and banking supervisors in a number of countries.
3. The various national banking supervisory authorities represented on the Basle Committee on Banking Regulations and Supervisory Practices do not have the same roles and responsibilities in relation to the suppression of money-laundering. In some countries supervisors have a specific responsibility in this field; in others they may have no direct responsibility. This reflects the role of banking supervision, the primary function of which is to maintain the overall financial stability and soundness of banks rather than to ensure that individual transactions conducted by bank customers are legitimate. Nevertheless, despite the limits in some countries on their specific responsibility, all members of the Committee firmly believe that supervisors cannot be indifferent to the use made of banks by criminals.
4. Public confidence in banks, and hence their stability, can be undermined by adverse publicity as a result of inadvertent association by banks with criminals. In addition, banks may lay themselves open to direct losses from fraud, either through negligence in screening undesirable customers or where the integrity of their own officers has been undermined through association with criminals. For these reasons the members of the Basle Committee consider that banking supervisors have a general role to encourage ethical standards of professional conduct among banks and other financial institutions.

5. The Committee believes that one way to promote this objective, consistent with differences in national supervisory practice, is to obtain international agreement to a Statement of Principles to which financial institutions should be expected to adhere.

6. The attached Statement is a general statement of ethical principles which encourages banks' management to put in place effective procedures to ensure that all persons conducting business with their institutions are properly identified; that transactions that do not appear legitimate are discouraged; and that cooperation with law enforcement agencies is achieved. The Statement is not a legal document and its implementation will depend on national practice and law. In particular, it should be noted that in some countries banks may be subject to additional more stringent legal regulations in this field and the Statement is not intended to replace or diminish those requirements. Whatever the legal position in different countries, the Committee considers that the first and most important safeguard against moneylaundering is the integrity of banks' own managements and their vigilant determination to prevent their institutions becoming associated with criminals or being used as a channel for money-laundering. The Statement is intended to reinforce those standards of conduct.

7. The supervisory authorities represented on the Committee support the principles set out in the Statement. To the extent that these matters fall within the competence of supervisory authorities in different member countries, the authorities will recommend and encourage all banks to adopt policies and practices consistent with the Statement. With a view to its acceptance worldwide, the Committee would also commend the Statement to supervisory authorities in other countries.

Statement of Principles

I. Purpose

Banks and other financial institutions may unwittingly be used as intermediaries for the transfer or deposit of money derived from criminal activity. The intention behind such transactions is often to hide the beneficial ownership of funds. The use of the financial system in this way is of direct concern to police and other law enforcement agencies; it is also a matter of concern to banking supervisors and banks' managements, since public confidence in banks may be undermined through their association with criminals.

This Statement of Principles is intended to outline some basic policies and procedures that banks' managements should ensure are in place within their institutions with a view to assisting in the suppression of money-laundering through the banking system, national and international. The Statement thus sets out to reinforce existing best practices among banks and, specifically, to encourage vigilance against criminal use of the payments system, implementation by banks of effective preventive safeguards, and cooperation with law enforcement agencies.

II. Customer identification

With a view to ensuring that the financial system is not used as a channel for criminal funds, banks should make reasonable efforts to determine the true identity of all customers requesting the institution's services. Particular care should be taken to identify the ownership of all accounts and those using safe-custody facilities. All banks should institute effective procedures for obtaining identification from new customers. It should be an explicit policy that significant business transactions will not be conducted with customers who fail to provide evidence of their identity.

III. Compliance with laws

Banks' management should ensure that business is conducted in conformity with high ethical standards and that laws and regulations pertaining to financial transactions are adhered to. As regards transactions executed on behalf of customers, it is accepted that banks may have no means of knowing whether the transaction stems from or forms part of criminal activity. Similarly, in an international context it may be difficult to ensure that cross border transactions on behalf of customers are in compliance with the regulations of another country. Nevertheless, banks should not set out to offer services or provide active assistance in transactions which they have good reason to suppose are associated with money-laundering activities.

IV. Cooperation with law enforcement authorities

Banks should cooperate fully with national law enforcement authorities to the extent permitted by specific local regulations relating to customer confidentiality. Care should be taken to avoid providing support or assistance to customers seeking to deceive law enforcement agencies through the provision of altered, incomplete or misleading information. Where banks become aware of facts which lead to the reasonable presumption that money held on deposit derives from criminal activity or that transactions entered into are themselves criminal in purpose, appropriate measures, consistent with the law, should be taken, for example, to deny assistance, sever relations with the customer and close or freeze accounts.

V. Adherence to the Statement

All banks should formally adopt policies consistent with the principles set out in this Statement and should ensure that all members of their staff concerned, wherever located, are informed of the bank's policy in this regard. Attention should be given to staff training in matters covered by the Statement. To promote adherence to these principles, banks should implement specific procedures for customer identification and for retaining internal records of transactions. Arrangements for internal audit may need to be extended in order to establish an effective means of testing for general compliance with the Statement.

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Further information:

Basel Committee on Banking Supervision statement on the prevention of criminal use of the banking system for the purpose of money-laundering on the web:

<http://www.bis.org/publ/bcbssc137.pdf>.

Financial Action Task Force on Money Laundering Forty Recommendations

The OECD's Financial Action Task Force on Money Laundering developed these recommendations to combat money laundering and prevent the proceeds of crime from being utilized in future criminal activities.

Introduction

The Financial Action Task Force on Money Laundering (FATF) is an inter-governmental body whose purpose is the development and promotion of policies to combat money laundering -- the processing of criminal proceeds in order to disguise their illegal origin. These policies aim to prevent such proceeds from being utilised in future criminal activities and from affecting legitimate economic activities.

The FATF currently consists of 29 countries [1] and two international organisations [2]. Its membership includes the major financial centre countries of Europe, North and South America, and Asia. It is a multi-disciplinary body - as is essential in dealing with money laundering - bringing together the policy-making power of legal, financial and law enforcement experts.

This need to cover all relevant aspects of the fight against money laundering is reflected in the scope of the forty FATF Recommendations -- the measures which the Task Force have agreed to implement and which all countries are encouraged to adopt. The Recommendations were originally drawn up in 1990. In 1996 the Forty Recommendations were revised to take into account the experience gained over the last six years and to reflect the changes which have occurred in the money laundering problem. [3]

These Forty Recommendations set out the basic framework for anti-money laundering efforts and they are designed to be of universal application. They cover the criminal justice system and law enforcement; the financial system and its regulation, and international cooperation.

It was recognised from the outset of the FATF that countries have diverse legal and financial systems and so all cannot take identical measures. The Recommendations are therefore the principles for action in this field, for countries to implement according to their particular circumstances and constitutional frameworks allowing countries a measure of flexibility rather than prescribing every detail. The measures are not particularly complex or difficult, provided there is the political will to act. Nor do they compromise the freedom to engage in legitimate transactions or threaten economic development.

FATF countries are clearly committed to accept the discipline of being subjected to multilateral surveillance and peer review. All member countries have their implementation of the Forty Recommendations monitored through a two-pronged approach: an annual self-assessment exercise and the more detailed mutual evaluation process under which each member country is subject to an on-site examination. In addition, the FATF carries out cross-country reviews of measures taken to implement particular Recommendations.

These measures are essential for the creation of an effective anti-money laundering framework.

Footnotes:

[1] Reference in this document to "countries" should be taken to apply equally to "territories" or "jurisdictions". The twenty-nine FATF member countries and governments are: Argentina; Australia; Austria; Belgium; Brazil; Canada; Denmark; Finland; France; Germany; Greece; Hong Kong, China; Iceland; Ireland; Italy; Japan; Luxembourg; Mexico; the Kingdom of the Netherlands; New Zealand; Norway; Portugal; Singapore; Spain; Sweden; Switzerland; Turkey; the United Kingdom; and the United States.

[2] The two international organisations are: the European Commission and the Gulf Co-operation Council.

[3] During the period 1990 to 1995, the FATF also elaborated various Interpretative Notes which are designed to clarify the application of specific Recommendations. Some of these Interpretative Notes have been updated in the Stocktaking Review to reflect changes in the Recommendations. The FATF adopted a new Interpretative Note to Recommendation 15 on 2 July 1999.

GENERAL FRAMEWORK OF THE RECOMMENDATIONS

Recommendation 1

Each country should take immediate steps to ratify and to implement fully, the 1988 United Nations Convention against Illicit Traffic in Narcotic Drugs and Psychotropic Substances (the Vienna Convention)

Recommendation 2

Financial institution secrecy laws should be conceived so as not to inhibit implementation of these recommendations.

Recommendation 3

An effective money laundering enforcement program should include increased multilateral co-operation and mutual legal assistance in money laundering investigations and prosecutions and extradition in money laundering cases, where possible.

ROLE OF NATIONAL LEGAL SYSTEMS IN COMBATING MONEY LAUNDERING

Scope of the Criminal Offence of Money Laundering

Recommendation 4

Each country should take such measures as may be necessary, including legislative ones, to enable it to criminalise money laundering as set forth in the Vienna Convention. Each country

should extend the offence of drug money laundering to one based on serious offences. Each country would determine which serious crimes would be designated as money laundering predicate offences.

Recommendation 5

As provided in the Vienna Convention, the offence of money laundering should apply at least to knowing money laundering activity, including the concept that knowledge may be inferred from objective factual circumstances.

Recommendation 6

Where possible, corporations themselves - not only their employees - should be subject to criminal liability.

Provisional Measures and Confiscation

Recommendation 7

Countries should adopt measures similar to those set forth in the Vienna Convention, as may be necessary, including legislative ones, to enable their competent authorities to confiscate property laundered, proceeds from, instrumentalities used in or intended for use in the commission of any money laundering offence, or property of corresponding value, without prejudicing the rights of bona fide third parties.

Such measures should include the authority to : 1) identify, trace and evaluate property which is subject to confiscation; 2) carry out provisional measures, such as freezing and seizing, to prevent any dealing, transfer or disposal of such property; and 3) take any appropriate investigative measures.

In addition to confiscation and criminal sanctions, countries also should consider monetary and civil penalties, and/or proceedings including civil proceedings, to void contracts entered into by parties, where parties knew or should have known that as a result of the contract, the State would be prejudiced in its ability to recover financial claims, e.g. through confiscation or collection of fines and penalties.

ROLE OF THE FINANCIAL SYSTEM IN COMBATING MONEY LAUNDERING

Recommendation 8

Recommendations 10 to 29 should apply not only to banks, but also to non-bank financial institutions. Even for those non-bank financial institutions which are not subject to a formal prudential supervisory regime in all countries, for example bureaux de change, governments

should ensure that these institutions are subject to the same anti-money laundering laws or regulations as all other financial institutions and that these laws or regulations are implemented effectively.

Recommendation 9

The appropriate national authorities should consider applying Recommendations 10 to 21 and 23 to the conduct of financial activities as a commercial undertaking by businesses or professions which are not financial institutions, where such conduct is allowed or not prohibited. Financial activities include, but are not limited to, those listed in the attached annex. It is left to each country to decide whether special situations should be defined where the application of anti-money laundering measures is not necessary, for example, when a financial activity is carried out on an occasional or limited basis.

Customer Identification and Record-keeping Rules

Recommendation 10

Financial institutions should not keep anonymous accounts or accounts in obviously fictitious names: they should be required (by law, by regulations, by agreements between supervisory authorities and financial institutions or by self-regulatory agreements among financial institutions) to identify, on the basis of an official or other reliable identifying document, and record the identity of their clients, either occasional or usual, when establishing business relations or conducting transactions (in particular opening of accounts or passbooks, entering into fiduciary transactions, renting of safe deposit boxes, performing large cash transactions).

In order to fulfill identification requirements concerning legal entities, financial institutions should, when necessary, take measures:

- i. to verify the legal existence and structure of the customer by obtaining either from a public register or from the customer or both, proof of incorporation, including information concerning the customer's name, legal form, address, directors and provisions regulating the power to bind the entity.
- ii. to verify that any person purporting to act on behalf of the customer is so authorised and identify that person.

Recommendation 11

Financial institutions should take reasonable measures to obtain information about the true identity of the persons on whose behalf an account is opened or a transaction conducted if there are any doubts as to whether these clients or customers are acting on their own behalf, for example, in the case of domiciliary companies (i.e. institutions, corporations, foundations, trusts, etc. that do not conduct any commercial or manufacturing business or any other form of commercial operation in the country where their registered office is located).

Recommendation 12

Financial institutions should maintain, for at least five years, all necessary records on transactions, both domestic or international, to enable them to comply swiftly with information

requests from the competent authorities. Such records must be sufficient to permit reconstruction of individual transactions (including the amounts and types of currency involved if any) so as to provide, if necessary, evidence for prosecution of criminal behaviour.

Financial institutions should keep records on customer identification (e.g. copies or records of official identification documents like passports, identity cards, driving licenses or similar documents), account files and business correspondence for at least five years after the account is closed.

These documents should be available to domestic competent authorities in the context of relevant criminal prosecutions and investigations.

Recommendation 13

Countries should pay special attention to money laundering threats inherent in new or developing technologies that might favour anonymity, and take measures, if needed, to prevent their use in money laundering schemes.

Increased Diligence of Financial Institutions

Recommendation 14

Financial institutions should pay special attention to all complex, unusual large transactions, and all unusual patterns of transactions, which have no apparent economic or visible lawful purpose. The background and purpose of such transactions should, as far as possible, be examined, the findings established in writing, and be available to help supervisors, auditors and law enforcement agencies.

Recommendation 15

If financial institutions suspect that funds stem from a criminal activity, they should be required to report promptly their suspicions to the competent authorities.

Recommendation 16

Financial institutions, their directors, officers and employees should be protected by legal provisions from criminal or civil liability for breach of any restriction on disclosure of information imposed by contract or by any legislative, regulatory or administrative provision, if they report their suspicions in good faith to the competent authorities, even if they did not know precisely what the underlying criminal activity was, and regardless of whether illegal activity actually occurred.

Recommendation 17

Financial institutions, their directors, officers and employees, should not, or, where appropriate, should not be allowed to, warn their customers when information relating to them is being reported to the competent authorities.

Recommendation 18

Financial institutions reporting their suspicions should comply with instructions from the competent authorities.

Recommendation 19

Financial institutions should develop programs against money laundering. These programs should include, as a minimum :

- i. the development of internal policies, procedures and controls, including the designation of compliance officers at management level, and adequate screening procedures to ensure high standards when hiring employees;
- ii. an ongoing employee training programme;
- iii. an audit function to test the system.

Measures to Cope with the Problem of Countries with No or Insufficient Anti-Money Laundering Measures

Recommendation 20

Financial institutions should ensure that the principles mentioned above are also applied to branches and majority owned subsidiaries located abroad, especially in countries which do not or insufficiently apply these Recommendations, to the extent that local applicable laws and regulations permit. When local applicable laws and regulations prohibit this implementation, competent authorities in the country of the mother institution should be informed by the financial institutions that they cannot apply these Recommendations.

Recommendation 21

Financial institutions should give special attention to business relations and transactions with persons, including companies and financial institutions, from countries which do not or insufficiently apply these Recommendations. Whenever these transactions have no apparent economic or visible lawful purpose, their background and purpose should, as far as possible, be examined, the findings established in writing, and be available to help supervisors, auditors and law enforcement agencies.

Other Measures to Avoid Money Laundering

Recommendation 22

Countries should consider implementing feasible measures to detect or monitor the physical cross-border transportation of cash and bearer negotiable instruments, subject to strict safeguards to ensure proper use of information and without impeding in any way the freedom of capital movements.

Recommendation 23

Countries should consider the feasibility and utility of a system where banks and other financial institutions and intermediaries would report all domestic and international currency transactions above a fixed amount, to a national central agency with a computerised data base, available to competent authorities for use in money laundering cases, subject to strict safeguards to ensure proper use of the information.

Recommendation 24

Countries should further encourage in general the development of modern and secure techniques of money management, including increased use of checks, payment cards, direct deposit of salary checks, and book entry recording of securities, as a means to encourage the replacement of cash transfers

Recommendation 25

Countries should take notice of the potential for abuse of shell corporations by money launderers and should consider whether additional measures are required to prevent unlawful use of such entities.

Implementation and Role of Regulatory and Other Administrative Authorities

Recommendation 26

The competent authorities supervising banks or other financial institutions or intermediaries, or other competent authorities, should ensure that the supervised institutions have adequate programs to guard against money laundering. These authorities should co-operate and lend expertise spontaneously or on request with other domestic judicial or law enforcement authorities in money laundering investigations and prosecutions.

Recommendation 27

Competent authorities should be designated to ensure an effective implementation of all these Recommendations, through administrative supervision and regulation, in other professions dealing with cash as defined by each country.

Recommendation 28

The competent authorities should establish guidelines which will assist financial institutions in detecting suspicious patterns of behaviour by their customers. It is understood that such guidelines must develop over time, and will never be exhaustive. It is further understood that such guidelines will primarily serve as an educational tool for financial institutions' personnel.

Recommendation 29

The competent authorities regulating or supervising financial institutions should take the necessary legal or regulatory measures to guard against control or acquisition of a significant participation in financial institutions by criminals or their confederates.

STRENGTHENING OF INTERNATIONAL CO-OPERATION

Administrative Co-operation

Exchange of general information

Recommendation 30

National administrations should consider recording, at least in the aggregate, international flows of cash in whatever currency, so that estimates can be made of cash flows and reflows from various sources abroad, when this is combined with central bank information. Such information should be made available to the International Monetary Fund and the Bank for International Settlements to facilitate international studies.

Recommendation 31

International competent authorities, perhaps Interpol and the World Customs Organisation, should be given responsibility for gathering and disseminating information to competent authorities about the latest developments in money laundering and money laundering techniques. Central banks and bank regulators could do the same on their network. National authorities in various spheres, in consultation with trade associations, could then disseminate this to financial institutions in individual countries.

Exchange of information relating to suspicious transactions

Recommendation 32

Each country should make efforts to improve a spontaneous or "upon request" international information exchange relating to suspicious transactions, persons and corporations involved in those transactions between competent authorities. Strict safeguards should be established to ensure that this exchange of information is consistent with national and international provisions on privacy and data protection.

Other Forms of Co-operation

Basis and means for co-operation in confiscation, mutual assistance and extradition

Recommendation 33

Countries should try to ensure, on a bilateral or multilateral basis, that different knowledge standards in national definitions - i.e. different standards concerning the intentional element of the infraction - do not affect the ability or willingness of countries to provide each other with mutual legal assistance.

Recommendation 34

International co-operation should be supported by a network of bilateral and multilateral agreements and arrangements based on generally shared legal concepts with the aim of providing practical measures to affect the widest possible range of mutual assistance.

Recommendation 35

Countries should be encouraged to ratify and implement relevant international conventions on money laundering such as the 1990 Council of Europe Convention on Laundering, Search, Seizure and Confiscation of the Proceeds from Crime.

Focus of improved mutual assistance on money laundering issues

Recommendation 36

Co-operative investigations among countries' appropriate competent authorities should be encouraged. One valid and effective investigative technique in this respect is controlled delivery related to assets known or suspected to be the proceeds of crime. Countries are encouraged to support this technique, where possible.

Recommendation 37

There should be procedures for mutual assistance in criminal matters regarding the use of compulsory measures including the production of records by financial institutions and other persons, the search of persons and premises, seizure and obtaining of evidence for use in money laundering investigations and prosecutions and in related actions in foreign jurisdictions.

Recommendation 38

There should be authority to take expeditious action in response to requests by foreign countries to identify, freeze, seize and confiscate proceeds or other property of corresponding value to such proceeds, based on money laundering or the crimes underlying the laundering activity. There should also be arrangements for coordinating seizure and confiscation proceedings which may include the sharing of confiscated assets.

Recommendation 39

To avoid conflicts of jurisdiction, consideration should be given to devising and applying mechanisms for determining the best venue for prosecution of defendants in the interests of justice in cases that are subject to prosecution in more than one country. Similarly, there should be arrangements for coordinating seizure and confiscation proceedings which may include the sharing of confiscated assets.

Recommendation 40

Countries should have procedures in place to extradite, where possible, individuals charged with a money laundering offence or related offences. With respect to its national legal system, each country should recognise money laundering as an extraditable offence. Subject to their legal frameworks, countries may consider simplifying extradition by allowing direct transmission of extradition requests between appropriate ministries, extraditing persons based only on warrants of arrests or judgements, extraditing their nationals, and/or introducing a simplified extradition of consenting persons who waive formal extradition proceedings.

Annex to Recommendation 9: List of Financial Activities undertaken by business or professions which are not financial institutions

1. Acceptance of deposits and other repayable funds from the public.
2. Lending.[1]
3. Financial leasing.
4. Money transmission services.
5. Issuing and managing means of payment (e.g. credit and debit cards, cheques, traveller's cheques and bankers' drafts...)
6. Financial guarantees and commitments.
7. Trading for account of customers (spot, forward, swaps, futures, options...) in:
 - a. money market instruments (cheques, bills, CDs, etc.) ;
 - b. foreign exchange;
 - c. exchange, interest rate and index instruments;
 - d. transferable securities;
 - e. commodity futures trading.
8. Participation in securities issues and the provision of financial services related to such issues.
9. Individual and collective portfolio management.
10. Safekeeping and administration of cash or liquid securities on behalf of clients.
11. Life insurance and other investment related insurance.
12. Money changing.

Footnote:

[1] Including inter alia

- consumer credit
- mortgage credit
- factoring, with or without recourse
- finance of commercial transactions (including forfeiting)

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Further information:

See the Financial Action Task Force web site for additional interpretive notes to a number of the recommendations http://www.fatf-gafi.org/document/28/0,2340,en_32250379_32236930_33658140_1_1_1_1,00.html.

Wolfsberg Anti-Money Laundering Principles

The Wolfsberg Principles are a set of global anti-money-laundering guidelines for international private banks. The principles were developed by a group of the world's largest banks in collaboration with Transparency International in 2000.

Preamble

The following guidelines are understood to be appropriate for private banking relationships. Guidelines for other market segments may differ. It is recognized that the establishment of policies and procedures to adhere to these guidelines is the responsibility of management.

1. Client acceptance: general guidelines

1.1 General

Bank policy will be to prevent the use of its worldwide operations for criminal purposes. The bank will endeavor to accept only those clients whose source of wealth and funds can be reasonably established to be legitimate. The primary responsibility for this lies with the private banker who sponsors the client for acceptance. Mere fulfillment of internal review procedures does not relieve the private banker of this basic responsibility.

1.2 Identification

The bank will take reasonable measures to establish the identity of its clients and beneficial owners and will only accept clients when this process has been completed.

1.2.1 Client

- Natural persons: identity will be established to the bank's satisfaction by reference to official identity papers or such other evidence as may be appropriate under the circumstances.
- Corporations, partnerships, foundations: the bank will receive documentary evidence of the due organization and existence.
- Trusts: the bank will receive appropriate evidence of formation and existence along with identity of the trustees.
- Identification documents must be current at the time of opening.

1.2.2 Beneficial owner

Beneficial ownership must be established for all accounts. Due diligence must be done on all principal beneficial owners identified in accordance with the following principles:

- Natural persons: when the account is in the name of an individual, the private banker must establish whether the client is acting on his/her own behalf. If doubt exists, the bank will establish the capacity in which and on whose behalf the accountholder is acting.

- Legal entities: where the client is a company, such as a private investment company, the private banker will understand the structure of the company sufficiently to determine the provider of funds, principal owner(s) of the shares and those who have control over the funds, e.g. the directors and those with the power to give direction to the directors of the company. With regard to other shareholders the private banker will make a reasonable judgement as to the need for further due diligence. This principle applies regardless of whether the share capital is in registered or bearer form.
- Trusts: where the client is a trustee, the private banker will understand the structure of the trust sufficiently to determine the provider of funds (e.g. settlor) those who have control over the funds (e.g. trustees) and any persons or entities who have the power to remove the trustees. The private banker will make a reasonable judgement as to the need for further due diligence.
- Unincorporated associations: the above principles apply to unincorporated associations.

1.2.3 Accounts held in the name of money managers and similar intermediaries

The private banker will perform due diligence on the intermediary and establish that the intermediary has a due diligence process for its clients, or a regulatory obligation to conduct such due diligence, that is satisfactory to the bank.

1.2.4 Powers of attorney/Authorized signers

Where the holder of a power of attorney or another authorized signer is appointed by a client, it is generally sufficient to do due diligence on the client.

1.2.5 Practices for walk-in clients and electronic banking relationships

A bank will determine whether walk-in clients or relationships initiated through electronic channels require a higher degree of due diligence prior to account opening.

1.3 Due diligence

It is essential to collect and record information covering the following categories:

- Purpose and reasons for opening the account
- Anticipated account activity
- Source of wealth (description of the economic activity which has generated the net worth)
- Estimated net worth
- Source of funds (description of the origin and the means of transfer for monies that are accepted for the account opening)
- References or other sources to corroborate reputation information where available.

Unless other measures reasonably suffice to do the due diligence on a client (e.g. favorable and reliable references), a client will be met prior to account opening.

1.4 Oversight responsibility

There will be a requirement that all new clients and new accounts be approved by at least one person other than the private banker.

2. Client acceptance: situations requiring additional diligence / attention

2.1 Numbered or alternate name accounts

Numbered or alternate name accounts will only be accepted if the bank has established the identity of the client and the beneficial owner.

2.2 High-risk countries

The bank will apply heightened scrutiny to clients and beneficial owners resident in and funds sourced from countries identified by credible sources as having inadequate anti-money-laundering standards or representing high-risk for crime and corruption.

2.3 Offshore jurisdictions

Risks associated with entities organized in offshore jurisdictions are covered by due diligence procedures laid out in these guidelines.

2.4 High-risk activities

Clients and beneficial owners whose source of wealth emanates from activities known to be susceptible to money laundering will be subject to heightened scrutiny.

2.5 Public officials

Individuals who have or have had positions of public trust such as government officials, senior executives of government corporations, politicians, important political party officials, etc. and their families and close associates require heightened scrutiny.

3. Updating client files

The private banker is responsible for updating the client file on a defined basis and/or when there are major changes. The private banker's supervisor or an independent control person will review relevant portions of client files on a regular basis to ensure consistency and completeness. The frequency of the reviews depends on the size, complexity and risk posed of the relationship.

4. Practices when identifying unusual or suspicious activities

4.1 Definition of unusual or suspicious activities

The bank will have a written policy on the identification of and follow-up on unusual or suspicious activities. This policy will include a definition of what is considered to be suspicious or unusual and give examples thereof.

Unusual or suspicious activities may include:

- Account transactions or other activities which are not consistent with the due diligence file
- Cash transactions over a certain amount
- Pass-through / in-and-out-transactions.

4.2 Identification of unusual or suspicious activities

Unusual or suspicious activities can be identified through:

- Monitoring of transactions
- Client contacts (meetings, discussions, in-country visits etc.)
- Third party information (e.g. newspapers, Reuters, internet)
- Private banker's / internal knowledge of the client's environment (e.g. political situation in his/her country)

4.3 Follow-up on unusual or suspicious activities

The private banker, management and/or the control function will carry out an analysis of the

background of any unusual or suspicious activity. If there is no plausible explanation a decision will be made involving the control function:

- To continue the business relationship with increased monitoring
- To cancel the business relationship
- To report the business relationship to the authorities.

The report to the authorities is made by the control function and senior management may need to be notified (e.g. Senior Compliance Officer, CEO, Chief Auditor, General Counsel). As required by local laws and regulations the assets may be blocked and transactions may be subject to approval by the control function.

5. Monitoring

A sufficient monitoring program must be in place. The primary responsibility for monitoring account activities lies with the private banker. The private banker will be familiar with significant transactions and increased activity in the account and will be especially aware of unusual or suspicious activities (see 4.1). The bank will decide to what extent fulfillment of these responsibilities will need to be supported through the use of automated systems or other means.

6. Control responsibilities

A written control policy will be in place establishing standard control procedures to be undertaken by the various "control layers" (private banker, independent operations unit, Compliance, Internal Audit). The control policy will cover issues of timing, degree of control, areas to be controlled, responsibilities and follow-up etc.

7. Reporting

There will be regular management reporting established on money laundering issues (e.g. number of reports to authorities, monitoring tools, changes in applicable laws and regulations, the number and scope of training sessions provided to employees).

8. Education, training and information

The bank will establish a training program on the identification and prevention of money laundering for employees who have client contact and for Compliance personnel. Regular training (e.g. annually) will also include how to identify and follow-up on unusual or suspicious activities. In addition, employees will be informed about any major changes in anti-money-laundering laws and regulations.

All new employees will be provided with guidelines on the anti-money-laundering procedures.

9. Record retention requirements

The bank will establish record retention requirements for all anti-money-laundering related documents. The documents must be kept for a minimum of five years.

10. Exceptions and deviations

The bank will establish an exception and deviation procedure that requires risk assessment and approval by an independent unit.

11. Anti-money-laundering organization

The bank will establish an adequately staffed and independent department responsible for the prevention of money laundering (e.g. Compliance, independent control unit, Legal).

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For further information:

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Further Resources

United Nations International Money Laundering Information Network

<http://www.imolin.org/imolin/index.html>

United Nations Political Declaration and Action Plan against Money Laundering

<http://www.imolin.org/imolin/en/ungadec.html>

European Community Council Directive on Prevention of the Use of the Financial System for the Purpose of Money Laundering

<http://europa.eu.int/scadplus/leg/en/lvb/l24016.htm>

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Bribery and Corruption

APEC Course of Action on Fighting Corruption and Ensuring Transparency

2004

Santiago Commitment to Fight Corruption and Ensure Transparency
Santiago, Chile
21 November 2004

The APEC Leaders commit to fight corruption and promote transparency.

Corruption is a complex economic, political and social problem with destructive repercussions in every sphere of our societies. Corruption threatens democracy and economic growth, the integrity of our institutions and our social values. As the World Bank has noted, the direct costs of bribery alone to national economies is over one trillion dollars each year.

Corruption is found in both the public and private sectors. A comprehensive approach is required.

Good governance, transparent legal regimes and systems to fight corruption are vital elements to nurture and sustain economic development, growth, and prosperity.

The APEC Leaders highlight the important role of the United Nations Convention against Corruption as the first legally binding global instrument specifically targeted to fight the scourge of corruption.

Accordingly, to fight corruption and ensure transparency, the APEC Leaders decided on a course within the framework of the principles and provisions of the United Nations Convention against Corruption.

APEC Leaders agreed to:

- Encourage each other to deny safe haven to officials and individuals guilty of public corruption, those who corrupt them, and their assets;
- Promote regional cooperation on extradition, mutual legal assistance and the recovery and return of proceeds of corruption.
- Work toward implementation of punitive and preventive anticorruption policies and practices consistent with the UN Convention Against Corruption, including those policies and practices necessary for the proper and effective management of public affairs and public property;
- Intensify our individual and joint actions to fight corruption and ensure transparency, including cooperation with other multilateral and regional intergovernmental institutions and exchange of information on implementation of domestic anti-corruption commitments;
- Develop innovative training, targeted- capacity building and results oriented technical assistance to fight corruption and ensure transparency; and

- Implement the APEC Transparency Standards, a key to both the fight against corruption and progress on the WTO Doha Development Agenda.

They applaud the APEC Business Advisory Council (ABAC) and the leaders of the Asia Pacific corporate community for committing themselves to operate their business affairs with the highest level of integrity and to implement effective anticorruption measures in their businesses, wherever they operate.

By working together, Leaders are confident that APEC can make a difference to fight corruption and ensure transparency, and can cut the cost of corruption to our economies and create a culture of integrity and shared prosperity.

Further information:

On the web:

http://www.apec.org/content/apec/apec_groups/som_special_task_groups/anti-corruption.html

Document available in 'Downloads' section.

Business Principles for Countering Bribery in the Engineering and Construction Industry

January 2004

At the 2003 annual meeting of the World Economic Forum in Davos, the Engineering & Construction Governors of the Forum established a multinational Task Force of member companies to develop anti-corruption principles to guide companies that participate in engineering and construction projects around the world. The E&C Business Principles for Countering Bribery in the Engineering & Construction Industry (the “E&C Business Principles”) are the product of a year-long effort by the Task Force, working in close association with Transparency International and the Basel Institute on Governance.

Introduction

These Business Principles for Countering Bribery in the Engineering & Construction Industry were developed by a multinational task force of E&C companies working with the World Economic Forum, Transparency International and the Basel Institute on Governance.

The aim of these Principles is to provide a framework for good business practices and risk management strategies for countering Bribery. They are intended to assist enterprises to:

- eliminate Bribery
- demonstrate their commitment to countering Bribery
- make a positive contribution to improving business standards of integrity, transparency and accountability wherever they operate.

The E&C Business Principles build on general industry anti-bribery principles developed in 2002 by Transparency International and a coalition of private sector interests, non-governmental organizations and trade unions.⁵⁰ Changes to the 2002 principles have been made to reflect circumstances and concerns unique to the E&C industry and to enhance the guidance on Program development.

The E&C Business Principles commit signatory companies to two basic actions: adoption of a *zero tolerance* policy on Bribery and development of a practical and effective internal “Program” for implementing that policy. These Principles are designed to provide E&C companies of all sizes with practical guidance, rather than to be prescriptive, for developing their own policy statements and programs for combating Bribery and other forms of corruption in international business. In so doing, they contribute to the goals of good governance and economic development and give practical effect to the OECD Convention on Combating Bribery of Foreign Public Officials in International Business Transactions and other similar governmental and private sector initiatives. These include the ICC Rules of Conduct to Combat Extortion and Bribery and the anti-bribery provisions of the revised OECD Guidelines for Multinationals.

This E&C initiative reflects an appreciation that corruption and Bribery are corrosive of economic progress and good governance. It recognizes the need for anti-bribery principles that can be applied industry-wide and that are based on a profound commitment to fundamental values of integrity, transparency and accountability.

⁵⁰ “Business Principles for Countering Bribery,” published by Transparency International and Social Accountability International (Dec. 2002).

The E&C Business Principles

The enterprise shall prohibit Bribery in any form.

Bribery (“Bribery”) is the offering, promising or giving, as well as demanding or accepting, of any undue advantage, whether directly or indirectly, to or from:

- a public official,
- a political candidate, party or party official, or
- any private sector employee (including a person who directs or works for a private sector enterprise in any capacity),

in order to obtain, retain or direct business or to secure any other improper advantage in the conduct of business.

- **The enterprise shall commit to the continuation or implementation of an effective Program to counter Bribery.**

An effective Program is the entirety of an enterprise’s anti-bribery efforts, specifically including its code of ethics, policies and procedures, administrative processes, training, guidance and oversight. This commitment is to develop and administer an internal compliance Program that effectively makes an enterprise’s anti-corruption policy an integral part of daily practice.

Development of a Program for Countering Bribery

An enterprise should develop a Program that clearly and in reasonable detail articulates values, policies and procedures to be used to prevent Bribery from occurring in all activities under its effective control.

The Program should be tailored to reflect an enterprise’s particular business circumstances and corporate culture, taking into account such factors as size, nature of the business, potential risks and locations of operation.

The Program should be consistent with all laws relevant to countering Bribery in all the jurisdictions in which the enterprise operates.

The enterprise should involve employees in the implementation of the Program.

The enterprise should ensure that it is informed of all matters material to the effective development and implementation of the Program, including emerging practices in the E&C industry, through appropriate monitoring activities and communications with relevant interested parties.

The Program: Scope and Guidelines

In developing its Program for countering Bribery, an enterprise should identify and assess specific areas that pose the greatest risks from corruption.

The Program should reflect emerging practice, with particular attention to the E&C sector and types and locations of business activity most susceptible to corruption and Bribery. All Programs should at a minimum cover the following areas:

Bribes

The enterprise should prohibit Bribery in all business transactions that are carried out either directly or through third parties, specifically including subsidiaries, joint ventures, agents, representatives, consultants, brokers, contractors, suppliers or any other intermediary under its effective control.

The enterprise should prohibit Bribery in any form, including on any contract payment or portion of a contract payment, or by any means or channels to provide improper benefits to customers, agents, contractors, suppliers or employees thereof.

The Program should provide guidance on the meaning and scope of this prohibition, with particular attention to areas of high risk to E&C companies.

Political contributions

The enterprise, its employees or intermediaries should not make direct or indirect contributions to political parties, party officials, candidates or organizations or individuals engaged in politics, as a subterfuge for Bribery.

All political contributions should be transparent and made only in accordance with applicable law.

The Program should include controls and procedures to ensure that improper political contributions are not made.

Charitable contributions and sponsorships

The enterprise should ensure that charitable contributions and sponsorships are not used as a subterfuge for Bribery.

All charitable contributions and sponsorships should be transparent and made in accordance with applicable law.

The Program should include controls and procedures to ensure that improper charitable contributions and sponsorships are not made.

Facilitation payments

Recognizing that facilitation payments⁵¹ are prohibited under the anti-bribery laws of most countries, enterprises which have not yet eliminated them entirely should support their identification and elimination by (a) explaining in their Program that facilitation payments are generally illegal

⁵¹ Facilitation payments: These are small payments made to secure or expedite the performance of routine action to which the enterprise is entitled.

in the foreign country concerned, (b) emphasizing in their Program that they are of limited nature and scope and must be appropriately accounted for, and (c) including in their Program appropriate controls and procedures for monitoring and oversight of facilitation payments by the enterprise and its employees.

Gifts, hospitality and expenses

The enterprise should prohibit the offer or receipt of gifts, hospitality or expenses whenever such arrangements could improperly affect, or might be perceived to improperly affect, the outcome of a procurement or other business transaction and are not reasonable and *bona fide* expenditures.

The Program should include controls and procedures, including thresholds and reporting procedures, to ensure that the enterprise's policies relating to gifts, hospitality and expenses are followed.

Program Implementation Requirements

The following section sets out the requirements that enterprises should meet, at a minimum, when implementing the Program.

Organization and responsibilities

The Board of Directors (or equivalent body) is responsible for overseeing the development and implementation of an effective Program.

The Program should be based on the E&C Business Principles and the Board (or equivalent body) should provide leadership, resources and active support for management's implementation of the Program.

The Board (or equivalent body) should ensure that the Program is reviewed for effectiveness and, when shortcomings are identified, that appropriate corrective action is taken.

The Chief Executive Officer (or executive board) is responsible for seeing that the Program is carried out consistently with clear lines of authority.

Authority for implementation of the Program should be assigned to senior management with direct line reporting to the Chief Executive Officer or comparable authority.

The Board of Directors (or equivalent body), Chief Executive Officer (or executive board) and senior management should demonstrate visible and active commitment to the implementation of the E&C Business Principles.

Business relationships

The enterprise should apply its Program in its dealings with subsidiaries, joint venture partners, agents, contractors and other third parties with whom it has business relationships.

Subsidiaries

The Program should be designed and implemented on an enterprise-wide basis, applicable in all material respects to controlled subsidiary entities.

The enterprise should undertake measures to see that the conduct of subsidiary entities is consistent with the E&C Business Principles.

Joint ventures⁵²

Due diligence should be conducted before entering into a joint venture, and on an on-going basis as circumstances warrant. The Program should provide guidance for conducting due diligence.

The enterprise should undertake appropriate measures, including contract protections, to ensure that the conduct of joint ventures is consistent with the E&C Business Principles.

Agents, advisors and other intermediaries

The enterprise should undertake due diligence before appointing an agent, advisor or other intermediary, and on an on-going basis as circumstances warrant.

The Program should provide guidance for conducting due diligence, entering into contractual relationships, and supervising the conduct of an agent, advisor or other intermediary.

Due diligence review and other material aspects of the relationship with the agent, advisor or other intermediary should be documented.

All agreements with agents, advisors and other intermediaries should require prior approval of senior management.

The agent, advisor or other intermediary should contractually agree in writing to comply with the enterprise's Program and should be provided with materials explaining this obligation.

Provision should be included in all contracts with agents, advisors and other intermediaries relating to access to records, co-operation in investigations and similar matters pertaining to the contract.

⁵² The provisions in 5.2.2 apply also to non-controlled subsidiaries, consortium partners, teaming agreements and nominated subcontractors.

Compensation paid to agents, advisors and other intermediaries should be appropriate and justifiable remuneration for legitimate services rendered and should be paid through *bona fide* channels.

The enterprise should monitor the conduct of its agents, advisors and other intermediaries and should have a contractual right of termination in case of conduct inconsistent with the Program.

Contractors, subcontractors and suppliers

The enterprise should conduct its procurement practices in a fair and transparent manner.

The enterprise should undertake due diligence, as appropriate, in evaluating contractors, subcontractors and suppliers to ensure that they have effective anti-bribery policies.

The enterprise should make known its anti-bribery policies to contractors, subcontractors and suppliers. It should monitor their conduct and should have a contractual right of termination in case of conduct inconsistent with the Program.

Human resources

The enterprise's commitment to the Program should be reflected in its Human Resource practices.

The enterprise should make clear that compliance with the Program is mandatory and that no employee will suffer demotion, penalty or other adverse consequences for refusing to pay bribes even if it may result in the enterprise losing business.

The enterprise should apply appropriate sanctions for violations of the Program, up to and including termination in appropriate circumstances.

Training

Managers, employees and agents should receive specific training on the Program, tailored to relevant needs and circumstances.

Where appropriate, contractors and suppliers should receive training on the Program.

Training activities should be assessed periodically for effectiveness.

Raising concerns and seeking guidance

The Program should encourage employees and others to raise concerns and report suspicious circumstances to responsible enterprise officials as early as possible.

To this end, the enterprise should provide secure and accessible channels through which employees and others can raise concerns and report suspicious circumstances (“whistle-blowing”) in confidence and without risk of reprisal.

These channels should also be available for employees and others to seek advice or suggest improvements to the Program. As part of this process, the enterprise should provide guidance to employees and others on applying the Program’s rules and requirements to individual cases.

Communication

The enterprise should establish effective mechanisms for internal communication of the Program.

The enterprise should publicly disclose its Policy for countering Bribery.

The enterprise should be open to receiving communications from relevant interested parties with respect to its Policy for countering Bribery.

Internal controls and audit

The enterprise should maintain accurate books and records, which properly and fairly document all financial transactions. The enterprise should not maintain off-the-books accounts.

The enterprise should establish and maintain an effective system of internal controls, comprising financial and organizational checks and balances over the enterprise’s accounting and recordkeeping practices and other business processes related to the Program.

The enterprise should establish feedback mechanisms and other internal processes designed to support the continuous improvement of the Program.

The enterprise should subject the internal control systems, in particular the accounting and recordkeeping practices, to regular audits to verify compliance with the Program.

Monitoring and review

Senior management of the enterprise should monitor the Program and periodically review the Program’s suitability, adequacy and effectiveness and implement improvements as appropriate. They should periodically report the result of the Program review to the Board, Audit Committee or equivalent body.

The Board, Audit Committee or equivalent body should receive and evaluate periodically an assessment of the adequacy of the Program.

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Further information

Web: http://www.skanska.com/files/graphics/img_news/wef/EC%20Principles%2012.23.03.pdf

Council of Europe Resolution on the Twenty Guiding Principles for the Fight Against Corruption

Adopted by the Council of Europe Committee of Ministers on 6 November 1997 at the 101st session of the Committee of Ministers.

The Committee of Ministers,

Considering the Declaration adopted at the Second Summit of Heads of State and Government, which took place in Strasbourg on 10 and 11 October 1997 and in pursuance of the Action Plan, in particular section III, paragraph 2 "Fighting corruption and organised crime";

Aware that corruption represents a serious threat to the basic principles and values of the Council of Europe, undermines the confidence of citizens in democracy, erodes the rule of law, constitutes a denial of human rights and hinders social and economic development;

Convinced that the fight against corruption needs to be multi-disciplinary and, in this respect having regard to Programme of Action against Corruption as well as to the resolutions adopted by the European Ministers of Justice at their 19th and 21st Conferences held in Valletta and Prague respectively;

Having received the draft 20 guiding principles for the fight against corruption, elaborated by the Multidisciplinary Group on Corruption (GMC);

Firmly resolved to fight corruption by joining the efforts of our countries,

AGREES TO ADOPT THE 20 GUIDING PRINCIPLES FOR THE FIGHT AGAINST CORRUPTION, SET OUT BELOW:

1. to take effective measures for the prevention of corruption and, in this connection, to raise public awareness and promoting ethical behaviour;
2. to ensure co-ordinated criminalisation of national and international corruption;
3. to ensure that those in charge of the prevention, investigation, prosecution and adjudication of corruption offences enjoy the independence and autonomy appropriate to their functions, are free from improper influence and have effective means for gathering evidence, protecting the persons who help the authorities in combating corruption and preserving the confidentiality of investigations;
4. to provide appropriate measures for the seizure and deprivation of the proceeds of corruption offences;
5. to provide appropriate measures to prevent legal persons being used to shield corruption offences;

6. to limit immunity from investigation, prosecution or adjudication of corruption offences to the degree necessary in a democratic society;
7. to promote the specialisation of persons or bodies in charge of fighting corruption and to provide them with appropriate means and training to perform their tasks;
8. to ensure that the fiscal legislation and the authorities in charge of implementing it contribute to combating corruption in an effective and co-ordinated manner, in particular by denying tax deductibility, under the law or in practice, for bribes or other expenses linked to corruption offences;
9. to ensure that the organisation, functioning and decision-making processes of public administrations take into account the need to combat corruption, in particular by ensuring as much transparency as is consistent with the need to achieve effectiveness;
10. to ensure that the rules relating to the rights and duties of public officials take into account the requirements of the fight against corruption and provide for appropriate and effective disciplinary measures; promote further specification of the behaviour expected from public officials by appropriate means, such as codes of conduct;
11. to ensure that appropriate auditing procedures apply to the activities of public administration and the public sector;
12. to endorse the role that audit procedures can play in preventing and detecting corruption outside public administrations;
13. to ensure that the system of public liability or accountability takes account of the consequences of corrupt behaviour of public officials;
14. to adopt appropriately transparent procedures for public procurement that promote fair competition and deter corruptors;
15. to encourage the adoption, by elected representatives, of codes of conduct and promote rules for the financing of political parties and election campaigns which deter corruption;
16. to ensure that the media have freedom to receive and impart information on corruption matters, subject only to limitations or restrictions which are necessary in a democratic society;
17. to ensure that civil law takes into account the need to fight corruption and in particular provides for effective remedies for those whose rights and interests are affected by corruption;
18. to encourage research on corruption;
19. to ensure that in every aspect of the fight against corruption, the possible connections with organised crime and money laundering are taken into account;
20. to develop to the widest extent possible international co-operation in all areas of the fight against corruption.

AND, IN ORDER TO PROMOTE A DYNAMIC PROCESS FOR EFFECTIVELY PREVENTING
AND COMBATING CORRUPTION, THE COMMITTEE OF MINISTERS

1. invites national authorities to apply these Principles in their domestic legislation and practice;

2. instructs the Multidisciplinary Group on Corruption (GMC) rapidly to complete the elaboration of international legal instruments pursuant to the Programme of Action against Corruption;
3. instructs the Multidisciplinary Group on Corruption (GMC) to submit without delay a draft text proposing the establishment of an appropriate and efficient mechanism, under the auspices of the Council of Europe, for monitoring observance of these Principles and the implementation of the international legal instruments to be adopted.

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Further Information:

Document on the web:

<https://wcd.coe.int/ViewDoc.jsp?id=593789&BackColorInternet=9999CC&BackColorIntranet=FFBB55&BackColorLogged=FFAC75>

Council of Europe Criminal Law Convention on Corruption

This convention was developed in 1999. The Council of Europe is an organization distinct from the European union. Any European state can become a member of the Council of Europe provided it accepts the principle of the rule of law and guarantees human rights and fundamental freedoms to everyone under its jurisdiction.

Preamble

The member States of the Council of Europe and the other States signatory hereto,

Considering that the aim of the Council of Europe is to achieve a greater unity between its members;

Recognising the value of fostering co-operation with the other States signatories to this Convention;

Convinced of the need to pursue, as a matter of priority, a common criminal policy aimed at the protection of society against corruption, including the adoption of appropriate legislation and preventive measures;

Emphasising that corruption threatens the rule of law, democracy and human rights, undermines good governance, fairness and social justice, distorts competition, hinders economic development and endangers the stability of democratic institutions and the moral foundations of society;

Believing that an effective fight against corruption requires increased, rapid and well-functioning international co-operation in criminal matters;

Welcoming recent developments which further advance international understanding and co-operation in combating corruption, including actions of the United Nations, the World Bank, the International Monetary Fund, the World Trade Organisation, the Organisation of American States, the OECD and the European Union;

Having regard to the Programme of Action against Corruption adopted by the Committee of Ministers of the Council of Europe in November 1996 following the recommendations of the 19th Conference of European Ministers of Justice (Valletta, 1994);

Recalling in this respect the importance of the participation of non-member States in the Council of Europe's activities against corruption and welcoming their valuable contribution to the implementation of the Programme of Action against Corruption;

Further recalling that Resolution No. 1 adopted by the European Ministers of Justice at their 21st Conference (Prague, 1997) recommended the speedy implementation of the Programme of Action against Corruption, and called, in particular, for the early adoption of a criminal law

convention providing for the co-ordinated incrimination of corruption offences, enhanced co-operation for the prosecution of such offences as well as an effective follow-up mechanism open to member States and non-member States on an equal footing;

Bearing in mind that the Heads of State and Government of the Council of Europe decided, on the occasion of their Second Summit held in Strasbourg on 10 and 11 October 1997, to seek common responses to the challenges posed by the growth in corruption and adopted an Action Plan which, in order to promote co-operation in the fight against corruption, including its links with organised crime and money laundering, instructed the Committee of Ministers, *inter alia*, to secure the rapid completion of international legal instruments pursuant to the Programme of Action against Corruption;

Considering moreover that Resolution (97) 24 on the 20 Guiding Principles for the Fight against Corruption, adopted on 6 November 1997 by the Committee of Ministers at its 101st Session, stresses the need rapidly to complete the elaboration of international legal instruments pursuant to the Programme of Action against Corruption;

In view of the adoption by the Committee of Ministers, at its 102nd Session on 4 May 1998, of Resolution (98) 7 authorising the partial and enlarged agreement establishing the "Group of States against Corruption – GRECO", which aims at improving the capacity of its members to fight corruption by following up compliance with their undertakings in this field,

Have agreed as follows:

Chapter I – Use of terms

Article 1 – Use of terms

For the purposes of this Convention:

- a "*public official*" shall be understood by reference to the definition of "official", "public officer", "mayor", "minister" or "judge" in the national law of the State in which the person in question performs that function and as applied in its criminal law;
- b the term "*judge*" referred to in sub-paragraph a above shall include prosecutors and holders of judicial offices;
- c in the case of proceedings involving a public official of another State, the prosecuting State may apply the definition of public official only insofar as that definition is compatible with its national law;
- d "*legal person*" shall mean any entity having such status under the applicable national law, except for States or other public bodies in the exercise of State authority and for public international organisations.

Chapter II – Measures to be taken at national level

Article 2 – Active bribery of domestic public officials

Each Party shall adopt such legislative and other measures as may be necessary to establish as criminal offences under its domestic law, when committed intentionally, the promising, offering or giving by any person, directly or indirectly, of any undue advantage to any of its public officials, for himself or herself or for anyone else, for him or her to act or refrain from acting in the exercise of his or her functions.

Article 3 – Passive bribery of domestic public officials

Each Party shall adopt such legislative and other measures as may be necessary to establish as criminal offences under its domestic law, when committed intentionally, the request or receipt by any of its public officials, directly or indirectly, of any undue advantage, for himself or herself or for anyone else, or the acceptance of an offer or a promise of such an advantage, to act or refrain from acting in the exercise of his or her functions.

Article 4 – Bribery of members of domestic public assemblies

Each Party shall adopt such legislative and other measures as may be necessary to establish as criminal offences under its domestic law the conduct referred to in Articles 2 and 3, when involving any person who is a member of any domestic public assembly exercising legislative or administrative powers.

Article 5 – Bribery of foreign public officials

Each Party shall adopt such legislative and other measures as may be necessary to establish as criminal offences under its domestic law the conduct referred to in Articles 2 and 3, when involving a public official of any other State.

Article 6 – Bribery of members of foreign public assemblies

Each Party shall adopt such legislative and other measures as may be necessary to establish as criminal offences under its domestic law the conduct referred to in Articles 2 and 3, when involving any person who is a member of any public assembly exercising legislative or administrative powers in any other State.

Article 7 – Active bribery in the private sector

Each Party shall adopt such legislative and other measures as may be necessary to establish as criminal offences under its domestic law, when committed intentionally in the course of business activity, the promising, offering or giving, directly or indirectly, of any undue advantage to any persons who direct or work for, in any capacity, private sector entities, for themselves or for anyone else, for them to act, or refrain from acting, in breach of their duties.

Article 8 – Passive bribery in the private sector

Each Party shall adopt such legislative and other measures as may be necessary to establish as criminal offences under its domestic law, when committed intentionally, in the course of business activity, the request or receipt, directly or indirectly, by any persons who direct or work for, in any capacity, private sector entities, of any undue advantage or the promise thereof for themselves or for anyone else, or the acceptance of an offer or a promise of such an advantage, to act or refrain from acting in breach of their duties.

Article 9 – Bribery of officials of international organisations

Each Party shall adopt such legislative and other measures as may be necessary to establish as criminal offences under its domestic law the conduct referred to in Articles 2 and 3, when involving any official or other contracted employee, within the meaning of the staff regulations, of any public international or supranational organisation or body of which the Party is a member, and any person, whether seconded or not, carrying out functions corresponding to those performed by such officials or agents.

Article 10 – Bribery of members of international parliamentary assemblies

Each Party shall adopt such legislative and other measures as may be necessary to establish as criminal offences under its domestic law the conduct referred to in Article 4 when involving any members of parliamentary assemblies of international or supranational organisations of which the Party is a member.

Article 11 – Bribery of judges and officials of international courts

Each Party shall adopt such legislative and other measures as may be necessary to establish as criminal offences under its domestic law the conduct referred to in Articles 2 and 3 involving any holders of judicial office or officials of any international court whose jurisdiction is accepted by the Party.

Article 12 – Trading in influence

Each Party shall adopt such legislative and other measures as may be necessary to establish as criminal offences under its domestic law, when committed intentionally, the promising, giving or offering, directly or indirectly, of any undue advantage to anyone who asserts or confirms that he or she is able to exert an improper influence over the decision-making of any person referred to in Articles 2, 4 to 6 and 9 to 11 in consideration thereof, whether the undue advantage is for himself or herself or for anyone else, as well as the request, receipt or the acceptance of the offer or the promise of such an advantage, in consideration of that influence, whether or not the influence is exerted or whether or not the supposed influence leads to the intended result.

Article 13 – Money laundering of proceeds from corruption offences

Each Party shall adopt such legislative and other measures as may be necessary to establish as criminal offences under its domestic law the conduct referred to in the Council of Europe Convention on Laundering, Search, Seizure and Confiscation of the Products from Crime (ETS No. 141), Article 6, paragraphs 1 and 2, under the conditions referred to therein, when the predicate offence consists of any of the criminal offences established in accordance with Articles 2 to 12 of this Convention, to the extent that the Party has not made a reservation or a declaration with respect to these offences or does not consider such offences as serious ones for the purpose of their money laundering legislation.

Article 14 – Account offences

Each Party shall adopt such legislative and other measures as may be necessary to establish as offences liable to criminal or other sanctions under its domestic law the following acts or omissions, when committed intentionally, in order to commit, conceal or disguise the offences referred to in Articles 2 to 12, to the extent the Party has not made a reservation or a declaration:

- a creating or using an invoice or any other accounting document or record containing false or incomplete information;

- b unlawfully omitting to make a record of a payment.

Article 15 – Participatory acts

Each Party shall adopt such legislative and other measures as may be necessary to establish as criminal offences under its domestic law aiding or abetting the commission of any of the criminal offences established in accordance with this Convention.

Article 16 – Immunity

The provisions of this Convention shall be without prejudice to the provisions of any Treaty, Protocol or Statute, as well as their implementing texts, as regards the withdrawal of immunity.

Article 17 – Jurisdiction

1 Each Party shall adopt such legislative and other measures as may be necessary to establish jurisdiction over a criminal offence established in accordance with Articles 2 to 14 of this Convention where:

- a the offence is committed in whole or in part in its territory;
- b the offender is one of its nationals, one of its public officials, or a member of one of its domestic public assemblies;
- c the offence involves one of its public officials or members of its domestic public assemblies or any person referred to in Articles 9 to 11 who is at the same time one of its nationals.

2 Each State may, at the time of signature or when depositing its instrument of ratification, acceptance, approval or accession, by a declaration addressed to the Secretary General of the Council of Europe, declare that it reserves the right not to apply or to apply only in specific cases or conditions the jurisdiction rules laid down in paragraphs 1 b and c of this article or any part thereof.

3 If a Party has made use of the reservation possibility provided for in paragraph 2 of this article, it shall adopt such measures as may be necessary to establish jurisdiction over a criminal offence established in accordance with this Convention, in cases where an alleged offender is present in its territory and it does not extradite him to another Party, solely on the basis of his nationality, after a request for extradition.

4 This Convention does not exclude any criminal jurisdiction exercised by a Party in accordance with national law.

Article 18 – Corporate liability

1 Each Party shall adopt such legislative and other measures as may be necessary to ensure that legal persons can be held liable for the criminal offences of active bribery, trading in influence and money laundering established in accordance with this Convention, committed for their benefit by any natural person, acting either individually or as part of an organ of the legal person, who has a leading position within the legal person, based on:

- a power of representation of the legal person; or

- an authority to take decisions on behalf of the legal person; or
- an authority to exercise control within the legal person;

as well as for involvement of such a natural person as accessory or instigator in the above-mentioned offences.

2 Apart from the cases already provided for in paragraph 1, each Party shall take the necessary measures to ensure that a legal person can be held liable where the lack of supervision or control by a natural person referred to in paragraph 1 has made possible the commission of the criminal offences mentioned in paragraph 1 for the benefit of that legal person by a natural person under its authority.

3 Liability of a legal person under paragraphs 1 and 2 shall not exclude criminal proceedings against natural persons who are perpetrators, instigators of, or accessories to, the criminal offences mentioned in paragraph 1.

Article 19 – Sanctions and measures

1 Having regard to the serious nature of the criminal offences established in accordance with this Convention, each Party shall provide, in respect of those criminal offences established in accordance with Articles 2 to 14, effective, proportionate and dissuasive sanctions and measures, including, when committed by natural persons, penalties involving deprivation of liberty which can give rise to extradition.

2 Each Party shall ensure that legal persons held liable in accordance with Article 18, paragraphs 1 and 2, shall be subject to effective, proportionate and dissuasive criminal or non-criminal sanctions, including monetary sanctions.

3 Each Party shall adopt such legislative and other measures as may be necessary to enable it to confiscate or otherwise deprive the instrumentalities and proceeds of criminal offences established in accordance with this Convention, or property the value of which corresponds to such proceeds.

Article 20 – Specialised authorities

Each Party shall adopt such measures as may be necessary to ensure that persons or entities are specialised in the fight against corruption. They shall have the necessary independence in accordance with the fundamental principles of the legal system of the Party, in order for them to be able to carry out their functions effectively and free from any undue pressure. The Party shall ensure that the staff of such entities has adequate training and financial resources for their tasks.

Article 21 – Co-operation with and between national authorities

Each Party shall adopt such measures as may be necessary to ensure that public authorities, as well as any public official, co-operate, in accordance with national law, with those of its authorities responsible for investigating and prosecuting criminal offences:

- a by informing the latter authorities, on their own initiative, where there are reasonable grounds to believe that any of the criminal offences established in accordance with Articles 2 to 14 has been committed, or

- b by providing, upon request, to the latter authorities all necessary information.

Article 22 – Protection of collaborators of justice and witnesses

Each Party shall adopt such measures as may be necessary to provide effective and appropriate protection for:

- a those who report the criminal offences established in accordance with Articles 2 to 14 or otherwise co-operate with the investigating or prosecuting authorities;
- b witnesses who give testimony concerning these offences.

Article 23 – Measures to facilitate the gathering of evidence and the confiscation of proceeds

1 Each Party shall adopt such legislative and other measures as may be necessary, including those permitting the use of special investigative techniques, in accordance with national law, to enable it to facilitate the gathering of evidence related to criminal offences established in accordance with Article 2 to 14 of this Convention and to identify, trace, freeze and seize instrumentalities and proceeds of corruption, or property the value of which corresponds to such proceeds, liable to measures set out in accordance with paragraph 3 of Article 19 of this Convention.

2 Each Party shall adopt such legislative and other measures as may be necessary to empower its courts or other competent authorities to order that bank, financial or commercial records be made available or be seized in order to carry out the actions referred to in paragraph 1 of this article.

3 Bank secrecy shall not be an obstacle to measures provided for in paragraphs 1 and 2 of this article.

Chapter III – Monitoring of implementation

Article 24 – Monitoring

The Group of States against Corruption (GRECO) shall monitor the implementation of this Convention by the Parties.

Chapter IV – International co-operation

Article 25 – General principles and measures for international co-operation

1 The Parties shall co-operate with each other, in accordance with the provisions of relevant international instruments on international co-operation in criminal matters, or arrangements agreed on the basis of uniform or reciprocal legislation, and in accordance with their national law, to the widest extent possible for the purposes of investigations and proceedings concerning criminal offences established in accordance with this Convention.

2 Where no international instrument or arrangement referred to in paragraph 1 is in force between Parties, Articles 26 to 31 of this chapter shall apply.

3 Articles 26 to 31 of this chapter shall also apply where they are more favourable than those of the international instruments or arrangements referred to in paragraph 1.

Article 26 – Mutual assistance

1 The Parties shall afford one another the widest measure of mutual assistance by promptly processing requests from authorities that, in conformity with their domestic laws, have the power to investigate or prosecute criminal offences established in accordance with this Convention.

2 Mutual legal assistance under paragraph 1 of this article may be refused if the requested Party believes that compliance with the request would undermine its fundamental interests, national sovereignty, national security or *ordre public*.

3 Parties shall not invoke bank secrecy as a ground to refuse any co-operation under this chapter. Where its domestic law so requires, a Party may require that a request for co-operation which would involve the lifting of bank secrecy be authorised by either a judge or another judicial authority, including public prosecutors, any of these authorities acting in relation to criminal offences.

Article 27 – Extradition

1 The criminal offences established in accordance with this Convention shall be deemed to be included as extraditable offences in any extradition treaty existing between or among the Parties. The Parties undertake to include such offences as extraditable offences in any extradition treaty to be concluded between or among them.

2 If a Party that makes extradition conditional on the existence of a treaty receives a request for extradition from another Party with which it does not have an extradition treaty, it may consider this Convention as the legal basis for extradition with respect to any criminal offence established in accordance with this Convention.

3 Parties that do not make extradition conditional on the existence of a treaty shall recognise criminal offences established in accordance with this Convention as extraditable offences between themselves.

4 Extradition shall be subject to the conditions provided for by the law of the requested Party or by applicable extradition treaties, including the grounds on which the requested Party may refuse extradition.

5 If extradition for a criminal offence established in accordance with this Convention is refused solely on the basis of the nationality of the person sought, or because the requested Party deems that it has jurisdiction over the offence, the requested Party shall submit the case to its competent authorities for the purpose of prosecution unless otherwise agreed with the requesting Party, and shall report the final outcome to the requesting Party in due course.

Article 28 – Spontaneous information

Without prejudice to its own investigations or proceedings, a Party may without prior request forward to another Party information on facts when it considers that the disclosure of such

information might assist the receiving Party in initiating or carrying out investigations or proceedings concerning criminal offences established in accordance with this Convention or might lead to a request by that Party under this chapter.

Article 29 – Central authority

1 The Parties shall designate a central authority or, if appropriate, several central authorities, which shall be responsible for sending and answering requests made under this chapter, the execution of such requests or the transmission of them to the authorities competent for their execution.

2 Each Party shall, at the time of signature or when depositing its instrument of ratification, acceptance, approval or accession, communicate to the Secretary General of the Council of Europe the names and addresses of the authorities designated in pursuance of paragraph 1 of this article.

Article 30 – Direct communication

1 The central authorities shall communicate directly with one another.

2 In the event of urgency, requests for mutual assistance or communications related thereto may be sent directly by the judicial authorities, including public prosecutors, of the requesting Party to such authorities of the requested Party. In such cases a copy shall be sent at the same time to the central authority of the requested Party through the central authority of the requesting Party.

3 Any request or communication under paragraphs 1 and 2 of this article may be made through the International Criminal Police Organisation (Interpol).

4 Where a request is made pursuant to paragraph 2 of this article and the authority is not competent to deal with the request, it shall refer the request to the competent national authority and inform directly the requesting Party that it has done so.

5 Requests or communications under paragraph 2 of this article, which do not involve coercive action, may be directly transmitted by the competent authorities of the requesting Party to the competent authorities of the requested Party.

6 Each State may, at the time of signature or when depositing its instrument of ratification, acceptance, approval or accession, inform the Secretary General of the Council of Europe that, for reasons of efficiency, requests made under this chapter are to be addressed to its central authority.

Article 31 – Information

The requested Party shall promptly inform the requesting Party of the action taken on a request under this chapter and the final result of that action. The requested Party shall also promptly inform the requesting Party of any circumstances which render impossible the carrying out of the action sought or are likely to delay it significantly.

Chapter V – Final provisions

Article 32 – Signature and entry into force

1 This Convention shall be open for signature by the member States of the Council of Europe and by non-member States which have participated in its elaboration. Such States may express their consent to be bound by:

- a signature without reservation as to ratification, acceptance or approval; or
- b signature subject to ratification, acceptance or approval, followed by ratification, acceptance or approval.

2 Instruments of ratification, acceptance or approval shall be deposited with the Secretary General of the Council of Europe.

3 This Convention shall enter into force on the first day of the month following the expiration of a period of three months after the date on which fourteenth States have expressed their consent to be bound by the Convention in accordance with the provisions of paragraph 1. Any such State, which is not a member of the Group of States against Corruption (GRECO) at the time of ratification, shall automatically become a member on the date the Convention enters into force.

4 In respect of any signatory State which subsequently expresses its consent to be bound by it, the Convention shall enter into force on the first day of the month following the expiration of a period of three months after the date of the expression of their consent to be bound by the Convention in accordance with the provisions of paragraph 1. Any signatory State, which is not a member of the Group of States against Corruption (GRECO) at the time of ratification, shall automatically become a member on the date the Convention enters into force in its respect.

Article 33 – Accession to the Convention

1 After the entry into force of this Convention, the Committee of Ministers of the Council of Europe, after consulting the Contracting States to the Convention, may invite the European Community as well as any State not a member of the Council and not having participated in its elaboration to accede to this Convention, by a decision taken by the majority provided for in Article 20d of the Statute of the Council of Europe and by the unanimous vote of the representatives of the Contracting States entitled to sit on the Committee of Ministers.

2 In respect of the European Community and any State acceding to it under paragraph 1 above, the Convention shall enter into force on the first day of the month following the expiration of a period of three months after the date of deposit of the instrument of accession with the Secretary General of the Council of Europe. The European Community and any State acceding to this Convention shall automatically become a member of GRECO, if it is not already a member at the time of accession, on the date the Convention enters into force in its respect.

Article 34 – Territorial application

1 Any State may, at the time of signature or when depositing its instrument of ratification, acceptance, approval or accession, specify the territory or territories to which this Convention shall apply.

2 Any Party may, at any later date, by a declaration addressed to the Secretary General of the Council of Europe, extend the application of this Convention to any other territory specified in the declaration. In respect of such territory the Convention shall enter into force on the first day of the

month following the expiration of a period of three months after the date of receipt of such declaration by the Secretary General.

3 Any declaration made under the two preceding paragraphs may, in respect of any territory specified in such declaration, be withdrawn by a notification addressed to the Secretary General of the Council of Europe. The withdrawal shall become effective on the first day of the month following the expiration of a period of three months after the date of receipt of such notification by the Secretary General.

Article 35 – Relationship to other conventions and agreements

1 This Convention does not affect the rights and undertakings derived from international multilateral conventions concerning special matters.

2 The Parties to the Convention may conclude bilateral or multilateral agreements with one another on the matters dealt with in this Convention, for purposes of supplementing or strengthening its provisions or facilitating the application of the principles embodied in it.

3 If two or more Parties have already concluded an agreement or treaty in respect of a subject which is dealt with in this Convention or otherwise have established their relations in respect of that subject, they shall be entitled to apply that agreement or treaty or to regulate those relations accordingly, in lieu of the present Convention, if it facilitates international co-operation.

Article 36 – Declarations

Any State may, at the time of signature or when depositing its instrument of ratification, acceptance, approval or accession, declare that it will establish as criminal offences the active and passive bribery of foreign public officials under Article 5, of officials of international organisations under Article 9 or of judges and officials of international courts under Article 11, only to the extent that the public official or judge acts or refrains from acting in breach of his duties.

Article 37 – Reservations

1 Any State may, at the time of signature or when depositing its instrument of ratification, acceptance, approval or accession, reserve its right not to establish as a criminal offence under its domestic law, in part or in whole, the conduct referred to in Articles 4, 6 to 8, 10 and 12 or the passive bribery offences defined in Article 5.

2 Any State may, at the time of signature or when depositing its instrument of ratification, acceptance, approval or accession declare that it avails itself of the reservation provided for in Article 17, paragraph 2.

3 Any State may, at the time of signature or when depositing its instrument of ratification, acceptance, approval or accession declare that it may refuse mutual legal assistance under Article 26, paragraph 1, if the request concerns an offence which the requested Party considers a political offence.

4 No State may, by application of paragraphs 1, 2 and 3 of this article, enter reservations to more than five of the provisions mentioned thereon. No other reservation may be made. Reservations of the same nature with respect to Articles 4, 6 and 10 shall be considered as one reservation.

Article 38 – Validity and review of declarations and reservations

1 Declarations referred to in Article 36 and reservations referred to in Article 37 shall be valid for a period of three years from the day of the entry into force of this Convention in respect of the State concerned. However, such declarations and reservations may be renewed for periods of the same duration.

2 Twelve months before the date of expiry of the declaration or reservation, the Secretariat General of the Council of Europe shall give notice of that expiry to the State concerned. No later than three months before the expiry, the State shall notify the Secretary General that it is upholding, amending or withdrawing its declaration or reservation. In the absence of a notification by the State concerned, the Secretariat General shall inform that State that its declaration or reservation is considered to have been extended automatically for a period of six months. Failure by the State concerned to notify its intention to uphold or modify its declaration or reservation before the expiry of that period shall cause the declaration or reservation to lapse.

3 If a Party makes a declaration or a reservation in conformity with Articles 36 and 37, it shall provide, before its renewal or upon request, an explanation to GRECO, on the grounds justifying its continuance.

Article 39 – Amendments

1 Amendments to this Convention may be proposed by any Party, and shall be communicated by the Secretary General of the Council of Europe to the member States of the Council of Europe and to every non-member State which has acceded to, or has been invited to accede to, this Convention in accordance with the provisions of Article 33.

2 Any amendment proposed by a Party shall be communicated to the European Committee on Crime Problems (CDPC), which shall submit to the Committee of Ministers its opinion on that proposed amendment.

3 The Committee of Ministers shall consider the proposed amendment and the opinion submitted by the CDPC and, following consultation of the non-member States Parties to this Convention, may adopt the amendment.

4 The text of any amendment adopted by the Committee of Ministers in accordance with paragraph 3 of this article shall be forwarded to the Parties for acceptance.

5 Any amendment adopted in accordance with paragraph 3 of this article shall come into force on the thirtieth day after all Parties have informed the Secretary General of their acceptance thereof.

Article 40 – Settlement of disputes

1 The European Committee on Crime Problems of the Council of Europe shall be kept informed regarding the interpretation and application of this Convention.

2 In case of a dispute between Parties as to the interpretation or application of this Convention, they shall seek a settlement of the dispute through negotiation or any other peaceful means of their choice, including submission of the dispute to the European Committee on Crime Problems,

to an arbitral tribunal whose decisions shall be binding upon the Parties, or to the International Court of Justice, as agreed upon by the Parties concerned.

Article 41 – Denunciation

1 Any Party may, at any time, denounce this Convention by means of a notification addressed to the Secretary General of the Council of Europe.

2 Such denunciation shall become effective on the first day of the month following the expiration of a period of three months after the date of receipt of the notification by the Secretary General.

Article 42 – Notification

The Secretary General of the Council of Europe shall notify the member States of the Council of Europe and any State which has acceded to this Convention of:

- a any signature;
- b the deposit of any instrument of ratification, acceptance, approval or accession;
- c any date of entry into force of this Convention in accordance with Articles 32 and 33;
- d any declaration or reservation made under Article 36 or Article 37;
- e any other act, notification or communication relating to this Convention.

In witness whereof the undersigned, being duly authorised thereto, have signed this Convention.

Done at Strasbourg, this 27th day of January 1999, in English and in French, both texts being equally authentic, in a single copy which shall be deposited in the archives of the Council of Europe. The Secretary General of the Council of Europe shall transmit certified copies to each member State of the Council of Europe, to the non-member States which have participated in the elaboration of this Convention, and to any State invited to accede to it.

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Obtaining the document

Council of Europe F-67075
Strasbourg Cedex
France
Web site: www.coe.int

Document on line at: <http://conventions.coe.int/Treaty/EN/Treaties/Html/173.htm>

Council of Europe Civil Law Convention on Corruption

Preamble

The member States of the Council of Europe, the other States and the European Community, signatories hereto,

Considering that the aim of the Council of Europe is to achieve a greater unity between its members;

Conscious of the importance of strengthening international co-operation in the fight against corruption;

Emphasising that corruption represents a major threat to the rule of law, democracy and human rights, fairness and social justice, hinders economic development and endangers the proper and fair functioning of market economies;

Recognising the adverse financial consequences of corruption to individuals, companies and States, as well as international institutions;

Convinced of the importance for civil law to contribute to the fight against corruption, in particular by enabling persons who have suffered damage to receive fair compensation;

Recalling the conclusions and resolutions of the 19th (Malta, 1994), 21st (Czech Republic, 1997) and 22nd (Moldova, 1999) Conferences of the European Ministers of Justice;

Taking into account the Programme of Action against Corruption adopted by the Committee of Ministers in November 1996;

Taking also into account the feasibility study on the drawing up of a convention on civil remedies for compensation for damage resulting from acts of corruption, approved by the Committee of Ministers in February 1997;

Having regard to Resolution (97) 24 on the 20 Guiding Principles for the Fight against Corruption, adopted by the Committee of Ministers in November 1997, at its 101st Session, to Resolution (98) 7 authorising the adoption of the Partial and Enlarged Agreement establishing the "Group of States against Corruption (GRECO)", adopted by the Committee of Ministers in May 1998, at its 102nd Session, and to Resolution (99) 5 establishing the GRECO, adopted on 1st May 1999;

Recalling the Final Declaration and the Action Plan adopted by the Heads of State and Government of the member States of the Council of Europe at their 2nd summit in Strasbourg, in October 1997,

Have agreed as follows:

Chapter I – Measures to be taken at national level

Article 1 – Purpose

Each Party shall provide in its internal law for effective remedies for persons who have suffered damage as a result of acts of corruption, to enable them to defend their rights and interests, including the possibility of obtaining compensation for damage.

Article 2 – Definition of corruption

For the purpose of this Convention, "corruption" means requesting, offering, giving or accepting, directly or indirectly, a bribe or any other undue advantage or prospect thereof, which distorts the proper performance of any duty or behaviour required of the recipient of the bribe, the undue advantage or the prospect thereof.

Article 3 – Compensation for damage

1 Each Party shall provide in its internal law for persons who have suffered damage as a result of corruption to have the right to initiate an action in order to obtain full compensation for such damage.

2 Such compensation may cover material damage, loss of profits and non-pecuniary loss.

Article 4 – Liability

1 Each Party shall provide in its internal law for the following conditions to be fulfilled in order for the damage to be compensated:

- i the defendant has committed or authorised the act of corruption, or failed to take reasonable steps to prevent the act of corruption;
- ii the plaintiff has suffered damage; and
- iii there is a causal link between the act of corruption and the damage.

2 Each Party shall provide in its internal law that, if several defendants are liable for damage for the same corrupt activity, they shall be jointly and severally liable.

Article 5 – State responsibility

Each Party shall provide in its internal law for appropriate procedures for persons who have suffered damage as a result of an act of corruption by its public officials in the exercise of their functions to claim for compensation from the State or, in the case of a non-state Party, from that Party's appropriate authorities.

Article 6 – Contributory negligence

Each Party shall provide in its internal law for the compensation to be reduced or disallowed having regard to all the circumstances, if the plaintiff has by his or her own fault contributed to the damage or to its aggravation.

Article 7 – Limitation periods

1 Each Party shall provide in its internal law for proceedings for the recovery of damages to be subject to a limitation period of not less than three years from the day the person who has suffered damage became aware or should reasonably have been aware, that damage has occurred or that an act of corruption has taken place, and of the identity of the responsible person. However, such

proceedings shall not be commenced after the end of a limitation period of not less than ten years from the date of the act of corruption.

2 The laws of the Parties regulating suspension or interruption of limitation periods shall, if appropriate, apply to the periods prescribed in paragraph 1.

Article 8 – Validity of contracts

1 Each Party shall provide in its internal law for any contract or clause of a contract providing for corruption to be null and void.

2 Each Party shall provide in its internal law for the possibility for all parties to a contract whose consent has been undermined by an act of corruption to be able to apply to the court for the contract to be declared void, notwithstanding their right to claim for damages.

Article 9 – Protection of employees

Each Party shall provide in its internal law for appropriate protection against any unjustified sanction for employees who have reasonable grounds to suspect corruption and who report in good faith their suspicion to responsible persons or authorities.

Article 10 – Accounts and audits

1 Each Party shall, in its internal law, take any necessary measures for the annual accounts of companies to be drawn up clearly and give a true and fair view of the company's financial position.

2 With a view to preventing acts of corruption, each Party shall provide in its internal law for auditors to confirm that the annual accounts present a true and fair view of the company's financial position.

Article 11 – Acquisition of evidence

Each Party shall provide in its internal law for effective procedures for the acquisition of evidence in civil proceedings arising from an act of corruption.

Article 12 – Interim measures

Each Party shall provide in its internal law for such court orders as are necessary to preserve the rights and interests of the parties during civil proceedings arising from an act of corruption.

Chapter II – International co-operation and monitoring of implementation

Article 13 – International co-operation

The Parties shall co-operate effectively in matters relating to civil proceedings in cases of corruption, especially concerning the service of documents, obtaining evidence abroad, jurisdiction, recognition and enforcement of foreign judgements and litigation costs, in accordance with the provisions of relevant international instruments on international co-operation in civil and commercial matters to which they are Party, as well as with their internal law.

Article 14 – Monitoring

The Group of States against Corruption (GRECO) shall monitor the implementation of this Convention by the Parties.

Chapter III – Final clauses

Article 15 – Signature and entry into force

1 This Convention shall be open for signature by the member States of the Council of Europe, by non-member States that have participated in its elaboration and by the European Community.

2 This Convention is subject to ratification, acceptance or approval. Instruments of ratification, acceptance or approval shall be deposited with the Secretary General of the Council of Europe.

3 This Convention shall enter into force on the first day of the month following the expiration of a period of three months after the date on which fourteen signatories have expressed their consent to be bound by the Convention in accordance with the provisions of paragraph 2. Any such signatory, which is not a member of the Group of States against Corruption (GRECO) at the time of ratification, acceptance or approval, shall automatically become a member on the date the Convention enters into force.

4 In respect of any signatory which subsequently expresses its consent to be bound by it, the Convention shall enter into force on the first day of the month following the expiration of a period of three months after the date of the expression of their consent to be bound by the Convention in accordance with the provisions of paragraph 2. Any signatory, which is not a member of the Group of States against Corruption (GRECO) at the time of ratification, acceptance or approval, shall automatically become a member on the date the Convention enters into force in its respect.

5 Any particular modalities for the participation of the European Community in the Group of States against Corruption (GRECO) shall be determined as far as necessary by a common agreement with the European Community.

Article 16 – Accession to the Convention

1 After the entry into force of this Convention, the Committee of Ministers of the Council of Europe, after consulting the Parties to the Convention, may invite any State not a member of the Council and not having participated in its elaboration to accede to this Convention, by a decision taken by the majority provided for in Article 20.d. of the Statute of the Council of Europe and by the unanimous vote of the representatives of the Parties entitled to sit on the Committee.

2 In respect of any State acceding to it, the Convention shall enter into force on the first day of the month following the expiration of a period of three months after the date of deposit of the instrument of accession with the Secretary General of the Council of Europe. Any State acceding to this Convention shall automatically become a member of the GRECO, if it is not already a member at the time of accession, on the date the Convention enters into force in its respect.

Article 17 – Reservations

No reservation may be made in respect of any provision of this Convention.

Article 18 – Territorial application

1 Any State or the European Community may, at the time of signature or when depositing its instrument of ratification, acceptance, approval or accession, specify the territory or territories to which this Convention shall apply.

2 Any Party may, at any later date, by a declaration addressed to the Secretary General of the Council of Europe, extend the application of this Convention to any other territory specified in the declaration. In respect of such territory the Convention shall enter into force on the first day of the

month following the expiration of a period of three months after the date of receipt of such declaration by the Secretary General.

3 Any declaration made under the two preceding paragraphs may, in respect of any territory specified in such declaration, be withdrawn by a notification addressed to the Secretary General. The withdrawal shall become effective on the first day of the month following the expiration of a period of three months after the date of receipt of such notification by the Secretary General.

Article 19 – Relationship to other instruments and agreements

1 This Convention does not affect the rights and undertakings derived from international multilateral instruments concerning special matters.

2 The Parties to the Convention may conclude bilateral or multilateral agreements with one another on the matters dealt with in this Convention, for purposes of supplementing or strengthening its provisions or facilitating the application of the principles embodied in it or, without prejudice to the objectives and principles of this Convention, submit themselves to rules on this matter within the framework of a special system which is binding at the moment of the opening for signature of this Convention.

3 If two or more Parties have already concluded an agreement or treaty in respect of a subject which is dealt with in this Convention or otherwise have established their relations in respect of that subject, they shall be entitled to apply that agreement or treaty or to regulate these relations accordingly, in lieu of the present Convention.

Article 20 – Amendments

1 Amendments to this Convention may be proposed by any Party, and shall be communicated by the Secretary General of the Council of Europe to the member States of the Council of Europe, to the non member States which have participated in the elaboration of this Convention, to the European Community, as well as to any State which has acceded to or has been invited to accede to this Convention in accordance with the provisions of Article 16.

2 Any amendment proposed by a Party shall be communicated to the European Committee on Legal Co-operation (CDCJ) which shall submit to the Committee of Ministers its opinion on that proposed amendment.

3 The Committee of Ministers shall consider the proposed amendment and the opinion submitted by the European Committee on Legal Co-operation (CDCJ) and, following consultation of the Parties to the Convention which are not members of the Council of Europe, may adopt the amendment.

4 The text of any amendment adopted by the Committee of Ministers in accordance with paragraph 3 of this article shall be forwarded to the Parties for acceptance.

5 Any amendment adopted in accordance with paragraph 3 of this article shall come into force on the thirtieth day after all Parties have informed the Secretary General of their acceptance thereof.

Article 21 – Settlement of disputes

1 The European Committee on Legal Co-operation (CDCJ) of the Council of Europe shall be kept informed regarding the interpretation and application of this Convention.

2 In case of a dispute between Parties as to the interpretation or application of this Convention, they shall seek a settlement of the dispute through negotiation or any other peaceful means of their choice, including submission of the dispute to the European Committee on Legal Co-operation

(CDCJ), to an arbitral tribunal whose decisions shall be binding upon the Parties, or to the International Court of Justice, as agreed upon by the Parties concerned.

Article 22 – Denunciation

1 Any Party may, at any time, denounce this Convention by means of a notification addressed to the Secretary General of the Council of Europe.

2 Such denunciation shall become effective on the first day of the month following the expiration of a period of three months after the date of receipt of the notification by the Secretary General.

Article 23 – Notification

The Secretary General of the Council of Europe shall notify the member States of the Council and any other signatories and Parties to this Convention of:

- a any signature;
- b the deposit of any instrument of ratification, acceptance, approval or accession;
- c any date of entry into force of this Convention, in accordance with Articles 15 and 16;
- d any other act, notification or communication relating to this Convention.

In witness whereof the undersigned, being duly authorised thereto, have signed this Convention.

Done at Strasbourg, the 4th day of November 1999, in English and in French, both texts being equally authentic, in a single copy which shall be deposited in the archives of the Council of Europe. The Secretary General of the Council of Europe shall transmit certified copies to each member State of the Council of Europe, to the non-member States which have participated in the elaboration of this Convention, to the European Community, as well as to any State invited to accede to it.

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Further information

Council of Europe F-67075
Strasbourg Cedex
France
Web site: www.coe.int

Document on line at: <http://conventions.coe.int/treaty/en/Treaties/Html/174.htm>

European Union Convention Against Corruption

This document, developed by the European Union, is intended to address corruption involving European Community officials.

1) OBJECTIVE

To strengthen judicial cooperation in the fight against corruption.

2) COMMUNITY MEASURE

Council Act 97/C 195/01 of 26 May 1997 drawing up, on the basis of Article K.3 (2) (c) of the Treaty on European Union, the Convention on the fight against corruption involving officials of the European Communities or officials of Member States of the European Union.

3) CONTENT

1. For the purposes of this Convention, 'official' means any Community or national official, including any national official of another Member State;
2. For the purposes of this Convention, 'Community official' means:
 - any person who is an official or other contracted employee within the meaning of the Staff Regulations of officials of the European Communities or the Conditions of Employment of other servants of the European Communities,
 - any person seconded to the European Communities by the Member States or by any public or private body, who carries out functions equivalent to those performed by European Community officials or other servants.
3. For the purposes of this Convention, 'national official' is to be understood by reference to the definition of 'official' or 'public officer' in the national law of the Member State in which the person in question performs that function for the purposes of application of the criminal law of that Member State.
Nevertheless, in the case of proceedings involving a Member State's official initiated by another Member State, the latter shall not be bound to apply the definition of 'national official' except insofar as that definition is compatible with its national law.
4. For the purposes of this Convention, the deliberate action of an official, who, directly or through an intermediary, requests or receives advantages of any kind whatsoever, for himself or for a third party, or accepts a promise of such an advantage, to act or refrain from acting in accordance with his duty or in the exercise of his functions in breach of his official duties constitutes passive corruption.
Each Member State shall take the necessary measures to ensure that conduct of the type referred to above is made a criminal offence.

5. For the purposes of this Convention, the deliberate action of whosoever promises or gives, directly or through an intermediary, an advantage of any kind whatsoever to an official for himself or for a third party for him to act or refrain from acting in accordance with his duty or in the exercise of his functions in breach of his official duties constitutes active corruption. Each Member State shall take the necessary measures to ensure that conduct of the type referred to above is made a criminal offence.

6. Each Member State must take the necessary measures to ensure that in its criminal law the descriptions of the offences referred to in points 4 and 5 committed by or against its Government Ministers, elected members of its parliamentary chambers, the members of its highest Courts or the members of its Court of Auditors in the exercise of their functions apply similarly in cases where such offences are committed by or against Members of the Commission of the European Communities, the European Parliament, the Court of Justice and the Court of Auditors of the European Communities respectively in the exercise of their duties.

Where a Member State has enacted special legislation concerning acts or omissions for which Government Ministers are responsible by reason of their special political position in that Member State, the above paragraph does not apply to such legislation, provided that the Member State ensures that Members of the Commission of the European Communities are also covered by the criminal legislation implementing points 4 and 5.

These two paragraphs are without prejudice to the provisions applicable in each Member State concerning criminal proceedings and the determination of the competent court.

This Convention applies in full accordance with the relevant provisions of the Treaties establishing the European Communities, the Protocol on the Privileges and Immunities of the European Communities, the Statute of the Court of Justice and the texts adopted for the purpose of their implementation, as regards the withdrawal of immunity.

7. Each Member State must take the necessary measures to ensure that the conduct referred to in points 4 and 5, and participating in and instigating the conduct in question, is punishable by effective, proportionate and dissuasive criminal penalties, including, at least in serious cases, penalties involving deprivation of liberty which can give rise to extradition.

8. Each Member State shall take the necessary measures to allow heads of businesses or any persons having power to take decisions or exercise control within a business to be declared criminally liable in accordance with the principles defined by its national law in cases of corruption, as referred to in point 5, by a person under their authority acting on behalf of the business.

9. Each Member State shall take the measures necessary to establish its jurisdiction over the offences it has established in accordance with the obligations arising out of points 4 and 5 where:

- the offence is committed in whole or in part within its territory;
- the offender is one of its nationals or one of its officials;
- the offence is committed against one of the persons referred to in point 1 or a member of one of the European Community institutions (Commission of the European Communities, the European Parliament, the Court of Justice and the Court of Auditors of the European Communities);
- the offender is a Community official working for a European Community institution or a body set up in accordance with the Treaties establishing the European Communities which has its headquarters in the Member State in question.

10. Any Member State which, under its law, does not extradite its own nationals must take the necessary measures to establish its jurisdiction over the offences it has established in accordance with the obligations arising out of points 4 and 5, when committed by its own nationals outside its territory.

11. If any procedure in connection with an offence established in accordance with the obligations arising out of points 4 and 5 concerns at least two Member States, those States shall cooperate effectively in the investigation, the prosecution and in carrying out the punishment imposed by means, for example, of mutual legal assistance, extradition, transfer of proceedings or enforcement of sentences passed in another Member State.

12. Member States shall apply, in their national criminal laws, the ne bis in idem rule, under which a person whose trial has been finally disposed of in a Member State may not be prosecuted in another Member State in respect of the same facts, provided that if a penalty was imposed, it has been enforced, is actually in the process of being enforced or can no longer be enforced under the laws of the sentencing State.

13. No provision in this Convention prevents Member States from adopting internal legal provisions which go beyond the obligations deriving from this Convention.

14. Any dispute between Member States on the interpretation or application of this Convention which it has proved impossible to resolve bilaterally must in an initial stage be examined by the Council in accordance with the procedure set out in Title VI of the Treaty on European Union with a view to reaching a solution. If no solution has been found within six months, the matter may be referred to the Court of Justice of the European Communities by one of the parties to the dispute.

15. This Convention is subject to adoption by the Member States in accordance with their respective constitutional requirements.

16. This Convention is open to accession by any State that becomes a member of the European Union.

4) DEADLINE FOR THE IMPLEMENTATION OF THE LEGISLATION IN THE MEMBER STATES

Not applicable.

5) DATE OF ENTRY INTO FORCE (if different from the above)

Ninety days after the Secretary-General of the Council of the European Union has been notified by the last Member State to fulfil that formality.

6) REFERENCES

Official Journal C 195, 25.06.1997

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Further Information:

European Union web site: <http://europa.eu.int/scadplus/leg/en/lvb/l33027.htm>

IMF Guide on Resource Revenue Transparency

1. Clarity of Roles and Responsibilities

Legal Framework for Resource Revenues 1.1.5/1.2.2

The government's ownership of resources in the ground is clearly established in law and the power to grant rights to explore, produce, and sell these resources is well established in laws, regulations, and procedures that cover all stages of resource development.

Fiscal Regime 1.2.2

The government's policy framework and legal basis for taxation or production sharing agreements with resource companies are presented to the public clearly and comprehensively.

Authority over Revenue Flows and Borrowing 1.2.2

Fiscal authority over resource-related revenue and borrowing is clearly specified in the law. Legislation includes a requirement for full disclosure of all resource-related revenue, loan receipts and liabilities, and asset holdings.

Equity Participation 1.1.5

Government involvement in the resource sector through equity participation is fully disclosed and the implications explained to the public.

Resource-related Extrabudgetary Funds 1.1.3

Mechanisms for coordinating the operations of any extrabudgetary funds established for resource revenue management with other fiscal activities are clearly specified.

National Resource Companies 1.1.4/1.1.5

Ownership structures of national resource companies and their fiscal role vis-à-vis the resource sector ministry and the finance ministry are clearly defined. Commercial responsibilities are clearly distinguished from policy, regulatory, and social obligations.

Quasi-fiscal Activities (QFAs) of Resource Companies 1.1.4/1.1.5

Arrangements whereby international or national resource companies undertake social or environmental expenditure or provide subsidies to producers or consumers without explicit budget support are clearly defined and described in the budget documents.

Subnational Government and Resource Revenues 1.1.2

Arrangements to assign or share resource revenues between central and subnational levels of government are well defined and explicitly reflect national fiscal policy and macroeconomic objectives.

2. Public Availability of Information

Budget Documentation of Resource Revenues and Spending 2.1.1

All resource revenue-related transactions, including through extrabudgetary funds, are clearly identified, described, and reported in the budget process and final accounts documents.

Reporting on Company Resource Revenue Payments 2.1.1

Reports on government receipts of company resource revenue payments are made publicly available as part of the government budget and accounting process.

Reporting on Resource-related Debt 2.1.4

The government's published debt reports identify any direct or indirect collateralization of future resource production, for instance through pre-commitment of production to lenders. All government contractual risks and obligations arising from such debt are disclosed.

Reporting on Resource-related Assets 2.1.4

All financial assets held by government domestically or abroad as a result of resource-related savings are fully disclosed in government financial statements.

Estimating Resource Asset Worth 2.1.4/3.1.1

Estimates of resource asset worth based on probable production streams, clearly disclosing assumptions, should be prepared as a basis for fiscal policy.

Reporting Off-budget Activity 2.1.3

Government contingent liabilities and the cost of resource company quasi-fiscal activities arising from resource-related contracts are reported in budget accounts or other relevant documents in a form that helps assess fiscal risks and the full extent of fiscal activity.

3. Open Budget Preparation, Execution, and Reporting

Fiscal Policy and Resource Revenues 3.1.1

The budget framework incorporates a clear policy statement on the rate of exploitation of natural resources and the management of resource revenues, referring to the government's overall fiscal and economic objectives, including long-term fiscal sustainability.

Resource Funds and Fiscal Rules 3.1.2

Rules applied to resource-related extrabudgetary funds are clearly stated as part of an overall fiscal policy framework.

Fiscal Policy and Asset Management 3.1.1

The investment policies for assets accumulated through resource revenue savings are clearly stated, including through a statement in the annual budget documents.

Fiscal Balance 3.2.3/3.2.4

The (primary) non-resource fiscal balance is presented in budget documents as an indicator of the macroeconomic impact and sustainability of fiscal policy, in addition to the overall balance and other relevant fiscal indicators.

Fiscal Risks 3.1.5

Risks associated with resource revenue, particularly price risks and contingent liabilities, are explicitly considered in annual budget documents and measures taken to address them are explained and their performance monitored.

Accounting for Resource Revenues 3.3.1

The government accounting system or special fund arrangements clearly identify all government resource revenue receipts and enable issuance of timely, comprehensive, and regular reports to the public, ideally as part of a comprehensive budget execution report. The reports are based on a clear statement of the accounting basis (cash or accrual) and policies.

Internal Control and Audit of Resource Revenues 3.3.3

Internal control and audit procedures for handling resource revenue receipts through government accounts or special fund arrangements and any spending of such receipts through special funds are clearly described and disclosed to the public.

Tax Administration Openness 3.3.4

Tax administration is conducted in a way to ensure that resource companies understand their obligations, entitlements, and rights. The scope for discretionary action by tax officials clearly defined in law and regulations, and the adequacy of sector skills and standard or sector-specific procedures are open to review.

4. Assurances of Integrity

Company Oversight 1.1.4/1.1.5

International and national resource companies comply fully with internationally accepted standards for accounting, auditing, and publication of accounts.

Oversight of Company/Government Revenue Flows 4.2.1

A national audit office or other independent organization reports regularly to parliament on the revenue flows between international and national companies and the government and on any discrepancies between different sets of data on these flows.

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Further information:

On the web: <http://www.imf.org/external/pubs/ft/grrt/eng/060705.pdf>

International Chamber of Commerce Rules of Conduct to Combat Extortion and Bribery

1999

PART I - Recommendations to Governments and International Organizations

Recommendations for international cooperation

Basic criminal statutes of virtually all countries clearly prohibit extortion and bribery. In the interest of developing consistent standards of criminal legislation in this field, each government should review its statutes to ensure that they effectively prohibit, in conformity with its jurisdictional and other basic legal principles, all aspects of both the giving and the taking of bribes including promises and solicitation of bribes. Where no such legislation exists, the governments concerned should introduce it; in those countries where extortion and bribery are already clearly prohibited, the relevant legislation should be perfected.

Each government should take concrete and meaningful steps to enforce vigorously its legislation in this area. ICC also notes with approval that the OECD has urged governments to re-examine their legislation against extortion and bribery; action relating to the tax deductibility of bribes is of particular urgency. The WTO should involve itself with these issues to support the OECD in the implementation of its Convention and Recommendation.

National measures

In order to deal with the problem of extortion and bribery, governments should, in conformity with their jurisdictional and other basic legal principles, take the following measures, if they have not already done so.

Preventive measures

- **Disclosure procedures**
For the sake of transparency, procedures should be established providing for periodic reports to an authorized government body of measures taken to supervise government officials involved directly or indirectly in commercial transactions. Such reports should be open to public scrutiny. For enterprises engaged in transactions with any government or with any enterprise owned or controlled by government, disclosure procedures should provide for access, upon specific request, by the appropriate government authorities to information as to agents dealing directly with public bodies or officials in connection with any particular transaction, and as to the payments to which such agents are entitled. Governments should ensure the confidentiality of any such information received from enterprises and safeguard the trade secrets incorporated therein.
- **Economic regulations**
When laying down any economic regulations or legislation, governments should, as far as possible, minimize the use of systems under which the carrying out of business

requires the issuance of individual authorizations, permits, etc. Experience shows that such systems offer scope for extortion and bribery. This is because decisions involving the issue of permits or authorizations are frequently taken in ways which make it almost impossible to ensure effective control and supervision. Where individual permits and authorizations remain in place, governments should take appropriate measures to prevent their abuse.

- **Transactions with governments and international organizations**
Such transactions should be subject to special safeguards to minimize the opportunities for their being influenced by extortion and bribery. The system for awarding government contracts might include disclosure, to an appropriate government entity independent of the one directly concerned in the transaction, as well as increased public disclosure, whenever feasible, of the criteria and conclusions upon which the award is based. ICC supports the growing practice of making government contracts dependent on undertakings to refrain from bribery, and recommends that such contracts should include appropriate provisions to ensure compliance with international, national or enterprise codes against extortion and bribery.
- **Political contributions**
Undisclosed political contributions can be a source of abuse. Governments should regulate the conditions under which political contributions can be made. Where payments by enterprises to political parties, political committees or individual politicians are permitted by the applicable legislation, governments should enact legislation which ensures that such payments are publicly recorded by the payors and accounted for by the recipients.

Enforcement measures

Governments, in conformity with their jurisdictional and other basic legal principles, should ensure:

- i) that adequate mechanisms exist for surveillance and investigation, and
- ii) that those who offer, demand, solicit or receive bribes in violation of their laws are subject to prosecution with appropriate penalties.

Governments should periodically publish statistical or other information in respect of such prosecutions.

Auditing

Governments, if they have not already done so, should enact appropriate legislation providing for auditing by independent professional auditors of the accounts of economically significant enterprises.

International Cooperation and Judicial Assistance Implementation of the OECD Convention and Recommendation

ICC believes that the OECD Convention and Recommendation on Bribery in International Business Transactions provide a useful framework for government action. All governments, including non-OECD governments, should promptly take action to adhere to the Convention and implement the steps set forth in the Recommendation.

Cooperation in law enforcement

Governments should agree, under appropriate provisions for confidentiality, and in conformity with the OECD Convention, to exchange through law enforcement agencies relevant and material information for the purpose of criminal investigation and prosecution of cases of extortion and bribery. They should also continue to cooperate bilaterally on matters involving extortion and bribery, on the basis of treaties providing for assistance in judicial and penal prosecution matters.

Role of international financial institutions

International financial institutions, e.g., the World Bank, the European Bank for Reconstruction and Development, should aim to make a significant contribution to the reduction of extortion and bribery in international business transactions. They should take all reasonable steps to ensure that corrupt practices do not occur in connection with projects which they are financing. Similarly, in negotiating cooperation agreements with non-member countries, whether countries with economies in transition or developing nations, the governing or coordinating bodies of the European Union, NAFTA, ASEAN and other regional institutions, should seek to satisfy themselves that appropriate legislation and administrative machinery to combat extortion and bribery exists in the countries concerned.

PART II - Rules of Conduct to Combat Extortion and Bribery

Introduction

These Rules of Conduct are intended as a method of self-regulation by international business, and they should also be supported by governments. Their voluntary acceptance by business enterprises will not only promote high standards of integrity in business transactions, whether between enterprises and public bodies or between enterprises themselves, but will also form a valuable defensive protection to those enterprises which are subjected to attempts at extortion.

These Rules of Conduct are of a general nature constituting what is considered good commercial practice in the matters to which they relate but are without direct legal effect. They do not derogate from applicable local laws, and since national legal systems are by no means uniform, they must be read *mutatis mutandis* subject to such systems.

The business community objects to all forms of extortion and bribery. It is recognized, however, that under current conditions in some parts of the world, an effective programme against extortion and bribery may have to be implemented in stages. The highest priority should be directed to ending large-scale extortion and bribery involving politicians and senior officials. These represent the greatest threat to democratic institutions and cause the gravest economic distortions. Small payments to low-level officials to expedite routine approvals are not condoned. However, they represent a lesser problem. When extortion and bribery at the top levels is curbed, government leaders can be expected to take steps to clean up petty corruption.

Basic Principle

All enterprises should conform to the relevant laws and regulations of the countries in which they are established and in which they operate, and should observe both the letter and the spirit of these Rules of Conduct.

For the purposes of these Rules of Conduct, the term "enterprise" refers to any person or entity engaged in business, whether or not organized for profit, including any entity controlled by a State or a territorial subdivision thereof; it includes, where the context so indicates, a parent or a subsidiary.

Basic Rules

Article 1: Extortion

No one may, directly or indirectly, demand or accept a bribe.

Article 2: Bribery and "Kickbacks"

- a.) No enterprise may, directly or indirectly, offer or give a bribe and any demands for such a bribe must be rejected.
- b.) Enterprises should not (i) kick back any portion of a contract payment to employees of the other contracting party, or (ii) utilize other techniques, such as subcontracts, purchase orders or consulting agreements, to channel payments to government officials, to employees of the other contracting party, their relatives or business associates.

Article 3: Agents

Enterprises should take measures reasonably within their power to ensure:

- a) that any payment made to any agent represents no more than an appropriate remuneration for legitimate services rendered by such agent;
- b) that no part of any such payment is passed on by the agent as a bribe or otherwise in contravention of these Rules of Conduct; and
- c) that they maintain a record of the names and terms of employment of all agents who are retained by them in connection with transactions with public bodies or State enterprises. This record should be available for inspection by auditors and, upon specific request, by appropriate, duly authorized governmental authorities under conditions of confidentiality.

Article 4: Financial Recording and Auditing

- a) All financial transactions must be properly and fairly recorded in appropriate books of account available for inspection by boards of directors, if applicable, or a corresponding body, as well as auditors.
- b) There must be no "off the books" or secret accounts, nor may any documents be issued which do not properly and fairly record the transactions to which they relate.
- c) Enterprises should take all necessary measures to establish independent systems of auditing in order to bring to light any transactions which contravene the present Rules of Conduct. Appropriate corrective action must then be taken.

Article 5: Responsibilities of Enterprises

The board of directors or other body with ultimate responsibility for the enterprise should:

- a) take reasonable steps, including the establishment and maintenance of proper systems of control aimed at preventing any payments being made by or on behalf of the enterprise which contravene these Rules of Conduct;
- b) periodically review compliance with these Rules of Conduct and establish procedures for obtaining appropriate reports for the purposes of such review; and
- c) take appropriate action against any director or employee contravening these Rules of Conduct.

Article 6: Political Contributions

Contributions to political parties or committees or to individual politicians may only be made in accordance with the applicable law, and all requirements for public disclosure of such contributions shall be fully complied with. All such contributions must be reported to senior corporate management.

Article 7: Company Codes

These Rules of Conduct being of a general nature, enterprises should, where appropriate, draw up their own codes consistent with the ICC Rules and apply them to the particular circumstances in which their business is carried out. Such codes may usefully include examples and should enjoin employees or agents who find themselves subjected to any form of extortion or bribery immediately to report the same to senior corporate management. Companies should develop clear policies, guidelines, and training programmes for implementing and enforcing the provisions of their codes.

PART III - ICC Follow-up and Promotion of the Rules

To promote the widest possible use of the Rules set forth in Part II and to stimulate cooperation between governments and world business, ICC is establishing a Standing Committee on Extortion and Bribery. The Chairman of that body shall be nominated by the President of the ICC and the Secretary General shall be responsible for ensuring, in conjunction with ICC National Committees, that members of the Committee are representative of both developed and developing countries and that businessmen are adequately represented in the membership.

Among its primary tasks, the Standing Committee shall:

- Urge ICC National Committees promptly to take all appropriate measures to ensure that enterprises and business organizations in their country - whether multi-disciplinary or sectoral - give strong support to these Rules of Conduct. In particular, international business groups shall be encouraged to ensure that their subsidiaries endorse the Rules, or other corporate rules having similar effect, and publicize them in their local environment;
- Collect through National Committees a wide range of company codes of conduct on ethical issues, including extortion and bribery, and serve as an information clearing house for businesses seeking to develop their own codes and requiring advice on the problems involved;
- Promote the organization, both by ICC International Headquarters and by National Committees, of seminars designed to stimulate interest in, and discussion of, the Rules among the business community;
- Encourage National Committees to impress upon their governments the need to include, from the initial stages, the business community - through its representative organizations

- in discussions aimed at enacting or strengthening legislation against extortion and bribery;
- Ensure liaison with the OECD, the WTO and other international organizations to provide the ICC point of view concerning progress at the international level in combating extortion and bribery;
- Conduct a study within two years on the most appropriate policies and procedures practiced by top management of companies to minimize risks of exposure to extortion of, and bribery by, personnel dealing with sensitive issues (participation in public tenders, privatizations, etc.);
- Issue at least every two years a report to ICC's Executive Board and Council on results achieved concerning worldwide recognition of the Rules of Conduct and of progress otherwise made by business in combating extortion and bribery. Decisions concerning the dissemination of the Report shall rest with the Executive Board and the Council;
- Review these Rules in the light of experience and recommend amendments, as necessary, to the Executive Board and the Council.

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Further Information:

International Chamber of Commerce web site:

www.iccwbo.org/home/statements_rules/rules/1999/briberydoc99.asp

OECD Convention Combating Bribery of Foreign Public Officials in International Business Transactions

On 21 November 1997, OECD Member countries and five non-member countries, Argentina, Brazil, Bulgaria, Chile and the Slovak Republic, adopted a Convention on Combating Bribery of Foreign Public Officials in International Business Transactions. Signature of the Convention took place in Paris on 17 December 1997.

PREAMBLE

The Parties,

Considering that bribery is a widespread phenomenon in international business transactions, including trade and investment, which raises serious moral and political concerns, undermines good governance and economic development, and distorts international competitive conditions;

Considering that all countries share a responsibility to combat bribery in international business transactions;

Having regard to the Revised Recommendation on Combating Bribery in International Business Transactions, adopted by the Council of the Organisation for Economic Co-operation and Development (OECD) on 23 May 1997, C(97)123/FINAL, which, *inter alia*, called for effective measures to deter, prevent and combat the bribery of foreign public officials in connection with international business transactions, in particular the prompt criminalisation of such bribery in an effective and co-ordinated manner and in conformity with the agreed common elements set out in that Recommendation and with the jurisdictional and other basic legal principles of each country;

Welcoming other recent developments which further advance international understanding and co-operation in combating bribery of public officials, including actions of the United Nations, the World Bank, the International Monetary Fund, the World Trade Organisation, the Organisation of American States, the Council of Europe and the European Union;

Welcoming the efforts of companies, business organisations and trade unions as well as other non-governmental organisations to combat bribery;

Recognising the role of governments in the prevention of solicitation of bribes from individuals and enterprises in international business transactions;

Recognising that achieving progress in this field requires not only efforts on a national level but also multilateral co-operation, monitoring and follow-up;

Recognising that achieving equivalence among the measures to be taken by the Parties is an essential object and purpose of the Convention, which requires that the Convention be ratified without derogations affecting this equivalence;

Have agreed as follows:

Article 1 - The Offence of Bribery of Foreign Public Officials

1. Each Party shall take such measures as may be necessary to establish that it is a criminal offence under its law for any person intentionally to offer, promise or give any undue pecuniary or other advantage, whether directly or through intermediaries, to a foreign public official, for that official or for a third party, in order that the official act or refrain from acting in relation to the performance of official duties, in order to obtain or retain business or other improper advantage in the conduct of international business.

2. Each Party shall take any measures necessary to establish that complicity in, including incitement, aiding and abetting, or authorisation of an act of bribery of a foreign public official shall be a criminal offence. Attempt and conspiracy to bribe a foreign public official shall be criminal offences to the same extent as attempt and conspiracy to bribe a public official of that Party.

3. The offences set out in paragraphs 1 and 2 above are hereinafter referred to as "bribery of a foreign public official".

4. For the purpose of this Convention:

a. "foreign public official" means any person holding a legislative, administrative or judicial office of a foreign country, whether appointed or elected; any person exercising a public function for a foreign country, including for a public agency or public enterprise; and any official or agent of a public international organisation;

b. "foreign country" includes all levels and subdivisions of government, from national to local;

c. "act or refrain from acting in relation to the performance of official duties" includes any use of the public official's position, whether or not within the official's authorised competence.

Article 2 - Responsibility of Legal Persons

Each Party shall take such measures as may be necessary, in accordance with its legal principles, to establish the liability of legal persons for the bribery of a foreign public official.

Article 3 - Sanctions

1. The bribery of a foreign public official shall be punishable by effective, proportionate and dissuasive criminal penalties. The range of penalties shall be comparable to that applicable to the bribery of the Party's own public officials and shall, in the case of natural persons, include deprivation of liberty sufficient to enable effective mutual legal assistance and extradition.

2. In the event that, under the legal system of a Party, criminal responsibility is not applicable to legal persons, that Party shall ensure that legal persons shall be subject to effective, proportionate and dissuasive non-criminal sanctions, including monetary sanctions, for bribery of foreign public officials.

3. Each Party shall take such measures as may be necessary to provide that the bribe and the proceeds of the bribery of a foreign public official, or property the value of which corresponds to that of such proceeds, are subject to seizure and confiscation or that monetary sanctions of comparable effect are applicable.

4. Each Party shall consider the imposition of additional civil or administrative sanctions upon a person subject to sanctions for the bribery of a foreign public official.

Article 4 - Jurisdiction

1. Each Party shall take such measures as may be necessary to establish its jurisdiction over the bribery of a foreign public official when the offence is committed in whole or in part in its territory.
2. Each Party which has jurisdiction to prosecute its nationals for offences committed abroad shall take such measures as may be necessary to establish its jurisdiction to do so in respect of the bribery of a foreign public official, according to the same principles.
3. When more than one Party has jurisdiction over an alleged offence described in this Convention, the Parties involved shall, at the request of one of them, consult with a view to determining the most appropriate jurisdiction for prosecution.
4. Each Party shall review whether its current basis for jurisdiction is effective in the fight against the bribery of foreign public officials and, if it is not, shall take remedial steps.

Article 5 - Enforcement

Investigation and prosecution of the bribery of a foreign public official shall be subject to the applicable rules and principles of each Party. They shall not be influenced by considerations of national economic interest, the potential effect upon relations with another State or the identity of the natural or legal persons involved.

Article 6 - Statute of Limitations

Any statute of limitations applicable to the offence of bribery of a foreign public official shall allow an adequate period of time for the investigation and prosecution of this offence.

Article 7 - Money Laundering

Each Party which has made bribery of its own public official a predicate offence for the purpose of the application of its money laundering legislation shall do so on the same terms for the bribery of a foreign public official, without regard to the place where the bribery occurred.

Article 8 - Accounting

1. In order to combat bribery of foreign public officials effectively, each Party shall take such measures as may be necessary, within the framework of its laws and regulations regarding the maintenance of books and records, financial statement disclosures, and accounting and auditing standards, to prohibit the establishment of off-the-books accounts, the making of off-the-books or inadequately identified transactions, the recording of non-existent expenditures, the entry of liabilities with incorrect identification of their object, as well as the use of false documents, by companies subject to those laws and regulations, for the purpose of bribing foreign public officials or of hiding such bribery.

2. Each Party shall provide effective, proportionate and dissuasive civil, administrative or criminal penalties for such omissions and falsifications in respect of the books, records, accounts and financial statements of such companies.

Article 9 - Mutual Legal Assistance

1. Each Party shall, to the fullest extent possible under its laws and relevant treaties and arrangements, provide prompt and effective legal assistance to another Party for the purpose of criminal investigations and proceedings brought by a Party concerning offences within the scope of this Convention and for non-criminal proceedings within the scope of this Convention brought by a Party against a legal person. The requested Party shall inform the requesting Party, without delay, of any additional information or documents needed to support the request for assistance and, where requested, of the status and outcome of the request for assistance.

2. Where a Party makes mutual legal assistance conditional upon the existence of dual criminality, dual criminality shall be deemed to exist if the offence for which the assistance is sought is within the scope of this Convention.

3. A Party shall not decline to render mutual legal assistance for criminal matters within the scope of this Convention on the ground of bank secrecy.

Article 10 - Extradition

1. Bribery of a foreign public official shall be deemed to be included as an extraditable offence under the laws of the Parties and the extradition treaties between them.

2. If a Party which makes extradition conditional on the existence of an extradition treaty receives a request for extradition from another Party with which it has no extradition treaty, it may consider this Convention to be the legal basis for extradition in respect of the offence of bribery of a foreign public official.

3. Each Party shall take any measures necessary to assure either that it can extradite its nationals or that it can prosecute its nationals for the offence of bribery of a foreign public official. A Party which declines a request to extradite a person for bribery of a foreign public official solely on the ground that the person is its national shall submit the case to its competent authorities for the purpose of prosecution.

4. Extradition for bribery of a foreign public official is subject to the conditions set out in the domestic law and applicable treaties and arrangements of each Party. Where a Party makes extradition conditional upon the existence of dual criminality, that condition shall be deemed to be fulfilled if the offence for which extradition is sought is within the scope of Article 1 of this Convention.

Article 11 - Responsible Authorities

For the purposes of Article 4, paragraph 3, on consultation, Article 9, on mutual legal assistance and Article 10, on extradition, each Party shall notify to the Secretary-General of the OECD an authority or authorities responsible for making and receiving requests, which shall serve as channel of communication for these matters for that Party, without prejudice to other arrangements between Parties.

Article 12 - Monitoring and Follow-up

The Parties shall co-operate in carrying out a programme of systematic follow-up to monitor and promote the full implementation of this Convention. Unless otherwise decided by consensus of the Parties, this shall be done in the framework of the OECD Working Group on Bribery in International Business Transactions and according to its terms of reference, or within the framework and terms of reference of any successor to its functions, and Parties shall bear the costs of the programme in accordance with the rules applicable to that body.

Article 13 - Signature and Accession

1. Until its entry into force, this Convention shall be open for signature by OECD members and by non-members which have been invited to become full participants in its Working Group on Bribery in International Business Transactions.

2. Subsequent to its entry into force, this Convention shall be open to accession by any non-signatory which is a member of the OECD or has become a full participant in the Working Group on Bribery in International Business Transactions or any successor to its functions. For each such non-signatory, the Convention shall enter into force on the sixtieth day following the date of deposit of its instrument of accession.

Article 14 - Ratification and Depositary

1. This Convention is subject to acceptance, approval or ratification by the Signatories, in accordance with their respective laws.

2. Instruments of acceptance, approval, ratification or accession shall be deposited with the Secretary-General of the OECD, who shall serve as Depositary of this Convention.

Article 15 - Entry into Force

1. This Convention shall enter into force on the sixtieth day following the date upon which five of the ten countries which have the ten largest export shares (see [annex](#)), and which represent by themselves at least sixty per cent of the combined total exports of those ten countries, have deposited their instruments of acceptance, approval, or ratification. For each signatory depositing its instrument after such entry into force, the Convention shall enter into force on the sixtieth day after deposit of its instrument.

2. If, after 31 December 1998, the Convention has not entered into force under paragraph 1 above, any signatory which has deposited its instrument of acceptance, approval or ratification may declare in writing to the Depositary its readiness to accept entry into force of this Convention under this paragraph 2. The Convention shall enter into force for such a signatory on the sixtieth day following the date upon which such declarations have been deposited by at least two signatories. For each signatory depositing its declaration after such entry into force, the Convention shall enter into force on the sixtieth day following the date of deposit.

Article 16 - Amendment

Any Party may propose the amendment of this Convention. A proposed amendment shall be submitted to the Depositary which shall communicate it to the other Parties at least sixty days

before convening a meeting of the Parties to consider the proposed amendment. An amendment adopted by consensus of the Parties, or by such other means as the Parties may determine by consensus, shall enter into force sixty days after the deposit of an instrument of ratification, acceptance or approval by all of the Parties, or in such other circumstances as may be specified by the Parties at the time of adoption of the amendment.

Article 17 - Withdrawal

A Party may withdraw from this Convention by submitting written notification to the Depository. Such withdrawal shall be effective one year after the date of the receipt of the notification. After withdrawal, co-operation shall continue between the Parties and the Party which has withdrawn on all requests for assistance or extradition made before the effective date of withdrawal which remain pending.

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Further Information

Document online at

http://www.oecd.org/document/21/0,2340,en_2649_34859_2017813_1_1_1_1,00.html

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Organization of American States Inter-American Convention against Corruption

Adopted March 29, 1996

PREAMBLE

THE MEMBER STATES OF THE ORGANIZATION OF AMERICAN STATES,

CONVINCED that corruption undermines the legitimacy of public institutions and strikes at society, moral order and justice, as well as at the comprehensive development of peoples;

CONSIDERING that representative democracy, an essential condition for stability, peace and development of the region, requires, by its nature, the combating of every form of corruption in the performance of public functions, as well as acts of corruption specifically related to such performance;

PERSUADED that fighting corruption strengthens democratic institutions and prevents distortions in the economy, improprieties in public administration and damage to a society's moral fiber;

RECOGNIZING that corruption is often a tool used by organized crime for the accomplishment of its purposes;

CONVINCED of the importance of making people in the countries of the region aware of this problem and its gravity, and of the need to strengthen participation by civil society in preventing and fighting corruption;

RECOGNIZING that, in some cases, corruption has international dimensions, which requires coordinated action by States to fight it effectively;

CONVINCED of the need for prompt adoption of an international instrument to promote and facilitate international cooperation in fighting corruption and, especially, in taking appropriate action against persons who commit acts of corruption in the performance of public functions, or acts specifically related to such performance, as well as appropriate measures with respect to the proceeds of such acts;

DEEPLY CONCERNED by the steadily increasing links between corruption and the proceeds generated by illicit narcotics trafficking which undermine and threaten legitimate commercial and financial activities, and society, at all levels;

BEARING IN MIND the responsibility of States to hold corrupt persons accountable in order to combat corruption and to cooperate with one another for their efforts in this area to be effective; and

DETERMINED to make every effort to prevent, detect, punish and eradicate corruption in the performance of public functions and acts of corruption specifically related to such performance,

HAVE AGREED to adopt the following

INTER-AMERICAN CONVENTION AGAINST CORRUPTION

Article I

Definitions

For the purposes of this Convention:

"Public function" means any temporary or permanent, paid or honorary activity, performed by a natural person in the name of the State or in the service of the State or its institutions, at any level of its hierarchy.

"Public official", "government official", or "public servant" means any official or employee of the State or its agencies, including those who have been selected, appointed, or elected to perform activities or functions in the name of the State or in the service of the State, at any level of its hierarchy.

"Property" means assets of any kind, whether movable or immovable, tangible or intangible, and any document or legal instrument demonstrating, purporting to demonstrate, or relating to ownership or other rights pertaining to such assets.

Article II

Purposes

The purposes of this Convention are:

1. To promote and strengthen the development by each of the States Parties of the mechanisms needed to prevent, detect, punish and eradicate corruption; and
2. To promote, facilitate and regulate cooperation among the States Parties to ensure the effectiveness of measures and actions to prevent, detect, punish and eradicate corruption in the performance of public functions and acts of corruption specifically related to such performance.

Article III

Preventive Measures

For the purposes set forth in Article II of this Convention, the States Parties agree to consider the applicability of measures within their own institutional systems to create, maintain and strengthen:

1. Standards of conduct for the correct, honorable, and proper fulfillment of public functions. These standards shall be intended to prevent conflicts of interest and mandate the proper conservation and use of resources entrusted to government officials in the performance of their functions. These standards shall also establish measures and systems requiring government officials to report to appropriate authorities acts of corruption in the performance of public functions. Such measures should help preserve the public's confidence in the integrity of public servants and government processes.
2. Mechanisms to enforce these standards of conduct.
3. Instruction to government personnel to ensure proper understanding of their responsibilities and the ethical rules governing their activities.

4. Systems for registering the income, assets and liabilities of persons who perform public functions in certain posts as specified by law and, where appropriate, for making such registrations public.
5. Systems of government hiring and procurement of goods and services that assure the openness, equity and efficiency of such systems.
6. Government revenue collection and control systems that deter corruption.
7. Laws that deny favorable tax treatment for any individual or corporation for expenditures made in violation of the anticorruption laws of the States Parties.
8. Systems for protecting public servants and private citizens who, in good faith, report acts of corruption, including protection of their identities, in accordance with their Constitutions and the basic principles of their domestic legal systems.
9. Oversight bodies with a view to implementing modern mechanisms for preventing, detecting, punishing and eradicating corrupt acts.
10. Deterrents to the bribery of domestic and foreign government officials, such as mechanisms to ensure that publicly held companies and other types of associations maintain books and records which, in reasonable detail, accurately reflect the acquisition and disposition of assets, and have sufficient internal accounting controls to enable their officers to detect corrupt acts.
11. Mechanisms to encourage participation by civil society and nongovernmental organizations in efforts to prevent corruption.
12. The study of further preventive measures that take into account the relationship between equitable compensation and probity in public service.

Article IV

Scope

This Convention is applicable provided that the alleged act of corruption has been committed or has effects in a State Party.

Article V

Jurisdiction

1. Each State Party shall adopt such measures as may be necessary to establish its jurisdiction over the offenses it has established in accordance with this Convention when the offense in question is committed in its territory.
2. Each State Party may adopt such measures as may be necessary to establish its jurisdiction over the offenses it has established in accordance with this Convention when the offense is committed by one of its nationals or by a person who habitually resides in its territory.
3. Each State Party shall adopt such measures as may be necessary to establish its jurisdiction over the offenses it has established in accordance with this Convention when the alleged criminal is present in its territory and it does not extradite such person to another country on the ground of the nationality of the alleged criminal.

4. This Convention does not preclude the application of any other rule of criminal jurisdiction established by a State Party under its domestic law.

Article VI

Acts of Corruption

1. This Convention is applicable to the following acts of corruption:

- a. The solicitation or acceptance, directly or indirectly, by a government official or a person who performs public functions, of any article of monetary value, or other benefit, such as a gift, favor, promise or advantage for himself or for another person or entity, in exchange for any act or omission in the performance of his public functions;
- b. The offering or granting, directly or indirectly, to a government official or a person who performs public functions, of any article of monetary value, or other benefit, such as a gift, favor, promise or advantage for himself or for another person or entity, in exchange for any act or omission in the performance of his public functions;
- c. Any act or omission in the discharge of his duties by a government official or a person who performs public functions for the purpose of illicitly obtaining benefits for himself or for a third party;
- d. The fraudulent use or concealment of property derived from any of the acts referred to in this article; and
- e. Participation as a principal, coprincipal, instigator, accomplice or accessory after the fact, or in any other manner, in the commission or attempted commission of, or in any collaboration or conspiracy to commit, any of the acts referred to in this article.

2. This Convention shall also be applicable by mutual agreement between or among two or more States Parties with respect to any other act of corruption not described herein.

Article VII

Domestic Law

The States Parties that have not yet done so shall adopt the necessary legislative or other measures to establish as criminal offenses under their domestic law the acts of corruption described in Article VI(1) and to facilitate cooperation among themselves pursuant to this Convention.

Article VIII

Transnational Bribery

Subject to its Constitution and the fundamental principles of its legal system, each State Party shall prohibit and punish the offering or granting, directly or indirectly, by its nationals, persons having their habitual residence in its territory, and businesses domiciled there, to a government official of another State, of any article of monetary value, or other benefit, such as a gift, favor, promise or advantage, in connection with any economic or commercial transaction in exchange for any act or omission in the performance of that official's public functions.

Among those States Parties that have established transnational bribery as an offense, such offense shall be considered an act of corruption for the purposes of this Convention.

Any State Party that has not established transnational bribery as an offense shall, insofar as its laws permit, provide assistance and cooperation with respect to this offense as provided in this Convention.

Article IX

Illicit Enrichment

Subject to its Constitution and the fundamental principles of its legal system, each State Party that has not yet done so shall take the necessary measures to establish under its laws as an offense a significant increase in the assets of a government official that he cannot reasonably explain in relation to his lawful earnings during the performance of his functions.

Among those States Parties that have established illicit enrichment as an offense, such offense shall be considered an act of corruption for the purposes of this Convention.

Any State Party that has not established illicit enrichment as an offense shall, insofar as its laws permit, provide assistance and cooperation with respect to this offense as provided in this Convention.

Article X

Notification

When a State Party adopts the legislation referred to in paragraph 1 of articles VIII and IX, it shall notify the Secretary General of the Organization of American States, who shall in turn notify the other States Parties. For the purposes of this Convention, the crimes of transnational bribery and illicit enrichment shall be considered acts of corruption for that State Party thirty days following the date of such notification.

Article XI

Progressive Development

1. In order to foster the development and harmonization of their domestic legislation and the attainment of the purposes of this Convention, the States Parties view as desirable, and undertake to consider, establishing as offenses under their laws the following acts:

a. The improper use by a government official or a person who performs public functions, for his own benefit or that of a third party, of any kind of classified or confidential information which that official or person who performs public functions has obtained because of, or in the performance of, his functions;

b. The improper use by a government official or a person who performs public functions, for his own benefit or that of a third party, of any kind of property belonging to the State or to any firm or institution in which the State has a proprietary interest, to which that official or person who performs public functions has access because of, or in the performance of, his functions;

c. Any act or omission by any person who, personally or through a third party, or acting as an intermediary, seeks to obtain a decision from a public authority whereby he illicitly obtains for himself or for another person any benefit or gain, whether or not such act or omission harms State property; and

d. The diversion by a government official, for purposes unrelated to those for which they were intended, for his own benefit or that of a third party, of any movable or immovable property, monies or securities belonging to the State, to an independent agency, or to an individual, that such official has received by virtue of his position for purposes of administration, custody or for other reasons.

2. Among those States Parties that have established these offenses, such offenses shall be considered acts of corruption for the purposes of this Convention.

3. Any State Party that has not established these offenses shall, insofar as its laws permit, provide assistance and cooperation with respect to these offenses as provided in this Convention.

Article XII

Effect on State Property

For application of this Convention, it shall not be necessary that the acts of corruption harm State property.

Article XIII

Extradition

1. This article shall apply to the offenses established by the States Parties in accordance with this Convention.

2. Each of the offenses to which this article applies shall be deemed to be included as an extraditable offense in any extradition treaty existing between or among the States Parties. The States Parties undertake to include such offenses as extraditable offenses in every extradition treaty to be concluded between or among them.

3. If a State Party that makes extradition conditional on the existence of a treaty receives a request for extradition from another State Party with which it does not have an extradition treaty, it may consider this Convention as the legal basis for extradition with respect to any offense to which this article applies.

4. States Parties that do not make extradition conditional on the existence of a treaty shall recognize offenses to which this article applies as extraditable offenses between themselves.

5. Extradition shall be subject to the conditions provided for by the law of the Requested State or by applicable extradition treaties, including the grounds on which the Requested State may refuse extradition.

6. If extradition for an offense to which this article applies is refused solely on the basis of the nationality of the person sought, or because the Requested State deems that it has jurisdiction over the offense, the Requested State shall submit the case to its competent authorities for the purpose of prosecution unless otherwise agreed with the Requesting State, and shall report the final outcome to the Requesting State in due course.

7. Subject to the provisions of its domestic law and its extradition treaties, the Requested State may, upon being satisfied that the circumstances so warrant and are urgent, and at the request of the Requesting State, take into custody a person whose extradition is sought and who is present in its territory, or take other appropriate measures to ensure his presence at extradition proceedings.

Article XIV

Assistance and Cooperation

1. In accordance with their domestic laws and applicable treaties, the States Parties shall afford one another the widest measure of mutual assistance by processing requests from authorities that, in conformity with their domestic laws, have the power to investigate or prosecute the acts of corruption described in this Convention, to obtain evidence and take other necessary action to facilitate legal proceedings and measures regarding the investigation or prosecution of acts of corruption.

2. The States Parties shall also provide each other with the widest measure of mutual technical cooperation on the most effective ways and means of preventing, detecting, investigating and punishing acts of corruption. To that end, they shall foster exchanges of experiences by way of agreements and meetings between competent bodies and institutions, and shall pay special attention to methods and procedures of citizen participation in the fight against corruption.

Article XV

Measures Regarding Property

1. In accordance with their applicable domestic laws and relevant treaties or other agreements that may be in force between or among them, the States Parties shall provide each other the broadest possible measure of assistance in the identification, tracing, freezing, seizure and forfeiture of property or proceeds obtained, derived from or used in the commission of offenses established in accordance with this Convention.

2. A State Party that enforces its own or another State Party's forfeiture judgment against property or proceeds described in paragraph 1 of this article shall dispose of the property or proceeds in accordance with its laws. To the extent permitted by a State Party's laws and upon such terms as it deems appropriate, it may transfer all or part of such property or proceeds to another State Party that assisted in the underlying investigation or proceedings.

Article XVI

Bank Secrecy

1. The Requested State shall not invoke bank secrecy as a basis for refusal to provide the assistance sought by the Requesting State. The Requested State shall apply this article in accordance with its domestic law, its procedural provisions, or bilateral or multilateral agreements with the Requesting State.

2. The Requesting State shall be obligated not to use any information received that is protected by bank secrecy for any purpose other than the proceeding for which that information was requested, unless authorized by the Requested State.

ARTICLE XVII

Nature of the Act

For the purposes of articles XIII, XIV, XV and XVI of this Convention, the fact that the property obtained or derived from an act of corruption was intended for political purposes, or that it is alleged that an act of corruption was committed for political motives or purposes, shall not suffice in and of itself to qualify the act as a political offense or as a common offense related to a political offense.

Article XVIII

Central Authorities

1. For the purposes of international assistance and cooperation provided under this Convention, each State Party may designate a central authority or may rely upon such central authorities as are provided for in any relevant treaties or other agreements.
2. The central authorities shall be responsible for making and receiving the requests for assistance and cooperation referred to in this Convention.
3. The central authorities shall communicate with each other directly for the purposes of this Convention.

Article XIX

Temporal Application

Subject to the constitutional principles and the domestic laws of each State and existing treaties between the States Parties, the fact that the alleged act of corruption was committed before this Convention entered into force shall not preclude procedural cooperation in criminal matters between the States Parties. This provision shall in no case affect the principle of non-retroactivity in criminal law, nor shall application of this provision interrupt existing statutes of limitations relating to crimes committed prior to the date of the entry into force of this Convention.

Article XX

Other Agreements or Practices

No provision of this Convention shall be construed as preventing the States Parties from engaging in mutual cooperation within the framework of other international agreements, bilateral or multilateral, currently in force or concluded in the future, or pursuant to any other applicable arrangement or practice.

Article XXI

Signature

This Convention is open for signature by the Member States of the Organization of American States.

Article XXII

Ratification

This Convention is subject to ratification. The instruments of ratification shall be deposited with the General Secretariat of the Organization of American States.

Article XXIII

Accession

This Convention shall remain open for accession by any other State. The instruments of accession shall be deposited with the General Secretariat of the Organization of American States.

Article XXIV

Reservations

The States Parties may, at the time of adoption, signature, ratification, or accession, make reservations to this Convention, provided that each reservation concerns one or more specific provisions and is not incompatible with the object and purpose of the Convention.

Article XXV

Entry Into Force

This Convention shall enter into force on the thirtieth day following the date of deposit of the second instrument of ratification. For each State ratifying or acceding to the Convention after the deposit of the second instrument of ratification, the Convention shall enter into force on the thirtieth day after deposit by such State of its instrument of ratification or accession.

Article XXVI

Denunciation

This Convention shall remain in force indefinitely, but any of the States Parties may denounce it. The instrument of denunciation shall be deposited with the General Secretariat of the Organization of American States. One year from the date of deposit of the instrument of denunciation, the Convention shall cease to be in force for the denouncing State, but shall remain in force for the other States Parties.

Article XXVII

Additional Protocols

Any State Party may submit for the consideration of other States Parties meeting at a General Assembly of the Organization of American States draft additional protocols to this Convention to contribute to the attainment of the purposes set forth in Article II thereof. Each additional protocol shall establish the terms for its entry into force and shall apply only to those States that become Parties to it.

Article XXVIII

Deposit of Original Instrument

The original instrument of this Convention, the English, French, Portuguese, and Spanish texts of which are equally authentic, shall be deposited with the General Secretariat of the Organization of American States, which shall forward an authenticated copy of its text to the Secretariat of the United Nations for registration and publication in accordance with Article 102 of the United Nations Charter. The General Secretariat of the Organization of American States shall notify its Member States and the States that have acceded to the Convention of signatures, of the deposit of instruments of ratification, accession, or denunciation, and of reservations, if any.

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Further Information

The document is online at <http://www.oas.org/juridico/english/Treaties/b-58.html>.

Organization of American States
17th St. & Constitution Ave., NW,
Washington, DC 20006, USA
Phone: (202) 458-3000

Website: <http://www.oas.org>

Principles to Combat Corruption in African Countries

Ministers and senior officials from Benin, Botswana, Ethiopia, Ghana, Malawi, Mali, Mozambique, Senegal, South Africa, Tanzania, and Uganda, met in Washington DC in February 1999 and agreed on the following principles to combat corruption in African countries. The meeting was hosted by the Global Coalition for Africa and co-sponsored by the US Government.

We, Ministers and representatives of Government, the list of which is annexed hereto, having met under the auspices of the Global Coalition for Africa in Washington DC on February 23, 1999,

Concerned about the devastating effects of corruption on the social, economic and political foundations of nations, and on their economic and social development and efforts to eradicate poverty;

Desirous of launching a concerted and collaborative effort to combat corrupt practices and thereby contribute to the global fight against corruption;

Acknowledging that anti-corruption efforts, to be successful, require political will at the highest level and committed leadership at all levels, and must involve civil society;

Determined to eliminate corruption through effective preventive and deterrent measures including strict enforcement of legislation, rules and regulations;

Aware that good governance, accountability and transparency are necessary to counter corruption;

Mindful of the UN General Assembly resolution on actions against corruption and other collective regional efforts to combat corruption such as those by the Organization for Economic Cooperation and Development (OECD) and the Organization of American States (OAS);

Now therefore do agree that Governments should:

1. Demonstrate the leadership and political will to combat and eradicate corruption in all sectors of government and society by improving governance and economic management, by striving to create a climate that promotes transparency, accountability and integrity in public as well as private endeavors, and by restoring popular confidence in the government.
2. Establish budgetary and financial transparency and strong financial management systems.
3. Eliminate unnecessary government regulations that negatively affect economic activity; and establish simple, readily available regulatory procedures with clear criteria and deadlines.
4. Enact and enforce criminal laws which will deal effectively with corruption offenses by imposing severe penalties on individuals convicted of corruption or corrupt practices, and on business entities found to be involve in such practices. Enact and enforce criminal and civil laws that provide for the recovery, seizure, forfeiture or confiscation of property and other assets acquired through corruption.
5. Eliminate conflicts of interest by adopting and enforcing effective national laws, guidelines, ethical regulations or codes of conduct for public officials, which include rules on conflict of

interest and requirements for the regular disclosure of financial interests, assets, liabilities, gifts and other transactions.

6. Undertake necessary administrative reforms to restore the morale and integrity of the public service, for example by ensuring merit-based recruitment and promotion policies and procedures and providing adequate benefits, including remuneration and pension schemes.

7. Promote transparency in procedures for public procurement and the sale or licensing of economic rights and interests by eliminating bureaucratic red tape, by providing for open and competitive bidding for government contracts, by the prohibition of bribery, and by adopting procedures for resolving challenges to the award of contracts or the sale or licensing of economic rights.

8. Adopt revenue collection systems that eliminate opportunities for tax evasion, and reform regulatory processes that facilitate customs duties evasion, especially in regard to international business transactions.

9. Require companies and organizations to maintain adequate and accurate financial books and records, and to adhere to internationally accepted standards of accounting.

10. Establish and enforce self-regulating codes of conduct for different professions, including those in the private sector.

11. Promote standards for corporate governance and the protection of shareholder rights.

12. Prohibit individuals found guilty of corruption from bidding on public contracts or otherwise doing business with governments. Publish details of companies that are found to have, or whose subsidiaries, agents or representatives are found to have, engaged in corrupt practices, and bar them from bidding on public contracts or otherwise doing business with the government for a period of time specified in national legislation.

13. Ensure that anti-corruption agencies are autonomous, independent, governed by a clear body of law, and effectively empowered to initiate and pursue investigations of corruption, and provide for the prosecution of offenders in accordance with investigations and due process.

14. Establish other accountability and oversight mechanisms, including as appropriate inspector general and audit offices.

15. Adopt legislative mechanisms and procedures for the public to submit complaints of corruption and corrupt practices, including the protection of witnesses and whistle blowers.

16. Facilitate the involvement and participation of civil society, on a continuous basis, in the formulation, execution and monitoring of anti-corruption reform programs.

17. Restore and maintain the independence of the judiciary and ensure adherence to high standards of integrity, honesty and commitment in the dispensation of justice through, among other things, adopting a judicial code of conduct.

18. Guarantee the public's right to information about corruption and corrupt activities through protection of the freedom of the press and effective parliamentary oversight and scrutiny.

19. Adopt cooperative arrangements at the regional and/or sub-regional level which provide for the mutual exchange of ideas, information, best practices, intelligence and experiences for the purpose of minimizing risks of cross-border corruption including international business transactions.

20. Facilitate the cooperative investigation of cases involving corruption by rendering mutual legal assistance in obtaining evidence, documents, articles, records and witness statements.

21. Provide assistance in the investigation, recovery, seizure, freezing, forfeiture and confiscation of property in respect of the proceeds of corruption as well as the reciprocal enforcement of forfeiture and other such orders.

22. Apply reciprocal obligations for the extradition of those accused or convicted of corruption offenses.

23. Take preventive measures, including the short-term harmonization of relevant laws, regulations and procedures, for example those relating to taxes, customs tariffs and duties, and public procurement.

24. Establish government-to-government mechanisms to monitor implementation of these principles, including a mutual reporting and evaluation process.

25. Consider the elaboration and adoption of an African convention for combating corruption based on the foregoing principles, and encourage the establishment of a global anti-corruption convention.

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For further information:

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Fax: 1 202 522-3259

Web site: http://www.respondanet.com/english/anti_corruption/publications/documents/africa.htm

Transparency International Business Principles for Countering Bribery

December 2002

The Business Principles for Countering Bribery were developed by Transparency International and Social Accountability International in partnership with a steering committee drawn from the private sector, academia, trade unions and other non-governmental bodies.

The Principles are intended to be a practical tool to which companies can look for a comprehensive reference to good practice to counter bribery. The Principles are expected to evolve over time to reflect changes in anti-bribery practice as well as the lessons learned from their use.

See: http://www.transparency.org/global_priorities/private_sector/business_principles

1 Introduction

The Business Principles for Countering Bribery (the “Business Principles”) have been developed by a group of private sector interests, non-governmental organisations and trade unions as a tool to assist enterprises to develop effective approaches to countering bribery¹ in all of their activities.

The Business Principles also give practical effect to recent initiatives such as the OECD Convention on Combating Bribery of Foreign Public Officials in International Business Transactions, the ICC Rules of Conduct to Combat Extortion and Bribery and the anti-bribery provisions of the revised OECD Guidelines for Multinationals.

The Business Principles have been designed for use by large, medium and small enterprises. They apply to bribery of public officials and to private-to-private transactions. The purpose of the document is to provide practical guidance for countering bribery, creating a level playing field and providing a long-term business advantage.

2 The Business Principles

- **The enterprise shall prohibit bribery in any form whether direct or indirect**
- **The enterprise shall commit to implementation of a Programme to counter bribery**

These Business Principles are based on a commitment to fundamental values of integrity, transparency and accountability. Enterprises shall aim to create and maintain a trust-based and inclusive internal culture in which bribery is not tolerated.

The Programme is the entirety of an enterprise’s anti-bribery efforts including values, policies, processes, training and guidance.

3 Aims

The aims of the Business Principles are to:

- provide a framework for good business practices and risk management strategies for countering bribery.
- assist enterprises to:
 - a) eliminate bribery
 - b) demonstrate their commitment to countering bribery
 - c) make a positive contribution to improving business standards of integrity, transparency and accountability wherever they operate.

4 Development of a Programme for Countering Bribery

- 4.1 An enterprise should develop a Programme reflecting its size, business sector, potential risks and locations of operation, which should, clearly and in reasonable detail, articulate values, policies and procedures to be used to prevent bribery from occurring in all activities under its effective control.
- 4.2 The Programme should be consistent with all laws relevant to countering bribery in all the jurisdictions in which the enterprise operates, particularly laws that are directly relevant to specific business practices.
- 4.3 The enterprise should develop the Programme in consultation with employees, trade unions or other employee representative bodies.
- 4.4 The enterprise should ensure that it is informed of all matters material to the effective development of the Programme by communicating with relevant interested parties.

5 Scope of the Programme

In developing its Programme for countering bribery, an enterprise should analyse which specific areas pose the greatest risks from bribery.

The Programme should address the most prevalent forms of bribery relevant to the enterprise but at a minimum should cover the following areas:

5.1 Bribes

- 5.1.1 The enterprise should prohibit the offer, gift, or acceptance of a bribe in any form, including kickbacks, on any portion of a contract payment, or the use of other routes or channels to provide improper benefits to customers, agents, contractors, suppliers or employees of any such party or government officials.
- 5.1.2 The enterprise should also prohibit an employee from arranging or accepting a bribe or kickback from customers, agents, contractors, suppliers, or employees of any such party or from government officials, for the employee's benefit or that of the employee's family, friends, associates or acquaintances.

5.2 Political contributions

- 5.2.1 The enterprise, its employees or agents should not make direct or indirect contributions to political parties, organisations or individuals engaged in politics, as a way of obtaining advantage in business transactions.
- 5.2.2 The enterprise should publicly disclose all its political contributions.

5.3 Charitable contributions and sponsorships

- 5.3.1 The enterprise should ensure that charitable contributions and sponsorships are not being used as a subterfuge for bribery.
- 5.3.2 The enterprise should publicly disclose all its charitable contributions or sponsorships.

5.4 Facilitation payments

- 5.4.1 Recognising that facilitation payments² are a form of bribery, the enterprise should identify, minimise and preferably eliminate them.

5.5 Gifts, hospitality and expenses

- 5.5.1 The enterprise should prohibit the offer or receipt of gifts, hospitality or expenses whenever such arrangements could affect the outcome of business transactions and are not reasonable and bona fide expenditures.

6 Programme Implementation Requirements

The following section sets out the requirements that enterprises should meet, at a minimum, when implementing the Programme.

6.1 Organisation and responsibilities

- 6.1.1 The Board of Directors or equivalent body should base their policy on the Business Principles and provide leadership, resources and active support for management's implementation of the Programme.
- 6.1.2 The Chief Executive Officer is responsible for ensuring that the Programme is carried out consistently with clear lines of authority.
- 6.1.3 The Board of Directors, Chief Executive Officer and senior management should demonstrate visible and active commitment to the implementation of the Business Principles.

6.2 Business relationships

The enterprise should apply its Programme in its dealings with subsidiaries, joint venture partners, agents, contractors and other third parties with whom it has business relationships.

6.2.1 Subsidiaries and joint ventures

- 6.2.1.1 The enterprise should conduct due diligence before entering into a joint venture.

- 6.2.1.2 The enterprise should ensure that subsidiaries and joint ventures over which it maintains effective control adopt its Programme. Where an enterprise does not have effective control it should make known its Programme and use its best efforts to monitor that the conduct of such subsidiaries and joint ventures is consistent with the Business Principles.

6.2.2 Agents

- 6.2.2.1 The enterprise should not channel improper payments through an agent.
- 6.2.2.2 The enterprise should undertake due diligence before appointing an agent.
- 6.2.2.3 Compensation paid to agents should be appropriate and justifiable remuneration for legitimate services rendered.
- 6.2.2.4 The relationship should be documented.
- 6.2.2.5 The agent should contractually agree to comply with the enterprise's Programme.
- 6.2.2.6 The enterprise should monitor the conduct of its agents and should have a right of termination in the event that they pay bribes.

6.2.3 Contractors and suppliers

- 6.2.3.1 The enterprise should conduct its procurement practices in a fair and transparent manner.
- 6.2.3.2 The enterprise should undertake due diligence in evaluating major prospective contractors and suppliers to ensure that they have effective anti-bribery policies.
- 6.2.3.3 The enterprise should make known its anti-bribery policies to contractors and suppliers. It should monitor the conduct of major contractors and suppliers and should have a right of termination in the event that they pay bribes.
- 6.2.3.4 The enterprise should avoid dealing with prospective contractors and suppliers known to be paying bribes.

6.3 Human resources

- 6.3.1 Recruitment, promotion, training, performance evaluation and recognition should reflect the enterprise's commitment to the Programme.
- 6.3.2 The human resources policies and practices relevant to the Programme should be developed and undertaken in consultation with employees, trade unions or other employee representative bodies as appropriate.
- 6.3.3 The enterprise should make it clear that no employee will suffer demotion, penalty, or other adverse consequences for refusing to pay bribes even if it may result in the enterprise losing business.
- 6.3.4 The enterprise should apply appropriate sanctions for violations of its Programme.

6.4 Training

- 6.4.1 Managers, employees and agents should receive specific training on the Programme.

6.4.2 Where appropriate, contractors and suppliers should receive training on the Programme.

6.5 Raising concerns and seeking guidance

6.5.1 To be effective, the Programme should rely on employees and others to raise concerns and violations as early as possible. To this end, the enterprise should provide secure and accessible channels through which employees and others should feel able to raise concerns and report violations (“whistle-blowing”) in confidence and without risk of reprisal.

6.5.2 These channels should also be available for employees and others to seek advice or suggest improvements to the Programme. To support this process, the enterprise should provide guidance to employees and others with respect to the interpretation of the Programme in individual cases.

6.6 Communication

6.6.1 The enterprise should establish effective internal and external communication of the Programme.

6.6.2 The enterprise should, on request, publicly disclose the management systems it employs in countering bribery.

6.6.3 The enterprise should be open to receiving communications from relevant interested parties with respect to the Programme.

6.7 Internal controls and audit

6.7.1 The enterprise should maintain accurate books and records, available for inspection, which properly and fairly document all financial transactions. The enterprise should not maintain off-the-books accounts.

6.7.2 The enterprise should establish feedback mechanisms and other internal processes supporting the continuous improvement of the Programme.

6.7.3 The enterprise should subject the internal control systems, in particular the accounting and record keeping practices, to regular audits to provide assurance that they are effective in countering bribery.

6.8 Monitoring and review

6.8.1 Senior management of the enterprise should monitor the Programme and periodically review the Programme’s suitability, adequacy and effectiveness and implement improvements as appropriate. They should periodically report to the Audit Committee or the Board the results of the Programme review.

6.8.2 The Audit Committee or the Board should make an independent assessment of the adequacy of the Programme and disclose its findings in the Annual Report to shareholders.

Notes:

1 Bribery: An offer or receipt of any gift, loan, fee, reward or other advantage to or from any person as an inducement to do something which is dishonest, illegal or a breach of trust, in the conduct of the enterprise’s business.

2 Facilitation payments: Also called “facilitating”, “speed” or “grease” payments, these are small payments made to secure or expedite the performance of a routine or necessary action to which the payer of the facilitation payment has legal or other entitlement.

Further Information

Transparency International

Transparency International is the leading international organisation devoted to curbing bribery. It was founded in 1993 with the mission to build coalitions of civil society, governments and the private sector to join in the fight against corruption. TI's work is based on the belief that corruption is a major threat to human rights, development and international trade, and that containing corruption to manageable levels calls for the creation of a broad coalition. TI views engagement with the private sector as key to its mission.

Transparency International
Otto-Suhr-Allee 97/99
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Tel: + 49 30 343 8200 <http://www.transparency.org>

Social Accountability International

Social Accountability International, a non-governmental, non-profit organisation founded in 1997, seeks to improve workplaces and communities around the world by developing and promoting voluntary standards combined with independent verification and public reporting. To operate such social accountability systems, SAI follows an international, consensus-based approach that actively engages business, workers and trade unions, government, socially responsible investors, and non-governmental organisations.

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UN Declaration Against Corruption and Bribery in International Commercial Transactions

1996

The General Assembly,

Convinced that a stable and transparent environment for international commercial transactions in all countries is essential for the mobilization of investment, finance, technology, skills and other important resources across national borders, in order, inter alia, to promote economic and social development and environmental protection,

Recognizing the need to promote social responsibility and appropriate standards of ethics on the part of private and public corporations, including transnational corporations, and individuals engaged in international commercial transactions, inter alia, through observance of the laws and regulations of the countries in which they conduct business, and taking into account the impact of their activities on economic and social development and environmental protection,

Recognizing also that effective efforts at all levels to combat and avoid corruption and bribery in all countries are essential elements of an improved international business environment, that they enhance fairness and competitiveness in international commercial transactions and form a critical part of promoting transparent and accountable governance, economic and social development and environmental protection in all countries, and that such efforts are especially pressing in the increasingly competitive globalized international economy,

Solemnly proclaims the United Nations Declaration against Corruption and Bribery in International Commercial Transactions as set out below.

Member States, individually and through international and regional organizations, taking actions subject to each State's own constitution and fundamental legal principles and adopted pursuant to national laws and procedures, commit themselves:

1. To take effective and concrete action to combat all forms of corruption, bribery and related illicit practices in international commercial transactions, in particular to pursue effective enforcement of existing laws prohibiting bribery in international commercial transactions, to encourage the adoption of laws for those purposes where they do not exist, and to call upon private and public corporations, including transnational corporations, and individuals within their jurisdiction engaged in international commercial transactions to promote the objectives of the present Declaration;

2. To criminalize such bribery of foreign public officials in an effective and coordinated manner, but without in any way precluding, impeding or delaying international, regional or national actions to further the implementation of the present Declaration;

3. Bribery may include, inter alia, the following elements:

- (a) The offer, promise or giving of any payment, gift or other advantage, directly or indirectly, by any private or public corporation, including a transnational corporation, or individual from a State to any public official or elected representative of another country as undue consideration for performing or refraining from the performance of that official's or representative's duties in

connection with an international commercial transaction;

(b) The soliciting, demanding, accepting or receiving, directly or indirectly, by any public official or elected representative of a State from any private or public corporation, including a transnational corporation, or individual from another country of any payment, gift or other advantage, as undue consideration for performing or refraining from the performance of that official's or representative's duties in connection with an international commercial transaction;

4. To deny, in countries that do not already do so, the tax deductibility of bribes paid by any private or public corporation or individual of a State to any public official or elected representative of another country and, to that end, to examine their respective modalities for doing so;

5. To develop or maintain accounting standards and practices that improve the transparency of international commercial transactions, and that encourage private and public corporations, including transnational corporations, and individuals engaged in international commercial transactions to avoid and combat corruption, bribery and related illicit practices;

6. To develop or to encourage the development, as appropriate, of business codes, standards or best practices that prohibit corruption, bribery and related illicit practices in international commercial transactions;

7. To examine establishing illicit enrichment by public officials or elected representatives as an offence;

8. To cooperate and afford one another the greatest possible assistance in connection with criminal investigations and other legal proceedings brought in respect of corruption and bribery in international commercial transactions. Mutual assistance shall include, as far as permitted under national laws or as provided for in bilateral treaties or other applicable arrangements of the affected countries, and taking into account the need for confidentiality as appropriate:

(a) Production of documents and other information, taking of evidence and service of documents relevant to criminal investigations and other legal proceedings;

(b) Notice of the initiation and outcome of criminal proceedings concerning bribery in international commercial transactions to other States that may have jurisdiction over the same offence;

(c) Extradition proceedings where and as appropriate;

9. To take appropriate action to enhance cooperation to facilitate access to documents and records about transactions and about identities of persons engaged in bribery in international commercial transactions;

10. To ensure that bank secrecy provisions do not impede or hinder criminal investigations or other legal proceedings relating to corruption, bribery or related illicit practices in international commercial transactions, and that full cooperation is extended to Governments that seek information on such transactions;

11. Actions taken in furtherance of the present Declaration shall respect fully the national sovereignty and territorial jurisdiction of Member States, as well as the rights and obligations of Member States under existing treaties and international law, and shall be consistent with human rights and fundamental freedoms;

12. Member States agree that actions taken by them to establish jurisdiction over acts of bribery of foreign public officials in international commercial transactions shall be consistent with the principles of international law regarding the extraterritorial application of a State's laws.

Notes:

1/ E/1991/31/Add.1.

2/ See E/1996/99.

3/ See E/1996/106.

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Further information

Visit the United Nations web site: <http://www.un.org/ga/documents/gares51/ga51-191.htm>

Further Resources: Bribery and Corruption

Anti-Corruption Gateway for Europe and Eurasia. Information source for anti-corruption practitioners and analysts.

<http://www.nobribes.org/>

Bribery and Codes of Corporate Conduct: An Analysis. A research paper from the OECD, March 2000, looks at business approaches to commitment and implementation in the fight against bribery. It does this by examining the texts of 246 codes of corporate conduct. This study forms part of a forthcoming OECD publication entitled *No Longer Business as Usual: Fighting Bribery and Corruption* which will be available in September 2000.

<http://www.oecd.org/>

Convention on Protection of the European Communities' Financial Interests

<http://europa.eu.int/scadplus/leg/en/lvb/l33019.htm>

G8 Sea Island Summit Communiqué on Corruption

Including progress on previous commitments and activities by the UN, individual countries and the OECD.

<http://fpc.state.gov/fpc/33498.htm>

CORIS, the corruption online research and information system from Transparency International, is a comprehensive on-line database of bibliographical reference to corruption-related documents. <http://www.corisweb.org/>

Council of Europe Civil Law Convention on Corruption

The first attempt to define common international rules in the field of civil law and corruption.

<http://conventions.coe.int/Treaty/Commun/QueVoulezVous.asp?NT=174&CL=ENG>

Council of Europe Criminal Law Convention on Corruption

Entered into force July 2002.

<http://conventions.coe.int/treaty/Commun/QueVoulezVous.asp?NT=173&CL=ENG>

Global Forum on Fighting Corruption

An inter-governmental forum that hosts a bi-annual conference.

<http://www.ivforumglobal.org.br/>

The International Chamber of Commerce's has published rules of conduct to combat extortion and bribery.

http://www.iccwbo.org/home/statements_rules/rules/1999/briberydoc99.asp

Lima Declaration Against Corruption

Agreed at Transparency International's 8th International Anti-Corruption Conference, in Lima Peru in September 1997, this statement is one of the global community's first attempts to articulate a broad strategy for combating corruption.

<http://www.transparency.org/iacc/lima/e-limadecl.html>

Organization for Economic Cooperation and Development maintains a comprehensive website on corruption and bribery. It includes the text of the OECD Convention Combating Bribery of Foreign Public Officials in International Business Transactions.

http://www.oecd.org/departement/0,2688,en_2649_34855_1_1_1_1_1,00.html

RespondaNet is an Accountability and Anti-Corruption Project in the United States
<http://www.respondanet.com/english/index.htm>

Transparency International is a non-profit organization founded in 1993 to curb corruption in international transactions. TI websites contain links to important international anti-corruption initiatives.
<http://www.transparency.org>

UN Convention against Transnational Organized Crime
Adopted by the UN General Assembly in November 2000.
http://www.unodc.org/unodc/crime_cicp_convention.html

UN Global Program Against Corruption
Including the work of a committee for the negotiation of a convention against corruption.
<http://www.unodc.org/unodc/corruption.html>

UN Resolution on Action Against Corruption
Adopted by the UN General Assembly, December 17, 1999.
<http://www.cajpe.org.pe/RIJ/BASES/Corrupcion/r54128.pdf>

UN Resolution on an Effective International Legal Instrument Against Corruption
Adopted by the UN General Assembly, December 4, 2000.
http://www.unodc.org/pdf/crime/a_res_55/res5561e.pdf

The World Bank maintains an anti-corruption knowledge resource centre.
<http://www1.worldbank.org/publicsector/anticorrupt/>

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Caux Roundtable Principles for Government

2003

INTRODUCTION

Persuaded by experience that a person's moral sense contributes to success in business endeavors, in 1994 the Caux Round Table published certain *Principles for Business* as a world standard against which business behavior could be measured.

After a decade of remarkable economic growth in many parts of the global economy, the Caux Round Table notes that sufficient investment capital has been accumulated that, should it be invested wisely in poor and developing countries, a dramatic reduction in levels of poverty could be achieved for most of humanity. In the stock markets of the world some thirty trillion US dollars are available for equity investment. Trillions more of US dollars are available in short term money markets, in currency markets, and in possible debt financing. There is more liquid capital available to the owners of private business than poor countries could presently absorb into their economies.

Yet in most instances such capital is not invested where people are poor. In the minds of many, therefore, globalization remains vulnerable to a moral critique that it does not, and, some would say that it can never, achieve social justice. The Caux Round Table believes that, while private business can improve standards of living through the creation of wealth, business only responds to opportunities for profitable exchange. The investment of capital waits upon favorable conditions; such investment is reactive and selective, always searching for well-founded expectations of return as well as for security that those expectations will come to fruition.

It is the work of others, not primarily that of business, to create the fundamental conditions under which capital can be invested. Bluntly, it is in the first place the task of responsible government to provide for sustained wealth-creation. Business can be called upon to invest responsibly within the framework of the Caux Round Table's *Principles for Business* once governments erect and sustain the requisite infrastructure of laws, regulations, and physical improvements to transportation and communication.

Bad government is a short cut to endemic poverty.

Therefore, the Caux Round Table offers the following *Principles for Government* in the expectation that better government around the world will attract greater investment of private capital to create more wealth for poor people.

Just as the *Principles for Business*, these *Principles for Government* derive from two ethical ideals: "Kyosei" and "Human Dignity". The Japanese concept of "Kyosei" looks to living and working together for the common good while the moral vision of "Human Dignity" refers to the sacredness or value of each person as an end, not simply as a means to the fulfillment of others' purposes or even of majority demands.

GENERAL PRINCIPLES

1. Public power is held in trust for the community

Power brings responsibility; power is a necessary moral circumstance in that it binds the actions of one to the welfare of others.

Therefore, the power given by public office is held in trust for the benefit of the community and its citizens. Officials are custodians only of the powers they hold; they have no personal entitlement to office or the prerogatives thereof.

Holders of public office are accountable for their conduct while in office; they are subject to removal for malfeasance, misfeasance or abuse of office. The burden of proof that no malfeasance, misfeasance or abuse of office has occurred lies with the office holder.

The state is the servant and agent of higher ends; it is subordinate to society. Public power is to be exercised within a framework of moral responsibility for the welfare of others. Governments that abuse their trust shall lose their authority and may be removed from office.

2. Discourse should guide application of public power.

Public power, however allocated by constitutions, referendums or laws, shall rest its legitimacy in communicative action and discourse among autonomous moral agents who constitute the community to be served by the government. Free and open discourse, embracing independent media, shall not be curtailed except to protect legitimate expectations of personal privacy, sustain the confidentiality needed for the proper separation of powers, or for the most dire of reasons relating to national security.

3. The Civic Order must not forget its duties to citizens.

Public power constitutes a civic order for the safety and common good of its members. The civic order, as a moral order, protects and promotes the integrity, dignity, and self-respect of its members in their capacity as citizens and, therefore, avoid all measures, oppressive and other, whose tendency is to transform the citizen into a subject. The state shall protect, give legitimacy to, or restore all those principles and institutions which sustain the moral integrity, self-respect, and civic identity of the individual citizen, and which serve to inhibit the processes of civic estrangement, dissolution of the civic bond, and civic disaggregation. This protects the citizen's capacity to contribute to the well-being of the civic order itself.

4. Corruption may not be condoned.

Public office is not to be used for personal advantage, financial gain or as a prerogative manipulated by arbitrary personal desire. Corruption – financial, political and moral – is inconsistent with stewardship of public interests. Only the Rule of Law is consistent with a principled approach to use of public power.

5. Security of persons, individual liberty and ownership of property are the foundation for individual justice.

The civic order, through its instrumentalities, shall provide for the security of life, liberty and property for its citizens in order to insure domestic tranquility.

The civic order shall defend its sovereign integrity, its territory, and its capacity to pursue its own ends to the maximum degree of its own choice and discretion, within the framework of international law and principles of natural justice.

6. Justice shall be provided.

The civic order and its instrumentalities shall be impartial among citizens without regard to condition, origin, sex or other fundamental, inherent attributes. Yet the civic order shall distinguish among citizens according to merit and desert where rights, benefits or privileges are best allocated according to effort and achievement, rather than as birth-rights.

The civic order shall provide speedy, impartial and fair redress of grievances against the state, its instruments, other citizens and aliens.

The Rule of Law shall be honored and sustained, supported by honest and impartial tribunals and legislative checks and balances.

7. General welfare contemplates improving the well-being of individual citizens.

The state shall nurture and support all those social institutions, most conducive to the free self-development and self-regard of the individual citizen. Public authority shall seek to avoid, or to ameliorate, conditions of life and work which deprive the individual citizen of dignity and self-regard or which permit to powerful citizens the exercise of futile opportunities of exploitation of the weak.

The state has a custodial responsibility to manage and conserve the material and other resources that sustain the present and future well-being of the community.

8. Transparency of government ensures accountability.

The civic order shall not act with excessive secrecy or provide its citizens with inadequate information as to the acts and intentions of the civic order and its instruments, which secrecy or withholding of information would prevent its citizens from acting the citizen's part in the discourse providing the civic order with its authoritative legitimacy.

9. Global cooperation advances national welfare.

Governments should establish both domestic and international conditions under which justice and respect for the obligations arising from treaties and other sources of international law can be maintained; live together in peace as good neighbors; and employ international machinery and systems for the promotion of economic and social advancement.

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Code of Conduct for Persons in Positions of Responsibility

On 22 October, 1998, South African President Nelson Mandela and representatives of all major political parties, and religious leaders met for a "Moral Summit" to discuss the "moral crisis" of South African political and social life. The following "Code of Conduct for Persons in Positions of Responsibility" was signed by all participants and is open to all other persons in positions of responsibility in political, economic and social life.

A Code of Conduct for Persons in Positions of Responsibility

All persons in positions of responsibility have a duty to serve with integrity the people of South Africa. These include elected representatives of the people, officers of the government in the legislatures and public service, and those with authority in political, economic and civil organizations.

Our task is to work together to achieve a transformation of our country in which justice is served, and democracy advanced, with proper consideration for the rights of minorities and the marginalized.

This noble obligation is reflected in the following principles, which constitute a Code of Conduct for all those in positions of responsibility. We sign it together as a signal of our joint responsibility and concern, and urge the members of other organizations to endorse it also. We sign it individually, as a pledge to seek that cooperation in community to which we all aspire.

Integrity:

I will conduct myself in such a way that my speech and acts are honest and trustworthy, able to nurture a culture of truth and reliability.

Incorruptibility:

I will not accept any financial or other obligation to individuals or organizations which could lead me to act unethically in my duties and responsibilities.

Good Faith:

Recognizing that there can be conflicts of interest, I accept the obligation to declare any personal interests which may affect the interests of those I serve.

Impartiality:

In carrying out my duties, including making appointments, awarding contracts, grants, or recommending individuals for benefits, I will make fair choices which do not unduly or unjustly favour those with whom I have other ties.

Openness:

I will be transparent in my decisions and actions, and will not withhold information which is in the public interest.

Accountability:

I recognize that I am accountable for my decisions and actions, and will submit to whatever scrutiny is appropriate.

Justice:

I will act justly, and promote the culture of respect for the Law.

Respect:

I will act in a way that promotes respect for all people regardless of their beliefs.

Generosity:

In speech, attitudes and behavior, I will seek to be generous and hospitable towards others.

Leadership:

I shall promote and support these principles, seeking to recommend by personal example and service the fundamental moral principles on which a successful community can be built and maintained.

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Further Information

National Religious Leaders Forum
PO Box 93642
Yeoville, South Africa 2143
Tel/Fax 011 648 8422

Or Transparency International www.transparency.org

Council Of Europe Model Code of Conduct for Public Officials

The Council of Europe, in a recommendation dated May 11, 2000, recommended that the governments of member states promote the adoption of national codes of conduct for public officials based on this model code of conduct.

Interpretation and application

Article 1

1. This Code applies to all public officials.
2. For the purpose of this Code "public official" means a person employed by a public authority.
3. The provisions of this Code may also be applied to persons employed by private organisations performing public services.
4. The provisions of this Code do not apply to publicly elected representatives, members of the government and holders of judicial office.

Article 2

1. On the coming into effect of this Code, the public administration has a duty to inform public officials about its provisions.
2. This Code shall form part of the provisions governing the employment of public officials from the moment they certify that they have been informed about it.
3. Every public official has the duty to take all necessary action to comply with the provisions of this Code.

Article 3 – Object of the Code

The purpose of this Code is to specify the standards of integrity and conduct to be observed by public officials, to help them meet those standards and to inform the public of the conduct it is entitled to expect of public officials.

General principles

Article 4

1. The public official should carry out his or her duties in accordance with the law, and with those lawful instructions and ethical standards which relate to his or her functions.

2. The public official should act in a politically neutral manner and should not attempt to frustrate the lawful policies, decisions or actions of the public authorities.

Article 5

1. The public official has the duty to serve loyally the lawfully constituted national, local or regional authority.

2. The public official is expected to be honest, impartial and efficient and to perform his or her duties to the best of his or her ability with skill, fairness and understanding, having regard only for the public interest and the relevant circumstances of the case.

3. The public official should be courteous both in his or her relations with the citizens he or she serves, as well as in his or her relations with his or her superiors, colleagues and subordinate staff.

Article 6

In the performance of his or her duties, the public official should not act arbitrarily to the detriment of any person, group or body and should have due regard for the rights, duties and proper interests of all others.

Article 7

In decision making the public official should act lawfully and exercise his or her discretionary powers impartially, taking into account only relevant matters.

Article 8

1. The public official should not allow his or her private interest to conflict with his or her public position. It is his or her responsibility to avoid such conflicts of interest, whether real, potential or apparent.

2. The public official should never take undue advantage of his or her position for his or her private interest.

Article 9

The public official has a duty always to conduct himself or herself in a way that the public's confidence and trust in the integrity, impartiality and effectiveness of the public service are preserved and enhanced.

Article 10

The public official is accountable to his or her immediate hierarchical superior unless otherwise prescribed by law.

Article 11

Having due regard for the right of access to official information, the public official has a duty to treat appropriately, with all necessary confidentiality, all information and documents acquired by him or her in the course of, or as a result of, his or her employment.

Article 12 – Reporting

1. The public official who believes he or she is being required to act in a way which is unlawful, improper or unethical, which involves maladministration, or which is otherwise inconsistent with this Code, should report the matter in accordance with the law.
2. The public official should, in accordance with the law, report to the competent authorities if he or she becomes aware of breaches of this Code by other public officials.
3. The public official who has reported any of the above in accordance with the law and believes that the response does not meet his or her concern may report the matter in writing to the relevant head of the public service.
4. Where a matter cannot be resolved by the procedures and appeals set out in the legislation on the public service on a basis acceptable to the public official concerned, the public official should carry out the lawful instructions he or she has been given.
5. The public official should report to the competent authorities any evidence, allegation or suspicion of unlawful or criminal activity relating to the public service coming to his or her knowledge in the course of, or arising from, his or her employment. The investigation of the reported facts shall be carried out by the competent authorities.
6. The public administration should ensure that no prejudice is caused to a public official who reports any of the above on reasonable grounds and in good faith.

Article 13 – Conflict of interest

1. Conflict of interest arises from a situation in which the public official has a private interest which is such as to influence, or appear to influence, the impartial and objective performance of his or her official duties.
2. The public official's private interest includes any advantage to himself or herself, to his or her family, close relatives, friends and persons or organisations with whom he or she has or has had business or political relations. It includes also any liability, whether financial or civil, relating thereto.
3. Since the public official is usually the only person who knows whether he or she is in that situation, the public official has a personal responsibility to:
 - be alert to any actual or potential conflict of interest;
 - take steps to avoid such conflict;
 - disclose to his or her supervisor any such conflict as soon as he or she becomes aware of it;
 - comply with any final decision to withdraw from the situation or to divest himself or herself of the advantage causing the conflict.
4. Whenever required to do so, the public official should declare whether or not he or she has a conflict of interest.

5. Any conflict of interest declared by a candidate to the public service or to a new post in the public service should be resolved before appointment.

Article 14 – Declaration of interests

The public official who occupies a position in which his or her personal or private interests are likely to be affected by his or her official duties should, as lawfully required, declare upon appointment, at regular intervals thereafter and whenever any changes occur the nature and extent of those interests.

Article 15 – Incompatible outside interests

1. The public official should not engage in any activity or transaction or acquire any position or function, whether paid or unpaid, that is incompatible with or detracts from the proper performance of his or her duties as a public official. Where it is not clear whether an activity is compatible, he or she should seek advice from his or her superior.
2. Subject to the provisions of the law, the public official should be required to notify and seek the approval of his or her public service employer to carry out certain activities, whether paid or unpaid, or to accept certain positions or functions outside his or her public service employment.
3. The public official should comply with any lawful requirement to declare membership of, or association with, organisations that could detract from his or her position or proper performance of his or her duties as a public official.

Article 16 – Political or public activity

1. Subject to respect for fundamental and constitutional rights, the public official should take care that none of his or her political activities or involvement on political or public debates impairs the confidence of the public and his or her employers in his or her ability to perform his or her duties impartially and loyally.
2. In the exercise of his or her duties, the public official should not allow himself or herself to be used for partisan political purposes.
3. The public official should comply with any restrictions on political activity lawfully imposed on certain categories of public officials by reason of their position or the nature of their duties.

Article 17 – Protection of the public official's privacy

All necessary steps should be taken to ensure that the public official's privacy is appropriately respected; accordingly, declarations provided for in this Code are to be kept confidential unless otherwise provided for by law.

Article 18 – Gifts

1. The public official should not demand or accept gifts, favours, hospitality or any other benefit for himself or his or her family, close relatives and friends, or persons or organisations with whom he or she has or has had business or political relations which may influence or appear to influence the impartiality with which he or she carries out his or her duties or may be or appear to be a reward relating to his or her duties. This does not include conventional hospitality or minor gifts.

2. Where the public official is in doubt whether he or she can accept a gift or hospitality, he or she should seek the advice of his or her superior.

Article 19 – Reaction to improper offers

If the public official is offered an undue advantage he or she should take the following steps to protect himself or herself:

- refuse the undue advantage; there is no need to accept it for use as evidence;
- try to identify the person who made the offer;
- avoid lengthy contacts, but knowing the reason for the offer could be useful in evidence;
- if the gift cannot be refused or returned to the sender, it should be preserved, but handled as little as possible;
- obtain witnesses if possible, such as colleagues working nearby;
- prepare as soon as possible a written record of the attempt, preferably in an official notebook;
- report the attempt as soon as possible to his or her supervisor or directly to the appropriate law enforcement authority;
- continue to work normally, particularly on the matter in relation to which the undue advantage was offered.

Article 20 – Susceptibility to influence by others

The public official should not allow himself or herself to be put, or appear to be put, in a position of obligation to return a favour to any person or body. Nor should his or her conduct in his or her official capacity or in his or her private life make him or her susceptible to the improper influence of others.

Article 21 – Misuse of official position

1. The public official should not offer or give any advantage in any way connected with his or her position as a public official, unless lawfully authorised to do so.
2. The public official should not seek to influence for private purposes any person or body, including other public officials, by using his or her official position or by offering them personal advantages.

Article 22 – Information held by public authorities

1. Having regard to the framework provided by domestic law for access to information held by public authorities, a public official should only disclose information in accordance with the rules and requirements applying to the authority by which he or she is employed.

2. The public official should take appropriate steps to protect the security and confidentiality of information for which he or she is responsible or of which he or she becomes aware.
3. The public official should not seek access to information which it is inappropriate for him or her to have. The public official should not make improper use of information which he or she may acquire in the course of, or arising from, his or her employment.
4. Equally the public official has a duty not to withhold official information that should properly be released and a duty not to provide information which he or she knows or has reasonable ground to believe is false or misleading.

Article 23 – Public and official resources

In the exercise of his or her discretionary powers, the public official should ensure that on the one hand the staff, and on the other hand the public property, facilities, services and financial resources with which he or she is entrusted are managed and used effectively, efficiently and economically. They should not be used for private purposes except when permission is lawfully given.

Article 24 – Integrity checking

1. The public official who has responsibilities for recruitment, promotion or posting should ensure that appropriate checks on the integrity of the candidate are carried out as lawfully required.
2. If the result of any such check makes him or her uncertain as to how to proceed, he or she should seek appropriate advice.

Article 25 – Supervisory accountability

1. The public official who supervises or manages other public officials should do so in accordance with the policies and purposes of the public authority for which he or she works. He or she should be answerable for acts or omissions by his or her staff which are not consistent with those policies and purposes if he or she has not taken those reasonable steps required from a person in his or her position to prevent such acts or omissions.
2. The public official who supervises or manages other public officials should take reasonable steps to prevent corruption by his or her staff in relation to his or her office. These steps may include emphasising and enforcing rules and regulations, providing appropriate education or training, being alert to signs of financial or other difficulties of his or her staff, and providing by his or her personal conduct an example of propriety and integrity.

Article 26 – Leaving the public service

1. The public official should not take improper advantage of his or her public office to obtain the opportunity of employment outside the public service.
2. The public official should not allow the prospect of other employment to create for him or her an actual, potential or apparent conflict of interest. He or she should immediately disclose to his or her supervisor any concrete offer of employment that could create a conflict of interest. He or she should also disclose to his or her superior his or her acceptance of any offer of employment.

3. In accordance with the law, for an appropriate period of time, the former public official should not act for any person or body in respect of any matter on which he or she acted for, or advised, the public service and which would result in a particular benefit to that person or body.
4. The former public official should not use or disclose confidential information acquired by him or her as a public official unless lawfully authorised to do so.
5. The public official should comply with any lawful rules that apply to him or her regarding the acceptance of appointments on leaving the public service.

Article 27 – Dealing with former public officials

The public official should not give preferential treatment or privileged access to the public service to former public officials.

Article 28 – Observance of this Code and sanctions

1. This Code is issued under the authority of the minister or of the head of the public service. The public official has a duty to conduct himself or herself in accordance with this Code and therefore to keep himself or herself informed of its provisions and any amendments. He or she should seek advice from an appropriate source when he or she is unsure of how to proceed.
2. Subject to Article 2, paragraph 2, the provisions of this Code form part of the terms of employment of the public official. Breach of them may result in disciplinary action.
3. The public official who negotiates terms of employment should include in them a provision to the effect that this Code is to be observed and forms part of such terms.
4. The public official who supervises or manages other public officials has the responsibility to see that they observe this Code and to take or propose appropriate disciplinary action for breaches of it.
5. The public administration will regularly review the provisions of this Code.

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Further Information

Council of Europe
Committee of Ministers
Web site: <https://wcm.coe.int/rsi/cm/index.jsp>

Model Code of Conduct for Public Officials text on-line: <http://cm.coe.int/ta/rec/2000/2000r10.htm>

Nolan Committee's Seven Principles of Public Life

The Seven Principles of Public Life were developed by the Nolan Committee in the UK in 1995 and are included in Transparency International's best practice documentation.

Seven Principles of Public Life

Selflessness

Holders of public office should take decisions solely in terms of the public interest. They should not do so in order to gain financial or other material benefits for themselves, their family, or their friends.

Integrity

Holders of public office should not place themselves under any financial or other obligation to outside individuals or organizations that might influence them in the performance of their official duties.

Objectivity

In carrying out public business, including making public appointments, awarding contracts, or recommending individuals for rewards and benefits, holders of public office should make choices on merit.

Accountability

Holders of public office are accountable for their decisions and actions to the public and must submit themselves to whatever scrutiny is appropriate to their office.

Openness

Holders of public office should be as open as possible about all the decisions and actions that they take. They should give reasons for their decisions and restrict information only when the wider public interest clearly demands.

Honesty

Holders of public office have a duty to declare any private interests relating to their public duties and to take steps to resolve any conflicts arising in a way that protects the public interest.

Leadership

Holders of public office should promote and support these principles by leadership and example. These principles apply to all aspects of public life.

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Transparency International

<http://www.transparency.org/>

Document on the web: http://www.transparency.org/working_papers/carney/App1-nolan-report.html

UN International Code of Conduct for Public Officials

Adopted by the UN General Assembly on December 12, 1996. Although non-binding, this code represents a broad agreement from the international community on the conduct of public officials.

The General Assembly,

Concerned at the seriousness of problems posed by corruption, which may endanger the stability and security of societies, undermine the values of democracy and morality and jeopardize social, economic and political development,

Also concerned about the links between corruption and other forms of crime, in particular organized crime and economic crime, including money-laundering,

Convinced that, since corruption is a phenomenon that currently crosses national borders and affects all societies and economies, international cooperation to prevent and control it is essential,

Convinced also of the need to provide, upon request, technical assistance designed to improve public management systems and to enhance accountability and transparency,

Recalling the Inter-American Convention against Corruption, adopted by the Organization of American States at the Specialized Conference for Consideration of the Draft Inter-American Convention against Corruption, held at Caracas from 27 to 29 March 1996,

Recalling also its resolutions 45/121 of 14 December 1990 and 46/152 of 18 December 1991, and Economic and Social Council resolutions 1992/22 of 30 July 1992, 1993/32 of 27 July 1993 and 1994/19 of 25 July 1994,

Recalling in particular its resolution 50/225 of 19 April 1996, adopted at its resumed session, on public administration and development,

Recalling Economic and Social Council resolution 1995/14 of 24 July 1995 on action against corruption,

Recalling also the work carried out by other international and regional organizations in this field, including the activities of the Council of Europe, the European Union, the Organisation for Economic Cooperation and Development and the Organization of American States,

1. Takes note of the report of the Secretary-General on action against corruption submitted to the Commission on Crime Prevention and Criminal Justice at its fifth session;

2. Adopts the International Code of Conduct for Public Officials annexed to the present resolution, and recommends it to Member States as a tool to guide their efforts against corruption;

3. Requests the Secretary-General to distribute the International Code of Conduct to all States and to include it in the manual on practical measures against corruption, to be revised and expanded pursuant to Economic and Social Council resolution 1995/14, with a view to offering both those tools to States in the context of advisory services, training and other technical assistance activities;

4. Also requests the Secretary-General to continue to collect information and legislative and regulatory texts from States and relevant intergovernmental organizations, in the context of his continuing study of the problem of corruption;

5. Further requests the Secretary-General, in consultation with States, relevant intergovernmental and non-governmental organizations, as well as in cooperation with the institutes comprising the United Nations Crime Prevention and Criminal Justice Programme network, to elaborate an implementation plan and submit it to the Commission on Crime Prevention and Criminal Justice at its sixth session, in conjunction with his report to be submitted pursuant to Economic and Social Council resolution 1995/14;

6. Urges States, relevant intergovernmental and non-governmental organizations, as well as the institutes comprising the United Nations Crime Prevention and Criminal Justice Programme network, to extend to the Secretary-General their full support in elaborating the implementation plan and in implementing paragraph 4 above;

7. Urges Member States carefully to consider the problems posed by the international aspects of corrupt practices, especially as regards international economic activities carried out by corporate entities, and to study appropriate legislative and regulatory measures to ensure the transparency and integrity of financial systems and transactions carried out by such corporate entities;

8. Requests the Secretary-General to intensify his efforts to closely cooperate with other entities of the United Nations system and other relevant international organizations and to more effectively coordinate activities undertaken in this area;

9. Also requests the Secretary-General, subject to the availability of extrabudgetary resources, to provide increased advisory services and technical assistance to Member States, at their request, in particular in the elaboration of national strategies, the elaboration or improvement of legislative and regulatory measures, the establishment or strengthening of national capacities to prevent and control corruption, as well as in training and upgrading skills of relevant personnel;

10. Calls upon States, relevant international organizations and financing institutions to extend to the Secretary-General their full support and assistance in the implementation of the present resolution;

11. Requests the Commission on Crime Prevention and Criminal Justice to keep the issue of action against corruption under regular review.

ANNEX

International Code of Conduct for Public Officials

I. GENERAL PRINCIPLES

1. A public office, as defined by national law, is a position of trust, implying a duty to act in the public interest. Therefore, the ultimate loyalty of public officials shall be to the public interests of their country as expressed through the democratic institutions of government.

2. Public officials shall ensure that they perform their duties and functions efficiently, effectively and with integrity, in accordance with laws or administrative policies. They shall at all times seek to ensure that public resources for which they are responsible are administered in the most effective and efficient manner.

3. Public officials shall be attentive, fair and impartial in the performance of their functions and, in particular, in their relations with the public. They shall at no time afford any undue preferential treatment to any group or individual or improperly discriminate against any group or individual, or otherwise abuse the power and authority vested in them.

II. CONFLICT OF INTEREST AND DISQUALIFICATION

4. Public officials shall not use their official authority for the improper advancement of their own or their family's personal or financial interest. They shall not engage in any transaction, acquire any position or function or have any financial, commercial or other comparable interest that is incompatible with their office, functions and duties or the discharge thereof.

5. Public officials, to the extent required by their position, shall, in accordance with laws or administrative policies, declare business, commercial and financial interests or activities undertaken for financial gain that may raise a possible conflict of interest. In situations of possible or perceived conflict of interest between the duties and private interests of public officials, they shall comply with the measures established to reduce or eliminate such conflict of interest.

6. Public officials shall at no time improperly use public moneys, property, services or information that is acquired in the performance of, or as a result of, their official duties for activities not related to their official work.

7. Public officials shall comply with measures established by law or by administrative policies in order that after leaving their official positions they will not take improper advantage of their previous office.

III. DISCLOSURE OF ASSETS

8. Public officials shall, in accord with their position and as permitted or required by law and administrative policies, comply with requirements to declare or to disclose personal assets and liabilities, as well as, if possible, those of their spouses and/or dependants.

IV. ACCEPTANCE OF GIFTS OR OTHER FAVOURS

9. Public officials shall not solicit or receive directly or indirectly any gift or other favour that may influence the exercise of their functions, the performance of their duties or their judgement.

V. CONFIDENTIAL INFORMATION

10. Matters of a confidential nature in the possession of public officials shall be kept confidential unless national legislation, the performance of duty or the needs of justice strictly require otherwise. Such restrictions shall also apply after separation from service.

VI. POLITICAL ACTIVITY

11. The political or other activity of public officials outside the scope of their office shall, in accordance with laws and administrative policies, not be such as to impair public confidence in the impartial performance of their functions and duties.

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Further information

Document on the web: <http://www.un.org/documents/ga/res/51/a51r059.htm>

Human Rights

Amnesty International Human Rights Principles for Companies

1998

Amnesty International intends this checklist to be a working document which will be revised and updated on the basis of discussion and experience.

1. COMPANY POLICY ON HUMAN RIGHTS

All companies should adopt an explicit company policy on human rights which includes public support for the Universal Declaration of Human Rights. Companies should establish procedures to ensure that all operations are examined for their potential impact on human rights, and safeguards to ensure that company staff are never complicit in human rights abuses. The company policy should enable discussion with the authorities at local, provincial and national levels of specific cases of human rights violations and the need for safeguards to protect human rights. It should enable the establishment of programs for the effective human rights education and training of all employees within the company and encourage collective action in business associations to promote respect for international human rights standards.

2. SECURITY

All companies should ensure that any security arrangements protect human rights and are consistent with international standards for law enforcement. Any security personnel employed or contracted should be adequately trained. Procedures should be consistent with the United Nations (UN) Basic Principles on the Use of Force and Firearms by Law Enforcement Officials and the UN Code of Conduct for Law Enforcement Officials. They should include measures to prevent excessive force, as well as torture or cruel, inhuman or degrading treatment. Companies should develop clear rules for calling in or contracting with state security forces and for not hiring security personnel who have been responsible for serious human rights violations. Any complaint about security procedures or personnel should be promptly and independently investigated. Companies which supply military, security or police products or services should take stringent steps to prevent those products and services from being misused to commit human rights violations.

3. COMMUNITY ENGAGEMENT

All companies should take reasonable steps to ensure that their operations do not have a negative impact on the enjoyment of human rights by the communities in which they operate. This should include a willingness to meet with community leaders and voluntary organizations to discuss the role of the company within the broader community. Companies should seek to support activities and organizations which promote human rights, for example by supporting education, training or citizenship programs which incorporate human rights issues and organizations which defend human rights.

4. FREEDOM FROM DISCRIMINATION

All companies should ensure that their policies and practices prevent discrimination based on ethnic origin, sex, colour, language, national or social origin, economic status, religion, political or other conscientiously held beliefs, birth or other status. This should include recruitment, promotion, remuneration, working conditions, customer relations and the practices of contractors, suppliers and partners. It should include measures to deal with sexual or racial harassment, and to prohibit national, racial or religious hatred.

5. FREEDOM FROM SLAVERY

All companies should ensure that their policies and practices prohibit the use of chattel slaves, forced labour, bonded child labourers or coerced prison labour. This should include ensuring that suppliers, partners or contractors do not use such labour.

6. HEALTH AND SAFETY

All companies should ensure that their policies and practices provide for safe and healthy working conditions and products. The company should not engage in or support the use of corporal punishment, mental or physical coercion, or verbal abuse.

7. FREEDOM OF ASSOCIATION AND THE RIGHT TO COLLECTIVE BARGAINING

All companies should ensure that all employees are able to exercise their rights to freedom of expression, peaceful assembly and association, as well as a fair means of collective bargaining without discrimination, including the right to form trade unions and to strike. Companies have a responsibility to ensure such rights for their employees even if such rights are not protected in a particular country's national law. Companies should take steps to ensure that suppliers, partners or contractors do not infringe such rights.

8. FAIR WORKING CONDITIONS

All companies should ensure just and favourable conditions of work, reasonable job security and fair and adequate remuneration and benefits. This should include provision for an adequate standard of living for employees and their families. Companies should take steps to ensure that suppliers, partners or contractors do not infringe such rights.

9. MONITORING HUMAN RIGHTS

All companies should establish mechanisms to monitor effectively all their operations' compliance with codes of conduct and international human rights standards. Such mechanisms must be credible and all reports must periodically be independently verifiable in a similar way to the auditing of accounts or the quality of products and services. Other stakeholders such as members of local communities in which the company operates and voluntary organizations should have an opportunity to contribute in order to ensure transparency and credibility.

More Information

Background information on the international human rights standards on which this checklist is based is included in the website under the Appendix: 'Human Rights Principles for Companies: Sources in International Human Rights Standards':
<http://web.amnesty.org/library/Index/engACT700011998>

Amnesty International <http://www.amnesty.org/>

UN Code of Conduct for Law Enforcement Officials

Adopted by General Assembly resolution 34/169 of 17 December 1979

Article 1

Law enforcement officials shall at all times fulfil the duty imposed upon them by law, by serving the community and by protecting all persons against illegal acts, consistent with the high degree of responsibility required by their profession. Commentary:

(a) The term "law enforcement officials", includes all officers of the law, whether appointed or elected, who exercise police powers, especially the powers of arrest or detention.

(b) In countries where police powers are exercised by military authorities, whether uniformed or not, or by State security forces, the definition of law enforcement officials shall be regarded as including officers of such services.

(c) Service to the community is intended to include particularly the rendition of services of assistance to those members of the community who by reason of personal, economic, social or other emergencies are in need of immediate aid.

(d) This provision is intended to cover not only all violent, predatory and harmful acts, but extends to the full range of prohibitions under penal statutes. It extends to conduct by persons not capable of incurring criminal liability.

Article 2

In the performance of their duty, law enforcement officials shall respect and protect human dignity and maintain and uphold the human rights of all persons.

Commentary:

(a) The human rights in question are identified and protected by national and international law. Among the relevant international instruments are the Universal Declaration of Human Rights, the International Covenant on Civil and Political Rights, the Declaration on the Protection of All Persons from Being Subjected to Torture and Other Cruel, Inhuman or Degrading Treatment or Punishment, the United Nations Declaration on the Elimination of All Forms of Racial Discrimination, the International Convention on the Elimination of All Forms of Racial Discrimination, the International Convention on the Suppression and Punishment of the Crime of Apartheid, the Convention on the Prevention and Punishment of the Crime of Genocide, the Standard Minimum Rules for the Treatment of Prisoners and the Vienna Convention on Consular Relations.

(b) National commentaries to this provision should indicate regional or national provisions identifying and protecting these rights.

Article 3

Law enforcement officials may use force only when strictly necessary and to the extent required for the performance of their duty.

Commentary:

(a) This provision emphasizes that the use of force by law enforcement officials should be exceptional; while it implies that law enforcement officials may be authorized to use force as is reasonably necessary under the circumstances for the prevention of crime or in effecting or assisting in the lawful arrest of offenders or suspected offenders, no force going beyond that may be used.

(b) National law ordinarily restricts the use of force by law enforcement officials in accordance with a principle of proportionality. It is to be understood that such national principles of proportionality are to be respected in the interpretation of this provision. In no case should this provision be interpreted to authorize the use of force which is disproportionate to the legitimate objective to be achieved.

(c) The use of firearms is considered an extreme measure. Every effort should be made to exclude the use of firearms, especially against children. In general, firearms should not be used except when a suspected offender offers armed resistance or otherwise jeopardizes the lives of others and less extreme measures are not sufficient to restrain or apprehend the suspected offender. In every instance in which a firearm is discharged, a report should be made promptly to the competent authorities.

Article 4

Matters of a confidential nature in the possession of law enforcement officials shall be kept confidential, unless the performance of duty or the needs of justice strictly require otherwise.

Commentary:

By the nature of their duties, law enforcement officials obtain information which may relate to private lives or be potentially harmful to the interests, and especially the reputation, of others. Great care should be exercised in safeguarding and using such information, which should be disclosed only in the performance of duty or to serve the needs of justice. Any disclosure of such information for other purposes is wholly improper.

Article 5

No law enforcement official may inflict, instigate or tolerate any act of torture or other cruel, inhuman or degrading treatment or punishment, nor may any law enforcement official invoke superior orders or exceptional circumstances such as a state of war or a threat of war, a threat to national security, internal political instability or any other public emergency as a justification of torture or other cruel, inhuman or degrading treatment or punishment.

Commentary:

(a) This prohibition derives from the Declaration on the Protection of All Persons from Being Subjected to Torture and Other Cruel, Inhuman or Degrading Treatment or Punishment, adopted by the General Assembly, according to which: "[Such an act is] an offence to human dignity and

shall be condemned as a denial of the purposes of the Charter of the United Nations and as a violation of the human rights and fundamental freedoms proclaimed in the Universal Declaration of Human Rights [and other international human rights instruments]."

(b) The Declaration defines torture as follows:

". . . torture means any act by which severe pain or suffering, whether physical or mental, is intentionally inflicted by or at the instigation of a public official on a person for such purposes as obtaining from him or a third person information or confession, punishing him for an act he has committed or is suspected of having committed, or intimidating him or other persons. It does not include pain or suffering arising only from, inherent in or incidental to, lawful sanctions to the extent consistent with the Standard Minimum Rules for the Treatment of Prisoners."

(c) The term "cruel, inhuman or degrading treatment or punishment" has not been defined by the General Assembly but should be interpreted so as to extend the widest possible protection against abuses, whether physical or mental.

Article 6

Law enforcement officials shall ensure the full protection of the health of persons in their custody and, in particular, shall take immediate action to secure medical attention whenever required.

Commentary:

(a) "Medical attention", which refers to services rendered by any medical personnel, including certified medical practitioners and paramedics, shall be secured when needed or requested.

(b) While the medical personnel are likely to be attached to the law enforcement operation, law enforcement officials must take into account the judgement of such personnel when they recommend providing the person in custody with appropriate treatment through, or in consultation with, medical personnel from outside the law enforcement operation.

(c) It is understood that law enforcement officials shall also secure medical attention for victims of violations of law or of accidents occurring in the course of violations of law.

Article 7

Law enforcement officials shall not commit any act of corruption. They shall also rigorously oppose and combat all such acts.

Commentary:

(a) Any act of corruption, in the same way as any other abuse of authority, is incompatible with the profession of law enforcement officials. The law must be enforced fully with respect to any law enforcement official who commits an act of corruption, as Governments cannot expect to enforce the law among their citizens if they cannot, or will not, enforce the law against their own agents and within their agencies.

(b) While the definition of corruption must be subject to national law, it should be understood to encompass the commission or omission of an act in the performance of or in connection with one's duties, in response to gifts, promises or incentives demanded or accepted, or the wrongful receipt of these once the act has been committed or omitted.

(c) The expression "act of corruption" referred to above should be understood to encompass attempted corruption.

Article 8

Law enforcement officials shall respect the law and the present Code. They shall also, to the best of their capability, prevent and rigorously oppose any violations of them.

Law enforcement officials who have reason to believe that a violation of the present Code has occurred or is about to occur shall report the matter to their superior authorities and, where necessary, to other appropriate authorities or organs vested with reviewing or remedial power.

Commentary:

(a) This Code shall be observed whenever it has been incorporated into national legislation or practice. If legislation or practice contains stricter provisions than those of the present Code, those stricter provisions shall be observed.

(b) The article seeks to preserve the balance between the need for internal discipline of the agency on which public safety is largely dependent, on the one hand, and the need for dealing with violations of basic human rights, on the other. Law enforcement officials shall report violations within the chain of command and take other lawful action outside the chain of command only when no other remedies are available or effective. It is understood that law enforcement officials shall not suffer administrative or other penalties because they have reported that a violation of this Code has occurred or is about to occur.

(c) The term "appropriate authorities or organs vested with reviewing or remedial power" refers to any authority or organ existing under national law, whether internal to the law enforcement agency or independent thereof, with statutory, customary or other power to review grievances and complaints arising out of violations within the purview of this Code.

(d) In some countries, the mass media may be regarded as performing complaint review functions similar to those described in subparagraph (c) above. Law enforcement officials may, therefore, be justified if, as a last resort and in accordance with the laws and customs of their own countries and with the provisions of article 4 of the present Code, they bring violations to the attention of public opinion through the mass media.

(e) Law enforcement officials who comply with the provisions of this Code deserve the respect, the full support and the co-operation of the community and of the law enforcement agency in which they serve, as well as the law enforcement profession.

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Further information:

Document on the web: http://www.unhchr.ch/html/menu3/b/h_comp42.htm

UN Basic Principles on the Use of Force and Firearms by Law Enforcement Officials

Adopted by the Eighth United Nations Congress on the Prevention of Crime and the Treatment of Offenders, Havana, Cuba, 27 August to 7 September 1990.

Whereas the work of law enforcement officials ^{*} is a social service of great importance and there is, therefore, a need to maintain and, whenever necessary, to improve the working conditions and status of these officials,

Whereas a threat to the life and safety of law enforcement officials must be seen as a threat to the stability of society as a whole,

Whereas law enforcement officials have a vital role in the protection of the right to life, liberty and security of the person, as guaranteed in the Universal Declaration of Human Rights and reaffirmed in the International Covenant on Civil and Political Rights,

Whereas the Standard Minimum Rules for the Treatment of Prisoners provide for the circumstances in which prison officials may use force in the course of their duties,

Whereas article 3 of the Code of Conduct for Law Enforcement Officials provides that law enforcement officials may use force only when strictly necessary and to the extent required for the performance of their duty,

Whereas the preparatory meeting for the Seventh United Nations Congress on the Prevention of Crime and the Treatment of Offenders, held at Varenna, Italy, agreed on elements to be considered in the course of further work on restraints on the use of force and firearms by law enforcement officials,

Whereas the Seventh Congress, in its resolution 14, inter alia, emphasizes that the use of force and firearms by law enforcement officials should be commensurate with due respect for human rights,

Whereas the Economic and Social Council, in its resolution 1986/10, section IX, of 21 May 1986, invited Member States to pay particular attention in the implementation of the Code to the use of force and firearms by law enforcement officials, and the General Assembly, in its resolution 41/149 of 4 December 1986, inter alia, welcomed this recommendation made by the Council,

Whereas it is appropriate that, with due regard to their personal safety, consideration be given to the role of law enforcement officials in relation to the administration of justice, to the protection of the right to life, liberty and security of the person, to their responsibility to maintain public safety and social peace and to the importance of their qualifications, training and conduct,

The basic principles set forth below, which have been formulated to assist Member States in their task of ensuring and promoting the proper role of law enforcement officials, should be taken into account and respected by Governments within the framework of their national legislation and practice, and be brought to the attention of law enforcement officials as well as other persons,

such as judges, prosecutors, lawyers, members of the executive branch and the legislature, and the public.

General provisions

1. Governments and law enforcement agencies shall adopt and implement rules and regulations on the use of force and firearms against persons by law enforcement officials. In developing such rules and regulations, Governments and law enforcement agencies shall keep the ethical issues associated with the use of force and firearms constantly under review.
2. Governments and law enforcement agencies should develop a range of means as broad as possible and equip law enforcement officials with various types of weapons and ammunition that would allow for a differentiated use of force and firearms. These should include the development of non-lethal incapacitating weapons for use in appropriate situations, with a view to increasingly restraining the application of means capable of causing death or injury to persons. For the same purpose, it should also be possible for law enforcement officials to be equipped with self-defensive equipment such as shields, helmets, bullet-proof vests and bullet-proof means of transportation, in order to decrease the need to use weapons of any kind.
3. The development and deployment of non-lethal incapacitating weapons should be carefully evaluated in order to minimize the risk of endangering uninvolved persons, and the use of such weapons should be carefully controlled.
4. Law enforcement officials, in carrying out their duty, shall, as far as possible, apply non-violent means before resorting to the use of force and firearms. They may use force and firearms only if other means remain ineffective or without any promise of achieving the intended result.
5. Whenever the lawful use of force and firearms is unavoidable, law enforcement officials shall:
 - (a) Exercise restraint in such use and act in proportion to the seriousness of the offence and the legitimate objective to be achieved;
 - (b) Minimize damage and injury, and respect and preserve human life;
 - (c) Ensure that assistance and medical aid are rendered to any injured or affected persons at the earliest possible moment;
 - (d) Ensure that relatives or close friends of the injured or affected person are notified at the earliest possible moment.
6. Where injury or death is caused by the use of force and firearms by law enforcement officials, they shall report the incident promptly to their superiors, in accordance with principle 22.
7. Governments shall ensure that arbitrary or abusive use of force and firearms by law enforcement officials is punished as a criminal offence under their law.
8. Exceptional circumstances such as internal political instability or any other public emergency may not be invoked to justify any departure from these basic principles.

Special provisions

9. Law enforcement officials shall not use firearms against persons except in self-defence or defence of others against the imminent threat of death or serious injury, to prevent the perpetration of a particularly serious crime involving grave threat to life, to arrest a person presenting such a danger and resisting their authority, or to prevent his or her escape, and only when less extreme means are insufficient to achieve these objectives. In any event, intentional lethal use of firearms may only be made when strictly unavoidable in order to protect life.

10. In the circumstances provided for under principle 9, law enforcement officials shall identify themselves as such and give a clear warning of their intent to use firearms, with sufficient time for the warning to be observed, unless to do so would unduly place the law enforcement officials at risk or would create a risk of death or serious harm to other persons, or would be clearly inappropriate or pointless in the circumstances of the incident.

11. Rules and regulations on the use of firearms by law enforcement officials should include guidelines that:

(a) Specify the circumstances under which law enforcement officials are authorized to carry firearms and prescribe the types of firearms and ammunition permitted;

(b) Ensure that firearms are used only in appropriate circumstances and in a manner likely to decrease the risk of unnecessary harm;

(c) Prohibit the use of those firearms and ammunition that cause unwarranted injury or present an unwarranted risk;

(d) Regulate the control, storage and issuing of firearms, including procedures for ensuring that law enforcement officials are accountable for the firearms and ammunition issued to them;

(e) Provide for warnings to be given, if appropriate, when firearms are to be discharged;

(f) Provide for a system of reporting whenever law enforcement officials use firearms in the performance of their duty.

Policing unlawful assemblies

12. As everyone is allowed to participate in lawful and peaceful assemblies, in accordance with the principles embodied in the Universal Declaration of Human Rights and the International Covenant on Civil and Political Rights, Governments and law enforcement agencies and officials shall recognize that force and firearms may be used only in accordance with principles 13 and 14.

13. In the dispersal of assemblies that are unlawful but non-violent, law enforcement officials shall avoid the use of force or, where that is not practicable, shall restrict such force to the minimum extent necessary.

14. In the dispersal of violent assemblies, law enforcement officials may use firearms only when less dangerous means are not practicable and only to the minimum extent necessary. Law enforcement officials shall not use firearms in such cases, except under the conditions stipulated in principle 9.

Policing persons in custody or detention

15. Law enforcement officials, in their relations with persons in custody or detention, shall not use force, except when strictly necessary for the maintenance of security and order within the institution, or when personal safety is threatened.

16. Law enforcement officials, in their relations with persons in custody or detention, shall not use firearms, except in self-defence or in the defence of others against the immediate threat of death or serious injury, or when strictly necessary to prevent the escape of a person in custody or detention presenting the danger referred to in principle 9.

17. The preceding principles are without prejudice to the rights, duties and responsibilities of prison officials, as set out in the Standard Minimum Rules for the Treatment of Prisoners, particularly rules 33, 34 and 54.

Qualifications, training and counselling

18. Governments and law enforcement agencies shall ensure that all law enforcement officials are selected by proper screening procedures, have appropriate moral, psychological and physical qualities for the effective exercise of their functions and receive continuous and thorough professional training. Their continued fitness to perform these functions should be subject to periodic review.

19. Governments and law enforcement agencies shall ensure that all law enforcement officials are provided with training and are tested in accordance with appropriate proficiency standards in the use of force. Those law enforcement officials who are required to carry firearms should be authorized to do so only upon completion of special training in their use.

20. In the training of law enforcement officials, Governments and law enforcement agencies shall give special attention to issues of police ethics and human rights, especially in the investigative process, to alternatives to the use of force and firearms, including the peaceful settlement of conflicts, the understanding of crowd behaviour, and the methods of persuasion, negotiation and mediation, as well as to technical means, with a view to limiting the use of force and firearms. Law enforcement agencies should review their training programmes and operational procedures in the light of particular incidents.

21. Governments and law enforcement agencies shall make stress counselling available to law enforcement officials who are involved in situations where force and firearms are used.

Reporting and review procedures

22. Governments and law enforcement agencies shall establish effective reporting and review procedures for all incidents referred to in principles 6 and 11 (f). For incidents reported pursuant to these principles, Governments and law enforcement agencies shall ensure that an effective review process is available and that independent administrative or prosecutorial authorities are in a position to exercise jurisdiction in appropriate circumstances. In cases of death and serious injury or other grave consequences, a detailed report shall be sent promptly to the competent authorities responsible for administrative review and judicial control.

23. Persons affected by the use of force and firearms or their legal representatives shall have access to an independent process, including a judicial process. In the event of the death of such persons, this provision shall apply to their dependants accordingly.

24. Governments and law enforcement agencies shall ensure that superior officers are held responsible if they know, or should have known, that law enforcement officials under their command are resorting, or have resorted, to the unlawful use of force and firearms, and they did not take all measures in their power to prevent, suppress or report such use.

25. Governments and law enforcement agencies shall ensure that no criminal or disciplinary sanction is imposed on law enforcement officials who, in compliance with the Code of Conduct for Law Enforcement Officials and these basic principles, refuse to carry out an order to use force and firearms, or who report such use by other officials.

26. Obedience to superior orders shall be no defence if law enforcement officials knew that an order to use force and firearms resulting in the death or serious injury of a person was manifestly unlawful and had a reasonable opportunity to refuse to follow it. In any case, responsibility also rests on the superiors who gave the unlawful orders.

Note:

* In accordance with the commentary to article 1 of the Code of Conduct for Law Enforcement Officials, the term "law enforcement officials" includes all officers of the law, whether appointed or elected, who exercise police powers, especially the powers of arrest or detention. In countries where police powers are exercised by military authorities, whether uniformed or not, or by State security forces, the definition of law enforcement officials shall be regarded as including officers of such services.

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Further Information:

Document on the web: http://www.unhcr.ch/html/menu3/b/h_comp43.htm

UN Convention against Torture and Other Cruel, Inhuman or Degrading Treatment or Punishment

Adopted and opened for signature, ratification and accession by General Assembly resolution 39/46 of 10 December 1984. Entry into force 26 June 1987.

The States Parties to this Convention,

Considering that, in accordance with the principles proclaimed in the Charter of the United Nations, recognition of the equal and inalienable rights of all members of the human family is the foundation of freedom, justice and peace in the world,

Recognizing that those rights derive from the inherent dignity of the human person,

Considering the obligation of States under the Charter, in particular Article 55, to promote universal respect for, and observance of, human rights and fundamental freedoms,

Having regard to article 5 of the Universal Declaration of Human Rights and article 7 of the International Covenant on Civil and Political Rights, both of which provide that no one shall be subjected to torture or to cruel, inhuman or degrading treatment or punishment,

Having regard also to the Declaration on the Protection of All Persons from Being Subjected to Torture and Other Cruel, Inhuman or Degrading Treatment or Punishment, adopted by the General Assembly on 9 December 1975,

Desiring to make more effective the struggle against torture and other cruel, inhuman or degrading treatment or punishment throughout the world,

Have agreed as follows:

PART I

Article 1

1. For the purposes of this Convention, the term "torture" means any act by which severe pain or suffering, whether physical or mental, is intentionally inflicted on a person for such purposes as obtaining from him or a third person information or a confession, punishing him for an act he or a third person has committed or is suspected of having committed, or intimidating or coercing him or a third person, or for any reason based on discrimination of any kind, when such pain or suffering is inflicted by or at the instigation of or with the consent or acquiescence of a public official or other person acting in an official capacity. It does not include pain or suffering arising only from, inherent in or incidental to lawful sanctions.

2. This article is without prejudice to any international instrument or national legislation which does or may contain provisions of wider application.

Article 2

1. Each State Party shall take effective legislative, administrative, judicial or other measures to prevent acts of torture in any territory under its jurisdiction.

2. No exceptional circumstances whatsoever, whether a state of war or a threat of war, internal political instability or any other public emergency, may be invoked as a justification of torture.

3. An order from a superior officer or a public authority may not be invoked as a justification of torture.

Article 3

1. No State Party shall expel, return ("refouler") or extradite a person to another State where there are substantial grounds for believing that he would be in danger of being subjected to torture.

2. For the purpose of determining whether there are such grounds, the competent authorities shall take into account all relevant considerations including, where applicable, the existence in the State concerned of a consistent pattern of gross, flagrant or mass violations of human rights.

Article 4

1. Each State Party shall ensure that all acts of torture are offences under its criminal law. The same shall apply to an attempt to commit torture and to an act by any person which constitutes complicity or participation in torture.

2. Each State Party shall make these offences punishable by appropriate penalties which take into account their grave nature.

Article 5

1. Each State Party shall take such measures as may be necessary to establish its jurisdiction over the offences referred to in article 4 in the following cases:

(a) When the offences are committed in any territory under its jurisdiction or on board a ship or aircraft registered in that State;

(b) When the alleged offender is a national of that State;

(c) When the victim is a national of that State if that State considers it appropriate.

2. Each State Party shall likewise take such measures as may be necessary to establish its jurisdiction over such offences in cases where the alleged offender is present in any territory under its jurisdiction and it does not extradite him pursuant to article 8 to any of the States mentioned in paragraph 1 of this article.

3. This Convention does not exclude any criminal jurisdiction exercised in accordance with internal law.

Article 6

1. Upon being satisfied, after an examination of information available to it, that the circumstances so warrant, any State Party in whose territory a person alleged to have committed any offence referred to in article 4 is present shall take him into custody or take other legal measures to ensure his presence. The custody and other legal measures shall be as provided in the law of that State but may be continued only for such time as is necessary to enable any criminal or extradition proceedings to be instituted.

2. Such State shall immediately make a preliminary inquiry into the facts.

3. Any person in custody pursuant to paragraph 1 of this article shall be assisted in communicating immediately with the nearest appropriate representative of the State of which he is a national, or, if he is a stateless person, with the representative of the State where he usually resides.

4. When a State, pursuant to this article, has taken a person into custody, it shall immediately notify the States referred to in article 5, paragraph 1, of the fact that such person is in custody and of the circumstances which warrant his detention. The State which makes the preliminary inquiry contemplated in paragraph 2 of this article shall promptly report its findings to the said States and shall indicate whether it intends to exercise jurisdiction.

Article 7

1. The State Party in the territory under whose jurisdiction a person alleged to have committed any offence referred to in article 4 is found shall in the cases contemplated in article 5, if it does not extradite him, submit the case to its competent authorities for the purpose of prosecution.

2. These authorities shall take their decision in the same manner as in the case of any ordinary offence of a serious nature under the law of that State. In the cases referred to in article 5, paragraph 2, the standards of evidence required for prosecution and conviction shall in no way be less stringent than those which apply in the cases referred to in article 5, paragraph 1.

3. Any person regarding whom proceedings are brought in connection with any of the offences referred to in article 4 shall be guaranteed fair treatment at all stages of the proceedings.

Article 8

1. The offences referred to in article 4 shall be deemed to be included as extraditable offences in any extradition treaty existing between States Parties. States Parties undertake to include such offences as extraditable offences in every extradition treaty to be concluded between them.

2. If a State Party which makes extradition conditional on the existence of a treaty receives a request for extradition from another State Party with which it has no extradition treaty, it may consider this Convention as the legal basis for extradition in respect of such offences. Extradition shall be subject to the other conditions provided by the law of the requested State.

3. States Parties which do not make extradition conditional on the existence of a treaty shall recognize such offences as extraditable offences between themselves subject to the conditions provided by the law of the requested State.

4. Such offences shall be treated, for the purpose of extradition between States Parties, as if they had been committed not only in the place in which they occurred but also in the territories of the States required to establish their jurisdiction in accordance with article 5, paragraph 1.

Article 9

1. States Parties shall afford one another the greatest measure of assistance in connection with criminal proceedings brought in respect of any of the offences referred to in article 4, including the supply of all evidence at their disposal necessary for the proceedings.

2. States Parties shall carry out their obligations under paragraph 1 of this article in conformity with any treaties on mutual judicial assistance that may exist between them.

Article 10

1. Each State Party shall ensure that education and information regarding the prohibition against torture are fully included in the training of law enforcement personnel, civil or military, medical personnel, public officials and other persons who may be involved in the custody, interrogation or treatment of any individual subjected to any form of arrest, detention or imprisonment.

2. Each State Party shall include this prohibition in the rules or instructions issued in regard to the duties and functions of any such person.

Article 11

Each State Party shall keep under systematic review interrogation rules, instructions, methods and practices as well as arrangements for the custody and treatment of persons subjected to any form of arrest, detention or imprisonment in any territory under its jurisdiction, with a view to preventing any cases of torture.

Article 12

Each State Party shall ensure that its competent authorities proceed to a prompt and impartial investigation, wherever there is reasonable ground to believe that an act of torture has been committed in any territory under its jurisdiction.

Article 13

Each State Party shall ensure that any individual who alleges he has been subjected to torture in any territory under its jurisdiction has the right to complain to, and to have his case promptly and impartially examined by, its competent authorities. Steps shall be taken to ensure that the complainant and witnesses are protected against all ill-treatment or intimidation as a consequence of his complaint or any evidence given.

Article 14

1. Each State Party shall ensure in its legal system that the victim of an act of torture obtains redress and has an enforceable right to fair and adequate compensation, including the means for as full rehabilitation as possible. In the event of the death of the victim as a result of an act of torture, his dependants shall be entitled to compensation.

2. Nothing in this article shall affect any right of the victim or other persons to compensation which may exist under national law.

Article 15

Each State Party shall ensure that any statement which is established to have been made as a result of torture shall not be invoked as evidence in any proceedings, except against a person accused of torture as evidence that the statement was made.

Article 16

1. Each State Party shall undertake to prevent in any territory under its jurisdiction other acts of cruel, inhuman or degrading treatment or punishment which do not amount to torture as defined in article I, when such acts are committed by or at the instigation of or with the consent or acquiescence of a public official or other person acting in an official capacity. In particular, the obligations contained in articles 10, 11, 12 and 13 shall apply with the substitution for references to torture of references to other forms of cruel, inhuman or degrading treatment or punishment.
2. The provisions of this Convention are without prejudice to the provisions of any other international instrument or national law which prohibits cruel, inhuman or degrading treatment or punishment or which relates to extradition or expulsion.

PART II

Article 17

1. There shall be established a Committee against Torture (hereinafter referred to as the Committee) which shall carry out the functions hereinafter provided. The Committee shall consist of ten experts of high moral standing and recognized competence in the field of human rights, who shall serve in their personal capacity. The experts shall be elected by the States Parties, consideration being given to equitable geographical distribution and to the usefulness of the participation of some persons having legal experience.
2. The members of the Committee shall be elected by secret ballot from a list of persons nominated by States Parties. Each State Party may nominate one person from among its own nationals. States Parties shall bear in mind the usefulness of nominating persons who are also members of the Human Rights Committee established under the International Covenant on Civil and Political Rights and who are willing to serve on the Committee against Torture.
3. Elections of the members of the Committee shall be held at biennial meetings of States Parties convened by the Secretary-General of the United Nations. At those meetings, for which two thirds of the States Parties shall constitute a quorum, the persons elected to the Committee shall be those who obtain the largest number of votes and an absolute majority of the votes of the representatives of States Parties present and voting.
4. The initial election shall be held no later than six months after the date of the entry into force of this Convention. At least four months before the date of each election, the Secretary-General of the United Nations shall address a letter to the States Parties inviting them to submit their nominations within three months. The Secretary-General shall prepare a list in alphabetical order of all persons thus nominated, indicating the States Parties which have nominated them, and shall submit it to the States Parties.
5. The members of the Committee shall be elected for a term of four years. They shall be eligible for re-election if renominated. However, the term of five of the members elected at the first election shall expire at the end of two years; immediately after the first election the names of these five members shall be chosen by lot by the chairman of the meeting referred to in paragraph 3 of this article.
6. If a member of the Committee dies or resigns or for any other cause can no longer perform his Committee duties, the State Party which nominated him shall appoint another expert from among its nationals to serve for the remainder of his term, subject to the approval of the majority of the States Parties. The approval shall be considered given unless half or more of the States Parties respond negatively within six weeks after having been informed by the Secretary-General of the United Nations of the proposed appointment.

7. States Parties shall be responsible for the expenses of the members of the Committee while they are in performance of Committee duties. (amendment (see General Assembly resolution 47/111 of 16 December 1992);

Article 18

1. The Committee shall elect its officers for a term of two years. They may be re-elected.
2. The Committee shall establish its own rules of procedure, but these rules shall provide, inter alia, that:
 - (a) Six members shall constitute a quorum;
 - (b) Decisions of the Committee shall be made by a majority vote of the members present.
3. The Secretary-General of the United Nations shall provide the necessary staff and facilities for the effective performance of the functions of the Committee under this Convention.
4. The Secretary-General of the United Nations shall convene the initial meeting of the Committee. After its initial meeting, the Committee shall meet at such times as shall be provided in its rules of procedure.
5. The States Parties shall be responsible for expenses incurred in connection with the holding of meetings of the States Parties and of the Committee, including reimbursement to the United Nations for any expenses, such as the cost of staff and facilities, incurred by the United Nations pursuant to paragraph 3 of this article. (amendment (see General Assembly resolution 47/111 of 16 December 1992);

Article 19

1. The States Parties shall submit to the Committee, through the Secretary-General of the United Nations, reports on the measures they have taken to give effect to their undertakings under this Convention, within one year after the entry into force of the Convention for the State Party concerned. Thereafter the States Parties shall submit supplementary reports every four years on any new measures taken and such other reports as the Committee may request.
2. The Secretary-General of the United Nations shall transmit the reports to all States Parties.
3. Each report shall be considered by the Committee which may make such general comments on the report as it may consider appropriate and shall forward these to the State Party concerned. That State Party may respond with any observations it chooses to the Committee.
4. The Committee may, at its discretion, decide to include any comments made by it in accordance with paragraph 3 of this article, together with the observations thereon received from the State Party concerned, in its annual report made in accordance with article 24. If so requested by the State Party concerned, the Committee may also include a copy of the report submitted under paragraph 1 of this article.

Article 20

1. If the Committee receives reliable information which appears to it to contain well-founded indications that torture is being systematically practised in the territory of a State Party, the Committee shall invite that State Party to co-operate in the examination of the

information and to this end to submit observations with regard to the information concerned.

2. Taking into account any observations which may have been submitted by the State Party concerned, as well as any other relevant information available to it, the Committee may, if it decides that this is warranted, designate one or more of its members to make a confidential inquiry and to report to the Committee urgently.

3. If an inquiry is made in accordance with paragraph 2 of this article, the Committee shall seek the co-operation of the State Party concerned. In agreement with that State Party, such an inquiry may include a visit to its territory.

4. After examining the findings of its member or members submitted in accordance with paragraph 2 of this article, the Commission shall transmit these findings to the State Party concerned together with any comments or suggestions which seem appropriate in view of the situation.

5. All the proceedings of the Committee referred to in paragraphs 1 to 4 of this article shall be confidential, and at all stages of the proceedings the co-operation of the State Party shall be sought. After such proceedings have been completed with regard to an inquiry made in accordance with paragraph 2, the Committee may, after consultations with the State Party concerned, decide to include a summary account of the results of the proceedings in its annual report made in accordance with article 24.

Article 21

1. A State Party to this Convention may at any time declare under this article that it recognizes the competence of the Committee to receive and consider communications to the effect that a State Party claims that another State Party is not fulfilling its obligations under this Convention. Such communications may be received and considered according to the procedures laid down in this article only if submitted by a State Party which has made a declaration recognizing in regard to itself the competence of the Committee. No communication shall be dealt with by the Committee under this article if it concerns a State Party which has not made such a declaration. Communications received under this article shall be dealt with in accordance with the following procedure;

(a) If a State Party considers that another State Party is not giving effect to the provisions of this Convention, it may, by written communication, bring the matter to the attention of that State Party. Within three months after the receipt of the communication the receiving State shall afford the State which sent the communication an explanation or any other statement in writing clarifying the matter, which should include, to the extent possible and pertinent, reference to domestic procedures and remedies taken, pending or available in the matter;

(b) If the matter is not adjusted to the satisfaction of both States Parties concerned within six months after the receipt by the receiving State of the initial communication, either State shall have the right to refer the matter to the Committee, by notice given to the Committee and to the other State;

(c) The Committee shall deal with a matter referred to it under this article only after it has ascertained that all domestic remedies have been invoked and exhausted in the matter, in conformity with the generally recognized principles of international law. This shall not be the rule where the application of the remedies is unreasonably prolonged or is unlikely to bring effective relief to the person who is the victim of the violation of this Convention;

(d) The Committee shall hold closed meetings when examining communications under this article;

(e) Subject to the provisions of subparagraph (c), the Committee shall make available its good offices to the States Parties concerned with a view to a friendly solution of the matter on the basis of respect for the obligations provided for in this Convention. For this purpose, the Committee may, when appropriate, set up an ad hoc conciliation commission;

(f) In any matter referred to it under this article, the Committee may call upon the States Parties concerned, referred to in subparagraph (b), to supply any relevant information;

(g) The States Parties concerned, referred to in subparagraph (b), shall have the right to be represented when the matter is being considered by the Committee and to make submissions orally and/or in writing;

(h) The Committee shall, within twelve months after the date of receipt of notice under subparagraph (b), submit a report:

(i) If a solution within the terms of subparagraph (e) is reached, the Committee shall confine its report to a brief statement of the facts and of the solution reached;

(ii) If a solution within the terms of subparagraph (e) is not reached, the Committee shall confine its report to a brief statement of the facts; the written submissions and record of the oral submissions made by the States Parties concerned shall be attached to the report.

In every matter, the report shall be communicated to the States Parties concerned.

2. The provisions of this article shall come into force when five States Parties to this Convention have made declarations under paragraph 1 of this article. Such declarations shall be deposited by the States Parties with the Secretary-General of the United Nations, who shall transmit copies thereof to the other States Parties. A declaration may be withdrawn at any time by notification to the Secretary-General. Such a withdrawal shall not prejudice the consideration of any matter which is the subject of a communication already transmitted under this article; no further communication by any State Party shall be received under this article after the notification of withdrawal of the declaration has been received by the Secretary-General, unless the State Party concerned has made a new declaration.

Article 22

1. A State Party to this Convention may at any time declare under this article that it recognizes the competence of the Committee to receive and consider communications from or on behalf of individuals subject to its jurisdiction who claim to be victims of a violation by a State Party of the provisions of the Convention. No communication shall be received by the Committee if it concerns a State Party which has not made such a declaration.

2. The Committee shall consider inadmissible any communication under this article which is anonymous or which it considers to be an abuse of the right of submission of such communications or to be incompatible with the provisions of this Convention.

3. Subject to the provisions of paragraph 2, the Committee shall bring any communications submitted to it under this article to the attention of the State Party to this Convention which has made a declaration under paragraph 1 and is alleged to be violating any provisions of the Convention. Within six months, the receiving State shall submit to the Committee written explanations or statements clarifying the matter and the remedy, if any, that may have been taken by that State.

4. The Committee shall consider communications received under this article in the light of all information made available to it by or on behalf of the individual and by the State Party concerned.

5. The Committee shall not consider any communications from an individual under this article unless it has ascertained that:

(a) The same matter has not been, and is not being, examined under another procedure of international investigation or settlement;

(b) The individual has exhausted all available domestic remedies; this shall not be the rule where the application of the remedies is unreasonably prolonged or is unlikely to bring effective relief to the person who is the victim of the violation of this Convention.

6. The Committee shall hold closed meetings when examining communications under this article.

7. The Committee shall forward its views to the State Party concerned and to the individual.

8. The provisions of this article shall come into force when five States Parties to this Convention have made declarations under paragraph 1 of this article. Such declarations shall be deposited by the States Parties with the Secretary-General of the United Nations, who shall transmit copies thereof to the other States Parties. A declaration may be withdrawn at any time by notification to the Secretary-General. Such a withdrawal shall not prejudice the consideration of any matter which is the subject of a communication already transmitted under this article; no further communication by or on behalf of an individual shall be received under this article after the notification of withdrawal of the declaration has been received by the Secretary General, unless the State Party has made a new declaration.

Article 23

The members of the Committee and of the ad hoc conciliation commissions which may be appointed under article 21, paragraph 1 (e), shall be entitled to the facilities, privileges and immunities of experts on mission for the United Nations as laid down in the relevant sections of the Convention on the Privileges and Immunities of the United Nations.

Article 24

The Committee shall submit an annual report on its activities under this Convention to the States Parties and to the General Assembly of the United Nations.

PART III

Article 25

1. This Convention is open for signature by all States. 2. This Convention is subject to ratification. Instruments of ratification shall be deposited with the Secretary-General of the United Nations.

Article 26

This Convention is open to accession by all States. Accession shall be effected by the deposit of an instrument of accession with the Secretary General of the United Nations.

Article 27

1. This Convention shall enter into force on the thirtieth day after the date of the deposit with the Secretary-General of the United Nations of the twentieth instrument of ratification or accession.
2. For each State ratifying this Convention or acceding to it after the deposit of the twentieth instrument of ratification or accession, the Convention shall enter into force on the thirtieth day after the date of the deposit of its own instrument of ratification or accession.

Article 28

1. Each State may, at the time of signature or ratification of this Convention or accession thereto, declare that it does not recognize the competence of the Committee provided for in article 20.
2. Any State Party having made a reservation in accordance with paragraph 1 of this article may, at any time, withdraw this reservation by notification to the Secretary-General of the United Nations.

Article 29

1. Any State Party to this Convention may propose an amendment and file it with the Secretary-General of the United Nations. The Secretary General shall thereupon communicate the proposed amendment to the States Parties with a request that they notify him whether they favour a conference of States Parties for the purpose of considering an d voting upon the proposal. In the event that within four months from the date of such communication at least one third of the States Parties favours such a conference, the Secretary General shall convene the conference under the auspices of the United Nations. Any amendment adopted by a majority of the States Parties present and voting at the conference shall be submitted by the Secretary-General to all the States Parties for acceptance.
2. An amendment adopted in accordance with paragraph 1 of this article shall enter into force when two thirds of the States Parties to this Convention have notified the Secretary-General of the United Nations that they have accepted it in accordance with their respective constitutional processes.
3. When amendments enter into force, they shall be binding on those States Parties which have accepted them, other States Parties still being bound by the provisions of this Convention and any earlier amendments which they have accepted.

Article 30

1. Any dispute between two or more States Parties concerning the interpretation or application of this Convention which cannot be settled through negotiation shall, at the request of one of them, be submitted to arbitration. If within six months from the date of the request for arbitration the Parties are unable to agree on the organization of the arbitration, any one of those Parties may refer the dispute to the International Court of Justice by request in conformity with the Statute of the Court.
2. Each State may, at the time of signature or ratification of this Convention or accession thereto, declare that it does not consider itself bound by paragraph 1 of this article. The other States Parties shall not be bound by paragraph 1 of this article with respect to any State Party having made such a reservation.

3. Any State Party having made a reservation in accordance with paragraph 2 of this article may at any time withdraw this reservation by notification to the Secretary-General of the United Nations.

Article 31

1. A State Party may denounce this Convention by written notification to the Secretary-General of the United Nations. Denunciation becomes effective one year after the date of receipt of- the notification by the Secretary-General .
2. Such a denunciation shall not have the effect of releasing the State Party from its obligations under this Convention in regard to any act or omission which occurs prior to the date at which the denunciation becomes effective, nor shall denunciation prejudice in any way the continued consideration of any matter which is already under consideration by the Committee prior to the date at which the denunciation becomes effective.
3. Following the date at which the denunciation of a State Party becomes effective, the Committee shall not commence consideration of any new matter regarding that State.

Article 32

The Secretary-General of the United Nations shall inform all States Members of the United Nations and all States which have signed this Convention or acceded to it of the following:

- (a) Signatures, ratifications and accessions under articles 25 and 26;
- (b) The date of entry into force of this Convention under article 27 and the date of the entry into force of any amendments under article 29;
- (c) Denunciations under article 31.

Article 33

1. This Convention, of which the Arabic, Chinese, English, French, Russian and Spanish texts are equally authentic, shall be deposited with the Secretary-General of the United Nations.
2. The Secretary-General of the United Nations shall transmit certified copies of this Convention to all States.

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More Information

UNHCR web site: http://www.unhcr.ch/html/menu3/b/h_cat39.htm.

UN Convention on the Elimination of All Forms of Racial Discrimination

Adopted and opened for signature and ratification by General Assembly resolution 2106 (XX) of 21 December 1965. Entry into force 4 January 1969.

The States Parties to this Convention,

Considering that the Charter of the United Nations is based on the principles of the dignity and equality inherent in all human beings, and that all Member States have pledged themselves to take joint and separate action, in co-operation with the Organization, for the achievement of one of the purposes of the United Nations which is to promote and encourage universal respect for and observance of human rights and fundamental freedoms for all, without distinction as to race, sex, language or religion,

Considering that the Universal Declaration of Human Rights proclaims that all human beings are born free and equal in dignity and rights and that everyone is entitled to all the rights and freedoms set out therein, without distinction of any kind, in particular as to race, colour or national origin,

Considering that all human beings are equal before the law and are entitled to equal protection of the law against any discrimination and against any incitement to discrimination,

Considering that the United Nations has condemned colonialism and all practices of segregation and discrimination associated therewith, in whatever form and wherever they exist, and that the Declaration on the Granting of Independence to Colonial Countries and Peoples of 14 December 1960 (General Assembly resolution 1514 (XV)) has affirmed and solemnly proclaimed the necessity of bringing them to a speedy and unconditional end,

Considering that the United Nations Declaration on the Elimination of All Forms of Racial Discrimination of 20 November 1963 (General Assembly resolution 1904 (XVIII)) solemnly affirms the necessity of speedily eliminating racial discrimination throughout the world in all its forms and manifestations and of securing understanding of and respect for the dignity of the human person,

Convinced that any doctrine of superiority based on racial differentiation is scientifically false, morally condemnable, socially unjust and dangerous, and that there is no justification for racial discrimination, in theory or in practice, anywhere,

Reaffirming that discrimination between human beings on the grounds of race, colour or ethnic origin is an obstacle to friendly and peaceful relations among nations and is capable of disturbing peace and security among peoples and the harmony of persons living side by side even within one and the same State,

Convinced that the existence of racial barriers is repugnant to the ideals of any human society,

Alarmed by manifestations of racial discrimination still in evidence in some areas of the world and by governmental policies based on racial superiority or hatred, such as policies of apartheid, segregation or separation,

Resolved to adopt all necessary measures for speedily eliminating racial discrimination in all its forms and manifestations, and to prevent and combat racist doctrines and practices in order to promote understanding between races and to build an international community free from all forms of racial segregation and racial discrimination,

Bearing in mind the Convention concerning Discrimination in respect of Employment and Occupation adopted by the International Labour Organisation in 1958, and the Convention against Discrimination in Education adopted by the United Nations Educational, Scientific and Cultural Organization in 1960,

Desiring to implement the principles embodied in the United Nations Declaration on the Elimination of All Forms of Racial Discrimination and to secure the earliest adoption of practical measures to that end,

Have agreed as follows:

PART I

Article 1

1. In this Convention, the term "racial discrimination" shall mean any distinction, exclusion, restriction or preference based on race, colour, descent, or national or ethnic origin which has the purpose or effect of nullifying or impairing the recognition, enjoyment or exercise, on an equal footing, of human rights and fundamental freedoms in the political, economic, social, cultural or any other field of public life.
2. This Convention shall not apply to distinctions, exclusions, restrictions or preferences made by a State Party to this Convention between citizens and non-citizens.
3. Nothing in this Convention may be interpreted as affecting in any way the legal provisions of States Parties concerning nationality, citizenship or naturalization, provided that such provisions do not discriminate against any particular nationality.
4. Special measures taken for the sole purpose of securing adequate advancement of certain racial or ethnic groups or individuals requiring such protection as may be necessary in order to ensure such groups or individuals equal enjoyment or exercise of human rights and fundamental freedoms shall not be deemed racial discrimination, provided, however, that such measures do not, as a consequence, lead to the maintenance of separate rights for different racial groups and that they shall not be continued after the objectives for which they were taken have been achieved.

Article 2

1. States Parties condemn racial discrimination and undertake to pursue by all appropriate means and without delay a policy of eliminating racial discrimination in all its forms and promoting understanding among all races, and, to this end:
 - (a) Each State Party undertakes to engage in no act or practice of racial discrimination against persons, groups of persons or institutions and to ensure that all public authorities and public institutions, national and local, shall act in conformity with this obligation;
 - (b) Each State Party undertakes not to sponsor, defend or support racial discrimination by any persons or organizations;
 - (c) Each State Party shall take effective measures to review governmental, national and local policies, and to amend, rescind or nullify any laws and regulations which have the effect of creating or perpetuating racial discrimination wherever it exists;
 - (d) Each State Party shall prohibit and bring to an end, by all appropriate means, including legislation as required by circumstances, racial discrimination by any persons, group or organization;
 - (e) Each State Party undertakes to encourage, where appropriate, integrationist multiracial organizations and movements and other means of eliminating barriers

between races, and to discourage anything which tends to strengthen racial division.

2. States Parties shall, when the circumstances so warrant, take, in the social, economic, cultural and other fields, special and concrete measures to ensure the adequate development and protection of certain racial groups or individuals belonging to them, for the purpose of guaranteeing them the full and equal enjoyment of human rights and fundamental freedoms. These measures shall in no case entail as a consequence the maintenance of unequal or separate rights for different racial groups after the objectives for which they were taken have been achieved.

Article 3

States Parties particularly condemn racial segregation and apartheid and undertake to prevent, prohibit and eradicate all practices of this nature in territories under their jurisdiction.

Article 4

States Parties condemn all propaganda and all organizations which are based on ideas or theories of superiority of one race or group of persons of one colour or ethnic origin, or which attempt to justify or promote racial hatred and discrimination in any form, and undertake to adopt immediate and positive measures designed to eradicate all incitement to, or acts of, such discrimination and, to this end, with due regard to the principles embodied in the Universal Declaration of Human Rights and the rights expressly set forth in article 5 of this Convention, inter alia:

(a) Shall declare an offence punishable by law all dissemination of ideas based on racial superiority or hatred, incitement to racial discrimination, as well as all acts of violence or incitement to such acts against any race or group of persons of another colour or ethnic origin, and also the provision of any assistance to racist activities, including the financing thereof;

(b) Shall declare illegal and prohibit organizations, and also organized and all other propaganda activities, which promote and incite racial discrimination, and shall recognize participation in such organizations or activities as an offence punishable by law;

(c) Shall not permit public authorities or public institutions, national or local, to promote or incite racial discrimination.

Article 5

In compliance with the fundamental obligations laid down in article 2 of this Convention, States Parties undertake to prohibit and to eliminate racial discrimination in all its forms and to guarantee the right of everyone, without distinction as to race, colour, or national or ethnic origin, to equality before the law, notably in the enjoyment of the following rights:

(a) The right to equal treatment before the tribunals and all other organs administering justice;

(b) The right to security of person and protection by the State against violence or bodily harm, whether inflicted by government officials or by any individual group or institution;

(c) Political rights, in particular the right to participate in elections-to vote and to stand for election-on the basis of universal and equal suffrage, to take part in the Government as well as in the conduct of public affairs at any level and to have equal access to public service;

(d) Other civil rights, in particular:

(i) The right to freedom of movement and residence within the border of the State;

(ii) The right to leave any country, including one's own, and to return to one's country;

(iii) The right to nationality;

(iv) The right to marriage and choice of spouse;

(v) The right to own property alone as well as in association with others;

(vi) The right to inherit;

(vii) The right to freedom of thought, conscience and religion;

(viii) The right to freedom of opinion and expression;

(ix) The right to freedom of peaceful assembly and association;

(e) Economic, social and cultural rights, in particular:

(i) The rights to work, to free choice of employment, to just and favourable conditions of work, to protection against unemployment, to equal pay for equal work, to just and favourable remuneration;

(ii) The right to form and join trade unions;

(iii) The right to housing;

(iv) The right to public health, medical care, social security and social services;

(v) The right to education and training;

(vi) The right to equal participation in cultural activities;

(f) The right of access to any place or service intended for use by the general public, such as transport hotels, restaurants, cafes, theatres and parks.

Article 6

States Parties shall assure to everyone within their jurisdiction effective protection and remedies, through the competent national tribunals and other State institutions, against any acts of racial discrimination which violate his human rights and fundamental freedoms contrary to this Convention, as well as the right to seek from such tribunals just and adequate reparation or satisfaction for any damage suffered as a result of such discrimination.

Article 7

States Parties undertake to adopt immediate and effective measures, particularly in the fields of teaching, education, culture and information, with a view to combating prejudices which lead to racial discrimination and to promoting understanding, tolerance and friendship among nations and racial or ethnical groups, as well as to propagating the purposes and principles of the Charter of the United Nations, the Universal Declaration of Human Rights, the United Nations Declaration on the Elimination of All Forms of Racial Discrimination, and this Convention.

PART II

Article 8

1. There shall be established a Committee on the Elimination of Racial Discrimination (hereinafter referred to as the Committee) consisting of eighteen experts of high moral standing and acknowledged impartiality elected by States Parties from among their nationals, who shall serve in their personal capacity, consideration being given to equitable geographical distribution and to the representation of the different forms of civilization as well as of the principal legal systems.
2. The members of the Committee shall be elected by secret ballot from a list of persons nominated by the States Parties. Each State Party may nominate one person from among its own nationals.
3. The initial election shall be held six months after the date of the entry into force of this Convention. At least three months before the date of each election the Secretary-General of the United Nations shall address a letter to the States Parties inviting them to submit their nominations within two months. The Secretary-General shall prepare a list in alphabetical order of all persons thus nominated, indicating the States Parties which have nominated them, and shall submit it to the States Parties.
4. Elections of the members of the Committee shall be held at a meeting of States Parties convened by the Secretary-General at United Nations Headquarters. At that meeting, for which two thirds of the States Parties shall constitute a quorum, the persons elected to the Committee shall be nominees who obtain the largest number of votes and an absolute majority of the votes of the representatives of States Parties present and voting.
5.
 - (a) The members of the Committee shall be elected for a term of four years. However, the terms of nine of the members elected at the first election shall expire at the end of two years; immediately after the first election the names of these nine members shall be chosen by lot by the Chairman of the Committee;
 - (b) For the filling of casual vacancies, the State Party whose expert has ceased to function as a member of the Committee shall appoint another expert from among its nationals, subject to the approval of the Committee.
6. States Parties shall be responsible for the expenses of the members of the Committee while they are in performance of Committee duties. (amendment (see General Assembly resolution 47/111 of 16 December 1992).

Article 9

1. States Parties undertake to submit to the Secretary-General of the United Nations, for consideration by the Committee, a report on the legislative, judicial, administrative or other measures which they have adopted and which give effect to the provisions of this Convention:
 - (a) within one year after the entry into force of the Convention for the State concerned; and

(b) thereafter every two years and whenever the Committee so requests. The Committee may request further information from the States Parties.

2. The Committee shall report annually, through the Secretary General, to the General Assembly of the United Nations on its activities and may make suggestions and general recommendations based on the examination of the reports and information received from the States Parties. Such suggestions and general recommendations shall be reported to the General Assembly together with comments, if any, from States Parties.

Article 10

1. The Committee shall adopt its own rules of procedure.
2. The Committee shall elect its officers for a term of two years.
3. The secretariat of the Committee shall be provided by the Secretary General of the United Nations.
4. The meetings of the Committee shall normally be held at United Nations Headquarters.

Article 11

1. If a State Party considers that another State Party is not giving effect to the provisions of this Convention, it may bring the matter to the attention of the Committee. The Committee shall then transmit the communication to the State Party concerned. Within three months, the receiving State shall submit to the Committee written explanations or statements clarifying the matter and the remedy, if any, that may have been taken by that State.
2. If the matter is not adjusted to the satisfaction of both parties, either by bilateral negotiations or by any other procedure open to them, within six months after the receipt by the receiving State of the initial communication, either State shall have the right to refer the matter again to the Committee by notifying the Committee and also the other State.
3. The Committee shall deal with a matter referred to it in accordance with paragraph 2 of this article after it has ascertained that all available domestic remedies have been invoked and exhausted in the case, in conformity with the generally recognized principles of international law. This shall not be the rule where the application of the remedies is unreasonably prolonged.
4. In any matter referred to it, the Committee may call upon the States Parties concerned to supply any other relevant information.
5. When any matter arising out of this article is being considered by the Committee, the States Parties concerned shall be entitled to send a representative to take part in the proceedings of the Committee, without voting rights, while the matter is under consideration.

Article 12

1.
 - (a) After the Committee has obtained and collated all the information it deems necessary, the Chairman shall appoint an ad hoc Conciliation Commission (hereinafter referred to as the Commission) comprising five persons who may or may not be members of the Committee. The members of the Commission shall be appointed with the unanimous consent of the parties to the dispute, and its

good offices shall be made available to the States concerned with a view to an amicable solution of the matter on the basis of respect for this Convention;

(b) If the States parties to the dispute fail to reach agreement within three months on all or part of the composition of the Commission, the members of the Commission not agreed upon by the States parties to the dispute shall be elected by secret ballot by a two-thirds majority vote of the Committee from among its own members.

2. The members of the Commission shall serve in their personal capacity. They shall not be nationals of the States parties to the dispute or of a State not Party to this Convention.
3. The Commission shall elect its own Chairman and adopt its own rules of procedure.
4. The meetings of the Commission shall normally be held at United Nations Headquarters or at any other convenient place as determined by the Commission.
5. The secretariat provided in accordance with article 10, paragraph 3, of this Convention shall also service the Commission whenever a dispute among States Parties brings the Commission into being.
6. The States parties to the dispute shall share equally all the expenses of the members of the Commission in accordance with estimates to be provided by the Secretary-General of the United Nations.
7. The Secretary-General shall be empowered to pay the expenses of the members of the Commission, if necessary, before reimbursement by the States parties to the dispute in accordance with paragraph 6 of this article.
8. The information obtained and collated by the Committee shall be made available to the Commission, and the Commission may call upon the States concerned to supply any other relevant information.

Article 13

1. When the Commission has fully considered the matter, it shall prepare and submit to the Chairman of the Committee a report embodying its findings on all questions of fact relevant to the issue between the parties and containing such recommendations as it may think proper for the amicable solution of the dispute.
2. The Chairman of the Committee shall communicate the report of the Commission to each of the States parties to the dispute. These States shall, within three months, inform the Chairman of the Committee whether or not they accept the recommendations contained in the report of the Commission.
3. After the period provided for in paragraph 2 of this article, the Chairman of the Committee shall communicate the report of the Commission and the declarations of the States Parties concerned to the other States Parties to this Convention.

Article 14

1. A State Party may at any time declare that it recognizes the competence of the Committee to receive and consider communications from individuals or groups of individuals within its jurisdiction claiming to be victims of a violation by that State Party of any of the rights set forth in this Convention. No communication shall be received by the Committee if it concerns a State Party which has not made such a declaration.
2. Any State Party which makes a declaration as provided for in paragraph 1 of this article may establish or indicate a body within its national legal order which shall be competent to receive and consider petitions from individuals and groups of individuals within its

jurisdiction who claim to be victims of a violation of any of the rights set forth in this Convention and who have exhausted other available local remedies.

3. A declaration made in accordance with paragraph 1 of this article and the name of any body established or indicated in accordance with paragraph 2 of this article shall be deposited by the State Party concerned with the Secretary-General of the United Nations, who shall transmit copies thereof to the other States Parties. A declaration may be withdrawn at any time by notification to the Secretary-General, but such a withdrawal shall not affect communications pending before the Committee.

4. A register of petitions shall be kept by the body established or indicated in accordance with paragraph 2 of this article, and certified copies of the register shall be filed annually through appropriate channels with the Secretary-General on the understanding that the contents shall not be publicly disclosed.

5. In the event of failure to obtain satisfaction from the body established or indicated in accordance with paragraph 2 of this article, the petitioner shall have the right to communicate the matter to the Committee within six months.

6.

(a) The Committee shall confidentially bring any communication referred to it to the attention of the State Party alleged to be violating any provision of this Convention, but the identity of the individual or groups of individuals concerned shall not be revealed without his or their express consent. The Committee shall not receive anonymous communications;

(b) Within three months, the receiving State shall submit to the Committee written explanations or statements clarifying the matter and the remedy, if any, that may have been taken by that State.

7.

(a) The Committee shall consider communications in the light of all information made available to it by the State Party concerned and by the petitioner. The Committee shall not consider any communication from a petitioner unless it has ascertained that the petitioner has exhausted all available domestic remedies. However, this shall not be the rule where the application of the remedies is unreasonably prolonged;

(b) The Committee shall forward its suggestions and recommendations, if any, to the State Party concerned and to the petitioner.

8. The Committee shall include in its annual report a summary of such communications and, where appropriate, a summary of the explanations and statements of the States Parties concerned and of its own suggestions and recommendations.

9. The Committee shall be competent to exercise the functions provided for in this article only when at least ten States Parties to this Convention are bound by declarations in accordance with paragraph 1 of this article.

Article 15

1. Pending the achievement of the objectives of the Declaration on the Granting of Independence to Colonial Countries and Peoples, contained in General Assembly resolution 1514 (XV) of 14 December 1960, the provisions of this Convention shall in no way limit the right of petition granted to these peoples by other international instruments or by the United Nations and its specialized agencies.

2.

- (a) The Committee established under article 8, paragraph 1, of this Convention shall receive copies of the petitions from, and submit expressions of opinion and recommendations on these petitions to, the bodies of the United Nations which deal with matters directly related to the principles and objectives of this Convention in their consideration of petitions from the inhabitants of Trust and Non-Self-Governing Territories and all other territories to which General Assembly resolution 1514 (XV) applies, relating to matters covered by this Convention which are before these bodies;
- (b) The Committee shall receive from the competent bodies of the United Nations copies of the reports concerning the legislative, judicial, administrative or other measures directly related to the principles and objectives of this Convention applied by the administering Powers within the Territories mentioned in subparagraph (a) of this paragraph, and shall express opinions and make recommendations to these bodies.
3. The Committee shall include in its report to the General Assembly a summary of the petitions and reports it has received from United Nations bodies, and the expressions of opinion and recommendations of the Committee relating to the said petitions and reports.
4. The Committee shall request from the Secretary-General of the United Nations all information relevant to the objectives of this Convention and available to him regarding the Territories mentioned in paragraph 2 (a) of this article.

Article 16

The provisions of this Convention concerning the settlement of disputes or complaints shall be applied without prejudice to other procedures for settling disputes or complaints in the field of discrimination laid down in the constituent instruments of, or conventions adopted by, the United Nations and its specialized agencies, and shall not prevent the States Parties from having recourse to other procedures for settling a dispute in accordance with general or special international agreements in force between them.

PART III

Article 17

1. This Convention is open for signature by any State Member of the United Nations or member of any of its specialized agencies, by any State Party to the Statute of the International Court of Justice, and by any other State which has been invited by the General Assembly of the United Nations to become a Party to this Convention.
2. This Convention is subject to ratification. Instruments of ratification shall be deposited with the Secretary-General of the United Nations.

Article 18

1. This Convention shall be open to accession by any State referred to in article 17, paragraph 1, of the Convention. 2. Accession shall be effected by the deposit of an instrument of accession with the Secretary-General of the United Nations.

Article 19

1. This Convention shall enter into force on the thirtieth day after the date of the deposit with the Secretary-General of the United Nations of the twenty-seventh instrument of ratification or instrument of accession.

2. For each State ratifying this Convention or acceding to it after the deposit of the twenty-seventh instrument of ratification or instrument of accession, the Convention shall enter into force on the thirtieth day after the date of the deposit of its own instrument of ratification or instrument of accession.

Article 20

1. The Secretary-General of the United Nations shall receive and circulate to all States which are or may become Parties to this Convention reservations made by States at the time of ratification or accession. Any State which objects to the reservation shall, within a period of ninety days from the date of the said communication, notify the Secretary-General that it does not accept it.

2. A reservation incompatible with the object and purpose of this Convention shall not be permitted, nor shall a reservation the effect of which would inhibit the operation of any of the bodies established by this Convention be allowed. A reservation shall be considered incompatible or inhibitive if at least two thirds of the States Parties to this Convention object to it.

3. Reservations may be withdrawn at any time by notification to this effect addressed to the Secretary-General. Such notification shall take effect on the date on which it is received.

Article 21

A State Party may denounce this Convention by written notification to the Secretary-General of the United Nations. Denunciation shall take effect one year after the date of receipt of the notification by the Secretary General.

Article 22

Any dispute between two or more States Parties with respect to the interpretation or application of this Convention, which is not settled by negotiation or by the procedures expressly provided for in this Convention, shall, at the request of any of the parties to the dispute, be referred to the International Court of Justice for decision, unless the disputants agree to another mode of settlement.

Article 23

1. A request for the revision of this Convention may be made at any time by any State Party by means of a notification in writing addressed to the Secretary-General of the United Nations.

2. The General Assembly of the United Nations shall decide upon the steps, if any, to be taken in respect of such a request.

Article 24

The Secretary-General of the United Nations shall inform all States referred to in article 17, paragraph 1, of this Convention of the following particulars:

- (a) Signatures, ratifications and accessions under articles 17 and 18;
- (b) The date of entry into force of this Convention under article 19;
- (c) Communications and declarations received under articles 14, 20 and 23;
- (d) Denunciations under article 21.

Article 25

1. This Convention, of which the Chinese, English, French, Russian and Spanish texts are equally authentic, shall be deposited in the archives of the United Nations.
2. The Secretary-General of the United Nations shall transmit certified copies of this Convention to all States belonging to any of the categories mentioned in article 17, paragraph 1, of the Convention.

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Further information

UNHCR web site: http://www.unhcr.ch/html/menu3/b/d_icerd.htm

UN Convention on the Rights of the Child

The Convention on the Rights of the Child was adopted and opened for signature, ratification and accession by General Assembly resolution 44/25 of 20 November 1989. It entered into force on September 2, 1990.

Preamble

The States Parties to the present Convention,

Considering that, in accordance with the principles proclaimed in the Charter of the United Nations, recognition of the inherent dignity and of the equal and inalienable rights of all members of the human family is the foundation of freedom, justice and peace in the world,

Bearing in mind that the peoples of the United Nations have, in the Charter, reaffirmed their faith in fundamental human rights and in the dignity and worth of the human person and have determined to promote social progress and better standards of life in larger freedom,

Recognizing that the United Nations has, in the Universal Declaration of Human Rights and in the International Covenants on Human Rights, proclaimed and agreed that everyone is entitled to all the rights and freedoms set forth therein, without distinction of any kind, such as race, colour, sex, language, religion, political or other opinion, national or social origin, property, birth or other status,

Recalling that, in the Universal Declaration of Human Rights, the United Nations has proclaimed that childhood is entitled to special care and assistance,

Convinced that the family, as the fundamental group of society and the natural environment for the growth and well-being of all its members and particularly children, should be afforded the necessary protection and assistance so that it can fully assume its responsibilities within the community,

Recognizing that the child, for the full and harmonious development of his or her personality, should grow up in a family environment, in an atmosphere of happiness, love and understanding,

Considering that the child should be fully prepared to live an individual life in society and brought up in the spirit of the ideals proclaimed in the Charter of the United Nations and in particular in the spirit of peace, dignity, tolerance, freedom, equality and solidarity,

Bearing in mind that the need to extend particular care to the child has been stated in the Geneva Declaration of the Rights of the Child of 1924 and in the Declaration of the Rights of the Child adopted by the General Assembly on 20 November 1959 and recognized in the Universal Declaration of Human Rights, in the International Covenant on Civil and Political Rights (in particular in articles 23 and 24), in the International Covenant on Economic, Social and Cultural Rights (in particular in article 10) and in the statutes and relevant instruments of specialized agencies and international organizations concerned with the welfare of children, '

Bearing in mind that, as indicated in the Declaration of the Rights of the Child, "the child, by reason of his physical and mental immaturity, needs special safeguards and care, including appropriate legal protection, before as well as after birth",

Recalling the provisions of the Declaration on Social and Legal Principles relating to the Protection and Welfare of Children, with Special Reference to Foster Placement and Adoption Nationally and Internationally; the United Nations Standard Minimum Rules for the Administration of Juvenile Justice (The Beijing Rules); and the Declaration on the Protection of Women and Children in Emergency and Armed Conflict,

Recognizing that, in all countries in the world, there are children living in exceptionally difficult conditions and that such children need special consideration,

Taking due account of the importance of the traditions and cultural values of each people for the protection and harmonious development of the child,

Recognizing the importance of international co-operation for improving the living conditions of children in every country, in particular in the developing countries,
Have agreed as follows:

Part I

Article 1

For the purposes of the present Convention, a child means every human being below the age of eighteen years unless under the law applicable to the child, majority is attained earlier.

Article 2

1. States Parties shall respect and ensure the rights set forth in the present Convention to each child within their jurisdiction without discrimination of any kind, irrespective of the child's or his or her parent's or legal guardian's race, colour, sex, language, religion, political or other opinion, national, ethnic or social origin, property, disability, birth or other status.
2. States Parties shall take all appropriate measures to ensure that the child is protected against all forms of discrimination or punishment on the basis of the status, activities, expressed opinions, or beliefs of the child's parents, legal guardians, or family members.

Article 3

1. In all actions concerning children, whether undertaken by public or private social welfare institutions, courts of law, administrative authorities or legislative bodies, the best interests of the child shall be a primary consideration.
2. States Parties undertake to ensure the child such protection and care as is necessary for his or her well-being, taking into account the rights and duties of his or her parents, legal guardians, or other individuals legally responsible for him or her, and, to this end, shall take all appropriate legislative and administrative measures.
3. States Parties shall ensure that the institutions, services and facilities responsible for the care or protection of children shall conform with the standards established by competent authorities, particularly in the areas of safety, health, in the number and suitability of their staff, as well as competent supervision.

Article 4

States Parties shall undertake all appropriate legislative, administrative and other measures for the implementation of the rights recognized in the present Convention. With regard to economic,

social and cultural rights, States Parties shall undertake such measures to the maximum extent of their available resources and, where needed, within the framework of international co-operation.

Article 5

States Parties shall respect the responsibilities, rights and duties of parents or, where applicable, the members of the extended family or community as provided for by local custom, legal guardians or other persons legally responsible for the child, to provide, in a manner consistent with the evolving capacities of the child, appropriate direction and guidance in the exercise by the child of the rights recognized in the present Convention.

Article 6

1. States Parties recognize that every child has the inherent right to life.
2. States Parties shall ensure to the maximum extent possible the survival and development of the child.

Article 7

1. The child shall be registered immediately after birth and shall have the right from birth to a name, the right to acquire a nationality and, as far as possible, the right to know and be cared for by his or her parents.
2. States Parties shall ensure the implementation of these rights in accordance with their national law and their obligations under the relevant international instruments in this field, in particular where the child would otherwise be stateless.

Article 8

1. States Parties undertake to respect the right of the child to preserve his or her identity, including nationality, name and family relations as recognized by law without unlawful interference.
2. Where a child is illegally deprived of some or all of the elements of his or her identity, States Parties shall provide appropriate assistance and protection, with a view to re-establishing speedily his or her identity.

Article 9

1. States Parties shall ensure that a child shall not be separated from his or her parents against their will, except when competent authorities subject to judicial review determine, in accordance with applicable law and procedures, that such separation is necessary for the best interests of the child. Such determination may be necessary in a particular case such as one involving abuse or neglect of the child by the parents, or one where the parents are living separately and a decision must be made as to the child's place of residence.
2. In any proceedings pursuant to paragraph 1 of the present article, all interested parties shall be given an opportunity to participate in the proceedings and make their views known.
3. States Parties shall respect the right of the child who is separated from one or both parents to maintain personal relations and direct contact with both parents on a regular basis, except if it is contrary to the child's best interests. 4. Where such separation results from any action initiated by a State Party, such as the detention, imprisonment, exile, deportation or death (including death arising from any cause while the person is in the custody of the State) of one or both parents or of

the child, that State Party shall, upon request, provide the parents, the child or, if appropriate, another member of the family with the essential information concerning the whereabouts of the absent member(s) of the family unless the provision of the information would be detrimental to the well-being of the child. States Parties shall further ensure that the submission of such a request shall of itself entail no adverse consequences for the person(s) concerned.

Article 10

1. In accordance with the obligation of States Parties under article 9, paragraph 1, applications by a child or his or her parents to enter or leave a State Party for the purpose of family reunification shall be dealt with by States Parties in a positive, humane and expeditious manner. States Parties shall further ensure that the submission of such a request shall entail no adverse consequences for the applicants and for the members of their family.

2. A child whose parents reside in different States shall have the right to maintain on a regular basis, save in exceptional circumstances personal relations and direct contacts with both parents. Towards that end and in accordance with the obligation of States Parties under article 9, paragraph 1, States Parties shall respect the right of the child and his or her parents to leave any country, including their own and to enter their own country. The right to leave any country shall be subject only to such restrictions as are prescribed by law and which are necessary to protect the national security, public order (ordre public), public health or morals or the rights and freedoms of others and are consistent with the other rights recognized in the present Convention.

Article 11

1. States Parties shall take measures to combat the illicit transfer and non-return of children abroad.

2. To this end, States Parties shall promote the conclusion of bilateral or multilateral agreements or accession to existing agreements.

Article 12

1. States Parties shall assure to the child who is capable of forming his or her own views the right to express those views freely in all matters affecting the child, the views of the child being given due weight in accordance with the age and maturity of the child.

2. For this purpose, the child shall in particular be provided the opportunity to be heard in any judicial and administrative proceedings affecting the child, either directly, or through a representative or an appropriate body, in a manner consistent with the procedural rules of national law.

Article 13

1. The child shall have the right to freedom of expression; this right shall include freedom to seek, receive and impart information and ideas of all kinds, regardless of frontiers, either orally, in writing or in print, in the form of art, or through any other media of the child's choice.

2. The exercise of this right may be subject to certain restrictions, but these shall only be such as are provided by law and are necessary:

(a) For respect of the rights or reputations of others; or

(b) For the protection of national security or of public order (ordre public), or of public health or morals.

Article 14

1. States Parties shall respect the right of the child to freedom of thought, conscience and religion.
2. States Parties shall respect the rights and duties of the parents and, when applicable, legal guardians, to provide direction to the child in the exercise of his or her right in a manner consistent with the evolving capacities of the child.
3. Freedom to manifest one's religion or beliefs may be subject only to such limitations as are prescribed by law and are necessary to protect public safety, order, health or morals, or the fundamental rights and freedoms of others.

Article 15

1. States Parties recognize the rights of the child to freedom of association and to freedom of peaceful assembly.
2. No restrictions may be placed on the exercise of these rights other than those imposed in conformity with the law and which are necessary in a democratic society in the interests of national security or public safety, public order (ordre public), the protection of public health or morals or the protection of the rights and freedoms of others.

Article 16

1. No child shall be subjected to arbitrary or unlawful interference with his or her privacy, family, home or correspondence, nor to unlawful attacks on his or her honour and reputation.
2. The child has the right to the protection of the law against such interference or attacks.

Article 17

States Parties recognize the important function performed by the mass media and shall ensure that the child has access to information and material from a diversity of national and international sources, especially those aimed at the promotion of his or her social, spiritual and moral well-being and physical and mental health. To this end, States Parties shall:

- (a) Encourage the mass media to disseminate information and material of social and cultural benefit to the child and in accordance with the spirit of article 29;
- (b) Encourage international co-operation in the production, exchange and dissemination of such information and material from a diversity of cultural, national and international sources;
- (c) Encourage the production and dissemination of children's books;
- (d) Encourage the mass media to have particular regard to the linguistic needs of the child who belongs to a minority group or who is indigenous;
- (e) Encourage the development of appropriate guidelines for the protection of the child from information and material injurious to his or her well-being, bearing in mind the provisions of articles 13 and 18.

Article 18

1. States Parties shall use their best efforts to ensure recognition of the principle that both parents have common responsibilities for the upbringing and development of the child. Parents or, as the case may be, legal guardians, have the primary responsibility for the upbringing and development of the child. The best interests of the child will be their basic concern.

2. For the purpose of guaranteeing and promoting the rights set forth in the present Convention, States Parties shall render appropriate assistance to parents and legal guardians in the performance of their child-rearing responsibilities and shall ensure the development of institutions, facilities and services for the care of children.

3. States Parties shall take all appropriate measures to ensure that children of working parents have the right to benefit from child-care services and facilities for which they are eligible.

Article 19

1. States Parties shall take all appropriate legislative, administrative, social and educational measures to protect the child from all forms of physical or mental violence, injury or abuse, neglect or negligent treatment, maltreatment or exploitation, including sexual abuse, while in the care of parent(s), legal guardian(s) or any other person who has the care of the child.

2. Such protective measures should, as appropriate, include effective procedures for the establishment of social programmes to provide necessary support for the child and for those who have the care of the child, as well as for other forms of prevention and for identification, reporting, referral, investigation, treatment and follow-up of instances of child maltreatment described heretofore, and, as appropriate, for judicial involvement.

Article 20

1. A child temporarily or permanently deprived of his or her family environment, or in whose own best interests cannot be allowed to remain in that environment, shall be entitled to special protection and assistance provided by the State.

2. States Parties shall in accordance with their national laws ensure alternative care for such a child.

3. Such care could include, inter alia, foster placement, kafalah of Islamic law, adoption or if necessary placement in suitable institutions for the care of children. When considering solutions, due regard shall be paid to the desirability of continuity in a child's upbringing and to the child's ethnic, religious, cultural and linguistic background.

Article 21

States Parties that recognize and/or permit the system of adoption shall ensure that the best interests of the child shall be the paramount consideration and they shall:

- (a) Ensure that the adoption of a child is authorized only by competent authorities who determine, in accordance with applicable law and procedures and on the basis of all pertinent and reliable information, that the adoption is permissible in view of the child's status concerning parents, relatives and legal guardians and that, if required, the persons concerned have given their informed consent to the adoption on the basis of such counselling as may be necessary;

(b) Recognize that inter-country adoption may be considered as an alternative means of child's care, if the child cannot be placed in a foster or an adoptive family or cannot in any suitable manner be cared for in the child's country of origin; (c) Ensure that the child concerned by inter-country adoption enjoys safeguards and standards equivalent to those existing in the case of national adoption;

(d) Take all appropriate measures to ensure that, in inter-country adoption, the placement does not result in improper financial gain for those involved in it;

(e) Promote, where appropriate, the objectives of the present article by concluding bilateral or multilateral arrangements or agreements and endeavour, within this framework, to ensure that the placement of the child in another country is carried out by competent authorities or organs.

Article 22

1. States Parties shall take appropriate measures to ensure that a child who is seeking refugee status or who is considered a refugee in accordance with applicable international or domestic law and procedures shall, whether unaccompanied or accompanied by his or her parents or by any other person, receive appropriate protection and humanitarian assistance in the enjoyment of applicable rights set forth in the present Convention and in other international human rights or humanitarian instruments to which the said States are Parties.

2. For this purpose, States Parties shall provide, as they consider appropriate, co-operation in any efforts by the United Nations and other competent intergovernmental organizations or non-governmental organizations co-operating with the United Nations to protect and assist such a child and to trace the parents or other members of the family of any refugee child in order to obtain information necessary for reunification with his or her family. In cases where no parents or other members of the family can be found, the child shall be accorded the same protection as any other child permanently or temporarily deprived of his or her family environment for any reason, as set forth in the present Convention.

Article 23

1. States Parties recognize that a mentally or physically disabled child should enjoy a full and decent life, in conditions which ensure dignity, promote self-reliance and facilitate the child's active participation in the community.

2. States Parties recognize the right of the disabled child to special care and shall encourage and ensure the extension, subject to available resources, to the eligible child and those responsible for his or her care, of assistance for which application is made and which is appropriate to the child's condition and to the circumstances of the parents or others caring for the child.

3. Recognizing the special needs of a disabled child, assistance extended in accordance with paragraph 2 of the present article shall be provided free of charge, whenever possible, taking into account the financial resources of the parents or others caring for the child and shall be designed to ensure that the disabled child has effective access to and receives education, training, health care services, rehabilitation services, preparation for employment and recreation opportunities in a manner conducive to the child's achieving the fullest possible social integration and individual development, including his or her cultural and spiritual development

4. States Parties shall promote, in the spirit of international cooperation, the exchange of appropriate information in the field of preventive health care and of medical, psychological and functional treatment of disabled children, including dissemination of and access to information concerning methods of rehabilitation, education and vocational services, with the aim of enabling

States Parties to improve their capabilities and skills and to widen their experience in these areas. In this regard, particular account shall be taken of the needs of developing countries.

Article 24

1. States Parties recognize the right of the child to the enjoyment of the highest attainable standard of health and to facilities for the treatment of illness and rehabilitation of health. States Parties shall strive to ensure that no child is deprived of his or her right of access to such health care services.

2. States Parties shall pursue full implementation of this right and, in particular, shall take appropriate measures:

(a) To diminish infant and child mortality;

(b) To ensure the provision of necessary medical assistance and health care to all children with emphasis on the development of primary health care;

(c) To combat disease and malnutrition, including within the framework of primary health care, through, inter alia, the application of readily available technology and through the provision of adequate nutritious foods and clean drinking-water, taking into consideration the dangers and risks of environmental pollution;

(d) To ensure appropriate pre-natal and post-natal health care for mothers;

(e) To ensure that all segments of society, in particular parents and children, are informed, have access to education and are supported in the use of basic knowledge of child health and nutrition, the advantages of breastfeeding, hygiene and environmental sanitation and the prevention of accidents;

(f) To develop preventive health care, guidance for parents and family planning education and services.

3. States Parties shall take all effective and appropriate measures with a view to abolishing traditional practices prejudicial to the health of children.

4. States Parties undertake to promote and encourage international co-operation with a view to achieving progressively the full realization of the right recognized in the present article. In this regard, particular account shall be taken of the needs of developing countries.

Article 25

States Parties recognize the right of a child who has been placed by the competent authorities for the purposes of care, protection or treatment of his or her physical or mental health, to a periodic review of the treatment provided to the child and all other circumstances relevant to his or her placement.

Article 26

1. States Parties shall recognize for every child the right to benefit from social security, including social insurance and shall take the necessary measures to achieve the full realization of this right in accordance with their national law.

2. The benefits should, where appropriate, be granted, taking into account the resources and the circumstances of the child and persons having responsibility for the maintenance of the child, as

well as any other consideration relevant to an application for benefits made by or on behalf of the child.

Article 27

1. States Parties recognize the right of every child to a standard of living adequate for the child's physical, mental, spiritual, moral and social development.
2. The parent(s) or others responsible for the child have the primary responsibility to secure, within their abilities and financial capacities, the conditions of living necessary for the child's development.
3. States Parties, in accordance with national conditions and within their means, shall take appropriate measures to assist parents and others responsible for the child to implement this right and shall in case of need provide material assistance and support programmes, particularly with regard to nutrition, clothing and housing.
4. States Parties shall take all appropriate measures to secure the recovery of maintenance for the child from the parents or other persons having financial responsibility for the child, both within the State Party and from abroad. In particular, where the person having financial responsibility for the child lives in a State different from that of the child, States Parties shall promote the accession to international agreements or the conclusion of such agreements, as well as the making of other appropriate arrangements.

Article 28

1. States Parties recognize the right of the child to education and with a view to achieving this right progressively and on the basis of equal opportunity, they shall, in particular:
 - (a) Make primary education compulsory and available free to all;
 - (b) Encourage the development of different forms of secondary education, including general and vocational education, make them available and accessible to every child and take appropriate measures such as the introduction of free education and offering financial assistance in case of need;
 - (c) Make higher education accessible to all on the basis of capacity by every appropriate means;
 - (d) Make educational and vocational information and guidance available and accessible to all children;
 - (e) Take measures to encourage regular attendance at schools and the reduction of drop-out rates.
2. States Parties shall take all appropriate measures to ensure that school discipline is administered in a manner consistent with the child's human dignity and in conformity with the present Convention.
3. States Parties shall promote and encourage international cooperation in matters relating to education, in particular with a view to contributing to the elimination of ignorance and illiteracy throughout the world and facilitating access to scientific and technical knowledge and modern teaching methods. In this regard, particular account shall be taken of the needs of developing countries.

Article 29

1. States Parties agree that the education of the child shall be directed to:

(a) The development of the child's personality, talents and mental and physical abilities to their fullest potential;

(b) The development of respect for human rights and fundamental freedoms, and for the principles enshrined in the Charter of the United Nations;

(c) The development of respect for the child's parents, his or her own cultural identity, language and values, for the national values of the country in which the child is living, the country from which he or she may originate, and for civilizations different from his or her own;

(d) The preparation of the child for responsible life in a free society, in the spirit of understanding, peace, tolerance, equality of sexes, and friendship among all peoples, ethnic, national and religious groups and persons of indigenous origin;

(e) The development of respect for the natural environment.

2. No part of the present article or article 28 shall be construed so as to interfere with the liberty of individuals and bodies to establish and direct educational institutions, subject always to the observance of the principle set forth in paragraph 1 of the present article and to the requirements that the education given in such institutions shall conform to such minimum standards as may be laid down by the State.

Article 30

In those States in which ethnic, religious or linguistic minorities or persons of indigenous origin exist, a child belonging to such a minority or who is indigenous shall not be denied the right, in community with other members of his or her group, to enjoy his or her own culture, to profess and practise his or her own religion, or to use his or her own language.

Article 31

1. States Parties recognize the right of the child to rest and leisure, to engage in play and recreational activities appropriate to the age of the child and to participate freely in cultural life and the arts.

2. States Parties shall respect and promote the right of the child to participate fully in cultural and artistic life and shall encourage the provision of appropriate and equal opportunities for cultural, artistic, recreational and leisure activity.

Article 32

1. States Parties recognize the right of the child to be protected from economic exploitation and from performing any work that is likely to be hazardous or to interfere with the child's education, or to be harmful to the child's health or physical, mental, spiritual, moral or social development.

2. States Parties shall take legislative, administrative, social and educational measures to ensure the implementation of the present article. To this end and having regard to the relevant provisions of other international instruments, States Parties shall in particular: (a) Provide for a minimum age or minimum ages for admission to employment;

(b) Provide for appropriate regulation of the hours and conditions of employment;

(c) Provide for appropriate penalties or other sanctions to ensure the effective enforcement of the present article.

Article 33

States Parties shall take all appropriate measures, including legislative, administrative, social and educational measures, to protect children from the illicit use of narcotic drugs and psychotropic substances as defined in the relevant international treaties and to prevent the use of children in the illicit production and trafficking of such substances.

Article 34

States Parties undertake to protect the child from all forms of sexual exploitation and sexual abuse. For these purposes, States Parties shall in particular take all appropriate national, bilateral and multilateral measures to prevent:

(a) The inducement or coercion of a child to engage in any unlawful sexual activity;

(b) The exploitative use of children in prostitution or other unlawful sexual practices;

(c) The exploitative use of children in pornographic performances and materials.

Article 35

States Parties shall take all appropriate national, bilateral and multilateral measures to prevent the abduction of, the sale of or traffic in children for any purpose or in any form.

Article 36

States Parties shall protect the child against all other forms of exploitation prejudicial to any aspects of the child's welfare.

Article 37

States Parties shall ensure that:

(a) No child shall be subjected to torture or other cruel, inhuman or degrading treatment or punishment. Neither capital punishment nor life imprisonment without possibility of release shall be imposed for offences committed by persons below eighteen years of age;

(b) No child shall be deprived of his or her liberty unlawfully or arbitrarily. The arrest, detention or imprisonment of a child shall be in conformity with the law and shall be used only as a measure of last resort and for the shortest appropriate period of time;

(c) Every child deprived of liberty shall be treated with humanity and respect for the inherent dignity of the human person and in a manner which takes into account the needs of persons of his or her age. In particular, every child deprived of liberty shall be separated from adults unless it is considered in the child's best interest not to do so and shall have the right to maintain contact with his or her family through correspondence and visits, save in exceptional circumstances;

(d) Every child deprived of his or her liberty shall have the right to prompt access to legal and other appropriate assistance, as well as the right to challenge the legality of the deprivation of his or her liberty before a court or other competent, independent and impartial authority and to a prompt decision on any such action.

Article 38

1. States Parties undertake to respect and to ensure respect for rules of international humanitarian law applicable to them in armed conflicts which are relevant to the child.
2. States Parties shall take all feasible measures to ensure that persons who have not attained the age of fifteen years do not take a direct part in hostilities.
3. States Parties shall refrain from recruiting any person who has not attained the age of fifteen years into their armed forces. In recruiting among those persons who have attained the age of fifteen years but who have not attained the age of eighteen years, States Parties shall endeavour to give priority to those who are oldest.
4. In accordance with their obligations under international humanitarian law to protect the civilian population in armed conflicts, States Parties shall take all feasible measures to ensure protection and care of children who are affected by an armed conflict.

Article 39

States Parties shall take all appropriate measures to promote physical and psychological recovery and social reintegration of a child victim of: any form of neglect, exploitation, or abuse; torture or any other form of cruel, inhuman or degrading treatment or punishment; or armed conflicts. Such recovery and reintegration shall take place in an environment which fosters the health, self-respect and dignity of the child.

Article 40

1. States Parties recognize the right of every child alleged as, accused of, or recognized as having infringed the penal law to be treated in a manner consistent with the promotion of the child's sense of dignity and worth, which reinforces the child's respect for the human rights and fundamental freedoms of others and which takes into account the child's age and the desirability of promoting the child's reintegration and the child's assuming a constructive role in society.
2. To this end and having regard to the relevant provisions of international instruments, States Parties shall, in particular, ensure that:
 - (a) No child shall be alleged as, be accused of, or recognized as having infringed the penal law by reason of acts or omissions that were not prohibited by national or international law at the time they were committed;
 - (b) Every child alleged as or accused of having infringed the penal law has at least the following guarantees:
 - (i) To be presumed innocent until proven guilty according to law;
 - (ii) To be informed promptly and directly of the charges against him or her, and, if appropriate, through his or her parents or legal guardians and to have legal or other appropriate assistance in the preparation and presentation of his or her defence;

(iii) To have the matter determined without delay by a competent, independent and impartial authority or judicial body in a fair hearing according to law, in the presence of legal or other appropriate assistance and, unless it is considered not to be in the best interest of the child, in particular, taking into account his or her age or situation, his or her parents or legal guardians;

(iv) Not to be compelled to give testimony or to confess guilt; to examine or have examined adverse witnesses and to obtain the participation and examination of witnesses on his or her behalf under conditions of equality;

(v) If considered to have infringed the penal law, to have this decision and any measures imposed in consequence thereof reviewed by a higher competent, independent and impartial authority or judicial body according to law;

(vi) To have the free assistance of an interpreter if the child cannot understand or speak the language used;

(vii) To have his or her privacy fully respected at all stages of the proceedings. 3. States Parties shall seek to promote the establishment of laws, procedures, authorities and institutions specifically applicable to children alleged as, accused of, or recognized as having infringed the penal law, and, in particular:

(c) The establishment of a minimum age below which children shall be presumed not to have the capacity to infringe the penal law;

(d) Whenever appropriate and desirable, measures for dealing with such children without resorting to judicial proceedings, providing that human rights and legal safeguards are fully respected.

4. A variety of dispositions, such as care, guidance and supervision orders; counselling; probation; foster care; education and vocational training programmes and other alternatives to institutional care shall be available to ensure that children are dealt with in a manner appropriate to their well-being and proportionate both to their circumstances and the offence.

Article 41

Nothing in the present Convention shall affect any provisions which are more conducive to the realization of the rights of the child and which may be contained in:

(a) The law of a State party; or

(b) International law in force for that State.

Part II

Article 42

States Parties undertake to make the principles and provisions of the Convention widely known, by appropriate and active means, to adults and children alike.

Article 43

1. For the purpose of examining the progress made by States Parties in achieving the realization of the obligations undertaken in the present Convention, there shall be established a Committee on the Rights of the Child, which shall carry out the functions hereinafter provided.

2. The Committee shall consist of ten experts of high moral standing and recognized competence in the field covered by this Convention. The members of the Committee shall be elected by States Parties from among their nationals and shall serve in their personal capacity, consideration being given to equitable geographical distribution, as well as to the principal legal systems.

3. The members of the Committee shall be elected by secret ballot from a list of persons nominated by States Parties. Each State Party may nominate one person from among its own nationals.

4. The initial election to the Committee shall be held no later than six months after the date of the entry into force of the present Convention and thereafter every second year. At least four months before the date of each election, the Secretary-General of the United Nations shall address a letter to States Parties inviting them to submit their nominations within two months. The Secretary-General shall subsequently prepare a list in alphabetical order of all persons thus nominated, indicating States Parties which have nominated them and shall submit it to the States Parties to the present Convention.

5. The elections shall be held at meetings of States Parties convened by the Secretary-General at United Nations Headquarters. At those meetings, for which two thirds of States Parties shall constitute a quorum, the persons elected to the Committee shall be those who obtain the largest number of votes and an absolute majority of the votes of the representatives of States Parties present and voting.

6. The members of the Committee shall be elected for a term of four years. They shall be eligible for re-election if renominated. The term of five of the members elected at the first election shall expire at the end of two years; immediately after the first election, the names of these five members shall be chosen by lot by the Chairman of the meeting.

7. If a member of the Committee dies or resigns or declares that for any other cause he or she can no longer perform the duties of the Committee, the State Party which nominated the member shall appoint another expert from among its nationals to serve for the remainder of the term, subject to the approval of the Committee.

8. The Committee shall establish its own rules of procedure.

9. The Committee shall elect its officers for a period of two years.

10. The meetings of the Committee shall normally be held at United Nations Headquarters or at any other convenient place as determined by the Committee. The Committee shall normally meet annually. The duration of the meetings of the Committee shall be determined and reviewed, if necessary, by a meeting of the States Parties to the present Convention, subject to the approval of the General Assembly.

11. The Secretary-General of the United Nations shall provide the necessary staff and facilities for the effective performance of the functions of the Committee under the present Convention.

12. With the approval of the General Assembly, the members of the Committee established under the present Convention shall receive emoluments from United Nations resources on such terms and conditions as the Assembly may decide.

Article 44

1. States Parties undertake to submit to the Committee, through the Secretary-General of the United Nations, reports on the measures they have adopted which give effect to the rights recognized herein and on the progress made on the enjoyment of those rights:

- (a) Within two years of the entry into force of the Convention for the State Party concerned;
 - (b) Thereafter every five years.
2. Reports made under the present article shall indicate factors and difficulties, if any, affecting the degree of fulfilment of the obligations under the present Convention. Reports shall also contain sufficient information to provide the Committee with a comprehensive understanding of the implementation of the Convention in the country concerned.
3. A State Party which has submitted a comprehensive initial report to the Committee need not, in its subsequent reports submitted in accordance with paragraph 1 (b) of the present article, repeat basic information previously provided.
4. The Committee may request from States Parties further information relevant to the implementation of the Convention.
5. The Committee shall submit to the General Assembly, through the Economic and Social Council, every two years, reports on its activities.
6. States Parties shall make their reports widely available to the public in their own countries.

Article 45

In order to foster the effective implementation of the Convention and to encourage international co-operation in the field covered by the Convention:

(a) The specialized agencies, the United Nations Children's Fund and other United Nations organs shall be entitled to be represented at the consideration of the implementation of such provisions of the present Convention as fall within the scope of their mandate. The Committee may invite the specialized agencies, the United Nations Children's Fund and other competent bodies as it may consider appropriate to provide expert advice on the implementation of the Convention in areas falling within the scope of their respective mandates. The Committee may invite the specialized agencies, the United Nations Children's Fund and other United Nations organs to submit reports on the implementation of the Convention in areas falling within the scope of their activities;

(b) The Committee shall transmit, as it may consider appropriate, to the specialized agencies, the United Nations Children's Fund and other competent bodies, any reports from States Parties that contain a request, or indicate a need, for technical advice or assistance, along with the Committee's observations and suggestions, if any, on these requests or indications;

(c) The Committee may recommend to the General Assembly to request the Secretary-General to undertake on its behalf studies on specific issues relating to the rights of the child;

(d) The Committee may make suggestions and general recommendations based on information received pursuant to articles 44 and 45 of the present Convention. Such suggestions and general recommendations shall be transmitted to any State Party concerned and reported to the General Assembly, together with comments, if any, from States Parties.

Part III

Article 46

The present Convention shall be open for signature by all States.

Article 47

The present Convention is subject to ratification. Instruments of ratification shall be deposited with the Secretary-General of the United Nations.

Article 48

The present Convention shall remain open for accession by any State. The instruments of accession shall be deposited with the Secretary-General of the United Nations.

Article 49

1. The present Convention shall enter into force on the thirtieth day following the date of deposit with the Secretary-General of the United Nations of the twentieth instrument of ratification or accession.

2. For each State ratifying or acceding to the Convention after the deposit of the twentieth instrument of ratification or accession, the Convention shall enter into force on the thirtieth day after the deposit by such State of its instrument of ratification or accession.

Article 50

1. Any State Party may propose an amendment and file it with the Secretary-General of the United Nations. The Secretary-General shall thereupon communicate the proposed amendment to States Parties, with a request that they indicate whether they favour a conference of States Parties for the purpose of considering and voting upon the proposals. In the event that, within four months from the date of such communication, at least one third of the States Parties favour such a conference, the Secretary-General shall convene the conference under the auspices of the United Nations. Any amendment adopted by a majority of States Parties present and voting at the conference shall be submitted to the General Assembly for approval.

2. An amendment adopted in accordance with paragraph 1 of the present article shall enter into force when it has been approved by the General Assembly of the United Nations and accepted by a two-thirds majority of States Parties.

3. When an amendment enters into force, it shall be binding on those States Parties which have accepted it, other States Parties still being bound by the provisions of the present Convention and any earlier amendments which they have accepted.

Article 51

1. The Secretary-General of the United Nations shall receive and circulate to all States the text of reservations made by States at the time of ratification or accession.

2. A reservation incompatible with the object and purpose of the present Convention shall not be permitted.

3. Reservations may be withdrawn at any time by notification to that effect addressed to the Secretary-General of the United Nations, who shall then inform all States. Such notification shall take effect on the date on which it is received by the Secretary-General

Article 52

A State Party may denounce the present Convention by written notification to the Secretary-General of the United Nations. Denunciation becomes effective one year after the date of receipt of the notification by the Secretary-General.

Article 53

The Secretary-General of the United Nations is designated as the depositary of the present Convention.

Article 54

The original of the present Convention, of which the Arabic, Chinese, English, French, Russian and Spanish texts are equally authentic, shall be deposited with the Secretary-General of the United Nations.

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Further Information

United Nations Publications
Room DC2-853
New York, N.Y. 10017
Phone: 1-800-253-9646
Website: <http://www.unhcr.ch/html/menu3/b/k2crc.htm>

See also the Unicef web site: <http://www.unicef.org/crc/crc.htm>

UN Covenant on Civil and Political Rights

Adopted 1966, entered into force 1976

Preamble

The States Parties to the present Covenant,

Considering that, in accordance with the principles proclaimed in the Charter of the United Nations, recognition of the inherent dignity and of the equal and inalienable rights of all members of the human family is the foundation of freedom, justice and peace in the world,

Recognizing that these rights derive from the inherent dignity of the human person,

Recognizing that, in accordance with the Universal Declaration of Human Rights, the ideal of free human beings enjoying civil and political freedom and freedom from fear and want can only be achieved if conditions are created whereby everyone may enjoy his civil and political rights, as well as his economic, social and cultural rights,

Considering the obligation of States under the Charter of the United Nations to promote universal respect for, and observance of, human rights and freedoms,

Realizing that the individual, having duties to other individuals and to the community to which he belongs, is under a responsibility to strive for the promotion and observance of the rights recognized in the present Covenant,

Agree upon the following articles:

PART I

Article 1

1. All peoples have the right of self-determination. By virtue of that right they freely determine their political status and freely pursue their economic, social and cultural development.
2. All peoples may, for their own ends, freely dispose of their natural wealth and resources without prejudice to any obligations arising out of international economic co-operation, based upon the principle of mutual benefit, and international law. In no case may a people be deprived of its own means of subsistence.
3. The States Parties to the present Covenant, including those having responsibility for the administration of Non-Self-Governing and Trust Territories, shall promote the realization of the right of self-determination, and shall respect that right, in conformity with the provisions of the Charter of the United Nations.

PART II

Article 2

1. Each State Party to the present Covenant undertakes to respect and to ensure to all individuals within its territory and subject to its jurisdiction the rights recognized in the

present Covenant, without distinction of any kind, such as race, colour, sex, language, religion, political or other opinion, national or social origin, property, birth or other status.

2. Where not already provided for by existing legislative or other measures, each State Party to the present Covenant undertakes to take the necessary steps, in accordance with its constitutional processes and with the provisions of the present Covenant, to adopt such laws or other measures as may be necessary to give effect to the rights recognized in the present Covenant.

3. Each State Party to the present Covenant undertakes:

(a) To ensure that any person whose rights or freedoms as herein recognized are violated shall have an effective remedy, notwithstanding that the violation has been committed by persons acting in an official capacity;

(b) To ensure that any person claiming such a remedy shall have his right thereto determined by competent judicial, administrative or legislative authorities, or by any other competent authority provided for by the legal system of the State, and to develop the possibilities of judicial remedy;

(c) To ensure that the competent authorities shall enforce such remedies when granted.

Article 3

The States Parties to the present Covenant undertake to ensure the equal right of men and women to the enjoyment of all civil and political rights set forth in the present Covenant.

Article 4

1. In time of public emergency which threatens the life of the nation and the existence of which is officially proclaimed, the States Parties to the present Covenant may take measures derogating from their obligations under the present Covenant to the extent strictly required by the exigencies of the situation, provided that such measures are not inconsistent with their other obligations under international law and do not involve discrimination solely on the ground of race, colour, sex, language, religion or social origin.

2. No derogation from articles 6, 7, 8 (paragraphs 1 and 2), 11, 15, 16 and 18 may be made under this provision.

3. Any State Party to the present Covenant availing itself of the right of derogation shall immediately inform the other States Parties to the present Covenant, through the intermediary of the Secretary-General of the United Nations, of the provisions from which it has derogated and of the reasons by which it was actuated. A further communication shall be made, through the same intermediary, on the date on which it terminates such derogation.

Article 5

1. Nothing in the present Covenant may be interpreted as implying for any State, group or person any right to engage in any activity or perform any act aimed at the destruction of any of the rights and freedoms recognized herein or at their limitation to a greater extent than is provided for in the present Covenant.

2. There shall be no restriction upon or derogation from any of the fundamental human rights recognized or existing in any State Party to the present Covenant pursuant to law,

conventions, regulations or custom on the pretext that the present Covenant does not recognize such rights or that it recognizes them to a lesser extent.

PART III

Article 6

1. Every human being has the inherent right to life. This right shall be protected by law. No one shall be arbitrarily deprived of his life.
2. In countries which have not abolished the death penalty, sentence of death may be imposed only for the most serious crimes in accordance with the law in force at the time of the commission of the crime and not contrary to the provisions of the present Covenant and to the Convention on the Prevention and Punishment of the Crime of Genocide. This penalty can only be carried out pursuant to a final judgement rendered by a competent court.
3. When deprivation of life constitutes the crime of genocide, it is understood that nothing in this article shall authorize any State Party to the present Covenant to derogate in any way from any obligation assumed under the provisions of the Convention on the Prevention and Punishment of the Crime of Genocide.
4. Anyone sentenced to death shall have the right to seek pardon or commutation of the sentence. Amnesty, pardon or commutation of the sentence of death may be granted in all cases.
5. Sentence of death shall not be imposed for crimes committed by persons below eighteen years of age and shall not be carried out on pregnant women.
6. Nothing in this article shall be invoked to delay or to prevent the abolition of capital punishment by any State Party to the present Covenant.

Article 7

No one shall be subjected to torture or to cruel, inhuman or degrading treatment or punishment. In particular, no one shall be subjected without his free consent to medical or scientific experimentation.

Article 8

1. No one shall be held in slavery; slavery and the slave-trade in all their forms shall be prohibited.
2. No one shall be held in servitude.
3.
 - (a) No one shall be required to perform forced or compulsory labour;
 - (b) Paragraph 3 (a) shall not be held to preclude, in countries where imprisonment with hard labour may be imposed as a punishment for a crime, the performance of hard labour in pursuance of a sentence to such punishment by a competent court;
 - (c) For the purpose of this paragraph the term "forced or compulsory labour" shall not include:
 - (i) Any work or service, not referred to in subparagraph (b), normally required of a person who is under detention in consequence of a lawful order of a court, or of a person during conditional release from such detention;

- (ii) Any service of a military character and, in countries where conscientious objection is recognized, any national service required by law of conscientious objectors;
- (iii) Any service exacted in cases of emergency or calamity threatening the life or well-being of the community;
- (iv) Any work or service which forms part of normal civil obligations.

Article 9

1. Everyone has the right to liberty and security of person. No one shall be subjected to arbitrary arrest or detention. No one shall be deprived of his liberty except on such grounds and in accordance with such procedure as are established by law.
2. Anyone who is arrested shall be informed, at the time of arrest, of the reasons for his arrest and shall be promptly informed of any charges against him.
3. Anyone arrested or detained on a criminal charge shall be brought promptly before a judge or other officer authorized by law to exercise judicial power and shall be entitled to trial within a reasonable time or to release. It shall not be the general rule that persons awaiting trial shall be detained in custody, but release may be subject to guarantees to appear for trial, at any other stage of the judicial proceedings, and, should occasion arise, for execution of the judgement.
4. Anyone who is deprived of his liberty by arrest or detention shall be entitled to take proceedings before a court, in order that court may decide without delay on the lawfulness of his detention and order his release if the detention is not lawful.
5. Anyone who has been the victim of unlawful arrest or detention shall have an enforceable right to compensation.

Article 10

1. All persons deprived of their liberty shall be treated with humanity and with respect for the inherent dignity of the human person.
2.
 - (a) Accused persons shall, save in exceptional circumstances, be segregated from convicted persons and shall be subject to separate treatment appropriate to their status as unconvicted persons;
 - (b) Accused juvenile persons shall be separated from adults and brought as speedily as possible for adjudication.
3. The penitentiary system shall comprise treatment of prisoners the essential aim of which shall be their reformation and social rehabilitation. Juvenile offenders shall be segregated from adults and be accorded treatment appropriate to their age and legal status.

Article 11

No one shall be imprisoned merely on the ground of inability to fulfil a contractual obligation.

Article 12

1. Everyone lawfully within the territory of a State shall, within that territory, have the right to liberty of movement and freedom to choose his residence.
2. Everyone shall be free to leave any country, including his own.
3. The above-mentioned rights shall not be subject to any restrictions except those which are provided by law, are necessary to protect national security, public order (ordre public), public health or morals or the rights and freedoms of others, and are consistent with the other rights recognized in the present Covenant.
4. No one shall be arbitrarily deprived of the right to enter his own country.

Article 13

An alien lawfully in the territory of a State Party to the present Covenant may be expelled therefrom only in pursuance of a decision reached in accordance with law and shall, except where compelling reasons of national security otherwise require, be allowed to submit the reasons against his expulsion and to have his case reviewed by, and be represented for the purpose before, the competent authority or a person or persons especially designated by the competent authority.

Article 14

1. All persons shall be equal before the courts and tribunals. In the determination of any criminal charge against him, or of his rights and obligations in a suit at law, everyone shall be entitled to a fair and public hearing by a competent, independent and impartial tribunal established by law. The press and the public may be excluded from all or part of a trial for reasons of morals, public order (ordre public) or national security in a democratic society, or when the interest of the private lives of the parties so requires, or to the extent strictly necessary in the opinion of the court in special circumstances where publicity would prejudice the interests of justice; but any judgement rendered in a criminal case or in a suit at law shall be made public except where the interest of juvenile persons otherwise requires or the proceedings concern matrimonial disputes or the guardianship of children.
2. Everyone charged with a criminal offence shall have the right to be presumed innocent until proved guilty according to law.
3. In the determination of any criminal charge against him, everyone shall be entitled to the following minimum guarantees, in full equality:
 - (a) To be informed promptly and in detail in a language which he understands of the nature and cause of the charge against him;
 - (b) To have adequate time and facilities for the preparation of his defence and to communicate with counsel of his own choosing;
 - (c) To be tried without undue delay;
 - (d) To be tried in his presence, and to defend himself in person or through legal assistance of his own choosing; to be informed, if he does not have legal assistance, of this right; and to have legal assistance assigned to him, in any case where the interests of justice so require, and without payment by him in any such case if he does not have sufficient means to pay for it;
 - (e) To examine, or have examined, the witnesses against him and to obtain the attendance and examination of witnesses on his behalf under the same conditions as witnesses against him;
 - (f) To have the free assistance of an interpreter if he cannot understand or speak the language used in court;

- (g) Not to be compelled to testify against himself or to confess guilt.
4. In the case of juvenile persons, the procedure shall be such as will take account of their age and the desirability of promoting their rehabilitation.
 5. Everyone convicted of a crime shall have the right to his conviction and sentence being reviewed by a higher tribunal according to law.
 6. When a person has by a final decision been convicted of a criminal offence and when subsequently his conviction has been reversed or he has been pardoned on the ground that a new or newly discovered fact shows conclusively that there has been a miscarriage of justice, the person who has suffered punishment as a result of such conviction shall be compensated according to law, unless it is proved that the non-disclosure of the unknown fact in time is wholly or partly attributable to him.
 7. No one shall be liable to be tried or punished again for an offence for which he has already been finally convicted or acquitted in accordance with the law and penal procedure of each country.

Article 15

1. No one shall be held guilty of any criminal offence on account of any act or omission which did not constitute a criminal offence, under national or international law, at the time when it was committed. Nor shall a heavier penalty be imposed than the one that was applicable at the time when the criminal offence was committed. If, subsequent to the commission of the offence, provision is made by law for the imposition of the lighter penalty, the offender shall benefit thereby.
2. Nothing in this article shall prejudice the trial and punishment of any person for any act or omission which, at the time when it was committed, was criminal according to the general principles of law recognized by the community of nations.

Article 16

Everyone shall have the right to recognition everywhere as a person before the law.

Article 17

1. No one shall be subjected to arbitrary or unlawful interference with his privacy, family, home or correspondence, nor to unlawful attacks on his honour and reputation.
2. Everyone has the right to the protection of the law against such interference or attacks.

Article 18

1. Everyone shall have the right to freedom of thought, conscience and religion. This right shall include freedom to have or to adopt a religion or belief of his choice, and freedom, either individually or in community with others and in public or private, to manifest his religion or belief in worship, observance, practice and teaching.
2. No one shall be subject to coercion which would impair his freedom to have or to adopt a religion or belief of his choice.
3. Freedom to manifest one's religion or beliefs may be subject only to such limitations as are prescribed by law and are necessary to protect public safety, order, health, or morals or the fundamental rights and freedoms of others. 4. The States Parties to the present Covenant undertake to have respect for the liberty of parents and, when applicable, legal

guardians to ensure the religious and moral education of their children in conformity with their own convictions.

Article 19

1. Everyone shall have the right to hold opinions without interference.
2. Everyone shall have the right to freedom of expression; this right shall include freedom to seek, receive and impart information and ideas of all kinds, regardless of frontiers, either orally, in writing or in print, in the form of art, or through any other media of his choice.
3. The exercise of the rights provided for in paragraph 2 of this article carries with it special duties and responsibilities. It may therefore be subject to certain restrictions, but these shall only be such as are provided by law and are necessary:
 - (a) For respect of the rights or reputations of others;
 - (b) For the protection of national security or of public order (ordre public), or of public health or morals.

Article 20

1. Any propaganda for war shall be prohibited by law.
2. Any advocacy of national, racial or religious hatred that constitutes incitement to discrimination, hostility or violence shall be prohibited by law.

Article 21

The right of peaceful assembly shall be recognized. No restrictions may be placed on the exercise of this right other than those imposed in conformity with the law and which are necessary in a democratic society in the interests of national security or public safety, public order (ordre public), the protection of public health or morals or the protection of the rights and freedoms of others.

Article 22

1. Everyone shall have the right to freedom of association with others, including the right to form and join trade unions for the protection of his interests.
2. No restrictions may be placed on the exercise of this right other than those which are prescribed by law and which are necessary in a democratic society in the interests of national security or public safety, public order (ordre public), the protection of public health or morals or the protection of the rights and freedoms of others. This article shall not prevent the imposition of lawful restrictions on members of the armed forces and of the police in their exercise of this right.
3. Nothing in this article shall authorize States Parties to the International Labour Organisation Convention of 1948 concerning Freedom of Association and Protection of the Right to Organize to take legislative measures which would prejudice, or to apply the law in such a manner as to prejudice, the guarantees provided for in that Convention.

Article 23

1. The family is the natural and fundamental group unit of society and is entitled to protection by society and the State.
2. The right of men and women of marriageable age to marry and to found a family shall be recognized.
3. No marriage shall be entered into without the free and full consent of the intending spouses.
4. States Parties to the present Covenant shall take appropriate steps to ensure equality of rights and responsibilities of spouses as to marriage, during marriage and at its dissolution. In the case of dissolution, provision shall be made for the necessary protection of any children.

Article 24

1. Every child shall have, without any discrimination as to race, colour, sex, language, religion, national or social origin, property or birth, the right to such measures of protection as are required by his status as a minor, on the part of his family, society and the State.
2. Every child shall be registered immediately after birth and shall have a name.
3. Every child has the right to acquire a nationality.

Article 25

Every citizen shall have the right and the opportunity, without any of the distinctions mentioned in article 2 and without unreasonable restrictions:

- (a) To take part in the conduct of public affairs, directly or through freely chosen representatives;
- (b) To vote and to be elected at genuine periodic elections which shall be by universal and equal suffrage and shall be held by secret ballot, guaranteeing the free expression of the will of the electors;
- (c) To have access, on general terms of equality, to public service in his country.

Article 26

All persons are equal before the law and are entitled without any discrimination to the equal protection of the law. In this respect, the law shall prohibit any discrimination and guarantee to all persons equal and effective protection against discrimination on any ground such as race, colour, sex, language, religion, political or other opinion, national or social origin, property, birth or other status.

Article 27

In those States in which ethnic, religious or linguistic minorities exist, persons belonging to such minorities shall not be denied the right, in community with the other members of their group, to enjoy their own culture, to profess and practise their own religion, or to use their own language.

PART IV

Article 28

1. There shall be established a Human Rights Committee (hereafter referred to in the present Covenant as the Committee). It shall consist of eighteen members and shall carry out the functions hereinafter provided.
2. The Committee shall be composed of nationals of the States Parties to the present Covenant who shall be persons of high moral character and recognized competence in the field of human rights, consideration being given to the usefulness of the participation of some persons having legal experience.
3. The members of the Committee shall be elected and shall serve in their personal capacity.

Article 29

1. The members of the Committee shall be elected by secret ballot from a list of persons possessing the qualifications prescribed in article 28 and nominated for the purpose by the States Parties to the present Covenant.
2. Each State Party to the present Covenant may nominate not more than two persons. These persons shall be nationals of the nominating State.
3. A person shall be eligible for renomination.

Article 30

1. The initial election shall be held no later than six months after the date of the entry into force of the present Covenant.
2. At least four months before the date of each election to the Committee, other than an election to fill a vacancy declared in accordance with article 34, the Secretary-General of the United Nations shall address a written invitation to the States Parties to the present Covenant to submit their nominations for membership of the Committee within three months.
3. The Secretary-General of the United Nations shall prepare a list in alphabetical order of all the persons thus nominated, with an indication of the States Parties which have nominated them, and shall submit it to the States Parties to the present Covenant no later than one month before the date of each election.
4. Elections of the members of the Committee shall be held at a meeting of the States Parties to the present Covenant convened by the Secretary General of the United Nations at the Headquarters of the United Nations. At that meeting, for which two thirds of the States Parties to the present Covenant shall constitute a quorum, the persons elected to the Committee shall be those nominees who obtain the largest number of votes and an absolute majority of the votes of the representatives of States Parties present and voting.

Article 31

1. The Committee may not include more than one national of the same State.
2. In the election of the Committee, consideration shall be given to equitable geographical distribution of membership and to the representation of the different forms of civilization and of the principal legal systems.

Article 32

1. The members of the Committee shall be elected for a term of four years. They shall be eligible for re-election if renominated. However, the terms of nine of the members elected at the first election shall expire at the end of two years; immediately after the first election, the names of these nine members shall be chosen by lot by the Chairman of the meeting referred to in article 30, paragraph 4.
2. Elections at the expiry of office shall be held in accordance with the preceding articles of this part of the present Covenant.

Article 33

1. If, in the unanimous opinion of the other members, a member of the Committee has ceased to carry out his functions for any cause other than absence of a temporary character, the Chairman of the Committee shall notify the Secretary-General of the United Nations, who shall then declare the seat of that member to be vacant.
2. In the event of the death or the resignation of a member of the Committee, the Chairman shall immediately notify the Secretary-General of the United Nations, who shall declare the seat vacant from the date of death or the date on which the resignation takes effect.

Article 34

1. When a vacancy is declared in accordance with article 33 and if the term of office of the member to be replaced does not expire within six months of the declaration of the vacancy, the Secretary-General of the United Nations shall notify each of the States Parties to the present Covenant, which may within two months submit nominations in accordance with article 29 for the purpose of filling the vacancy.
2. The Secretary-General of the United Nations shall prepare a list in alphabetical order of the persons thus nominated and shall submit it to the States Parties to the present Covenant. The election to fill the vacancy shall then take place in accordance with the relevant provisions of this part of the present Covenant.
3. A member of the Committee elected to fill a vacancy declared in accordance with article 33 shall hold office for the remainder of the term of the member who vacated the seat on the Committee under the provisions of that article.

Article 35

The members of the Committee shall, with the approval of the General Assembly of the United Nations, receive emoluments from United Nations resources on such terms and conditions as the General Assembly may decide, having regard to the importance of the Committee's responsibilities.

Article 36

The Secretary-General of the United Nations shall provide the necessary staff and facilities for the effective performance of the functions of the Committee under the present Covenant.

Article 37

1. The Secretary-General of the United Nations shall convene the initial meeting of the Committee at the Headquarters of the United Nations.
2. After its initial meeting, the Committee shall meet at such times as shall be provided in its rules of procedure.
3. The Committee shall normally meet at the Headquarters of the United Nations or at the United Nations Office at Geneva.

Article 38

Every member of the Committee shall, before taking up his duties, make a solemn declaration in open committee that he will perform his functions impartially and conscientiously.

Article 39

1. The Committee shall elect its officers for a term of two years. They may be re-elected.
2. The Committee shall establish its own rules of procedure, but these rules shall provide, *inter alia*, that:
 - (a) Twelve members shall constitute a quorum;
 - (b) Decisions of the Committee shall be made by a majority vote of the members present.

Article 40

1. The States Parties to the present Covenant undertake to submit reports on the measures they have adopted which give effect to the rights recognized herein and on the progress made in the enjoyment of those rights:
 - (a) Within one year of the entry into force of the present Covenant for the States Parties concerned;
 - (b) Thereafter whenever the Committee so requests.
2. All reports shall be submitted to the Secretary-General of the United Nations, who shall transmit them to the Committee for consideration. Reports shall indicate the factors and difficulties, if any, affecting the implementation of the present Covenant.
3. The Secretary-General of the United Nations may, after consultation with the Committee, transmit to the specialized agencies concerned copies of such parts of the reports as may fall within their field of competence.
4. The Committee shall study the reports submitted by the States Parties to the present Covenant. It shall transmit its reports, and such general comments as it may consider appropriate, to the States Parties. The Committee may also transmit to the Economic and Social Council these comments along with the copies of the reports it has received from States Parties to the present Covenant.
5. The States Parties to the present Covenant may submit to the Committee observations on any comments that may be made in accordance with paragraph 4 of this article.

Article 41

1. A State Party to the present Covenant may at any time declare under this article that it recognizes the competence of the Committee to receive and consider communications to the effect that a State Party claims that another State Party is not fulfilling its obligations under the present Covenant. Communications under this article may be received and considered only if submitted by a State Party which has made a declaration recognizing in regard to itself the competence of the Committee. No communication shall be received by the Committee if it concerns a State Party which has not made such a declaration. Communications received under this article shall be dealt with in accordance with the following procedure:

(a) If a State Party to the present Covenant considers that another State Party is not giving effect to the provisions of the present Covenant, it may, by written communication, bring the matter to the attention of that State Party. Within three months after the receipt of the communication the receiving State shall afford the State which sent the communication an explanation, or any other statement in writing clarifying the matter which should include, to the extent possible and pertinent, reference to domestic procedures and remedies taken, pending, or available in the matter;

(b) If the matter is not adjusted to the satisfaction of both States Parties concerned within six months after the receipt by the receiving State of the initial communication, either State shall have the right to refer the matter to the Committee, by notice given to the Committee and to the other State;

(c) The Committee shall deal with a matter referred to it only after it has ascertained that all available domestic remedies have been invoked and exhausted in the matter, in conformity with the generally recognized principles of international law. This shall not be the rule where the application of the remedies is unreasonably prolonged;

(d) The Committee shall hold closed meetings when examining communications under this article;

(e) Subject to the provisions of subparagraph (c), the Committee shall make available its good offices to the States Parties concerned with a view to a friendly solution of the matter on the basis of respect for human rights and fundamental freedoms as recognized in the present Covenant;

(f) In any matter referred to it, the Committee may call upon the States Parties concerned, referred to in subparagraph (b), to supply any relevant information;

(g) The States Parties concerned, referred to in subparagraph (b), shall have the right to be represented when the matter is being considered in the Committee and to make submissions orally and/or in writing;

(h) The Committee shall, within twelve months after the date of receipt of notice under subparagraph (b), submit a report:

(i) If a solution within the terms of subparagraph (e) is reached, the Committee shall confine its report to a brief statement of the facts and of the solution reached;

(ii) If a solution within the terms of subparagraph (e) is not reached, the Committee shall confine its report to a brief statement of the facts; the written submissions and record of the oral submissions made by the States Parties concerned shall be attached to the report. In every matter, the report shall be communicated to the States Parties concerned.

2. The provisions of this article shall come into force when ten States Parties to the present Covenant have made declarations under paragraph 1 of this article.

Such declarations shall be deposited by the States Parties with the Secretary-General of the United Nations, who shall transmit copies thereof to the other States Parties. A declaration may be withdrawn at any time by notification to the Secretary-General. Such a withdrawal shall not prejudice the consideration of any matter which is the subject of a communication already transmitted under this article; no further communication by any State Party shall be received after the notification of withdrawal of the declaration has been received by the Secretary-General, unless the State Party concerned has made a new declaration.

Article 42

1.

(a) If a matter referred to the Committee in accordance with article 41 is not resolved to the satisfaction of the States Parties concerned, the Committee may, with the prior consent of the States Parties concerned, appoint an ad hoc Conciliation Commission (hereinafter referred to as the Commission). The good offices of the Commission shall be made available to the States Parties concerned with a view to an amicable solution of the matter on the basis of respect for the present Covenant;

(b) The Commission shall consist of five persons acceptable to the States Parties concerned. If the States Parties concerned fail to reach agreement within three months on all or part of the composition of the Commission, the members of the Commission concerning whom no agreement has been reached shall be elected by secret ballot by a two-thirds majority vote of the Committee from among its members.

2. The members of the Commission shall serve in their personal capacity. They shall not be nationals of the States Parties concerned, or of a State not Party to the present Covenant, or of a State Party which has not made a declaration under article 41.

3. The Commission shall elect its own Chairman and adopt its own rules of procedure.

4. The meetings of the Commission shall normally be held at the Headquarters of the United Nations or at the United Nations Office at Geneva. However, they may be held at such other convenient places as the Commission may determine in consultation with the Secretary-General of the United Nations and the States Parties concerned.

5. The secretariat provided in accordance with article 36 shall also service the commissions appointed under this article.

6. The information received and collated by the Committee shall be made available to the Commission and the Commission may call upon the States Parties concerned to supply any other relevant information. 7. When the Commission has fully considered the matter, but in any event not later than twelve months after having been seized of the matter, it shall submit to the Chairman of the Committee a report for communication to the States Parties concerned:

(a) If the Commission is unable to complete its consideration of the matter within twelve months, it shall confine its report to a brief statement of the status of its consideration of the matter;

(b) If an amicable solution to the matter on the basis of respect for human rights as recognized in the present Covenant is reached, the Commission shall confine its report to a brief statement of the facts and of the solution reached;

(c) If a solution within the terms of subparagraph (b) is not reached, the Commission's report shall embody its findings on all questions of fact relevant to the issues between the States Parties concerned, and its views on the

possibilities of an amicable solution of the matter. This report shall also contain the written submissions and a record of the oral submissions made by the States Parties concerned;

(d) If the Commission's report is submitted under subparagraph (c), the States Parties concerned shall, within three months of the receipt of the report, notify the Chairman of the Committee whether or not they accept the contents of the report of the Commission.

8. The provisions of this article are without prejudice to the responsibilities of the Committee under article 41.

9. The States Parties concerned shall share equally all the expenses of the members of the Commission in accordance with estimates to be provided by the Secretary-General of the United Nations.

10. The Secretary-General of the United Nations shall be empowered to pay the expenses of the members of the Commission, if necessary, before reimbursement by the States Parties concerned, in accordance with paragraph 9 of this article.

Article 43

The members of the Committee, and of the ad hoc conciliation commissions which may be appointed under article 42, shall be entitled to the facilities, privileges and immunities of experts on mission for the United Nations as laid down in the relevant sections of the Convention on the Privileges and Immunities of the United Nations.

Article 44

The provisions for the implementation of the present Covenant shall apply without prejudice to the procedures prescribed in the field of human rights by or under the constituent instruments and the conventions of the United Nations and of the specialized agencies and shall not prevent the States Parties to the present Covenant from having recourse to other procedures for settling a dispute in accordance with general or special international agreements in force between them.

Article 45

The Committee shall submit to the General Assembly of the United Nations, through the Economic and Social Council, an annual report on its activities.

PART V

Article 46

Nothing in the present Covenant shall be interpreted as impairing the provisions of the Charter of the United Nations and of the constitutions of the specialized agencies which define the respective responsibilities of the various organs of the United Nations and of the specialized agencies in regard to the matters dealt with in the present Covenant.

Article 47

Nothing in the present Covenant shall be interpreted as impairing the inherent right of all peoples to enjoy and utilize fully and freely their natural wealth and resources.

PART VI

Article 48

1. The present Covenant is open for signature by any State Member of the United Nations or member of any of its specialized agencies, by any State Party to the Statute of the International Court of Justice, and by any other State which has been invited by the General Assembly of the United Nations to become a Party to the present Covenant.
2. The present Covenant is subject to ratification. Instruments of ratification shall be deposited with the Secretary-General of the United Nations.
3. The present Covenant shall be open to accession by any State referred to in paragraph 1 of this article.
4. Accession shall be effected by the deposit of an instrument of accession with the Secretary-General of the United Nations.
5. The Secretary-General of the United Nations shall inform all States which have signed this Covenant or acceded to it of the deposit of each instrument of ratification or accession.

Article 49

1. The present Covenant shall enter into force three months after the date of the deposit with the Secretary-General of the United Nations of the thirty-fifth instrument of ratification or instrument of accession.
2. For each State ratifying the present Covenant or acceding to it after the deposit of the thirty-fifth instrument of ratification or instrument of accession, the present Covenant shall enter into force three months after the date of the deposit of its own instrument of ratification or instrument of accession.

Article 50

The provisions of the present Covenant shall extend to all parts of federal States without any limitations or exceptions.

Article 51

1. Any State Party to the present Covenant may propose an amendment and file it with the Secretary-General of the United Nations. The Secretary-General of the United Nations shall thereupon communicate any proposed amendments to the States Parties to the present Covenant with a request that they notify him whether they favour a conference of States Parties for the purpose of considering and voting upon the proposals. In the event that at least one third of the States Parties favours such a conference, the Secretary-General shall convene the conference under the auspices of the United Nations. Any amendment adopted by a majority of the States Parties present and voting at the conference shall be submitted to the General Assembly of the United Nations for approval.
2. Amendments shall come into force when they have been approved by the General Assembly of the United Nations and accepted by a two-thirds majority of the States Parties to the present Covenant in accordance with their respective constitutional processes. 3. When amendments come into force, they shall be binding on those States Parties which have accepted them, other States Parties still being bound by the provisions of the present Covenant and any earlier amendment which they have accepted.

Article 52

Irrespective of the notifications made under article 48, paragraph 5, the Secretary-General of the United Nations shall inform all States referred to in paragraph 1 of the same article of the following particulars:

- (a) Signatures, ratifications and accessions under article 48;
- (b) The date of the entry into force of the present Covenant under article 49 and the date of the entry into force of any amendments under article 51.

Article 53

1. The present Covenant, of which the Chinese, English, French, Russian and Spanish texts are equally authentic, shall be deposited in the archives of the United Nations.
2. The Secretary-General of the United Nations shall transmit certified copies of the present Covenant to all States referred to in article 48.

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Further Information

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2 United Nations Plaza
Suite 900
New York, N.Y. 10017
USA
Website: www.unhchr.ch/html/menu3/b/a_ccpr.htm

UN Covenant on Economic, Social and Cultural Rights

Ratified by the General Assembly 1966, entered into force 1976.

PREAMBLE

The States Parties to the present Covenant

Considering that, in accordance with the principles proclaimed in the Charter of the United Nations, recognition of the inherent dignity and of the equal and inalienable rights of all the members of the human family is the foundation of freedom, justice and peace in world,

Recognizing that these rights derive from the inherent dignity of the human person,

Recognizing that, in accordance with the Universal Declaration of Human Rights, the ideal of free human beings enjoying freedom from fear and want can only be achieved if conditions are created whereby everyone may enjoy his economic, social and cultural rights, as well as his civil and political rights and freedom,

Realizing that the individual, having duties to other individuals and to the community to which he belongs, is under a responsibility to strive for the promotion and observance of the rights recognized in the present Covenant,

Agree upon the following articles:

PART I

Article 1

12. All peoples have the right of self-determination. By virtue of that right they freely determine their political status and freely pursue their economic, social and cultural development.
13. All peoples may, for their own ends, freely dispose of their natural wealth and resources without prejudice to any obligations arising out of international economic co-operation, based upon the principle of mutual benefit, and international law. In no case may a people be deprived of its own means of subsistence.
14. The States Parties to the present Covenant, including those having responsibility for the administration of Non-Self-Governing and Trust Territories, shall promote the realization of the right of self-determination, and shall respect that right, in conformity with the provisions of the Charter of the United Nations.

PART II

Article 2

1. Each State Party to the present Covenant undertakes to take steps, individually and through international assistance and co-operation, especially economic and technical, to the maximum of its available resources, with a view to achieving progressively the full realization of the rights recognized in the present Covenant by all appropriate means, including particularly the adoption of legislative measures.
2. The States Parties to present Covenant undertake to guarantee that the rights enunciated in the present Covenant will be exercised without discrimination of any kind as to race, colour, sex, language, religion, political or other opinion, national or social origin, property, birth or other status.
3. Developing countries, with due regard to human rights and their national economy, may determine to what extent they would guarantee the economic rights recognized in the present Covenant to non-nationals.

Article 3

The States Parties to the present Covenant undertake to ensure the equal right of men and women to the enjoyment of all economic, social and cultural rights set forth in the present Covenant.

Article 4

The States Parties to the present Covenant recognize that, in the enjoyment of those rights provided by the State in conformity with the present Covenant, the State may subject such rights only to such limitations as are determined by law only in so far as this may be compatible with the nature of these rights and solely for the purpose of promoting the general welfare in a democratic society.

Article 5

1. Nothing in the present Covenant may be interpreted as implying for any State, group or person any right to engage in any activity or to perform any act aimed at the destruction of any of the rights or freedoms recognized herein, or at their limitation to greater extent than is provided for in the present Covenant.
2. No restriction upon or derogation from any of the fundamental human rights recognized or existing in any country in virtue of law, conventions, regulations or custom shall be admitted on the pretext that the present Covenant does not recognize such rights or that it recognizes them to a lesser extent.

PART III

Article 6

2. The States Parties to the present Covenant recognize the right to work, which includes the right of everyone to the opportunity to gain his living by work which he freely chooses or accepts, and will take appropriate steps to safeguard this right.
3. The Steps to be taken by a State Party to the present Covenant to achieve the full realization of this right shall include technical and vocational guidance and training programmes, policies and techniques to achieve steady economic, social and cultural development and full and productive employment under conditions safeguarding fundamental political and economic freedoms to the individual.

Article 7

The States to the present Covenant recognize the right of everyone to the enjoyment of just and favourable conditions of work which ensure, in particular:

1. Remuneration which provides all workers, as a minimum, with:
 1. Fair wages and equal remuneration for work of equal value without distinction of any kind, in particular women being guaranteed conditions of work not inferior to those enjoyed by men, with equal pay for equal work;
 2. A decent living for themselves and their families in accordance with the provisions of the present Covenant;
2. Safe and healthy working conditions;
3. Equal opportunity for everyone to be promoted in his employment to an appropriate higher level, subject to no considerations other than those of seniority and competence;
4. Rest, leisure and reasonable limitation of working hours and periodic holidays with pay, as well as remuneration for public holidays.

Article 8

1. The States Parties to the present Covenant undertake to ensure:
 1. The right of everyone to form trade unions and join the trade union of his choice, subject only to the rules of the organization concerned, for the promotion and protection of his economic and social interests. No restrictions may be placed on the exercise of this right other than those prescribed by law and which are necessary in a democratic society in the interests of national security or public order or for the protection of the rights and freedoms of others;
 2. The right of trade unions to establish national federations or confederations and the right of the latter to form or join international trade-union organizations;
 3. The right of trade unions to function freely subject to no limitations other than those prescribed by law and which are necessary in a democratic society in the interests of national security or public order or for the protection of the rights and freedoms of others;
 4. The right to strike, provided that it is exercised in conformity with the laws of the particular country.
2. This article shall not prevent the imposition of lawful restrictions on the exercise of these rights by members of the armed forces or of the police or of the administration of the State.
3. Nothing in this article shall authorize States Parties to the International Labour Organization Convention of 1948 concerning Freedom of Association and Protection of the Right to Organize to take legislative measures which would prejudice, or apply the law in such a manner as would prejudice, the guarantees provided for in the Convention.

Article 9

The States Parties to the present Covenant recognize the right of everyone to social security, including social insurance.

Article 10

The States Parties to the present Covenant recognize that:

1. The widest possible protection and assistance should be accorded to the family, which is the natural and fundamental group unit of society, particularly for its establishment and while it is responsible for the care and education of dependent children. Marriage must be entered into with the free consent of the intending spouses.

2. Special protection should be accorded to mothers during a reasonable period before and after childbirth. During such period working mothers should be accorded paid leave or leave with adequate social security benefits.
3. Special measures of protection and assistance should be taken on behalf of all children and young persons without any discrimination for reasons of parentage or other conditions. Children and young persons should be protected from economic and social exploitation. Their employment in work harmful to their morals or health or dangerous to life or likely to hamper their normal development should be punishable by law. States should also set age limits below which the paid employment of child labour should be prohibited and punishable by law.

Article 11

2. The States Parties to present Covenant recognize the right of everyone to an adequate standard of living for himself and his family, including adequate food, clothing and housing, and to the continuous improvement of living conditions. The States Parties will take appropriate steps to ensure the international co-operation based on free consent.
3. The States Parties to present Covenant, recognizing the fundamental right of everyone to be free from hunger, shall take, individually and through international co-operation, the measures, including specific programmes, which are needed:
 1. To improve methods of production, conservation and distribution of food by making full use of technical and scientific knowledge, by disseminating knowledge of the principles of nutrition and by developing or reforming agrarian systems in such a way as to achieve the most efficient development and utilization of natural resources;
 2. Taking into account the problems of both food-importing and food-exporting countries, to ensure an equitable distribution of world food supplies in relation to need.

Article 12

1. The States Parties to the present Covenant recognize the right of everyone to the enjoyment of the highest attainable standard of physical and mental health.
2. The steps to be taken by the States Parties to the present Covenant to achieve the full realization of this right shall include those necessary for:
 1. The provision for the reduction of the stillbirth-rate and of infant mortality and for the healthy development of the child;
 2. The improvement of all aspects of environmental and industrial hygiene;
 3. The prevention, treatment and control epidemic, endemic, occupational and other diseases;
 4. The creation of conditions which would assure to all medical service and medical attention in the event of sickness.

Article 13

1. The States Parties to the present Covenant recognize the right of everyone to education. They agree that education shall be directed to the full development of the human personality and the sense of its dignity, and shall strengthen the respect for human rights and fundamental freedoms. They further agree that education shall enable all persons to participate effectively in a free society, promote understanding, tolerance and friendship among all nations and all racial, ethnic or religious groups, and further the activities of the United Nations for the maintenance of peace.
2. The States Parties to the present Covenant recognize that, with a view to achieving the full realization of this right:
 1. Primary education shall be compulsory and available free to all;

2. Secondary education in its different forms, including technical and vocational secondary education, shall be made generally available and accessible to all by ever appropriate means, and in particular by the progressive introduction of free education;
 3. Higher education shall be made equally accessible to all, on the basis of capacity, by every appropriate means, and in particular by the progressive introduction of free education;
 4. Fundamental education shall be encouraged or intensified as far as possible for those persons who have not received or completed the whole period of their primary education;
 5. The development of a system of schools at all levels shall be actively pursued, an adequate fellowship system shall be established, and the material conditions of teaching staff shall be continuously improved.
3. The States Parties to the present Covenant undertake to have respect for the liberty of parents and, when applicable, legal guardians to choose for their children schools, other than those established by the public authorities, which conform to such minimum educational standards as may be laid down or approved by the State and to ensure the religious and moral education of their children in conformity with their own convictions.
 4. No part of this article shall be construed so as to interfere with the liberty of individuals and bodies to establish and direct educational institutions, subject always to the observance of the principles set forth in paragraph 1 of this article and to the requirement that the education given in such institutions shall conform to such minimum standards as may be laid down by the State.

Article 14

Each State Party to the present Covenant which, at the time of becoming a Party, has not been able to secure in its metropolitan territory or other territories under its jurisdiction compulsory primary education, free of charge, undertakes, within two years, to work out and adopt a detailed plan of action for the progressive implementation, within a reasonable number of years, to be fixed in the plan, of the principle of compulsory education free of charge for all.

Article 15

7. The States Parties to the present covenant recognize the right of everyone:
 1. To take part in cultural life;
 2. To enjoy the benefits of scientific progress and its applications';
 3. To benefit from the protection of the moral and material interests resulting from any scientific, literary or artistic production of which he is the author.
8. The steps to be taken by the States Parties to the present Covenant to achieve the full realization of this right shall include those necessary for the conservation, the development and the diffusion of science and culture.
9. The States Parties to the present Covenant undertake to respect the freedom indispensable for scientific research and creative activity.
10. The States Parties to the present Covenant recognize the benefits to be derived from the encouragement and development of international contacts and co-operation in the scientific and cultural fields.

PART IV

Article 16

7. The States Parties to the present Covenant undertake to submit in conformity with this part of the Covenant reports on the measures which they have adopted and the progress made in achieving the observance of the rights recognized herein.
 1. All reports shall be submitted to Secretary-General of the United Nations, who shall transmit copies to the Economic and Social Council for consideration in accordance with the provisions of the present Covenant;
 2. The Secretary-General of the United Nations shall also transmit to the specialized agencies copies of the reports, or any relevant parts therefrom, from States Parties to the present Covenant which are also members of these specialized agencies in so far as these reports, or parts therefrom, relate to any matters which fall within the responsibilities of the said agencies in accordance with their constitutional instruments.

Article 17

6. The States Parties to the present Covenant shall furnish their reports in stages, in accordance with a programme to be established by the Economic and Social Council within one year of the entry into force of the present Covenant after consultation with the States Parties and the specialized agencies concerned.
7. Reports may indicate factors and difficulties affecting the degree of fulfillment of obligations under the present Covenant.
8. Where relevant information has previously been furnished to the United Nations or to any specialized agency by any State Party to the present Covenant, it will not be necessary to reproduce that information, but a precise reference to the information so furnished will suffice.

Article 18

Pursuant to its responsibilities under the Charter of the United Nations in the field of human rights and fundamental freedoms, the Economic and Social Council may make arrangements with the specialized agencies in respect of their reporting to it on the progress made in achieving the observance of the provisions of the present Covenant falling within the scope of their activities. These reports may include particulars of decisions and recommendations on such implementation adopted by their competent organs.

Article 19

The Economic and Social Council may transmit to the Commission on Human Rights for study and general recommendation or, as appropriate, for information the reports concerning human rights submitted by States in accordance with articles 16 and 17, and those concerning human rights submitted by the specialized agencies in accordance with article 18.

Article 20

The States Parties to the present Covenant and the specialized agencies concerned may submit comments to the Economic and Social Council on any general recommendation under article 19 or reference to such general recommendation in any report of the Commission on Human Rights or any documentation referred to therein.

Article 21

The Economic and Social Council may submit from time to time to the General Assembly reports with recommendations of a general nature and a summary of the information received from the States Parties to the present Covenant and the specialized agencies on the measures taken and the progress made in achieving general observance of the rights recognized in the present Covenant.

Article 22

The Economic and Social Council may bring to the attention of other organs of the United Nations, their subsidiary organs and specialized agencies concerned with furnishing technical assistance any matters arising out of the reports referred to in this part of the present Covenant which may assist such bodies in deciding, each within its field of competence, on the advisability of international measures likely to contribute to the effective progressive implementation of the present Covenant.

Article 23

The States Parties to the present Covenant agree that international action for the achievement of the rights recognized in the present Covenant includes such methods as the conclusion of conventions, the adoption of recommendations, the furnishing of technical assistance and the holding of regional meetings and technical meetings for the purpose of consultation and study organized in conjunction with the Governments concerned.

Article 24

Nothing in the present Covenant shall be interpreted as impairing the provisions of the Charter of the United Nations and of the constitutions of the specialized agencies which define the respective responsibilities of the various organs of the United Nations and of the specialized agencies in regard to the matters dealt with in the present Covenant.

Article 25

Nothing in the present Covenant shall be interpreted as impairing the inherent right of all peoples to enjoy and utilize fully and freely their natural wealth and resources.

PART V

Article 26

2. The present Covenant is open for signature by any State Member of the United Nations or member of any of its specialized agencies, by any State Party to the Statute of the International Court of Justice, and by any other State which has been invited by the General Assembly of the United Nations to become a party to the present Covenant.
3. The present Covenant is subject to ratification. Instruments of ratification shall be deposited with the Secretary-General of the United Nations.
4. The present Covenant shall be open to accession by any State referred to in paragraph 1 of this article.
5. Accession shall be effected by the deposit of an instrument of accession with the Secretary-General of the United Nations.
6. The Secretary-General of the United Nations shall inform all States which have signed the present Covenant or acceded to it of the deposit of each instrument of ratification or accession.

Article 27

1. The present Covenant shall enter into force three months after the date of the deposit with the Secretary-General of the United Nations of the thirty-fifth instrument of ratification or instrument of accession.
2. For each State ratifying the present Covenant or acceding to it after the deposit of the thirty-fifth instrument of ratification or instrument of accession, the present Covenant shall enter into force three months after the date of the deposit of its own instrument of ratification or instrument of accession.

Article 28

The provisions of the present Covenant shall extend to all parts of federal States without any limitations or exceptions.

Article 29

1. Any State Party to the present Covenant may propose an amendment and file it with the Secretary-General of the United Nations. The Secretary-General shall thereupon communicate any proposed amendments to the States Parties to the present Covenant with a request that they notify him whether they favour a conference of States Parties for the purpose of considering and voting upon the proposals. In the event that at least one third of the States Parties favours such a conference, the Secretary-General shall convene the conference under the auspices of the United Nations. Any amendment adopted by a majority of the States Parties present and voting at the conference shall be submitted to the General Assembly of the United Nations for approval.
2. Amendments shall come into force when they have been approved by the General Assembly of the United Nations and accepted by a two-thirds majority of the States Parties to the present Covenant in accordance with their respective constitutional processes.
3. When amendments come into force they shall be binding on those States Parties which have accepted them, other States Parties still being bound by the provisions of the present Covenant and any earlier amendment which they have accepted.

Article 30

Irrespective of the notifications made under article 26, paragraph 5, the Secretary-General of the United Nations shall inform all States referred to in paragraph 1 of the same article of the following particulars:

1. Signatures, ratifications and accessions under article 26;
2. The date of the entry into force of the present Covenant under article 27 and the date of the entry into force of any amendments under article 29.

Article 31

1. The present Covenant, of which the Chinese, English, French, Russian and Spanish texts are equally authentic, shall be deposited in the archives of the United Nations.
2. The Secretary-General of the United Nations shall transmit certified copies of the present Covenant to all States referred to in article 26.

Obtaining the Document

United Nations
2 United Nations Plaza
Suite 900
New York, N.Y. 10017

Website: www.unhcr.ch/html/menu3/b/a_ceschr.htm

UN Human Rights Norms for Business

The UN Human Rights Norms for Business, also known by its full title, the 'UN Norms on the Responsibilities of Transnational Corporations and other Business Enterprises with Regard to Human Rights,' was released in April 2003. It was reviewed by the UN Commission on Human Rights in April 2004. Consultation and dialogue is ongoing with business groups, NGOs and other stakeholders. The Norms have not yet been finalized or ratified.

The Norms assert that it is primary responsibility of governments to protect human rights, but that within their spheres of activity and influence businesses also have human rights obligations. The Norms are also intended to be complementary to the UN Global Compact and distill the numerous other sets of international human rights guidelines

The draft reproduced below was released in April 2003 and can be found on the web at: [www.unhcr.ch/huridocda/huridoca.nsf/\(Symbol\)/E.CN.4.Sub.2.2003.12.Rev.2.En?Opendocument](http://www.unhcr.ch/huridocda/huridoca.nsf/(Symbol)/E.CN.4.Sub.2.2003.12.Rev.2.En?Opendocument)

Draft Norms on the Responsibilities of Transnational Corporations and Other Business Enterprises with Regard to Human Rights

April 2003

PREAMBLE

Bearing in mind the principles and obligations under the United Nations Charter, in particular the preamble and Articles 1, 2, 55, and 56, *inter alia*, to promote universal respect for, and observance of, human rights and fundamental freedoms,

Recalling that the Universal Declaration of Human Rights proclaims a common standard of achievement for all peoples and all nations, to the end that Governments, other organs of society, and individuals shall strive by teaching and education to promote respect for human rights and freedoms and by progressive measures to secure their universal and effective recognition and observance, including equal rights of women and men and the promotion of social progress and better standards of life in larger freedom,

Recognizing that even though States have the primary responsibility to promote, secure the fulfilment of, respect, ensure respect of, and protect human rights, transnational corporations and other business enterprises, as organs of society, are also responsible for promoting and securing the human rights set forth in the Universal Declaration of Human Rights,

Realizing that transnational corporations and other business enterprises, their officers, and their workers are further obligated to respect generally recognized responsibilities and norms in United Nations treaties and other international instruments such as the Convention on the Prevention and Punishment of Genocide; the Convention Against Torture and Other Forms of Cruel, Inhuman or Degrading Treatment or Punishment; the Slavery Convention and the Supplementary Convention on the Abolition of Slavery, the Slave Trade, and Institutions and Practices Similar to Slavery; the International Convention on the Elimination of All Forms of Racial Discrimination; the Convention on the Elimination of All Forms of Discrimination against Women; the International Covenant on Economic, Social and Cultural Rights; the International Covenant on Civil and Political Rights; the Convention on the Rights of the Child; the four Geneva Conventions of 12

August 1949 and two Additional Protocols for the protection of victims of war; the Declaration on the Right and Responsibility of Individuals, Groups and Organs of Society to Promote and Protect Universally Recognized Human Rights and Fundamental Freedoms; the Rome Statute of the International Criminal Court; the United Nations Convention Against Transnational Organized Crime; the Convention on Biological Diversity; the International Convention on Civil Liability for Oil Pollution Damage; the Convention on Civil Liability for Damage Resulting from Activities Dangerous to the Environment; the Rio Declaration on the Environment and Development; the World Summit on Sustainable Development Plan of Development; the International Code of Marketing of Breast-milk Substitutes of the World Health Assembly (WHA); the Ethical Criteria for Medical Drug Promotion, and Health for All Policy for the twenty-first century of the World Health Organization (WHO); the United Nations Education, Scientific, and Cultural Organization Convention Against Discrimination in Education; conventions and recommendations of the International Labour Organization (ILO); the Convention and Protocol relating to the Status of Refugees; the African Charter on Human and Peoples' Rights; the American Convention on Human Rights; the European Convention on Human Rights; the Charter on Fundamental Rights of the European Union; the Convention on Combating Bribery of Foreign Public Officials in International Business Transactions of the Organization for Economic Cooperation and Development (OECD); and other instruments,

Taking into account the standards set forth in the International Labour Organization Tripartite Declaration of Principles Concerning Multinational Enterprises and Social Policy, and the ILO Declaration on Fundamental Principles and Rights at Work,

Aware of the Organisation for Economic Co-operation and Development Guidelines for Multinational Enterprises and its Committee on International Investment and Multinational Enterprises;

Further aware of the U.N. Global Compact initiative which challenges business leaders to "embrace and enact" nine basic principles with respect to human rights, including labour rights and the environment,

Conscious of the ILO Committee on International Investment and Multinational Enterprises; the interpretation of standards by the ILO Governing Body Sub-Committee on Multinational Enterprises of the Committee on Legal Issues and International Labour Standards, the ILO Committee of Experts, the Conference Committee on the Application of Standards, and the Declaration Expert-Advisors; as well as the ILO Committee on Freedom of Association which has named business enterprises implicated in States' failure to comply with ILO Conventions No. 87 concerning the Freedom of Association and Protection of the Right to Organize and No. 98 concerning the Application of the Principles of the Right to Organize and Bargain Collectively, and seeking to supplement and assist their efforts to encourage transnational corporations and other business enterprises to protect human rights,

[*Further conscious of* the Commentary for the Norms on the Responsibilities of Transnational Corporations and Other Business Enterprises with Regard to Human Rights and finding it a useful interpretation and elaboration of the standards contained in the Norms,]

Taking note of global trends which have increased the influence of transnational corporations and other business enterprises – and particularly transnational corporations -- on the economies of most countries and in international economic relations; and the growing number of other business enterprises which operate across national boundaries in a variety of arrangements resulting in economic activities beyond the actual capacities of any one national system,

Noting that transnational corporations and other business enterprises have the capacity to foster economic well-being, development, technological improvement, and wealth as well as have the capacity to cause deleterious human rights impacts on the lives of individuals through their core business practices and operations, including employment practices, environmental policies,

relationships with suppliers and consumers, interactions with governments, and other activities,

Noting also that new international human rights issues and concerns are continually emerging and that transnational corporations and other business enterprises often are related to these issues and concerns, such that further standard-setting and implementation are required at this time and in the future,

Acknowledging the universality, indivisibility, interdependence, and interrelatedness of human rights, including the right to development, that entitles every human person and all peoples to participate in; contribute to; and enjoy economic, social, cultural, and political development in which all human rights and fundamental freedoms can be fully realized,

Reaffirming that transnational corporations and other business enterprises, their officers, and their workers have, inter alia, human rights obligations and responsibilities and that these human rights norms will contribute to the making and development of international law as to their responsibilities and obligations,

Solemnly proclaims these Norms on the Responsibilities of Transnational Corporations and Other Business Enterprises with Regard to Human Rights and urges that every effort be made so that they become generally known and respected:

A. General Obligations

1. States have the primary responsibility to promote, secure the fulfilment of, respect, ensure respect of, and protect human rights recognised in international as well as national law, including assuring that transnational corporations and other business enterprises respect human rights. Within their respective spheres of activity and influence, transnational corporations and other business enterprises have the obligation to promote, secure the fulfilment of, respect, ensure respect of, and protect human rights recognized in international as well as national law.

B. Right to Equal Opportunity and Non-Discriminatory Treatment

2. Transnational corporations and other business enterprises shall ensure equality of opportunity and treatment, as provided in the relevant international instruments and national legislation as well as international human rights law, for the purpose of eliminating discrimination based on race, colour, sex, language, religion, political opinion, national or social origin, social status, indigenous status, disability, age (except for children who may be given greater protection), or other status of the individual unrelated to the inherent requirements to perform the job, or complying with special measures designed to overcome past discrimination against certain groups.

C. Right to Security of Persons

3. Transnational corporations and other business enterprises shall not engage in nor benefit from war crimes; crimes against humanity; genocide; torture; forced disappearance; forced or compulsory labour; hostage-taking; extrajudicial, summary or arbitrary executions; other violations of humanitarian law; and other international crimes against the human person as defined by international law, in particular human rights and humanitarian law.

4. Security arrangements for transnational corporations and other business enterprises shall observe international human rights norms as well as the laws and professional standards of the country or countries in which they operate.

D. Rights of Workers

5. Transnational corporations and other business enterprises shall not use forced or compulsory labour as forbidden by the relevant international instruments and national legislation as well as international human rights and humanitarian law.

6. Transnational corporations and other business enterprises shall respect the rights of children to be protected from economic exploitation as forbidden by the relevant international instruments and national legislation as well as international human rights and humanitarian law.

7. Transnational corporations and other business enterprises shall provide a safe and healthy working environment as set forth in relevant international instruments and national legislation as well as international human rights and humanitarian law.

8. Transnational corporations and other business enterprises shall provide workers with remuneration that ensures an adequate standard of living for them and their families. Such remuneration shall take due account of their needs for adequate living conditions with a view towards progressive improvement.

9. Transnational corporations and other business enterprises shall ensure the freedom of association and effective recognition of the right to collective bargaining by protecting the right to establish and, subject only to the rules of the organization concerned, to join organizations of their own choosing without distinction, previous authorization, or interference, for the protection of their employment interests and for other collective bargaining purposes as provided in national legislation and the relevant ILO conventions.

E. Respect for National Sovereignty and Human Rights

10. Transnational corporations and other business enterprises shall recognize and respect applicable norms of international law; national laws; regulations; administrative practices; the rule of law; the public interest; development objectives; social, economic, and cultural policies including transparency, accountability, and prohibition of corruption; and authority of the countries in which the enterprises operate.

11. Transnational corporations and other business enterprises shall not offer, promise, give, accept, condone, knowingly benefit from, or demand a bribe or other improper advantage. Nor shall they be solicited or expected to give a bribe or other improper advantage to any government, public official, candidate for elective post, any member of the armed forces or security forces, or any other individual or organization. Transnational corporations and other business enterprises shall refrain from any activity which supports, solicits, or encourages States or any other entities to abuse human rights. They shall further seek to ensure that the goods and services they provide will not be used to abuse human rights.

12. Transnational corporations and other business enterprises shall respect civil, cultural, economic, political, and social rights, and contribute to their realization, in particular the rights to development; adequate food and drinking water; the highest attainable standard of physical and mental health; adequate housing; privacy; education; freedom of thought, conscience, and religion; and freedom of opinion and expression; and refrain from actions which obstruct or impede the realization of those rights.

F. Obligations with regard to Consumer Protection

13. Transnational corporations and other business enterprises shall act in accordance with fair business, marketing, and advertising practices and shall take all necessary steps to ensure the safety and quality of the goods and services they provide, including observance of the

precautionary principle. Nor shall they produce, distribute, market, or advertise potentially harmful or harmful products for use by consumers.

G. Obligations with regard to Environmental Protection

14. Transnational corporations and other business enterprises shall carry out their activities in accordance with national laws, regulations, administrative practices, and policies relating to the preservation of the environment of the countries in which they operate as well as in accordance with relevant international agreements, principles, objectives, responsibilities, and standards with regard to the environment as well as human rights, public health and safety, bioethics, and the precautionary principle; and shall generally conduct their activities in a manner contributing to the wider goal of sustainable development.

H. General Provisions of Implementation

15. As an initial step towards implementing these Norms each transnational corporation or other business enterprise shall adopt, disseminate, and implement internal rules of operation in compliance with the Norms. Further, they shall periodically report on and take other measures fully to implement the Norms and to provide at least for the prompt implementation of the protections set forth in the Norms. Each transnational corporation or other business enterprise shall apply and incorporate these Norms in their contracts or other arrangements and dealings with contractors, subcontractors, suppliers, licensees, distributors, or natural or other legal persons that enter into any agreement with the transnational corporation or business enterprise in order to ensure respect for and implementation of the Norms.

16. Transnational corporations and other businesses enterprises shall be subject to periodic monitoring and verification by United Nations, other international, and national mechanisms, already in existence or yet to be created, regarding application of the Norms. This monitoring shall be transparent, independent, and take into account input from stakeholders (including nongovernmental organizations) and as a result of complaints of violations of these Norms. Further, transnational corporations and other businesses enterprises shall conduct periodic evaluations concerning the impact of their own activities on human rights under these Norms.

17. States should establish and reinforce the necessary legal and administrative framework for assuring that the Norms and other relevant national and international laws are implemented by transnational corporations and other business enterprises.

18. Transnational corporations and other business enterprises shall provide prompt, effective, and adequate reparation to those persons, entities, and communities that have been adversely affected by failures to comply with these Norms through, *inter alia*, reparations, restitution, compensation, and rehabilitation for any damage done or property taken. In connection with determining damages, and in all other respects, these Norms shall be enforced by national courts and/or international tribunals if appropriate.

19. Nothing in these Norms shall be construed as diminishing, restricting, or adversely affecting the human rights obligations of States under national and international law. Nor shall they be construed as diminishing, restricting, or adversely affecting more protective human rights norms. Nor shall they be construed as diminishing, restricting, or adversely affecting other obligations or responsibilities of transnational corporations and other business enterprises in fields other than human rights.

I. Definitions

20. The term “transnational corporation” refers to an economic entity operating in more than one country or a cluster of economic entities operating in two or more countries – whatever their legal

form, whether in their home country or country of activity, and whether taken individually or collectively.

21. The phrase “other business enterprise” includes any business entity, regardless of the international or domestic nature of its activities, including a transnational corporation; the corporate, partnership, or other legal form used to establish the business entity; and the nature of the ownership of the entity. These Norms shall be presumed to apply, as a matter of practice, if the business enterprise has any relation with a transnational corporation, the impact of its activities is not entirely local, or the activities involve violations of the right to security as indicated in paragraphs three and four.

22. The term “stakeholder” includes stockholders, other owners, workers, and their representatives, as well as any other individual or group that is affected by the activities of transnational corporations or other business enterprises. The term “stakeholder” shall be interpreted functionally in light of the objectives of these Norms and include indirect stakeholders when their interests are or will be substantially affected by the activities of the transnational corporation or business enterprise. In addition to parties directly affected by the activities of business enterprises, stakeholders can include parties which are indirectly affected by the activities of transnational corporations or other business enterprises such as consumer groups, customers, governments, neighbouring communities, indigenous peoples and communities, nongovernmental organizations, public and private lending institutions, suppliers, trade associations, and others.

23. The phrases “internationally recognized human rights” and “international human rights” include civil, cultural, economic, political, and social rights, as set forth in the International Bill of Human Rights and other human rights treaties, as well as the right to development and rights recognized by international humanitarian law, international refugee law, international labour law, and other relevant instruments adopted within the United Nations system.

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For more information:

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<http://www.unhchr.ch/Huridocda/Huridoca.nsf/0/64155e7e8141b38cc1256d63002c55e8?OpenDocument>

Universal Declaration of Human Rights

United Nations, 1948

Abstract:

The Universal Declaration of Human Rights states that “every individual and organ of society” has the responsibility to strive “to promote respect for these rights and freedoms” and “by progressive measures, national and international, to secure their universal and effective recognition and observance”. As important “organs” of society, businesses have a responsibility to promote world-wide respect of human rights. Human rights concerns of particular interest for businesses and their employees include core labour standards, management of security forces, and indigenous peoples’ rights.

Preamble

Whereas recognition of the inherent dignity and of the equal and inalienable rights of all members of the human family is the foundation of freedom, justice and peace in the world,

Whereas disregard and contempt for human rights have resulted in barbarous acts which have outraged the conscience of mankind, and the advent of a world in which human beings shall enjoy freedom of speech and belief and freedom from fear and want has been proclaimed as the highest aspiration of the common people,

Whereas it is essential, if man is not to be compelled to have recourse, as a last resort, to rebellion against tyranny and oppression, that human rights should be protected by the rule of law,

Whereas it is essential to promote the development of friendly relations between nations,

Whereas the peoples of the United Nations have in the Charter reaffirmed their faith in fundamental human rights, in the dignity and worth of the human person and in the equal rights of men and women and have determined to promote social progress and better standards of life in larger freedom,

Whereas Member States have pledged themselves to achieve, in co-operation with the United Nations, the promotion of universal respect for and observance of human rights and fundamental freedoms,

Whereas a common understanding of these rights and freedoms is of the greatest importance for the full realization of this pledge,

Now, Therefore, THE GENERAL ASSEMBLY *proclaims* THIS UNIVERSAL DECLARATION OF HUMAN RIGHTS as a common standard of achievement for all peoples and all nations, to the end that every individual and every organ of society, keeping this Declaration constantly in mind, shall strive by teaching and education to promote respect for these rights and freedoms and by progressive measures, national and international, to secure their universal and effective recognition and observance, both among the peoples of Member States themselves and among the peoples of territories under their jurisdiction.

Article 1

All human beings are born free and equal in dignity and rights. They are endowed with reason and conscience and should act towards one another in a spirit of brotherhood.

Article 2

Everyone is entitled to all the rights and freedoms set forth in this Declaration, without distinction of any kind, such as race, colour, sex, language, religion, political or other opinion, national or social origin, property, birth or other status. Furthermore, no distinction shall be made on the basis of the political, jurisdictional or international status of the country or territory to which a person belongs, whether it be independent, trust, non-self-governing or under any other limitation of sovereignty.

Article 3

Everyone has the right to life, liberty and security of person.

Article 4

No one shall be held in slavery or servitude; slavery and the slave trade shall be prohibited in all their forms.

Article 5

No one shall be subjected to torture or to cruel, inhuman or degrading treatment or punishment.

Article 6

Everyone has the right to recognition everywhere as a person before the law.

Article 7

All are equal before the law and are entitled without any discrimination to equal protection of the law. All are entitled to equal protection against any discrimination in violation of this Declaration and against any incitement to such discrimination.

Article 8

Everyone has the right to an effective remedy by the competent national tribunals for acts violating the fundamental rights granted him by the constitution or by law.

Article 9

No one shall be subjected to arbitrary arrest, detention or exile.

Article 10

Everyone is entitled in full equality to a fair and public hearing by an independent and impartial tribunal, in the determination of his rights and obligations and of any criminal charge against him.

Article 11

1. Everyone charged with a penal offence has the right to be presumed innocent until proved guilty according to law in a public trial at which he has had all the guarantees necessary for his defence.
2. No one shall be held guilty of any penal offence on account of any act or omission which did not constitute a penal offence, under national or international law, at the time when it was committed. Nor shall a heavier penalty be imposed than the one that was applicable at the time the penal offence was committed.

Article 12

No one shall be subjected to arbitrary interference with his privacy, family, home or correspondence, nor to attacks upon his honour and reputation. Everyone has the right to the protection of the law against such interference or attacks.

Article 13

1. Everyone has the right to freedom of movement and residence within the borders of each state.
2. Everyone has the right to leave any country, including his own, and to return to his country.

Article 14

1. Everyone has the right to seek and to enjoy in other countries asylum from persecution.
2. This right may not be invoked in the case of prosecutions genuinely arising from non-political crimes or from acts contrary to the purposes and principles of the United Nations.

Article 15

1. Everyone has the right to a nationality.
2. No one shall be arbitrarily deprived of his nationality nor denied the right to change his nationality.

Article 16

1. Men and women of full age, without any limitation due to race, nationality or religion, have the right to marry and to found a family. They are entitled to equal rights as to marriage, during marriage and at its dissolution.
2. Marriage shall be entered into only with the free and full consent of the intending spouses.
3. The family is the natural and fundamental group unit of society and is entitled to protection by society and the State.

Article 17

1. Everyone has the right to own property alone as well as in association with others.
2. No one shall be arbitrarily deprived of his property.

Article 18

Everyone has the right to freedom of thought, conscience and religion; this right includes freedom to change his religion or belief, and freedom, either alone or in community with others and in public or private, to manifest his religion or belief in teaching, practice, worship and observance.

Article 19

Everyone has the right to freedom of opinion and expression; this right includes freedom to hold opinions without interference and to seek, receive and impart information and ideas through any media and regardless of frontiers.

Article 20

1. Everyone has the right to freedom of peaceful assembly and association.
2. No one may be compelled to belong to an association.

Article 21

1. Everyone has the right to take part in the government of his country, directly or through freely chosen representatives.
2. Everyone has the right to equal access to public service in his country.
3. The will of the people shall be the basis of the authority of government; this shall be expressed in periodic and genuine elections which shall be by universal and equal suffrage and shall be held by secret vote or by equivalent free voting procedures.

Article 22

Everyone, as a member of society, has the right to social security and is entitled to realization, through national effort and international co-operation and in accordance with the organization and resources of each State, of the economic, social and cultural rights indispensable for his dignity and the free development of his personality.

Article 23

1. Everyone has the right to work, to free choice of employment, to just and favourable conditions of work and to protection against unemployment.
2. Everyone, without any discrimination, has the right to equal pay for equal work.
3. Everyone who works has the right to just and favourable remuneration ensuring for himself and his family an existence worthy of human dignity, and supplemented, if necessary, by other means of social protection.
4. Everyone has the right to form and to join trade unions for the protection of his interests.

Article 24

Everyone has the right to rest and leisure, including reasonable limitation of working hours and periodic holidays with pay.

Article 25

1. Everyone has the right to a standard of living adequate for the health and well-being of himself and of his family, including food, clothing, housing and medical care and necessary social services, and the right to security in the event of unemployment, sickness, disability, widowhood, old age or other lack of livelihood in circumstances beyond his control.
2. Motherhood and childhood are entitled to special care and assistance. All children, whether born in or out of wedlock, shall enjoy the same social protection.

Article 26

1. Everyone has the right to education. Education shall be free, at least in the elementary and fundamental stages. Elementary education shall be compulsory. Technical and professional education shall be made generally available and higher education shall be equally accessible to all on the basis of merit.
2. Education shall be directed to the full development of the human personality and to the strengthening of respect for human rights and fundamental freedoms. It shall promote understanding, tolerance and friendship among all nations, racial or religious groups, and shall further the activities of the United Nations for the maintenance of peace.
3. Parents have a prior right to choose the kind of education that shall be given to their children.

Article 27

1. Everyone has the right freely to participate in the cultural life of the community, to enjoy the arts and to share in scientific advancement and its benefits.
2. Everyone has the right to the protection of the moral and material interests resulting from any scientific, literary or artistic production of which he is the author.

Article 28

Everyone is entitled to a social and international order in which the rights and freedoms set forth in this Declaration can be fully realized.

Article 29

1. Everyone has duties to the community in which alone the free and full development of his personality is possible.

2. In the exercise of his rights and freedoms, everyone shall be subject only to such limitations as are determined by law solely for the purpose of securing due recognition and respect for the rights and freedoms of others and of meeting the just requirements of morality, public order and the general welfare in a democratic society.

3. These rights and freedoms may in no case be exercised contrary to the purposes and principles of the United Nations.

Article 30

Nothing in this Declaration may be interpreted as implying for any State, group or person any right to engage in any activity or to perform any act aimed at the destruction of any of the rights and freedoms set forth herein.

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Further Information

United Nations
2 United Nations Plaza
Suite 900
New York, N.Y. 10017
Website: www.unhcr.ch/udhr/lang/eng.htm

Voluntary Principles on Security and Human Rights

December 2000

The Principles were developed as a voluntary guide for companies to maintain the safety and security of their operations within an operating framework that ensures respect for human rights and fundamental freedoms.

Statement by the Governments of the United States of America and the United Kingdom

The Governments of the United States and the United Kingdom, companies in the extractive sectors ("Companies"), and non-governmental organizations, all with an interest in human rights and corporate social responsibility, have engaged in a dialogue on security and human rights.

We recognise the importance of the promotion and protection of human rights throughout the world and the constructive role business and civil society (including non-governmental organizations, labor/trade unions and local communities) can play in advancing these goals. The participants in this dialogue developed a set of voluntary principles to guide Companies in maintaining the safety and security of their operations within an operating framework that ensures respect for human rights and fundamental freedoms. Mindful of these goals, the participants agree to continue this dialogue and keep under review these principles to ensure their continuing relevance and efficacy.

This has been a cooperative and constructive process. The Governments salute the willingness of the participants - Companies and civil society alike - to address these issues seriously and with a determination to both understand and account for each other's concerns. We look forward to continuing this dialogue in the spirit of cooperation and mutual understanding that led to broad consensus among the participants on these voluntary principles.

We hope that other companies, governments, and civil society organizations as well as international institutions will share these goals and choose to be involved in this continuing dialogue. We welcome their support for these principles as well as their participation in this dialogue. Those wishing to take up this invitation should contact either the U.S. Department of State or the Foreign and Commonwealth Office.

The companies and organizations listed below support this process and welcome these principles:

Chevron, Texaco, Freeport MacMoran, Conoco, Shell, BP, Rio Tinto, Human Rights Watch, Amnesty International, International Alert, Lawyers Committee for Human Rights, Fund for Peace, Council on Economic Priorities, Business for Social Responsibility, the Prince of Wales Business Leaders Forum, and the International Federation of Chemical, Energy, Mine and General Workers' Unions.

December 4, 2000

Voluntary Principles on Security and Human Rights

The Governments of the United States and the United Kingdom, companies in the extractive and energy sectors ("Companies"), and non-governmental organizations, all with an interest in human rights and corporate social responsibility, have engaged in a dialogue on security and human rights.

The participants recognize the importance of the promotion and protection of human rights throughout the world and the constructive role business and civil society (including non-governmental organizations, labor/trade unions and local communities) can play in advancing these goals. Through this dialogue, the participants have developed the following set of voluntary principles to guide Companies in maintaining the safety and security of their operations within an operating framework that ensures respect for human rights and fundamental freedoms. Mindful of these goals, the participants agree to the importance of continuing this dialogue and keeping under review these principles to ensure their continuing relevance and efficacy.

Acknowledging that security is a fundamental need, shared by individuals, communities, businesses and governments alike, and acknowledging the difficult security issues faced by Companies operating globally, we recognize that security and respect for human rights can and should be consistent;

Understanding that governments have the primary responsibility to promote and protect human rights and that all parties to a conflict are obliged to observe applicable international humanitarian law, we recognize that we share the common goal of promoting respect for human rights, particularly those set forth in the Universal Declaration of Human Rights, and international humanitarian law;

Emphasizing the importance of safeguarding the integrity of company personnel and property, Companies recognize a commitment to act in a manner consistent with the laws of the countries within which they are present, to be mindful of the highest applicable international standards, and to promote the observance of applicable international law enforcement principles (e.g., the U.N. Code of Conduct for Law Enforcement Officials and the U.N. Basic Principles on the Use of Force and Firearms by Law Enforcement Officials), particularly with regard to the use of force;

Taking note of the effect that Companies' activities may have on local communities, we recognize the value of engaging with civil society and host and home governments to contribute to the welfare of the local community while mitigating any potential for conflict where possible;

Understanding that useful, credible information is a vital component of security and human rights, we recognize the importance of sharing and understanding our respective experiences regarding, inter alia, best security practices and procedures, country human rights situations, and public and private security, subject to confidentiality constraints;

Acknowledging that home governments and multilateral institutions may, on occasion, assist host governments with security sector reform, developing institutional capacities and strengthening the rule of law, we recognize the important role Companies and civil society can play in supporting these efforts;

We hereby express our support for the following voluntary principles regarding security and human rights in the extractive sector, which fall into three categories, risk assessment, relations with public security and relations with private security:

RISK ASSESSMENT

The ability to assess accurately risks present in a Company's operating environment is critical to the security of personnel, local communities and assets; the success of the Company's short and long-term operations; and to the promotion and protection of human rights. In some circumstances, this is relatively simple; in others, it is important to obtain extensive background information from different sources; monitoring and adapting to changing, complex political, economic, law enforcement, military and social situations; and maintaining productive relations with local communities and government officials.

The quality of complicated risk assessments is largely dependent on the assembling of regularly updated, credible information from a broad range of perspectives - local and national governments, security firms, other companies, home governments, multilateral institutions and civil society knowledgeable about local conditions. This information may be most effective when shared to the fullest extent possible (bearing in mind confidentiality considerations) between Companies, concerned civil society, and governments.

Bearing in mind these general principles, we recognize that accurate, effective risk assessments should consider the following factors:

- **Identification of security risks.** Security risks can result from political, economic, civil or social factors. Moreover, certain personnel and assets may be at greater risk than others. Identification of security risks allows a Company to take measures to minimize risk and to assess whether Company actions may heighten risk.
- **Potential for violence.** Depending on the environment, violence can be widespread or limited to particular regions, and it can develop with little or no warning. Civil society, home and host government representatives and other sources should be consulted to identify risks presented by the potential for violence. Risk assessments should examine patterns of violence in areas of Company operations for educational, predictive and preventative purposes.
- **Human rights records.** Risk assessments should consider the available human rights records of public security forces, paramilitaries, local and national law enforcement, as well as the reputation of private security. Awareness of past abuses and allegations can help Companies to avoid recurrences as well as to promote accountability. Also, identification of the capability of the above entities to respond to situations of violence in a lawful manner (i.e., consistent with applicable international standards) allows Companies to develop appropriate measures in operating environments.
- **Rule of law.** Risk assessments should consider the local prosecuting authority and judiciary's capacity to hold accountable those responsible for human rights abuses and for those responsible for violations of international humanitarian law in a manner that respects the rights of the accused.
- **Conflict analysis.** Identification of and understanding the root causes and nature of local conflicts, as well as the level of adherence to human rights and international humanitarian law standards by key actors, can be instructive for the development of strategies for managing relations between the Company, local communities, Company employees and their unions, and host governments. Risk assessments should also consider the potential for future conflicts.
- **Equipment transfers.** Where Companies provide equipment (including lethal and non-lethal equipment) to public or private security, they should consider the risk of such transfers, any relevant export licensing requirements, and the feasibility of measures to mitigate foreseeable

negative consequences, including adequate controls to prevent misappropriation or diversion of equipment which may lead to human rights abuses. In making risk assessments, companies should consider any relevant past incidents involving previous equipment transfers.

INTERACTIONS BETWEEN COMPANIES AND PUBLIC SECURITY

Although governments have the primary role of maintaining law and order, security and respect for human rights, Companies have an interest in ensuring that actions taken by governments, particularly the actions of public security providers, are consistent with the protection and promotion of human rights. In cases where there is a need to supplement security provided by host governments, Companies may be required or expected to contribute to, or otherwise reimburse, the costs of protecting Company facilities and personnel borne by public security. While public security is expected to act in a manner consistent with local and national laws as well as with human rights standards and international humanitarian law, within this context abuses may nevertheless occur.

In an effort to reduce the risk of such abuses and to promote respect for human rights generally, we have identified the following voluntary principles to guide relationships between Companies and public security regarding security provided to Companies:

Security Arrangements

- Companies should consult regularly with host governments and local communities about the impact of their security arrangements on those communities.
- Companies should communicate their policies regarding ethical conduct and human rights to public security providers, and express their desire that security be provided in a manner consistent with those policies by personnel with adequate and effective training.
- Companies should encourage host governments to permit making security arrangements transparent and accessible to the public, subject to any overriding safety and security concerns.

Deployment and Conduct

- The primary role of public security should be to maintain the rule of law, including safeguarding human rights and deterring acts that threaten Company personnel and facilities. The type and number of public security forces deployed should be competent, appropriate and proportional to the threat.
- Equipment imports and exports should comply with all applicable law and regulations. Companies that provide equipment to public security should take all appropriate and lawful measures to mitigate any foreseeable negative consequences, including human rights abuses and violations of international humanitarian law.
- Companies should use their influence to promote the following principles with public security: (a) individuals credibly implicated in human rights abuses should not provide security services for Companies; (b) force should be used only when strictly necessary and to an extent proportional to the threat; and (c) the rights of individuals should not be violated while exercising the right to exercise freedom of association and peaceful assembly, the right to engage in collective bargaining, or other related rights of Company employees as recognized by the Universal Declaration of Human Rights and the ILO Declaration on Fundamental

Principles and Rights at Work.

- In cases where physical force is used by public security, such incidents should be reported to the appropriate authorities and to the Company. Where force is used, medical aid should be provided to injured persons, including to offenders.

Consultation and Advice

- Companies should hold structured meetings with public security on a regular basis to discuss security, human rights and related work-place safety issues. Companies should also consult regularly with other Companies, host and home governments, and civil society to discuss security and human rights. Where Companies operating in the same region have common concerns, they should consider collectively raising those concerns with the host and home governments.
- In their consultations with host governments, Companies should take all appropriate measures to promote observance of applicable international law enforcement principles, particularly those reflected in the U.N. Code of Conduct for Law Enforcement Officials and the U.N. Basic Principles on the Use of Force and Firearms.
- Companies should support efforts by governments, civil society and multilateral institutions to provide human rights training and education for public security as well as their efforts to strengthen state institutions to ensure accountability and respect for human rights.

Responses to Human Rights Abuses

- Companies should record and report any credible allegations of human rights abuses by public security in their areas of operation to appropriate host government authorities. Where appropriate, Companies should urge investigation and that action be taken to prevent any recurrence.
- Companies should actively monitor the status of investigations and press for their proper resolution.
- Companies should, to the extent reasonable, monitor the use of equipment provided by the Company and to investigate properly situations in which such equipment is used in an inappropriate manner.
- Every effort should be made to ensure that information used as the basis for allegations of human rights abuses is credible and based on reliable evidence. The security and safety of sources should be protected. Additional or more accurate information that may alter previous allegations should be made available as appropriate to concerned parties.

INTERACTIONS BETWEEN COMPANIES AND PRIVATE SECURITY

Where host governments are unable or unwilling to provide adequate security to protect a Company's personnel or assets, it may be necessary to engage private security providers as a complement to public security. In this context, private security may have to coordinate with state forces, (law enforcement, in particular) to carry weapons and to consider the defensive local use of force. Given the risks associated with such activities, we recognize the following voluntary principles to guide private security conduct:

- Private security should observe the policies of the contracting Company regarding ethical

conduct and human rights; the law and professional standards of the country in which they operate; emerging best practices developed by industry, civil society, and governments; and promote the observance of international humanitarian law.

- Private security should maintain high levels of technical and professional proficiency, particularly with regard to the local use of force and firearms.
- Private security should act in a lawful manner. They should exercise restraint and caution in a manner consistent with applicable international guidelines regarding the local use of force, including the U.N. Principles on the Use of Force and Firearms by Law Enforcement Officials and the U.N. Code of Conduct for Law Enforcement Officials, as well as with emerging best practices developed by Companies, civil society, and governments.
- Private security should have policies regarding appropriate conduct and the local use of force (e.g., rules of engagement). Practice under these policies should be capable of being monitored by Companies or, where appropriate, by independent third parties. Such monitoring should encompass detailed investigations into allegations of abusive or unlawful acts; the availability of disciplinary measures sufficient to prevent and deter; and procedures for reporting allegations to relevant local law enforcement authorities when appropriate.
- All allegations of human rights abuses by private security should be recorded. Credible allegations should be properly investigated. In those cases where allegations against private security providers are forwarded to the relevant law enforcement authorities, Companies should actively monitor the status of investigations and press for their proper resolution.
- Consistent with their function, private security should provide only preventative and defensive services and should not engage in activities exclusively the responsibility of state military or law enforcement authorities. Companies should designate services, technology and equipment capable of offensive and defensive purposes as being for defensive use only.
- Private security should (a) not employ individuals credibly implicated in human rights abuses to provide security services; (b) use force only when strictly necessary and to an extent proportional to the threat; and (c) not violate the rights of individuals while exercising the right to exercise freedom of association and peaceful assembly, to engage in collective bargaining, or other related rights of Company employees as recognized by the Universal Declaration of Human Rights and the ILO

Declaration on Fundamental Principles and Rights at Work

- In cases where physical force is used, private security should properly investigate and report the incident to the Company. Private security should refer the matter to local authorities and/or take disciplinary action where appropriate. Where force is used, medical aid should be provided to injured persons, including to offenders.
- Private security should maintain the confidentiality of information obtained as a result of its position as security provider, except where to do so would jeopardize the principles contained herein.

To minimize the risk that private security exceed their authority as providers of security, and to promote respect for human rights generally, we have developed the following additional voluntary principles and guidelines:

- Where appropriate, Companies should include the principles outlined above as contractual provisions in agreements with private security providers and ensure that private security personnel are adequately trained to respect the rights of employees and the local community. To the extent practicable, agreements between Companies and private security should

require investigation of unlawful or abusive behavior and appropriate disciplinary action. Agreements should also permit termination of the relationship by Companies where there is credible evidence of unlawful or abusive behavior by private security personnel.

- Companies should consult and monitor private security providers to ensure they fulfil their obligation to provide security in a manner consistent with the principles outlined above. Where appropriate, Companies should seek to employ private security providers that are representative of the local population.
- Companies should review the background of private security they intend to employ, particularly with regard to the use of excessive force. Such reviews should include an assessment of previous services provided to the host government and whether these services raise concern about the private security firm's dual role as a private security provider and government contractor.
- Companies should consult with other Companies, home country officials, host country officials, and civil society regarding experiences with private security. Where appropriate and lawful, Companies should facilitate the exchange of information about unlawful activity and abuses committed by private security providers.

Background Note:

Guidelines on Security in the Extractives Sector

- Aims to help leading UK-based extractive companies fulfil their human rights objectives in the area of security provision at installations in the developing world.
- Achieved through facilitating agreement by leading oil companies and NGOs on general statement of principles backed by specific guidelines on human rights safeguards, security arrangements between host governments and companies and the use of private security firms. Process is one of the first of its kind anywhere in the world to show how government participation in business/NGO dialogue can facilitate tangible gains on all sides.

In a number of conflict-prone developing countries, government security forces are unable to protect the staff and installations of extractives multinationals, which are consequently obliged to engage private security firms to give the required protection. However, the conduct of firms employed has occasionally fallen short of internationally recognised human rights standards (eg where equipment provided to them is misused). In countries where state security forces can provide some protection, they may have done so in a manner not consistent with international standards.

The initiative arises from the human rights criticisms which companies have encountered as a result of this. However, unlike issues related to interdepartmental discussions on the Private Military Companies, security provided is solely for defensive purposes, the needs and conduct of the companies are in themselves entirely legitimate and participation is voluntary. UK-based organisations currently involved are Shell, BP, Rio Tinto, the Prince of Wales Business Leaders Forum, Amnesty International and International Alert. Several US oil companies, Business for Social Responsibility and Human Rights Watch are also participating. Other companies are being invited to sign later.

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Further information:

Document on the web: <http://www.voluntaryprinciples.org/>

Further Resources: Human Rights

Amnesty International is involved with human rights issues being faced by companies (including having developed a code of Human Rights Principles for Companies).

http://web.amnesty.org/pages/ec_why

Beyond Voluntarism: Human Rights and the Developing International Legal Obligations of Companies, the International Council on Human Rights Policy Report, February 2002. A discussion paper of the possible application of UN human rights instruments to corporations produced by the International Council on Human Rights. Versoix, Switzerland.

<http://www.ichrp.org/cgi-bin/show?what=project&id=107>

Business and Human Rights: A Progress Report was presented to the 2000 World Economic Forum in Davos, by the High Commissioner for Human Rights, outlining corporate initiatives in line with the Global Compact principles.

<http://www.unhchr.ch/business.htm>

Business and Human Rights Resource Centre is an online library provides links to a wide range of materials from the UN, ILO, civil society organizations, governments, academics and journalists. <http://www.business-humanrights.org/>

Voluntary Principles on Security and Human Rights

The web site of the Voluntary Principles on Security and Human Rights.

<http://www.voluntaryprinciples.org/>

Corporate Responsibility and Humanitarian Principles

A report by the International Committee of the Red Cross on the relationships between business activity and international humanitarian law.

<http://www.icrc.org/eng/ihl>

Deconstructing Engagement: Corporate Self-Regulation in Conflict Zones – Implications for Human Rights and Canadian Public Policy by Georgette Gagnon, Audrey Macklin and Penelope Simons. Social Sciences and Humanities Research Council and the Law Commission of Canada. <http://www.law.utoronto.ca/documents/Mackin/DeconstructingEngagement.pdf>

Human Rights Watch monitors and promotes human rights in over 70 countries and publishes an annual human rights report

www.hrw.org

The Human Rights and the Private Sector: International Symposium Report

Published by the Novartis Foundation for Sustainable Development and the International Business Leaders Forum.

www.novartisfoundation.com/en/articles/human/symposium_human_rights

International Council on Human Rights Policy

This organization conducts research on human rights issues including those that relate to business. www.ichrp.org

Responsibilities of Transnational Corporations and Other Business Enterprises with Regard to Human Rights. A set of principles developed by the United Nations.

<http://www.globalpolicy.org/reform/business/2002/tncdraft.htm>

University of Ottawa Human Rights Research and Education Centre contains an extensive online database and links to international human rights sites.
<http://www.uottawa.ca/hrrec/referenc/docentre.html>

US Business Principles for Human Rights of Workers in China
<http://www.amnestyusa.org/business/chinaprinciples.html>

United Nations International Human Rights Instruments including the Universal Declaration of Human Rights are available on the UN website <http://www.unhchr.ch/html/intlinst.htm> including:

UN Covenant on Economic, Social and Cultural Rights
www.unhchr.ch/html/menu3/b/a_cescr.htm

UN Covenant on Civil and Political Rights
www.unhchr.ch/html/menu3/b/a_ccpr.htm

UN Convention on the Elimination of All Forms of Discrimination against Women
<http://www.unhchr.ch/html/menu3/b/e1cedaw.htm>.

UN Convention on the Elimination of All Forms of Racial Discrimination
http://www.unhchr.ch/html/menu3/b/d_icerd.htm

UN Convention against Torture and Other Cruel, Inhuman or Degrading Treatment or Punishment
http://www.unhchr.ch/html/menu3/b/h_cat39.htm.

UN Convention on the Rights of the Child
<http://www.unhchr.ch/html/menu3/b/k2crc.htm>

UN Code of Conduct for Law Enforcement Officials
www.unhchr.ch/html/menu3/b/h_comp42.htm

United Nations Basic Principles on the Use of Force and Firearms by Law Enforcement Officials www.unhchr.ch/html/menu3/b/h_comp43.htm

Companies in Conflict Zones

Amnesty International's Recommendations to Companies in Iraq
Included in "Iraq: On Whose Behalf? Human Rights and the Economic Reconstruction Process in Iraq." <http://web.amnesty.org/library/Index/ENGMDE141282003?open&of=ENG-IRQ>

The Business of Peace: The Private Sector as a Partner in Conflict Prevention and Resolution. By Jane Nelson on behalf of the Prince of Wales International Business Leaders Forum, International Alert and the Council on Economic Priorities, 2000.
<http://www.csrforum.com/csr/csrwebassist.nsf/content/f1d2a3a4b5.html>

Conflict Risk and Impact Assessment

A joint research initiative of the International Institute for Sustainable Development and International Alert which builds on the 2002 Global Compact Dialogue on the Role of the Private Sector in Zones of Conflict. Outcomes of this research will be a practical methodology for conflict risk and impact assessment for the oil, gas and mining sectors.
<http://www.iisd.org/natres/security/cria.asp>

Corporate Options for Breaking Cycles of Conflict

An overview paper by Anderson and Zandvliet of the Collaborative for Development Action, 2001.
<http://www.worldbank.org/wbi/corpgov/csr/pdf/CorporateOptionsArticle.pdf>

Export Development Corporation and Human Rights Due Diligence

A four-page overview of the issue from Canada's trade finance and insurance organization, 2001.

http://www.edc.ca/corpinfo/csr/documents/speeches_human_rights_due_diligence_e.pdf

Helping Prevent Violent Conflict: Orientations for External Partners

A report by the OECD Development Assistance Committee, April 2001.

http://www.oecd.org/document/45/0,2340,en_2649_34567_1886125_119699_1_1_1,00.html

Global Compact Policy Dialogue on "The Role of the Private Sector in Zones of Conflict"

The Global Compact's 2002 multistakeholder dialogue on key issues and actions pertaining to the role of the private sector in zones of conflict including conflict impact assessment, revenue sharing schemes, and transparency.

<http://www.unglobalcompact.org/Portal/Default.asp>

The Human Rights and Business Project: Building Tools for Better Business Practices

An initiative of the Danish Institute for Human Rights, focused on developing achievable human rights standards for companies and helping companies live up to those standards.

<http://www.humanrightsbusiness.org/>

Human Rights Criteria for the FTSE4Good Indices

New human rights criteria were developed for the FTSE4Good Indices on April 2003.

<http://www.ftse.com/ftse4good/FTSE4GoodCriteria.pdf>

Kimberly Process

Global certification initiative to stop the flow of diamonds from conflict zones of the world.

<http://www.kimberlyprocess.com>

Multilateral Investment Guarantee Agency (MIGA)

A note on MIGA's work in conflict-affected countries:

www.miga.org/screens/pubs/brochure/postconflict/pc_brochure.htm

Transnational Corporations in Conflict-Prone Zones: Public Policy Responses and a Framework for Action (executive summary)

A publication by Banfield, Haufler and Lilly of International Alert, 2003.

<http://www.international-alert.org/publications/55.php>

World Bank Policy on Involuntary Resettlement

<http://wbIn0018.worldbank.org/Institutional/Manuals/OpManual.nsf/whatnewirt/CA2D01A4D1BD5F58085256B19008197F6?OpenDocument>

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Other Codes

Consumer Charter for Global Business

Developed by Consumers International, an umbrella organization for consumer groups around the world.
1997

Intent of This Charter

This Charter was prepared by Consumers International, the international federation of consumer organisations. It is based on the eight consumer rights: the right to basic needs, safety, information, choice, a fair hearing, redress, consumer education and a healthy environment. The Charter sets out best business practice in areas of interest to consumers such as ethical standards, competition, product standards, marketing, labelling, disclosure of information and consumer redress. It draws on the experience of consumer organisations and is modelled on existing international codes of practice.

The aim of the Charter is to develop corporate practice in light of consumer concerns. The accompanying Charter Assessment Form translates the Charter's principles into practical goals for business. The Form helps assess the company's progress in attaining the standards set by the Charter.

The Charter's provisions can also be the basis for national and international regulation of business practices. They provide a focus for consumer education campaigns and highlight how different corporate activities can affect consumer rights.

Revised July 1997.

1. Ethical Standards

Consumers have the right to expect:

1.1 That corporations will conduct all of their operations, including all stages of the production, distribution and marketing process, in such a way that the interests of consumers of the end product or service are considered at every stage.

1.2 That corporations will conduct all their operations in such a way that, as a minimum, complies with the provisions of the OECD's Recommendation of the Council on Bribery in International Business Transactions.

1.3 That corporations have published statements of ethics or conduct. These statements shall apply to all countries in which the corporation operates and shall be publicly available and presented in a clear and concise manner.

2. Competition Issues

Consumers have the right to expect:

2.1 That corporations will encourage the development and maintenance of fair, transparent and open competition. In light of this commitment, corporations agree to:

- a) as a minimum standard abide by local and national competition and anti-trust laws in each country in which they operate;
- b) ensure that all parts of the corporation are aware of local competition rules and comply fully with their provisions;
- c) base their operating procedures on international standards of business practice (including the UNCTAD Set of Multilaterally Agreed Equitable Principles and Rules for the Control of Restrictive Business Practices) where competition or anti-trust laws are not in operation.

2.2 That in light of the provisions of Article 2.1, corporations agree:

- a) not to enter into arrangements or agreements with competing corporations that, whether directly or indirectly, result in an agreement to fix prices on any product or service. Such prices include the retail, wholesale or consumer price, export prices and import prices or any price charged to a third party;
- b) not to enter into any agreement with a competing corporation whose effect, whether direct or indirect, involves the division of territory, be it national or international, into zones of operation. For the purposes of this Charter, a zone of operation can be any geographical area in which corporations operate;
- c) when transferring goods or services within the legal body of a corporation, to price these goods and services as if the subsidiary were a separate corporation (the so-called "arm's length" principle) and not to use any other method of pricing calculation as a means of avoiding the payment of taxes on their body;
- d) not to enter into any agreement that results, either directly or indirectly, in a monopoly position for that corporation in its home market.

3. Marketing Practices

Consumers have the right to expect:

3.1 That all goods and services produced and distributed by corporations shall be marketed or promoted in such a way that:

- a) all claims made in the advertising or promotion are independently verifiable;
- b) all claims made in the advertising or promotion in any particular country are consistent with levels of honesty and truthfulness that are either legally established or that any reasonable person would set;
- c) marketing campaigns or promotions do not mislead consumers;
- d) such campaigns or promotions do not abuse the trust of consumers or exploit any lack of knowledge or experience on their part.

3.2 That corporations shall, as a minimum level, abide by the laws and regulations concerning the promotion and advertising of goods and services operating in the country concerned.

3.3 That corporations will also observe relevant internationally agreed codes which control the promotion of specific products, such as the WHO International Code of Marketing of Breast-milk Substitutes and the WHO Ethical Criteria for Medical Drug Promotion, and that where laws or regulations regarding advertising and promotion do not exist, corporations will base their operating procedures on international standards of business practices.

3.4 That corporations will take particular care when marketing their products and services to children. Advertising of harmful products (such as tobacco and alcohol) should not, in any manner, be aimed at children.

4. Product Standards

Consumers have the right to expect:

4.1 That all goods and services produced, distributed or marketed by corporations are:

- a) capable of use for the purposes claimed;
- b) safe, both for the use intended and for any reasonable foreseeable use made;
- c) durable and reliable and offer levels of utility and suitability that, as a minimum, conform to standards defined in laws or regulations, or would be construed as reasonable by an ordinary person;
- d) regularly monitored and tested by corporations to ensure that they conform to the standards listed above.

4.2 That all goods and services produced, distributed or marketed by corporations are designed and manufactured:

- a) to generally accepted international levels, or
- b) as a minimum, to standards no less stringent than those of comparable enterprises in the country concerned with a clear commitment to achieving generally accepted international standards.

4.3 That all goods produced, distributed and marketed by corporations are:

- a) produced in such a manner that causes as little damage as possible to the environment, both directly and indirectly;
- b) distributed in such a manner as to minimise damage to the environment, both directly and indirectly;
- c) transported in such a manner as to minimise damage to the environment, both directly and indirectly;
- d) insofar as it is reasonable, disposed of in a manner that is consistent with the principle of environmental sustainability.

5. Provision of Information and Labelling

Consumers have the right to expect:

5.1 That corporations will provide information regarding purchase and use (for products and services) and content, maintenance, storage and disposal (for products) in such a way that:

- a) any information is comprehensible, that is, written clearly and legibly and in the officially recognised language(s) operating in each country;
- b) any information displayed is clearly visible and in an obvious position on the product;
- c) all information relating to possible misuse of the product is displayed prominently and clearly and in language and symbols that are clearly recognisable;
- d) the same level and detail of information are provided in all the countries in which the corporation operates.

5.2 That corporations will provide consumers with information on the appropriate recycling, re-usability and disposal of their product.

5.3 That corporations will only use environmental symbols on their labelling that are independently developed and standardised.

5.4 That where a product or service, in either a direct or indirect manner, is potentially harmful to the consumer of that product or service:

- a) all information pertaining to that potential harm is comprehensible, and displayed clearly, legibly and prominently on the product or is made available prior to the provision of the service concerned;
- b) all labelling relating to the use of the product or the provision of the service exhibits a nationally, or where none exists, an internationally recognised symbol indicating the nature of the danger, the means by which that danger can be avoided and the remedy needed to treat any harmful effect of the product or service.

6. Complaints Procedures

Consumers have the right to expect:

6.1 That corporations will establish and operate a system of informal redress through conciliation for the fair settlement of consumers' just claims. This will include fair compensation for unsatisfactory goods or services.

6.2 That corporations will institute procedures to enable consumers to enforce their statutory or contractual rights against a corporation.

7. Guarantees

Consumers have the right to expect:

7.1 That corporations will provide consumers with some form of guarantee relating to their products and/or services.

7.2 That such a guarantee is additional to any statutory obligation and does not prejudice the rights of a consumer to enforce their contractual rights against the producer or retailer of the product.

7.3 That it is clearly stated that such a guarantee is binding for the corporation giving it regardless of whether it has a direct contractual relationship with the consumer.

Definition

A corporation is a legally established entity involved in the production, distribution, marketing or promotion of a good or service. For the purposes of this Charter it shall include public bodies that carry out the functions listed. A corporation may, or may not, operate in more than one country.

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http://www.consumersinternational.org/Shared_ASP_Files/UploadedFiles/F006711B-E230-42BB-B3D0-18B34E2311DD_Doc330.pdf

Elements of a Corporate Accountability Convention (Friends of the Earth)

2001

Elements of a corporate accountability convention

Friends of the Earth (FoE) here outlines elements of a convention that seeks to meet these objectives. They would establish checks and balances on corporate behaviour and ensure companies must earn a 'license to operate'. A corporate accountability and liability convention would require signatory Governments to do the following:

Introduce duties on corporations

1. Impose duties on publicly traded companies, their directors and board-level officers to:

- report fully on their environmental and social impacts, on material risks and on breaches of environmental or social standards (such reports to be independently verified);
- ensure effective prior consultation with affected communities, including the preparation of Environmental Impact Assessments (EIA) for significant activities and full public access to all relevant documentation; and
- take the negative environmental and social impacts of their activities fully into account in their corporate decision making.

Duties on directors

Targeting directors ensures objectives can be delivered through existing mechanisms of corporate governance and there are directly responsible individuals to deliver them. In most regimes directors take their legal responsibilities seriously because they can be debarred from holding directorships if they breach them.

Focusing on those corporations traded on stock exchanges (e.g. UK Public Limited Companies (Plcs), German Aktiengesellschaft (AG) and French Societe Anonyme (SA)) is less ambitious than Governmental codes of conduct such as the UN Commission on Human Rights initiative, and the OECD Guidelines which capture all business entities (as "juridical persons"). While it may act as a disincentive for companies to issue shares, it nevertheless offers several advantages:

- It captures both the majority of impacts of public concern, and the majority of transnational companies. Although the regime we are proposing is not foreseen as imposing a heavy regulatory burden, it deliberately excludes unlisted small and medium sized enterprises which have impacts of public concern, but are of great significance to local economies and livelihoods in many countries, and have limited capacity to deal with regulatory requirements.
 - The legal foundation of the publicly traded corporation model is the duty to maximise shareholder returns. It is this duty which drives the externalisation of costs onto the environment and society.
 - There are existing mechanisms established in law in many countries which could be adapted to implement these measures for public companies. Moreover, the

benefits of publicly traded status are effectively a substantial subsidy from society to these corporations - for which society can legitimately expect some return.

Reporting

The aim here is to establish the principle of reporting issues which are of interest and concern to the public, rather than simply those of financial interest to shareholders. Reporting serves two basic purposes. It ensures a corporation's attention to the things that must be reported (for example how it is performing against standards). It also provides a mechanism for the public, including investors, to identify the corporation's impacts. Such information is fundamental for active investor and other stakeholder participation.

Reporting on risks is particularly important for investors as it ensures they have the same level of knowledge as the corporation does about its business. The definition of 'material' in this case must include not only what are conventionally recognised as financial risks, but also risks of damage to environmental or social interests.

Corporate reporting and disclosure are presently subject to wide debate. The Global Reporting Initiative format may prove adequate in terms of coverage, but must also require verification - preferably by affected stakeholders through some form of independent assurance. Robust reporting helps ensure investors are supplied with the same information as executives and ensures markets are based on 'real' values of corporations.

Prior consultation

Prior consultation is a leading demand from communities in Southern and East European countries. They have experienced the disruptive impact of inward investment and have had limited or no opportunity to participate in decision-making (on planning applications for example) in ways considered normal practice in many Northern countries. Similarly EIA is expected by some authorities (e.g. the EU) and public finance mechanisms (e.g. the World Bank) but is not a minimum requirement elsewhere. A useful precedent is the ILO Indigenous and Tribal Peoples Convention of 1989. Failure to undertake meaningful assessments and consultations should result in enforcement.

This demand requires a higher degree of disclosure, transparency and prior notice about corporate activities. It is equivalent, for example, to the requirement in some European countries for notification of workforces of changes planned by management. High standards for implementation will also be needed as the experience in developing countries is often of selective consultation and misleading use of data.

F. Taking account

At present directors of publicly traded corporations have a duty to account to shareholders and maximise financial returns. This new provision would require them also to account to other stakeholders such as communities, and to balance financial returns with the interests of these other affected stakeholders.

Corporations will argue that such a requirement would be confusing and impractical for directors. But directors are already subject to legal challenge from investors and customers in certain circumstances. They must also balance the short and longer-term interests of investors, for example in deciding how much profit to distribute as a dividend. This provision extends those circumstances to include a wider range of public interests. It deepens the concept of due diligence and applies it to all corporations, (including investors). It implies that due diligence incorporates social and environmental effects and assessment of whether governments have met relevant international standards or requirements.

Extend liability of corporations

2. Extend legal liability to directors for corporate breaches of national environmental and social laws and to directors and corporations for breaches of international laws or agreements.

Directors' liability

Beyond new duties for directors outlined above, there are responsibilities relating to existing national environmental and social laws. Directors should be personally responsible for company compliance with applicable laws, including breaches thereof. Precedents include the Environmental Protection Act 1990 in the UK which holds directors liable for corporate pollution offences. Such liability must survive corporate mergers.

International agreements and laws

Extending directors and corporate liability to activities that breach international agreements is already under consideration as a Framework Convention on Liability. A number of governments have raised this issue as a priority in the course of regional preparatory meetings for the WSSD. This would ensure that many existing agreements on the environment and human rights which currently apply only to states could now be applied directly to corporations.

Ecological debt

Liability questions must also address compensation for ecosystem degradation and restoration.

Introduce rights of redress for citizens

3. Guarantee legal rights of redress for citizens and communities adversely affected by corporate activities, including:

- access for affected people anywhere in the world to pursue litigation where parent corporations claim a 'home' are domiciled or listed;
- provision for legal challenge to company decisions by those with an interest; and
- a legal aid mechanism to provide public funds to support such challenges.

Access to justice

Access to justice is essential for securing accountability. Our proposal ensures that individual citizens, communities and third parties, such as pressure groups representing environmental or social interests, can pursue cases in a company's 'home' country courts where necessary.

Action where listed

Presently there are highly variable opportunities for stakeholders, even employees, to seek redress where ultimate ownership may be remote - a typical situation with most transnationals. Companies domiciled in the US may face actions under the US Alien Tort laws. The Brussels convention on jurisdiction, states that for EU-based parent companies the country of domicile is the place of jurisdiction. Yet few, if any, 'foreign direct liability' actions have been brought. Cases are often defeated or discouraged by the problems of access to relevant and fair courts. The time cases take is a disincentive - for example, the Cape Asbestos case has taken several years to be heard, and in the meantime some of the workers made ill by exposure to asbestos have died.

There is also a strong case for states having legal responsibility for the actions of corporations domiciled or which have a home there - including for example, where they are listed. In situations where redress would otherwise not be available, such as after bankruptcy, citizens and communities would then still be able to pursue their case. A precedent is the assumption of state responsibility for outside pollution caused by anyone within its jurisdiction.

Challenge to decisions

If corporations and directors have new duties, rights are needed for those who have cause to challenge the decisions they have taken. This would give legal force to new duties and to corporate environmental and social reporting. Rights of legal challenge would need to prevent vexatious cases, while ensuring real concerns are not excluded by loopholes. Third party stakeholders might be expected to demonstrate an interest or show damage to be able to pursue a case.

Legal aid

Citizens in the developing World are daunted by the costs involved and most potential litigants by the risk of a corporation's costs being charged to them if a case is lost. Therefore a legal aid mechanism is necessary.

Establish community rights to resources

4. Establish human and community rights of access to and control over the resources needed to enjoy a healthy and sustainable life, including rights:

- over common property resources and global commons such as forests, water, fisheries, genetic resources and minerals for indigenous peoples and local communities;
- to prior consultation and veto over corporate projects, against displacement; and
- to compensation or reparation for resources expropriated by or for corporations.

FoEI has long advocated environmental rights and many governments have also raised the suggestion of launching a negotiation on an environmental rights convention at regional prepcoms for the WSSD. Control over resources is an elaboration of such rights. Useful precedents include the 1975 Land Rights Act in Australia which gives Aboriginal peoples right of veto over mining on their land. In practice, this has allowed them to set conditions relating to royalties, job provision and training. Also the 1997 Indigenous Peoples Rights Act in the Philippines which requires prior informed consent for corporate projects in ancestral lands and domains. The ILO Indigenous and Tribal Peoples Convention, 1989 (number 169) also requires respect for the rights of communities and local populations. Communities must be granted the right to apply the precautionary principle in exercising their rights and the burden of proof concerning the potential for harm must be placed clearly on the corporation involved.

Establish consistently high standards of behaviour

5. Establish (and enforce) high minimum environmental, social, labour and human rights standards for corporate activities - based for example on existing international agreements and reflecting the desirability of special and differential treatment for developing countries.

The focus of this proposed convention is on implementation mechanisms because of the imperative need to develop capacities - especially in poorer countries and communities - to ensure relevant standards of behaviour are implemented and enforced. But international minimum standards for corporate performance are necessary. Principally such standards should be based in existing and developing multilateral environmental and social agreements (and

others as necessary). It would be easy to get bogged down in the details of standards, but once effective implementation mechanisms are in place then the development of standards can follow.

The concept of 'special and differential treatment' for developing countries is well established. It may be appropriate to apply such an approach to this provision giving developing countries longer to establish standards and access to financial support. Standards of behaviour would also need to be more stringent, for example, in areas of high biodiversity value such as IUCN Category I to IV protected areas.

Introduce sanctions

6. Establish national legal provision for suitable sanctions for companies in breach of these new duties, rights and liabilities (wherever the breaches occur) such as:

- suspending national stock exchange listing;
- withholding access for such companies to public subsidies, guarantees or loans;
- fines; and
- in extreme cases the withdrawal of limited liability status.

The threat of robust sanctions provides an incentive for corporations to respect greater accountability. They are necessary to protect affected people (including future generations) and non-human species. A set of appropriate legal sanctions are needed. Provisions exist for suspending stock market listings in some countries for example for breaches of reporting requirements. Such provisions need to be extended in scale to cover all countries, and in scope to cover environmental and social issues. The withdrawal of limited liability status is more or less the death sentence for a company. It should be seen as a final sanction for repeat offenders and possibly only available to the International courts.

Governments can control access to public support for corporations and therefore this also represents an opportunity for securing corporate accountability. The principle of screening corporations for eligibility for public support must be established. There are precedents: some countries are considering withholding export credit guarantee from companies in breach of the corruption convention or the OECD Guidelines for multinational enterprises. Also loans by international financial institutions such as the World Bank are already screened.

Extend role of international criminal court

7. Extend the jurisdiction of the International Criminal Court to try directors and corporations for environmental, social and human rights crimes.

The International Criminal Court would provide an independent forum for hearing cases, perhaps including a special tribunal for environmental abuses. Eligibility for hearing or referral to this court would need to be defined.

Improve monopoly controls

8. Establish international controls over mergers and monopolistic behaviour by corporations.

The growth of corporate scale has led to the consolidation of economic power and increasing political influence. At present countries are under pressure from corporations with national links or based there to relax antitrust and merger controls to enhance competitiveness in global markets. This measure would need to reinforce national controls while providing a robust system to prevent the development of monopolies at any scale or over any market, national or international.

Implementation mechanism

9. Establish a continuing structure and process to monitor and review the implementation and effectiveness of the convention.

An effective institutional structure, rigorous implementation and enforcement and an effective monitoring system are essential for a convention such as this to work. Clearly all stakeholders would have to have opportunity to access the process, including NGOs. Continuous review would allow for updating content - for example with respect to performance standards. Effective outreach and education to increase the profile of the agreement with those who might make use of it would be essential not the least because this would increase its incentive effect on corporations.

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Further information:

This Document on the web: <http://www.foei.org/publications/corporates/accountability.html>

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EU Standards for European Enterprises operating in Developing Countries

Code of conduct for European enterprises operating in developing countries

The European Parliament,

- having regard to its resolution of 9 February 1994 on the introduction of a social clause in the unilateral and multilateral trading system (1),
- having regard to its resolution of 12 December 1996 on human rights throughout the world in 1995/96 and the Union's human rights policy (2),
- having regard to its resolution of 15 January 1998 on relocation and foreign direct investment in third countries (3),
- having regard to its resolutions on Indigenous peoples (4),
- having regard to its resolution of 11 March 1998 containing its recommendations to the Commission on negotiations in the framework of the OECD on a multilateral agreement on investments (MAI) (5),
- having regard to its resolution of 2 July 1998 on fair trade (6),
- having regard to its resolution of 17 December 1998 on human rights in the world in 1997 and 1998 and European Union human rights policy (7),
- having regard to the two most authoritative internationally agreed standards for corporate conduct adopted by the ILO: the 1977 Tripartite Declaration of Principles concerning Multinational Enterprises and Social Policy and the 1976 OECD Guidelines for Multinational Enterprises, and to codes of conduct agreed under the aegis of international organisations such as the FAO, WHO and World Bank and efforts under the auspices of Unctad with regard to the activities of enterprises in developing countries,
- having regard to the ILO Declaration on Fundamental Principles and Rights at Work, 18 June 1998, and its agreement of universal core labour standards: Abolition of forced labour (Conventions 29 and 105), Freedom of association and the right to collective bargaining (Conventions 87 and 98), Abolition of child labour (Convention 138), and Non-Discrimination in Employment (Conventions 100 and 111),
- having regard to the United Nations Universal Declaration of Human Rights and in particular its call to every individual and every organ of society to contribute to securing universal observance of human rights, the 1966 International Covenant on Civil and Political Rights, the 1966 Covenant on Economic, Social and Cultural Rights, the 1979 Convention of the Elimination of All Forms of Discrimination Against Women, the 1994 Draft United Nations Declaration on the Rights of Indigenous Peoples,
- having regard to the decision of the European social partners to contribute to the implementation of actions aimed at eradicating all forms of child labour exploitation and to

promote the rights of these children throughout the world,

(1) OJ C 61, 28.2.1994, p. 89.

(2) OJ C 20, 20.1.1997, p. 161.

(3) OJ C 34, 2.2.1998, p. 156.

(4) OJ C 61, 28.2.1994, p. 69; OJ C 43, 20.2.1995, p. 85; OJ C 323, 4.12.1995, p. 117; OJ C 141, 13.5.1996, p. 212.

(5) OJ C 104, 6.4.1998, p. 143.

(6) OJ C 226, 20.7.1998, p. 73.

(7) Minutes of that sitting, Part II, Item 9(b).

- having regard to Article 220 of the EC Treaty regarding reciprocal recognition of court judgments, to the 1968 Convention on jurisdiction and the enforcement of judgments in civil and commercial matters (1), usually known as the Brussels Convention, and to the Joint Action of 24 February 1997 adopted by the Council on the basis of Article K.3 of the Treaty on European Union concerning action to combat trafficking in human beings and sexual exploitation of children (2),

- having regard to the 1997 OECD Convention on Combating Bribery of Foreign Public Officials in International Business Transactions,

- having regard to Council Regulation (EC) No 1154/98 of 25 May 1998 applying the special incentive arrangements concerning labour rights and environmental protection provided for in Articles 7 and 8 of Regulations (EC) No 3281/94 and (EC) No 1256/96 applying multiannual schemes of generalized tariff preferences in respect of certain industrial and agricultural products originating in developing countries (3), and to Parliament's resolution of 14 May 1998 on a code of conduct for arms exports (4),

- having regard to numerous initiatives on the part of individual enterprises, their associations, trade unions and non-governmental organisations, together with international voluntary standards such as Social Accountability 8000,

- having regard to the Hearing on EU standards for European Enterprises operating in developing countries of 2 September 1998 in the Committee on Development and Cooperation,

- having regard to Rule 148 of its Rules of Procedure,

- having regard to the report of the Committee on Development and Cooperation and the opinion of the Committee on External Economic Relations (A4-0508/98),

A. whereas the EU as the largest development aid donor, and European enterprises, as the largest direct investors in developing countries, can play a decisive role in global sustainable social and economic development,

B. deeply concerned about numerous cases where intense competition for investment and markets and lack of application of international standards and national laws, have led to cases of corporate abuse, particularly in countries where human rights are not upheld,

C. stressing that no company should profit from any competitive advantage resulting from disregarding basic labour laws and social and environmental standards; and recognising increasing evidence that corporate social responsibility is linked to good financial performance,

D. bearing in mind that there is increasing consensus amongst business and industry, trade unions, NGOs and governments, both from developing countries and from the industrialised world, to improve business practices through voluntary codes of conduct,

E. whereas in this connection a process of review is currently under way in the OECD, in consultation with representatives of companies, labour and other components of civil society, to strengthen the guiding principles set out by the Organisation for multinational companies;

F. stressing that voluntary and binding approaches to corporate Regulation are not mutually exclusive, and adopting an evolutionary approach to the question of standard-setting for European enterprises,

(1) OJ L 299, 31.12.1972, p. 32.

(2) OJ L 63, 4.3.1997, p. 2.

(3) OJ L 160, 4.6.1998, p. 1.

(4) OJ C 167, 1.6.1998, p. 226.

Voluntary codes of conduct

1. Welcomes and encourages voluntary initiatives by business and industry, trade unions and coalitions of NGOs to promote codes of conduct, with effective and independent monitoring and verification, and stakeholder participation in the development, implementation and monitoring of these codes; emphasizes, however, that codes of conduct cannot replace or set aside national or international rules or the jurisdiction of governments; considers that codes of conduct must not be used as instruments for putting multinational enterprises beyond the scope of governmental and judicial scrutiny;

2. Reiterates its calls on the Council to develop a joint position on voluntary codes of conduct, on the lines of the code of conduct for arms exporters, taking due account of the fact that self-policing is not always the answer;

3. Stresses that the content of a code, and the process by which it is determined and implemented, must involve those in developing countries who are covered by it;

4. Believes that special attention must be paid to implementing codes in respect of workers in the informal sector and sub-contractors and in free trade zones, notably concerning recognition of the right to form independent trade unions, and to combating corporate collusion in violations of human rights;

5. Believes that a code should recognise the responsibilities of companies operating in conflict situations by incorporating the Amnesty International Human Rights Principles for Companies, Human Rights Watch recommendations to companies, and the UN Code of Conduct for Law Enforcement Officials;

6. Believes that under the voluntary codes of conduct European companies should comply with EU environmental, animal welfare and health standards;

7. Stresses that indigenous peoples and their communities should benefit from such codes of conduct, recognizing their important role for sustainable development;

8. Welcomes the fact that, in the present context of globalisation of trade flows and communications as well as of increased vigilance of NGOs and consumer associations, it seems to be increasingly in the interests of multinational undertakings to adopt and implement voluntary codes of conduct if they want to avoid negative publicity campaigns, sometimes leading to boycotts, public relation costs and consumer complaints;

9. Considers that enterprises should contribute economically and socially to the development process in the affected areas, in compliance with the guidelines laid down by the public

authorities concerned;

10. Recommends that an evolutionary approach be weighted towards a continuous and gradual improvement of standards; takes the view that this must reflect enterprises own obligations to make improvements;

European enforcement mechanism

11. Reiterates its request to the Commission and the Council to make proposals, as a matter of urgency, to develop the right legal basis for establishing a European multilateral framework governing companies operations worldwide and to organise for this purpose consultations with companies representatives, the social partners and those groups in society which would be covered by the code;

12. Recommends that a model Code of Conduct for European businesses should comprise existing minimum applicable international standards:

- the ILO Tripartite Declaration of Principles concerning Multinational Enterprises and Social Policy and the OECD Guidelines for Multinational Enterprises;

- in the field of labour rights: the ILO core Conventions;

- in the field of human rights: the UN Declaration and different Covenants on Human Rights;

- in the field of minority and indigenous peoples rights: ILO Convention 169, Chapter 26 of Agenda 21, 1994 Draft United Nations Declaration on the Rights of Indigenous Peoples, UN Declaration on the Elimination of All Forms of Racial Discrimination;

- in the field of environmental standards: UN Convention on Biological Diversity, the Rio Declaration and the European Commission proposal for the development of a code of conduct for European logging companies (COM(89)0410) and the relevant UN Conventions in the fields of protection of the environment, animal welfare and public health;

- in the field of security services: Common Article 3 of the Geneva Conventions and Protocol II, and the UN Code of Conduct for Law Enforcement Officials;

- in the field of corruption: the OECD anti-bribery convention and the European Commission communication on legislative measures against corruption (COM(97)0192); but should also include consideration of new international standards which are currently being developed;

13. Reaffirms its support for the creation of a Social Label;

14. Calls on the Commission to study the possibility of setting up a European Monitoring Platform (EMP) (already proposed by some trade associations) in close collaboration with the social partners, NGOs from North and South and representatives of indigenous and local communities;

15. Calls on the Commission and the Member States to take coordinated action within the OECD, the ILO and other international fora to promote the establishment of a truly independent and impartial monitoring mechanism which is internationally accepted;

16. Believes that an independent monitoring and verification body could only prove useful if it is highly skilled, if it has appropriate procedures and, above all, if it is widely accepted as being objective and impartial;

17. Recommends that business and industry provide information about their voluntary initiatives and conduct to the monitoring mechanism so that their compliance with a European code of

conduct, international standards and private voluntary codes of practice (if adopted) could be properly assessed;

18. Recommends that the monitoring mechanism promote dialogue on standards met by European enterprises and the identification of best practice, as well as being open to receiving complaints about corporate conduct from community and/or workers representatives and the private sector in the host country, NGOs or consumer organisations, from individual victims or from any other source;

European Parliament action

19. Proposes that during the new legislative period, special rapporteurs are appointed for a period of one year and annual hearings are held in the European Parliament, inviting the social partners and NGOs from the South and the North, until such time as a European Monitoring Platform is established by the Commission;

20. Recommends that public hearings be organised regularly in the European Parliament in order to discuss specific cases, of both good and bad conduct, and that all persons concerned (including enterprises) be invited to attend them;

Role of European development cooperation

21. Recognises that a responsibility for applying internationally agreed standards rests with the governments of the developing countries themselves; therefore welcomes recent EU initiatives to strengthen and extend the coverage of political dialogue with developing countries and to make good governance an essential element of EU cooperation policy;

22. Considers that resources must be set aside to support the governments of developing countries, so as to help ensure that international standards are incorporated in those countries laws, and that technical and financial assistance must be granted to monitoring groups in the host countries;

23. Calls on the Commission to enforce the requirement that all private companies carrying out operations in third countries on behalf of the Union, and financed out of the Commission's budget or the European Development Fund, act in accordance with the Treaty on European Union in respect of fundamental rights, failing which such companies would not be entitled to continue to receive European Union funding, in particular from its instruments for assistance with investment in third countries; calls on the Commission to prepare a report on the extent to which private companies to which it awards contracts have been made aware of these obligations; further recognises that private companies acting as agents of the Commission in the field of development cooperation are already obliged to adhere to OECD standards concerning best aid practice and human rights and sustainable development principles enshrined in the Lomé Convention;

24. Calls on the Commission to ensure that the development strategy to strengthen the private sector environment in developing countries should specifically integrate the role of European-based multinational enterprises, and take forward an investment agreement with the ACP to promote economic growth and poverty reduction;

Other actions at European level

25. Calls on the Commission to improve consultation and monitoring of European companies operations in third countries through the mechanisms of the social dialogue within Europe, and the operation of democracy and human rights clauses in trade agreements with third countries outside Europe;

26. Recommends as a matter of urgency that at least the ILO Declaration of Fundamental Principles and Rights at Work, of 18 June 1998, be an explicit part of any future agreement the EU negotiates with third countries;

27. Calls on the Commission to ensure that consideration is given, with an appropriate legal basis, to incorporating core labour, environmental and human rights international standards when reviewing European company law, including the new EC Directive on a European-incorporated company;

28. Calls on the Commission to bring forward proposals for a system of incentives for companies complying with international standards developed in close consultation and cooperation with consumer groups and human rights and environmental NGOs - such as in procurement, fiscal incentives, access to EU financial assistance and publication in the Official Journal;

Actions within international institutions

29. Recommends that the European Union seek to work en bloc to strengthen existing ILO and OECD instruments, in particular in the review now underway in the OECD, and within the United Nations, to ensure more powerful and effective monitoring and enforcement mechanisms, and that EU efforts notably go into reviving the UN Commission on TNCs for it to be entrusted with concrete tasks in the context of the monitoring and implementation of Codes, along with the OECD Committee for International Investment and Multinational Enterprises and the ILO's Department for Multinational Enterprises;

30. Strongly recommends that in connection with negotiations on investment agreements which could be concluded in either the OECD or the WTO, the European Union not only contribute to establishing the legitimate rights of multinational enterprises, but also their duties - with due regard to the present minimum applicable international standards - in the field of environment, labour and human rights; recommends that a monitoring mechanism affording every guarantee of impartiality and independence be incorporated in such an agreement;

31. Instructs its President to forward this resolution to the Commission, the Council, the ILO, the WTO, the OECD and the governments and parliaments of the Member States.

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Further information:

On the web:

http://www.bnpparibas.com/en/sustainable-development/text/EN_txt17_Code_of_conduct_for_European_enterprises_operating_in_developing_countries.pdf

Fairtrade Labelling Organization International

Fairtrade Standards

Fair Trade Labelling Organization (FLO) International was founded in 1997 when several national fair trade labeling initiatives (including TransFair, Max Havelaar and Fair Trade Foundation) united to form an international coordinating body.

FLO International awards a consumer label to food and beverage commodities (and some other products such as soccer balls) from developing countries that meet internationally recognized standards of fair trade (described below). FLO International monitors the entire supply chain from producer to consumer to ensure fair trade standards are met and to provide a guarantee to consumers.

The Fairtrade Label guarantees

Fair trading relations, including:

- a price that covers the cost of production
- social premium for development purposes
- partial payment in advance to avoid small producer organizations falling into debt
- contracts that allow long term production planning
- long term trade relations that allow proper planning and sustainable production practices

Fair production conditions, including:

- for small farmers' co-operatives a democratic, participative structure
- for plantations/factories the workers should have:
- decent wages (at least the legal minimum)
- good housing, where appropriate
- minimum health and safety standards
- the right to join trade unions
- no child or forced labour
- minimum environmental requirements

Certified products currently include coffee, cocoa, honey, bananas, tea, orange juice and sugar.

TransFair Canada is the Canadian fair trade certification and labeling partner of FLO International.

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For more information:

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Hannover Principles of Sustainable Design

These principles of sustainable design were developed by Architect Bill McDonough to guide the design and development of Expo 2000 in the city of Hannover, Germany.

- 1. Insist on rights of humanity and nature to co-exist** in a healthy, supportive, diverse and sustainable condition.
- 2. Recognize interdependence.** The elements of human design interact with and depend upon the natural world, with broad and diverse implications at every scale. Expand design considerations to recognizing even distant effects.
- 3. Respect relationships between spirit and matter.** Consider all aspects of human settlement including community, dwelling, industry and trade in terms of existing and evolving connections between spiritual and material consciousness.
- 4. Accept responsibility for the consequences of design** decisions upon human well-being, the viability of natural systems and their right to co-exist.
- 5. Create safe objects of long-term value.** Do not burden future generations with requirements for maintenance or vigilant administration of potential danger due to the careless creation of products, processes or standards.
- 6. Eliminate the concept of waste.** Evaluate and optimize the full life-cycle of products and processes, to approach the state of natural systems, in which there is no waste.
- 7. Rely on natural energy flows.** Human designs should, like the living world, derive their creative forces from perpetual solar income. Incorporate this energy efficiently and safely for responsible use.
- 8. Understand the limitations of design.** No human creation lasts forever and design does not solve all problems. Those who create and plan should practice humility in the face of nature. Treat nature as a model and mentor, not as an inconvenience to be evaded or controlled.
- 9. Seek constant improvement by the sharing of knowledge.** Encourage direct and open communication between colleagues, patrons, manufacturers and users to link long term sustainable considerations with ethical responsibility, and re-establish the integral relationship between natural processes and human activity.

The Hannover Principles should be seen as a living document committed to the transformation and growth in the understanding of our interdependence with nature, so that they may adapt as our knowledge of the world evolves.

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Further Information

The principles are on Bill McDonough's web site: <http://www.mcdonough.com/principles.pdf>

ILO Indigenous and Tribal Peoples Convention

Adopted on 27 June 1989 by the General Conference of the International Labour Organisation.
Entry into force 5 September 1991

The General Conference of the International Labour Organisation,

Having been convened at Geneva by the Governing Body of the International Labour Office, and having met in its seventy-sixth session on 7 June 1989, and

Noting the international standards contained in the Indigenous and Tribal Populations Convention and Recommendation, 1957, and

Recalling the terms of the Universal Declaration of Human Rights, the International Covenant on Economic, Social and Cultural Rights, the International Covenant on Civil and Political Rights, and the many international instruments on the prevention of discrimination, and

Considering that the developments which have taken place in international law since 1957, as well as developments in the situation of indigenous and tribal peoples in all regions of the world, have made it appropriate to adopt new international standards on the subject with a view to removing the assimilationist orientation of the earlier standards, and

Recognising the aspirations of these peoples to exercise control over their own institutions, ways of life and economic development and to maintain and develop their identities, languages and religions, within the framework of the States in which they live, and

Noting that in many parts of the world these peoples are unable to enjoy their fundamental human rights to the same degree as the rest of the population of the States within which they live, and that their laws, values, customs and perspectives have often been eroded, and

Calling attention to the distinctive contributions of indigenous and tribal peoples to the cultural diversity and social and ecological harmony of humankind and to international co-operation and understanding, and

Noting that the following provisions have been framed with the co-operation of the United Nations, the Food and Agriculture Organization of the United Nations, the United Nations Educational, Scientific and Cultural Organization and the World Health Organization, as well as of the Inter-American Indian Institute, at appropriate levels and in their respective fields, and that it is proposed to continue this co-operation in promoting and securing the application of these provisions, and

Having decided upon the adoption of certain proposals with regard to the partial revision of the Indigenous and Tribal Populations Convention, 1957 (No. 107), which is the fourth item on the agenda of the session, and

Having determined that these proposals shall take the form of an international Convention revising the Indigenous and Tribal Populations Convention, 1957,

Adopts this twenty-seventh day of June of the year one thousand nine hundred and eighty-nine the following Convention, which may be cited as the Indigenous and Tribal Peoples Convention, 1989:

PART I. GENERAL POLICY

Article 1

1. This Convention applies to:

(a) Tribal peoples in independent countries whose social, cultural and economic conditions distinguish them from other sections of the national community, and whose status is regulated wholly or partially by their own customs or traditions or by special laws or regulations;

(b) Peoples in independent countries who are regarded as indigenous on account of their descent from the populations which inhabited the country, or a geographical region to which the country belongs, at the time of conquest or colonisation or the establishment of present State boundaries and who, irrespective of their legal status, retain some or all of their own social, economic, cultural and political institutions.

2. Self-identification as indigenous or tribal shall be regarded as a fundamental criterion for determining the groups to which the provisions of this Convention apply.

3. The use of the term "peoples" in this Convention shall not be construed as having any implications as regards the rights which may attach to the term under international law.

Article 2

1. Governments shall have the responsibility for developing, with the participation of the peoples concerned, co-ordinated and systematic action to protect the rights of these peoples and to guarantee respect for their integrity.

2. Such action shall include measures for:

(a) Ensuring that members of these peoples benefit on an equal footing from the rights and opportunities which national laws and regulations grant to other members of the population;

(b) Promoting the full realisation of the social, economic and cultural rights of these peoples with respect for their social and cultural identity, their customs and traditions and their institutions;

(c) Assisting the members of the peoples concerned to eliminate socio-economic gaps that may exist between indigenous and other members of the national community, in a manner compatible with their aspirations and ways of life.

Article 3

1. Indigenous and tribal peoples shall enjoy the full measure of human rights and fundamental freedoms without hindrance or discrimination. The provisions of the Convention shall be applied without discrimination to male and female members of these peoples.

2. No form of force or coercion shall be used in violation of the human rights and fundamental freedoms of the peoples concerned, including the rights contained in this Convention.

Article 4

1. Special measures shall be adopted as appropriate for safeguarding the persons, institutions, property, labour, cultures and environment of the peoples concerned.

2. Such special measures shall not be contrary to the freely-expressed wishes of the peoples concerned.

3. Enjoyment of the general rights of citizenship, without discrimination, shall not be prejudiced in any way by such special measures.

Article 5

In applying the provisions of this Convention:

(a) The social, cultural, religious and spiritual values and practices of these peoples shall be recognised and protected, and due account shall be taken of the nature of the problems which face them both as groups and as individuals;

(b) The integrity of the values, practices and institutions of these peoples shall be respected;

(c) Policies aimed at mitigating the difficulties experienced by these peoples in facing new conditions of life and work shall be adopted, with the participation and co-operation of the peoples affected.

Article 6

1. In applying the provisions of this Convention, Governments shall:

(a) Consult the peoples concerned, through appropriate procedures and in particular through their representative institutions, whenever consideration is being given to legislative or administrative measures which may affect them directly;

(b) Establish means by which these peoples can freely participate, to at least the same extent as other sectors of the population, at all levels of decision-making in elective institutions and administrative and other bodies responsible for policies and programmes which concern them;

(c) Establish means for the full development of these peoples' own institutions and initiatives, and in appropriate cases provide the resources necessary for this purpose.

2. The consultations carried out in application of this Convention shall be undertaken, in good faith and in a form appropriate to the circumstances, with the objective of achieving agreement or consent to the proposed measures.

Article 7

1. The peoples concerned shall have the right to decide their own priorities for the process of development as it affects their lives, beliefs, institutions and spiritual well-being and the lands they occupy or otherwise use, and to exercise control, to the extent possible, over their own economic, social and cultural development. In addition, they shall participate in the formulation, implementation and evaluation of plans and programmes for national and regional development which may affect them directly.

2. The improvement of the conditions of life and work and levels of health and education of the peoples concerned, with their participation and co-operation, shall be a matter of priority in plans for the overall economic development of areas they inhabit. Special projects for development of the areas in question shall also be so designed as to promote such improvement.

3. Governments shall ensure that, whenever appropriate, studies are carried out, in co-operation with the peoples concerned, to assess the social, spiritual, cultural and environmental impact on

them of planned development activities. The results of these studies shall be considered as fundamental criteria for the implementation of these activities.

4. Governments shall take measures, in co-operation with the peoples concerned, to protect and preserve the environment of the territories they inhabit.

Article 8

1. In applying national laws and regulations to the peoples concerned, due regard shall be had to their customs or customary laws.

2. These peoples shall have the right to retain their own customs and institutions, where these are not incompatible with fundamental rights defined by the national legal system and with internationally recognized human rights. Procedures shall be established, whenever necessary, to resolve conflicts which may arise in the application of this principle.

3. The application of paragraphs 1 and 2 of this Article shall not prevent members of these peoples from exercising the rights granted to all citizens and from assuming the corresponding duties.

Article 9

1. To the extent compatible with the national legal system and internationally recognised human rights, the methods customarily practised by the peoples concerned for dealing with offences committed by their members shall be respected.

2. The customs of these peoples in regard to penal matters shall be taken into consideration by the authorities and courts dealing with such cases.

Article 10

1. In imposing penalties laid down by general law on members of these peoples account shall be taken of their economic, social and cultural characteristics.

2. Preference shall be given to methods of punishment other than confinement in prison.

Article 11

The exaction from members of the peoples concerned of compulsory personal services in any form, whether paid or unpaid, shall be prohibited and punishable by law, except in cases prescribed by law for all citizens.

Article 12

The peoples concerned shall be safeguarded against the abuse of their rights and shall be able to take legal proceedings, either individually or through their representative bodies, for the effective protection of these rights. Measures shall be taken to ensure that members of these peoples can understand and be understood in legal proceedings, where necessary through the provision of interpretation or by other effective means.

PART II.

LAND

Article 13

1. In applying the provisions of this Part of the Convention governments shall respect the special importance for the cultures and spiritual values of the peoples concerned of their relationship with the lands or territories, or both as applicable, which they occupy or otherwise use, and in particular the collective aspects of this relationship.

2. The use of the term "lands" in Articles 15 and 16 shall include the concept of territories, which covers the total environment of the areas which the peoples concerned occupy or otherwise use.

Article 14

1. The rights of ownership and possession of the peoples concerned over the lands which they traditionally occupy shall be recognised. In addition, measures shall be taken in appropriate cases to safeguard the right of the peoples concerned to use lands not exclusively occupied by them, but to which they have traditionally had access for their subsistence and traditional activities. Particular attention shall be paid to the situation of nomadic peoples and shifting cultivators in this respect.

2. Governments shall take steps as necessary to identify the lands which the peoples concerned traditionally occupy, and to guarantee effective protection of their rights of ownership and possession.

3. Adequate procedures shall be established within the national legal system to resolve land claims by the peoples concerned.

Article 15

1. The rights of the peoples concerned to the natural resources pertaining to their lands shall be specially safeguarded. These rights include the right of these peoples to participate in the use, management and conservation of these resources.

2. In cases in which the State retains the ownership of mineral or sub-surface resources or rights to other resources pertaining to lands, governments shall establish or maintain procedures through which they shall consult these peoples, with a view to ascertaining whether and to what degree their interests would be prejudiced, before undertaking or permitting any programmes for the exploration or exploitation of such resources pertaining to their lands. The peoples concerned shall wherever possible participate in the benefits of such activities, and shall receive fair compensation for any damages which they may sustain as a result of such activities.

Article 16

1. Subject to the following paragraphs of this Article, the peoples concerned shall not be removed from the lands which they occupy.

2. Where the relocation of these peoples is considered necessary as an exceptional measure, such relocation shall take place only with their free and informed consent. Where their consent cannot be obtained, such relocation shall take place only following appropriate procedures established by national laws and regulations, including public inquiries where appropriate, which provide the opportunity for effective representation of the peoples concerned.

3. Whenever possible, these peoples shall have the right to return to their traditional lands, as soon as the grounds for relocation cease to exist.

4. When such return is not possible, as determined by agreement or, in the absence of such agreement, through appropriate procedures, these peoples shall be provided in all possible cases with lands of quality and legal status at least equal to that of the lands previously occupied by them, suitable to provide for their present needs and future development. Where the peoples concerned express a preference for compensation in money or in kind, they shall be so compensated under appropriate guarantees.

5. Persons thus relocated shall be fully compensated for any resulting loss or injury.

Article 17

1. Procedures established by the peoples concerned for the transmission of land rights among members of these peoples shall be respected.

2. The peoples concerned shall be consulted whenever consideration is being given to their capacity to alienate their lands or otherwise transmit their rights outside their own community.

3. Persons not belonging to these peoples shall be prevented from taking advantage of their customs or of lack of understanding of the laws on the part of their members to secure the ownership, possession or use of land belonging to them.

Article 18

Adequate penalties shall be established by law for unauthorised intrusion upon, or use of, the lands of the peoples concerned, and governments shall take measures to prevent such offences.

Article 19

National agrarian programmes shall secure to the peoples concerned treatment equivalent to that accorded to other sectors of the population with regard to:

(a) The provision of more land for these peoples when they have not the area necessary for providing the essentials of a normal existence, or for any possible increase in their numbers;

(b) The provision of the means required to promote the development of the lands which these peoples already possess.

PART III.

RECRUITMENT AND CONDITIONS OF EMPLOYMENT

Article 20

1. Governments shall, within the framework of national laws and regulations, and in co-operation with the peoples concerned, adopt special measures to ensure the effective protection with regard to recruitment and conditions of employment of workers belonging to these peoples, to the extent that they are not effectively protected by laws applicable to workers in general.

2. Governments shall do everything possible to prevent any discrimination between workers belonging to the peoples concerned and other workers, in particular as regards:

(a) Admission to employment, including skilled employment, as well as measures for promotion and advancement;

(b) Equal remuneration for work of equal value;

(c) Medical and social assistance, occupational safety and health, all social security benefits and any other occupationally related benefits, and housing;

(d) The right of association and freedom for all lawful trade union activities, and the right to conclude collective agreements with employers or employers' organisations.

3. The measures taken shall include measures to ensure:

(a) That workers belonging to the peoples concerned, including seasonal, casual and migrant workers in agricultural and other employment, as well as those employed by labour contractors, enjoy the protection afforded by national law and practice to other such workers in the same sectors, and that they are fully informed of their rights under labour legislation and of the means of redress available to them;

(b) That workers belonging to these peoples are not subjected to working conditions hazardous to their health, in particular through exposure to pesticides or other toxic substances;

(c) That workers belonging to these peoples are not subjected to coercive recruitment systems, including bonded labour and other forms of debt servitude;

(d) That workers belonging to these peoples enjoy equal opportunities and equal treatment in employment for men and women, and protection from sexual harassment.

4. Particular attention shall be paid to the establishment of adequate labour inspection services in areas where workers belonging to the peoples concerned undertake wage employment, in order to ensure compliance with the provisions of this Part of this Convention.

PART IV.

VOCATIONAL TRAINING, HANDICRAFTS AND RURAL INDUSTRIES

Article 21

Members of the peoples concerned shall enjoy opportunities at least equal to those of other citizens in respect of vocational training measures.

Article 22

1. Measures shall be taken to promote the voluntary participation of members of the peoples concerned in vocational training programmes of general application.

2. Whenever existing programmes of vocational training of general application do not meet the special needs of the peoples concerned, governments shall, with the participation of these peoples, ensure the provision of special training programmes and facilities.

3. Any special training programmes shall be based on the economic environment, social and cultural conditions and practical needs of the peoples concerned. Any studies made in this connection shall be carried out in co-operation with these peoples, who shall be consulted on the organisation and operation of such programmes. Where feasible, these peoples shall progressively assume responsibility for the organisation and operation of such special training programmes, if they so decide.

Article 23

1. Handicrafts, rural and community-based industries, and subsistence economy and traditional activities of the peoples concerned, such as hunting, fishing, trapping and gathering, shall be recognised as important factors in the maintenance of their cultures and in their economic self-reliance and development. Governments shall, with the participation of these peoples and whenever appropriate, ensure that these activities are strengthened and promoted.

2. Upon the request of the peoples concerned, appropriate technical and financial assistance shall be provided wherever possible, taking into account the traditional technologies and cultural characteristics of these peoples, as well as the importance of sustainable and equitable development.

PART V. SOCIAL SECURITY AND HEALTH

Article 24

Social security schemes shall be extended progressively to cover the peoples concerned, and applied without discrimination against them.

Article 25

1. Governments shall ensure that adequate health services are made available to the peoples concerned, or shall provide them with resources to allow them to design and deliver such services under their own responsibility and control, so that they may enjoy the highest attainable standard of physical and mental health.

2. Health services shall, to the extent possible, be community-based. These services shall be planned and administered in co-operation with the peoples concerned and take into account their economic, geographic, social and cultural conditions as well as their traditional preventive care, healing practices and medicines.

3. The health care system shall give preference to the training and employment of local community health workers, and focus on primary health care while maintaining strong links with other levels of health care services.

4. The provision of such health services shall be co-ordinated with other social, economic and cultural measures in the country.

PART VI. EDUCATION AND MEANS OF COMMUNICATION

Article 26

Measures shall be taken to ensure that members of the peoples concerned have the opportunity to acquire education at all levels on at least an equal footing with the rest of the national community.

Article 27

1. Education programmes and services for the peoples concerned shall be developed and implemented in co-operation with them to address their special needs, and shall incorporate their histories, their knowledge and technologies, their value systems and their further social, economic and cultural aspirations. They shall participate in the formulation, implementation and evaluation of plans and programmes for national and regional development which may affect them directly.

2. The competent authority shall ensure the training of members of these peoples and their involvement in the formulation and implementation of education programmes, with a view to the progressive transfer of responsibility for the conduct of these programmes to these peoples as appropriate.

3. In addition, governments shall recognise the right of these peoples to establish their own educational institutions and facilities, provided that such institutions meet minimum standards established by the competent authority in consultation with these peoples. Appropriate resources shall be provided for this purpose.

Article 28

1. Children belonging to the peoples concerned shall, wherever practicable, be taught to read and write in their own indigenous language or in the language most commonly used by the group to which they belong. When this is not practicable, the competent authorities shall undertake consultations with these peoples with a view to the adoption of measures to achieve this objective.

2. Adequate measures shall be taken to ensure that these peoples have the opportunity to attain fluency in the national language or in one of the official languages of the country.

3. Measures shall be taken to preserve and promote the development and practice of the indigenous languages of the peoples concerned.

Article 29

The imparting of general knowledge and skills that will help children belonging to the peoples concerned to participate fully and on an equal footing in their own community and in the national community shall be an aim of education for these peoples.

Article 30

1. Governments shall adopt measures appropriate to the traditions and cultures of the peoples concerned, to make known to them their rights and duties, especially in regard to labour, economic opportunities, education and health matters, social welfare and their rights deriving from this Convention.

2. If necessary, this shall be done by means of written translations and through the use of mass communications in the languages of these peoples.

Article 31

Educational measures shall be taken among all sections of the national community, and particularly among those that are in most direct contact with the peoples concerned, with the object of eliminating prejudices that they may harbour in respect of these peoples. To this end, efforts shall be made to ensure that history textbooks and other educational materials provide a fair, accurate and informative portrayal of the societies and cultures of these peoples.

PART VII. CONTACTS AND CO-OPERATION ACROSS BORDERS

Article 32

Governments shall take appropriate measures, including by means of international agreements, to facilitate contacts and co-operation between indigenous and tribal peoples across borders, including activities in the economic, social, cultural, spiritual and environmental fields.

PART VIII. ADMINISTRATION

Article 33

1. The governmental authority responsible for the matters covered in this Convention shall ensure that agencies or other appropriate mechanisms exist to administer the programmes affecting the peoples concerned, and shall ensure that they have the means necessary for the proper fulfilment of the functions assigned to them.

2. These programmes shall include:

(a) The planning, co-ordination, execution and evaluation, in co-operation with the peoples concerned, of the measures provided for in this Convention;

(b) The proposing of legislative and other measures to the competent authorities and supervision of the application of the measures taken, in co-operation with the peoples concerned.

PART IX. GENERAL PROVISIONS

Article 34

The nature and scope of the measures to be taken to give effect to this Convention shall be determined in a flexible manner, having regard to the conditions characteristic of each country.

Article 35

The application of the provisions of this Convention shall not adversely affect rights and benefits of the peoples concerned pursuant to other Conventions and Recommendations, international instruments, treaties, or national laws, awards, custom or agreements.

PART X. FINAL PROVISIONS

Article 36

This Convention revises the Indigenous and Tribal Populations Convention, 1957.

Article 37

The formal ratifications of this Convention shall be communicated to the Director-General of the International Labour Office for registration.

Article 38

1. This Convention shall be binding only upon those Members of the International Labour Organisation whose ratifications have been registered with the Director-General.
2. It shall come into force twelve months after the date on which the ratifications of two Members have been registered with the Director-General.
3. Thereafter, this Convention shall come into force for any Member twelve months after the date on which its ratification has been registered.

Article 39

1. A Member which has ratified this Convention may denounce it after the expiration of ten years from the date on which the Convention first comes into force, by an act communicated to the Director-General of the International Labour Office for registration. Such denunciation shall not take effect until one year after the date on which it is registered.
2. Each Member which has ratified this Convention and which does not, within the year following the expiration of the period of ten years mentioned in the preceding paragraph, exercise the right of denunciation provided for in this Article, will be bound for another period of ten years and, thereafter, may denounce this Convention at the expiration of each period of ten years under the terms provided for in this Article.

Article 40

1. The Director-General of the International Labour Office shall notify all Members of the International Labour Organisation of the registration of all ratifications and denunciations communicated to him by the Members of the Organisation.
2. When notifying the Members of the Organisation of the registration of the second ratification communicated to him, the Director-General shall draw the attention of the Members of the Organisation to the date upon which the Convention will come into force.

Article 41

The Director-General of the International Labour Office shall communicate to the Secretary-General of the United Nations for registration in accordance with Article 102 of the Charter of the United Nations full particulars of all ratifications and acts of denunciation registered by him in accordance with the provisions of the preceding Articles.

Article 42

At such times as it may consider necessary the Governing Body of the International Labour Office shall present to the General Conference a report on the working of this Convention and shall examine the desirability of placing on the agenda of the Conference the question of its revision in whole or in part.

Article 43

1. Should the Conference adopt a new Convention revising this Convention in whole or in part, then, unless the new Convention otherwise provides:

(a) The ratification by a Member of the new revising Convention shall ipso jure involve the immediate denunciation of this Convention, notwithstanding the provisions of Article 39 above, if and when the new revising Convention shall have come into force;

(b) As from the date when the new revising Convention comes into force this Convention shall cease to be open to ratification by the Members.

2. This Convention shall in any case remain in force in its actual form and content for those Members which have ratified it but have not ratified the revising Convention.

Article 44

The English and French versions of the text of this Convention are equally authoritative.

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Further information:

Document on the web: <http://www.unhchr.ch/html/menu3/b/62.htm>

Nippon Keidanren Charter of Corporate Behavior

2004

Forward

Nippon Keidanren (The Japan Business Federation) believes in an economy and society in which individuals and corporations are free to demonstrate their creativity with high ethical standards. Japanese corporations have long provided extensive and well-crafted employee education and in-house training. Furthermore, they also have always strived to maintain harmonious employee relations and to contribute to the development of local communities; to actively engage in philanthropy and ecoactivities.

To promote ethical behavior, in 1991, Keidanren adopted the Charter for Good Corporate Behavior (the "Charter"), and in 1996 revised the Charter and provided an Implementation Guideline to its member companies (hereinafter referred to as "members"). At the time of the 2002 revision, Keidanren renamed the charter as the "Charter of Corporate Behavior."

Keidanren contends that members need to take social responsibility flexibly and voluntarily. There should be the freedom to allow a diversity of approaches and at the same time, members must understand that legal compliance is the core of social responsibility. To further encourage member initiatives, when the "Charter of Corporate Behavior" was revised in 2002, a key point of the revision was the call to members' top management to strengthen their leadership by implementing ethical improvements in corporate systems and operations.

With the evolution of civil society, corporate social responsibility ("CSR") has received greater attention and has become an important criterion for selecting products and services, as well as evaluating corporations. Businesses, in a rapidly globalizing economy, are expected to address concerns including human rights, child and forced labor, and poverty. Moreover, corporations are also required to work on emerging issues such as personal data protection in the information society and workforce diversity in a low-birthrate, aging society. Corporations need to enhance their social significance and value, answering social needs and communicating with stakeholders.

Members should contribute to the sound development of society by supplying quality products and services and in doing so, members must reinforce the importance of business ethics. Recognizing linkages between the growth of their business and the development of society, members should conduct business activities from a comprehensive viewpoint, encompassing economic, environmental and social aspects for the creation of a sustainable society. To carry out these objectives, members shall respect the "Charter of Corporate Behavior" and follow its principles.

Charter of Corporate Behavior

Member corporations of Nippon Keidanren (hereafter referred to as "Members") believe that corporations exist not only as economic entities designed to pursue profits through fair competition, but also as social entities which must make a contribution to society at large. Members are expected to respect human rights and to conduct themselves in a socially responsible manner toward the creation of a sustainable society, observe both the spirit as well as the letter of all laws and regulations applying to their activities both in Japan and abroad in accordance with the following ten principles.

1. Members, by the development and provision of socially beneficial goods and services in a safe and responsible manner, shall strive to earn the confidence of their consumers and clients, while taking necessary measures to protect personal data and customer related information.
2. Members shall promote fair, transparent, free competition and fair trade. They shall also ensure that their relationships and dealings with government agencies and political bodies are of a normal and proper nature.
3. Members shall engage in active and fair disclosure of corporate information, not only to shareholders but also to members of society at large.
4. Members shall strive to respect diversity, individuality and differences of their employees, to promote safe and comfortable workplaces, and to ensure the physical and mental well being of their employees.
5. Members shall recognize that a positive involvement in environmental issues is a priority for all humanity and is an essential part of their activities and their very existence as a corporation, and should therefore approach these issues positively.
6. As "good corporate citizens," members should actively engage in philanthropic and other activities of social benefit.
7. Members shall reject all contacts with organizations involved in activities in violation of the law or accepted standards of responsible social behavior.
8. Members shall observe all laws and regulations applying to their overseas activities and respect the culture and customs of other nations and strive to manage their overseas activities in such a way as to promote and contribute to the development of local communities.
9. The highest levels of management within member corporations must assume the responsibility for implementing this charter and for taking all necessary action in order to promote awareness within their corporation and inform their group companies and business partners of their responsibility. Management must also heed the voice of their stakeholders, both internally and externally, and promote the development and implementation of systems that will contribute to the achievement of ethical corporate behavior.
10. In the event of a violation of the principles of this charter, management of members must investigate the cause of the violation, develop reforms to prevent its recurrence and make information publicly available regarding their intended actions for reform. After the prompt public disclosure of appropriate information regarding the violation, responsibility for the violation and its effects should be clarified and disciplinary action should be taken which includes the highest levels of management where necessary.

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Further information:

Nippon Keidanren web site: <http://www.keidanren.or.jp/>

Millennium Development Goals

In 2000 the member states of the United Nations unanimously adopted the Millennium Declaration and the Millennium Development Goals.

The Millennium Development Goals commit the international community to an expanded vision of development, one that vigorously promotes human development as the key to sustaining social and economic progress in all countries, and recognizes the importance of creating a global partnership for development. The goals have been commonly accepted as a framework for measuring development progress.

Millennium Development Goals and Targets

Goal 1: Eradicate extreme poverty and hunger

Target 1: Halve, between 1990 and 2015, the proportion of people whose income is less than \$1 a day

Target 2: Halve, between 1990 and 2015, the proportion of people who suffer from hunger

Goal 2: Achieve universal primary education

Target 3: Ensure that, by 2015, children everywhere, boys and girls alike, will be able to complete a full course of primary schooling

Goal 3: Promote gender equality and empower women

Target 4: Eliminate gender disparity in primary and secondary education preferably by 2005 and in all levels of education no later than 2015

Goal 4: Reduce child mortality

Target 5: Reduce by two-thirds, between 1990 and 2015, the under-five mortality rate

Goal 5: Improve maternal health

Target 6: Reduce by three-quarters, between 1990 and 2015, the maternal mortality ratio

Goal 6: Combat HIV/AIDS, malaria, and other diseases

Target 7: Have halted by 2015 and begun to reverse the spread of HIV/AIDS

Target 8: Have halted by 2015 and begun to reverse the incidence of malaria and other major diseases

Goal 7: Ensure environmental sustainability

Target 9: Integrate the principles of sustainable development into country policies and program and reverse the loss of environmental resources

Target 10: Halve, by 2015, the proportion of people without sustainable access to safe drinking water and basic sanitation

Target 11: Have achieved, by 2020, a significant improvement in the lives of at least 100 million slum dwellers

Goal 8: Develop a global partnership for development

Target 12: Develop further an open, rule-based, predictable, nondiscriminatory trading and financial system (includes a commitment to good governance, development, and poverty reduction—both nationally and internationally)

Official Development Assistance

Target 13: Address the special needs of the least developed countries (includes tariff-and quota-free access for exports enhanced program of debt relief for HIPC and cancellation of official bilateral debt, and more generous ODA for countries committed to poverty reduction)

Market Access

Target 14: Address the special needs of landlocked countries and small island developing states (through the Program of Action for the Sustainable Development of Small Island Developing States and 22nd General Assembly provisions)

Debt sustainability

Target 15: Deal comprehensively with the debt problems of developing countries through national and international measures in order to make debt sustainable in the long term

Other

Target 16: In cooperation with developing countries, develop and implement strategies for decent and productive work for youth

Target 17: In cooperation with pharmaceutical companies, provide access to affordable, essential drugs in developing countries

Target 18: In cooperation with the private sector, make available the benefits of new technologies, especially information and communications

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Further information

Millennium Development Goals web site:
<http://www.developmentgoals.org/index.html>

The Set of Multilaterally Agreed Equitable Principles and Rules for the Control of Business Practices

The United Nations Conference on Restrictive Business Practices,

Recognizing that restrictive business practices can adversely affect international trade, particularly that of developing countries and the economic development of these countries,

Affirming that a set of multilaterally agreed equitable principles and rules for the control of restrictive business practices can contribute to attaining the objective in the establishment of a new international economic order to eliminate restrictive business practices adversely affecting international trade and thereby contribute to development and improvement of international economic relations on a just and equitable basis,

Recognizing also the need to ensure that restrictive business practices do not impede negate the realization of benefits that should arise from the liberalization of tariff and non-tariff barriers affecting international trade, particularly those affecting the trade and development of developing countries,

Considering the possible adverse impact of restrictive business practices, including among others those resulting from the increased activities of transnational corporations, on the trade and development of developing countries.

Convinced of the need for action to be taken by countries in a mutually reinforcing manner at the national regional and international levels to eliminate or effectively deal with restrictive business practices, including those of transnational corporations, adversely affecting international trade, particularly that of developing countries and the economic development of these countries.

Convinced also of the benefits to be derived from a universally applicable set of multilaterally agreed equitable principles and rules for the control of restrictive business practices and that all countries should encourage their enterprises to follow in all respects the provisions of such a set of multilaterally agreed equitable principles and rules,

Convinced further that the adoption of such a set of multilaterally agreed equitable principles and rules for the control of restrictive business practices will thereby facilitate the adoption and strengthening of laws and policies in the area of restrictive business practices at the national and regional levels and thus lead to improved conditions and attain greater efficiency and participation in international trade and development, particularly that of developing countries, and to protect and promote social welfare in general, and in particular the interests of consumers in both developed and developing countries,

Affirming also the need to eliminate the disadvantages to trade and development which may result from the restrictive business practices of the transnational corporations or other enterprises, and thus help to maximize benefits to international trade and particularly the trade and development of developing countries.

Affirming further the need that measures adopted by States for the control of restrictive business practices should be applied fairly, equitably, on the same basis to all enterprises and in accordance with established procedures of law; and for States to take into account the principles and objectives of the Set of Multilaterally Agreed Equitable Principles and Rules,

Hereby agrees on the following Set of Principles and Rules for the control of restrictive business practices, which take the form of recommendations.

Section A:

OBJECTIVES

Taking into account the interests of all countries, particularly those of developing countries, the Set of Multilaterally Agreed Equitable Principles and Rules are framed in order to achieve the following objectives:

1. To ensure that restrictive business practices do not impede or negate the realization of benefits that should arise from the liberalization of tariff and non-tariff barriers affecting world trade, particularly those affecting the trade and development of developing countries;
2. To attain greater efficiency in international trade and development, particularly that of developing countries, in accordance with national aims of economic and social development and existing economic structures, such as through:
 - a. The creation, encouragement and protection of competition;
 - b. Control of the concentration of capital and/or economic power;
 - c. Encouragement of innovation;
3. To protect and promote social welfare in general and, in particular, the interests of consumers in both developed and developing countries;
4. To eliminate the disadvantages to trade and development which may result from the restrictive business practices of transnational corporations or other enterprises, and thus help to maximize benefits to international trade and particularly the trade and development of developing countries;
5. To provide a Set of Multilaterally Agreed Equitable Principles and Rules for the control of restrictive business practices for adoption at the international level and thereby to facilitate the adoption and strengthening of laws and policies in this area at the national and regional levels.

Section B:

Definitions and scope of application

For the purpose of this Set of Multilaterally Agreed Equitable Principles and Rules:

(i) Definitions

"Restrictive business practices" means acts or behavior of enterprises which, through an abuse or acquisition and abuse of a dominant position of market power, limit access to markets or

otherwise unduly restrain competition, having or being likely to have adverse effects on international trade, particularly that of developing countries, and on the economic development of these countries, or which through formal, informal, written or unwritten agreements or arrangements among enterprises, have the same impact.

"Dominant position of market power" refers to a situation where an enterprise, either by itself or acting together with a few other enterprises, is in a position to control the relevant market for a particular good or service or group of goods or services.

"Enterprises" means firms, partnerships, corporations, companies, other associations, natural or juridical persons, or any combination thereof, irrespective of the mode of creation or control or ownership, private or State, which are engaged in commercial activities, and includes their branches, subsidiaries, affiliates, or other entities directly or indirectly controlled by them.

(ii) Scope of application

The Set of Principles and Rules applies to restrictive business practices, including those of transnational corporations, adversely affecting international trade, particularly that of developing countries and the economic development of these countries. It applies irrespective of whether such practices involve enterprises in one or more countries.

The "principles and rules for enterprises, including transnational corporations" apply to all transactions in good and services.

The "principles and rules for enterprises including transnational corporations" are addressed to all enterprises.

The provisions of the Set of Principles and Rules shall be universally applicable to all countries and enterprises regardless of the parties involved in the transactions, acts or behavior.

Any reference to "States" or "Governments" shall be constructed as including any regional groupings of States, to the extent that they have competence in the area of restrictive business practices.

The Set of Principles and Rules shall not apply to intergovernmental agreements, nor to restrictive business practices directly caused by such agreements.

Section C:

Multilaterally agreed equitable principles for the control of restrictive business practices

In line with the objectives set forth, the following principles are to apply:

(i) General principles

- Appropriate action should be taken in a mutually reinforcing manner at national, regional and international levels to eliminate, or effectively deal with, restrictive business practices,

including those of transnational corporations, adversely affecting international trade, particularly that of developing countries and the economic development of these countries.

- Collaboration between Governments at bilateral and multilateral levels should be established and, where such collaboration has been established, it should be improved to facilitate the control of restrictive business practices.
- Appropriate mechanisms should be devised at the international level and/or the use of existing international machinery improved to facilitate exchange and dissemination of information among Governments with respect to restrictive business practices.
- Appropriate means should be devised to facilitate the holding of multilateral consultations with regard to policy issues relating to the control of restrictive business practices.
- The provisions of the Set of Principles and Rules should not be construed as justifying conduct by enterprises which is unlawful under applicable national or regional legislation.

(ii) Relevant factors in the application of the Set of Principles and Rules

- In order to ensure the fair and equitable application of the Set of Principles and Rules, States, while bearing in mind the need to ensure the comprehensive application of the Set of Principles and Rules, should take due account of the extent to which the conduct of enterprises, whether or not created or controlled by States, is accepted under applicable legislation or regulations, bearing in mind that such laws and regulations should be clearly defined and publicly and readily available, or is required by States.

(iii) Preferential or differential treatment for developing countries

- In order to ensure the equitable application of the Set of Principles and Rules, States, particularly developed countries, should take into account in their control of restrictive business practices the development, financial and trade needs of developing countries, in particular of the least developed countries, for the purposes especially of developing countries in:
 - Promoting the establishment of development of domestic industries and the economic development of other sectors of the economy, and
 - Encouraging their economic development through regional or global arrangements among developing countries.

Section D:

Principles and rules for enterprises, including transnational corporations

- Enterprises should conform to the restrictive business practices laws, and the provisions concerning restrictive business practices in other laws, of the countries in which they operate, and, in the event of proceedings under these laws, should be subject to the competence of the courts and relevant administrative bodies therein.

- Enterprises should consult and co-operate with competent authorities of countries directly affected in controlling restrictive business practices adversely affecting the interests of those countries. In this regard, enterprises should also provide information, in particular details of restrictive arrangements, required for this purpose, including that which may be located in foreign countries, to the extent that in the latter event such production or disclosure is not prevented by applicable law or established public policy. Whenever the provision of information is on a voluntary basis, its provisions should be in accordance with safeguards normally applicable in this field.

- Enterprises, except when dealing with each other in the context of an economic entity wherein they are under common control, including through ownership, or otherwise not able to act independently of each other, engaged on the market in rival or potentially rival activities, should refrain from practices such as the following when, through formal, informal, written or unwritten agreements or arrangements, they limit access to markets or otherwise unduly restrain competition, having or being likely to have adverse effects on international trade, particularly that of developing countries, and on the economic development of these countries:
 - a. Agreements fixing prices, including as to exports and imports;
 - b. Collusive tendering;
 - c. Market or customer allocation arrangements;
 - d. Allocation by quota as to sales and production;
 - e. Collective action to enforce arrangements, e.g. by concerted refusals to deal;
 - f. Concerted refusal of supplies to potential importers;
 - g. Collective denial of access to an arrangement, or association, which is crucial to competition.

- Enterprises should refrain from the following acts or behavior in a relevant market when, through an abuse¹ or acquisition and abuse of a dominant position of market power, they limit access to markets or otherwise unduly restrain competition, having or being likely to have adverse effects on international trade, particularly that of developing countries, and on the economic development of these countries:
 - a. Predatory behavior towards competitors, such as using below-cost pricing to eliminate competitors.
 - b. Discriminatory (i.e. unjustifiably differentiated) pricing or terms or conditions in the supply or purchase of goods and services, including by means of the use of pricing policies in transactions between affiliated enterprises which overcharge or undercharge for goods or services purchased or supplied as compared with prices for similar or comparable transactions outside the affiliated enterprises;
 - c. Mergers, takeovers, joint ventures or other acquisitions of control, whether of a horizontal, vertical or a conglomerate nature
 - d. Fixing the prices at which goods exported can be resold in importing countries;
 - e. Restrictions on the importation of goods which have been legitimately marked abroad with a trademark identical with or similar to the trademark protected as to identical or similar goods in the importing country where the trademarks in question are of the same origin, i.e. belong to the same owner or are used by enterprises between which there is economic, organizational, managerial or legal interdependence and where the purpose of such restrictions is to maintain artificially high prices.
 - f. When not for ensuring the achievement of legitimate business purposes, such as quality, safety, adequate distribution or service: Partial or complete refusals to deal on the enterprise's customary commercial terms;
 - (i) Partial or complete refusals to deal on the enterprise's customary commercial terms;

(ii) Making the supply of particular goods or services dependent upon the acceptance of restrictions on the distribution or manufacture of competing or other goods;

(iii) Imposing restrictions concerning where, or to whom, or in what form or quantities, goods supplied or other goods may be resold or exported;

(iv) Making the supply of particular goods or services dependent upon the purchase of other goods or services from the supplier or his designee.

Section E:

Principles and rules for States at national, regional and subregional levels

- States should, at the national level or through regional groupings, adopt, improve and effectively enforce appropriate legislation and implementing judicial and administrative procedures for the control of restrictive business practices, including those of transnational corporations.
- States should base their legislation primarily on the principle of eliminating or effectively dealing with acts or behavior of enterprises which, through an abuse or acquisition and abuse of a dominant position of market power, limit access to markets or otherwise unduly restrain competition, having or being likely to have adverse effects on their trade or economic development, or which through formal, informal, written or unwritten agreements or arrangements among enterprises have the same impact.
- States, in their control of restrictive business practices, should ensure treatment of enterprises which is fair, equitable, on the same basis to all enterprises, and in accordance with established procedures of law. The laws and regulations should be publicly and readily available.
- States should seek appropriate remedial or preventive measures to prevent and/or control the use of restrictive business practices within their competence when it comes to the attention of States that such practices adversely affect international trade, and particularly the trade and development of the developing countries.
- Where, for the purpose of the control of restrictive business practices, a State obtains information from enterprises containing legitimate business secrets, it should accord such information reasonable safeguards normally applicable in this field, particularly to protect its confidentiality.
- States should institute or improve procedures for obtaining information from enterprises including transnational corporations, necessary for their effective control or restrictive business practices, including in this respect details of restrictive agreements, understandings and other arrangements.
- States should establish appropriate mechanisms at the regional and subregional levels to promote exchange of information on restrictive business practices and on the application of

national laws and policies in this area, and to assist each other to their mutual advantage regarding control of restrictive business practices at the regional and subregional levels.

- States with greater expertise in the operation of systems for the control or restrictive business practices should, on request, share their experience with, or otherwise provide technical assistance to other States wishing to develop or improve such systems.
- States should, on request, or at their own initiative when the need comes to their attention, supply to other States, particularly developing countries, publicly available information, and, to the extent consistent with their laws and established public policy, other information necessary to the receiving interested State for its effective control of restrictive business practices.

Section F:

International measures

Collaboration at the international level should aim at eliminating or effectively dealing with restrictive business practices, including those of transnational corporations, through strengthening and improving controls over restrictive business practices adversely affecting international trade, particularly that of developing countries, and the economic development of these countries. In this regard, action should include:

Work aimed at achieving common approaches in national policies relating to restrictive business practices compatible with the Set of Principles and Rules.

Communication annually to the Secretary-General of UNCTAD of appropriate information on steps taken by States and regional groupings to meet their commitment to the Set of Principles and Rules, and information on the adoption, development and application of legislation, regulations and policies concerning restrictive business practices.

Continued publication annually by UNCTAD of a report on developments in restrictive business practices legislation and on restrictive business practices adversely affecting international trade, particularly the trade and development of developing countries, based upon publicly available information and as far as possible other information, particularly on the basis of requests addressed to all member States or provided at their own initiative and, where appropriate, to the United Nations Center on Transnational Corporations and other competent international organizations.

Consultations:

- a. Where a State, particularly of a developing country, believes that a consultation with another State or States is appropriate in regard to an issue concerning control of restrictive business practices, it may request a consultation with those States with a view to finding a mutually acceptable solution. When a consultation is to be held, the States involved may request the Secretary-General of UNCTAD to provide mutually agreed conference facilities for such a consultation;
- b. States should accord full consideration to requests for consultations and, upon agreement as to the subject of and the procedures for such a consultation, the consultation should take place at an appropriate time;
- c. If the States involved so agree, a joint report on the consultations and their results should be prepared by the States involved and, if they so wish, with the assistance of the

UNCTAD secretariat, and be made available to the Secretary-General of UNCTAD for inclusion in the annual report on restrictive business practices.

Continued work within UNCTAD on the elaboration of a model law or laws on restrictive business practices in order to assist developing countries in devising appropriate legislation. States should provide necessary information and experience to UNCTAD in this connection.

Implementation within or facilitation by UNCTAD, and other relevant organizations of the United Nations system in conjunction with UNCTAD, of technical assistance, advisory and training programmes on restrictive business practices, particularly for developing countries:

- a. Experts should be provided to assist developing countries, at their request, in formulating or improving restrictive business practices legislation and procedures;
- b. Seminars, training programmes or courses should be held, primarily in developing countries, to train officials involved or likely to be involved in administering restrictive business practices legislation and, in this connection, advantage should be taken *intern alia*, of the experience and knowledge of administrative authorities, especially in developed countries, in detecting the use of restrictive business practices;
- c. A handbook on restrictive business practices legislation should be compiled;
- d. Relevant books, documents, manuals and any other information on matters related to restrictive business practices should be collected and made available, particularly to developing countries;
- e. Exchange of personnel between restrictive business practices authorities should be arranged and facilitated;
- f. International conferences on restrictive business practices legislation and policy should be arranged;
- g. Seminars for an exchange of views on restrictive business practices among persons in the public and private sectors should be arranged.

International organizations and financing programmes, in particular the United Nations Development Programme, should be called upon to provide resources through appropriate channels and modalities for the financing of activities set out in paragraph 6 above. Furthermore, all countries are invited, in particular the developed countries, to make voluntary financial and other contributions for the above-mentioned activities.

Section G:

International Institutional machinery

Institutional arrangements

1. An Intergovernmental Group of Experts on Restrictive Business Practices operating within the framework of a Committee of UNCTAD will provide the institutional machinery.
2. States which have accepted the Set of Principles and Rules should take appropriate steps at the national or regional levels to meet their commitment to the Set of Principles and Rules.

Functions of the Intergovernmental Group

3. The Intergovernmental Group shall have the following functions:

- a. To provide a forum and modalities for multilateral consultations, discussion and exchange or views between States on matters related to the Set of Principles and Rules, in particular its operation and the experience arising therefrom;
- b. To undertake and disseminate periodically studies and research on restrictive business practices related to the provisions of the Set of Principles and Rules, with a view to increasing exchange of experience and giving greater effect to the Set of Principles and Rules;
- c. To invite and consider relevant studies, documentation and reports from relevant organizations of the United Nations system;
- d. To study matters relating to the Set of Principles and Rules and which might be characterized by data covering business transactions and other relevant information obtained upon request addressed to all States;
- e. To collect and disseminate information on matters relating to the Set of Principles and Rules to the overall attainment of its goals and to the appropriate steps States have taken at the national or regional levels to promote an effective Set of Principles and Rules, including its objectives and principles;
- f. To make appropriate reports and recommendations to States on matters within its competence, including the application and implementation of the Set of Multilaterally Agreed Equitable Principles and Rules;
- g. To submit reports at least once a year on its work.

4. In the performance of its functions, neither the Intergovernmental Group nor its subsidiary organs shall act like a tribunal or otherwise pass judgement on the activities or conduct of individual Governments or of individual enterprises in connection with a specific business transaction. The Intergovernmental Group or its subsidiary organs should avoid becoming involved when enterprises to a specific business transaction are in dispute.

5. The Intergovernmental Group shall establish such procedures as may be necessary to deal with issues related to confidentiality.

Review procedure

6. Subject to the approval of the General Assembly, five years after the adoption of the Set of Principles and Rules, a United Nations Conference shall be convened by the Secretary-General of the United Nations under the auspices of UNCTAD for the purpose of reviewing all the aspects of the Set of Principles and Rules. Towards this end, the Intergovernmental Group shall make proposals to the Conference for the improvement and further development of the Set of Principles and Rules.

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Further information:

Document on the web <http://r0.unctad.org/en/subsites/cpolicy/docs/CPSet/rbpc10rev20en.pdf>

Country-Specific Codes

Arcos Principles for Cuba

The Arcos Principles are intended to promote human rights and fair labour hiring and employment practices in Cuba. The full text of the principles including preface, background and further expansion of the principles is available at <http://www.sigloxxi.org/Archivo/arcos-i.htm>.

The Arcos Principles outlined below are intended to promote human rights and fair labor hiring and employment practices in Cuba. As such, they are not immutable. They are subject to periodic review to ascertain if, by following them, Signatories will in fact be contributing effectively to the improvement of the human and labor rights situation in Cuba. Adjustments may be made to the Principles when and if it is felt that doing so will further encourage the government of Cuba to adhere to international human rights standards, as established in the Vienna Declaration approved by the World Conference on Human Rights on 25 June 1993, as well as workers' rights established in Convention No. 111 concerning Discrimination in respect of Employment and Occupation, Convention No. 87 concerning Freedom to form Labor Organizations, in Convention No. 29 concerning Forced Labor, and in other relevant international agreements and conventions.

Principle I

Respect for the dignity of the Cuban people and for due process of law.

Principle II

Respect for basic human rights. Equal rights and non-discrimination of the Cuban people in access to and use of facilities and in the purchase of goods and services, especially those normally reserved for foreign visitors or residents.

Principle III

Equal and fair hiring and employment practices, with non-discrimination for reasons based on political considerations, sex, race, religion or age.

Principle IV

Promotion of fair labor standards and the right of Cuban workers to form labor unions and to receive fair wages.

Principle V

Improvement of the quality of employees' lives outside the work-place in such areas as: occupational safety and health, culture, and environmental protection.

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Further information

Web site: <http://www.sigloxxi.org/Archivo/arcos-i.htm>.

Massachusetts State Law Regarding Companies doing Business with Burma

THE COMMONWEALTH OF MASSACHUSETTS

In the Year One Thousand Nine Hundred and Ninety-six

AN ACT REGULATING STATE CONTRACTS WITH COMPANIES DOING BUSINESS WITH OR IN BURMA (MYANMAR).

Be it enacted by the Senate and House of Representatives in General Court assembled, and by the authority of the same, as follows:

SECTION 1. Chapter 7 of the General Laws is hereby amended by inserting after section 22F, as appearing in the 1994 Official Edition, the following seven sections:

Section 22G. For the purposes of sections twenty-two H to twenty-two M, inclusive, the following words shall, unless the context indicates otherwise, have the following meanings:

"Comparable low bid or offer", a responsive and responsible bid or offer which is no more than ten percent greater than the lowest bid or offer submitted for goods or a service.

"Distribution agreement", an agreement to guarantee a contract for the supply of goods or a service.

"Doing business with Burma (Myanmar)",

(a) having a principal place of business, place of incorporation or its corporate headquarters in Burma (Myanmar) or having any operations, leases, franchises, majority-owned subsidiaries, distribution agreements, or any other similar agreements in Burma (Myanmar), or being the majority-owned subsidiary, licensee or franchise of such a person;

(b) providing financial services to the government of Burma (Myanmar), including providing direct loans, underwriting government securities, providing any consulting advice or assistance, providing brokerage services, acting as a trustee or escrow agent, or otherwise acting as an agent pursuant to a contractual agreement;

(c) promoting the importation or sale of gems, timber, oil, gas or other related products, commerce in which is largely controlled by the government of Burma (Myanmar), from Burma (Myanmar);

(d) providing any goods or services to the government of Burma (Myanmar).

"Essential", necessary in order that an agency or authority may perform its mission, there being no substitute, to avoid irreparable harm to agency or authority programs.

"Franchise", authorization by a person to sell his products.

"Government of Burma (Myanmar)", any public or quasi-public entity operating within Burma (Myanmar), including, but not limited to, municipal, provincial, national or other governmental and military bodies, including all departments and agencies of such bodies, public utilities, public

facilities, or any national corporation in which Burma (Myanmar) has a financial interest or operational responsibilities.

"License", permission granted by a person to another, or to the government of Burma (Myanmar), to exercise a certain privilege or to carry on a particular business.

"Majority-owned subsidiary", a company that is at least fifty-one percent owned by another company.

"Person", any individual and any partnership, firm, association, corporation, or other entity, or their subsidiaries.

"Secretary", the secretary of administration and finance.

"State agency", all awarding authorities of the commonwealth, including, but not limited to, all executive offices, agencies, departments, commissions, and public institutions of higher education, and any office, department or division of the judiciary.

"State authority", shall include, but not be limited to the: Bay State Skills Corporation, centers of excellence, Community Economic Development Assistance Corporation, Community Development Finance Corporation, Government Land Bank, Massachusetts Bay Transportation Authority, Massachusetts Business Development Corporation, Massachusetts Capital Resource Company, Massachusetts Convention Center Authority, Massachusetts Corporation for Educational Telecommunications, Massachusetts educational loan authority, Massachusetts Health and Educational Facilities Authority, Massachusetts Higher Education Assistance Corporation, Massachusetts Housing Finance Agency, Massachusetts Horse Racing Authority, Massachusetts Industrial Finance Agency, Massachusetts Industrial Service Program, Massachusetts Legal Assistance Corporation, Massachusetts Port Authority, Massachusetts Product Development Corporation, Massachusetts Technology Development Corporation, Massachusetts Technology Park Corporation, Massachusetts Turnpike Authority, Massachusetts Water Resources Authority, Nantucket Land Bank, New England Loan Marketing Corporation, pension reserves investment management board, State College Building Authority, Southeastern Massachusetts University Building Authority, Thrift Institutions Fund for Economic Development, University of Lowell Building Authority, University of Massachusetts Building Authority, victim and witness board, and the Woods Hole, Martha's Vineyard, and Nantucket Steamship Authority.

Section 22H. (a) Except as otherwise provided in this section, a state agency, a state authority, the house of representatives or the state senate may not procure goods or services from any person listed on the restricted purchase list maintained by the secretary, or who is determined through affidavit or through other reliable methods to meet the criteria for so being listed.

(b) A state agency, a state authority, the house of representatives or the state senate may procure goods or services from a person who is on or who is so determined to meet the criteria of the restricted purchase list only after certifying in writing to the secretary or, in the case of a state authority, to the chief operating officer that:

(1) the procurement is essential; and

(2) compliance with paragraph (a) would eliminate the only bid or offer, or would result in inadequate competition.

(c) In any solicitation, a state agency, a state authority, the House of Representatives or the senate shall provide ample notice of the requirements of this section. Prior to reviewing responses to bid documents for any procurements, or, if there are none, prior to entering into any contractual arrangement, the awarding authority shall obtain from such person seeking a contract a statement, under the pains and penalties of perjury, from an authorized representative of such

person seeking a contract, on a form to be provided by the awarding authority, declaring the nature and extent to which said person is engaging in activities which would subject said person to inclusion on the restricted purchase list.

(d) In any procurement that includes bidders or offerors who are on or meet the criteria of the restricted purchase list, the awarding authority may award the contract to a person who is on or who meets the criteria of the restricted purchase list only if there is no comparable low bid or offer by a person who is not on the restricted purchase list.

(e) A person with operations in Burma (Myanmar) for the sole purpose of reporting the news, or solely for the purpose of providing goods or services for the provision of international telecommunications shall not be subject to the provisions of sections twenty-two G to twenty-two M, inclusive.

Section 22I. Notwithstanding the provisions of section twenty-two H, a state agency may purchase medical supplies intended to preserve or prolong life or to cure, prevent, or ameliorate diseases, including hospital, nutritional, diagnostic, pharmaceutical and non-prescription products specifically manufactured to satisfy identified health care needs, or for which there is no medical substitute. The determination of whether no medical substitute exists shall be made by the state agency requiring the supply, pursuant to general standards of good medical and professional practice. The state agency shall give notice to the state purchasing agent in writing, certifying compliance with this exemption, said notice and certification being sufficient to allow the purchase of medical supplies under this exemption.

To the extent that a person doing business in Burma (Myanmar) is providing only medical supplies, as described hereinabove, to persons in Burma (Myanmar), then the supply of goods or equipment to the commonwealth by said person shall also be exempt from the preference requirements of these regulations. This exemption from the preference requirements shall not apply in any case in which the nature of any person's business dealings in Burma (Myanmar) include both medical and non-medical supplies.

Any person from whom a procurement would be restricted under this section shall not supply goods or services to any state agency, state authority, the house of representatives or senate under any other provision of this chapter, or any other general or special law.

Section 22J. (a) The secretary shall establish and maintain a restricted purchase list. The restricted purchase list shall contain the names of all persons currently doing business with Burma (Myanmar).

(b) In establishing the restricted purchase list, the secretary shall consult United Nations reports, resources of the Investor Responsibility Research Center and the Associates to Develop Democratic Burma, and other reliable sources. The secretary shall also place the name of any person who, in the statement described in section twenty-two H, declared that he meets the criteria for being so listed.

(c) The restricted purchase list shall be updated at least once every three months.

(d) The secretary shall provide the lists to all state agencies and state authorities and to the house of representatives and to the senate.

Section 22K. The secretary is hereby authorized and directed to promulgate regulations to assure the timely and effective implementation of sections twenty-two G to twenty-two M, inclusive.

Section 22L. Any contract entered into in violation of sections twenty-two G to twenty-two M, inclusive, shall be void.

Section 22M. Annually on or before January first, the secretary shall file a report with the clerks of the senate and the house of representatives detailing compliance with sections twenty-two G to twenty-two M, inclusive.

SECTION 2. Subsection (a) of section 40F} of said chapter 7, as appearing in the 1994 Official Edition, is hereby amended by adding the following paragraph:

It shall be the policy of the commonwealth that the commissioner shall not sell, rent, or dispose of any real property including but not limited to granting the right to lay, construct, maintain, or operate pipelines through, over, across, or under land, water, park, reservation or highway of the commonwealth, its agencies or its political subdivisions, to any person doing | business in or with Burma (Myanmar). The commissioner may sell, rent, or dispose of said property or grant said rights to said person only after certifying in writing to the speaker of the house of representatives and president of the senate that such action is essential to protect the health and safety of the public.

SECTION 3. The provisions of this act shall apply to contracts entered into after the effective date of this act. Any existing contract shall remain in full force and effect and not be subject to the provisions of this act until such time as the renewal of the contractual agreement.

Passed to be enacted, House of Representatives, June 7, 1996

Passed to be enacted, Senate, June 12, 1996

Signed by Governor William F. Weld, June 25, 1996

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Further information:

On the web: <http://www.ibiblio.org/freeburma/boycott/sp/mass.html>

McBride Principles for Northern Ireland

Launched by the Irish National Caucus, 1984

The McBride Principles are a corporate code of conduct for U.S. Companies doing business in Northern Ireland. The code addresses discrimination against Catholics in employment and consists of nine fair employment and affirmative action principles.

The McBride Principles

(1) Increasing the representation of individuals from under-represented religious groups in the work force including managerial, supervisory, administrative, clerical and technical jobs. A work force that is severely unbalanced may indicate *prima facie* that full equality of opportunity is not being afforded all segments of the community in Northern Ireland. Each signatory to the McBride Principles must make every reasonable lawful effort to increase the representation of under-represented religious groups at all levels of its operations in Northern Ireland.

(2) Adequate security for the protection of minority employees both at the work place and while travelling to and from work. While total security can be guaranteed nowhere today in Northern Ireland, each signatory to the McBride Principles must make reasonable good faith efforts to protect workers against intimidation and physical abuse at the work place. Signatories must also make reasonable good faith efforts to ensure that applicants are not deterred from seeking employment because of fear for their personal safety at the work place or while travelling to and from work.

(3) The banning of provocative religious or political emblems from the work place. Each signatory to the McBride Principles must make reasonable good faith efforts to prevent the display of provocative sectarian emblems at their plants in Northern Ireland.

(4) All job openings should be advertised publicly and special recruitment efforts made to attract applicants from under-represented religious groups. Signatories to the McBride Principles must exert special efforts to attract employment applications from the sectarian community that is substantially under-represented in the work force. This should not be construed to imply a diminution of opportunity for other applicants.

(5) Layoff, recall and termination procedures should not in practice favor a particular religious group. Each signatory to the McBride Principles must make reasonable good faith efforts to ensure that layoff, recall and termination procedures do not penalize a particular religious group disproportionately. Layoff and termination practices that involve seniority solely can result in discrimination against a particular religious group if the bulk of employees with greatest seniority are disproportionately from another religious group.

(6) The abolition of job reservations, apprenticeship restrictions and differential employment criteria which discriminate on the basis of religion. Signatories to the McBride Principles must make reasonable good faith efforts to abolish all differential employment criteria whose effect is discrimination on the basis of religion. For example, job reservations and apprenticeship regulations that favor relatives of current or former employees can, in practice, promote religious discrimination if the company's work force has historically been disproportionately drawn from another religious group.

(7) The development of training programs that will prepare substantial numbers of current minority employees for skilled jobs, including the expansion of existing programs and the

creation of new programs to train, upgrade and improve the skills of minority employees. This does not imply that such programs should not be open to all members of the work force equally.

(8) The establishment of procedures to assess, identify and actively recruit minority employees with potential for further advancement. This section does not imply that such procedures should not apply to all employees equally.

(9) The appointment of a senior management staff member to oversee the company's affirmative action efforts and the setting up of timetables to carry out affirmative action principles. In addition to the above, each signatory to the MacBride Principles is required to report annually to an independent monitoring agency on its progress in the implementation of these Principles.

Sean MacBride - Dublin, Ireland
Dr John Robb - Ballymoney, Northern Ireland
Inez McCormack - Belfast, Northern Ireland
Fr. Brian Brady - Belfast, Northern Ireland

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Further Information

Irish National Caucus
Capitol Hill
413 East Capitol Street, SE
Washington, D.C. 20003-3810
Tel. (202) 544-0568
Fax (202) 543-2491

MacBride Principles on the web: www.pittsburghirish.org/AOHDiv32/MacBridePrinc.htm.

Miller Principles for US Businesses Operating in China

HR 1147 IH
104th CONGRESS
1st Session

To encourage liberalization inside the People's Republic of China and Tibet.

IN THE HOUSE OF REPRESENTATIVES

March 7, 1995

Mr. LANTOS (for himself, Ms. PELOSI, Mr. SMITH of New Jersey, and Mr. SOLOMON) introduced the following bill; which was referred to the Committee on International Relations

A BILL

To encourage liberalization inside the People's Republic of China and Tibet. Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. STATEMENT OF PRINCIPLES.

(a) PURPOSE- It is the purpose of this Act to create principles governing the conduct of United States economic cooperation projects in the People's Republic of China and Tibet.

(b) PRINCIPLES- It is the sense of the Congress that any United States economic cooperation project in the People's Republic of China or Tibet should adhere to the following principles:

(1) Suspend the use of all goods, wares, articles, and merchandise that are mined, produced, or manufactured, in whole or in part, by convict labor or forced labor if there is reason to believe that the material or product is produced or manufactured by such convict or forced labor, and refuse to use forced labor in the project.

(2) Seek to ensure that political or religious views, sex, ethnic or national background, involvement in political or labor activities or nonviolent demonstrations, or association with suspected or known dissidents will not prohibit hiring, lead to harassment, demotion, or dismissal, or in any way affect the status or terms of employment in the project. The United States parent company of the United States economic cooperation project should not discriminate in terms or conditions of employment in the project against persons with past records of arrests or internal exile for nonviolent protest or membership in unofficial organizations committed to nonviolence.

(3) Ensure that methods of production used in the project do not pose an unnecessary physical danger to workers and neighboring populations and property and that the project does not unnecessarily risk harm to the surrounding environment, and consult with community leaders regarding environmental protection with respect to the project.

(4) Strive to use business enterprises that are not controlled by the Government of the People's Republic of China or its authorized agents and departments as potential partners in the project.

(5) Prohibit any military presence on the premises of the operations of the project.
(6) Undertake to promote freedom of association and assembly among the employees of the project. The United States economic cooperation project should protest any infringement by the Government of the People's Republic of China of these freedoms to the appropriate authorities of that Government and to the International Labor Organization, which has an office in Beijing.

(7) Use every possible channel of communication with the Government of the People's Republic of China to urge that government to disclose publicly a complete list of all those individuals arrested since March 1989, to end incommunicado detention and torture, and to provide international observers access to all places of detention in the People's Republic of China and Tibet and to trials of prisoners arrested in connection with the pro-democracy events of April through June of 1989 and the pro-democracy demonstrations which have taken place in Tibet since 1987.

(8) Discourage or undertake to prevent compulsory political indoctrination programs from taking place on the premises of the operations of the project.

(9) Promote freedom of expression, including the freedom to seek, receive, and impart information and ideas of all kinds, regardless of frontiers, either orally, in writing or in print, in the form of art, or through any media. To this end, the United States economic cooperation project should raise with appropriate authorities of the Government of the People's Republic of China concerns about restrictions on the importation of foreign publications.

(10)(A) Undertake to prevent harassment of workers who, consistent with the United Nations World Population Plan of Action, decide freely and responsibly the number and spacing of their children.

(B) Prohibit compulsory population control activities on the premises of the operations of the project.

(c) PROMOTION OF PRINCIPLES BY OTHER NATIONS- The Secretary shall forward a copy of the principles set forth in subsection (b) to the member nations of the Organization for Economic Cooperation and Development and encourage them to promote principles similar to these principles.

SEC. 2. REGISTRATION REQUIREMENT.

(a) IN GENERAL- Each United States parent company conducting a United States economic cooperation project in the People's Republic of China or Tibet shall register with the Secretary and indicate whether such company agrees to implement the principles set forth in section 1(b). No fee shall be required for registration under this subsection.

(b) EFFECTIVE DATE- The registration requirement of subsection (a) shall take effect 6 months after the date of the enactment of this Act.

SEC. 3. REPORTING REQUIREMENTS.

(a) REPORT- Each United States parent company conducting a United States economic cooperation project in the People's Republic of China or Tibet shall report to the Secretary describing such company's adherence to the principles. Such company shall submit a completed reporting form furnished by the Secretary. The first report shall be submitted not later than 1 year after the date on which the national registers under section 2 and not later than the end of each 1-year period occurring thereafter.

(b) REVIEW OF REPORT- The Secretary shall review each report submitted under subsection (a) and determine whether the United States parent company submitting the report is adhering to the principles. The Secretary may request additional information from the United States parent company and other sources to verify the information contained in the report submitted by the company.

(c) ANNUAL REPORT- The Secretary shall submit a report to the Congress and to the Secretariat of the 'Organization for Economic Cooperation and Development describing the level of adherence to the principles by United States parent companies subject to the reporting requirement of subsection (a). This report shall be submitted not later than 2 years after the date of the enactment of this Act and not later than the end of each 1-year period occurring thereafter.

SEC. 4. EXPORT MARKETING SUPPORT.

(a) SUPPORT- A Federal agency may intercede with a foreign government or foreign national regarding export marketing activity in the People's Republic of China or Tibet on behalf of a United States parent company subject to the reporting requirements of section 3(a) only if that company adheres to the principles.

(b) EFFECTIVE DATE- Subsection (a) shall take effect 2 years after the date of enactment of this Act.

SEC. 5. DEFINITIONS.

For purposes of this Act--

(1) the terms "adhere to the principles", "adhering to the principles" and "adherence to the principles" mean-

- (A) agreeing to implement the principles set forth in section 1(b);
- (B) implementing those principles by taking good faith measures with respect to each such principle; and
- (C) reporting accurately to the Secretary on the measures taken to implement those principles;

(2) the term "intercede with a foreign government or foreign national" includes any contact by an officer or employee of the United States with officials of any foreign government or foreign national involving or contemplating any effort to assist in selling a good, service, or technology in the People's Republic of China or Tibet, except that such term does not include multilateral or bilateral government-to-government trade negotiations intended to resolve trade issues which may affect United States parent companies who do not adhere to the principles;

(3) the term "organized under the laws of the United States" means organized under the laws of the United States, any State of the United States, the District of Columbia, the Commonwealth of Puerto Rico, the Commonwealth of the Northern Mariana Islands, or any other territory or possession of the United States;

(4) the term "Secretary" means the Secretary of State;

(5) the term 'United States economic cooperation project' means –

(A) an equity joint venture, a cooperative joint venture, or a wholly foreign-owned enterprise established under the laws of the People's Republic of China, in which-

- (i) a corporation, partnership, wholly-owned subsidiary, or other business association organized under the laws of the United States is an investor, or

(ii) a corporation, partnership, or other business association, organized under the laws of a country other than the United States or under the laws of a territory or possession of a country other than the United States, which is wholly owned by a corporation, partnership, or other business association organized under the laws of the United States, is an investor, and which employs more than 50 individuals in the People's Republic of China or Tibet; or

(B) a branch office or representative office-

(i) of a corporation, partnership, wholly-owned subsidiary, or other business association organized under the laws of the United States, or

(ii) of a corporation, partnership, or other business association organized under the laws of a country other than the United States or under the laws of a territory or possession of a country other than the United States, which is wholly owned by a corporation, partnership, or other business association organized under the laws of the United States, which employs more than 25 individuals in the People's Republic of China or Tibet; and

(6) the term "United States parent company" means a corporation, partnership, or other business association organized under the laws of the United States which is -

(A) the direct investor in a United States economic cooperation project described in paragraph (5)(A)(i), or the sole owner of the investor in a United States economic cooperation project described in paragraph (5)(A)(ii); or

(B) the registrant in the People's Republic of China of a branch office or representative office described in paragraph (5)(B)(i), or the sole owner of the registrant of a branch office or representative office described in paragraph (5)(B)(ii).

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Sullivan Principles for South Africa

Former civil rights leader and General Motors Board Member, Rev. Leon Sullivan first introduced his voluntary code of conduct for corporations operating in South Africa in 1977. The following version was revised and adopted in 1992.

These principles were further developed into the Global Sullivan Principles of Corporate Responsibility in 1999 and included in this document under the section on General Instruments.

The Sullivan Principles

- Principle 1** Nonsegregation of the Races in All Eating, Comfort, Locker Room, and Work Facilities.
- Principle 2** Equal and Fair Employment Practices for All Employees.
- Principle 3** Equal Pay for All Employees Doing Equal or Comparable Work for the Same Period of Time.
- Principle 4** Initiation and Development of Training Programs That Will Prepare Blacks, Coloureds, and Asians in Substantial Numbers for Supervisory, Administrative, Clerical, and Technical Jobs.
- Principle 5** Increasing the Number of Blacks, Coloureds, and Asians in Management and Supervisory Positions.
- Principle 6** Improving the Quality of Employees' Lives Outside the Work Environment in Such Areas as Housing, Transportation, Schooling, Recreation, and Health Facilities.
- Principle 7** Working to Eliminate Laws and Customs That Impede Social, Economic, and Political Justice.

BASIC REQUIREMENTS RELATING TO PRINCIPLES 1, 2 AND 3

1. Freedom of Association

The Company supports the elimination of discrimination against the rights of Blacks to form or belong to government-registered or unregistered unions; it acknowledges the right of Black workers to form their own unions, or to be represented by trade unions where unions already exist.

2. Benefits

All benefits available to Whites are also available to other races, and the benefits for Blacks, Coloureds, and Asians are at least equal to those for Whites. In health care, the benefits must be technically equal, although the institutions providing the services may be administered separately.

3. Equal Pay

The company pays all employees equally for doing equal or comparable work for the same length of time.

4. Minimum Pay

The company has an entry base pay level for all employees that is at least 30 percent greater than either:

- The University of South Africa's (UNISA) Minimum Living Level (MLL) for a family of five, or
- The University of Port Elizabeth's Household Subsistence Level (HSL) for a family of six.

Companies operating in defined rural areas must pay at least the MLL or HSL and achieve the 30 percent premium within five years of their signing the Statement of Principles.

5. Communication of the Principles

The company ensures that all employees see the Statement of Principles in a language that they understand and become aware that the company is a Signatory.

6. Communication of Rating

The company agrees to make its rating category in the Sixteenth Report known to all employees, and to review the rating with representative groups of employees.

7. Review

The company agrees to review the implementation of the Principles with representative groups of employees several times each year.

8. Desegregation

All Signatories' facilities are available to all races.

9. Uniform Medical Aid

If a company has a mandatory medical aid plan (health insurance), it must be mandatory for everyone. If a company has a non-mandatory plan, every employee must have the right to join.

10. White Supervisors and Managers Exposed to BCA Living Conditions

The company agrees that within six months of the time a White person is made a manager or supervisor, that employee will be exposed to the living and commuting conditions of BCA's forced to live by custom or practice in essentially single-race areas.

11. Review by Accounting Firm

All long-form reports provided by publicly held Signatories must be reviewed by an outside accounting firm(s) to verify the accuracy of the information provided in select numeric questions of the report.

The requirement's primary purpose is to strengthen the overall credibility of the Principle's reporting effort by having outside entities verify the accuracy of select portions of the questionnaire information.

Five items of information were required to be verified in the Sixteenth Report:

- Total payroll;
- Total employment by race;
- Vacancies;
- Percent by which the lowest-paid employee's pay exceeds the MLL/HSL; and
- Total expenditures made for education, community development and social justice programs.

Accountants are not expected to make judgements about (1) issues such as the extent of desegregation or equality of benefits, or (2) narrative information provided by Signatories on other qualitative issues.

FOUR REQUIRED ACTION AREAS (PRINCIPLES 4, 5, 6 AND 7)

1. Education for Non-Employees

Provision of quality education to Black, Coloured and Asian non-employees. Non-employees include family members of employees, as well as others not affiliated with the Signatory company.

2. Training and Advancement

Increased opportunity for training and advancement of Black, Coloured and Asian employees, including managerial, supervisory, professional and sales job classifications.

3. Community Development

Assistance to housing, health and welfare, civic recreation and development of Black, Coloured and Asian enterprises.

4. Social Justice

Work toward the abolishment of all apartheid customs and practices.

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Further information:

Web site: <http://www.revleonsullivan.org/principled/principles.htm>.

US Model Business Principles for China

The following statement of Model Business Principles was released by the United States Department of Commerce in 1995, partially in response to China's human rights violations. It is a voluntary guideline for U.S. businesses.

Recognizing the positive role of U.S. business in upholding and promoting adherence to universal standards of human rights, the Administration encourages all businesses to adopt and implement voluntary codes of conduct for doing business around the world that cover at least the following areas:

15. Provision of a safe and healthy workplace.
16. Fair employment practices, including avoidance of child and forced labor and avoidance of discrimination based on race, gender, national origin or religious beliefs; and respect for the right of association and the right to organize and bargain collectively.
17. Responsible environmental protection and environmental practices.
18. Compliance with U.S. and local laws promoting good business practices, including laws prohibiting illicit payments and ensuring fair competition.
19. Maintenance, through leadership at all levels, of a corporate culture that respects free expression consistent with legitimate business concerns, and does not condone political coercion in the workplace; that encourages good corporate citizenship and makes a positive contribution to the communities in which the company operates; and where ethical conduct is recognized, valued and exemplified by all employees.

In adopting voluntary codes of conduct that reflect these principles, U.S. companies should serve as models, encouraging similar behavior by their partners, suppliers, and subcontractors.

Adoption of codes of conduct reflecting these principles is voluntary. Companies are encouraged to develop their own codes of conduct appropriate to their particular circumstances. Many companies already apply statements or codes that incorporate these principles. Companies should find appropriate means to inform their shareholders and the public of actions undertaken in connection with these principles. Nothing in the principles is intended to require a company to act in violation of host country or U.S. law. This statement of principles is not intended for legislation.

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Further Information

US Department of Commerce
Office of the Assistant Secretary for
International Trade
14th St. and Constitution Ave., NW
Washington, DC 20230

US Department of State
Bureau of Human Rights, Democracy and
Labor
2201 C St., NW
Washington, DC 20520

Website: www.state.gov/www/global/human_rights/business_principles.html

Industry-Specific Codes

International Chamber of Commerce International Code of Advertising Practice

1997

Introduction

This edition of the International Chamber of Commerce (ICC) International Code of Advertising Practice follows the well-established policy of the ICC of promoting high standards of ethics in marketing via self-regulatory codes intended to complement the existing frameworks of national and international law. The Code, which was first issued in 1937, and revised in 1949, 1955, 1966, 1973 and 1987, is an expression of the business community's recognition of its social responsibilities in respect of commercial communications. The globalization of the world's economies, and the intense competition which ensues therefrom, require the international business community to adopt standard rules. The adoption of these self-disciplinary rules is the best way that business leaders have of demonstrating that they are motivated by a sense of social responsibility, particularly in light of the increased liberalization of markets. A manifestation of this commitment to social responsibility is to be found in the ICC's decision to incorporate formally within this code the former ICC Guidelines for Advertising Addressed to Children.

This edition combines past experience with current thinking based on the concept of advertising as a means of communication between sellers and customers. In this respect the ICC considers freedom of communication (as embodied in article 19 of the United Nations International Covenant of Civil and Political Rights) as a fundamental principle.

The Code is designed primarily as an instrument for self-discipline but it is also intended for use by the Courts as a reference document within the framework of applicable laws.

The ICC believes that this new edition of the Code will promote adherence to high standards of commercial communications leading to efficient international markets and significant consumer benefits.

Scope of the Code

The Code applies to all advertisements for the promotion of any form of goods and services. It should be read in conjunction with the other ICC Codes of Marketing Practice, namely:

- ICC International Code of Sales Promotion
- ICC International Code of Practice on Direct Marketing
- ICC Code on Environmental Advertising
- ICC Code on Sponsorship
- ICC/ESOMAR International Code of Marketing and Social Research Practice

The Code sets standards of ethical conduct to be followed by all concerned with advertising, whether as marketers or advertisers, advertising practitioners or agencies, or media, and is to be applied against the background of the applicable law.

Interpretation

The Code is to be applied in the spirit as well as in the letter.

Because of the different characteristics of the various media (press, television, radio and other broadcast media, outdoor advertising, films, direct mail, fax, e-mail, Internet and online services, etc.) an advertisement which is acceptable for one medium may not necessarily be acceptable for another. Advertisements, therefore, should be judged by their likely impact on the consumer, bearing in mind the medium used.

The Code applies to the entire content of an advertisement, including all words and numbers (spoken and written), visual presentations, music and sound effects.

Definitions

For the purpose of this code:

- the term "advertisement" is taken in its broadest sense, and means any form of advertising for goods or services, regardless of the medium used;
- the term "product" refers to any good or service;
- the term "consumer" refers to any person to whom an advertisement is addressed or who can reasonably be expected to be reached by it whether as a final consumer or as a trade customer or user.

ICC International Code of Advertising Practice

Basic Principles

Article 1

All advertising should be legal, decent, honest and truthful.

Every advertisement should be prepared with a due sense of social responsibility and should conform to the principles of fair competition, as generally accepted in business.

No advertisement should be such as to impair public confidence in advertising.

Decency

Article 2

Advertisements should not contain statements or visual presentations which offend prevailing standards of decency.

Honesty

Article 3

Advertisements should be so framed as not to abuse the trust of consumers or exploit their lack of experience or knowledge.

Social Responsibility

Article 4

1. Advertisements should not condone any form of discrimination, including that based upon race, national origin, religion, sex or age, nor should they in any way undermine human dignity.
2. Advertisements should not without justifiable reason play on fear.
3. Advertisements should not appear to condone or incite violence, nor to encourage unlawful or reprehensible behaviour.
4. Advertisements should not play on superstition.

Truthful presentation

Article 5

1. Advertisements should not contain any statement or visual presentation which directly or by implication, omission, ambiguity or exaggerated claim is likely to mislead the consumer, in particular with regard to
 - a. characteristics such as: nature, composition, method and date of manufacture, range of use, efficiency and performance, quantity, commercial or geographical origin or environmental impact;
 - b. the value of the product and the total price actually to be paid;
 - c. delivery, exchange, return, repair and maintenance;
 - d. terms of guarantee;
 - e. copyright and industrial property rights such as patents, trade marks, designs and models and trade names;
 - f. official recognition or approval, awards of medals, prizes and diplomas;
 - g. the extent of benefits for charitable causes.
2. Advertisements should not misuse research results or quotations from technical and scientific publications. Statistics should not be so presented as to exaggerate the validity of advertising claims. Scientific terms should not be used to falsely ascribe scientific validity to advertising claims.

Comparisons

Article 6

Advertisements containing comparisons should be so designed that the comparison is not likely to mislead, and should comply with the principles of fair competition. Points of comparison should be based on facts which can be substantiated and should not be unfairly selected.

Denigration

Article 7

Advertisements should not denigrate any firm, organization, industrial or commercial activity, profession or product by seeking to bring it or them into public contempt or ridicule, or in any similar way.

Testimonials

Article 8

Advertisements should not contain or refer to any testimonial or endorsement unless it is genuine, verifiable, relevant and based on personal experience or knowledge. Testimonials or endorsements which have become obsolete or misleading through passage of time should not be used.

Portrayal or imitation of personal property

Article 9

Advertisements should not portray or refer to any persons, whether in a private or a public capacity, unless prior permission has been obtained; nor should advertisements without prior permission depict or refer to any person's property in a way likely to convey the impression of a personal endorsement.

Exploitation of goodwill

Article 10

Advertisements should not make unjustifiable use of the name, initials, logo and/or trademarks of another firm, company or institution nor should advertisements in any way take undue advantage of another firm, person or institution's goodwill in its name, trade name or other intellectual property, nor should advertisements take advantage of the goodwill earned by other advertising campaigns.

Imitation

Article 11

3. Advertisements should not imitate the general layout, text, slogan, visual presentation, music and sound effects, etc., of any other advertisements in a way that is likely to mislead or confuse the consumer.
4. Where advertisers have established distinctive advertising campaigns in one or more countries, other advertisers should not unduly imitate these campaigns in the other countries where the former may operate, thus preventing them from extending their campaigns within a reasonable period of time to such countries.

Identification of advertisements

Article 12

Advertisements should be clearly distinguishable as such, whatever their form and whatever the medium used; when an advertisement appears in a medium which contains news or editorial matter, it should be so presented that it will be readily recognized as an advertisement.

Safety and health

Article 13

Advertisements should not without reason, justifiable on educational or social grounds, contain any visual presentation or any description of dangerous practices or of situations which show a disregard for safety or health.

Children and young people

Article 14

The following provisions apply to advertisements addressed to children and young people who are minors under the applicable national law.

Inexperience and Credulity

1. Advertisements should not exploit the inexperience or credulity of children and young people.
2. Advertisements should not understate the degree of skill or age level generally required to use or enjoy the product.
 - a. Special care should be taken to ensure that advertisements do not mislead children and young people as to the true size, value, nature, durability and performance of the advertised product.
 - b. If extra items are needed to use it (e.g., batteries) or to produce the result shown or described (e.g., paint) this should be made clear.
 - c. A product which is part of a series should be clearly indicated as should the method of acquiring the series.
 - d. Where results of product use are shown or described, the advertisement should represent what is reasonably attainable by the average child or young person in the age range for which the product is intended.
3. Price indication should not be such as to lead children and young people to an unreal perception of the true value of the product, for instance by using the word 'only'. No advertisements should imply that the advertised product is immediately within reach of every family budget.

Avoidance of Harm

Advertisements should not contain any statement or visual presentation that could have the effect of harming children and young people mentally, morally or physically or of bringing them into unsafe situations or activities seriously threatening their health or security, or of encouraging them to consort with strangers or to enter strange or hazardous places.

Social Value

1. Advertisements should not suggest that possession or use of a product alone will give the child or young person physical, social or psychological advantages over other children or young people of the same age, or that non-possession of the product would have the opposite effect.
2. Advertisements should not undermine the authority, responsibility, judgment or tastes of parents, taking into account the current social values. Advertisements should not

include any direct appeal to children and young people to persuade their parents or other adults to buy advertised products for them.

Guarantees

Article 15

Advertisements should not contain any reference to a guarantee which does not provide the consumer with additional rights to those provided by law. Advertisements may contain the word "guarantee", "guaranteed", "warranty" or "warranted" or words having the same meaning only if the full terms of the guarantee as well as the remedial action open to the purchaser are clearly set out in the advertisements, or are available to the purchaser in writing at the point of sale, or come with the goods.

Unsolicited products

Article 16

Advertisements should not be used to introduce or support the practice whereby unsolicited products are sent to persons who are required, or given the impression that they are obliged to accept and pay for these products (inertia selling).

Environmental behaviour

Article 17

Advertisements should not appear to approve or encourage actions which contravene the law, self-regulating codes or generally accepted standards of environmentally responsible behaviour. Advertisers should respect the principles set forth in the ICC Code on Environmental Advertising.

Responsibility

Article 18

4. Responsibility for the observance of the rules of conduct laid down in the Code rests with the advertiser, the advertising practitioner or agency, and the publisher, media owner or contractor.
 - a. Advertisers should take the overall responsibility for their advertising.
 - b. Advertising practitioners or agencies should exercise every care in the preparation of advertisements and should operate in such a way as to enable advertisers to fulfil their responsibilities.
 - c. Publishers, medium-owners or contractors, who publish, transmit or distribute advertisements should exercise due care in the acceptance of advertisements and their presentation to the public.
5. Those employed within a firm, company or institution coming under the above three categories and who take part in the planning, creation, publishing or transmitting of an advertisement have a degree of responsibility commensurate with their positions for ensuring that the rules of the Code are observed and should act accordingly.

Rules apply to entirety of advertisement

Article 19

The responsibility for observance of the rules of the Code embraces the advertisement in its entire content and form, including testimonials and statements or visual presentations originating from other sources. The fact that the content or form originates wholly or in part from other sources is not an excuse for non-observance of the rules.

Effect of subsequent redress for contravention

Article 20

While an advertiser's subsequent correction and appropriate redress for a contravention of the Code are desirable, they cannot excuse the original contravention of the Code.

Substantiation

Article 21

Descriptions, claims or illustrations relating to verifiable facts should be capable of substantiation. Advertisers should have such substantiation available so that they can produce evidence without delay to the self-regulatory bodies responsible for the operation of the Code.

Respect of self-regulatory decisions

Article 22

No advertiser, advertising practitioner or agency, publisher, medium-owner or contractor should be party to the publication of any advertisement which has been found unacceptable by the appropriate self-regulatory body.

Implementation

Article 23

This Code of self-discipline should be implemented nationally by bodies set up for the purpose and internationally by the ICC's International Council on Marketing Practice as and when the need arises.

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Further Information

Document on the ICC website: www.iccwbo.org/home/statements_rules/rules/1997/advercod.asp

In addition to the International Code of Advertising Practice, the ICC has developed a number of specific codes and guidelines governing marketing and advertising practice such as those given below:

[Compendium of ICC Rules on Children and Young People and Marketing](#)
[Compendium of Rules for Users of the Telephone in Sales, Marketing and Research](#)
[ICC Framework for Responsible Food and Beverage Communications](#)
[ICC Guidelines on Advertising and Marketing on the Internet](#)
[ICC International Code of Advertising Practice](#)

[ICC International Code of Direct Marketing](#)
[ICC International Code of Direct Selling](#)
[ICC International Code of Environmental Advertising](#)
[ICC International Code of Sales Promotion](#)
[ICC International Code on Sponsorship](#)
[ICC/ESOMAR International Code of Marketing and Social Research Practice](#)

Apparel Industry Partnership Workplace Code of Conduct and Principles of Monitoring

1997

Introduction

The Apparel Industry Partnership has addressed issues related to the eradication of sweatshops in the United States and abroad. On the basis of this examination, the Partnership has formulated the following set of standards defining decent and humane working conditions. The Partnership believes that consumers can have confidence that products that are manufactured in compliance with these standards are not produced under exploitative or inhumane conditions

Workplace Code of Conduct and Principles for Monitoring

The Apparel Industry Partnership has addressed issues related to the eradication of sweatshops in the United States and abroad. On the basis of this examination, the Partnership has formulated the following set of standards defining decent and humane working conditions. The Partnership believes that consumers can have confidence that products that are manufactured in compliance with these standards are not produced under exploitative or inhumane conditions.

Forced Labor. There shall not be any use of forced labor, whether in the form of prison labor, indentured labor, bonded labor or otherwise.

Child Labor. No person shall be employed at an age younger than 15 (or 14 where the law of the country of manufacture¹ allows) or younger than the age for completing compulsory education in the country of manufacture where such age is higher than 15.

Harassment or Abuse. Every employee shall be treated with respect and dignity. No employee shall be subject to any physical, sexual, psychological or verbal harassment or abuse.

Nondiscrimination. No person shall be subject to any discrimination in employment, including hiring, salary, benefits, advancement, discipline, termination or retirement, on the basis of gender, race, religion, age, disability, sexual orientation, nationality, political opinion, or social or ethnic origin.

Health and Safety. Employers shall provide a safe and healthy working environment to prevent accidents and injury to health arising out of, linked with, or occurring in the course of work or as a result of the operation of employer facilities.

Freedom of Association and Collective Bargaining. Employers shall recognize and respect the right of employees to freedom of association and collective bargaining.

Wages and Benefits. Employers recognize that wages are essential to meeting employees' basic needs. Employers shall pay employees, as a floor, at least the minimum wage required by local law or the prevailing industry wage, whichever is higher, and shall provide legally mandated benefits.

Hours of Work. Except in extraordinary business circumstances, employees shall (i) not be required to work more than the lesser of (a) 48 hours per week and 12 hours overtime or (b) the limits on regular and overtime hours allowed by the law of the country of manufacture or, where

the laws of such country do not limit the hours of work, the regular work week in such country plus 12 hours overtime and (ii) be entitled to at least one day off in every seven day period.

Overtime Compensation. In addition to their compensation for regular hours of work, employees shall be compensated for overtime hours at such premium rate as is legally required in the country of manufacture or, in those countries where such laws do not exist, at a rate at least equal to their regular hourly compensation rate.

* * *

Any Company that determines to adopt the Workplace Code of Conduct shall, in addition to complying with all applicable laws of the country of manufacture, comply with and support the Workplace Code of Conduct in accordance with the attached Principles of Monitoring and shall apply the higher standard in cases of differences or conflicts. Any Company that determines to adopt the Workplace Code of Conduct also shall require its licensees and contractors and, in the case of a retailer, its suppliers to comply with applicable local laws and with this Code in accordance with the attached Principles of Monitoring and to apply the higher standard in cases of differences or conflicts.

PRINCIPLES OF MONITORING

I. OBLIGATIONS OF COMPANIES²

A. Establish Clear Standards

- Establish and articulate clear, written workplace standards³
- Formally convey those standards to Company factories as well as to licensees, contractors and suppliers
- Receive written certifications, on a regular basis, from Company factories as well as contractors and suppliers that standards are being met, and that employees have been informed about the standards
- Obtain written agreement of Company factories and contractors and suppliers to submit to periodic inspections and audits, including by accredited external monitors, for compliance with the workplace standards

B. Create An Informed Workplace

Ensure that all Company factories as well as contractors and suppliers inform their employees about the workplace standards orally and through the posting of standards in a prominent place (in the local languages spoken by employees and managers) and undertake other efforts to educate employees about the standards on a regular basis

C. Develop An Information Database

- Develop a questionnaire to verify and quantify compliance with the workplace standards
- Require Company factories and contractors and suppliers to complete and submit the questionnaire to the Company on a regular basis

D. Establish Program to Train Company Monitors

Provide training on a regular basis to Company monitors about the workplace standards and applicable local and international law, as well as about effective monitoring practices, so as to enable Company monitors to be able to assess compliance with the standards

E. Conduct Periodic Visits and Audits

- Have trained Company monitors conduct periodic announced and unannounced visits to an appropriate sampling of Company factories and facilities of contractors and suppliers to assess compliance with the workplace standards
- Have Company monitors conduct periodic audits of production records and practices and of wage, hour, payroll and other employee records and practices of Company factories and contractors and suppliers

F. Provide Employees With Opportunity to Report Noncompliance

Develop a secure communications channel, in a manner appropriate to the culture and situation, to enable Company employees and employees of contractors and suppliers to report to the Company on noncompliance with the workplace standards, with security that they shall not be punished or prejudiced for doing so

G. Establish Relationships with Labor, Human Rights, Religious or Other Local Institutions

- Consult regularly with human rights, labor, religious or other leading local institutions that are likely to have the trust of workers and knowledge of local conditions and utilize, where companies deem necessary, such local institutions to facilitate communication with Company employees and employees of contractors and suppliers in the reporting of noncompliance with the workplace standards
- Consult periodically with legally constituted unions representing employees at the worksite regarding the monitoring process and utilize, where companies deem appropriate, the input of such unions
- Assure that implementation of monitoring is consistent with applicable collective bargaining agreements

H. Establish Means of Remediation

- Work with Company factories and contractors and suppliers to correct instances of noncompliance with the workplace standards promptly as they are discovered and to take steps to ensure that such instances do not recur
- Condition future business with contractors and suppliers upon compliance with the standards

II. OBLIGATIONS OF ACCREDITED EXTERNAL MONITORS

A. Establish Clear Evaluation Guidelines and Criteria

Establish clear, written criteria and guidelines for evaluation of Company compliance with the workplace standards

B. Review Company Information Database

Conduct independent review of written data obtained by Company to verify and quantify compliance with the workplace standards

C. Verify Creation of Informed Workplace

Verify that Company employees and employees of contractors and suppliers have been informed about the workplace standards orally, through the posting of standards in a prominent place (in the local languages spoken by employees and managers) and through other educational efforts

D. Verify Establishment of Communications Channel

Verify that the Company has established a secure communications channel to enable Company employees and employees of contractors and suppliers to report to the Company on noncompliance with the workplace standards, with security that they shall not be punished or prejudiced for doing so

E. Be Given Independent Access to, and Conduct Independent Audit of, Employee Records

- Be given independent access to all production records and practices and wage, hour, payroll and other employee records and practices of Company factories and contractors and suppliers
- Conduct independent audit, on a confidential basis, of an appropriate sampling of production records and practices and wage, hour, payroll and other employee records and practices of Company factories and contractors and suppliers

F. Conduct Periodic Visits and Audits

Conduct periodic announced and unannounced visits, on a confidential basis, of an appropriate sampling of Company factories and facilities of contractors and suppliers to survey compliance with the workplace standards

G. Establish Relationships with Labor, Human Rights, Religious or Other Local Institutions

- In those instances where accredited external monitors themselves are not leading local human rights, labor rights, religious or other similar institutions, consult regularly with human rights, labor, religious or other leading local institutions that are likely to have the trust of workers and knowledge of local conditions
- Assure that implementation of monitoring is consistent with applicable collective bargaining agreements and performed in consultation with legally constituted unions representing employees at the worksite

H. Conduct Confidential Employee Interviews

- Conduct periodic confidential interviews, in a manner appropriate to the culture and situation, with a random sampling of Company employees and employees of contractors and suppliers (in their local languages) to determine employee perspective on compliance with the workplace standards
- Utilize human rights, labor, religious or other leading local institutions to facilitate communication with Company employees and employees of contractors and suppliers, both in the conduct of employee interviews and in the reporting of noncompliance

I. Implement Remediation

Work, where appropriate, with Company factories and contractors and suppliers to correct instances of noncompliance with the workplace standards

J. Complete Evaluation Report

Complete report evaluating Company compliance with the workplace

Footnotes

1 All references to local law throughout this Code shall include regulations implemented in accordance with applicable local law.

2 It is recognized that implementation by companies of internal monitoring programs might vary depending upon the extent of their resources but that any internal monitoring program adopted by a Company would be consistent with these Principles of Monitoring. If companies do not have the resources to implement some of these Principles as part of an internal monitoring program, they may delegate the implementation of such Principles to their accredited external monitors.

3 Adoption of the Workplace Code of Conduct would satisfy the requirement to establish and articulate clear written standards. Accordingly, all references to the "workplace standards" and the "standards" throughout this document could be replaced with a reference to the Workplace Code of Conduct.

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Further Information

Website: <http://www.fairlabor.org/all/code/index.html>

Fair Labour Association, Phone: (202) 898-1000

Website: www.fairlabor.org

Clean Clothes Campaign Code of Labour Practices for the Apparel Industry

This code was developed by the European Clean Clothes Campaign as a model code of labour standards and a monitoring system for companies in the apparel industry. The code contains all basic workplace requirements and provisions for monitoring. Finalized in 1998, it was developed in consultation with trade union secretariats and Asian labour networks since 1978.

The text of the code as well as guidelines for implementation, monitoring, accreditation and certification can be found on the Clean Clothes Campaign web site at www.cleanclothes.org.

This code of labour practice sets forth minimum standards for wages, working time and working conditions and provides for observance of all of the core standards of the International Labour Organization. These are minimum standards that are meant to apply throughout the industry and in all countries. The model is designed to cover the entire subcontracting network.

Companies adopting the code will be expected to engage an independent institution established for the purpose of monitoring compliance with the code, in assisting companies in implementing the code and in providing consumers with information concerning the labour practices in the industry.

The code is intended for retailers as well as manufacturers and all companies positioned in between those in the apparel and sportswear supply chain. The code can also be used by industry associations or employer organizations.

The preamble establishes three principles: First, the company accepts responsibility for its workers, including workers involved in contracting and subcontracting agreements. Second, the company pledges to observe the core ILO labour standards and to ensure that workers are provided with living wages and decent working conditions. Third, the company pledges to make observance of the code a condition of any agreements that it makes with contractors and suppliers and to require them to extend this obligation to their subcontractors.

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Further Information

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Web site: <http://www.cleanclothes.org>

Worldwide Responsible Apparel Production Principles

Worldwide Responsible Apparel Production is an international non-profit organization affiliated with the American Apparel Manufacturers Association. This group has devised a code regarding labour practices, factory conditions, and environmental and customs compliance and certification of compliance for apparel manufacturers. Further information is available on their web site at www.wrapapparel.org.

Worldwide Responsible Apparel Production Principles

Laws and Workplace Regulations - Manufacturers of sewn products will comply with laws and regulations in all locations where they conduct business.

Prohibition of Forced Labor - Manufacturers of sewn products will not use involuntary or forced labor -- indentured, bonded or otherwise.

Prohibition of Child Labor - Manufacturers of sewn products will not hire any employee under the age of 14, or under the age interfering with compulsory schooling, or under the minimum age established by law, whichever is greater.

Prohibition of Harassment or Abuse - Manufacturers of sewn products will provide a work environment free of harassment, abuse or corporal punishment in any form.

Compensation and Benefits - Manufacturers of sewn products will pay at least the minimum total compensation required by local law, including all mandated wages, allowances and benefits.

Hours of Work - Manufacturers of sewn products will assure that hours worked each day, and days worked each week, shall not exceed the legal limitations of the countries in which apparel is produced. Manufacturers of sewn product will provide at least one day off in every seven-day period, except as required to meet urgent business needs.

Prohibition of Discrimination - Manufacturers of sewn products will employ, pay, promote, and terminate workers on the basis of their ability to do the job, rather than on the basis of personal characteristics or beliefs.

Health and Safety - Manufacturers of sewn products will provide a safe and healthy work environment. Where residential housing is provided for workers, apparel manufacturers will provide safe and healthy housing.

Freedom of Association and Collective Bargaining - Manufacturers of sewn products will recognize and respect the right of employees to exercise their lawful rights of free association and collective bargaining.

Environment - Manufacturers of sewn products will comply with environmental rules, regulations and standards applicable to their operations, and will observe environmentally conscious practices in all locations where they operate.

Customs Compliance - Manufacturers of sewn products will comply with applicable customs law

and, in particular, will establish and maintain programs to comply with customs laws regarding illegal transshipment of apparel products.

Drug Interdiction - Manufacturers of sewn products will cooperate with local, national and foreign customs and drug enforcement agencies to guard against illegal shipments of drugs.

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Further Information

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Canadian Chemical Producers' Association Responsible Care Codes of Practice

2000

Introduction to Responsible Care from the Canadian Chemical Producers' Association web site:

Responsible Care is the most significant initiative undertaken by our membership in the thirty-seven year history of the CCPA. Responsible Care continues to challenge members of the association as they strive to meet the ever-changing expectations of Canadians. The ethic has spread to other parts of the globe as a consequence of the leadership of CCPA's members, where now it is evident in over 45 countries.

Responsible Care is a Canadian creation. It is a new ethic for the safe and environmentally sound management of chemicals throughout their life cycle. It differs from other ethics.

How important is Responsible Care to member companies? The CEO or most senior executive of every member of CCPA must commit to implement the guiding principles and codes of practice of Responsible Care within three years of joining the association and to be publicly verified as having done so. All companies are re-verified every three years and the re-verification reports will be online as they become available. The expectations of members and partners in Responsible Care go beyond the required implementation of codes of practice. Expectations include CEO networking via leadership groups, public input through a national advisory panel, and mutual assistance through sharing successful practices.

While much progress has been made, we have a long way to go. Working with people to come up with solutions is a continuous process - one which requires everyone's attention.

Statement of Policy on Responsible Care

Preamble

Canadian chemical producers encourage the responsible development, introduction, manufacture, transportation, storage, handling, distribution, use and ultimate disposal of chemicals and chemical products so as to minimize adverse effects on human health and well-being and on the environment; i.e. Canadian chemical producers encourage "Responsible Care".

Statement of Commitment

The Canadian Chemical industry is committed to taking every practical precaution toward ensuring products do not present an unacceptable level of risk to its employees, customers, the public or the environment. The most senior executive responsible for chemical operations in each member company of the Canadian Chemical Producers' Association has formally accepted these principles and endorsement is a condition of membership.

Strategy

The chemical industry recognizes that a degree of government regulation in combination with the self-initiated actions of industry is required to ensure a sufficiently comprehensive, timely and orderly advance toward the goal of protecting the health and well-being of Canadians and their

environment. It supports the development of equitable and attainable standards. Within this framework, industry believes that the best way to achieve this goal is to:

- a) ensure that guidelines and regulations established by government with respect to the potential hazards of chemicals are based on scientifically supported data and/or expert opinion;
- b) ensure that guidelines and regulations are realistic in terms of societal cost/benefit considerations; and
- c) ensure that the justified confidentiality of information, particularly that affecting the competitiveness of companies, is appropriately preserved.

Canadian chemical producers are committed to develop and implement plans, programs and communications within industry and in conjunction with governments, regulatory agencies, other resource groups and affected parties to promote the principle of "Responsible Care".

Guiding Principles

The following list of guiding principles is subscribed to by member companies of the Canadian Chemical Producers' Association.

- ensure that its operations do not present an unacceptable level of risk to its employees, customers, the public or the environment;
- provide relevant information on the hazard of chemicals to its customers, urging them to use and dispose of products in a safe manner; and make such information available to the public on request;
- make Responsible Care an early and integral part of the planning process leading to new products, processes or plants;
- increase the emphasis on the understanding of existing products and their uses and ensure that a high level of understanding of new products and their potential hazards is achieved prior to and throughout commercial development;
- comply with all legal requirements which affect its operations and products;
- be responsive and sensitive to legitimate community concerns;
- work actively with and assist governments and selected organizations to foster and encourage equitable and attainable standards.

Public Policy Development

As expressed in the Statement of Policy on Responsible Care we recognize that achievement of the responsible management of chemicals must include a combination of self-initiated actions and a degree of government regulation.

It is the belief of this association that such regulation should be the result of consultation which recognizes the views of all affected stakeholders.

To this end, the association has participated in a variety of consultative efforts in conjunction with government, labour, private interest groups and other business sectors. It strongly supports the continuation of this process at all levels of government and will continue to promote these views.

Many of the initiatives undertaken by the association in response to public expects the industry to take. The association will work with government to develop voluntary actions which will accomplish desired objectives without regulation.

Community Right-To-Know Policy

Policy Position

The Canadian Chemical Producers' Association (CCPA) recognizes the need and right of the public to know the risks associated with the operations and products present in or transported through communities. This is explicitly expressed in CCPA's "Guiding Principles of Responsible Care".

Member companies will:

- i) ensure that operations do not present an unacceptable level of risk to employees, customers, the public, or the environment;
- ii) provide relevant information on the hazards of chemicals to customers, urging them to use and dispose of products in a safe manner; and make such information available to the public on request;
- iii) be responsive and sensitive to legitimate community concerns.

Principles Of A Community Right-To-Know Policy

1. The community is entitled to the same type of health and safety information as an employee.
2. Provision of information to the public must recognize the need to protect legitimate trade secrets.
3. Accurate hazard information shall always be provided regardless of trade secrets.
4. Citizens in and around CCPA member company fixed facilities have a right to know the health, safety and environmental risks associated with the manufacture, distribution, and transportation of products, and the corresponding safeguards.
5. Communities along major transportation routes have a right of access to member companies' information on the risks associated with the products and the volume ranges of goods transported, and the accompanying safeguards.
6. Member companies will communicate to emergency response agencies the nature, volume and location of materials on the premises.

Codes of Practice

Objective

The codes of practice were developed to address and give substance to the guiding principles contained in the "Statement of Policy on Responsible Care" and the commitment made to Responsible Care and its guiding principles by the chief executive officer or senior chemical executive of each member company.

The adoption and implementation of these codes by each member company reflects a renewed commitment to Responsible Care and its guiding principles by the chief executive officer or senior chemical executive. The code conformance process, including auditing and evaluation of policies, standards and procedures within an agreed milestone timetable, involves a further commitment.

Implications

The successful adoption and implementation of these codes of practice have a number of implications for member companies, their employees, and those with whom they have business relationships.

The codes, like the guiding principles, reflect an ethic, an attitude, a method of thinking about the way in which member companies do business and their role in society. In particular, they address the reality that corporate values must emphasize a long term commitment to community and occupational health and safety and to environmental protection. Indeed, the codes do not contain static requirements which, once met, never change. Rather, they necessitate continuous performance improvement in an environment of changing knowledge and regulation.

The codes encompass member company operations both inside and outside Canada. They include both existing and new chemical products, uses, processes, equipment, services and facilities. "New" may derive from research and development, purchase or acquisition. Each requires consideration of the codes both in making decisions and then in integrating new development or acquisitions into operations.

Code requirements must be integrated into corporate planning across each member company at all levels. Similarly, code requirements must be integrated into member company operations. Each code addresses specific activities within a member company. The responsibilities for code implementation and compliance must be clearly assigned. Beyond these designated responsibilities, successful code implementation and compliance requires everyone from the board of directors and senior management on down to think and act in ways that enhance rather than work at cross purposes with efforts to meet code requirements. To facilitate this, there must be a supportive working environment. Compliance with these codes is everybody's job.

The company's responsibility extends to its suppliers, transporters, distributors, other contractors and customers. Some of these such as certain transporters and distributors, are partners in Responsible Care. The codes, as they relate to these other parties, are not meant to relieve them of taking on their own responsibilities, but, instead, to motivate them to take them more seriously. Within the limits of due diligence, the member companies are required to satisfy themselves that their products are being handled by these other parties in accordance with the codes of practice.

The company's responsibility also extends to the communities in which it operates. This reflects the implicit social contract that member companies have with society in general and involved communities in particular, to behave ethically and responsibly.

The codes require a commitment to "know all laws and regulations concerning operations, and meet or exceed them in letter and in spirit". To meet only the letter of the law falls short of the intention of these codes. This is not "self-regulation". Self-regulation requires member companies to meet all laws and regulations in spirit or exceed them. To achieve this demands ethical thinking, decision-making and performance.

In order to meet the code requirements of "to protect" or "to minimize" the concerns and needs of all the stakeholders must be understood and addressed. "Stakeholders" is intended to include, but not be limited to, the public-at-large, customers, contractors, employees and any other people on company sites. Therefore, decisions affecting people and the environment must reflect these concerns and needs, and an understanding and adoption of values of health, safety and environmental protection.

This is the case whether decisions are made by company personnel acting alone or in consultation with affected stakeholders. Member company performance must also reflect these concerns, needs and values. This is ethical thinking, decision-making and performance. This is meeting the spirit of the law or exceeding it, both in letter and in spirit.

In adopting Responsible Care and these codes of practice, member companies and all of their people are accepting an important and demanding set of responsibilities. However, in fulfilling these obligations, member companies derive significant benefits. Collectively, they succeed in their goals of self-regulation and public confidence in the industry. Individually, each member increases its standing in the community in which it operates and with those with whom it does business. It experiences increased employee satisfaction and morale. Member companies and their people can be justly proud of their efforts and commitment. It makes them leaders.

Summary of the Codes of Practice

All codes have as their underlying theme the protection of people and the environment through the responsible management of chemicals, chemical products, processes and operations. Like the guiding principles, they reflect an ethic, an attitude, a method of thinking about the way in which member companies do business and their role in society.

Community Awareness & Emergency Response Code of Practice (CAER)

This code states that every research and development, manufacturing, storage, distribution and waste management site will have an active community awareness and emergency response program in place. The local site manager is responsible for implementing a program to address emergency situations on site, and actively assist authorities in emergency response planning for neighboring industry and the community. Specialized equipment and expertise will also be provided to local authorities in the case of an emergency.

The company is expected to be sensitive to community concerns and respond to them, and develop a process of regular communication with the community through local outreach programs. It is also expected to provide information about the hazards and associated risks of chemicals, chemicals products and operations to employees, people on site and interested members of the community, and work with governments to develop public policies, legislation and regulations governing community awareness and emergency response.

Research and Development Code of Practice

The research and development code of practice covers all stages of new development of new chemicals and chemical products, processes, equipment and uses. The code applies from the very moment research is approved and extends through every stage to introduction into the market. Companies must ensure that R&D operations are handled in a way that protects people and the environment from hazards. No new product may be introduced and no research or development considered unless it is done in accordance with this code. Once the product is introduced into the marketplace, customers must be provided with information about hazards and associated risks to help ensure that they handle, use and dispose of the product properly.

Manufacturing Code of Practice

This code is designed to protect people and the environment from hazards during the manufacturing process. Emergency response plans for dealing with incidents on and around the plant site must be in place, and information must be made available to employees, people on site and interested people in the community about the materials handled, processes and equipment used, related hazards and associated risks, and the procedures in place for their control. Employees must be aware of and monitor all effluents and emissions into the environment and develop any needed control plans. Sites for new facilities should be chosen in a way that will minimize any adverse impact on the community, environment, industrial neighbors and transportation routes and ensure that people and the environment are protected not just when the plant is under construction or operating, but when it is closed or demolished.

Transportation Code of Practice

The transportation code is designed to ensure that chemicals and chemical products are transported in a way that minimizes the risk of injury to people moving the goods, to people along the transportation route, and to the environment. Third party companies hired to carry member companies' goods are expected to operate according to the principles of Responsible Care. Member companies must evaluate carriers of their materials on safety performance and programs, inspection and maintenance procedures for equipment, and selection and training of drivers and support staff. If carriers cannot meet the expected standards, they will not be hired. Employees of third party carriers, and people living in communities along the transportation route, should have access to the same health and safety information as company employees. Transportation routes should be chosen to minimize the exposure of people and environmentally sensitive areas to the potential hazards caused by chemicals and products. Each member will have an up-to-date, operational transportation emergency response plan to deal with hazards, contain and clean up releases, provide technical advisors at accident scenes, and assist local emergency response forces.

Distribution Code of Practice

The distribution code is intended to cover members' activities relating to the sale of chemicals, chemical products or services, and the movement of those goods from suppliers for conversion or resale. Although some transportation procedures are covered under this code, transportation has also been covered under a separate code due to its importance. The Distribution Code states that every member company will have a program designed to continuously improve safety through the reduction of incidents during the distribution process and to protect people and the environment from hazards through hazard reduction, procedures, education and the use of protective equipment. Regular evaluations will be made of the hazards and associated risks related to the storage and handling of chemicals and chemical products on company owned and contracted premises. Written standards and procedures for storage must be developed, and information and training in the handling of chemicals and management of containers and products will be provided to contracted and member company employees. Distributors will be monitored and assisted in code compliance and any with shortcomings that cannot be corrected will no longer be used. Customers will also not be permitted to purchase chemicals and products from member companies if they are not prepared to meet minimum standards of the applicable codes of Responsible Care.

Hazardous Waste Management Code of Practice

This code is designed to protect the health and safety of people and the environment by addressing all operations related to hazardous waste elimination, reduction, recycling, recovery and reuse. It relates to the handling, storage, transportation, treatment, destruction and disposal of hazardous waste, and the closure and care of disposal sites. The principles of Responsible Care apply to public and private co-disposal sites used by member companies, as well as their own wholly owned treatment and disposal sites. Companies are encouraged to find ways to reduce, reuse and recycle materials as an alternative to disposal. Materials that cannot be reused should be treated or destroyed to render them harmless. When the material cannot be rendered non-hazardous, it must be contained in a secure manner and monitored to ensure protection of people and the environment. If a company cannot conform to the code of practice, it must cease those operations which produce the hazardous substance. Customers must also be made aware of the code and must abide by it when handling member companies' products or materials.

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Further Information

Further information on Responsible Care: <http://www.ccpa.ca/ResponsibleCare/>

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Code of Ethics on the International Trade in Chemicals (UNEP)

PART I. GENERAL PROVISIONS

I. OBJECTIVE

1. The objective of this code is to set forth principles and guidance for private sector parties, governing standards of conduct in the production and management of chemicals in international trade, taking into account their entire life cycle, with the purpose of reducing risks to human health and the environment which might be posed by such chemicals.

*II. DEFINITIONS*⁵³

2. For purposes of the code:

(a) "Banned chemical" means a chemical which has, for health or environmental reasons, been prohibited for all uses by final governmental regulatory action;

(b) "Severely restricted chemical" means a chemical for which, for health or environmental reasons, virtually all uses have been prohibited nationally by final government regulatory action, but for which certain specific uses remain authorized;

(c) "Hazardous chemical" means a chemical which represents a threat to human or animal health or to the environment.

(d) "Private sector parties" means industry, workers and their representatives, environmental and consumer groups and other non-governmental organizations, and the public.

(e) "Industry" means all segments involved in production and management of chemicals, taking into account their entire life cycle, including producers, formulators, importers and exporters, traders, and transporters.⁵⁴

(f) "International trade in chemicals" means export or import of chemicals.

(g) "Export" and "import" mean, in their respective connotations, the movement of a chemical from one State to another State, but exclude mere transit operations.

(h) "Management" means the handling, supply transport, storage, treatment, application or other use of a chemical subsequent to its initial manufacture or formulation.

(i) "Prior informed consent" (PIC) refers to the principle that international shipment of a chemical that is banned or severely restricted in order to protect human health and the

⁵³ Definitions of "banned chemical", "severely restricted chemical", "international trade", "export", "import", "management", "prior informed consent", "prior informed consent procedure" are identical to those in the amended London Guidelines.

⁵⁴ Where appropriate, some sections refer specifically to particular segments of the industry, for example chemical producers and formulators. In those countries in which some or all sectors of industry are owned and/or operated by government offices, it is expected that the parts of the code directed to industry would apply to the government agencies to the extent they are responsible for the relevant industrial activity.

environment should not proceed without the agreement, where such agreement exists, or contrary to the decision of, the designated national authority in the importing country. For the purpose of this code, "designated national authority" means a national government authority designated for purposes of information exchange and the prior informed consent procedure being carried out by UNEP and FAO.

(j) "Prior informed consent procedure" (PIC procedure) means the procedure for formally obtaining and disseminating the decisions of importing countries as to whether they wish to receive future shipments of chemicals which have been banned or severely restricted, being carried out by UNEP and FAO.

(k) "PIC decision" means a decision by a importing country of a chemical subject to the PIC procedure with respect to the future import of chemicals.

III. EXEMPTIONS⁵⁵

3. The code should not apply to:
 - (a) Pharmaceuticals, including narcotics, drugs and psychotropic substances;
 - (b) Radioactive materials;
 - (c) Chemicals imported for the purpose of research or analysis in quantities not likely to affect the environment or human health;
 - (d) Chemicals imported as personal or household effects, in quantities reasonable for these uses;
 - (e) Food additives.

IV. THE COMMITMENT TO IMPROVED HEALTH, SAFETY AND ENVIRONMENTAL PROTECTION RELATED TO THE INTERNATIONAL TRADE IN CHEMICALS

4. Private sector parties involved in the international trade in chemicals should make a commitment to undertake self-regulatory measures to meet the standards of conduct set out in the principles and guidance contained in Part II below in order to ensure the safe production and management of chemicals in domestic and international trade, taking into account their entire life cycle.

5. Private sector parties should recognize in the commitment their shared responsibility, along with the governments of chemical exporting and importing countries, for the protection of human health and the environment. In particular, business and industry should recognize their responsibility for fully participating in the implementation and evaluation of activities related to Agenda 21⁵⁶.

6. The private sector parties that have already entered into the commitment under "Responsible Care" or a similar instrument consistent with this code, such as the FAO Code of Conduct, are encouraged to make a declaration, expressing that existing commitments are consistent with this

⁵⁵ The exemptions are identical to those set out in guideline 3 of the amended London Guidelines.

⁵⁶ Agenda 21, chapter 30, paragraph 1.

code. The parties that have not made commitment under "Responsible Care" or a similar instrument should demonstrate their commitment by making an appropriate declaration in a written statement and publish such declaration.

7. Private sector parties making such written declaration should notify UNEP of their respective decisions to enter into commitment to meet the standards of conduct set out in the principles and guidance contained in the code.

8. The parties that have made such written declaration under paragraph 5 and entered into voluntary commitment under the code should initiate necessary action to meet the standards of conduct set out in the principles and guidance below within 180 days after the commitment is notified to UNEP.

9. The commitment by the private sector parties should include the following elements:

(a) Increase chemical safety and enhance the sound production and management of chemicals, taking into account their entire life cycle, in all countries by providing government authorities and relevant private sector parties with relevant information on chemicals in domestic and international trade.

(b) Comply with the PIC procedure being carried out by UNEP and FAO to the extent applicable to private sector parties.

10. Enterprises/companies involved in the production or management of chemicals in domestic and international trade, taking into account their entire life cycle, should demonstrate this commitment at all levels of their enterprises/companies, starting with the highest level of management. This commitment should be communicated throughout the enterprises/companies.

PART II. GENERAL PRINCIPLES AND GUIDANCE FOR THE IMPLEMENTATION OF THE GENERAL PRINCIPLES

I. GENERAL PRINCIPLES

11. Having agreed to take appropriate actions to protect human health and the environment from adverse effects from the production and management of chemicals in international trade, taking into account their entire life cycle, and to promote chemical safety, private sector parties should:

(a) Act in accordance with the guidance set out in this code, and develop the means for applying the guidance in a manner appropriate to local circumstances;

(b) Allocate the resources necessary for the application of the guidance to their own activities;

(c) Enhance co-operation among private sector parties as well as with government agencies and relevant international organizations for the promotion the code;

(d) Cooperate with local community to address problems related to chemicals in international trade and solving such problems, including the provision of relevant information.

12. Enterprises/companies involved in the international trade in chemicals, such as producers, formulators, transporters, traders including exporters and importers, should:

(a) Develop management systems to enable the proper production and management of chemicals, taking into account their entire life cycle;

(b) To the extent practicable, evaluate and do business with suppliers, contract manufacturers, transporters, traders and professional users who meet applicable safety, health and environmental criteria.

13. Private sector parties should promote the application of the guidance set out in the code by:

(a) Establishing the means for sharing experience with various private sector parties, including those parties in different countries or regions, and, as appropriate, with relevant government authorities, concerning measures taken in accordance with the code;

(b) Offering assistance to others who produce and manage chemicals, taking into account their entire life cycle.

14. Private sector parties should work with government authorities responsible for health and environmental protection from harmful effect of chemicals in international trade, including customs offices, in accordance with the principles and guidance in the code.

15. Private sector parties should take initiatives to assist in the implementation of internationally agreed instruments related to chemicals in international trade, in particular the prior informed consent procedure being carried out by UNEP and FAO, as well as those instruments related to chemical accident prevention, preparedness and response.⁵⁷

16. Private sector parties, in co-operation with Governments and relevant international organizations, should establish a procedure for reviewing and revising the code, as appropriate.

II. GUIDANCE FOR THE IMPLEMENTATION OF THE GENERAL PRINCIPLES

17. The following guidance, set out in seven categories, represent the standards of conduct which should be undertaken in order to fulfil the commitment and general principles set out above. Private sector parties should apply the paragraphs relevant to them, in a way which will be effective under their particular circumstances.

A. Reducing Risks

18. Chemical producers and formulators should:

(a) Make every reasonable effort, to the extent practicable, to reduce risks by:

(i) Introducing appropriate procedures to minimize adverse health and environmental effects from chemicals being manufactured and managed, taking into account their entire life cycle, under both normal operating conditions as well as emergency situations.

⁵⁷ References will be found in the selected bibliography attached to the code.

- (ii) Developing safer packaging, and using clear and concise labelling, taking into account existing international scheme with respect to packaging and labelling.
- (iii) Take initiatives, to the extent possible, in following chemicals to the ultimate consumer, keeping track of any problems arising in actual use of the chemicals, as a basis for changes in labelling, directions and packaging.

(b) When safe manufacture and management of a chemical, taking into account its entire life cycle, does not seem possible, voluntarily take corrective action and help find solutions to difficulties.

(c) Halt manufacturing and trade, and recall products when appropriate due to the unacceptable risks associated with the product.

19. Chemical producers, formulators and traders should:

(a) Co-operate with relevant government authorities of importing countries and comply with their PIC decisions, recognizing that this might be dependent upon the governments of exporting countries fulfilling their responsibility to transmit to their industry the PIC decisions of importing countries under the PIC procedure⁵⁸.

(b) Co-operate with government authorities in order to ensure implementation of the export notification procedures for banned or severely restricted chemicals, where applicable.

20. Industry should:

(a) Whenever possible, endeavour to reduce the quantity of hazardous chemicals used.

(b) Co-operate with government authorities in activities related to chemical accident prevention, preparedness and response, including the development of emergency preparedness plans and support international activities in this area.⁵⁹

(c) In co-operation with the Government, ensure safe management and disposal of chemicals, taking into account their entire life cycle.

21. Private sector parties should ensure that transfer of know-how for the production of chemicals be subject to the standards of conduct set out in the code.

B. Testing and Assessment

22. Chemical producers and formulators should:

(a) As regards new chemicals, produce and commercialize only the chemicals that are known to have gone through a process of testing and assessment that is conducted in accordance with national laws and regulations or internationally accepted procedures and updated where appropriate, and where necessary, taking into account the specific conditions of intended use. This testing and assessment should provide the necessary basis for an evaluation of the risks of the chemical in order to allow appropriate actions to protect human health and the environment.⁶⁰

⁵⁸ Paragraph 7.4(b) of the amended London Guidelines.

⁵⁹ References will be found in the selected bibliography.

⁶⁰ For existing chemicals, assessment could be done based on existing data, recognizing ongoing effort in this area.

(b) Provide summaries of the reports of such testing and assessment to government authorities and, upon request, provide these authorities with the full reports in accordance with applicable national laws and regulations, where such laws and regulations have been in force.

(c) Identify reasonably foreseeable uses and misuses of chemicals and, in order to do so, seek feedback from occupational users on use and misuse of chemicals. To the extent appropriate, undertake additional testing and revision of assessment taking into account the information on uses and misuses of chemicals.

(d) Ensure that proposed uses, labelling, information and advertising reflect the results of the testing and assessment.

(e) Provide, as appropriate, chemical producers and formulators in other countries or government authorities with advice and assistance related to testing and assessment, including assistance in the interpretation and evaluation of data.

(f) Ensure that contract manufacturers are kept informed of new significant health, safe and environmental data on chemicals in international trade.

C. Quality Assurance

23. Chemical producers and formulators should:

(a) Maintain quality assurance procedures to ensure that chemicals comply with relevant human health and environmental standards and specifications, including non-exploitation of products which are out of date and, to this end, co-operate with government authorities, as appropriate.

(b) Ensure, to the extent possible, that chemicals manufactured or formulated by a subsidiary company or a contract manufacturer meets appropriate human health and environmental requirements and standards which are consistent with the requirements of the country of manufacture as well as those of the parent or contracting company.

24. Chemical producers, formulator and traders should ensure that the quality of a chemical complies with the information in the attached label and with the literature and specifications published by a chemical's manufacturer.

D. Classification, Packaging and Labelling

25. Chemical producers, formulators and traders should:

(a) Ensure that:

- (i) chemicals are labelled;
- (ii) labels include appropriate recommendations, instructions, warnings, precautions and first aid information;
- (iii) labels show appropriate hazard classifications;
- (iv) labels provide appropriate lot or batch information;

- (v) labels are in a format appropriate for traders, transporters and occupational users with respect to, for example the language used and the use of symbols and pictograms.

(b) Ensure that classification, packaging and labelling of chemicals conform to applicable international rules, regulations and guidelines, such as the FAO Guidelines, including, for example those dealing with transportation. Where no such international rules, regulations or guidelines are available, an appropriate national or regional system for classification, packaging and labelling should be applied. Labelling requirements should cover:

- (i) information to be given in the label;
- (ii) legibility, durability and size of the label;
- (iii) uniformity of labels and symbols, including colours.

26. Traders and transporters should ensure that chemicals are handled and transported safely in accordance with the information in the labels attached to the packages.

E. Provision of Information

27. Chemical producers and formulators should:

(a) Provide occupational users, traders, transporters and contract manufacturers with appropriate information and guidance, which should be kept up-dated, to enable proper development, manufacture and management of all chemicals, taking into account their entire life cycle. Safety data sheets (or material safety data sheets) should be prepared for hazardous chemicals and be provided to occupational users, traders, and contract manufacturers to the extent that this could improve safety in the handling and use of the chemicals.

(b) Provide information and instructions in a form and language which will ensure safe and effective use of a chemical.

(c) Ensure consistency of all safety information provided on a given chemicals.

(d) Provide government authorities and consumers with relevant information on:

- (i) health and environmental hazards which might be posed by chemicals in international trade;
- (ii) recommended protective measures;
- (iii) first aid measures.

In providing such information, claims for protection of confidential and proprietary information should not compromise the overriding objective of protecting health and the environment and promoting safety.

(e) Provide the information on safe handling of chemicals when they are outdated or expired.

28. Industry should:

(a) Make reasonable efforts to ensure that the information relevant to health and environmental protection from harmful effects of chemicals reaches the occupational users or

traders in importing countries. The information should be included in the labels attached to the packages whenever possible.

(b) Co-operate with governments and competent international organizations for the purpose of information exchange, including the provision of information, upon request, to a government authority in an importing country concerning banned or severely restricted chemicals and alternatives to such chemicals.

(c) Communicate on health, safety and environmental matters to government authorities and other interested parties. In this regard, industry should establish and implement policies to ensure openness in health, safety and environmental information in a manner appropriate to local circumstances.

(d) Assist UNEP to establish databases to be used by designated national authorities for registration and monitoring of chemicals, taking into account their entire life cycle, and for attention to emergencies.

F. Education and Training

29. For the purpose of preventing harmful effects of chemicals in international trade to health and the environment, industry should continue to:

(a) Educate and train employees at all levels on the proper management of chemicals, taking into account their entire life cycle.

(b) Provide employees with safety data sheets or similar relevant information.

(c) Educate and train relevant employees so that they can advise occupational users and traders on the proper management of chemicals, taking into account their entire life cycle.

(d) Disseminate educational information to, *inter alia*, chemical handlers and consumers, as well as other interested parties such as medical personnel and customs officials, through a coordinated effort of Governments, international organizations and industry.

(e) Provide support for training of occupational users and government authorities in importing countries, including training for emergency responses.

G. Advertising and Marketing

30. Recognizing difference in countries, and with a view to providing accurate information of chemicals to ultimate consumers, such as occupational users, industry should:

(a) Ensure that advertising is consistent with the standards of conduct set out in the code. Statements used in advertising should be capable of technical substantiation. Advertising should not be likely to mislead any buyer, in particular with regard to safety or suitability of use. Advertisements should not encourage uses inconsistent with approved labels or at variance with generally accepted recommendations. Advertising should draw attention to warnings and should encourage careful reading of labels.

(b) Encourage importing enterprises/companies and relevant trade associations to cooperate in order to achieve fair and safe marketing and trade practices and to help government authorities to stamp out malpractice.

G. PART III. MONITORING AND FOLLOW-UP

31. Industry, non-governmental organizations, workers and consumers unions, and other relevant public interest groups, in cooperation with Governments and international organizations, should:

(a) Take active role to monitor activities of industry and other private sector parties involved in the international trade in chemicals as to whether those activities are in compliance with the standards of conduct set out in the principles and guidance above.

(b) Report the results of the monitoring to government authorities and competent international organizations, such as UNEP, with a view to:

- (i) Improving performance of industry and other private sector parties involved in the international trade in chemicals;
- (ii) Assisting Governments to adopt or amend national laws, regulations and administrative measures governing activities in the international trade in chemicals.
- (iii) Co-operating with Governments and international organizations to develop relevant international instruments.

(c) Communicate on health, safety and environmental matters related to chemicals in international trade with other interested parties.

32. Industry is encouraged to cooperate with UNEP and non-governmental organizations in the implementation and monitoring of the standards of conduct set out in the principles and guidance above.

33. Industry should ensure that workers and others are not punished for monitoring and reporting its performance to Governments, international organizations and relevant private sector parties.

34. Private sector parties are encouraged to enter into voluntary agreements with Governments for the application of the standards of conduct set out in the principles and guidance above.

35. Private sector parties, in cooperation with Governments and international organizations such as UNEP, should promote the code to extend the parties committed to apply the standards of conduct set out in the principles and guidance above.

36. Private sector parties should develop procedures for self-evaluation to assess performance in undertaking self-regulatory measures to meet the standards of conduct set out in the principles and guidance above.

37. Private sector parties, in cooperation with Governments and international organizations, should periodically monitor compliance, review and revise, as appropriate, the code at international fora which will be convened by UNEP subject to the availability of resources.

38. UNEP will, within available resources:

(a) maintain, up-date and publish a list of those private sector parties that have entered into commitment under the code;

(b) compile and publish reports on progress in the application of the standards of conduct set out in the principles and guidance above.

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Further information:

On the web: <http://www.chem.unep.ch/ethics/english/CODEEN.html>

London Guidelines on Chemicals in International Trade

London Guidelines for the Exchange of Information on Chemicals in International Trade

PART I. GENERAL PROVISIONS

1. Definitions

For the purposes of the Guidelines:

(a) "Chemical" means a chemical substance whether by itself or in a mixture or preparation, whether manufactured or obtained from nature and includes such substances used as industrial chemicals and pesticides;

(b) "Banned chemical" means a chemical which has, for health or environmental reasons, been prohibited for all uses by final governmental regulatory actions;

(c) "Severely restricted chemical" means a chemical for which, for health or environmental reasons, virtually all uses have been prohibited nationally by final government regulatory action, but for which certain specific uses remain authorized;

(d) "International trade" means export or import of chemicals;

(e) "Export" and "import" mean, in their respective connotations, the movement of a chemical from one State to another State, but exclude mere transit operations;

(f) "Management" means the handling, supply transport, storage, treatment, application, or other use of a chemical subsequent to its initial manufacture or formulation;

(g) "Prior informed consent" (PIC) refers to the principle that international shipment of a chemical that is banned or severely restricted in order to protect human health or the environment should not proceed without the agreement, where such agreement exists, or contrary to the decision, of the designated national authority in the importing country;

(h) "Prior informed consent procedure" (PIC procedure) means the procedure for formerly obtaining and disseminating the decisions of importing countries as to whether they wish to receive future shipments of chemicals which have been banned or severely restricted. A specific procedure was established for selecting chemicals for initial implementation of the PIC procedures. These include chemicals which have been previously banned or severely restricted as well as certain pesticide formulations which are acutely toxic. This is explained in annex II.

2. General principles

(a) Both States of export and States of import should protect human health and the environment against potential harm by exchanging information on chemicals in international trade;

(b) In their activities with regard to chemicals, States should act, in so far as is applicable, in accordance with principle 21 of the Declaration of the United Nations Conference on the Human Environment;

(c) States taking measures to regulate chemicals with a view to protecting human, animal or plant life or health, or the environment, should ensure that regulations and standards for this purpose do not create unnecessary obstacles to international trade;

(d) States should ensure that governmental control measures or actions taken with regard to an imported chemical for which information has been received in implementation of the Guidelines are not more restrictive than those applied to the same chemical produced for domestic use or imported from a State other than the one that supplied the information;

(e) States with more advanced systems for the safe management of chemicals should share their experience with those countries in need of improved systems;

(f) Both States of import and States of export should, as appropriate, strengthen their existing infrastructures and institutions in the following way:

(i) Establishing and strengthening legislative and regulatory systems and other mechanisms for improving control and management of chemicals. This may include development of model legislation or regulations, in light of these Guidelines and other relevant guidelines prepared by other organizations;

(ii) Creating national registers of toxic chemicals, including both industrial chemicals and pesticides;

(iii) Preparing and updating manuals, directories and documentation for better utilization of facilities for information collection and dissemination at the country level and to on-line facilities at the regional level.

3. Exemptions

These Guidelines should not apply to:

(a) Pharmaceuticals, including narcotics, drugs and psychotropic substances;

(b) Radioactive materials;

(c) Chemicals imported for the purposes of research or analysis in quantities not likely to affect the environment or human health;

(d) Chemicals imported as personal or household effects, in quantities reasonable for these uses;

(e) Food additives. 1/

4. Effects on other instruments

(a) States should take the necessary measures with regard to implementation of these Guidelines.

(b) The provisions of these Guidelines do not affect the obligations of States deriving from any relevant international agreement to which they are or may become party.

5. Institutional arrangements

5.1 UNEP and FAO should develop an information exchange system to ensure that designated national authorities of importing and exporting countries have a single contact point for obtaining information and communicating decisions on chemicals subject to the PIC procedure;

5.2 UNEP should share with FAO the operational responsibility for the implementation of the PIC procedure and jointly manage and implement common preparation on PIC guidance documents, mechanisms for information sharing, and creation of databases;

5.3 UNEP should collaborate with FAO in reviewing the implementation of the PIC procedure, including participation, responses, and violations of importing country decisions;

5.4 For purposes of international communications, each State should designate a national governmental authority (or authorities) competent to perform the administrative functions related to the exchange of information and decisions regarding importation of chemicals included in the PIC procedure; 2/

5.5 The designated national authority should be authorized to communicate, directly or as provided by national law or regulation, with designated national authorities of other States and with international organizations concerned, to exchange information, to make and communicate decisions regarding chemicals included in the PIC procedure and to submit reports at the request of such States or organizations or on its own initiative;

5.6 States should ensure that designated national authorities have sufficient national resources to assume responsibility with regard to implementation of these Guidelines;

5.7 States should as soon as possible make available the name and address of their designated national authority to the International Register of Potentially Toxic Chemicals (IRPTC), as well as subsequent changes;

5.8 A register of designated national authorities should be maintained, regularly updated, and disseminated by IRPTC;

5.9 IRPTC should, in addition:

- (a) Co-ordinate the network of designated national authorities;
- (b) Develop recommendations on practices and procedures, and such joint programmes and measures as may be required to make the Guidelines effective;
- (c) Maintain liaison with other concerned intergovernmental and non-governmental organizations;
- (d) Keep under review the implementation of these Guidelines, on the basis of periodic reports from designated national authorities and provide biennial reports on the effectiveness of the Guidelines and suggestions for their improvement.

PART II - NOTIFICATION AND INFORMATION REGARDING BANNED AND SEVERELY RESTRICTED CHEMICALS AND OPERATION OF THE PIC PROCEDURE

6. Notification of control action

(a) States having taken control action to ban or severely restrict a chemical as defined in these Guidelines should notify IRPTC. IRPTC will disseminate these notifications as provided in these Guidelines;

(b) The purpose of the notification regarding control action is to give competent authorities in other States the opportunity to assess the risks associated with the chemical, and to make timely and informed decisions thereon, taking into account local environmental, public health, economic and administrative conditions, and with regard to existing information on toxicology, safety and regulatory aspects;

(c) The minimum information to be provided for this purpose should be:

(i) The chemical identification/specification of the chemical;

(ii) A summary of the control action taken and of the reasons for it. If the control action bans or restricts certain uses but allows other uses, such information should be included;

(iii) The fact that additional information is available, and the indication of the contact point in the State of export to which a request for further information should be addressed;

(d) To the extent practicable, the designated national authority issuing the notification should provide information concerning alternative measures, such as, for example, integrated pest management procedures, non-chemical alternatives and impact mitigation measures;

(e) Notification of control action should be provided as soon as practicable after the control action is taken.^{3/} For chemicals banned or severely restricted before the implementation of these Guidelines, an inventory of prior control actions should be provided to IRPTC, unless such information has already been provided and circulated by IRPTC to all designated national authorities.

7. Operation of the PIC procedure

7.1 Determination of participation in the PIC procedure

PIC is a procedure which operates in addition to information exchange and export notification. Those countries which elect to participate in the PIC procedure will have the opportunity to record their decisions regarding future imports of banned or severely restricted chemicals in a formal way.

(a) Countries may participate in the information exchange procedures under these Guidelines without participating in the PIC procedure;

b) All exporting countries are expected to participate in the PIC procedure by respecting the decisions of importing countries;

(c) IRPTC should invite countries to participate in the PIC procedure with respect to imports. Designated national authorities should reply indicating whether their country will participate. If there is no reply a follow-up letter should be sent 60 days after the first invitation. If there is no response, IRPTC should take additional steps to obtain a decision. If after that, there is still no response then it will be assumed that the country does not wish to participate in the procedure;

(d) A country may designate one competent body to handle both industrial chemicals and pesticides or may designate separate competent bodies for each;

(e) A country may elect at any time to participate or not participate in the PIC procedure by communicating its decision to IRPTC;

(f) IRPTC should make available on request a list of countries who have elected to participate, countries which have elected not to participate and countries which did not respond.

7.2 Identification of chemicals for inclusion in the PIC procedure

(a) As provided in paragraph 9, IRPTC will notify each participating country of each chemical that is the subject of a notification of a final government control action and that meets the definitions as being banned or severely restricted for environmental or human health reasons for a decision under its conditions of use as to whether that country wishes to permit use and importation of the chemical. An informal consultative process may be used to assist IRPTC in determining whether the control action meets the definitions of the Guidelines;

(b) As provided in paragraph 9, IRPTC should send qualifying control actions, along with PIC decision guidance documents, to the appropriate designated national authority or authorities in each participating country for decision. 4/

7.3 Response to notification of control action for chemicals identified for inclusion in the PIC procedure

(a) The designated national authority in each participating importing country shall make an initial response to IRPTC within 90 days. A response may take either of two forms:

(i) A final decision to permit use and importation, to prohibit use and importation or to permit importation only under specified stated conditions;

(ii) An interim response which may be:

a. A statement that importation is under active review but that final decision has not yet been reached;

b. A request for further information; and/or

c. A request for assistance in evaluating the chemical.

An interim response may also contain a statement permitting importation with or without stated specified conditions or prohibiting importation during the interim period until a final decision is made;

(b) The designated national authority shall use the form provided to make such response; 5/

(c) IRPTC should send reminders to countries as necessary to encourage a response and should facilitate the provision of technical assistance where requested;

(d) If a participating importing country does not make a response or responds with an interim decision that does not address importation, the status quo with respect to importation of the chemical should continue. This means that the chemical should not be exported without the explicit consent of the importing country, unless it is a pesticide which is registered in the importing country or is a chemical the use or importation of which has been allowed by other governmental action of the importing country;

(e) If a country takes a unilateral action which affects the status quo with respect to a chemical, it must so notify IRPTC to make IRPTC aware of the decision. Such a unilateral action will be interpreted as superseding any previous decision it has made with respect to the chemical;

(f) When an importing country takes a final or interim decision which affects the status quo, it should also communicate this decision to the national competent import control actions under its authority.

7.4 Dissemination of information

(a) IRPTC will inform designated national authorities of decisions taken by participating importing countries in a timely fashion and should also make these available to industry and other interested parties on request, preferably through a computer data base. This information should also be included in the regular updates of the United Nations Consolidated List of Products whose Consumption and/or Sale have been Banned, Withdrawn or Severely Restricted by Governments. Semi-annually, IRPTC will notify all Governments in writing of the status of the decisions by importing countries;

(b) Governments of exporting countries shall, upon receipt of importing countries' decisions, transmit them to their industry.

8. Information regarding exports

(a) If an export of a chemical banned or severely restricted in the State of export occurs, the State of export should ensure that necessary steps are taken to provide the designated national authority of the State of import with relevant information; 6/

(b) The purpose of information regarding exports is to remind the State of import of the original notification regarding control action and to alert it to the fact that an export will occur or is occurring;

(c) The minimum information to be provided for this purpose should be:

(i) A copy of, or reference to, the information provided at the time of notification of control action;

(ii) Indication that an export of the chemical concerned will occur or is occurring;

(iii) An estimate of the quantity to be exported annually as well as any shipment-specific information that might be available;

(d) States should endeavour to ensure that, to the extent possible, information regarding exports provided or received in implementation of these guidelines is forwarded to the State of final destination and to IRPTC;

(e) Provision of information regarding exports should take place when the first export following the control action occurs, and should recur periodically or in the case of any significant development of new information or condition surrounding the control action. It is the intention that, in so far as possible, the information should be provided prior to export. Where the chemical has been banned or severely restricted before the adoption of these Guidelines, the "first export following the control action" should be considered to be the first export after adoption of these Guidelines.

9. Channels of notification and information

(a) Notifications of control actions should be addressed to IRPTC for transmission to designated national authorities;

(b) Participating importing countries should send their response on the prescribed forms to IRPTC for appropriate dissemination;

(c) PIC decision guidance documents will be transmitted by IRPTC to designated national authorities in participating importing countries for their decision and response and to designated national authorities in other countries for their information;

(d) Information on exports should be addressed to the national authority designated for this purpose in the State of import.

10. Feedback

Designated national authorities of States of import should provide to IRPTC, for the purpose of periodic review pursuant to paragraph 5.9 (d), a summary of action taken as a result of notifications and information received pursuant to paragraphs 6, 7.3 and 8 and information on any difficulties which they have experienced in using these Guidelines.

11. Confidential data

(a) States undertaking information exchange in implementation of these Guidelines should establish internal procedures for the receipt, handling and protection of confidential and proprietary information received from other States;

(b) States receiving notifications and information regarding exports should be responsible for the protection of proprietary rights and the confidentiality of data received under these Guidelines when claimed by the State supplying the information.

12. Functions of designated national authorities

(a) Control action. It should be the function of designated national authorities, with regard to control action taken by States to ban or severely restrict a chemical:

(i) To provide notification to IRPTC, in accordance with these Guidelines, that such control action has been taken;

(ii) To receive from IRPTC notification that such action has been taken in other States, and to ensure its prompt transmittal to all other national authorities concerned;

(iii) To receive from the United Nations the regular updates of the United Nations Consolidated List of Products Whose Consumption and/or Sale have been Banned, Withdrawn or Severely Restricted by Governments;

(v) To respond to notifications of control action in accordance with paragraph 7.3 of these Guidelines, including response to the lists to be circulated in accordance with paragraph 7.2 and annex II;

(b) Imports. It should be the function of designated national authorities, with regard to imports of banned or severely restricted chemicals:

i) To receive from States of export information on exports, and to ensure the prompt transmittal of such information to all other authorities concerned in the State of import;

ii) To transmit to States of export requests for further information as required;

(iii) To provide feedback information to IRPTC on action taken as a result of notifications and information received and on any difficulties experienced in the exchange of data with States of exports;

(iv) To advise and assist import control authorities so that they can take appropriate import control actions under their authority;

(v) To strengthen national decision-making procedures and import control mechanisms;

(vi) To ensure that decisions apply uniformly to all sources of import and to domestic production of chemicals for domestic use;

(vii) To encourage that chemicals subject to PIC be purchased only from sources in exporting countries which are participants in that procedure;

(c) Exports. It should be the function of designated national authorities, with regard to exports of banned or severely restricted chemicals:

(i) To ensure the issuance or transmittal of information on exports;

(ii) To respond to requests for information from other States, especially as regards sources of precautionary information on safe use and handling of the chemicals concerned;

(iii) To communicate PIC decisions to their export industry;

(iv) To implement appropriate procedures, within their authority, designed to ensure that exports do not occur contrary to the PIC decisions of participating importing countries;

(d) Other functions. Designated national authorities should also consider the need:

(i) To provide information regarding applicable national regulations for the management of banned or severely restricted chemicals;

(ii) To ensure the provision of appropriate precautionary information to persons using or handling the chemicals concerned;

(iii) To keep records of notifications and information received, issued and transmitted which could be open for public inspection in accordance with national law, except for information classified as confidential or proprietary;

(iv) To keep records of imports and exports of banned and severely restricted chemicals.

PART III. - GENERAL INFORMATION EXCHANGE AND PROVISION OF TECHNICAL ASSISTANCE REGARDING CHEMICALS

13. Information, advice and assistance

(a) For the protection of human health and the environment, States should facilitate:

(i) The exchange of scientific information (including toxicological and safety data) and technical, economic and legal information concerning the management of chemicals, particularly through designated national governmental authorities and through intergovernmental organizations as appropriate;

(ii) The provision upon request of technical advice and assistance concerning the management of chemicals to other States, on a bilateral or multilateral basis, taking into account the special needs of developing countries.

b) With regard to the export of chemicals, States of export should ensure that, where appropriate, information, advice and assistance is provided to States of import concerned regarding the sound management of such chemicals, including appropriate precautionary information;

(c) With regard to the use of imported chemicals, States of import should, on the basis of notification and information provided by States of export, take the necessary measures to ensure that users are provided with information, advice and assistance for the sound management of such chemicals, including appropriate precautionary information;

(d) As far as practicable, precautionary information should be provided in the principal language or languages of the State of import and of the area of intended use, and should be accompanied by suitable pictorial and/or tactile aids and labels.

14. Classification, packaging and labelling

(a) States should recognize that classification, packaging and labelling are important elements in information exchange on chemicals in international trade, and that it is desirable that chemicals exported from their territories are subject to no less stringent requirements of classification, packaging and labelling than comparable products destined for use in the State of export;

(b) In the development and implementation of existing and future internationally harmonized procedures for the classification, packaging and labelling of chemicals in international trade, States should take into account the special circumstances surrounding the management of chemicals in developing countries.

(c) In the absence of other standards in the State of import, States should ensure that the classification, packaging and labelling of chemicals exported from their territories conform to recognized and, where appropriate, internationally harmonized procedures and practices for ensuring the protection of human health and the environment during use of these chemicals.

15. Technical assistance

(a) IRPTC should encourage funding agencies, such as the development banks and the United Nations Development Programme, and bilateral donors to provide training, technical assistance and funding for institutional strengthening and should further encourage other United Nations organizations to strengthen their activities related to safe management of chemicals;

(b) States with more advanced chemical regulatory programmes should provide technical assistance to other countries in developing infrastructure and capacity to manage chemicals within their countries, including implementation of the provisions of these Guidelines. Developing countries with more advanced systems should be particularly encouraged to provide technical assistance to other developing countries with no, or less advanced, systems of chemical management. To the extent possible, donor countries and institutions and recipient countries should inform IRPTC of all such technical assistance activities;

(c) Special attention should be devoted by technical assistance and funding authorities to those countries without any regulatory procedures on chemicals in developing a regime for their control;

(d) Essential elements of technical assistance needed by developing countries for the management of chemicals include:

(i) Strengthening existing infrastructure and institutions;

(ii) Provision for the interchange of experts, including short missions, from developed countries to developing countries and vice versa and in particular from one developing country to another for the purpose of:

- a. Sharing each other's experience and exchanging ideas;
 - b. Advising on analysis of information on chemical risks and benefits, conducting environmental impact assessment, and disposing of unusable products safely;
 - c. Sharing information on new products and alternatives;
 - d. Ascertaining research and development requirements for local pesticide efficacy studies and development of alternatives;
 - e. Assisting one another in dealing with practical difficulties in implementing these Guidelines;
- (iii) Training to include:
- a. Technical workshops on a local, regional and international level;
 - b. Awareness campaigns on the safe management of chemicals for industrial and agricultural workers, customs officials and doctors;
 - c. Opportunities for decision makers in developing countries to study systems in countries which have been successfully implementing these Guidelines.

FOOTNOTES

- 1/ It is open to States to apply these Guidelines to pharmaceuticals and food additives if they wish to do so.
- 2/ States may designate more than one national authority for different purposes, such as for information exchange and making PIC determinations, or for industrial chemicals and pesticides. Where more than one national authority is designated, the term "designated National Authority" in the text of these Guidelines should be interpreted as referring to the authority responsible for the actions being discussed.
- 3/ The form attached as annex I should be used for that purpose.
- 4/ The content of a PIC decision guidance document is outlined in annex III.
- 5/ The content of a form for importing country response is outlined in annex IV.
- 6/ The form attached as annex V should be used for that purpose.

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Further information:

On the web: <http://www.chem.unep.ch/ethics/english/longuien.htm>

EU Code of Conduct on Arms Exports

In June 1998, the Foreign Ministers of the European Union Member States adopted an EU Code of Conduct on arms exports. The Code is a politically binding agreement under which Member States agree to abide by certain criteria when granting arms export licenses. The code contains eight criteria which the Member States have agreed to take into account when granting arms export licenses.

The Council of the European Union,

BUILDING on the Common Criteria agreed at the Luxembourg and Lisbon European Councils in 1991 and 1992,

RECOGNISING the special responsibility of arms exporting states,

DETERMINED to set high common standards which should be regarded as the minimum for the management of, and restraint in, conventional arms transfers by all EU Member States, and to strengthen the exchange of relevant information with a view to achieving greater transparency,

DETERMINED to prevent the export of equipment which might be used for internal repression or international aggression, or contribute to regional instability,

WISHING within the framework of the CFSP to reinforce their cooperation and to promote their convergence in the field of conventional arms exports,

NOTING complementary measures taken by the EU against illicit transfers, in the form of the EU Programme for Preventing and Combating Illicit Trafficking in Conventional Arms,

ACKNOWLEDGING the wish of EU Member States to maintain a defence industry as part of their industrial base as well as their defence effort,

RECOGNISING that states have a right to transfer the means of self-defence, consistent with the right of self-defence recognised by the UN Charter,

Have adopted the following Code of Conduct and operative provisions:

CRITERION ONE

Respect for the international commitments of EU member states, in particular the sanctions decreed by the UN Security Council and those decreed by the Community, agreements on non-proliferation and other subjects, as well as other international obligations.

An export licence should be refused if approval would be inconsistent with, inter alia:

- a) the international obligations of member states and their commitments to enforce UN, OSCE and EU arms embargoes;
- b) the international obligations of member states under the Nuclear Non-Proliferation Treaty, the Biological and Toxin Weapons Convention and the Chemical Weapons Convention;
- c) their commitments in the frameworks of the Australia Group, the Missile Technology Control

Regime, the Nuclear Suppliers Group and the Wassenaar Arrangement;
d) their commitment not to export any form of anti-personnel landmine.

CRITERION TWO

The respect for human rights in the country of final destination

Having assessed the recipient country's attitude towards relevant principles established by international human rights instruments, Member States will:

- a) not issue an export licence if there is a clear risk that the proposed export might be used for internal repression.
- b) exercise special caution and vigilance in issuing licences, on a case-by-case basis and taking account of the nature of the equipment, to countries where serious violations of human rights have been established by the competent bodies of the UN, the Council of Europe or by the EU;

For these purposes, equipment which might be used for internal repression will include, inter alia, equipment where there is evidence of the use of this or similar equipment for internal repression by the proposed end-user, or where there is reason to believe that the equipment will be diverted from its stated end-use or end-user and used for internal repression. In line with operative paragraph 1 of this Code, the nature of the equipment will be considered carefully, particularly if it is intended for internal security purposes. Internal repression includes, inter alia, torture and other cruel, inhuman and degrading treatment or punishment, summary or arbitrary executions, disappearances, arbitrary detentions and other major violations of human rights and fundamental freedoms as set out in relevant international human rights instruments, including the Universal Declaration on Human Rights and the International Covenant on Civil and Political Rights.

CRITERION THREE

The internal situation in the country of final destination, as a function of the existence of tensions or armed conflicts.

Member States will not allow exports which would provoke or prolong armed conflicts or aggravate existing tensions or conflicts in the country of final destination.

CRITERION FOUR

Preservation of regional peace, security and stability.

Member States will not issue an export licence if there is a clear risk that the intended recipient would use the proposed export aggressively against another country or to assert by force a territorial claim.

When considering these risks, EU Member States will take into account inter alia:

- a) the existence or likelihood of armed conflict between the recipient and another country;
- b) a claim against the territory of a neighbouring country which the recipient has in the past tried or threatened to pursue by means of force;
- c) whether the equipment would be likely to be used other than for the legitimate national security and defence of the recipient;
- d) the need not to affect adversely regional stability in any significant way.

CRITERION FIVE

The national security of the member states and of territories whose external relations are the responsibility of a Member State, as well as that of friendly and allied countries Member States will take into account:

- a) the potential effect of the proposed export on their defence and security interests and those of friends, allies and other member states, while recognising that this factor cannot affect consideration of the criteria on respect of human rights and on regional peace, security and stability;
- b) the risk of use of the goods concerned against their forces or those of friends, allies or other member states;
- c) the risk of reverse engineering or unintended technology transfer.

CRITERION SIX

The behaviour of the buyer country with regard to the international community, as regards in particular to its attitude to terrorism, the nature of its alliances and respect for international law

Member States will take into account inter alia the record of the buyer country with regard to:

- a) its support or encouragement of terrorism and international organised crime;
- b) its compliance with its international commitments, in particular on the non-use of force, including under international humanitarian law applicable to international and non-international conflicts;
- c) its commitments to non-proliferation and other areas of arms control and disarmament, in particular the signature, ratification and implementation of relevant arms control and disarmament conventions referred to in sub-para b) of Criterion One.

CRITERION SEVEN

The existence of a risk that the equipment will be diverted within the buyer country or re-exported under undesirable conditions.

In assessing the impact of the proposed export on the importing country and the risk that exported goods might be diverted to an undesirable end-user, the following will be considered:

- a) the legitimate defence and domestic security interests of the recipient country, including any involvement in UN or other peace-keeping activity;
- b) the technical capability of the recipient country to use the equipment;
- c) the capability of the recipient country to exert effective export controls;
- d) the risk of the arms being re-exported or diverted to terrorist organisations (anti-terrorist equipment would need particularly careful consideration in this context).

CRITERION EIGHT

The compatibility of the arms exports with the technical and economic capacity of the recipient country, taking into account the desirability that states should achieve their legitimate needs of security and defence with the least diversion for armaments of human and economic resources.

Member States will take into account, in the light of information from relevant sources such as UNDP, World Bank, IMF and OECD reports, whether the proposed export would seriously hamper the sustainable development of the recipient country. They will consider in this context the recipient country's relative levels of military and social expenditure, taking into account also any EU or bilateral aid.

OPERATIVE PROVISIONS

1. Each EU Member State will assess export licence applications for military equipment made to it on a case-by-case basis against the provisions of the Code of Conduct.

2. This Code will not infringe on the right of the Member States to operate more restrictive national policies.

3. EU Member States will circulate through diplomatic channels details of licences refused in accordance with the Code of Conduct for military equipment together with an explanation of why the licence has been refused. The details to be notified are set out in the form of a draft pro-forma at Annex A. Before any Member State grants a licence which has been denied by another Member State or States for an essentially identical transaction within the last three years, it will first consult the member State or States which issued the denial(s). If following consultations, the Member States nevertheless decides to grant a licence, it will notify the Member State or States issuing the denial(s), giving a detailed explanation of its reasoning.

The decision to transfer or deny the transfer of any item of military equipment will remain at the national discretion of each Member State. A denial of a licence is understood to take place when the member state has refused to authorise the actual sale or physical export of the item of military equipment concerned, where a sale would otherwise have come about, or the conclusion of the relevant contract. For these purposes, a notifiable denial may, in accordance with national procedures, include denial of permission to start negotiations or a negative response to a formal initial enquiry about a specific order.

4. EU Member States will keep such denials and consultations confidential and not to use them for commercial advantage.

5. EU Member States will work for the early adoption of a common list of military equipment covered by the Code, based on similar national and international lists. Until then, the Code will operate on the basis of national control lists incorporating where appropriate elements from relevant international lists.

6. The criteria in this Code and the consultations procedure provided for by paragraph 3 of the operative provisions will also apply to dual-use goods as specified in Annex 1 of Council Decision 94/942/CFSP as amended, where there are grounds for believing that the end-user of such goods will be the armed forces or internal security forces or similar entities in the recipient country.

7. In order to maximise the efficiency of this Code, EU Member States will work within the framework of the CFSP to reinforce their cooperation and to promote their convergence in the field of conventional arms exports.

8. Each EU Member State will circulate to other EU Partners in confidence an annual report on its defence exports and on its implementation of the Code. These reports will be discussed at an annual meeting held within the framework of the CFSP. The meeting will also review the operation of the Code, identify any improvements which need to be made and submit to the Council a consolidated report, based on contributions from Member States.

9. EU Member states will, as appropriate, assess jointly through the CFSP framework the situation of potential or actual recipients of arms exports from EU Member States, in the light of the principles and criteria of the Code of Conduct.

10. It is recognised that Member States, where appropriate, may also take into account the effect of proposed exports on their economic, social, commercial and industrial interests, but that these factors will not affect the application of the above criteria.

11. EU Member States will use their best endeavours to encourage other arms exporting states to subscribe to the principles of this Code of Conduct.

12. This Code of Conduct and the operative provisions will replace any previous elaboration of the 1991 and 1992 Common Criteria.

ANNEX A

.....(name of Member State) has the honour to inform partners of the following denial under the EU Code of Conduct:

Destination country:.....

Short description of equipment, including quantity and where appropriate, technical specifications:.....

Proposed consignee:.....

Proposed end-user (if different):.....

Reason for refusal:.....

Date of denial:.....

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Further Information:

A copy of the document on the web can be viewed at the UK Foreign and Commonwealth Office web site:

<http://www.fco.gov.uk/servlet/Front?pagename=OpenMarket/Xcelerate/ShowPage&c=Page&cid=1014919016078>

US Defense Industry Initiative on Business Ethics and Conduct

PREAMBLE: The Defense Industry Initiative on Business Ethics and Conduct (herein "DII") was established in June 1986 by 32 major defense contractors who pledged to adopt and implement a set of principles of business ethics and conduct that acknowledge and express their federal-procurement-related corporate responsibilities to the Department of Defense, as well as to the public, the Government, and to each other. The establishment of the DII is described in "A Quest for Excellence", Final Report to the President by the President's Blue Ribbon Commission of Defense Management, June 30, 1986. The DII has sustained its vitality by faithful adherence to these founding principles. The governance of the DII has been informal, but its activities consistently have been based on the original concept and principles. To better assure sustainment of its principles, the DII has determined to adopt this statement.

This statement, therefore, is intended to record the nature of the DII and its governance, such that the DII may continue to be a force for ethical business conduct within the defense industry.

ARTICLE I

Name and Legal Nature

This organization is known as the Defense Industry Initiative on Business Ethics and Conduct, hereafter referred to as DII, and its members are known as Signatories. The DII is a not-for-profit organization, domiciled in Washington, D.C.

ARTICLE II

Purpose

DII's essential purpose is to combine the common dedication of its Signatories to a culture and practice of ethics and right conduct in all business with the U.S. Defense Department and with others. The defense industry Signatories are united in the commitment to adopt and implement principles of business ethics and conduct that acknowledge and address their organizational responsibilities under federal procurement policy and law, thereby contributing to the National Defense. Further, they each accept the responsibility to create an organizational culture in which ethics is paramount, and compliance with federal procurement laws is a strict obligation. The DII's essential strength lies in sharing best practices to maintain the highest ethical standards, encouraging employees to ethical conduct, and requiring compliance in the course of its business activities. The DII, while not a lobbying organization, is an advocate of its principles to the defense industry, to the Government and to the Public.

ARTICLE III

The DII Principles

The DII Principles were adopted at the time of the establishment of the DII in June 1986, and have been periodically reconfirmed. The Principles are:

- (1) Each Signatory shall have and adhere to a written code of business conduct. The code establishes the high ethical values expected for all within the Signatory's organization.
- (2) Each Signatory shall train all within the organization as to their personal responsibilities under the code.
- (3) Signatories shall encourage internal reporting of violations of the Code, with the promise of no retaliation for such reporting.
- (4) Signatories have the obligation to self-govern by implementing controls to monitor compliance with federal procurement laws and by adopting procedures for voluntary disclosure of violations of federal procurement laws to appropriate authorities.
- (5) Each Signatory shall have responsibility to each other to share their best practices in implementing the DII principles; each Signatory shall participate in an annual Best Practices Forum.
- (6) Each Signatory shall be accountable to the public.

In addition to adopting and adhering to this set of principles of business ethics and conduct, Signatories have assumed a leading role in making the principles a standard for the entire defense industry, and a model for other industries.

ARTICLE IV

Organization

Section 1. The DII is governed by a Steering Committee, consisting of not less than seven (7), but no more than fifteen (15) board chairmen or chief executive officers of Signatory organizations. The Chairmanship of the Steering Committee is rotated; the Committee prescribes its own governance practices, and meets at its pleasure.

Section 2. Each Signatory designates a Principal Representative, usually an officer of the organization who has authority for ethics and conduct within the organization. The Principal Representative is the key liaison between the DII organization and the Signatory organization. The Principal Representative keeps his/her officers and organization employees informed of DII activities and may act to convey the guidance of the Steering Committee to the DII Working Group.

Section 3. The Working Group is comprised of one representative from each Steering Committee organization. The Working Group officers shall consist of a chairperson and a treasurer, each of whom generally serve for two years. The Working Group may employ, and compensate, others in the administration of the DII. The Working Group shall select a DII Coordinator to coordinate the programs and activities of the DII.

Section 4. DII financial affairs shall be managed by the DII Coordinator, with oversight and control exercised by the Working Group.

ARTICLE V

Duties and Responsibilities

Section 1. The Steering Committee, through the Working Group, shall set the policies for the DII.

Section 2. The Working Group is responsible for the continuing activities of the DII, and shall determine the annual assessment for each Signatory organization, commensurate with the Signatory's annual revenues, to fund the expenses of the DII programs and activities.

Section 3. The DII Coordinator, selected by and reporting to the Working Group, shall manage and administer the DII budget and finances, administer the public accountability process, plan and organize Best Practices Forums, arrange meetings and other programs, maintain an information clearinghouse, maintain a Website, be the principal liaison with other defense organizations, encourage new membership, conduct the day-to-day business of the DII, and perform other duties as assigned by the Working Group.

ARTICLE VI

Membership

Membership in the DII is open to any defense contractor organization, subject to approval by the Working Group, provided it demonstrates a commitment to the DII Principles of self-governance and agrees to apply the resources necessary to fulfill that commitment. The DII does not anticipate refusal of any good faith membership applications or renewals, but does, however, reserve the right to refuse or suspend membership privileges for good cause. Such a decision shall be based on a majority vote of the DII Working Group and the reasons for such a decision will be provided.

THIS STATEMENT IS APPROVED AND ADOPTED BY THE WORKING GROUP THIS 20TH DAY OF JANUARY 2004.

PATRICIA J. ELLIS
CHAIRMAN, DII WORKING GROUP

ATTEST;
RICHARD J. BEDNAR
DII COORDINATOR

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Further Information

Defense Industry Initiative web site:
<http://www.dii.org/>

Australian-Asian Pacific Mining Network: Principles for the Conduct of Company Operations

Australian-Asian Pacific Mining Network: Principles for the Conduct of Company Operations within the Minerals Industry

The following is an abridged version of the complete Principals of Conduct.

1. BACKGROUND

The following position paper has been prepared by Australian based NGOs, with a view to providing a basic set of principles which should be followed by minerals companies regardless of where they are operating or under what circumstances. It is intended to have a general application for the operations of mining and oil and gas companies.

In addition we hope that the paper will provide a useful resource document for governments, communities and non-government organizations which are dealing with minerals companies, environmental and human rights issues.

It is important to stress that this paper is primarily directed at providing a broad set of principles. It cannot and does not attempt to set prescriptive standards for individual projects which minerals companies may undertake. Nevertheless there are aspects of these principles that provide definitive guidelines (as opposed to technical standards) which companies should follow, such as the guidelines applying to the management of tailings, waste rock and acid mine drainage.

2. GENERAL/OVER-RIDING PRINCIPLES

2.1 Extraterritoriality

Companies should be bound by the jurisdiction of the territory in which they have their headquarters, regardless of where they are operating (The principle of extraterritoriality).

2.2 Public disclosure/community right to know

Companies should fully disclose all commissioned reports by governments, companies and other stakeholders relating to environmental, social, human, political, civil and social rights and health and safety issues.

2.3 Community participation

Companies should include community participation at all stages of project identification, development and monitoring.

2.4 Confidentiality clauses and issues

Companies should avoid binding parties to extensive confidentiality clauses.

2.5 Company involvement in legislative and political issues

Companies should not become involved in the drafting of legislation for governments in which they have a vested interest.

2.6 Standards for lending, insurance and investment

Companies involved in the mining industry, including banks, insurance companies, investment funds, superannuation funds should establish ethical guidelines which preclude investing, insuring or lending to companies which are not prepared to abide by acceptable codes of conduct. Such codes should be in line with community standards and endorsed by community groups.

2.7 Funding for community participation (trusts etc)

Companies should establish trust accounts in order to ensure resources to enable adequate levels of community and NGO participation when requesting such organization to help them in their work. Such trusts should be administered independently of either company or NGOs by a Board of trustees, which should include representatives of companies, and of community groups but which has a majority of independent representatives.

2.8 International treaties and codes, including compliance

Companies should abide by all relevant international treaties and codes such as mentioned in this document.

2.9 Community (local) employment

Companies should implement programs for the employment of the local people.

2.10 Education and training (eg cultural awareness)

All employees involved (including CEOs etc.) in decision-making should be required to undertake appropriate training/cultural awareness and environmental workshops. Employees should be bound by codes of conduct as a condition of employment with appropriate penalties for breaches.

2.10 Conduct of AGMs

Companies should accept AGMs as suitable forums for discussions and questioning on key matters of public interest and should extend a broad invitation to affected communities and community groups to send representatives.

3. LAND RIGHTS, LAND OWNERSHIP AND INDIGENOUS ISSUES

3.1 Resettlement

Companies should not forcibly remove or be a party to others who want to remove indigenous people from their land or territories. No relocation shall take place without free and informed consent of the indigenous peoples concerned and after agreement on just and fair compensation.

3.2 Royalty and compensation agreements

Companies should ensure that all royalties and compensation agreements are based on international best practice in terms of terms and conditions being the highest achievable by landowners for equity, participation, employment, royalties and compensation.

3.3 Traditional land right

Companies must recognize indigenous people and their traditional or customary ownership of land especially where a host government does not recognize the legal status of customary land.

3.4 Protocols for negotiations

Mining companies should develop and publish a code of practice for negotiations over exploration and mining with communities and NGOs.

3.5 Right to negotiate and veto

Companies must recognize that every community has a right to negotiate over the use of its land and impose a veto on development that it does not support.

3.6 Negotiations with and participation of other land owners

Companies must ensure that all landowners are fully involved in any negotiations concerning any minerals operations which affects or has the potential to affect them.

3.7 Disjunctive versus. conjunctive agreements

All agreements with indigenous people or other landowners should be based on the disjunctive agreement process whereby a separate agreement is required at both mining and exploration stages.

3.8.1 Regulation and licensing

Governments should seek to regulate and licence small-scale mining operations. This not only provides recognition and legitimacy but can provide a significant improvement in safety and proper working conditions if carried out effectively.

3.8.2 Safety standards

Governments need to properly inspect and monitor small-scale mining operations to ensure acceptable working and processing conditions. Such inspection and monitoring should follow the introduction of appropriate regulation and taxation regimes.

3.8.3 Environment

Small-scale mining has the ability to cause major environmental damage particularly in situations where potentially damaging pollutants such as arsenic and mercury are widely used. The Government should regulate and inspect small-scale mining, using the proceeds of taxes collected to ensure environmental protection.

3.8.4 Company obligations

Companies should recognize the legitimate role and rights of small-scale miners and not seek to obtain minerals leases that involve their dispossession. Where appropriate companies should negotiate agreements with small-scale miners for compensation, where such miners are prepared to relinquish their land. Where the activities of large companies adversely affect small-scale miners appropriate compensation should be paid.

4. ENVIRONMENTAL STANDARDS

Environmental standards should aim towards ever increasing international best practice. There are no international environmental agreements specifically governing how mining and other mineral industry projects should be managed. There are a variety of international agreements, which may be directly or indirectly relevant in a general sense, as well as various codes and standards promulgated by the World Bank and by the industry itself.

COMPANIES MUST ABIDE BY THE FOLLOWING PRINCIPLES BASED ON INTERNATIONAL TREATIES OR CONVENTIONS

4.1 Baseline data establishment

Companies should establish baseline monitoring programs at a very early stage.

4.2 Waste management, treatment and disposal

Companies must recognize and take action to prevent any type of ocean and/or riverine tailings disposal that is not acceptable. Companies should recognize that mineral deposits must not be developed unless tailings containment is available and acceptable, from safety and other perspectives.

4.3 Areas closed to exploration and mining

Companies must ensure that they make a firm commitment to putting various areas off limits to both exploration and mining. These should include all world heritage listed areas, all national parks, conservation reserves, international sites (such as Ramsar sites) and most areas listed for indigenous cultural reasons. Where possible there should be buffer areas around such parks and reserves.

4.4 Precautionary principle

All companies should operate according to the precautionary principle, which provides that in the event of doubt about the potential impacts of an action or operation, the company should avoid taking that course of action, in particular:

4.5 Intergenerational Equity

Companies should ensure that all mining operations adhere to the principle of intergenerational equity.

COMPANIES SHOULD ADHERE TO THE FOLLOWING PRINCIPLES AT ALL TIMES EVEN WHERE THERE MAY BE NO RELEVANT INTERNATIONAL TREATY OR OBLIGATION.

4.6 Sustainable development

Companies must publicly recognize that mining in its basic form of simple extraction of a non-renewable resource cannot be considered sustainable and should not be portrayed as such.

4.7 Acid Mine Drainage

Companies should not mine high sulphide ore-bodies unless steps are in place to prevent the effects of Acid Mine Drainage (AMD).

4.8 Uranium and nuclear fuel cycle

Companies should not be involved in the mining, milling or processing of uranium.

The potentially damaging environmental effects of radioactive mine wastes, and the failure to find any acceptable way to isolate those wastes from the environment over the tens of thousands of years in which they remain dangerous precludes uranium mining.

4.9 Definitions of environmental best practice

Companies should agree to best practice targets being defined not by companies, but by independent committees comprising scientists, other experts (eg social scientists) NGOs community representatives, and company representatives.

4.10 Rehabilitation and rehabilitation bonds

Companies should be required to rehabilitate land as closely as possible to its pre-mining condition.

4.11 Social value of minerals

Companies should include in their assessment of investment options the social usefulness of minerals to be extracted.

4.12 Transport and trade

Companies should identify mechanisms by which all the environmental and social costs involved in transport and trade operations can be avoided or minimised.

4.13 Polluter pays

Companies should ensure that all environmental costs involved in mining, milling, transport and processing of minerals should be borne by the company as polluter/generator and should include these costs as part of their feasibility assessment. These should include all external costs such as impacts on recreational values or tourism, costs of remediating accidents and other associated social costs. Advance compensation agreements should be negotiated, where appropriate. Full costs of rehabilitation and ongoing monitoring should be borne by the developer.

4.14 Continuous environmental improvement

Companies should operate under the concept of continuous environmental improvement. This concept provides for continual annual review of environmental targets. Community groups should be involved in setting these targets at all levels.

4.15 Hazards and contingency planning

Companies should prepare a plan to deal with a range of potential accidents and environmental emergencies associated with mining. These should include off-site activities such as transport.

4.16 Environmental cost accounting

Companies should ensure that accounting practices identify all costs, such as environmental and social costs, associated with company operations and these are taken into account in actual pricing of resources and, where appropriate lodged in trust funds for post mine rehabilitation.

4.17 Environmental and social impact assessment

Companies should carry out environmental and social impact assessment for both exploration and mining activities. The company using independent consultants agreed to by both the company and the community, or the representative organization of the community's choice

should pay for studies. All EIAs should include the option for mining not to proceed at all if environmental and social impacts are found to be sufficiently severe.

5. HUMAN RIGHTS ISSUES INCLUDING CIVIL, POLITICAL AND SOCIAL RIGHTS

5.1 General Principles

Mining companies have a responsibility to contribute to the promotion and protection of human rights.

The mining industry, as a business community, also has a wider responsibility in both moral and legal terms to use its influence to promote respect for human rights.

Mining companies should acknowledge the potential for human rights abuse through the environmental impacts of development, and should further seek to minimize environmental impact for human rights promotion.

5.2 Best Practice for Human Rights for Mining Companies

Mining companies should develop a Company Policy for human rights.

Mining companies should prescribe and enforce a set of operational principles relating to all aspects of mining operations for the protection and promotion of human rights.

- Operational Principle No.1. - Ensure Appropriate Security Arrangements.
- Operational Principle No. 2. - Ensure Effective Community Engagement.
- Operational Principle No. 3. - Ensure Freedom From Discrimination.
- Operational Principle No. 4. - Ensure Freedom From Slavery.
- Operational Principle No. 5. - Ensure Effective Health and Safety.
- Operational Principle No. 6. - Ensure Freedom Of Association And The Right To Collective Bargaining.
- Operational Principle No. 7. - Ensure Fair Working Conditions.
- Operational Principle No. 8. - Monitoring Human Rights.

5.3 Economic Considerations For Human Rights Promotion and Protection

Mining companies which uphold their obligations on human rights as previously described will be likely to build a stronger reputation which is important for business in several ways.

Mining companies must do all that is reasonable within their power to avoid exacerbating the social, political and cultural climate, which might lead to armed conflict.

6. LABOUR STANDARDS AND WORKERS RIGHTS

6.1 Introduction

Governments are driven by a range of factors such as IMF structural adjustment policies, the Uruguay round of GATT, the desire to attract direct foreign investment or the need for export income, in order to encourage mining companies to invest. Many governments use the low cost of labour and unfettered labour laws as the basis of their industrial expansion. Such a political environment can enable companies to operate without serious consideration of best international

practice with respect to the environment, human rights and labour conditions. The only way to overcome such concerns is to make a clear commitment to international standards.

6.2 The Must - Obligations of Companies

Companies must observe not only the labour laws applicable in the countries in which they operate but also International Human Rights law and the International Labour Organization conventions, regardless of whether such laws have been ratified by the states within which companies operate.

Companies must recognize that basic workers' rights is of fundamental importance and in the legitimate interests of employees and contractors adhere to the following conventions:

6.3 The Right and Freedom to Work Principle

Companies must recognize that everyone has the right to work, to free choice of employment, to just and favourable conditions of work and to protection against unemployment. (UDHR 23.1)

6.4 Equal pay for equal work

Companies must recognize that “everyone without discrimination has the right to equal pay for equal work” (UDHR 23.2)

6.5 Just reward

Companies must recognize that “everyone who works has a right to just and favourable remuneration ensuring for him/herself and his/her family an existence worthy of human dignity supplemented, if necessary, by other means of social protection” (UDHR 23.3)

6.6 Right to holidays and leisure

Companies must recognize that “everyone has the right to rest and leisure, including reasonable limitations of working hours and periodic holidays” (UDHR 24).

6.7 Standard of living/income

Companies must recognize that “everyone has the right to a standard of living adequate for health and well-being of him/herself and his/her family, including food, clothing, housing and medical care and necessary social services, and the right to security .in the event of unemployment, sickness, disability, widowhood, old age or lack of livelihood in circumstances beyond his/her control” (UDHR 25.1)

6.8 No slave or forced labour

Companies must recognize that forced labour is unacceptable, and therefore, “no one shall be required to perform forced or compulsory labour” and “no one shall be held in slavery; slavery and the slave trade in all their forms shall be prohibited”. ICCPR 8.1, 8.3)(ILO No.105)

6.9 Non Discrimination

Companies must recognize that all people have the right to work “without discrimination of any kind as to race, colour, sex, language, religion, political or other opinion, nationality or social origin, property, birth or other status” (ICESCR 2.2)

6.10 Vocational training

Companies must recognize that all people have the right to “technical and vocational guidance and training programs, policies and techniques to achieve steady economic, social and cultural development and full and productive employment under conditions safeguarding fundamental political and economic freedoms” (ICESCR 7.2)

6.11 Conditions of employment

Companies must recognize the right of everyone to the enjoyment of just and favourable conditions of work which ensure, in particular:

- “ fair wages and equal remuneration for work of equal value without distinction of any kind, in particular women being guaranteed conditions of work nor inferior to those by men, with equal pay for equal work;
- “ a decent living for themselves and their families in accordance with the provisions of the present Covenant;
- “ equal opportunity for everyone to be promoted in his/her employment to an appropriate higher level. Subject to no considerations other those of seniority and competence;
- “ rest, leisure and reasonable limitations of working hours and periodic holidays with pay, as well as remuneration for public holidays (ICESCR 7)

6.12 Trade Union Rights

Companies must recognize the right of everyone to form trade unions and join the trade union of his/her choice, subject only to the rules of the organization concerned, for the promotion and protection of his/her economic and social interests. No restrictions may be placed on the exercise of this right other than those prescribed by law, which are necessary in a democratic society in the interests of national security or public order or for the protection of the rights and freedoms of others;

Companies must recognize the right to strike provided that it is exercised in conformity with the laws of the particular country. (ICESCR 8.1)

Companies should promote collective bargaining as the most fair way for the employer-employee relationship (ILO Convention 87 and 98 and the OECD guidelines).

6.13 The Elimination of discrimination against women

The following principles are designed to ensure the elimination of discrimination against women in the field of employment in order to ensure on the basis of equality of men and women, the same rights, in particular:

PRINCIPLE:

Companies must not discriminate against women and therefore must recognize:

- “ the right to work as an inalienable right of all human beings;
- “ all people have the right to the same employment opportunities, including the application of the same criteria for selection in matters of employment;
- “ the right to free choice of profession and employment, the right to promotion, job security and all benefits and conditions of service and the right to receive vocational

training and retraining, including apprenticeships, advance vocational training and recurrent training;

“ the right to equal remuneration including benefits, and to equal treatment in respect of work of equal value, as well as equality of treatment in the evaluation of the quality of work;

“ the right to social security, particularly in cases of retirement, unemployment, sickness, invalidity and old age and other incapacity to work, as well as the right to paid leave;

“ the right to protection of health and safety in working conditions, including the safeguarding of the function of reproduction.

Principles taken from (CEAFDAW 12.1)

6.14 Discrimination on the basis of marriage or maternity

Companies must recognize the special needs of women and thus:

“ insure against “dismissal on the grounds of pregnancy or of maternity leave and discrimination in dismissal on the basis of marital status”;

“ introduce “maternity leave with pay or with comparable social benefits without loss of former employment, seniority or social allowances”;

“ support clauses which “encourage provision of the necessary supporting social services to enable parents to combine family obligations with work responsibilities ...on particular through promoting the establishment and development of a network of child-care facilities”;

“ recognize the need “to provide special protection to women during pregnancy in types of work proved to be harmful to them.” (CEAFDAW 12.2)

6.15 Children and Work

Companies must recognize “the right of the child to be protected from economic exploitation from performing any work that is likely to be hazardous or to interfere with the child’s education, or be harmful to the child’s health or physical, mental, spiritual, moral or social development.” (CORC 32.1)

7. INDEPENDENT MONITORING, AUDITING and REPORTING

7.1 Codes of conduct including enforcement

Companies should adhere to codes of conduct that are acceptable to NGOs and landowners groups/communities in the host countries (where projects are occurring). Codes should include:

- * the company's position in relation to issues: its philosophy and rationale.
- * the mechanisms by which the company will fulfill its obligations.
- * the nature and format of a regular, open and candid reporting system.
- * provision for independent monitoring, undertaken in consultation with NGOs with expertise.

7.2 Independent Monitoring

Companies should allow an on going process of independent transparent monitoring of their operations, including the impact of company operations on environmental, labour, human, civil, political and social rights.

The company shall appoint a director for human rights. This director will have a direct line of mutual communication with local management and the Board of Directors. The director shall have staff support in the form of human rights experts.

7.3 Promoting compliance

The company must recognize that if the code of human rights conduct is to be complied with then a regular and independent external review of the policy as practiced must be implemented.

7.4 Independent auditing

Companies should have regular and independent audits of their operations carried out by independent auditors, which include representatives nominated by relevant stakeholders.

7.5 Design and implementation of monitoring and auditing

Companies must recognize that design and implementation of the independent monitoring and auditing should be jointly designed by the company in consultation with representatives of communities and NGOs.

7.6 Independent verification and reporting

Companies must report the results of auditing and monitoring programs in an annual report prepared and verified by an independent auditor agreed to by stakeholder representatives.

7.7 Complaints mechanism

Companies should support the establishment of an independent and accessible complaint mechanism, to which communities who feel that the industry's standards have been breached by a particular mine can bring complaints.

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Further information:

Full Document: <http://www1.umn.edu/humanrts/links/minind.html>

Australian Minerals Industry Framework for Sustainable Development

THE INTERNATIONAL COUNCIL ON MINING AND METALS (ICMM) PRINCIPLES AND ELEMENTS

1 Implement and maintain ethical business practices and sound systems of corporate governance.

- Develop and implement company statements of ethical business principles and practices that management is committed to enforcing.
- Implement policies and practices that seek to prevent bribery and corruption.
- Comply with or exceed the requirements of hostcountry laws and regulations.
- Work with governments, industry and other stakeholders to achieve appropriate and effective public policy, laws, regulations and procedures that facilitate the mining, minerals and metals sector's contribution to sustainable development within national sustainable development strategies.

2 Integrate sustainable development considerations within the corporate decision making process.

- Integrate sustainable development principles into company policies and practices.
- Plan, design, operate and close operations in a manner that enhances sustainable development.
- Implement good practice and innovate to improve social, environmental and economic performance while enhancing shareholder value.
- Encourage customers, business partners and suppliers of goods and services to adopt principles and practices that are comparable to our own.
- Provide sustainable development training to ensure adequate competency at all levels among our own employees and those of contractors.
- Support public policies and practices that foster open and competitive markets.

3 Uphold fundamental human rights and respect cultures, customs and values in dealings with employees and others who are affected by our activities.

- Ensure fair remuneration and work conditions for all employees and do not use forced, compulsory or child labour.
- Provide for the constructive engagement of employees on matters of mutual concern.

- Implement policies and practices designed to eliminate harassment and unfair discrimination in all aspects of our activities.
- Ensure that all relevant staff, including security personnel, are provided with appropriate cultural and human rights training and guidance.
- Minimise involuntary resettlement, and compensate fairly for adverse effects on the community where they cannot be avoided.
- Respect the culture and heritage of local communities, including indigenous peoples.

4 Implement risk management strategies based on valid data and sound science.

- Consult with interested and affected parties in the identification, assessment and management of all significant social, health, safety, environmental and economic impacts associated with our activities.
- Ensure regular review and updating of risk management systems.
- Inform potentially affected parties of significant risks from mining, minerals and metals operations and of the measures that will be taken to manage the potential risks effectively.
- Develop, maintain and test effective emergency response procedures in collaboration with potentially affected parties.

5 Seek continual improvement of our health and safety performance.

- Implement a management system focused on continual improvement of all aspects of operations that could have a significant impact on the health and safety of our own employees, those of contractors and the communities where we operate.
- Take all practical and reasonable measures to eliminate workplace fatalities, injuries and diseases among our own employees and those of contractors.
- Provide all employees with health and safety training, and require employees of contractors to have undergone such training.
- Implement regular health surveillance and risk-based monitoring of employees.
- Rehabilitate and reintegrate employees into operations following illness or injury, where feasible.

6 Seek continual improvement of our environmental performance.

- Assess the positive and negative, the direct and indirect, and the cumulative environmental impacts of new projects – from exploration through closure.
- Implement an environmental management system focused on continual improvement to review, prevent, mitigate or ameliorate adverse environmental impacts.
- Rehabilitate land disturbed or occupied by operations in accordance with appropriate post-

mining land uses.

- Provide for safe storage and disposal of residual wastes and process residues.
- Design and plan all operations so that adequate resources are available to meet the closure requirements of all operations.

7 Contribute to conservation of biodiversity and integrated approaches to land use planning.

- Respect legally designated protected areas.
- Disseminate scientific data on and promote practices and experiences in biodiversity assessment and management.
- Support the development and implementation of scientifically sound, inclusive and transparent procedures for integrated approaches to land use planning, biodiversity, conservation and mining.

8 Facilitate and encourage responsible product design, use, re-use, recycling and disposal of our products.

- Advance understanding of the properties of metals and minerals and their lifecycle effects on human health and the environment.
- Conduct or support research and innovation that promotes the use of products and technologies that are safe and efficient in their use of energy, natural resources and other materials.
- Develop and promote the concept of integrated materials management throughout the metals and minerals value chain.
- Provide regulators and other stakeholders with scientifically sound data and analysis regarding our products and operations as a basis for regulatory decisions.
- Support the development of scientifically sound policies, regulations, product standards and material choice decisions that encourage the safe use of mineral and metal products.

9 Contribute to the social, economic and institutional development of the communities in which we operate.

- Engage at the earliest practical stage with likely affected parties to discuss and respond to issues and conflicts concerning the management of social impacts.
- Ensure that appropriate systems are in place for ongoing interaction with affected parties, making sure that minorities and other marginalised groups have equitable and culturally appropriate means of engagement.
- Contribute to community development from project development through closure in collaboration with host communities and their representatives.
- Encourage partnerships with governments and non-governmental organisations to ensure that programmes (such as community health, education, local business development) are well designed and effectively delivered.

- Enhance social and economic development by seeking opportunities to address poverty.

10 Implement effective and transparent engagement, communication and independently verified reporting arrangements with our stakeholders.

- Report on our economic, social and environmental performance and contribution to sustainable development.
- Provide information that is timely, accurate and relevant.
- Engage with and respond to stakeholders through open consultation processes.

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Further information:

Document on the web:

http://www.minerals.org.au/_data/assets/pdf_file/5514/19187_MCA_ev_booklet.pdf

Web Site: www.minerals.org.au

Canadian Association of Petroleum Producers Stewardship Framework

Commitment to Stewardship is a mandatory requirement of CAPP membership. However, as CAPP member companies are distinct, independent entities with a preferred business model and way of operating, implementation of Stewardship will be specific to each individual company's needs, while still recognizing the benefits of common industry objectives and actions.

The intent of this framework is to articulate the Canadian Association of Petroleum Producers' and our members' commitment to Stewardship.

H. Defining and Measuring Success

WITHIN EACH CAPP MEMBER COMPANY AND ACROSS THE CAPP MEMBERSHIP, STEWARDSHIP SUCCESS IS MEASURED BY:

- Increased integration of Stewardship Principles and Commitments into business planning and actions over time
 - Improved availability of quality data on key environment, health, safety and social performance indicators
 - Continuous improvement in environment, health, safety and social performance
 - Enhanced public knowledge, awareness and trust of our industry
 - A recognized benefit to CAPP members

I. Our Principles

CAPP AND OUR MEMBERS BELIEVE:

It's how we do business

- We earn our license to operate through our decisions, actions and their impacts
- Stewardship is a corporate priority and is integrated into operations and business planning
- Decision making integrates economic, environmental and social considerations across all parts of our industry

In people, the environment and communities

- Worker and public safety is paramount in how we plan our activities and operate our facilities
- We will work towards minimizing our environmental footprint and mitigate impacts
- Efficient use of all natural resources is essential
- Our industry should create opportunities for economic and social benefits in the communities in which we operate

Communication builds trust

- Open and honest communication leads to positive long-term relationships
- Stakeholders need to be consulted and should be encouraged to get involved in issues that affect them

Energy is developed responsibly

- Setting goals for continuous improvement, establishing proactive strategies and consistently executing improvement plans are fundamental to the future of the petroleum industry

J. Our Company Commitments

AS CAPP MEMBERS, WE DEMONSTRATE OUR COMMITMENT TO STEWARDSHIP THROUGH:

- Endorsing Stewardship Principles, aligning our company's policies and systems accordingly, and working with our business partners to promote these principles
- Incorporating the spirit of continuous improvement into business planning and operations
- Aligning operations with industry best practices and communicating clearly that meeting or exceeding regulatory requirements is expected
- Public involvement that is meaningful
- Collecting performance data that is:
 - Routinely and consistently collected to facilitate benchmarking against industry averages
 - Used to evaluate performance, target improvements and guide the setting of priorities
 - Accurate and verifiable

CAPP AND OUR INDUSTRY PARTNERS DEMONSTRATE OUR COMMITMENT TO STEWARDSHIP BY:

- Promoting the development and use of a systematic approach to continuously improve environment, health, safety and social performance
- Encouraging and assisting others throughout our industry to adhere to our Stewardship Principles and meet or exceed recognized best practices
- Communicating and reporting to stakeholders openly and honestly
- Participating constructively in the development of effective public policy and advancing the understanding of responsible development
- Cooperating with organizations in the development and implementation of effective best practices, and helping companies to meet or exceed them
- Supporting science-based, applied, peer-reviewed research to increase knowledge, assist with decision-making and develop solutions to industry environment, health and safety issues

K. Our Collective Industry Approach

Stewardship is a commitment to responsible resource development and continuous improvement that all CAPP members uphold. It is an integrated approach that instills sound planning and operating practices to ensure continuous improvement in environmental, health, safety and social performance. It promotes mutually beneficial relationships, and open and honest reporting of our performance in these areas. To our industry, Stewardship means responsibly developing hydrocarbons to meet current needs, while respecting future needs, through the efficient use of natural resources.

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Further information:

Commitment to Stewardship

2100, 350 – 7 Avenue SW
Calgary, Alberta
Canada T2P 3N9
Telephone: (403) 267-1100
Fax: (403) 261-4622

905, 235 Water Street
St. John's, Newfoundland
Canada A1C 1B6
Telephone: (709) 724-4200
Fax: (709) 724-4225

This document: <http://www.capp.ca/raw.asp?x=1&dt=NTV&e=PDF&dn=82842>

Council for Responsible Jewellery Practices

Code of Conduct

2006

The Code of Practices of the Council for Responsible Jewellery Practices (CRJP) defines responsible ethical, social, human rights and environmental practices for businesses in the Diamond and Gold jewellery supply chain. The Code of Practices was formally adopted by the CRJP Board on 14 September 2006.

The Code of Practices is intended as a base code that is applicable to all businesses that are Members of the Council throughout the entire supply chain, from mine to retail. Additional modules for specific Sectors of the supply chain, such as mining, will be developed in coming months.

The Code of Practices builds on the CRJP's Principles, promulgated in May 2006. Together, the Principles and Code of Practices will constitute the foundations for the CRJP's Responsible Practices Framework and monitoring system, which will be completed in 2007.

The CRJP will implement its system allowing for the independent third party monitoring of Members' performance in January 2008.

The CRJP is grateful to all those institutions and individuals who participated in the public consultation process around the development of the Code of Practices.

Notes:

Throughout the Code of Practices the term "Member" relates specifically to CRJP Commercial Members. All capitalised common terms are defined in the Glossary at the end of the Code.

BUSINESS ETHICS

1.1 Legal Compliance

1. Members will at all times comply with the Applicable Law relating to their business conduct.

1.2 Policy

1. Members must adopt a policy that supports achievement of this Code of Practices and make the policy publicly available. The Council will provide further guidance on this requirement in due course.

1.3 Bribery, Facilitation Payments and Gifts

1. In all business transactions that are carried out by them, or on their behalf, by Business Partners or Contractors, Members will prohibit Bribery in any form¹. They will not offer, accept or countenance any payments, gifts in kind, hospitality, expenses or promises as such that may compromise the principles of fair competition or constitute an attempt to obtain or retain business

for or with, or direct business to, any person; to influence the course of the business or governmental decision-making process.

¹ See also provision 1.3. 5., relating to Facilitation Payments.

2. Members will consider Bribery risk as it applies to their organization (including agents) to identify which areas pose high risks. Members will develop appropriate methods to monitor conduct of Employees and agents and eliminate Bribery based on this understanding.
3. Members will facilitate the reporting of incidences of attempted Bribery or inappropriate gifts within their organization and will apply the appropriate sanctions for Bribery and attempted Bribery in all forms.
4. Members will make it clear that no Employee will suffer demotion, penalty or other adverse consequences for voicing a concern, or for refusing to pay a bribe or Facilitation Payment even if this action may result in the enterprise losing business.
5. Members recognize that Facilitation Payments are prohibited under the anti-Bribery laws of most countries. Where they have not yet been able to eliminate them, Members will implement appropriate controls to monitor, oversee and fully account for all Facilitation Payments made. They will work to ensure that they are of limited nature and scope, with an ultimate objective to eliminate all payments.

1.4 Money Laundering / Finance of Terrorism

1. Members, where required to do so by Applicable Law, must:
 - a. comply with national and, where appropriate, international accounting standards and
 - b. maintain annual independently certified and/or audited financial accounts; demonstrate that a properly qualified auditor carried out the audit to recognised international standards and that the appointment of the auditor was free of any bias or influence.
2. Members must comply with all Applicable Laws with respect to Money Laundering, terrorism financing, Bribery, corruption, smuggling, embezzlement, fraud, racketeering, transfer pricing and tax evasion. Members should be aware that international transactions might be subject to more than one jurisdiction.
 - a. Where no Applicable Law exists, members should comply with the provisions in the FATF 40 Recommendations and 8 Special Recommendations as applicable to the Designated Non-Financial Business Professions (DNFBP), i.e. dealers in Precious Metals and gemstones.
 - b. Cash or cash-like transactions should always take place in compliance with all Applicable Laws and where they occur above the relevant defined financial threshold, records need to be lodged with the relevant designated authority.
3. Members must operate according to the principles of “know your customer” so as to establish the identity of all organizations with which they deal, have a clear understanding of their business relationships and have a reasonable ability to identify and react to transaction patterns appearing out of the ordinary or suspicious.

1.5 Kimberley Process

1. Members must not knowingly buy or sell Conflict Diamonds or assist others to do so.
2. Members, where involved with the international trade of rough Diamonds must apply the rough Diamond export and import verification system and controls as laid out by the Kimberley Process Certification Scheme and relevant national legislation.
3. Members, where involved in buying and selling rough, polished Diamonds or jewellery containing polished Diamonds, must fully adhere to the principles of the World Diamond Council System of Warranties. Members are required to have systems in place so that all invoices for rough, polished Diamonds or jewellery containing polished Diamonds either bought or sold, contain the following affirmative “warranty” statement:

“The diamonds herein invoiced have been purchased from legitimate sources not involved in the funding of conflict in conformance with United Nations resolutions. The seller hereby guarantees that these diamonds are conflict free, based on personal knowledge and/or written guarantees provided by the supplier of these diamonds.”

4. Members, where involved with the international trade of rough Diamonds, must keep records of Kimberley Process Certificates for rough Diamonds. Kimberley Process certificates must be independently audited and reconciled by a company’s own independent auditor on an annual basis. If asked for by a duly authorized government agency, these records must be able to prove compliance with the Kimberley Process.
5. Members must keep records of all invoices for polished Diamonds and jewellery containing polished Diamonds carrying the World Diamond Council warranty statement.
6. Members must have systems in place so that they do not purchase from sources that do not provide the above statement on their invoices.
7. Members must not buy rough Diamonds from countries that have not implemented the Kimberley Process or regions that are subject to an advisory by a governmental authority that Diamonds are emanating from, or are available for sale in, such region unless such Diamonds have been exported from such region in conformance with the Kimberley Process.
8. Members will inform all Employees of the business that buy or sell Diamonds about the Kimberley Process and government restrictions on the trade in Conflict Diamonds and the WDC System of Warranties.

1.6 Product and Materials Security

1. Members will take appropriate measures to ensure the physical integrity and security of product shipments.

1.7 Health Hazards

1. Diamond or Gold jewellery products sold by Members will be compliant with the applicable Health and Safety regulation and other regulations.

1.8 Product Integrity

1. General: Members will at all times comply with relevant trading standards legislation and, where they exist, specific national and/or local regulations applicable to Diamond and Gold jewellery products. Where no specific regulations exist, the CIBJO regulations should be viewed as the authoritative regulations beyond those requirements listed below.

2. Proper Disclosure:

- a. Members must make all reasonable efforts to properly disclose all relevant information on the physical characteristics, such as mass/weight, cut, colour, clarity or fineness, of a Diamond or Gold jewellery product
- b. Proper disclosure must occur throughout the supply chain.
- c. Members will not omit required information.

3. Misrepresentation

- a. Members will not make any untruthful, misleading or deceptive statement, representation or material omission in the selling, advertising or distribution of any Diamond, Treated Diamond, Synthetic or Simulant, or any Gold product, in any medium, including the Internet.
 - Representation includes illustrations, descriptions, expressions, words, figures, depictions or symbols shown in a manner that may reasonably be regarded as relating to the substance.
 - Selling includes offering for sale, exposing for sale, displaying in such a manner as to lead to a reasonable belief that the product so displayed is intended for sale. For avoidance of doubt this includes the accepted industry practice of “memo”, the practice of consigning goods to clients for pre-arranged periods for potential sale.
 - Advertising includes directly or indirectly promoting the sale or use of a product

4. Gold

- a. Members will accurately disclose the fineness of the Gold used in their products.
- b. When applying Gold Quality Marks to articles wholly or in part composed of Gold, Members will apply a Mark authorized to be applied thereto under Applicable Laws that truly and correctly indicates the quality of the Gold of which the article is in whole or in part composed. The Mark will be applied in a manner authorized by the Applicable Laws or applicable international standards.

5. Treated Diamonds

- a. Members will disclose the fact that a Diamond has been Treated.
- b. A Treated Diamond must be disclosed as either “Treated” or with specific reference to the particular Treatment and the description must be equally conspicuous as and immediately preceding the word(s) “Diamond” or “Synthetic”, as the case may be. Specifically:
 - i) Any term that is designed to disguise that Treatment has occurred, or to imply that a Treatment is part of the normal polishing process or that misleads the consumer in any way must not be used. For example the term “improved” must not be used to describe a Treated Diamond.
 - ii) Any special care requirements that the Treatment creates must be disclosed.
- c. Names of firms, manufacturers or trademarks are not to be used in connection with Treated Diamonds, unless such names are clearly succeeded by the word “Treated” as

defined in this section or are otherwise equally conspicuously and prominently disclosed as Treated.

6. Synthetic Diamonds

- a. Members will disclose the fact that a stone is wholly or partially Synthetic at all times.
- b. A Synthetic must only and always be disclosed as “Synthetic”, “man-made” and/or “laboratory created” and the description must be equally as conspicuous and immediately preceding the word “Diamond”.
- c. Any terms that may disguise the fact that a stone is Synthetic or that mislead the consumer in any way must not be used.
- d. Members will not use the words “real”, “genuine” or “natural” to describe any Synthetic.
- e. Names of firms, manufacturers or trademarks are not to be used as descriptors for Synthetics, unless such names are clearly succeeded by the term “Synthetic”, “man-made”, and/or “laboratory created” as above.

7. Diamond Simulants

- a. Members must always disclose a Simulant either as the mineral or compound that it is, or as a “diamond simulant” or “imitation diamond”. The unqualified word “Diamond” must never be used with Simulants.
- b. Members will not use the words “real” and “genuine” to describe any Simulant.
- c. Members will not use the word “natural” to describe any Simulant if the Simulant is not a naturally occurring mineral or compound.

8. Diamond Quality – Cut and Polished Diamonds

- a. Members when describing the weight, colour, clarity or cut of Diamonds will at all times do so in accordance with the recognized guidelines appropriate to the particular jurisdiction.
- b. Members will not use the word “flawless” or “perfect” to describe either:
 - i) any Diamond that discloses flaws, cracks, inclusions, carbon spots, clouds, internal lasering, or other blemishes or imperfections of any sort when examined under a corrected magnifier at 10-power, with adequate illumination by a person skilled in Diamond grading; or
 - ii) any article of jewellery that contains any Diamonds that do not meet the definition of “flawless” or “perfect”.
- c. Members will not use the terms “brilliant”, “brilliant cut” or “full cut” to describe, identify or refer to any Diamond except a round Diamond that has at least 32 facets plus the table above the girdle, and at least 24 facets below it.

² For the full text of referenced ILO Conventions / recommendations please see:
<http://www.ilo.org/public/english/standards/ipecc/publ/law/ilc/r1461973/>
<http://www.ilo.org/ilolex/cgi-lex/convde.pl?C138>

2 SOCIAL PERFORMANCE

2.1 Legal Compliance

1. Members will at all times comply with the Applicable Law relating to their social conduct.

2.2 General Employment Practices: Member Organisations

1. Human Rights

a. Members shall at all times respect the fundamental human rights and the dignity of the individual, according to the United Nations Universal Declaration of Human Rights.

2. Employee Contractual Relationships and Documentation

a. Work performed for the Member will be on the basis of a recognised employment relationship established through Applicable Law and practice.

b. Obligations to Employees under Applicable Law relating to labour or social security arising from the regular employment relationship shall not be avoided through the use of labour-only contracting, sub-contracting, or home-working arrangements, or through apprenticeship schemes where there is no real intent to impart skills or provide regular employment, nor shall such obligations be avoided through the excessive use of fixed-term contracts of employment.

c. Members will maintain appropriate Employee records, including records of piece rate and wage payments as well as working hours, for all staff employed, whether on a full time, part time or seasonal basis.

3. Housing

a. Where Members provide Employees with on-site housing, Members will maintain such housing to a reasonable standard of safety, repair and hygiene; and such housing will also provide sufficient and proper sanitation facilities, potable water and access to a power supply.

2.3 Child Labour and Young Persons

1. Members shall not engage in or support the employment of Children (younger than 15 years, or 14 years where the law of the country permits) beyond those circumstances defined in ILO Convention 138 and Recommendation 146² unless sanctioned by national and/or local government or as part of a recognised apprentice scheme, in accordance with the guidelines laid down in the Global Compact³. Members shall promote education for Children covered under ILO recommendation 146 and Young Persons who are subject to local compulsory education laws or are attending school, including means to ensure that no such Child or Young Person is employed during school hours and that combined hours of daily transportation (to and from work and school), school and work time does not exceed 10 hours a day. Members shall maintain appropriate systems so that these standards are upheld.

2. Members shall provide adequate support to enable any children found to be in employment to attend and remain in school until no longer a Child. Child Labour Remediation processes shall include steps for the continued welfare of the Child and consider the financial situation of the Child's family. Children found to be in employment contrary to minimum age requirements may remain in partial employment during a phased Remediation process. Members shall provide a minimum period of night time rest of 12 hours, with customary weekly rest days; and ensure that overtime is prohibited and the Child receives fair payment for the work he or she is undertaking.

3. Members shall employ Young Persons according to the requirements of Applicable Law, or if no such law exists, the provisions of ILO Convention 138 and recommendation 146. In particular, the business shall not expose a Child or Young Person to work, which by its nature or the circumstances in which it is carried out, is likely to jeopardise the health, safety or morals of persons younger than 18 years (or 16 years subject to authorisation in Applicable Law and the receipt of adequate and specific instruction or vocational training in the relevant branch of activity).

Developed countries		Developing countries	
Light Work	13 Years	Light Work	12 Years
Regular Work	15 Years	Regular Work	14 Years
Hazardous Work	18 Years	Hazardous Work	18 Years

³ Global Compact Guidelines for minimum age:

2.4 Forced Labour

1. Members will not use Forced Labour (including bonded, indentured or prison labour), nor restrict the freedom of movement of Employees.
2. Members will not retain original copies of Employee personal documentation, such as identity papers, nor require any form of deposit, recruitment fee, or equipment advance from Employees either directly or through recruitment agencies.

2.5 Health and Safety

1. Safe Working Environment

- a. Members will provide safe and healthy working conditions for all Employees. Appropriate procedures must be in place to prevent accidents and injury to health arising from, or linked to, the course of work activities and site operations at a Facility.
- b. Members shall employ systems so that staff are aware of specific role-related health and safety risks and hazards, and methods for appropriate protection from such hazards.
- c. Members shall install appropriate machinery guards and provide appropriate personal protective equipment (PPE) free of charge and ensure that it is worn as necessary.
- d. Members shall provide work stations that are designed as appropriate to the task performed to minimize occupational health risks such as repetitive strain.

- e. Members shall provide workplaces with adequate lighting, ventilation and air quality; safe noise levels; and comfortable temperatures. Workplace protections shall include:
- i. extraction of dust, provision of adequate ventilation, or other appropriate measures, to protect workers from exposure to airborne particles;
 - ii. extraction and neutralization of chemical fumes;
 - iii. adequate and appropriate labelling and storage of all chemicals and cleaning materials, and,
 - iv. compliance with applicable laws on decibel levels, air temperatures and air quality.
- f. Members shall provide that all workplaces are adequately constructed and maintained to meet local building regulations.

2. Health and Safety Management Systems

- a. Members shall provide Employees with a mechanism, such as a joint health and safety committee, by which they can raise and discuss health and safety issues with management.
- b. Members shall ensure that serious health and safety incidents, as well as business response activity and outcome, are formally documented and investigated with the results of the investigation feeding into regular health and safety reviews and improvement plans.
- c. Members shall make clear information about health and safety available to Employees in an understandable form and in an appropriate language in written form. Relevant health and safety training shall be provided to all staff and updated as necessary. Training undertaken must be recorded and repeated for new and re-assigned Employees.

3. Hazardous Substances

- a. Members will not manufacture, trade, and/or use chemicals and Hazardous Substances subject to international bans or phase-outs due to their high toxicity to living organisms, environmental persistence, potential for bioaccumulation or potential for depletion of the ozone layer.
- b. Members shall employ alternatives to other Hazardous Substances used in production processes wherever technically and economically viable.
- c. Where use of Hazardous Substances cannot be avoided, Members shall employ appropriate measures to minimize the risk of Employee contact, such as: the provision (at no cost to Employees) of PPE, the use of appropriate containers, and the posting of safety notices. Members shall establish clear lines of responsibility for safety, security, release prevention training and emergency response in relation to Hazardous Substances used in operations.
- d. Members who are engaged in the cutting and polishing of Diamonds shall use cobalt-free Diamond-impregnated scaifes.
- e. All mining Members using cyanide in the recovery of Gold will comply with all aspects of the International Cyanide Management Code (2005) and will ensure applicable sites are certified to the International Cyanide Management Code (2005) within three years from the

date of joining the Council for Responsible Jewellery Practices.

f. Members shall avoid or minimize the release of Hazardous Substances, or, when avoidance and minimization are not feasible, will reduce the release of Hazardous Substances transported, handled, stored and used for project activities.

g. Members will advise workers of work-related hazards, as well as of the appropriate action to take in the event of an accident. Materials safety data sheets (or equivalent necessary information) will be clearly displayed where all Hazardous Substances are in use, and the risks associated with use of Hazardous Substances must be clearly communicated to all Employees who work with them.

Please note: Member practices relating to other Hazardous Substances (including Hazardous by-products from Gold mining), which are not specifically addressed within the text of the above provisions, will be covered within the Sector supplements, yet to be developed.

4. Fire Safety

a. Members will install appropriate fire safety mechanisms including: fire fighting equipment; clearly marked, unlocked and unblocked emergency exits and escape routes; and emergency lighting in all Facilities.

b. Members shall provide all Employees with training in fire safety and emergency procedures.

c. Members shall ensure that emergency procedures and evacuation plans are clearly displayed throughout their Facilities and evacuation drills are regularly carried out.

5. First Aid

a. Members will provide appropriate first aid provisions and equipment, and have these freely available at designated and clearly marked first aid points.

b. Members shall provide appropriate training in first aid to known Employee representatives.

c. Where appropriate, Members shall maintain adequate on-site health and medical facilities and make available procedures for transportation of more serious health concerns to local hospitals.

6. Sanitation and Hygiene

a. Members shall maintain work places and all Facilities to an appropriate standard of hygiene at all times.

b. Members will provide adequate clean and hygienic washing and toilet Facilities commensurate with the number and gender of staff employed.

c. Members will provide safe potable drinking water and sanitary Facilities for food storage, which are easily accessible to all Employees.

d. Members shall ensure that regular routine cleaning of premises is carried out.

2.6 Freedom of Association and Collective Bargaining

1. Members will not prevent workers from associating freely. Where laws prohibit these freedoms, Members will support parallel means of dialogue⁴.

2. Members will not prevent collective bargaining and shall adhere to collective bargaining agreements, where such agreements exist.

⁴ Text adapted from: [ETI FOA and collective bargaining briefing document, March 2005](#).

There are several countries where possibilities for freedom of association are strictly controlled by law. For example, in China, Burma, Vietnam, Syria and Cuba.

In those countries in which freedom of association is denied by law, but only in those countries, the COP requires Member businesses to facilitate parallel means for independent and free association and bargaining, for example by supporting the establishment of other forms of independent representative structures for workers, such as health and safety committees.

2.7 Discrimination

1. General: Members shall not practice or condone any form of discrimination in the workplace in terms of hiring, remuneration, access to training, promotion, termination or retirement based on race, ethnicity, caste, national origin, religion, disability, gender, sexual orientation, union membership, political affiliation, marital status, physical appearance, HIV status, age, or any other applicable prohibited basis, such that all individuals who are Fit for Work are accorded equal opportunities and are not discriminated against on the basis of factors unrelated to their ability to perform their job.

2. Maternity and paternity rights: Members shall ensure that full maternity and paternity rights are respected according to the applicable laws.

2.8 Discipline and Grievance Procedures

1. Members shall not use corporal punishment under any circumstances.

2. Members shall uphold the dignity and human rights of Employees. In particular they will ensure that Employees are not subjected to harsh or degrading treatment; sexual or physical harassment; mental, physical or verbal abuse; coercion; or intimidation in any circumstances.

3. Members will clearly communicate the business's disciplinary process and related standards on appropriate disciplinary procedures and Employee treatment and apply these equally to all management and staff.

4. Members will provide clear grievance procedures and investigation processes and clearly explain these to all Employees. Records of Employee grievances raised, investigation processes and outcome shall be maintained.

2.9 Working Hours

1. Hours of Work

a. Members shall apply normal working hours that comply with applicable law and do not, on a regular basis, exceed a maximum of 48 hours per working week in accordance with ILO convention 1. Weekly rest and paid annual leave shall be provided in accordance with ILO

conventions 14 and 132. Where these limits are required to be exceeded in special circumstances (for example on fly-in, fly-out sites), this should be in compliance with applicable laws and should be planned so as to provide safe and humane working conditions.

2. Overtime

a. If overtime is required for business needs, Members shall compensate overtime to their Employees according to Applicable Law and Sector regulations. Overtime shall be voluntary and be limited to a maximum of 12 hours in a week on a non-regular basis.

3. Special Leave, Annual Leave and Rest Days

a. Members will provide Employees with all legally mandated leave, including maternity and paternity, compassionate and annual leave.

b. Members will provide all Employees with at least one rest day in seven consecutive working days. Where these limits are required to be exceeded in special circumstances (for example on fly-in, fly-out sites), this should be in compliance with Applicable Laws and should be planned so as to provide safe and humane working conditions.

2.10 Remuneration

1. Members will pay all Employees at least according to the applicable legal minimum wage, plus associated statutory benefits, or, in the absence of such, the prevailing industry standards.

2. Members will make payment to the Employee on a regular and pre-determined basis.

3. Members will provide payment by bank transfer or in cash or cheque form in a manner and location convenient to the Employees.

4. Members will accompany all payments by a wage slip that clearly details wage rates, benefits and deductions where applicable.

5. Members shall not make deductions from wages without following due process.

6. Members shall not force Employees to buy provisions from a Member's own business or Facilities.

2.11 Community Impact

1. Community Contribution and Impact

a. Members shall seek to support the development of the communities in which they operate through support of community initiatives.

2. Use of Security Guards / Military Protection

a. Members will use armed security personnel only when there is no acceptable alternative to manage risk or to ensure the personal safety of Employees.

b. Members shall ensure that all armed personnel respect the human rights and dignity of all people and use the minimum force proportionate to the threat.

c. Members shall ensure that, in situations of ongoing unrest or conflict, security personnel shall receive appropriate training to ensure the respect of the provisions in this Code of Practices according to standards and principles defined in the Voluntary Principles on Security and Human Rights (2000).

3 ENVIRONMENTAL PERFORMANCE

Note: the following section constitutes the proposed baseline code for all businesses operating within the Diamond and Gold supply chain. Additional requirements for specific Sectors (e.g. mining) will be developed in separate Sector supplements.

3.1 Legal Compliance

1. Members will at all times comply with the Applicable Law relating to their environmental conduct.

3.2 Waste

1. Control of Hazardous Waste Substances

Note: see also section 2.5 of Social Performance

a. Members shall, wherever appropriate, introduce management and operating systems to minimize use of potentially environmentally damaging materials.

b. Members shall seek to minimize the quantity of any hazardous waste that is produced through their operations.

c. Members will dispose of hazardous waste substances in compliance with applicable law.

2. Air and Water Emissions

a. Members shall seek to decrease emissions to air and water, relative to production output.

3. General Waste Management

a. Members shall take steps to reduce the quantity of general waste produced from their operations through the principles of reduce, recover, re-use and recycle. All waste shall be responsibly managed and the waste-disposal decision-making process shall take into account environmental considerations as well as cost considerations.

3.3 Energy Use and Natural Resources

1. Members shall seek to ensure the efficiency of their business operations in terms of consumption of natural resources including, but not limited to, water and energy.

3.4 Transportation

1. In cases where transportation of people, goods and materials is a significant business impact, Members shall seek to identify and implement practices that reduce use of fossil fuels and associated greenhouse gas emissions from transportation.

3.5 Product and Packaging Design

1. Members shall seek to factor appropriate environmental considerations into the development of their processes, technologies, and, where relevant, product and packaging, in order to reduce environmental impact as viewed from a full life-cycle perspective from design to disposal.

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Further information:

Document online: http://www.responsiblejewellery.com/downloads/crjp_code_of_practices.pdf

Environmental Excellence in Exploration Guidelines

e3 Guidelines

- Introduction
- Management Essentials

Community Engagement

- The Social Dimensions to Exploration
- What is Engagement?
- Leading Issues for Engagement
- Corporate Requirements
- Tools for Community Engagement
- Models for Community Engagement
- Working with Indigenous Peoples

Archaeological and Cultural Sites

L. Land Acquisition

- Minimizing Disturbances
- Exploration Code of Conduct
- Due Diligence
- Legislation and Permitting
- Community Relations

Surveys

- Planning Needs
- Land Disturbance
- Site Management
- Air Management
- Fish and Wildlife Management
- Hazardous Materials
- Spill Management

Access

- Planning Needs
- Land Disturbance
- Site Management
- Air Management
- Fish and Wildlife Management
- Water Use and Conservation
- Hazardous Materials
- Spill Management
- Waste Management
- Reclamation and Closure

Camp and Associated Facilities

- Planning Needs
- Land Disturbance

- Site Management
- Air Management
- Fish and Wildlife Management
- Water Use and Conservation
- Hazardous Materials
- Spill Management
- Waste Management
- Reclamation and Closure

Stripping and Trenching

- Planning Needs
- Land Disturbance
- Site Management
- Air Management
- Fish and Wildlife Management
- Water Use and Conservation
- Hazardous Materials
- Spill Management
- Waste Management
- Reclamation and Closure

Drilling

- Planning Needs
- Land Disturbance
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- Air Management
- Fish and Wildlife Management
- Water Use and Conservation
- Hazardous Materials
- Spill Management
- Waste Management
- Reclamation and Closure

Check Lists

- Camp Site Check List
- Trenching Check List
- Drill Site Check List
- Stream Crossing Check List

Case Histories

- Drilling from Lake Ice
- Drilling in Sensitive Tropical Terrain
- Value of E3 in Permitting
- Reclamation of Steep Slope Access Roads
- Community Engagement during Exploration in Brazil

Further information:

Web Site: www.e3mining.com
 e3 guidelines; <http://www.e3mining.com/index.cfm?PID=12624&PIDList=12317,12624>

Extractive Industries Transparency Initiative Principles and Criteria

A diverse group of countries, companies and civil society organisations attended the Lancaster House Conference in London (2003) hosted by the UK Government. They agreed a Statement of Principles to increase transparency over payments and revenues in the extractives sector. These became known as the Extractive Industries Transparency Initiative (EITI) Principles and are the cornerstone of the initiative.

After the EITI Lancaster House Conference, the EITI continued to gather support at the international level from governments, major multinational companies, institutional investors representing nearly \$7 trillion of assets under management, non-governmental organisations and international institutions.

More importantly, a number of countries – namely Azerbaijan, the Republic of Congo, Ghana, the Kyrgyz Republic, Nigeria, São Tomé e Príncipe, Timor Leste and Trinidad and Tobago – began to interpret and implement the Principles thus playing a pivotal role in shaping the EITI. This was an important pilot phase for the EITI. Working with the Principles, implementing countries have placed the EITI within the context of other domestic initiatives, formed work plans and put in place procedures towards a country-owned process.

During this phase the diversity of experiences in implementing the EITI has added to the richness of the initiative. It has also contributed to a wider debate regarding the need for clear guidance for implementation which still respects the voluntary nature of the initiative and country-specific implementation.

Moving beyond the pilot phase and widening the EITI to include other resourcerich countries, there is a need for a mutually agreed set of EITI Criteria for all countries wishing to implement the EITI.

At the EITI London Conference 2005, participants in the EITI endorsed the criteria but also encouraged countries to go beyond these minimum requirements where possible. They recognised value in capturing lessons learned during the pilot phase to help implementing countries and supporting companies. They welcomed the guidance on best practice set out in the IMF *Code of Good Practices on Fiscal Transparency* and the *Manual on Fiscal Transparency*. Participants also welcomed the EITI Source book as an additional, illustrative guide to implementation.

The EITI Principles

1. We share a belief that the prudent use of natural resource wealth should be an important engine for sustainable economic growth that contributes to sustainable development and poverty reduction, but if not managed properly, can create negative economic and social impacts.
2. We affirm that management of natural resource wealth for the benefit of a country's citizens is in the domain of sovereign governments to be exercised in the interests of their national development.
3. We recognise that the benefits of resource extraction occur as revenue streams over many years and can be highly price dependent.

4. We recognise that a public understanding of government revenues and expenditure over time could help public debate and inform choice of appropriate and realistic options for sustainable development.
5. We underline the importance of transparency by governments and companies in the extractive industries and the need to enhance public financial management and accountability.
6. We recognise that achievement of greater transparency must be set in the context of respect for contracts and laws.
7. We recognise the enhanced environment for domestic and foreign direct investment that financial transparency may bring.
8. We believe in the principle and practice of accountability by government to all citizens for the stewardship of revenue streams and public expenditure.
9. We are committed to encouraging high standards of transparency and accountability in public life, government operations and in business.
10. We believe that a broadly consistent and workable approach to the disclosure of payments and revenues is required, which is simple to undertake and to use.
11. We believe that payments' disclosure in a given country should involve all extractive industry companies operating in that country.
12. In seeking solutions, we believe that all stakeholders have important and relevant contributions to make – including governments and their agencies, extractive industry companies, service companies, multilateral organisations, financial organisations, investors and non-governmental organisations.

The EITI Criteria

1. Regular publication of all material oil, gas and mining payments by companies to governments (“payments”) and all material revenues received by governments from oil, gas and mining companies
2. (“revenues”) to a wide audience in a publicly accessible, comprehensive and comprehensible manner.
3. Where such audits do not already exist, payments and revenues are the subject of a credible, independent audit, applying international auditing standards.
4. Payments and revenues are reconciled by a credible, independent administrator, applying international auditing standards and with publication of the administrator’s opinion regarding that reconciliation including discrepancies, should any be identified.
5. This approach is extended to all companies including state-owned enterprises.
6. Civil society is actively engaged as a participant in the design, monitoring and evaluation of this process and contributes towards public debate.
7. A public, financially sustainable work plan for all the above is developed by the host government, with assistance from the international financial institutions where required, including measurable targets, a timetable for implementation, and an assessment of potential capacity constraints.

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For further information see the EITI web site <http://www.eitransparency.org/>

International Council on Mining and Metals Sustainable Development Principles

In May 2003, the International Council on Mining and Metals (ICMM) approved this set of principles and committed its corporate membership to measure their sustainable development performance against them.

The principles draw on the Mining, Metals and Sustainable Development (MMSD) report. In light of the MMSD recommendations, ICMM undertook a “gap analysis” comparing current standards with relevant conventions and guidelines. These included the Rio Declaration, the Global Reporting Initiative, the OECD Guidelines on Multinational Enterprises, the World Bank Operational Guidelines, the OECD Convention on Combating Bribery, ILO Conventions 98, 169, 176, and the Voluntary Principles on Human Rights and Security.

The ICMM Principles are as follows:

1. Implement and maintain ethical business practices and sound systems of corporate governance.

- Develop and implement company statements of ethical business principles, and practices that management is committed to enforcing.
- Implement policies and practices that seek to prevent bribery and corruption.
- Comply with or exceed the requirements of host-country laws and regulations.
- Work with governments, industry and other stakeholders to achieve appropriate and effective public policy, laws, regulations and procedures that facilitate the mining, minerals and metals sector’s contribution to sustainable development within national sustainable development strategies.

2. Integrate sustainable development considerations within the corporate decision-making process.

- Integrate sustainable development principles into company policies and practices.
- Plan, design, operate and close operations in a manner that enhances sustainable development.
- Implement good practice and innovate to improve social, environmental and economic performance while enhancing shareholder value.
- Encourage customers, business partners and suppliers of goods and services to adopt principles and practices that are comparable to our own.
- Provide sustainable development training to ensure adequate competency at all levels among our own employees and those of contractors.
- Support public policies and practices that foster open and competitive markets.

3. Uphold fundamental human rights and respect cultures, customs and values in dealings with employees and others who are affected by our activities.

- Ensure fair remuneration and work conditions for all employees and do not use forced, compulsory or child labour.

- Provide for the constructive engagement of employees on matters of mutual concern.
- Implement policies and practices designed to eliminate harassment and unfair discrimination in all aspects of our activities.
- Ensure that all relevant staff, including security personnel, are provided with appropriate cultural and human rights training and guidance.
- Minimise involuntary resettlement, and compensate fairly for adverse effects on the community where they cannot be avoided.
- Respect the culture and heritage of local communities, including indigenous peoples.

4. Implement risk management strategies based on valid data and sound science.

- Consult with interested and affected parties in the identification, assessment and management of all significant social, health, safety, environmental and economic impacts associated with our activities.
- Ensure regular review and updating of risk management systems.
- Inform potentially affected parties of significant risks from mining, minerals and metals operations and of the measures that will be taken to manage the potential risks effectively.
- Develop, maintain and test effective emergency response procedures in collaboration with potentially affected parties.

5. Seek continual improvement of our health and safety performance.

- Implement a management system focused on continual improvement of all aspects of operations that could have a significant impact on the health and safety of our own employees, those of contractors and the communities where we operate.
- Take all practical and reasonable measures to eliminate workplace fatalities, injuries and diseases among our own employees and those of contractors.
- Provide all employees with health and safety training, and require employees of contractors to have undergone such training.
- Implement regular health surveillance and risk-based monitoring of employees.
- Rehabilitate and reintegrate employees into operations following illness or injury, where feasible.

6. Seek continual improvement of our environmental performance.

- Assess the positive and negative, the direct and indirect, and the cumulative environmental impacts of new projects – from exploration through closure.
- Implement an environmental management system focused on continual improvement to review, prevent, mitigate or ameliorate adverse environmental impacts.
- Rehabilitate land disturbed or occupied by operations in accordance with appropriate post-mining land uses.
- Provide for safe storage and disposal of residual wastes and process residues.
- Design and plan all operations so that adequate resources are available to meet the closure requirements of all operations.

7. Contribute to conservation of biodiversity and integrated approaches to land use planning.

- Respect legally designated protected areas.
- Disseminate scientific data on and promote practices and experiences in biodiversity assessment and management.
- Support the development and implementation of scientifically sound, inclusive and transparent procedures for integrated approaches to land use planning, biodiversity, conservation and mining.

8. Facilitate and encourage responsible product design, use, re-use, recycling and disposal of our products.

- Implement a management system focused on continual improvement of all aspects of operations that could have a significant impact on the health and safety of our own employees, those of contractors and the communities where we operate.
- Take all practical and reasonable measures to eliminate workplace fatalities, injuries and diseases among our own employees and those of contractors.
- Provide all employees with health and safety training, and require employees of contractors to have undergone such training.
- Implement regular health surveillance and risk-based monitoring of employees.
- Rehabilitate and reintegrate employees into operations following illness or injury, where feasible.

9. Contribute to the social, economic and institutional development of the communities in which we operate.

- Engage at the earliest practical stage with likely affected parties to discuss and respond to issues and conflicts concerning the management of social impacts.
- Ensure that appropriate systems are in place for ongoing interaction with affected parties, making sure that minorities and other marginalised groups have equitable and culturally appropriate means of engagement.
- Contribute to community development from project development through closure in collaboration with host communities and their representatives.
- Encourage partnerships with governments and non-governmental organisations to ensure that programmes (such as community health, education, local business development) are well designed and effectively delivered.
- Enhance social and economic development by seeking opportunities to address poverty.

10. Implement effective and transparent engagement, communication and independently verified reporting arrangements with our stakeholders.

- Report on our economic, social and environmental performance and contribution to sustainable development.
- Provide information that is timely, accurate and relevant.
- Engage with and respond to stakeholders through open consultation processes.

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Further information:

International council on Mining and Metals Sustainable Development framework:
http://www.icmm.com/sd_framework.php

International Gas Union Guiding Principles for Sustainable Development

The underlying tenet of the IGU Guiding Principles for Sustainable Development is that the gas industry integrates economic, environmental and social factors in all its business practices. The gas industry further recognises that continuous improvement of corporate performance towards sustainable development is critical for successful business.

The gas industry's corporate performance for Sustainable Development is guided by the following declarations:

- The Universal Declaration of Human Rights, 1948
- The ILO Declaration on Fundamental Principles and Rights at Works, 1998
- The Rio Declaration on Sustainable Development and its Agenda for the 21st century, 1992

Environmentally sound by making choices today that work tomorrow

Continuous improvement in the performance of the gas industry is of vital importance as the world moves towards a sustainable energy future. The gas industry shall:

- co-operate with all parties involved in the gas chain to minimise environmental impact
- assess environmental impacts of activities and adopt a precautionary approach to prevent serious or irreversible environmental degradation
- fulfill all operations in an environmentally responsible manner and commit to improving industry wide environmental performance taking legal obligations as minimum reference criteria
- develop and maintain emergency preparedness plans to be prepared for and respond to emergencies in a timely and effective manner
- incorporate environmental values into purchasing decisions
- educate and motivate employees and customers to conduct their activities in an environmentally responsible manner
- encourage clean and efficient gas utilisation to improve local conditions and contribute to a reduction of greenhouse gas emissions
- support research on the environmental impacts from the gas industry's activities and on the means of minimising such adverse impacts
- support efficient and combined utilisation of renewable energy and natural gas by investing in research and pilot programmes

- communicate in an open, transparent and objective manner on environmental matters to employees, authorities, customers, shareholders and the public

Socially responsible by supporting healthy communities

The gas industry is committed to ensuring the health and safety of its employees, subcontractors, customers and the public affected by its operations, products and services. The gas industry in IGU member countries shall recognise the responsibility to support healthy employees, contractors and communities by:

- continuously improving Environment, Health & Safety (EHS) performance through effective implementation of EHS Management Systems
- implementing leading-edge employment standards and practices
- investing in employment training programmes that benefit the industry and communities
- prioritise local employment and suppliers, when possible technically, economically and legally
- developing an open dialogue with interested parties such as customers, employees, governments and Non Government Organizations
- gathering and promptly responding to community complaints
- partnering with community-based organizations that support business success
- incorporating human rights and labour standards in the purchasing policy
- promoting technology transfer of highly efficient and low emissions technologies to developing countries

Economically viable by supporting sustainable developments

A sustainable future needs a strong economy to support the social, environmental and other programmes. The gas industry in IGU member countries shall support viable economies by

- providing meaningful and fairly paid employment to communities
- delivering reliable, competitively priced energy to local industry
- contributing revenue from sales, property and income taxes
- supporting transparency
- developing and adhering to well-designed anti-corruption policies and implementation strategies
- maintaining economically viable conditions for necessary investments

Means of implementation

The work on sustainable development is based on a plan, do, check and act approach to achieve continuous improvements.

Environmental, social and economic considerations are integrated into the process of planning, construction and operation.

All employees receive education on environmentally sound, socially responsible and economically viable behaviour and decision-making to assure effective implementation of a sustainable development approach.

A comprehensive view, from "cradle to grave", is applied in the evaluation of the impacts and benefits of the activities, when establishing and implementing corporate policies, goals, programmes and procedures.

Assessments of compliance with the legal requirements as a minimum, but also with company procedures, is guaranteed by regular audits and relevant reports are provided to government, employees and other interested parties.

Sustainable development is measured and reported using performance indicators as a reference for improvements.

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Further information:

On the Web: <http://www.igu.org/about-igu/guiding-principles-for-sustainable-development>

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Hoersholm · Denmark

Tel: +45 4517 1200 · Fax: +45 4517 1900 · secr.igu@dong.dk

Kimberley Process Certification Scheme

PREAMBLE

PARTICIPANTS,

RECOGNISING that the trade in conflict diamonds is a matter of serious international concern, which can be directly linked to the fuelling of armed conflict, the activities of rebel movements aimed at undermining or overthrowing legitimate governments, and the illicit traffic in, and proliferation of, armaments, especially small arms and light weapons;

FURTHER RECOGNISING the devastating impact of conflicts fuelled by the trade in conflict diamonds on the peace, safety and security of people in affected countries and the systematic and gross human rights violations that have been perpetrated in such conflicts;

NOTING the negative impact of such conflicts on regional stability and the obligations placed upon states by the United Nations Charter regarding the maintenance of international peace and security;

BEARING IN MIND that urgent international action is imperative to prevent the problem of conflict diamonds from negatively affecting the trade in legitimate diamonds, which makes a critical contribution to the economies of many of the producing, processing, exporting and importing states, especially developing states;

RECALLING all of the relevant resolutions of the United Nations Security Council under Chapter VII of the United Nations Charter, including the relevant provisions of Resolutions 1173 (1998), 1295 (2000), 1306 (2000), and 1343 (2001), and determined to contribute to and support the implementation of the measures provided for in these resolutions;

HIGHLIGHTING the United Nations General Assembly Resolution 55/56 (2000) on the role of the trade in conflict diamonds in fuelling armed conflict, which called on the international community to give urgent and careful consideration to devising effective and pragmatic measures to address this problem;

FURTHER HIGHLIGHTING the recommendation in United Nations General Assembly Resolution 55/56 that the international community develop detailed proposals for a simple and workable international certification scheme for rough diamonds based primarily on national certification schemes and on internationally agreed minimum standards;

RECALLING that the Kimberley Process, which was established to find a solution to the international problem of conflict diamonds, was inclusive of concerned stake holders, namely producing, exporting and importing states, the diamond industry and civil society;

CONVINCED that the opportunity for conflict diamonds to play a role in fuelling armed conflict can be seriously reduced by introducing a certification scheme for rough diamonds designed to exclude conflict diamonds from the legitimate trade;

RECALLING that the Kimberley Process considered that an international certification scheme for rough diamonds, based on national laws and practices and meeting internationally agreed minimum standards, will be the most effective system by which the problem of conflict diamonds could be addressed;

ACKNOWLEDGING the important initiatives already taken to address this problem, in particular by the governments of Angola, the Democratic Republic of Congo, Guinea and Sierra Leone and by other key producing, exporting and importing countries, as well as by the diamond industry, in particular by the World Diamond Council, and by civil society;

WELCOMING voluntary self-regulation initiatives announced by the diamond industry and recognizing that a system of such voluntary self-regulation contributes to ensuring an effective internal control system of rough diamonds based upon the international certification scheme for rough diamonds;

RECOGNIZING that an international certification scheme for rough diamonds will only be credible if all Participants have established internal systems of control designed to eliminate the presence of conflict diamonds in the chain of producing, exporting and importing rough diamonds within their own territories, while taking into account that differences in production methods and trading practices as well as differences in institutional controls thereof may require different approaches to meet minimum standards;

FURTHER RECOGNISING that the international certification scheme for rough diamonds must be consistent with international law governing international trade;

ACKNOWLEDGING that state sovereignty should be fully respected and the principles of equality, mutual benefits and consensus should be adhered to;

RECOMMEND THE FOLLOWING PROVISIONS:

SECTION I

Definitions

For the purposes of the international certification scheme for rough diamonds (hereinafter referred to as “the Certification Scheme”) the following definitions apply:

CONFLICT DIAMONDS means rough diamonds used by rebel movements or their allies to finance conflict aimed at undermining legitimate governments, as described in relevant United Nations Security Council (UNSC) resolutions insofar as they remain in effect, or in other similar UNSC resolutions which may be adopted in the future, and as understood and recognised in United Nations General Assembly (UNGA) Resolution 55/56, or in other similar UNGA resolutions which may be adopted in future;

COUNTRY OF ORIGIN means the country where a shipment of rough diamonds has been mined or extracted;

COUNTRY OF PROVENANCE means the last Participant from where a shipment of rough diamonds was exported, as recorded on import documentation;

DIAMOND means a natural mineral consisting essentially of pure crystallised carbon in the isometric system, with a hardness on the Mohs (scratch) scale of 10, a specific gravity of approximately 3.52 and a refractive index of 2.42;

EXPORT means the physical leaving/taking out of any part of the geographical territory of a Participant;

EXPORTING AUTHORITY means the authority(ies) or body(ies) designated by a Participant from whose territory a shipment of rough diamonds is leaving, and which are authorized to validate the Kimberley Process Certificate;

FREE TRADE ZONE means a part of the territory of a Participant where any goods introduced are generally regarded, insofar as import duties and taxes are concerned, as being outside the customs territory;

IMPORT means the physical entering/bringing into any part of the geographical territory of a Participant;

IMPORTING AUTHORITY means the authority(ies) or body(ies) designated by a Participant into whose territory a shipment of rough diamonds is imported to conduct all import formalities and particularly the verification of accompanying Kimberley Process Certificates;

KIMBERLEY PROCESS CERTIFICATE means a forgery resistant document with a particular format which identifies a shipment of rough diamonds as being in compliance with the requirements of the Certification Scheme;

OBSERVER means a representative of civil society, the diamond industry, international organizations and non-participating governments invited to take part in Plenary meetings; *(Further consultations to be undertaken by the Chair.)*

PARCEL means one or more diamonds that are packed together and that are not individualized;

PARCEL OF MIXED ORIGIN means a parcel that contains rough diamonds from two or more countries of origin, mixed together;

PARTICIPANT means a state or a regional economic integration organization for which the Certification Scheme is effective; *(Further consultations to be undertaken by the Chair.)*

REGIONAL ECONOMIC INTEGRATION ORGANISATION means an organization comprised of sovereign states that have transferred competence to that organization in respect of matters governed by the Certification Scheme;

ROUGH DIAMONDS means diamonds that are unworked or simply sawn, cleaved or bruted and fall under the Relevant Harmonised Commodity Description and Coding System 7102.10, 7102.21 and 7102.31;

SHIPMENT means one or more parcels that are physically imported or exported;

TRANSIT means the physical passage across the territory of a Participant or a non-Participant, with or without transshipment, warehousing or change in mode of transport, when such passage is only a portion of a complete journey beginning and terminating beyond the frontier of the Participant or non-Participant across whose territory a shipment passes;

SECTION II

The Kimberley Process Certificate

Each Participant should ensure that:

- (a) a Kimberley Process Certificate (hereafter referred to as the Certificate) accompanies each shipment of rough diamonds on export;
- (b) its processes for issuing Certificates meet the minimum standards of the Kimberley Process as set out in Section IV;
- (c) Certificates meet the minimum requirements set out in Annex I. As long as these requirements are met, Participants may at their discretion establish additional characteristics for their own Certificates, for example their form, additional data or security elements;

(d) it notifies all other Participants through the Chair of the features of its Certificate as specified in Annex I, for purposes of validation.

SECTION III

Undertakings in respect of the international trade in rough diamonds

Each Participant should:

(a) with regard to shipments of rough diamonds exported to a Participant, require that each such shipment is accompanied by a duly validated Certificate;

(b) with regard to shipments of rough diamonds imported from a Participant:

- require a duly validated Certificate;
- ensure that confirmation of receipt is sent expeditiously to the relevant Exporting Authority. The confirmation should as a minimum refer to the Certificate number, the number of parcels, the carat weight and the details of the importer and exporter;
- require that the original of the Certificate be readily accessible for a period of no less than three years;

(c) ensure that no shipment of rough diamonds is imported from or exported to a non- Participant;

(d) recognize that Participants through whose territory shipments transit are not required to meet the requirement of paragraphs (a) and (b) above, and of Section II (a) provided that the designated authorities of the Participant through whose territory a shipment passes, ensure that the shipment leaves its territory in an identical state as it entered its territory (i.e. unopened and not tampered with).

SECTION IV

Internal Controls

Undertakings by Participants

Each Participant should:

(a) establish a system of internal controls designed to eliminate the presence of conflict diamonds from shipments of rough diamonds imported into and exported from its territory;

(b) designate an Importing and an Exporting Authority(ies);

(c) ensure that rough diamonds are imported and exported in tamper resistant containers;

(d) as required, amend or enact appropriate laws or regulations to implement and enforce the Certification Scheme and to maintain dissuasive and proportional penalties for transgressions;

(e) collect and maintain relevant official production, import and export data, and collate and exchange such data in accordance with the provisions of Section V.

(f) when establishing a system of internal controls, take into account, where appropriate, the further options and recommendations for internal controls as elaborated in Annex II.

Principles of Industry Self-Regulation

Participants understand that a voluntary system of industry self-regulation, as referred to in the

Preamble of this Document, will provide for a system of warranties underpinned through verification by independent auditors of individual companies and supported by internal penalties set by industry, which will help to facilitate the full traceability of rough diamond transactions by government authorities.

Section V

Co-operation and Transparency

Participants should:

- (a) provide to each other through the Chair information identifying their designated authorities or bodies responsible for implementing the provisions of this Certification Scheme. Each Participant should provide to other Participants through the Chair information, preferably in electronic format, on its relevant laws, regulations, rules, procedures and practices, and update that information as required. This should include a synopsis in English of the essential content of this information;
- (b) compile and make available to all other Participants through the Chair statistical data in line with the principles set out in Annex III;
- (c) exchange on a regular basis experiences and other relevant information, including on self-assessment, in order to arrive at the best practice in given circumstances;
- (d) consider favourably requests from other Participants for assistance to improve the functioning of the Certification Scheme within their territories;
- (e) inform another Participant through the Chair if it considers that the laws, regulations, rules, procedures or practices of that other Participant do not ensure the absence of conflict diamonds in the exports of that other Participant;
- (f) cooperate with other Participants to attempt to resolve problems which may arise from unintentional circumstances and which could lead to non-fulfilment of the minimum requirements for the issuance or acceptance of the Certificates, and inform all other Participants of the essence of the problems encountered and of solutions found;
- (g) encourage, through their relevant authorities, closer co-operation between law enforcement agencies and between customs agencies of Participants.

Section VI

Administrative Matters

MEETINGS

1. Participants and Observers are to meet in Plenary annually, and on other occasions as Participants may deem necessary, in order to discuss the effectiveness of the Certification Scheme.
2. Participants should adopt Rules of Procedure for such meetings at the first Plenary meeting.
3. Meetings are to be held in the country where the Chair is located, unless a Participant or an international organization offers to host a meeting and this offer has been accepted. The host country should facilitate entry formalities for those attending such meetings.
4. At the end of each Plenary meeting, a Chair would be elected to preside over all Plenary meetings, *ad hoc* working groups and other subsidiary bodies, which might be formed until the conclusion of the next annual Plenary meeting.

5. Participants are to reach decisions by consensus. In the event that consensus proves to be impossible, the Chair is to conduct consultations.

ADMINISTRATIVE SUPPORT

6. For the effective administration of the Certification Scheme, administrative support will be necessary. The modalities and functions of that support should be discussed at the first Plenary meeting, following endorsement by the UN General Assembly.

7. Administrative support could include the following functions:

- (a) to serve as a channel of communication, information sharing and consultation between the Participants with regard to matters provided for in this Document;
- (b) to maintain and make available for the use of all Participants a collection of those laws, regulations, rules, procedures, practices and statistics notified pursuant to Section V;
- (c) to prepare documents and provide administrative support for Plenary and working group meetings;
- (d) to undertake such additional responsibilities as the Plenary meetings, or any working group delegated by Plenary meetings, may instruct.

PARTICIPATION

8. Participation in the Certification Scheme is open on a global, non-discriminatory basis to all Applicants willing and able to fulfill the requirements of that Scheme.

9. Any applicant wishing to participate in the Certification Scheme should signify its interest by notifying the Chair through diplomatic channels. This notification should include the information set forth in paragraph (a) of Section V and be circulated to all Participants within one month.

10. Participants intend to invite representatives of civil society, the diamond industry, non-participating governments and international organizations to participate in Plenary meetings as Observers.

PARTICIPANT MEASURES

11. Participants are to prepare, and make available to other Participants, in advance of annual Plenary meetings of the Kimberley Process, information as stipulated in paragraph (a) of Section V outlining how the requirements of the Certification Scheme are being implemented within their respective jurisdictions.

12. The agenda of annual Plenary meetings is to include an item where information as stipulated in paragraph (a) of Section V is reviewed and Participants can provide further details of their respective systems at the request of the Plenary.

13. Where further clarification is needed, Participants at Plenary meetings, upon recommendation by the Chair, can identify and decide on additional verification measures to be undertaken. Such measures are to be implemented in accordance with applicable national and international law. These could include, but need not be limited to measures such as;

- a. requesting additional information and clarification from Participants;
- b. review missions by other Participants or their representatives where there are credible indications of significant non-compliance with the Certification Scheme.

14. Review missions are to be conducted in an analytical, expert and impartial manner with the consent of the Participant concerned. The size, composition, terms of reference and time-frame of these missions should be based on the circumstances and be

established by the Chair with the consent of the Participant concerned and in consultation with all Participants.

15. A report on the results of compliance verification measures is to be forwarded to the Chair and to the Participant concerned within three weeks of completion of the mission. Any comments from that Participant as well as the report, are to be posted on the restricted access section of an official Certification Scheme website no later than three weeks after the submission of the report to the Participant concerned. Participants and Observers should make every effort to observe strict confidentiality regarding the issue and the discussions relating to any compliance matter.

COMPLIANCE AND DISPUTE PREVENTION

16. In the event that an issue regarding compliance by a Participant or any other issue regarding the implementation of the Certification Scheme arises, any concerned Participant may so inform the Chair, who is to inform all Participants without delay about the said concern and enter into dialogue on how to address it. Participants and Observers should make every effort to observe strict confidentiality regarding the issue and the discussions relating to any compliance matter.

MODIFICATIONS

17. This document may be modified by consensus of the Participants.
18. Modifications may be proposed by any Participant. Such proposals should be sent in writing to the Chair, at least ninety days before the next Plenary meeting, unless otherwise agreed.
19. The Chair is to circulate any proposed modification expeditiously to all Participants and Observers and place it on the agenda of the next annual Plenary meeting.

REVIEW MECHANISM

20. Participants intend that the Certification Scheme should be subject to periodic review, to allow Participants to conduct a thorough analysis of all elements contained in the scheme. The review should also include consideration of the continuing requirement for such a scheme, in view of the perception of the Participants, and of international organizations, in particular the United Nations, of the continued threat posed at that time by conflict diamonds. The first such review should take place no later than three years after the effective starting date of the Certification Scheme. The review meeting should normally coincide with the annual Plenary meeting, unless otherwise agreed.

THE START OF THE IMPLEMENTATION OF THE SCHEME

21. The Certification Scheme should be established at the Ministerial Meeting on the Kimberley Process Certification Scheme for Rough Diamonds in Interlaken on 5 November 2002.

ANNEX I

Certificates

A. Minimum requirements for Certificates

A Certificate is to meet the following minimum requirements:

- Each Certificate should bear the title “Kimberley Process Certificate” and the following statement: “The rough diamonds in this shipment have been handled in accordance with the

provisions of the Kimberley Process Certification Scheme for rough diamonds”

- Country of origin for shipment of parcels of unmixed (i.e. from the same) origin
- Certificates may be issued in any language, provided that an English translation is incorporated
- Unique numbering with the Alpha 2 country code, according to ISO 3166-1
- Tamper and forgery resistant
- Date of issuance
- Date of expiry
- Issuing authority
- Identification of exporter and importer
- Carat weight/mass
- Value in US\$
- Number of parcels in shipment
- Relevant Harmonised Commodity Description and Coding System
- Validation of Certificate by the Exporting Authority

B. Optional Certificate Elements

A Certificate may include the following optional features:

- Characteristics of a Certificate (for example as to form, additional data or security elements)
- Quality characteristics of the rough diamonds in the shipment
- A recommended import confirmation part should have the following elements:
 - Country of destination
 - Identification of importer
 - Carat/weight and value in US\$
 - Relevant Harmonised Commodity Description and Coding System
 - Date of receipt by Importing Authority
 - Authentication by Importing Authority

C. Optional Procedures

Rough diamonds may be shipped in transparent security bags. The unique Certificate number may be replicated on the container.

Annex II

Recommendations as provided for in Section IV, paragraph (f)

General Recommendations

1. Participants may appoint an official coordinator(s) to deal with the implementation of the Certification Scheme.
2. Participants may consider the utility of complementing and/or enhancing the collection and publication of the statistics identified in Annex III based on the contents of Kimberley Process Certificates.
3. Participants are encouraged to maintain the information and data required by Section V on a computerized database.
4. Participants are encouraged to transmit and receive electronic messages in order to support the Certification Scheme.
5. Participants that produce diamonds and that have rebel groups suspected of mining diamonds within their territories are encouraged to identify the areas of rebel diamond mining activity and provide this information to all other Participants. This information should be updated on a regular basis.

6. Participants are encouraged to make known the names of individuals or companies convicted of activities relevant to the purposes of the Certification Scheme to all other Participants through the Chair.

7. Participants are encouraged to ensure that all cash purchases of rough diamonds are routed through official banking channels, supported by verifiable documentation.

8. Participants that produce diamonds should analyze their diamond production under the following headings:

- Characteristics of diamonds produced
- Actual production

Recommendations for Control over Diamond Mines

9. Participants are encouraged to ensure that all diamond mines are licensed and to allow only those mines so licensed to mine diamonds.

10. Participants are encouraged to ensure that prospecting and mining companies maintain effective security standards to ensure that conflict diamonds do not contaminate legitimate production.

Recommendations for Participants with Small-scale Diamond Mining

11. All artisanal and informal diamond miners should be licensed and only those persons so licensed should be allowed to mine diamonds.

12. Licensing records should contain the following minimum information: name, address, nationality and/or residence status and the area of authorized diamond mining activity.

Recommendations for Rough Diamond Buyers, Sellers and Exporters

13. All diamond buyers, sellers, exporters, agents and courier companies involved in carrying rough diamonds should be registered and licensed by each Participant's relevant authorities.

14. Licensing records should contain the following minimum information: name, address and nationality and/or residence status.

15. All rough diamond buyers, sellers and exporters should be required by law to keep for a period of five years daily buying, selling or exporting records listing the names of buying or selling clients, their license number and the amount and value of diamonds sold, exported or purchased.

16. The information in paragraph 14 above should be entered into a computerized database, to facilitate the presentation of detailed information relating to the activities of individual rough diamond buyers and sellers.

Recommendations for Export Processes

17. An exporter should submit a rough diamond shipment to the relevant Exporting Authority.

18. The Exporting Authority is encouraged, prior to validating a Certificate, to require an exporter to provide a declaration that the rough diamonds being exported are not conflict diamonds.

19. Rough diamonds should be sealed in a tamper proof container together with the Certificate or a duly authenticated copy. The Exporting Authority should then transmit a detailed e-mail message to the relevant Importing Authority containing information on the carat weight, value,

country of origin or provenance, importer and the serial number of the Certificate.

20. The Exporting Authority should record all details of rough diamond shipments on a computerized database.

Recommendations for Import Processes

21. The Importing Authority should receive an e-mail message either before or upon arrival of a rough diamond shipment. The message should contain details such as the carat weight, value, country of origin or provenance, exporter and the serial number of the Certificate.

22. The Importing Authority should inspect the shipment of rough diamonds to verify that the seals and the container have not been tampered with and that the export was performed in accordance with the Certification Scheme.

23. The Importing Authority should open and inspect the contents of the shipment to verify the details declared on the Certificate.

24. Where applicable and when requested, the Importing Authority should send the return slip or import confirmation coupon to the relevant Exporting Authority.

25. The Importing Authority should record all details of rough diamond shipments on a computerized database.

Recommendations on Shipments to and from Free Trade Zones

26. Shipments of rough diamonds to and from free trade zones should be processed by the designated authorities.

Annex III

Statistics

Recognizing that reliable and comparable data on the production and the international trade in rough diamonds are an essential tool for the effective implementation of the Certification Scheme, and particularly for identifying any irregularities or anomalies which could indicate that conflict diamonds are entering the legitimate trade, Participants strongly support the following principles, taking into account the need to protect commercially sensitive information:

(a) to keep and publish within two months of the reference period and in a standardized format, quarterly aggregate statistics on rough diamond exports and imports, as well as the numbers of certificates validated for export, and of imported shipments accompanied by Certificates;

(b) to keep and publish statistics on exports and imports, by origin and provenance wherever possible; by carat weight and value; and under the relevant Harmonized Commodity Description and Coding System (HS) classifications 7102.10; 7102.21; 7102.31;

(c) to keep and publish on a semi-annual basis and within two months of the reference period statistics on rough diamond production by carat weight and by value. In the event that a Participant is unable to publish these statistics it should notify the Chair immediately;

(d) to collect and publish these statistics by relying in the first instance on existing national processes and methodologies;

(e) to make these statistics available to an intergovernmental body or to another appropriate mechanism identified by the Participants for (1) compilation and publication on a quarterly basis in respect of exports and imports, and (2) on a semiannual basis in respect of production. These

statistics are to be made available for analysis by interested parties and by the Participants, individually or collectively, according to such terms of reference as may be established by the Participants;

(f) to consider statistical information pertaining to the international trade in and production of rough diamonds at annual Plenary meetings, with a view to addressing related issues, and to supporting effective implementation of the Certification Scheme.

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Further information:

On the web: <http://www.kimberleyprocess.com:8080/site/?name=kpcs>

Mining Association of Canada Towards Sustainable Mining Guiding Principles

The Mining Association of Canada's 32 members adopted this code of practice in April 2004.

As members of the Mining Association of Canada, our role is to responsibly meet society's needs for minerals, metals and energy products. To achieve this we engage in the exploration, discovery, development, production, distribution and recycling of these products. We believe that our opportunities to contribute to and thrive in the economies in which we operate must be earned through a demonstrated commitment to sustainable development.*

Accordingly, our actions must demonstrate a responsible approach to social, economic and environmental performance that is aligned with the evolving priorities of our communities of interest.** Our actions must reflect a broad spectrum of values that we share with our employees and communities of interest, including honesty, transparency and integrity. And they must underscore our ongoing efforts to protect our employees, communities, customers and the natural environment.

We will demonstrate leadership worldwide by:

- Involving communities of interest in the design and implementation of our Towards Sustainable Mining initiative;
- Proactively seeking, engaging and supporting dialogue regarding our operations;
- Fostering leadership throughout our companies to achieve sustainable resource stewardship wherever we operate;
- Conducting all facets of our business with excellence, transparency and accountability;
- Protecting the health and safety of our employees, contractors and communities;
- Contributing to global initiatives to promote the production, use and recycling of metals and minerals in a safe and environmentally responsible manner;
- Seeking to minimize the impact of our operations on the environment and biodiversity, through all stages of development, from exploration to closure;
- Working with our communities of interest to address legacy issues, such as orphaned and abandoned mines;
- Practicing continuous improvement through the application of new technology, innovation and best practices in all facets of our operations.

In all aspects of our business and operations, we will:

- Respect human rights and treat those with whom we deal fairly and with dignity.
- Respect the cultures, customs and values of people with whom our operations interact.
- Recognize and respect the unique role, contribution and concerns of Aboriginal and indigenous peoples.***
- Obtain and maintain business through ethical conduct.
- Comply with all laws and regulations in each country where we operate and apply the standards reflecting our adherence to these Guiding Principles and our adherence to best international practices.
- Support the capability of communities to participate in opportunities provided by new mining projects and existing operations.
- Be responsive to community priorities, needs and interests through all stages of mining exploration, development, operations and closure.

- Provide lasting benefits to local communities through self-sustaining programs to enhance the economic, environmental, social, educational and health care standards they enjoy.

* MAC draws on the 1987 Brundtland Commission definition of Sustainable Development: "Development that meets the needs of the present without compromising the ability of future generations to meet their own needs."

** We use the term Communities of Interest to include all of the individuals and groups who have or believe they have an interest in the management of decisions about our operations that may affect them. This includes: employees, contractors, Aboriginal or indigenous peoples, mining community members, suppliers, customers, environmental organizations, governments, the financial community, and shareholders.

***This principle is being reviewed by the TSM COI Panel whose input may lead to proposals for modification in the future.

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Further information:

Mining Association of Canada
Towards Sustainable Mining Initiative
350 Sparks St., Suite 1105
Ottawa, Ontario, Canada K1R 7S8
Phone: (613) 233-9391
Fax: (613) 233-8897

Towards Sustainable Mining web site:
<http://www.mining.ca/english/tsm/index.html>

World Diamond Council Resolution on Conflict Diamonds

JOINT RESOLUTION of the WORLD FEDERATION OF DIAMOND BOURSES and the INTERNATIONAL DIAMOND MANUFACTURERS ASSOCIATION

Antwerp -July 19, 2000

WFDB and IDMA, representing all the principal diamond manufacturing and trading centers of the world, have consistently been aware of and been involved in combating the conflict diamonds problem. Particularly, they point to the numerous resolutions passed by themselves and their members.

We believe that more can and should be done to limit, if not eliminate, this problem entirely. We believe that the solution to the conflict diamonds problem is a moral imperative above all others. However, we do not believe that the solution necessarily entails damage or limitation to the 96+% of the world's diamond trade which is legitimate. On the contrary, we believe that an enlightened and effective approach to the problem can lead to the improvement of the diamond market overall.

It is our understanding that all concerned parties are aware of the positive benefits of diamonds as well as their potential role in providing prosperity, a key ingredient of peace, in countries currently experiencing strife. Over the past year, various solutions have been proposed. We have analyzed these proposals, some of which we have found to be ineffective, others more practical and some impractical. All the proposals have had elements that we believe are logical and should be incorporated into an effective solution.

As diamond manufacturers and traders primarily responsible for the conversion of rough diamonds into polished and the marketing of those polished diamonds, we are proposing a number of concrete steps to be taken by all parties concerned which we believe will lead to a more effective and immediate resolution of the problem.

While our proposal may be subject in the future to any number of improvements, we believe it is, in the first instance, practically implementable in the short term, and it does not preclude further steps being taken as and when the means and requirement arise.

Specifically, and most importantly, we are mindful that the next phase of solution must start sooner rather than later and that if this is to be done in a nondestructive manner, the most practically implementable steps must be taken first, in order that the process not be delayed with theoretical concepts and technologies.

1. We recognize that rough diamonds individually are not sufficiently determinable as to source and origin. However, with the correct system, rough diamond parcels can be monitored within a net.
2. There is no implementable means of tagging, tracking and identifying finished polished diamonds.
3. All legitimate diamonds in their rough form can travel within an identifiable net.

Accordingly, we propose:

1. Each accredited rough diamond importing country, whether a producer, manufacturing or dealing center enacts "redline" legislation. As such, no parcel of rough may be imported unless such parcel of rough has been sealed and registered in a universally standardized manner by an accredited export authority from the exporting country.
2. Each exporting country, which can be either a producer country or accredited dealing/manufacturing center, will establish accredited export offices or diamond board which will seal parcels of rough diamonds to be exported and registered in an international database. If the country is a producer country, it will be accredited only if it has control mechanisms in place to determine the flow of rough and legitimate ownership of rough presented to the export authority.
3. Polished diamond consuming countries will enact legislation forbidding importation of polished diamonds from any manufacturing/dealing country that does not have "redline" legislation as regards the importation of rough.
4. Each and every country, as part of the diamond net, be they rough exporters, importers, or polished consuming countries enacts legislation bringing criminal penalties on any individual and/or company proven to be knowingly involved in illegal rough diamonds.
5. Each and every diamond organization adopts an ethical code of conduct as regards conflict diamonds, labor practices and good business practices in general, the failure to adhere to which would lead to expulsion from WFDB, IDMA and all other relevant organizations.
6. As a positive measure of compliance, all relevant and interested parties promote adherence to the code of conduct as a positive consumer choice in the marketplace.
7. We enlist the support of the banks, insurance, shipping companies and other pertinent providers of goods and services to our industry to expose and cease business relations with any entity that is found knowingly to violate these principles.
8. That there is a continual analysis of relevant technologies and investment by the industry in developing them further for implementation leading to greater compliance.
9. That compliance with the above be monitored and controlled by an International Diamond Council comprised of producers, manufacturers, traders, governments and relevant international organizations. That this process be fully verified and audited.

A joint committee of both organizations has been formed in order to ensure rapid implementation of the above.

As we envisage it, each time rough diamonds leave a producer or rough trading center, those rough diamonds would be sealed in a standardized manner by an authority accredited by the international diamond council. This is the only means by which those diamonds could be imported into the next country.

We understand that it is the nature of the diamond business and directly related to the profitability of mines and the efficient manufacturing processes currently employed, that rough diamonds of various origins and qualities are mixed together into "saleable" parcels. Therefore, our system allows for the mixture of such parcels by requiring their further export and import from any mixing or dealing center to be subject once again to sealing and documentation.

Key to the whole process is monitoring and keeping accounts of the data flows. In particular, it is essential to be able to verify and see that one country's exports to another are matched by that country's official imports from the exporting country. All accounts should, ultimately, balance. The

establishment of the International Diamond Council is crucial to this process in that the International Diamond Council would be required to balance all imports and exports and accredit importing and exporting authorities in each country.

Just as importantly, it is undoubtedly correct to assume that a certain degree of deliberate noncompliance may occur. The International Diamond Council would be required to remove export accreditation from the producer countries where rough exports are known to exceed production capacity or verified official imports.

By the same token, the International Diamond Council would be able to remove the accreditation of countries to import diamonds if it was found that those countries were allowing the import of non-verifiable rough.

We believe that funding for our proposals can be achieved through charging a minimal levy, both on the import and export of rough diamonds. Undoubtedly, effectiveness of the system can be improved over time. However, we believe that we will immediately close off all the legal loopholes by which conflict diamonds may currently be entering the trade. This will make the task of relevant customs and criminal authorities far easier in terms of identifying and prosecuting perpetrators. In particular, if all legitimate rough diamonds are knowingly "declared", the four percent of conflict rough diamonds will be impossible for those few companies trading in them to hide.

As a final note, we do not claim that this is an immediately perfect system or that improvements cannot be made. However, we believe that these are practically implementable measures, that they will be highly effective in terms of the current *status quo* and that they can be relatively rapidly implemented without precluding any further additions.

Most significantly, we believe that our proposals will see immediate results and that they are nondestructive to the legitimate industry and producer countries. In fact they stand to enhance the legitimate trade. By adopting a code of conduct, consumer choice can be made into a positive enhancement of the diamond industry, without the necessity of negative imagery.

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Further information

World Diamond Council
52 Vanderbilt Avenue
19th Floor
New York, NY
10017 / USA

Declaration on the web: <http://www.worlddiamondcouncil.com/antwerp.shtml>.

Collevecchio Declaration on Financial Institutions and Sustainability

Financial institutions (FIs) can and must play a positive role in advancing environmental and social sustainability. This declaration, endorsed by over 200 civil society organisations, calls on FIs to embrace six commitments, and take immediate steps to implement them as a way for FIs to retain their social license to operate. These commitments reflect civil society's expectations of the role and responsibilities of the financial services sector in fostering sustainability.

The Role and Responsibility of Financial Institutions

The financial sector's role of facilitating and managing capital is important; and finance, like communications or technology is not inherently at odds with sustainability. However, in the current context of globalization, financial institutions (FIs) play key roles in channeling financial flows, creating financial markets and influencing international policies in ways that are too often unaccountable to citizens, and harmful to the environment, human rights, and social equity.

FIs have played a role in irresponsibly channeling money to unethical companies, corrupt governments, and egregious projects. In the Global South, FIs' increasing role in development finance has meant that they bear significant responsibility for international financial crises, and the crushing burden of developing country debt. However, most FIs do not accept responsibility for the environmental and social harm created by their transactions, even though they may be eager to take credit for the economic development and benefits derived from their services. And relatively few FIs, in their role as creditors, analysts, underwriters, advisers, or investors effectively use their power to deliberately channel finance into sustainable enterprises, or encourage their clients to embrace sustainability.

Similarly, the vast majority of FIs do not play a proactive role in creating financial markets that value communities and the environment. As companies FIs concentrate on maximizing shareholder value, while as financiers they seek to maximize profit; this dual role means that FIs have played a pivotal role in creating financial markets that predominantly value short-term returns. These brief time horizons create intense pressure for companies to put short-term profits before longer-term sustainability goals, such as social stability and ecological health.

Finally, through the work of international public policy bodies such as the Bretton Woods institutions, the power of FIs has increasingly expanded as countries have deregulated, liberalized, and privatized their economies and financial markets. Financial institutions have not only actively promoted these policies and processes, but they have benefited from them through increased profit and influence.

In too many cases, FIs have unfairly benefited at the expense of communities and the environment. For example, during financial crises, many FIs charged high-risk premiums to indebted countries, while at the same time benefiting from public bail-outs. Some FIs have spoken out against innovative solutions to the debt crisis, such as the sovereign-debt restructuring processes proposed by civil society groups and now being discussed in the

International Monetary Fund. And FIs' voices have been absent in efforts to address tax havens, a problem that blocks progress towards equity and sustainability.

As a result, civil society is increasingly questioning the financial sector's accountability and responsibility, and challenging FIs' social license to operate. As major actors in the global economy, FIs should embrace a commitment to sustainability that reflects best practice from the corporate social responsibility movement, while recognizing that voluntary measures alone are not sufficient, and that they must support regulations that will help the sector advance sustainability.

Six Commitments to Key Principles

Acknowledging that FIs, like all corporations, exist as creations of society to act in the public interest, FIs should promote the restoration and protection of the environment, and promote universal human rights and social justice. These principles should be inherent in the way that they offer financial products and services, and conduct their businesses.

Finance and commerce has been at the center of a historic detachment between the world's natural resource base, production and consumption. As we reach the boundaries of the ecological limits upon which all commerce relies, the financial sector should take its share of responsibility for reversing the effects this detachment has produced. Thus, an appropriate goal of FIs should be the advancement of environmental protection and social justice rather than solely the maximization of financial return. To achieve this goal, FIs should embrace the following six commitments:

1. Commitment to Sustainability

FIs must expand their missions from ones that prioritize profit maximization to a vision of social and environmental sustainability. A commitment to sustainability would require FIs to fully integrate the consideration of ecological limits, social equity and economic justice into corporate strategies and core business areas (including credit, investing, underwriting, advising), to put sustainability objectives on an equal footing to shareholder maximization and client satisfaction, and to actively strive to finance transactions that promote sustainability.

2. Commitment to 'Do No Harm'

FIs should commit to do no harm by preventing and minimizing the environmentally and/or socially detrimental impacts of their portfolios and their operations. FIs should create policies, procedures and standards based on the Precautionary Principle to minimize environmental and social harm, improve social and environmental conditions where they and their clients operate, and avoid involvement in transactions that undermine sustainability.

3. Commitment to Responsibility.

FIs should bear full responsibility for the environmental and social impacts of their transactions. FIs must also pay their full and fair share of the risks they accept and create. This includes financial risks, as well as social and environmental costs that are borne by communities.

4. Commitment to Accountability

FIs must be accountable to their stakeholders, particularly those that are affected by the companies and activities they finance. Accountability means that stakeholders must have an influential voice in financial decisions that affect the quality of their environments and their lives -- both through ensuring that stakeholders rights are protected by law, and through practices and procedures adopted by FIs themselves.

5. Commitment to Transparency

FIs must be transparent to stakeholders, not only through robust, regular and standardized

disclosure, but also by being responsive to stakeholder needs for specialized information on FIs' policies, procedures and transactions. Commercial confidentiality should not be used as an excuse to deny stakeholders information.

6. Commitment to Sustainable Markets and Governance

FIs should ensure that markets are more capable of fostering sustainability by actively supporting public policy, regulatory and/or market mechanisms which facilitate sustainability and that foster the full cost accounting of social and environmental externalities.

Further information:

Document on the web: http://www.banktrack.org/doc/File/BankTrack_publications/Collevocchio_Declaration/030401_Collevocchio_Declaration.pdf

Equator Principles

July 2006

A financial industry benchmark for determining, assessing and managing social & environmental risk in project financing

PREAMBLE

Project financing, a method of funding in which the lender looks primarily to the revenues generated by a single project both as the source of repayment and as security for the exposure, plays an important role in financing development throughout the world.⁶¹ Project financiers may encounter social and environmental issues that are both complex and challenging, particularly with respect to projects in the emerging markets.

The Equator Principles Financial Institutions (EPFIs) have consequently adopted these Principles in order to ensure that the projects we finance are developed in a manner that is socially responsible and reflect sound environmental management practices. By doing so, negative impacts on project-affected ecosystems and communities should be avoided where possible, and if these impacts are unavoidable, they should be reduced, mitigated and/or compensated for appropriately. We believe that adoption of and adherence to these Principles offers significant benefits to ourselves, our borrowers and local stakeholders through our borrowers' engagement with locally affected communities. We therefore recognise that our role as financiers affords us opportunities to promote responsible environmental stewardship and socially responsible development. As such, EPFIs will consider reviewing these Principles from time-to-time based on implementation experience, and in order to reflect ongoing learning and emerging good practice.

These Principles are intended to serve as a common baseline and framework for the implementation by each EPFI of its own internal social and environmental policies, procedures and standards related to its project financing activities. We will not provide loans to projects where the borrower will not or is unable to comply with our respective social and environmental policies and procedures that implement the Equator Principles.

The consequence is that repayment depends primarily on the project's cash flow and on the collateral value of the project's assets." Source: *Basel Committee on Banking Supervision*, International Convergence of Capital Measurement and Capital Standards ("Basel II"), November 2005. <http://www.bis.org/publ/bcbs118.pdf>.

SCOPE

The Principles apply to all new project financings globally with total project capital costs of US\$10 million or more, and across all industry sectors. In addition, while the Principles are not intended to be applied retroactively, we will apply them to all project financings covering expansion or upgrade of an existing facility where changes in scale or scope may create significant environmental and/or social impacts, or significantly change the nature or degree of an existing impact.

⁶¹ Project finance is "a method of funding in which the lender looks primarily to the revenues generated by a single project, both as the source of repayment and as security for the exposure. This type of financing is usually for large, complex and expensive installations that might include, for example, power plants, chemical processing plants, mines, transportation infrastructure, environment, and telecommunications infrastructure. Project finance may take the form of financing of the construction of a new capital installation, or refinancing of an existing installation, with or without improvements. In such transactions, the lender is usually paid solely or almost exclusively out of the money generated by the contracts for the facility's output, such as the electricity sold by a power plant. The borrower is usually an SPE (Special Purpose Entity) that is not permitted to perform any function other than developing, owning, and operating the installation.

The Principles also extend to project finance advisory activities. In these cases, EPFIs commit to make the client aware of the content, application and benefits of applying the Principles to the anticipated project, and request that the client communicate to the EPFI its intention to adhere to the requirements of the Principles when subsequently seeking financing.

STATEMENT OF PRINCIPLES

EPFIs will only provide loans to projects that conform to Principles 1-9 below:

Principle 1: Review and Categorisation

When a project is proposed for financing, the EPFI will, as part of its internal social and environmental review and due diligence, categorise such project based on the magnitude of its potential impacts and risks in accordance with the environmental and social screening criteria of the International Finance Corporation (IFC) (Exhibit I).

Principle 2: Social and Environmental Assessment

For each project assessed as being either Category A or Category B, the borrower has conducted a Social and Environmental Assessment (“Assessment”) process⁶² to address, as appropriate and to the EPFI’s satisfaction, the relevant social and environmental impacts and risks of the proposed project (which may include, if relevant, the illustrative list of issues as found in Exhibit II). The Assessment should also propose mitigation and management measures relevant and appropriate to the nature and scale of the proposed project.

Principle 3: Applicable Social and Environmental Standards

For projects located in non-OECD countries, and those located in OECD countries not designated as High-Income, as defined by the World Bank Development Indicators Database, the Assessment will refer to the then applicable IFC Performance Standards (Exhibit III) and the then applicable Industry Specific EHS Guidelines (“EHS Guidelines”) (Exhibit IV). The Assessment will establish to a participating EPFI’s satisfaction the project’s overall compliance with, or justified deviation from, the respective Performance Standards and EHS Guidelines.

The regulatory, permitting and public comment process requirements in High-Income OECD Countries, as defined by the World Bank Development Indicators Database, generally meet or exceed the requirements of the IFC Performance Standards (Exhibit III) and EHS Guidelines (Exhibit IV). Consequently, to avoid duplication and streamline EPFI’s review of these projects, successful completion of an Assessment (or its equivalent) process under and in compliance with local or national law in High-Income OECD Countries is considered to be an acceptable substitute for the IFC Performance Standards, EHS Guidelines and further requirements as detailed in Principles 4, 5 and 6 below. For these projects, however, the EPFI still categorises and reviews the project in accordance with Principles 1 and 2 above.

The Assessment process in both cases should address compliance with relevant host country laws, regulations and permits that pertain to social and environmental matters.

Principle 4: Action Plan and Management System

For all Category A and Category B projects located in non-OECD countries, and those located in OECD countries not designated as High-Income, as defined by the World Bank Development

⁶² Social and Environmental Assessment is a process that determines the social and environmental impacts and risks (including labour, health, and safety) of a proposed project in its area of influence. For the purposes of Equator Principles compliance, this will be an adequate, accurate and objective evaluation and presentation of the issues, whether prepared by the borrower, consultants or external experts. Depending on the nature and scale of the project, the assessment document may comprise a full-scale social and environmental impact assessment, a limited or focused environmental or social assessment (e.g. audit), or straight-forward application of environmental siting, pollution standards, design criteria, or construction standards. One or more specialised studies may also need to be undertaken.

Indicators Database, the borrower has prepared an Action Plan (AP)⁶³ which addresses the relevant findings, and draws on the conclusions of the Assessment. The AP will describe and prioritise the actions needed to implement mitigation measures, corrective actions and monitoring measures necessary to manage the impacts and risks identified in the Assessment. Borrowers will build on, maintain or establish a Social and Environmental Management System that addresses the management of these impacts, risks, and corrective actions required to comply with applicable host country social and environmental laws and regulations, and requirements of the applicable Performance Standards and EHS Guidelines, as defined in the AP.

For projects located in High-Income OECD countries, EPFIs may require development of an Action Plan based on relevant permitting and regulatory requirements, and as defined by host-country law.

Principle 5: Consultation and Disclosure

For all Category A and, as appropriate, Category B projects located in non-OECD countries, and those located in OECD countries not designated as High-Income, as defined by the World Bank Development Indicators Database, the government, borrower or third party expert has consulted with project affected communities in a structured and culturally appropriate manner.⁶⁴ For projects with significant adverse impacts on affected communities, the process will ensure their free, prior and informed consultation and facilitate their informed participation as a means to establish, to the satisfaction of the EPFI, whether a project has adequately incorporated affected communities' concerns.⁶⁵

In order to accomplish this, the Assessment documentation and AP, or non-technical summaries thereof, will be made available to the public by the borrower for a reasonable minimum period in the relevant local language and in a culturally appropriate manner. The borrower will take account of and document the process and results of the consultation, including any actions agreed resulting from the consultation. For projects with adverse social or environmental impacts, disclosure should occur early in the Assessment process and in any event before the project construction commences, and on an ongoing basis.

Principle 6: Grievance Mechanism

For all Category A and, as appropriate, Category B projects located in non-OECD countries, and those located in OECD countries not designated as High-Income, as defined by the World Bank Development Indicators Database, to ensure that consultation, disclosure and community engagement continues throughout construction and operation of the project, the borrower will, scaled to the risks and adverse impacts of the project, establish a grievance mechanism as part of the management system. This will allow the borrower to receive and facilitate resolution of concerns and grievances about the project's social and environmental performance raised by individuals or groups from among project-affected communities. The borrower will inform the affected communities about the mechanism in the course of its community engagement process

⁶³ The Action Plan may range from a brief description of routine mitigation measures to a series of documents (e.g., resettlement action plan, indigenous peoples plan, emergency preparedness and response plan, decommissioning plan, etc). The level of detail and complexity of the Action Plan and the priority of the identified measures and actions will be commensurate with the project's potential impacts and risks. Consistent with Performance Standard 1, the internal Social and Environmental Management System will incorporate the following elements: (i) Social and Environmental Assessment; (ii) management program; (iii) organisational capacity; (iv) training; (v) community engagement; (vi) monitoring; and (vii) reporting.

⁶⁴ 4 Affected communities are communities of the local population within the project's area of influence who are likely to be adversely affected by the project. Where such consultation needs to be undertaken in a structured manner, EPFIs may require the preparation of a Public Consultation and Disclosure Plan (PCDP).

⁶⁵ 5 Consultation should be "free" (free of external manipulation, interference or coercion, and intimidation), "prior" (timely disclosure of information) and "informed" (relevant, understandable and accessible information), and apply to the entire project process and not to the early stages of the project alone. The borrower will tailor its consultation process to the language preferences of the affected communities, their decision-making processes, and the needs of disadvantaged or vulnerable groups. Consultation with Indigenous Peoples must conform to specific and detailed requirements as found in Performance Standard 7. Furthermore, the special rights of Indigenous Peoples as recognised by host-country legislation will need to be addressed.

and ensure that the mechanism addresses concerns promptly and transparently, in a culturally appropriate manner, and is readily accessible to all segments of the affected communities.

Principle 7: Independent Review

For all Category A projects and, as appropriate, for Category B projects, an independent social or environmental expert not directly associated with the borrower will review the Assessment, AP and consultation process documentation in order to assist EPFI's due diligence, and assess Equator Principles compliance.

Principle 8: Covenants

An important strength of the Principles is the incorporation of covenants linked to compliance. For Category A and B projects, the borrower will covenant in financing documentation:

- a) to comply with all relevant host country social and environmental laws, regulations and permits in all material respects;
- b) to comply with the AP (where applicable) during the construction and operation of the project in all material respects;
- c) to provide periodic reports in a format agreed with EPFIs (with the frequency of these reports proportionate to the severity of impacts, or as required by law, but not less than annually), prepared by in-house staff or third party experts, that i) document compliance with the AP (where applicable), and ii) provide representation of compliance with relevant local, state and host country social and environmental laws, regulations and permits; and
- d) to decommission the facilities, where applicable and appropriate, in accordance with an agreed decommissioning plan.

Where a borrower is not in compliance with its social and environmental covenants, EPFIs will work with the borrower to bring it back into compliance to the extent feasible, and if the borrower fails to re-establish compliance within an agreed grace period, EPFIs reserve the right to exercise remedies, as they consider appropriate.

Principle 9: Independent Monitoring and Reporting

To ensure ongoing monitoring and reporting over the life of the loan, EPFIs will, for all Category A projects, and as appropriate, for Category B projects, require appointment of an independent environmental and/or social expert, or require that the borrower retain qualified and experienced external experts to verify its monitoring information which would be shared with EPFIs.

Principle 10: EPFI Reporting

Each EPFI adopting the Equator Principles commits to report publicly at least annually about its Equator Principles implementation processes and experience, taking into account appropriate confidentiality considerations.⁶⁶

DISCLAIMER

The adopting EPFIs view these Principles as a financial industry benchmark for developing individual, internal social and environmental policies, procedures and practices. As with all internal policies, these Principles do not create any rights in, or liability to, any person, public or private. Institutions are adopting and implementing these Principles voluntarily and independently, without reliance on or recourse to IFC or the World Bank.

⁶⁶ Such reporting should at a minimum include the number of transactions screened by each EPFI, including the categorisation accorded to transactions (and may include a breakdown by sector or region), and information regarding implementation.

Exhibit I: Categorisation of projects

As part of their review of a project's expected social and environmental impacts, EPFIs use a system of social and environmental categorisation, based on IFC's environmental and social screening criteria, to reflect the magnitude of impacts understood as a result of assessment.

These categories are:

- **Category A** – Projects with potential significant adverse social or environmental impacts that are diverse, irreversible or unprecedented;
-
- **Category B** – Projects with potential limited adverse social or environmental impacts that are few in number, generally site-specific, largely reversible and readily addressed through mitigation measures; and
-
- **Category C** – Projects with minimal or no social or environmental impacts.

Exhibit II:

Illustrative list of potential social and environmental issues to be addressed in the Social and Environmental Assessment documentation

In the context of the business of the project, the Assessment documentation will address, where applicable, the following issues:

- a) assessment of the baseline social and environmental conditions
- b) consideration of feasible environmentally and socially preferable alternatives
- c) requirements under host country laws and regulations, applicable international treaties and agreements
- d) protection of human rights and community health, safety and security (including risks, impacts and management of project's use of security personnel)
- e) protection of cultural property and heritage
- f) protection and conservation of biodiversity, including endangered species and sensitive ecosystems in modified, natural and critical habitats, and identification of legally protected areas
- g) sustainable management and use of renewable natural resources (including sustainable resource management through appropriate independent certification systems)
- h) use and management of dangerous substances
- i) major hazards assessment and management
- j) labour issues (including the four core labour standards), and occupational health and safety
- k) fire prevention and life safety
- l) socio-economic impacts
- m) land acquisition and involuntary resettlement
- n) impacts on affected communities, and disadvantaged or vulnerable groups
- o) impacts on indigenous peoples, and their unique cultural systems and values
- p) cumulative impacts of existing projects, the proposed project, and anticipated future projects
- q) consultation and participation of affected parties in the design, review and implementation of the project
- r) efficient production, delivery and use of energy
- s) pollution prevention and waste minimisation, pollution controls (liquid effluents and air emissions) and solid and chemical waste management

Note: The above list is for illustrative purposes only. The Social and Environmental Assessment process of each project may or may not identify all issues noted above, or be relevant to every project.

Exhibit III: IFC Performance Standards on Social and Environmental Sustainability

As of April 30, 2006, the following list of IFC Performance Standards were applicable:

- Performance Standard 1: Social & Environmental Assessment & Management System
- Performance Standard 2: Labor and Working Conditions
- Performance Standard 3: Pollution Prevention and Abatement
- Performance Standard 4: Community Health, Safety and Security
- Performance Standard 5: Land Acquisition and Involuntary Resettlement
- Performance Standard 6: Biodiversity Conservation and Sustainable Natural Resource Management
- Performance Standard 7: Indigenous Peoples
- Performance Standard 8: Cultural Heritage

Note: The IFC has developed a set of Guidance Notes to accompany each Performance Standard. While not formally adopting the Guidance Notes, EPFIs or borrowers may use the Guidance Notes as useful points of reference when seeking further guidance on or interpretation of the Performance Standards. The IFC Performance Standards, Guidance Notes and Industry Sector EHS Guidelines can be found at www.ifc.org/enviro

Exhibit IV: Industry-Specific Environmental, Health and Safety (EHS) Guidelines

EPFIs will utilise the appropriate environmental, health and safety (EHS) guidelines used by IFC which are now in place, and as may be amended from time-to-time.

IFC is using two complementary sets of EHS Guidelines available at the IFC website (www.ifc.org/enviro). These sets consist of all the environmental guidelines contained in Part III of the World Bank's Pollution Prevention and Abatement Handbook (PPAH) which went into official use on July 1, 1998 and a series of environmental, health and safety guidelines published on the IFC website between 1991 and 2003. Ultimately new guidelines, incorporating the concepts of cleaner production and environmental management systems, will be written to replace this series of industry sector, PPAH and IFC guidelines.

Where no sector specific guideline exists for a particular project then the PPAH's General Environmental Guidelines and the IFC Occupational Health and Safety Guidelines (2003) are applied, with modifications as necessary to suit the project.*

The table below lists both the World Bank Guidelines and the IFC Guidelines as of March 1, 2006.

Industry Specific EHS Guidelines:

World Bank Guidelines (PPAH) IFC Guidelines	IFC Guidelines
1. Aluminum Manufacturing	1. Airports
2. Base Metal and Iron Ore Mining	2. Ceramic Tile Manufacturing
3. Breweries	3. Construction Materials Plants
4. Cement Manufacturing	4. Electric Power Transmission and Distribution
5. Chlor-Alkali Plants	5. Fish Processing
6. Coal Mining and Production	6. Food and Beverage Processing
7. Coke Manufacturing	7. Forestry Operations: Logging
8. Copper Smelting	8. Gas Terminal Systems

9. Dairy Industry	9. Geothermal Projects
10. Dye Manufacturing	10. Hazardous Materials Management
11. Electronics Manufacturing	11. Health Care
12. Electroplating Industry	12. Life & Fire Safety
13. Foundries	13. Occupational Health and Safety
14. Fruit and Vegetable Processing	14. Office Buildings
15. General Environmental Guidelines	15. Offshore Oil & Gas
16. Glass Manufacturing	16. Polychlorinated Biphenyls (PCBs)
17. Industrial Estates	17. Pesticide Handling and Application
18. Iron and Steel Manufacturing	18. Plantations
19. Lead and Zinc Smelting	19. Port and Harbor Facilities
20. Meat Processing and Rendering	20. Rail Transit Systems
21. Mini Steel Mills	21. Roads and Highways
22. Mixed Fertilizer Plants	22. Telecommunications
23. Monitoring	23. Tourism and Hospitality Development
24. Nickel Smelting and Refining	24. Waste Management Facilities
25. Nitrogenous Fertilizer Plants	25. Wastewater Reuse
26. Oil and Gas Development (Onshore)	26. Wildland Management
27. Pesticides Formulation	27. Wind Energy Conversion Systems
28. Pesticides Manufacturing	28. Wood Products Industries
29. Petrochemicals Manufacturing	
30. Petroleum Refining	
31. Pharmaceutical Manufacturing	
32. Phosphate Fertilizer Plants	
33. Printing Industry	
34. Pulp and Paper Mills	
35. Sugar Manufacturing	
36. Tanning and Leather Finishing	
37. Textiles Industry	
38. Thermal Power Guidelines for New Plants	
39. Thermal Power Rehabilitation of Existing Plants	
40. Vegetable Oil Processing	
41. Wood Preserving Industry	

* Exception (the following are World Bank Guidelines not contained in the PPAH and currently in use)

Mining and Milling - Underground
Mining and Milling - Open Pit

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Further Information

See the Equator Principles web site: <http://www.equator-principles.com/>

Statement of Environmental Commitment by the Insurance Industry

Preamble

The insurance industry recognizes that economic development needs to be compatible with human welfare and a healthy environment. To ignore this is to risk increasing social, environmental and financial costs. Our Industry plays an important role in managing and reducing environmental risk, in conjunction with governments, individuals and organizations. We are committed to work together to address key issues such as pollution reduction, the efficient use of resources, and climate change. We endeavour to identify realistic, sustainable solutions.

1. General Principles of Sustainable Development

1.1 We regard sustainable development, defined as development that meets the needs of the present without compromising the ability of future generations to meet their own needs, as a fundamental aspect of sound business management.

1.2 We believe that sustainable development is best achieved by allowing markets to work within an appropriate framework of cost efficient regulations and economic instruments. Government has a leadership role in establishing and enforcing long term priorities and values.

1.3 We regard a strong, proactive insurance industry as an important contributor to sustainable development, through its interaction with other economic sectors and consumers.

1.4 We believe that the existing skills and techniques of our industry in understanding uncertainty, identifying and quantifying risk, and responding to risk, are core strengths in managing environmental problems.

1.5 We recognize the precautionary principle, in that it is not possible to quantify some concerns sufficiently, nor indeed to reconcile all impacts in purely financial terms. Research is needed to reduce uncertainty but cannot eliminate it entirely.

2. Environmental Management

2.1 We will reinforce the attention given to environmental risks in our core activities. These activities include risk management, loss prevention, product design, claims handling and asset management.

2.2 We are committed to manage internal operations and physical assets under our control in a manner that reflects environmental considerations.

2.3 We will periodically review our management practices, to integrate relevant developments of environmental management in our planning, marketing, employee communications and training as well as our other core activities.

2.4 We encourage research in these and related issues. Responses to environmental issues can vary in effectiveness and cost. We encourage research that identifies creative and effective solutions.

2.5 We support insurance products and services that promote sound environmental practice through measures such as loss prevention and contract terms and conditions. While satisfying requirements for security and profitability, we will seek to include environmental considerations in our asset management.

2.6 We will conduct regular internal environmental reviews, and will seek to create measurable environmental goals and standards.

2.7 We shall comply with all applicable local, national and international environmental regulations. Beyond compliance, we will strive to develop and adopt best practices in environmental management. We will support our clients, partners and suppliers to do likewise.

3. Public Awareness and Communications

3.1 Bearing in mind commercial confidence, we are committed to share relevant information with our stakeholders, including clients, intermediaries, shareholders, employees and regulators. By doing so we will improve society's response to environmental challenges.

3.2 Through dialogue with public authorities and other bodies we aim to contribute to the creation of a more effective framework for sustainable development.

3.3 We will work with the United Nations Environment Programme to further the principles and goals of this Statement, and look for UNEP's active support.

3.4 We will encourage other insurance institutions to support this Statement. We are committed to share with them our experiences and knowledge in order to extend best practices.

3.5 We will actively communicate our environmental activities to the public, review the success of this Statement periodically, and we expect all signatories to make real progress.

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Further information:

On the web: <http://www.unepfi.org/signatories/statements/ii/>

London Principles of Sustainable Finance

The London Principles of Sustainable Finance were developed in the UK as one of the initiatives Prime Minister Tony Blair would take to the World Summit on Sustainable Development in Johannesburg.

The Centre for Sustainable Investment at the UK organization Forum for the Future took a lead role in developing the principles. The role of the principles includes continuing the progress of the financial industry towards financing sustainable development.

Signatories agree, where relevant to the product and geographical scope of their business, to

Economic Prosperity

- | | |
|-------------|---------------------------------------------------------------------------------------------------------------------------------|
| Principle 1 | Provide access to finance and risk management products for investment, innovation and the most efficient use of existing assets |
| Principle 2 | Promote transparency and high standards of corporate governance in themselves and in the activities being financed |

Environmental protection

- | | |
|-------------|-------------------------------------------------------------------------------------------------------------|
| Principle 3 | Reflect the cost of environmental and social risks in the pricing of financial and risk management products |
| Principle 4 | Exercise equity ownership to promote efficient and sustainable asset use and risk management |
| Principle 5 | Provide access to finance for the development of environmentally beneficial technologies |

Social development

- | | |
|-------------|-----------------------------------------------------------------------------------------------------------------------------------|
| Principle 6 | Exercise equity ownership to promote high standards of corporate social responsibility by the activities being financed |
| Principle 7 | Provide access to market finance and risk management products to businesses in disadvantaged communities and developing economies |

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Further Information

Web site:

www.cityoflondon.gov.uk/Corporation/living_environment/sustainability/sustainable_finance.htm#lp

UN Principles for Responsible Investment

2006

As institutional investors, we have a duty to act in the best long-term interests of our beneficiaries. In this fiduciary role, we believe that environmental, social, and corporate governance (ESG) issues can affect the performance of investment portfolios (to varying degrees across companies, sectors, regions, asset classes and through time). We also recognise that applying these Principles may better align investors with broader objectives of society. Therefore, where consistent with our fiduciary responsibilities, we commit to the following:

1 We will incorporate ESG issues into investment analysis and decision-making processes.

Possible actions:

- Address ESG issues in investment policy statements
- Support development of ESG-related tools, metrics, and analyses
- Assess the capabilities of internal investment managers to incorporate ESG issues
- Assess the capabilities of external investment managers to incorporate ESG issues
- Ask investment service providers (such as financial analysts, consultants, brokers, research firms, or rating companies) to integrate ESG factors into evolving research and analysis
- Encourage academic and other research on this theme
- Advocate ESG training for investment professionals

2 We will be active owners and incorporate ESG issues into our ownership policies and practices.

Possible actions:

- Develop and disclose an active ownership policy consistent with the Principles
- Exercise voting rights or monitor compliance with voting policy (if outsourced)
- Develop an engagement capability (either directly or through outsourcing)
- Participate in the development of policy, regulation, and standard setting (such as promoting and protecting shareholder rights)
- File shareholder resolutions consistent with long-term ESG considerations
- Engage with companies on ESG issues
- Participate in collaborative engagement initiatives
- Ask investment managers to undertake and report on ESG-related engagement

3 We will seek appropriate disclosure on ESG issues by the entities in which we invest.

Possible actions:

- Ask for standardised reporting on ESG issues (using tools such as the Global Reporting Initiative)
- Ask for ESG issues to be integrated within annual financial reports
- Ask for information from companies regarding adoption of/adherence to relevant norms, standards, codes of conduct or international initiatives (such as the UN Global Compact)
- Support shareholder initiatives and resolutions promoting ESG disclosure

4 We will promote acceptance and implementation of the Principles within the investment industry.

Possible actions:

- Include Principles-related requirements in requests for proposals (RFPs)
- Align investment mandates, monitoring procedures, performance indicators and incentive structures accordingly (for example, ensure investment management processes reflect long-term time horizons when appropriate)
- Communicate ESG expectations to investment service providers
- Revisit relationships with service providers that fail to meet ESG expectations
- Support the development of tools for benchmarking ESG integration
- Support regulatory or policy developments that enable implementation of the Principles

5 We will work together to enhance our effectiveness in implementing the Principles.

Possible actions:

- Support/participate in networks and information platforms to share tools, pool resources, and make use of investor reporting as a source of learning
- Collectively address relevant emerging issues
- Develop or support appropriate collaborative initiatives

6 We will each report on our activities and progress towards implementing the Principles.

Possible actions:

- Disclose how ESG issues are integrated within investment practices
- Disclose active ownership activities (voting, engagement, and/or policy dialogue)
- Disclose what is required from service providers in relation to the Principles
- Communicate with beneficiaries about ESG issues and the Principles
- Report on progress and/or achievements relating to the Principles using a 'Comply or Explain'¹ approach
- Seek to determine the impact of the Principles
- Make use of reporting to raise awareness among a broader group of stakeholders

¹The Comply or Explain approach requires signatories to report on how they implement the Principles, or provide an explanation where they do not comply with them.

The Principles for Responsible Investment were developed by an international group of institutional investors reflecting the increasing relevance of environmental, social and corporate governance issues to investment practices. The process was convened by the United Nations Secretary-General.

In signing the Principles, we as investors publicly commit to adopt and implement them, where consistent with our fiduciary responsibilities. We also commit to evaluate the effectiveness and improve the content of the Principles over time. We believe this will improve our ability to meet commitments to beneficiaries as well as better align our investment activities with the broader interests of society.

We encourage other investors to adopt the Principles.

For further information see <http://www.unpri.org/principles/>.

UNEP Statement by Financial Institutions on the Environment & Sustainable Development

1997

The United Nations Environment Programme (UNEP) founded a Financial Institutions Initiative in 1992 to engage financial institutions in dialogue on sustainable development. Activities of the Initiative are directed by a steering committee of eleven representatives from member financial institutions, one representative from UNEP, and a non-voting representative from the World Bank/IFC.

A core part of this initiative is to foster endorsement of the UNEP Statement by Financial Institutions, which commits signatories to incorporating environmentally sound practices into their operations. As of July 2004 over 160 financial institutions were signatories to the statement which was last revised in 1997.

The UNEP Financial Institutions Initiative plans to undertake a major revision of the principles and launch the new principles in September 2005.

We members of the financial services industry recognize that sustainable development depends upon a positive interaction between economic and social development, and environmental protection, to balance the interests of this and future generations. We further recognize that sustainable development is the collective responsibility of government, business, and individuals. We are committed to working cooperatively with these sectors within the framework of market mechanisms toward common environmental goals.

1. Commitment to Sustainable Development

- 1.1 We regard sustainable development as a fundamental aspect of sound business management.
- 1.2 Believe that sustainable development can best be achieved by allowing markets to work within an appropriate framework of cost-efficient regulations and economic instruments. Governments in all countries have a leadership role in establishing and enforcing long-term common environmental priorities and values.
- 1.3 We regard the financial services sector as an important contributor towards sustainable development, in association with other economic sectors.
- 1.4 We recognize that sustainable development is a corporate commitment and an integral part of our pursuit of good corporate citizenship.

2. Environmental Management and Financial Institutions

- 2.1 We support the precautionary approach to environmental management, which strives to anticipate and prevent potential environmental degradation.
- 2.2 We are committed to complying with local, national, and international environmental regulations applicable to our operations and business services. We will work towards

integrating environmental considerations into our operations, asset management, and other business decisions, in all markets.

- 2.3 We recognize that identifying and quantifying environmental risks should be part of the normal process of risk assessment and management, both in domestic and international operations. With regard to our customers, we regard compliance with applicable environmental regulations and the use of sound environmental practices as important factors in demonstrating effective corporate management.
- 2.4 We will endeavor to pursue the best practice in environmental management, including energy efficiency, recycling and waste reduction. We will seek to form business relations with partners, suppliers, and subcontractors who follow similarly high environmental standards.
- 2.5 We intend to update our practices periodically to incorporate relevant developments in environmental management. We encourage the industry to undertake research in these and related areas.
- 2.6 We recognize the need to conduct internal environmental reviews on a periodic basis, and to measure our activities against our environmental goals.
- 2.7 We encourage the financial services sector to develop products and services which will promote environmental protection.

3. Public Awareness and Communication

- 3.1 We recommend that financial institutions develop and publish a statement of their environmental policy and periodically report on the steps they have taken to promote integration of environmental considerations into their operations.
- 3.2 We will share information with customers, as appropriate, so that they may strengthen their own capacity to reduce environmental risk and promote sustainable development.
- 3.3 We will foster openness and dialogue relating to environmental matters with relevant audiences, including shareholders, employees, customers, governments, and the public.
- 3.4 We ask the United Nations Environment Programme (UNEP) to assist the industry to further the principles and goals of this Statement by providing, within its capacity, relevant information relating to sustainable development.
- 3.5 We will encourage other financial institutions to support this Statement. We are committed to share with them our experiences and knowledge in order to extend best practices.
- 3.6 We will work with UNEP periodically to review the success in implementing this Statement and will revise it as appropriate.

We, the undersigned, endorse the principles set forth in the above statement and will endeavor to ensure that our policies and business actions promote the consideration of the environment and sustainable development.

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Further information:

UNDP Financial Institutions Initiative web site:

<http://www.unepfi.org/signatories/statements/fi/index.html>

FAO Code of Conduct for Responsible Fisheries

The following is an abridged version of the complete Convention. See link in “Further Information” section below for complete text and annotations.

ARTICLE 1 - NATURE AND SCOPE OF THE CODE

1.1 This Code is voluntary. However, certain parts of it are based on relevant rules of international law, including those reflected in the United Nations Convention on the Law of the Sea of 10 December 1982. The Code also contains provisions that may be or have already been given binding effect by means of other obligatory legal instruments amongst the Parties, such as the Agreement to Promote Compliance with International Conservation and Management Measures by Fishing Vessels on the High Seas, 1993, which, according to FAO Conference resolution 15/93, paragraph 3, forms an integral part of the Code.

1.2 The Code is global in scope, and is directed toward members and non-members of FAO, fishing entities, subregional, regional and global organizations, whether governmental or non-governmental, and all persons concerned with the conservation of fishery resources and management and development of fisheries, such as fishers, those engaged in processing and marketing of fish and fishery products and other users of the aquatic environment in relation to fisheries.

1.3 The Code provides principles and standards applicable to the conservation, management and development of all fisheries. It also covers the capture, processing and trade of fish and fishery products, fishing operations, aquaculture, fisheries research and the integration of fisheries into coastal area management.

1.4 In this Code, the reference to States includes the European Community in matters within its competence, and the term fisheries applies equally to capture fisheries and aquaculture.

ARTICLE 2 - OBJECTIVES OF THE CODE

The objectives of the Code are to:

1. establish principles, in accordance with the relevant rules of international law, for responsible fishing and fisheries activities, taking into account all their relevant biological, technological, economic, social, environmental and commercial aspects;
2. establish principles and criteria for the elaboration and implementation of national policies for responsible conservation of fisheries resources and fisheries management and development;
3. serve as an instrument of reference to help States to establish or to improve the legal and institutional framework required for the exercise of responsible fisheries and in the formulation and implementation of appropriate measures;

4. provide guidance which may be used where appropriate in the formulation and implementation of international agreements and other legal instruments, both binding and voluntary;
5. facilitate and promote technical, financial and other cooperation in conservation of fisheries resources and fisheries management and development;
6. promote the contribution of fisheries to food security and food quality, giving priority to the nutritional needs of local communities;
7. promote protection of living aquatic resources and their environments and coastal areas;
8. promote the trade of fish and fishery products in conformity with relevant international rules and avoid the use of measures that constitute hidden barriers to such trade;
9. promote research on fisheries as well as on associated ecosystems and relevant environmental factors; and
10. provide standards of conduct for all persons involved in the fisheries sector.

ARTICLE 3 - RELATIONSHIP WITH OTHER INTERNATIONAL INSTRUMENTS

3.1 The Code is to be interpreted and applied in conformity with the relevant rules of international law, as reflected in the United Nations Convention on the Law of the Sea, 1982. Nothing in this Code prejudices the rights, jurisdiction and duties of States under international law as reflected in the Convention.

3.2 The Code is also to be interpreted and applied:

1. in a manner consistent with the relevant provisions of the Agreement for the Implementation of the Provisions of the United Nations Convention on the Law of the Sea of 10 December 1982 Relating to the Conservation and Management of Straddling Fish Stocks and Highly Migratory Fish Stocks;

2. in accordance with other applicable rules of international law, including the respective obligations of States pursuant to international agreements to which they are party; and

3. in the light of the 1992 Declaration of Cancun, the 1992 Rio Declaration on Environment and Development, and Agenda 21 adopted by the United Nations Conference on Environment and Development (UNCED), in particular Chapter 17 of Agenda 21, and other relevant declarations and international instruments.

ARTICLE 4 - IMPLEMENTATION, MONITORING AND UPDATING

4.1 All members and non-members of FAO, fishing entities and relevant subregional, regional and global organizations, whether governmental or non-governmental, and all persons concerned with the conservation, management and utilization of fisheries resources and trade in fish and fishery products should collaborate in the fulfilment and implementation of the objectives and principles contained in this Code.

4.2 FAO, in accordance with its role within the United Nations system, will monitor the application and implementation of the Code and its effects on fisheries and the Secretariat will report accordingly to the Committee on Fisheries (COFI). All States, whether members or non-members of FAO, as well as relevant international organizations, whether governmental or non-governmental should actively cooperate with FAO in this work.

4.3 FAO, through its competent bodies, may revise the Code, taking into account developments in fisheries as well as reports to COFI on the implementation of the Code.

4.4 States and international organizations, whether governmental or non-governmental, should promote the understanding of the Code among those involved in fisheries, including, where practicable, by the introduction of schemes which would promote voluntary acceptance of the Code and its effective application.

ARTICLE 5 - SPECIAL REQUIREMENTS OF DEVELOPING COUNTRIES

5.1 The capacity of developing countries to implement the recommendations of this Code should be duly taken into account.

5.2 In order to achieve the objectives of this Code and to support its effective implementation, countries, relevant international organizations, whether governmental or non-governmental, and financial institutions should give full recognition to the special circumstances and requirements of developing countries, including in particular the least-developed among them, and small island developing countries. States, relevant intergovernmental and non-governmental organizations and financial institutions should work for the adoption of measures to address the needs of developing countries, especially in the areas of financial and technical assistance, technology transfer, training and scientific cooperation and in enhancing their ability to develop their own fisheries as well as to participate in high seas fisheries, including access to such fisheries.

ARTICLE 6 - GENERAL PRINCIPLES

6.1 States and users of living aquatic resources should conserve aquatic ecosystems. The right to fish carries with it the obligation to do so in a responsible manner so as to ensure effective conservation and management of the living aquatic resources.

6.2 Fisheries management should promote the maintenance of the quality, diversity and availability of fishery resources in sufficient quantities for present and future generations in the context of food security, poverty alleviation and sustainable development. Management measures should not only ensure the conservation of target species but also of species belonging to the same ecosystem or associated with or dependent upon the target species.

6.3 States should prevent overfishing and excess fishing capacity and should implement management measures to ensure that fishing effort is commensurate with the productive capacity of the fishery resources and their sustainable utilization. States should take measures to rehabilitate populations as far as possible and when appropriate.

6.4 Conservation and management decisions for fisheries should be based on the best scientific evidence available, also taking into account traditional knowledge of the resources and their habitat, as well as relevant environmental, economic and social factors. States should assign priority to undertake research and data collection in order to improve scientific and technical knowledge of fisheries including their interaction with the ecosystem. In recognizing the transboundary nature of many aquatic ecosystems, States should encourage bilateral and multilateral cooperation in research, as appropriate.

6.5 States and subregional and regional fisheries management organizations should apply a precautionary approach widely to conservation, management and exploitation of living aquatic resources in order to protect them and preserve the aquatic environment, taking account of the best scientific evidence available. The absence of adequate scientific information should not be used as a reason for postponing or failing to take measures to conserve target species, associated or dependent species and non-target species and their environment.

6.6 Selective and environmentally safe fishing gear and practices should be further developed and applied, to the extent practicable, in order to maintain biodiversity and to conserve the population structure and aquatic ecosystems and protect fish quality. Where proper selective and environmentally safe fishing gear and practices exist, they should be recognized and accorded a priority in establishing conservation and management measures for fisheries. States and users of aquatic ecosystems should minimize waste, catch of non-target species, both fish and non-fish species, and impacts on associated or dependent species.

6.7 The harvesting, handling, processing and distribution of fish and fishery products should be carried out in a manner which will maintain the nutritional value, quality and safety of the products, reduce waste and minimize negative impacts on the environment.

6.8 All critical fisheries habitats in marine and fresh water ecosystems, such as wetlands, mangroves, reefs, lagoons, nursery and spawning areas, should be protected and rehabilitated as far as possible and where necessary. Particular effort should be made to protect such habitats from destruction, degradation, pollution and other significant impacts resulting from human activities that threaten the health and viability of the fishery resources.

6.9 States should ensure that their fisheries interests, including the need for conservation of the resources, are taken into account in the multiple uses of the coastal zone and are integrated into coastal area management, planning and development.

6.10 Within their respective competences and in accordance with international law, including within the framework of subregional or regional fisheries conservation and management organizations or arrangements, States should ensure compliance with and enforcement of conservation and management measures and establish effective mechanisms, as appropriate, to monitor and control the activities of fishing vessels and fishing support vessels.

6.11 States authorizing fishing and fishing support vessels to fly their flags should exercise effective control over those vessels so as to ensure the proper application of this Code. They should ensure that the activities of such vessels do not undermine the effectiveness of conservation and management measures taken in accordance with international law and adopted at the national, subregional, regional or global levels. States should also ensure that vessels flying their flags fulfill their obligations concerning the collection and provision of data relating to their fishing activities.

6.12 States should, within their respective competences and in accordance with international law, cooperate at subregional, regional and global levels through fisheries management organizations, other international agreements or other arrangements to promote conservation and management, ensure responsible fishing and ensure effective conservation and protection of living aquatic resources throughout their range of distribution, taking into account the need for compatible measures in areas within and beyond national jurisdiction.

6.13 States should, to the extent permitted by national laws and regulations, ensure that decision-making processes are transparent and achieve timely solutions to urgent matters. States, in accordance with appropriate procedures, should facilitate consultation and the effective participation of industry, fishworkers, environmental and other interested organizations in decision making with respect to the development of laws and policies related to fisheries management, development, international lending and aid.

6.14 International trade in fish and fishery products should be conducted in accordance with the principles, rights and obligations established in the World Trade Organization (WTO) Agreement and other relevant international agreements. States should ensure that their policies, programmes and practices related to trade in fish and fishery products do not result in obstacles to this trade, environmental degradation or negative social, including nutritional, impacts.

6.15 States should cooperate in order to prevent disputes. All disputes relating to fishing activities and practices should be resolved in a timely, peaceful and cooperative manner, in accordance with applicable international agreements or as may otherwise be agreed between the parties. Pending settlement of a dispute, the States concerned should make every effort to enter into provisional arrangements of a practical nature which should be without prejudice to the final outcome of any dispute settlement procedure.

6.16 States, recognising the paramount importance to fishers and fishfarmers of understanding the conservation and management of the fishery resources on which they depend, should promote awareness of responsible fisheries through education and training. They should ensure that fishers and fishfarmers are involved in the policy formulation and implementation process, also with a view to facilitating the implementation of the Code.

6.17 States should ensure that fishing facilities and equipment as well as all fisheries activities allow for safe, healthy and fair working and living conditions and meet internationally agreed standards adopted by relevant international organizations.

6.18 Recognizing the important contributions of artisanal and small- scale fisheries to employment, income and food security, States should appropriately protect the rights of fishers and fishworkers, particularly those engaged in subsistence, small-scale and artisanal fisheries, to a secure and just livelihood, as well as preferential access, where appropriate, to traditional fishing grounds and resources in the waters under their national jurisdiction.

6.19 States should consider aquaculture, including culture-based fisheries, as a means to promote diversification of income and diet. In so doing, States should ensure that resources are used responsibly and adverse impacts on the environment and on local communities are minimized.

ARTICLE 7 - FISHERIES MANAGEMENT

- * Article 7.1 General
- * Article 7.2 Management objectives
- * Article 7.3 Management framework and procedures
- * Article 7.4 Data gathering and management advice
- * Article 7.5 Precautionary approach
- * Article 7.6 Management measures
- * Article 7.7 Implementation
- * Article 7.8 Financial institutions

ARTICLE 8 - FISHING OPERATIONS

- * Article 8.1 Duties of all States
- * Article 8.2 Flag State duties
- * Article 8.3 Port State duties
- * Article 8.4 Fishing activities
- * Article 8.5 Fishing gear selectivity
- * Article 8.6 Energy optimization
- * Article 8.7 Protection of the aquatic environment
- * Article 8.8 Protection of the atmosphere
- * Article 8.9 Harbours and landing places for fishing vessels
- * Article 8.10 Abandonment of structures and other materials
- * Article 8.11 Artificial reefs and fish aggregation devices

ARTICLE 9 - AQUACULTURE DEVELOPMENT

- * Article 9.1 Resp. dev. of aquaculture under national jurisdiction
- * Article 9.2 Resp. dev. within transboundary aquatic ecosystems
- * Article 9.3 Use of aquatic genetic resources
- * Article 9.4 Responsible aquaculture at the production level

ARTICLE 10 - INTEGRATION OF FISHERIES INTO COASTAL AREA MANAGEMENT

- * Article 10.1 Institutional framework
- * Article 10.2 Policy measures
- * Article 10.3 Regional cooperation
- * Article 10.4 Implementation of Coastal Area Management

ARTICLE 11 - POST-HARVEST PRACTICES AND TRADE

- * Article 11.1 Responsible fish utilization
- * Article 11.2 Responsible international trade
- * Article 11.3 Laws and regulations relating to fish trade

ARTICLE 12 - FISHERIES RESEARCH

12.1 States should recognize that responsible fisheries requires the availability of a sound scientific basis to assist fisheries managers and other interested parties in making decisions. Therefore, States should ensure that appropriate research is conducted into all aspects of fisheries including biology, ecology, technology, environmental science, economics, social science, aquaculture and nutritional science. States should ensure the availability of research facilities and provide appropriate training, staffing and institution building to conduct the research, taking into account the special needs of developing countries.

12.2 States should establish an appropriate institutional framework to determine the applied research which is required and its proper use.

12.3 States should ensure that data generated by research are analyzed, that the results of such analyses are published, respecting confidentiality where appropriate, and distributed in a timely and readily understood fashion, in order that the best scientific evidence is made available as a contribution to fisheries conservation, management and development. In the absence of adequate scientific information, appropriate research should be initiated as soon as possible.

12.4 States should collect reliable and accurate data which are required to assess the status of fisheries and ecosystems, including data on bycatch, discards and waste. Where appropriate, this data should be provided, at an appropriate time and level of aggregation, to relevant States and subregional, regional and global fisheries organizations.

12.5 States should be able to monitor and assess the state of the stocks under their jurisdiction, including the impacts of ecosystem changes resulting from fishing pressure, pollution or habitat alteration. They should also establish the research capacity necessary to assess the effects of climate or environment change on fish stocks and aquatic ecosystems.

12.6 States should support and strengthen national research capabilities to meet acknowledged scientific standards.

12.7 States, as appropriate in cooperation with relevant international organizations, should encourage research to ensure optimum utilization of fishery resources and stimulate the research required to support national policies related to fish as food.

12.8 States should conduct research into, and monitor, human food supplies from aquatic sources and the environment from which they are taken and ensure that there is no adverse health impact on consumers. The results of such research should be made publicly available.

12.9 States should ensure that the economic, social, marketing and institutional aspects of fisheries are adequately researched and that comparable data are generated for ongoing monitoring, analysis and policy formulation.

12.10 States should carry out studies on the selectivity of fishing gear, the environmental impact of fishing gear on target species and on the behaviour of target and non-target species in relation to such fishing gear as an aid for management decisions and with a view to minimizing non-utilized catches as well as safeguarding the biodiversity of ecosystems and the aquatic habitat.

12.11 States should ensure that before the commercial introduction of new types of gear, a scientific evaluation of their impact on the fisheries and ecosystems where they will be used should be undertaken. The effects of such gear introductions should be monitored.

12.12 States should investigate and document traditional fisheries knowledge and technologies, in particular those applied to small-scale fisheries, in order to assess their application to sustainable fisheries conservation, management and development.

12.13 States should promote the use of research results as a basis for the setting of management objectives, reference points and performance criteria, as well as for ensuring adequate linkages between applied research and fisheries management.

12.14 States conducting scientific research activities in waters under the jurisdiction of another State should ensure that their vessels comply with the laws and regulations of that State and international law.

12.15 States should promote the adoption of uniform guidelines governing fisheries research conducted on the high seas.

12.16 States should, where appropriate, support the establishment of mechanisms, including, inter alia, the adoption of uniform guidelines, to facilitate research at the subregional or regional level and should encourage the sharing of the results of such research with other regions.

12.17 States, either directly or with the support of relevant international organizations, should develop collaborative technical and research programmes to improve understanding of the biology, environment and status of transboundary aquatic stocks.

12.18 States and relevant international organizations should promote and enhance the research capacities of developing countries, inter alia, in the areas of data collection and analysis, information, science and technology, human resource development and provision of research facilities, in order for them to participate effectively in the conservation, management and sustainable use of living aquatic resources.

12.19 Competent international organizations should, where appropriate, render technical and financial support to States upon request and when engaged in research investigations aimed at evaluating stocks which have been previously unfished or very lightly fished.

12.20 Relevant technical and financial international organizations should, upon request, support States in their research efforts, devoting special attention to developing countries, in particular the least-developed among them and small island developing countries.

Further information:

On the web: <http://www.fao.org/DOCREP/005/v9878e/v9878e00.htm>

The Marine Stewardship Council Principles and Criteria

The MSC Principles and Criteria for Sustainable Fishing are an environmental standard for sustainable and well-managed fisheries. The Principles and Criteria are based on the *Code of Conduct for Responsible Fisheries*, drawn up by the United Nations Food and Agriculture Organization.

The Marine Stewardship Council (MSC) is an independent, global, non-profit organization based in London. In a bid to reverse the continued decline in the world's fisheries, the MSC is seeking to harness consumer purchasing power to generate change and promote environmentally responsible stewardship of the world's most important renewable food source. Though operating independently since 1999, the MSC was first established by Unilever, the world's largest buyer of seafood, and WWF, the international conservation organization, in 1997.

The full text of the Principles and Criteria for Sustainable Fishing is available at www.msc.org. Excerpted below are the three principles that underlie the Principles and Criteria. In the full text, an explanation of the intent of each principle is given and criteria for evaluating the principle are provided.

PRINCIPLE 1

A fishery must be conducted in a manner that does not lead to over-fishing or depletion of the exploited populations and, for those populations that are depleted, the fishery must be conducted in a manner that demonstrably leads to their recovery.

PRINCIPLE 2

Fishing operations should allow for the maintenance of the structure, productivity, function and diversity of the ecosystem (including habitat and associated dependent and ecologically related species) on which the fishery depends.

PRINCIPLE 3

The fishery is subject to an effective management system that respects local, national and international laws and standards and incorporates institutional and operational frameworks that require use of the resource to be responsible and sustainable.

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Further Information:

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Code of Conduct for the Tea Sector

Code of Conduct for the Tea Sector, *Drafted at the IUF African tea meeting, Arusha, Tanzania, October 1995 and endorsed by the IUF global tea meeting, Coimbatore, India, October 1996.*

The following conditions must exist for fair trade to be possible:

1. Freedom of association to be guaranteed. Recognition of independent, democratic trade unions and the right to organise and bargain collectively.
2. Workers must be paid a living wage.
3. Guaranteed adequate housing, sanitation and safe water.
4. Weekly hours to be fixed at 40 hours over 5 days. Double time for overtime.
5. No child below the school leaving age or the national registration age, whichever is lower, should work on a tea plantation.
6. health and safety standards:
 - provision of protective clothing
 - no use of banned chemicals
 - training in occupational health & safety
 - establishment of safety committees.
7. No discrimination on grounds of gender or race. Equal pay for equal work. Access to training and promotion should be available for women.
8. Vocational training and paid time-off for trade union education.
9. Casual, seasonal, piece-rate and task work should be discouraged but where it is unavoidable, pay and benefits should not be less than those of permanent workers.
10. There should be paid maternity leave of at least 90 days, in addition to annual leave, with no loss of seniority. Paid paternity leave should also be granted.
11. Respect for workers and dignity of labour. Sexual harassment of women will not be tolerated.
12. Provision of welfare facilities and adequate social security provision especially retirement benefits.
13. Workers' children should have access to a crèche and school within reasonable walking distance.
14. Environmentally friendly production of tea should be encouraged

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Further Information

Document on the web: <http://www1.umn.edu/humanrts/links/teacode.html>

International Code of Marketing of Breastmilk Substitutes

Preamble

The Member States of the World Health Organization:

Affirming the right of every child and every pregnant and lactating woman to be adequately nourished as a means of attaining and maintaining health;

Recognizing that infant malnutrition is part of the wider problems of lack of education, poverty, and social injustice;

Recognizing that the health of infants and young children cannot be isolated from the health and nutrition of women, their socio-economic status and their roles as mothers;

Conscious that breastfeeding is an unequalled way of providing ideal food for the healthy growth and development of infants; that it forms a unique biological and emotional basis for the health of both mother and child; that the anti-infective properties of breast milk help to protect infants against disease; and that there is an important relationship between breastfeeding and child spacing;

Recognizing that the encouragement and protection of breastfeeding is an important part of the health, nutrition and other social measures required to promote healthy growth and development of infants and young children; and that breastfeeding is an important aspect of primary health care;

Considering that when mothers do not breastfeed, or only do so partially, there is a legitimate market for infant formula and for suitable ingredients from which to prepare it; that all these products should accordingly be made accessible to those who need them through commercial or noncommercial distribution systems; and that they should not be marketed or distributed in ways that may interfere with the protection and promotion of breastfeeding;

Recognizing further that inappropriate feeding practices lead to infant malnutrition, morbidity and mortality in all countries, and that improper practices in the marketing of breastmilk substitutes and related products can contribute to these major public health problems;

Convinced that it is important for infants to receive appropriate complementary foods, usually when the infant reaches four to six months of age, and that every effort should be made to use locally available foods; and convinced, nevertheless, that such complementary foods should not be used as breastmilk substitutes;

Appreciating that there are a number of social and economic factors affecting breastfeeding, and that, accordingly, governments should develop social support systems to protect, facilitate and encourage it, and that they should create an environment that fosters breastfeeding, provides appropriate family and community support, and protects mothers from factors that inhibit breastfeeding;

Affirming that health care systems, and the health professionals and other health workers serving in them, have an essential role to play in guiding infant feeding practices, encouraging and facilitating breastfeeding, and providing objective and consistent advice to mothers and families

about the superior value of breastfeeding, or, where needed, on the proper use of infant formula, whether manufactured industrially or home prepared;

Affirming further that educational systems and other social services should be involved in the protection and promotion of breastfeeding, and in the appropriate use of complementary foods;

Aware that families, communities, women's organizations and other nongovernmental organizations have a special role to play in the protection and promotion of breastfeeding and in ensuring the support needed by pregnant women and mothers of infants and young children, whether breastfeeding or not.

Affirming the need for governments, organizations of the United Nations system, nongovernmental organizations, experts in various related disciplines, consumer groups and industry to cooperate in activities aimed at the improvement of maternal, infant and young child health and nutrition;

Recognizing that governments should undertake a variety of health, nutrition and other social measures to promote healthy growth and development of infants and young children, and that this Code concerns only one aspect of these measures;

Considering that manufacturers and distributors of breastmilk substitutes have an important and constructive role to play in relation to infant feeding, and in the promotion of the aim of this Code and its proper implementation;

Affirming that governments are called upon to take action appropriate to their social and legislative framework and their overall development objectives to give effect to the principles and aim of this Code, including the enactment of legislation, regulations or other suitable measures;

Believing that, in the light of the foregoing considerations, and in view of the vulnerability of infants in the early months of life and the risks involved in inappropriate feeding practices, including the unnecessary and improper use of breastmilk substitutes, the marketing of breastmilk substitutes requires special treatment, which makes usual marketing practices unsuitable for these products

THEREFORE:

The Member States hereby agree the following articles which are recommended as a basis for action.

M. Article 1. Aim of the Code

The aim of this Code is to contribute to the provision of safe and adequate nutrition for infants, by the protection and promotion of breastfeeding, and by ensuring the proper use of breastmilk substitutes, when these are necessary, on the basis of adequate information and through appropriate marketing and distribution.

N. Article 2. Scope of the Code

The Code applies to the marketing, and practices related thereto, of the following products: breastmilk substitutes, including infant formula; other milk products, foods and beverages, including bottle-fed complementary foods, when marketed or otherwise represented to be suitable, with or without modification, for use as a partial or total replacement of breast-milk; feeding bottles and teats. It also applies to their quality and availability, and to information concerning their use.

O. Article 3. Definitions

For the purposes of this Code:

"Breastmilk substitute" means any food being marketed or otherwise represented as a partial or total replacement for breast milk, whether or not suitable for that purpose.

"Complementary food" means any food, whether manufactured or locally prepared, suitable as a complement to breast milk or to infant formula, when either becomes insufficient to satisfy the nutritional requirements of the infant. Such food is also commonly called "weaning food" or "breastmilk supplement".

"Container" means any form of packaging of products for sale as a normal retail unit, including wrappers.

"Distributor" means a person, corporation or any other entity in the public or private sector engaged in the business (whether directly or indirectly) of marketing at the wholesale or retail level a product within the scope of this Code. A "primary distributor" is a manufacturer's sales agent, representative, national distributor or broker.

"Health care system" means governmental, nongovernmental or private institutions or organizations engaged, directly or indirectly, in health care for mothers, infants and pregnant women; and nurseries or childcare institutions. It also includes health workers in private practice. For the purposes of this Code, the health care system does not include pharmacies or other established sales outlets.

"Health worker" means a person working in a component of such a health care system, whether professional or nonprofessional, including voluntary, unpaid workers.

"Infant formula" means a breastmilk substitute formulated industrially in accordance with applicable Codex Alimentarius standards, to satisfy the normal nutritional requirements of infants up to between four and six months of age, and adapted to their physiological characteristics. Infant formula may also be prepared at home, in which case it is described as "home prepared".

"Label" means any tag, brand, mark, pictorial or other descriptive matter, written, printed, stencilled, marked, embossed or impressed on, or attached to, a container (see above) of any products within the scope of this Code.

"Manufacturer" means a corporation or other entity in the public or private sector engaged in the business or function (whether directly or through an agent or through an entity controlled by or under contract with it) of manufacturing a product within the scope of this Code.

"Marketing" means product promotion, distribution, selling, advertising, product public relations, and information services.

"Marketing personnel" means any persons whose functions involve the marketing of a product or products coming within the scope of this Code.

"Samples" means single or small quantities of a product provided without cost.

"Supplies" means quantities of a product provided for use over an extended period, free or at a low price, for social purposes, including those provided to families in need.

P. Article 4. Information and education

4.1 Governments should have the responsibility to ensure that objective and consistent information is provided on infant and young child feeding for use by families and those involved in

the field of infant and young child nutrition. This responsibility should cover either the planning, provision, design and dissemination of information, or their control.

4.2 Informational and educational materials, whether written, audio, or visual, dealing with the feeding of infants and intended to reach pregnant women and mothers of infants and young children, should include clear information on all the following points:

1. the benefits and superiority of breastfeeding;
2. maternal nutrition, and the preparation for and maintenance of breastfeeding;
3. the negative effect on breastfeeding of introducing partial bottle feeding;
4. the difficulty of reversing the decision not to breastfeed; and
5. where needed, the proper use of infant formula, whether manufactured industrially or home prepared.

When such materials contain information about the use of infant formula, they should include the social and financial implications of its use; the health hazards of inappropriate foods or feeding methods; and, in particular, the health hazards of unnecessary or improper use of infant formula and other breastmilk substitutes. Such materials should not use any pictures or text which may idealize the use of breastmilk substitutes.

4.3 Donations of informational or educational equipment or materials by manufacturers or distributors should be made only at the request and with the written approval of the appropriate government authority or within guidelines given by governments for this purpose. Such equipment or materials may bear the donating company's name or logo, but should not refer to a proprietary product that is within the scope of this Code, and should be distributed only through the health care system.

Q. Article 5. The general public and mothers

5.1 There should be no advertising or other form of promotion to the general public of products within the scope of this Code.

5.2 Manufacturers and distributors should not provide, directly or indirectly, to pregnant women, mothers or members of their families, samples of products within the scope of this Code.

5.3 In conformity with paragraphs 1 and 2 of this Article, there should be no point-of-sale advertising, giving of samples, or any other promotion device to induce sales directly to the consumer at the retail level, such as special displays, discount coupons, premiums, special sales, loss leaders and tie-in sales, for products within the scope of this Code. This provision should not restrict the establishment of pricing policies and practices intended to provide products at lower prices on a long-term basis.

5.4 Manufacturers and distributors should not distribute to pregnant women or mothers of infants and young children any gifts of articles or utensils which may promote the use of breastmilk substitutes or bottle feeding.

5.5 Marketing personnel, in their business capacity, should not seek direct or indirect contact of any kind with pregnant women or with mothers of infants and young children.

Article 6. Health care systems

6.1 The health authorities in Member States should take appropriate measures to encourage and protect breastfeeding and promote the principles of this Code, and should give appropriate information and advice to health workers in regard to their responsibilities, including the information specified in Article 4.2.

6.2 No facility of a health care system should be used for the purpose of promoting infant formula or other products within the scope of this Code. This Code does not, however, preclude the dissemination of information to health professionals as provided in Article 7.2.

6.3 Facilities of health care systems should not be used for the display of products within the scope of this Code, for placards or posters concerning such products, or for the distribution of material provided by a manufacturer or distributor other than that specified in Article 4.

6.4 The use by the health care system of "professional service representatives", "mothercraft nurses" or similar personnel, provided or paid for by manufacturers or distributors, should not be permitted.

6.5 Feeding with infant formula, whether manufactured or home prepared, should be demonstrated only by health workers, or other community workers if necessary; and only to the mothers or family members who need to use it; and the information given should include a clear explanation of the hazards of improper use.

6.6 Donations or low-price sales to institutions or organizations of supplies of infant formula or other products within the scope of this Code, whether for use in the institutions or for distribution outside them, may be made. Such supplies should only be used or distributed for infants who have to be fed on breastmilk substitutes. If these supplies are distributed for use outside the institutions, this should be done only by the institutions or organizations concerned. Such donations or low-price sales should not be used by manufacturers or distributors as a sales inducement.

6.7 Where donated supplies of infant formula or other products within the scope of this Code are distributed outside an institution, the institution or organization should take steps to ensure that supplies can be continued as long as the infants concerned need them. Donors, as well as institutions or organizations concerned, should bear in mind this responsibility.

6.8 Equipment and materials, in addition to those referred to in Article 4.3, donated to a health care system may bear a company's name or logo, but should not refer to any proprietary product within the scope of this Code.

Article 7. Health workers

7.1 Health workers should encourage and protect breastfeeding; and those who are concerned in particular with maternal and infant nutrition should make themselves familiar with their responsibilities under this Code, including the information specified in Article 4.2.

7.2 Information provided by manufacturers and distributors to health professionals regarding products within the scope of this Code should be restricted to scientific and factual matters, and such information should not imply or create a belief that bottle feeding is equivalent or superior to breastfeeding. It should also include the information specified in Article 4.2.

7.3 No financial or material inducements to promote products within the scope of this Code should be offered by manufacturers or distributors to health workers or members of their families, nor should these be accepted by health workers or members of their families.

7.4 Samples of infant formula or other products within the scope of this Code., or of equipment or utensils for their preparation or use, should not be provided to health workers except when necessary for the purpose of professional evaluation or research at the institutional level. Health workers should not give samples of infant formula to pregnant women, mothers of infants and young children, or members of their families.

7.5 Manufacturers and distributors of products within the scope of this Code should disclose to the institution to which a recipient health worker is affiliated any contribution made to him or on his behalf for fellowships, study tours, research grants, attendance at professional conferences, or the like. Similar disclosures should be made by the recipient.

Article 8. Persons employed by manufacturers and distributors

8.1 In systems of sales incentives for marketing personnel, the volume of sales of products within the scope of this Code should not be included in the calculation of bonuses, nor should quotas be set specifically for sales of these products. This should not be understood to prevent the payment of bonuses based on the overall sales by a company of other products marketed by it.

8.2 Personnel employed in marketing products within the scope of this Code should not, as part of their job responsibilities, perform educational functions in relation to pregnant women or mothers of infants and young children. This should not be understood as preventing such personnel from being used for other functions by the health care system at the request and with the written approval of the appropriate authority of the government concerned.

Article 9. Labelling

9.1 Labels should be designed to provide the necessary information about the appropriate use of the product, and so as not to discourage breastfeeding.

9.2 Manufacturers and distributors of infant formula should ensure that each container has a clear, conspicuous, and easily readable and understandable message printed on it, or on a label which cannot readily become separated from it, in an appropriate language, which includes all the following points:

1. the words "Important Notice" or their equivalent;
2. a statement of the superiority of breastfeeding;
3. a statement that the product should be used only on the advice of a health worker as to the need for its use and the proper method of use;
4. instructions for appropriate preparation, and a warning against the health hazards of inappropriate preparation.

Neither the container nor the label should have pictures of infants, nor should they have other pictures or text which may idealise the use of infant formula. They may, however, have graphics for easy identification of the product as a breastmilk substitute and for illustrating methods of preparation. The terms "humanised", "maternalised" or similar terms should not be used. Inserts giving additional information about the product and its proper use, subject to the above conditions, may be included in the package or retail unit. When labels give instructions for modifying a product into infant formula, the above should apply.

9.3 Food products within the scope of this Code, marketed for infant feeding, which do not meet all the requirements of an infant formula, but which can be modified to do so, Should carry on the label a warning that the unmodified product should not be the sole source of nourishment of an infant. Since sweetened condensed milk is not Suitable for infant feeding, nor for use as a main ingredient of infant formula, its label should not contain purported instructions on how to modify it for that purpose.

9.4 The label of food products within the scope of this Code should also state all the following points:

1. the ingredients used;
2. the composition/analysis of the product;
3. the storage conditions required; and

4. the batch number and the date before which the product is to be consumed, taking into account the climatic and storage conditions of the country concerned.

Article 10. Quality

10.1 The quality of products is an essential element for the protection of the health of infants and therefore should be of a high recognized standard.

10.2 Food products within the scope of this Code should, when sold or otherwise distributed, meet applicable standards recommended by the Codex Alimentarius Commission and also the Codex Code of Hygienic Practice for Foods for Infants and Children.

Article 11. Implementation and monitoring

11.1 Governments should take action to give effect to the principles and aim of this Code, as appropriate to their social and legislative framework, including the adoption of national legislation, regulations or other suitable measures. For this purpose, governments should seek, when necessary, the cooperation of WHO, UNICEF and other agencies of the United Nations system. National policies and measures, including laws and regulations, which are adopted to give effect to the principles and aim of this Code should be publicly stated, and should apply on the same basis to all those involved in the manufacture and marketing of products within the scope of this Code.

11.2 Monitoring the application of this Code lies with governments acting individually, and collectively through the World Health Organization as provided in paragraphs 6 and 7 of this Article. The manufacturers and distributors of products within the scope of this Code, and appropriate nongovernmental organizations, professional groups, and consumer organizations should collaborate with governments to this end.

11.3 Independently of any other measures taken for implementation of this Code, manufacturers and distributors of products within the scope of this Code should regard themselves as responsible for monitoring their marketing practices according to the principles and aim of this Code, and for taking steps to ensure that their conduct at every level conforms to them.

11.4 Nongovernmental organizations, professional groups, institutions, and individuals concerned should have the responsibility of drawing the attention of manufacturers or distributors to activities which are incompatible with the principles and aim of this Code, so that appropriate action can be taken. The appropriate governmental authority should also be informed.

11.5 Manufacturers and primary distributors of products within the scope of this Code should apprise each member of their marketing personnel of the Code and of their responsibilities under it.

11.6 In accordance with Article 62 of the Constitution of the World Health Organization, Member States shall communicate annually to the Director General information on action taken to give effect to the principles and aim of this Code.

11.7 The Director General shall report in even years to the World Health Assembly on the status of implementation of the Code; and shall, on request, provide technical support to Member States preparing national legislation or regulations, or taking other appropriate measures in implementation and furtherance of the principles and aim of this Code.

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Further Information

This code is online: <http://www.who.org/> ACTRAV Homepage: <http://www.ilo.org/actrav/>
Complete Code: <http://www.itcilo.it/english/actrav/telearn/global/ilo/guide/breast.htm>

Forest Stewardship Council Principles and Criteria

The Forest Stewardship Council (FSC) has developed a set of Principles and Criteria that address the ecological, social and economic aspects of managing all tropical, temperate and boreal forests. More detailed standards are also developed at national and local levels.

The Forest Stewardship Council and FSC-accredited certification organizations use the Principles and Criteria as a basis for certifying forest resource extracting companies. In order to be certified, a company must:

- Meet all applicable laws
- Have legally established rights to harvest
- Respect indigenous rights
- Maintain community well-being
- Conserve economic resources
- Protect biological diversity
- Have a written management plan
- Engage in regular monitoring
- Maintain high conservation value forests
- Manage plantations to alleviate pressures on natural forests

The Principles and Criteria are a complete package to be considered as a whole, and their sequence does not represent an ordering of priority.

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Further information:

Further details on the Forest Stewardship Council's Principles and Criteria can be found on their web sites at:

Forest Stewardship Council **US**: <http://fscus.org/html/index.html>

Forest Stewardship Council **Canada**: <http://www.fsccanada.org/>

Forest Management Certifications

In addition to the **Forest Stewardship Council (FSC)** Principles and Criteria mentioned above, additional recognized sustainable forest management standards in Canada include:

Sustainable Forestry Initiative (SFI)

Adopted by the American Forest & Paper Association in October 1994, the Sustainable Forestry Initiative program is a standard of environmental principles, objectives and performance measures that integrates the harvesting of trees with the protection of wildlife, plants, soil and water quality and a wide range of other conservation goals. An independent External Review Panel, comprised of representatives from the environmental, professional, conservation, academic and public sectors reviews the program and advises AF&PA on its progress.

<http://www.aboutsfi.org/core.asp>

ISO 14001 Environmental Management System (EMS) Standard

In order to facilitate and guide the implementation of ISO 14001 to forest management, ISO created a special technical report known as *ISO 14061, Information to Assist Forestry Organizations in the Use of Environmental Management System Standards ISO 14001 and ISO 14004*. When ISO 14001 is applied to forestry (or any other sector for that matter) users must identify the environmental aspects of their operations, determine which ones are significant and build management programs with performance objectives to manage the identified environmental risks. <http://www.iso.org/iso/en/iso9000-14000/index.html>

Canadian Standards Association Sustainable Forest Management Standard

The CSA Standard builds on the ISO 14001 system framework but also requires required adherence to national Sustainable Forestry Management criteria, and a rigorous public participation process in establishing the values, goals, indicators and performance objectives for the local forest. [http://www.csa-](http://www.csa-international.org/product_areas/forest_products_marking/Default.asp?language=english)

[international.org/product_areas/forest_products_marking/Default.asp?language=english](http://www.csa-international.org/product_areas/forest_products_marking/Default.asp?language=english)

These groups have come together to form **The Sustainable Forest Management Coalition (SFMC)** to promote the use of internationally recognized sustainable forest management certification standards in Canada. The SFMC also helps Canadian producers to continually move towards sustainable forest management practices and to ensure marketplace acceptance of Canadian forest products. For more information see the SFMC web site at

<http://www.sfms.com/welcome.htm>

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UN Forest Principles

1992

The following Principles are drawn from the Annex III of the Report of the United Nations Conference on Environment and Development, which took place in Rio de Janeiro, 3-14 June 1992. It is defined as a non-legally binding authoritative statement of principles for a global consensus on the management, conservation and sustainable development of all types of forests.

R. Preamble/Context

- The subject of forests is related to the entire range of environmental and development issues and opportunities, including the right to socio-economic development on a sustainable basis.
- The guiding objective of these principles is to contribute to the management, conservation and sustainable development of forests and to provide for their multiple and complementary functions and uses.
- Forestry issues and opportunities should be examined in a holistic and balanced manner within the overall context of environment and development, taking into consideration the multiple functions and uses of forests, including traditional uses, and the likely economic and social stress when these uses are constrained or restricted, as well as the potential for development that sustainable forest management can offer.
- These principles reflect a first global consensus on forests. In committing themselves to the prompt implementation of these principles, countries also decide to keep them under assessment for their adequacy with regard to further international cooperation on forest issues.
- These principles should apply to all types of forests, both natural and planted, in all geographical regions and climatic zones, including austral, boreal, subtemperate, temperate, subtropical and tropical.
- All types of forests embody complex and unique ecological processes which are the basis for their present and potential capacity to provide resources to satisfy human needs as well as environmental values, and as such their sound management and conservation is of concern to the Governments of the countries to which they belong and are of value to local communities and to the environment as a whole.
- Forests are essential to economic development and the maintenance of all forms of life.
- Recognizing that the responsibility for forest management, conservation and sustainable development is in many States allocated among federal/national, state/provincial and local levels of government, each State, in accordance with its constitution and/or national legislation, should pursue these principles at the appropriate level of government.

S. Principles

1. (a) States have, in accordance with the Charter of the United Nations and the principles of international law, the sovereign right to exploit their own resources pursuant to their own environmental policies and have the responsibility to ensure that activities within their jurisdiction

or control do not cause damage to the environment of other States or of areas beyond the limits of national jurisdiction.

(b) The agreed full incremental cost of achieving benefits associated with forest conservation and sustainable development requires increased international cooperation and should be equitably shared by the international community.

2. (a) States have the sovereign and inalienable right to utilize, manage and develop their forests in accordance with their development needs and level of socio-economic development and on the basis of national policies consistent with sustainable development and legislation, including the conversion of such areas for other uses within the overall socio-economic development plan and based on rational land-use policies.

(b) Forest resources and forest lands should be sustainably managed to meet the social, economic, ecological, cultural and spiritual needs of present and future generations. These needs are for forest products and services, such as wood and wood products, water, food, fodder, medicine, fuel, shelter, employment, recreation, habitats for wildlife, landscape diversity, carbon sinks and reservoirs, and for other forest products. Appropriate measures should be taken to protect forests against harmful effects of pollution, including air-borne pollution, fires, pests and diseases, in order to maintain their full multiple value.

(c) The provision of timely, reliable and accurate information on forests and forest ecosystems is essential for public understanding and informed decision-making and should be ensured.

(d) Governments should promote and provide opportunities for the participation of interested parties, including local communities and indigenous people, industries, labour, non-governmental organizations and individuals, forest dwellers and women, in the development, implementation and planning of national forest policies.

3. (a) National policies and strategies should provide a framework for increased efforts, including the development and strengthening of institutions and programmes for the management, conservation and sustainable development of forests and forest lands.

(b) International institutional arrangements, building on those organizations and mechanisms already in existence, as appropriate, should facilitate international cooperation in the field of forests.

(c) All aspects of environmental protection and social and economic development as they relate to forests and forest lands should be integrated and comprehensive.

4. The vital role of all types of forests in maintaining the ecological processes and balance at the local, national, regional and global levels through, inter alia, their role in protecting fragile ecosystems, watersheds and freshwater resources and as rich storehouses of biodiversity and biological resources and sources of genetic material for biotechnology products, as well as photosynthesis, should be recognized.

5. (a) National forest policies should recognize and duly support the identity, culture and the rights of indigenous people, their communities and other communities and forest dwellers. Appropriate conditions should be promoted for these groups to enable them to have an economic stake in forest use, perform economic activities, and achieve and maintain cultural identity and social organization, as well as adequate levels of livelihood and well-being, through, inter alia, those land tenure arrangements which serve as incentives for the sustainable management of forests.

(b) The full participation of women in all aspects of the management, conservation and sustainable development of forests should be actively promoted.

6. (a) All types of forests play an important role in meeting energy requirements through the provision of a renewable source of bio-energy, particularly in developing countries, and the demands for fuelwood for household and industrial needs should be met through sustainable forest management, afforestation and reforestation. To this end, the potential contribution of plantations of both indigenous and introduced species for the provision of both fuel and industrial wood should be recognized.

(b) National policies and programmes should take into account the relationship, where it exists, between the conservation, management and sustainable development of forests and all aspects related to the production, consumption, recycling and/or final disposal of forest products.

(c) Decisions taken on the management, conservation and sustainable development of forest resources should benefit, to the extent practicable, from a comprehensive assessment of economic and non-economic values of forest goods and services and of the environmental costs and benefits. The development and improvement of methodologies for such evaluations should be promoted.

(d) The role of planted forests and permanent agricultural crops as sustainable and environmentally sound sources of renewable energy and industrial raw material should be recognized, enhanced and promoted. Their contribution to the maintenance of ecological processes, to offsetting pressure on primary/old-growth forest and to providing regional employment and development with the adequate involvement of local inhabitants should be recognized and enhanced.

(e) Natural forests also constitute a source of goods and services, and their conservation, sustainable management and use should be promoted.

7. (a) Efforts should be made to promote a supportive international economic climate conducive to sustained and environmentally sound development of forests in all countries, which include, inter alia, the promotion of sustainable patterns of production and consumption, the eradication of poverty and the promotion of food security.

(b) Specific financial resources should be provided to developing countries with significant forest areas which establish programmes for the conservation of forests including protected natural forest areas. These resources should be directed notably to economic sectors which would stimulate economic and social substitution activities.

8. (a) Efforts should be undertaken towards the greening of the world. All countries, notably developed countries, should take positive and transparent action towards reforestation, afforestation and forest conservation, as appropriate.

(b) Efforts to maintain and increase forest cover and forest productivity should be undertaken in ecologically, economically and socially sound ways through the rehabilitation, reforestation and re-establishment of trees and forests on unproductive, degraded and deforested lands, as well as through the management of existing forest resources.

(c) The implementation of national policies and programmes aimed at forest management, conservation and sustainable development, particularly in developing countries, should be supported by international financial and technical cooperation, including through the private sector, where appropriate.

(d) Sustainable forest management and use should be carried out in accordance with national development policies and priorities and on the basis of environmentally sound national guidelines. In the formulation of such guidelines, account should be taken, as

appropriate and if applicable, of relevant internationally agreed methodologies and criteria.

(e) Forest management should be integrated with management of adjacent areas so as to maintain ecological balance and sustainable productivity.

(f) National policies and/or legislation aimed at management, conservation and sustainable development of forests should include the protection of ecologically viable representative or unique examples of forests, including primary/old-growth forests, cultural, spiritual, historical, religious and other unique and valued forests of national importance.

(g) Access to biological resources, including genetic material, shall be with due regard to the sovereign rights of the countries where the forests are located and to the sharing on mutually agreed terms of technology and profits from biotechnology products that are derived from these resources.

(h) National policies should ensure that environmental impact assessments should be carried out where actions are likely to have significant adverse impacts on important forest resources, and where such actions are subject to a decision of a competent national authority.

9. (a) The efforts of developing countries to strengthen the management, conservation and sustainable development of their forest resources should be supported by the international community, taking into account the importance of redressing external indebtedness, particularly where aggravated by the net transfer of resources to developed countries, as well as the problem of achieving at least the replacement value of forests through improved market access for forest products, especially processed products. In this respect, special attention should also be given to the countries undergoing the process of transition to market economies.

(b) The problems that hinder efforts to attain the conservation and sustainable use of forest resources and that stem from the lack of alternative options available to local communities, in particular the urban poor and poor rural populations who are economically and socially dependent on forests and forest resources, should be addressed by Governments and the international community.

(c) National policy formulation with respect to all types of forests should take account of the pressures and demands imposed on forest ecosystems and resources from influencing factors outside the forest sector, and intersectoral means of dealing with these pressures and demands should be sought.

10. New and additional financial resources should be provided to developing countries to enable them to sustainably manage, conserve and develop their forest resources, including through afforestation, reforestation and combating deforestation and forest and land degradation.

11. In order to enable, in particular, developing countries to enhance their endogenous capacity and to better manage, conserve and develop their forest resources, the access to and transfer of environmentally sound technologies and corresponding know-how on favourable terms, including on concessional and preferential terms, as mutually agreed, in accordance with the relevant provisions of Agenda 21, should be promoted, facilitated and financed, as appropriate.

12. (a) Scientific research, forest inventories and assessments carried out by national institutions which take into account, where relevant, biological, physical, social and economic variables, as well as technological development and its application in the field of sustainable forest management, conservation and development, should be strengthened through effective modalities, including international cooperation. In this context, attention should also be given to research and development of sustainably harvested non-wood products.

(b) National and, where appropriate, regional and international institutional capabilities in education, training, science, technology, economics, anthropology and social aspects of forests and forest management are essential to the conservation and sustainable development of forests and should be strengthened.

(c) International exchange of information on the results of forest and forest management research and development should be enhanced and broadened, as appropriate, making full use of education and training institutions, including those in the private sector.

(d) Appropriate indigenous capacity and local knowledge regarding the conservation and sustainable development of forests should, through institutional and financial support and in collaboration with the people in the local communities concerned, be recognized, respected, recorded, developed and, as appropriate, introduced in the implementation of programmes. Benefits arising from the utilization of indigenous knowledge should therefore be equitably shared with such people.

13. (a) Trade in forest products should be based on non-discriminatory and multilaterally agreed rules and procedures consistent with international trade law and practices. In this context, open and free international trade in forest products should be facilitated.

(b) Reduction or removal of tariff barriers and impediments to the provision of better market access and better prices for higher value-added forest products and their local processing should be encouraged to enable producer countries to better conserve and manage their renewable forest resources.

(c) Incorporation of environmental costs and benefits into market forces and mechanisms, in order to achieve forest conservation and sustainable development, should be encouraged both domestically and internationally.

(d) Forest conservation and sustainable development policies should be integrated with economic, trade and other relevant policies.

(e) Fiscal, trade, industrial, transportation and other policies and practices that may lead to forest degradation should be avoided. Adequate policies, aimed at management, conservation and sustainable development of forests, including, where appropriate, incentives, should be encouraged.

14. Unilateral measures, incompatible with international obligations or agreements, to restrict and/or ban international trade in timber or other forest products should be removed or avoided, in order to attain long-term sustainable forest management.

15. Pollutants, particularly air-borne pollutants, including those responsible for acidic deposition, that are harmful to the health of forest ecosystems at the local, national, regional and global levels should be controlled.

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Further Information

United Nations General Assembly Documents:

<http://www.un.org/documents/ga/conf151/aconf15126-3annex3.htm>

International Road Transport Union Charter for Sustainable Development

1996

Pursuant to Agenda 21 - the comprehensive blueprint for securing a sustainable future adopted by 182 governments at the United Nations Conference on Environment and Development (UNCED) Earth Summit - and in particular to Chapter 27 on strengthening the role of non governmental organisations as partners in achieving sustainable development, as well as Chapter 30 on strengthening the role of business and industry, the International Road Transport Union, representing road transport of goods and passengers for hire and for own account in 64 countries on the 5 continents, subscribes, along with its member Associations and affiliated companies, to the principles and commitments detailed below to ensure that road transport plays its just role in the global quest to achieve sustainable development.

Sustainable development has been broadly defined as meeting the needs of the present without compromising the ability of future generations to meet their own needs. For road transport, this translates into the challenge of satisfying market demand with the lowest environmental and economic costs possible.

In light of the above, the IRU and its Member Associations are convinced that the best policy to protect the environment is to reduce the use of resources and their waste, polluting emissions (gaseous and noise), and fuel consumption, at the source.

CONSIDERING THAT:

- road transport, like every transport mode and human activity, pollutes;
- road transport realises its responsibility to provide the cleanest, quietest, safest and most efficient service possible while recognising that its clients, responding to consumer trends and market demand, have the greatest influence on transport flows;
- noteworthy environmental results have already been accomplished in passenger and goods road transport which, despite increasing volumes, will lead to further significant reductions in polluting emissions, waste, and resource consumption through technical improvements, driver training and more efficient operations;
- transport safety is a key environmental issue;
- government, at all levels, should continuously encourage needed infrastructure development, professional training, and technical improvements in the logistic/transport chain, in co-operation with road transport associations and individual transport companies, and self-regulatory measures aimed at achieving sustainable development in road transport;
- economic development is dependent on an efficient passenger and goods road transport system.

THE IRU, ITS MEMBER ASSOCIATIONS AND AFFILIATED TRANSPORT OPERATORS UNDERTAKE TO:

WORK TOGETHER TOWARDS THE COMMON GOAL OF SUSTAINABLE ROAD TRANSPORT

- encourage the development of long term co-operation and common goals between governments, national Associations and fleet operators aimed at improving environment and energy efficiency, as well as road safety, by each party fulfilling its respective responsibilities;
- call upon all road transport users and partners (road builders and maintenance companies, vehicle and equipment manufacturers and petroleum companies), as well as road transport clients and their intermediaries, to co-operate to reduce road transport pollution at the source, and all governments to urgently provide sufficient infrastructure to ensure that industry measures to achieve sustainable development will not continue to be hampered by inadequate infrastructure and make certain that existing infrastructure capacity will not be threatened by future demographic developments;
- co-operate with public consumer and labour groups as well as the private sector to develop educational and research programmes to help raise awareness and understanding of road transport's important role in achieving sustainable development;
- support the implementation of all non-discriminatory legislation which would effectively achieve sustainable transport at the lowest economic cost;
- promote, where competitive, the use of intermodal transport services;
- support the internalisation of infrastructure costs of all modes of transport;

IMPLEMENT ROAD TRANSPORT OPERATIONS WHICH RESPECT THE ENVIRONMENT AND OTHER ROAD USERS

- study industry and road transport developments with a view to promoting environmentally sound company policies, programmes and performance, taking into account technical developments, scientific understanding, community expectations and client's needs, and establishing quantifiable performance measures and targets to track progress;
- undertake measures to assure optimal fleet maintenance and to verify the proper functioning of vehicles with the objective of remedying immediately any perceived abnormalities to optimise road safety and energy savings and reduce polluting emissions;
- instruct and train personnel to conduct their respective daily activities professionally, in an environmentally responsible manner, such as minimising use of all resources and their waste and, moreover, employing the appropriate driving techniques and best logistics strategy (optimise choice of vehicle, itinerary, etc.) to assure optimum security for themselves and other road users as well as to limit polluting emissions and fuel consumption.

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Further information

Document on the IRU web site: <http://www.iru.org/Presenting/Welcome.E.html>.

Code of Conduct for Canada's Research Based Pharmaceutical Companies

Canada's Research-Based Pharmaceutical Companies (Rx&D) is a member of the International Federation of Pharmaceutical Manufacturers Associations (IFPMA). The IFPMA is a non-governmental organization representing pharmaceutical associations in 51 countries around the world.

T. Mission overview

In order to discharge their shared mission, Members commit themselves to conscientious pursuit of responsibilities in the following areas:

(i) Research and Development. Members will conduct and sponsor scientific research in order to develop knowledge that will benefit Canadians, within the ethical framework of Canadian society and scientific associations. This commitment includes:

- (a) appropriate input into research design;
- (b) unbiased sampling and study design;
- (c) proper selection, recruitment and protection of subjects, including patient and non patient subjects;
- (d) unbiased interpretation of study data;
- (e) appropriate disclosure of study results; and
- (f) observance of the above principles in basic, clinical, outcome, and other research.

(ii) Product Stewardship. Members accept their accountability for the proper manufacture, distribution, and use of their products. Accountability includes:

- (a) maintaining good manufacturing practices;
- (b) ensuring appropriate use and reducing risks of misuse;
- (c) ensuring safe handling, transportation, and preservation of medications, including storage and disposal;
- (d) delivering safe and effective medications; and
- (e) ensuring conscientious protection of environmental interests.

(iii) Provider and Patient Education and Information. Members accept the obligation to ensure that Canadian health care professionals and patients have access to education and information about the appropriate uses of their products and services. That obligation includes:

- (a) providing balanced representation of the benefits and risks of their products;
- (b) using non-coercive and non-inducing means and methods of communications;
- (c) applying this provision of the Code of Conduct (Code) to continuing health education initiatives, clinical evaluation packages (sampling), dealings with medical representatives, market research undertakings, and to whatever other areas it is applicable;
- (d) working only within frameworks approved by Health Canada, the Pharmaceutical Advertising Advisory Board (PAAB), and other relevant bodies;
- (e) upholding the principles, letter, and spirit of this Code; and

- (f) informing health care professionals and patients about appropriate uses of their products and services for individual circumstances.

The Code of Conduct Covers the following areas:

1. GUIDING PRINCIPLES
2. ADVERTISING AND INFORMATION DISSEMINATION
3. CLINICAL EVALUATION PACKAGES (“SAMPLES”)
4. EDUCATION FOR HEALTH CARE PROFESSIONALS
- 4A. CONTINUING HEALTH EDUCATION (CHE)
- 4B. SPONSORSHIP TO INTERNATIONAL CONTINUING HEALTH EDUCATION EVENTS, SCIENTIFIC SYMPOSIA, CONGRESSES
5. CONVENTION/CLINIC DISPLAYS
6. DONATIONS OR FINANCIAL SUPPORT
- 7A. GIFTS
- 7B. HOSPITALITY
8. REPRESENTATIVES OF PHARMACEUTICAL COMPANIES
9. POST REGISTRATION CLINICAL STUDIES
10. PRICE-RELATED MATTERS
11. SERVICE-ORIENTED ITEMS
12. MARKET RESEARCH
13. ADVISORY BOARDS/CONSULTANTS
14. PRIVACY OF PATIENT INFORMATION
15. ENFORCEMENT

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Further information:

Rx&D CONTACT
55 Metcalfe Street, Suite 1220,
Ottawa, Ontario K1P 6L5
Tel.: (613) 236-0455
Reception Fax: (613) 236-6756
Strategic Affairs & Communications Fax: (613) 236-6861

Document on the web:

http://www.canadapharma.org/Industry_Publications/Code/0701-Code_EN.pdf

RUGMARK

This international certification and labeling initiative against the use of illegal child labour in the carpet industry, was initiated in 1995 by a coalition of Indian non-governmental organizations, carpet industry representatives, government representatives and international aid organizations. RUGMARK is active in the carpet-producing countries of India, Nepal and Pakistan and in European and North American carpet consuming countries.

In carpet-producing countries, RUGMARK inspects and certifies carpet manufacturers and exporters in compliance with specific labour criteria and provides social programs for former child workers and their families. In the consumer countries, RUGMARK raises awareness in the carpet industry and among consumers of child labour issues and the necessity of socially responsible manufacturing practices.

RUGMARK Criteria

For Manufacturers and Exporters

Carpet manufacturers and exporters aiming at qualifying for a RUGMARK license have to sign a legally binding and statutory declaration in compliance with the following criteria:

- Not to employ children of under 14 year of age. In traditional family-run businesses, sons, daughters as well as brothers and sisters of the loom owners are allowed to work, as long as they can prove to RUGMARK that there is a regular attendance of school.
- payment of at least the official minimum wage to adult weavers
- disclosure of orders to the RUGMARK office
- acceptance of unannounced inspections at any time
- payment of 0,25 % of the export value of the carpets to RUGMARK in order to cover the running costs entailed in the inspection and labelling system

For Importers in the Carpet-Consuming Countries

- Importers in the consumer countries dealing with RUGMARK-labelled carpets, pay at least one percent of the import value of the carpets to RUGMARK. This money has a good purpose as it goes back to the producing countries where it is then used to finance social programmes for children from weaving families, respectively former child workers and their families. This is to ensure that the children and their families do not get drawn, yet again, into another new situation of need. The use of these funds is regularly reported upon.

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Further Information

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Web site: <http://www.rugmark.org/>

Fédération Internationale de Football Association (FIFA) Code of Labour Practice

1996

A. Introduction

On 3rd September 1996 the ITGLWF FIET and the ICFTU concluded an agreement with FIFA on the text of a code of labour practice for the production of footballs carrying the FIFA authorized marks, in a continuing effort to eliminate the use of child labour and other exploitative practices. In addition to agreeing on the text of the code labour practice FIFA and the union organizations also concurred on the necessity for effective independent monitoring to ensure that its principles were respected at all levels of the industry and to discuss practical ways of achieving this. There was also discussion on the introduction of education and training for children removed from the football producing industry. Discussions will be resumed with FIFA on the question of monitoring and on aid for the working children displaced as a result of the code.

Code of Labour Practice for Production of Goods Licensed by the Federation Internationale de Football Association (FIFA)

B. Preamble

In line with its guiding principles of fair play and ethical conduct, the Federation Internationale de Football Association (FIFA), recognizes its responsibilities to consumers for the quality of products produced under its licensing arrangements, and to workers involved in the making of FIFA licensed products for the conditions under which these products are made.

Each licensee participating in the FIFA Denominations Programme must agree, as a condition of the license agreement, to ensure that the workers producing these products are provided with fair wages and decent working conditions, and that the international labour standards established by Conventions 29, 87, 98, 100, 105, 111 and 138 of the International Labour Organization are observed.

Licensees further agree to ensure that these conditions and standards are observed by each contractor and subcontractor in the production and distribution of FIFA-licensed products or components of these products. Licensees should, prior to placing orders with suppliers or engaging contractors and subcontractors, assess whether the provisions of this Code can be met.

Each licensee licensed by FIFA under the FIFA Denominations Programme, and each contractor and subcontractor engaged by the Licensee, shall compulsorily implement and respect the following principles in the production and/or distribution of products bearing the FIFA name and/or FIFA authorized marks. Further more, each Licensee shall warrant that these principles shall be equally imposed upon all those employed or delegated by such Licensee.

C. Code

EMPLOYMENT IS FREELY CHOSEN

There shall be no use of forced or bonded labour (ILO Conventions 29 and 105).

THERE IS NO DISCRIMINATION IN EMPLOYMENT

Equality of opportunity and treatment regardless of race, colour, sex, religion, political opinion, nationality, social origin and other distinguishing characteristic shall be provided (ILO Conventions 100 and 111).

CHILD LABOUR IS NOT USED

There shall be no use of child labour. Only workers above age of 15 years shall be engaged (ILO Convention 138).

FREEDOM OF ASSOCIATION AND THE RIGHT TO COLLECTIVE BARGAINING ARE RESPECTED

The right of workers to form and join trade unions and to bargain collectively shall be recognized (ILO Conventions 87 and 98). Employers should recognize the constructive contribution of trade unions to preventing exploitation and adopt a positive approach towards the activities of trade unions and an open attitude towards their organizational activities.

FAIR WAGES ARE PAID

Wages and benefits paid shall meet at least legal or industrial minimum standards and should be sufficient to meet basic needs and provide some discretionary income.

HOURS OF WORK ARE NOT EXCESSIVE

Hours of work shall comply with applicable laws and industrial standards. Workers shall not on a regular basis be required to work excess of 48 hours per week nor more than 12 hours overtime, and shall be provided with at least one day off for every 7 day period.

WORKING CONDITIONS ARE DECENT

A safe and hygienic working environment shall be provided, the best occupational health and safety practice shall be promoted, bearing in mind the prevailing knowledge of the industry and of any specific hazard.

THE EMPLOYMENT RELATIONSHIP IS ESTABLISHED

Employers should endeavor to provide regular and secure employment and refrain from the excessive use of temporary or casual labour. Obligations to employees arising from the regular employment relationship should not be avoided through the use of labour-only subcontracting arrangements, or through apprenticeship schemes where there is no real intent to impart skills or provide regular employment. Younger workers should be provided the opportunity to participate in educational and training programmes.

IMPLEMENTATION AND MONITORING

Licensee, their contractors and subcontractors shall undertake to support and cooperate in the implementation and monitoring of the code by:

- providing FIFA or its agent with relevant information concerning their operations;
- permitting inspection at any time of their workplaces and operations by approved inspectors;
- maintaining records of the name, age, hours worked and wages paid for each worker and making these available to approved inspectors on request;
- informing, verbally and in writing, the workers concerned of the provisions of this code; and,
- refraining from disciplinary action, dismissal or otherwise discriminating against any worker for providing information concerning observance of this Code.

Any licensee, contractor or subcontractor found to be in breach of one or more terms of this Code of Labour Practice shall be subject to a range of sanctions up to and including withdrawal of the right to produce or organize production of FIFA-licensed goods. Furthermore, licensees who fail to ensure that their contractors or subcontractors abide by the Code of Labour Practice shall be subject to the same range of sanctions.

Questions as to the interpretation of the meaning of the provisions of this Code shall be resolved according to the procedure outlined in the memorandum of Understanding on the Code of Labour Practice between FIFA and the ICFTU/ITGLWF/FIET.

Further Information

<http://www.citinv.it/associazioni/CNMS/home.htm>.

<http://www.itcilo.it/english/actrav/telearn/global/ilo/guide/fifa.htm#>

World Federation of the Sporting Goods Industry Model Code of Conduct

The World Federation of the Sporting Goods Industry (WFSGI) was formed in 1978 to promote the world's sporting activities, to standardize the size of equipment and the rules of sport, to improve the standards of quality for sporting goods and to promote fair trade in sporting goods internationally.

WFSGI currently consists of a membership from over 50 countries including large and small companies and the federations of the sporting whose members include total of over 12,000 companies.

The WFSGI's Committee on Ethics and Fair Trade (CEFT) developed a Model Code of Conduct in 1997 following consultation with its constituent federations and other members, and on going dialogue with international agencies and non-governmental organizations. The Code was designed as a model for companies committed to ensuring that their operations satisfy the highest ethical standards in the global marketplace. The Code was revised in 2000.

PREAMBLE

The ideals of the WFSGI are the ideals of sport, and the organization seeks to promote fairness, honesty, mutual understanding and high ethical standards not only on the sports field but also in the factories which make sports products. WFSGI members recognize the important role they play in the global economy and their influence on the social and economic conditions under which sporting goods are manufactured and produced. That influence is exercised both through their actions as employers and far more profoundly through their decisions as customers of companies that serve as suppliers of goods and services.

The relationship between WFSGI member companies and their suppliers, and in turn any sub contractors involved in the production process, must be based on trust, mutual respect and common values. WFSGI is committed to fostering a sports industry in which member companies actively build business partnerships with those who share the values of sport and take responsibility for making the values real through active engagement.

These Principles are based on the international labour standards outlined in the relevant Conventions of the International Labour Organization (ILO). WFSGI also acknowledges that companies operate under different legal, economic, social and cultural environments and these differences merit understanding and respect. Members must ensure that all activities related to the production of their goods at least comply with all relevant applicable mandatory legal requirements.

LEGAL COMPLIANCE

Member companies and the companies that produce goods for them ("employers") should operate in full compliance with national and local laws, rules and regulations relevant to their business operations.

WORKING CONDITIONS

Local industry standards should prevail when higher than the local legal requirements. In countries where the legal requirements fall short of internationally recognized standards, it is recommended that members should apply the following minimum criteria:

Forced Labour

Employers shall not use forced labor, whether in the form of prison labor, indentured labor, bonded labor, or otherwise. No employee can be compelled to work through force, the threat of force, or intimidation of any form.

Nondiscrimination

No person shall be subject to any discrimination in employment, included in hiring, salary, benefits, advancement, disciplines, termination or retirement, on the basis of gender, race, religion, age, disability, sexual orientation, nationality, political opinion, or social or ethnic origin.

Freedom of Association and Collective Bargaining

Employers shall recognize and respect the rights of workers to join workers organizations and associations of their own choosing, and to bargain collectively. Where the right to freedom of association and collective bargaining is restricted under law, the employer shall consider the development of parallel means for independent and free association and bargaining.

Wages

Employers recognize that wages are essential to meeting employees' basic needs and that employees should be fully compensated for all time worked. In all cases, wages must equal or exceed the minimum wage or the prevailing industry wage, whichever is higher.

In addition to their compensation for regular hours of work, employees shall be compensated for overtime hours at the premium rate legally required in the country of manufacture or, in those countries where such laws do not exist, at a rate exceeding their regular hourly compensation rate.

Hours of Work

Workers shall not be required, except in extraordinary business circumstances, to work in excess of 60 hours per week, including overtime, or the local legal requirement, whichever is less. Employees shall be entitled to at least one day off for every seven day period.

Benefits and Leave

Each employee will be provided all legally mandated benefits. These may include meals or meal subsidies; transportation or transportation subsidies; other cash allowances; health care; child care; emergency, pregnancy or sick leave; religious, or bereavement leave; and contributions for social security and other insurance, including life, health and employees compensation.

Child Labour

No person shall be employed at an age younger than 15 (or 14 where the law of the country of manufacture allows) or younger than the age for completing compulsory education in the country of manufacture where such age is higher than 15.

Health and Safety

A safe and hygienic working environment shall be provided, and occupational health and safety practices which prevent accidents and injury to health arising out of, linked with, or occurring in the course of work or as a result of the operation of employer facilities shall be promoted.

This includes protection from fire, accidents, and toxic substances. Lighting, heating and ventilation systems should be adequate. Employees should have access at all times to sanitary facilities, which should be adequate and clean.

The factory must have safety and health policies and procedures that are clearly communicated to the workers. These should apply to employee residential facilities, where provided by employers.

Harassment or Abuse

Every employee should be treated with respect and dignity and have the right to a workplace free from physical, sexual, psychological or verbal harassment or abuse.

ENVIRONMENT

Members should aim for progressive improvement in their environmental performance, not only in their own operations, but also in their relationships with partners, suppliers and subcontractors.

This includes:

- Integrating principles of sustainability into business decisions.
- Responsible use of natural resources such as land, soil, energy and water.
- Reducing, minimizing and avoiding pollution and waste including solid, liquid and atmospheric conditions.
- Designing and developing products, materials and technologies according to the principles of sustainability.

COMMUNITY INVOLVEMENT

Employers recognize the economic and social impact of their work and are committed to improving conditions in the wider community.

COMPANY SPECIFIC STANDARDS

Members are encouraged to draw up their own specific code of ethical conduct, if they have not already done so, building on the above standards.

VERIFICATION

These Principles have been adopted by WFSGI to provide guidance for individual companies in ensuring that their products are made under fair factory conditions. Members are encouraged to establish their own internal management systems to monitor the standards outlined in their own code of conduct and to implement action plans for continuous improvements in factory working conditions in their own operations and those who supply them. Members are also encouraged to have factories monitored by appropriately qualified external third party organizations.

COMPLIANCE

Members shall take steps to ensure compliance with these standards in their own operations and those who supply them. Where there are instances of non compliance [e.g. significant and/or persistent breaches] whether found by internal or external monitors, members shall ensure timely and reasonable remediation of such non compliance; and ensure that adequate steps are taken to prevent recurrence and/or occurrence in other factories.

Further information:

World Federation of the Sporting Goods Industry

La Maison du Sport

P.O. Box 480

1936 Verbier-Switzerland

Tel: +41-27-775 35 70

Fax: +41-27-775 35 79

E-mail: info@wfsqi.org

Web site: www.wfsqi.org

Code of Conduct on the web:

<http://www1.umn.edu/humanrts/links/wfsqi.html>

International Council of Toy Industries Code of Business Practices

June 2001

The International Council of Toy Industries (ICTI), an association of associations, is committed on behalf of its member companies to the operation of toy factories in a lawful, safe, and healthful manner. It upholds the principles that no underage, forced, or prison labor* should be employed; that no one is denied a job because of gender, ethnic origin, religion, affiliation or association, and that factories comply with laws protecting the environment. Supply agreements with firms manufacturing on behalf of ICTI members must also provide for adherence to these principles.

The role of ICTI is to inform, educate, and survey its members so that individual member companies can adhere to its Code of Business Practices. As an association, it also acts to encourage local and national governments to enforce wage and hour laws and factory health and safety laws.

Specific operating conditions that member companies are expected to meet and obtain contractor agreement in advance are as follows:

1. LABOR

- a. that working hours per week, wages and overtime pay practices comply with the standards set by law or, in the absence of a law, address humane, safe and productive working conditions;
- b. that no one under the legal minimum age is employed in any stage of toy manufacturing; that a minimum age of 14 applies in all circumstances, but notwithstanding the foregoing, that C138 Minimum Age Convention (1973) and C182 Worst Forms of Child Labor Convention (1999) of the International Labor Organization apply;
- c. that no forced or prison labor is employed*, that workers are free to leave once their shift ends, and that guards are posted only for normal security reasons;
- d. that all workers are entitled to sick and maternity benefits as provided by law;
- e. that all workers are entitled to freely exercise their rights of employee representation as provided by local law.

2. THE WORKPLACE

- a. that toy factories provide a safe working environment for their employees and comply with or exceed all applicable local laws concerning sanitation and risk protection;
- b. that the factory is properly lighted and ventilated and that aisles and exits are accessible at all times;
- c. that there is adequate medical assistance available in emergencies, and that designated employees are trained in first aid procedures;
- d. that there are adequate and well-identified emergency exits, and that all employees are trained in emergency evacuation;
- e. that protective safety equipment is available and employees are trained in its use;
- f. that safeguards on machinery meet or exceed local laws;
- g. that there are adequate toilet facilities which meet local hygiene requirements, and that they are properly maintained;
- h. that there are facilities or appropriate provisions for meals and other breaks;

- i. if a factory provides housing for its employees, it will ensure that dormitory rooms and sanitary facilities meet basic needs, are adequately ventilated and meet fire safety and other local laws;
- j. that no mental or physical disciplinary practices are employed.

3. COMPLIANCE

- a. The purpose of this Code is to establish a standard of performance, to educate, and to encourage commitment to responsible manufacturing, not to punish.
- b. To determine adherence, ICTI member companies will evaluate their own facilities as well as those of their contractors. They will examine all books and records and conduct on-site inspections of the facilities, and request that their contractors follow the same practices with subcontractors.
- c. An annual statement of compliance with this Code must be signed by an officer of each manufacturing company or contractor.
- d. Contracts for the manufacture of toys should provide that a material failure to comply with the Code or to implement a corrective action plan on a timely basis is a breach of contract for which the contract may be canceled.
- e. Because of the great diversity in the kinds of toys manufactured and the manufacturing methods used, as well as the wide range in factory sizes and numbers of employees, three annexes are attached to this Code to provide guidelines for determining compliance. A rule of reason must be used to determine applicability of the annex provisions.
- f. This Code should be posted or available for all employees in the local language.

* Many countries recognize that prison labor is essential to the rehabilitation process. This provision prohibits the exportation of prison-made goods to countries that prohibit or restrict the importation of such goods.

NOTE: This document is to be used in conjunction with
[Appendix I: Methodology for Evaluating Compliance](#)
[Appendix II: Audit Checklist](#)
[Appendix II: Guidance Document](#)
[Appendix III: Corrective Action Plan](#)

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Further information:

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Web site: www.icti-toy.org

Document on the web: <http://www.toy-icti.org/publications/bizpractice.htm>

World Steel Industry and Sustainable Development Vision and Goals

Developed by the International Iron and Steel Institute, 2002.

Sustainable development is development aimed at improving the quality of life for everyone, now and for generations to come. For the world steel industry, it means valuing the interdependence of environmental, social, and economic aspects in all decision making

Vision and Goals

VISION

Steel is valued as a major foundation of a sustainable world. This is achieved by a financially sound industry, taking leadership in economic, social and environmental sustainability and seeking continuous improvement.

GOALS

The Member Companies of the International Iron and Steel Institute are committed to sustainable development and will:

- 1) Operate their business in an efficient and financially sustainable way in order to supply steel products and solutions that satisfy our customers and add value to stakeholders.
- 2) Optimise the eco-efficiency of their products through their life cycle, including increased resource and energy efficiency in the production of steel and during the use of steel products. They are committed to the promotion of the recovery, reuse and recycling of steel.
- 3) Foster the health and safety of employees in the steel industry and provide healthy, safe, and environmentally sound operations and products.
- 4) Demonstrate social responsibility by promoting values and initiatives that show respect for people and communities associated with our businesses.
- 5) Conduct their business with high ethical standards in their dealings with employees, customers, suppliers, and the community.
- 6) Engage stakeholders and independent third parties in constructive dialogue to help implement sustainable development.
- 7) Build on their knowledge of sustainability and willingly share it with others. They will be open and active in their communications and help steel companies and organisations in the supply chain implement sustainable practices.

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Further information

International Iron and Steel Institute Sustainable Development in the World Steel Industry web site: <http://www.sustainablesteel.org/content.php?contentid=179&mainNavigationItem=1&selectedNavigationItem=90&language=0>

Charter for Environmental Action in the Hotel Industry

Recognising the urgent need to support moral and ethical conviction with practical action we, in the hotel industry, have established the International Hotels Environment Initiative to foster the continual upgrading of environmental performance in the industry worldwide.

With the co-operation and active participation of individual companies, hotels and related organisations the Initiative, which will be co-ordinated by The Prince of Wales Business Leaders Forum, will endeavour to:

- provide practical guidance for the industry on how to improve environmental performance and how this contributes to successful business operations
- develop practical environmental manuals and guidelines;
- recommend systems for monitoring improvements in environmental performance and for environmental audits;
- encourage the observance of the highest possible standards of environmental management, not only directly within the industry but also with suppliers and local authorities;
- promote the integration of training in environmental management among hotel schools;
- collaborate with appropriate national and international organisations to ensure the widest possible awareness and observance of the Initiative and the practice it promotes; and
- exchange information widely and highlight examples of good practice in the industry.

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Further information

For more information and the document on the web see:

<http://www.insula.org/tourism/ihei.htm>

Global Code of Ethics in Tourism

The following description is adapted from the Ethics in Tourism web site http://www.world-tourism.org/code_ethics/eng/global.htm.

The Global Code of Ethics for Tourism is a comprehensive set of principles whose purpose is to guide stakeholders in tourism development: central and local governments, local communities, the tourism industry and its professionals, as well as visitors, both international and domestic.

The United Nations Commission on Sustainable Development meeting in New York in April, 1999 endorsed the concept of the Code and requested WTO to seek further input from the private sector, non-governmental organizations and labour organizations. The resulting 10 point Global Code of Ethics for Tourism was approved unanimously by the WTO General Assembly in 1999. In December 2001, the UN General Assembly gave recognition to the Code.

Principles

The Code includes nine articles outlining the "rules of the game" for destinations, governments, tour operators, developers, travel agents, workers and travellers. The tenth article involves the redress of grievances and marks the first time that a code of this type will have a mechanism for enforcement.

ARTICLE 1 Tourism's contribution to mutual understanding and respect between peoples and societies

ARTICLE 2 Tourism as a vehicle for individual and collective fulfilment

ARTICLE 3 Tourism, a factor of sustainable development

ARTICLE 4 Tourism, a user of the cultural heritage of mankind and contributor to its enhancement

ARTICLE 5 Tourism, a beneficial activity for host countries and communities

ARTICLE 6 Obligations of stakeholders in tourism development

ARTICLE 7 Right to tourism

ARTICLE 8 Liberty of tourist movements

ARTICLE 9 Rights of the workers and entrepreneurs in the tourism industry

ARTICLE 10 Implementation of the principles of the Global Code of Ethics for Tourism

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Further information

Further information on the Code is given on the World Tourism Association web site http://www.world-tourism.org/code_ethics/eng.html

The full text of the Code is available here: http://www.world-tourism.org/code_ethics/pdf/languages/Codigo%20Etico%20Ing.pdf

Charter for Sustainable Tourism

This Charter was adopted at the conclusion of the World Conference on Sustainable Tourism sponsored by UNESCO and held on the island of Lanzarote, Canary Islands, in 1995.

We, the participants at the World Conference on Sustainable Tourism, meeting in Lanzarote, Canary Islands, Spain, on 27-28 April 1995,

Mindful that tourism, as a worldwide phenomenon, touches the highest and deepest aspirations of all people and is also an important element of socioeconomic and political development in many countries.

Recognizing that tourism is ambivalent, since it can contribute positively to socio-economic and cultural achievement, while at the same time it can contribute to the degradation of the environment and the loss of local identity, and should therefore be approached with a global methodology.

Mindful that the resources on which tourism is based are fragile and that there is a growing demand for improved environmental quality.

Recognizing that tourism affords the opportunity to travel and to know other cultures, and that the development of tourism can help promote closer ties and peace among peoples, creating a conscience that is respectful of the diversity of culture and life styles.

Recalling the Universal Declaration of Human Rights, adopted by the General Assembly of United Nations, and the various United Nations declarations and regional conventions on tourism, the environment, the conservation of cultural heritage and on sustainable development.

Guided by the principles set forth in the Rio Declaration on the Environment and Development and the recommendations arising from Agenda 21.

Recalling previous declarations on tourism, such as the Manila Declaration on World Tourism, the Hague Declaration and the Tourism Bill of Rights and Tourist Code.

Recognizing the need to develop a tourism that meets economic expectations and environmental requirements, and respects not only the social and physical structure of destinations, but also the local population.

Considering it a priority to protect and reinforce the human dignity of both local communities and tourists. *Mindful* of the need to establish effective alliances among the principal actors in the field of tourism so as to fulfil the hope of a tourism that is more responsible towards our common heritage.

APPEAL to the international community and, in particular, URGE governments, other public authorities, decisionmakers and professionals in the field of tourism, public and private associations and institutions whose activities are related to tourism, and tourists themselves, to adopt the principles and objectives of the Declaration that follows:

1 Tourism development shall be based on criteria of sustainability, which means that it must be ecologically bearable in the long term, as well as economically viable, and ethically and socially

equitable for local communities. Sustainable development is a guided process which envisages global management of resources so as to ensure their viability, thus enabling our natural and cultural capital, including protected areas, to be preserved. As a powerful instrument of development, tourism can and should participate actively in the sustainable development strategy. A requirement of sound management of tourism is that the sustainability of the resources on which it depends must be guaranteed.

2 Tourism should contribute to sustainable development and be integrated with the natural, cultural and human environment; it must respect the fragile balances that characterize many tourist destinations, in particular small islands and environmentally sensitive areas. Tourism should ensure an acceptable evolution as regards its influence on natural resources, biodiversity and the capacity for assimilation of any impacts and residues produced.

3 Tourism must consider its effects on the cultural heritage and traditional elements, activities and dynamics of each local community. Recognition of these local factors and support for the identity, culture and interests of the local community must at all times play a central role in the formulation of tourism strategies, particularly in developing countries.

4 The active contribution of tourism to sustainable development necessarily presupposes the solidarity, mutual respect and participation of all the actors, both public and private, implicated in the process, and must be based on efficient cooperation mechanisms at all levels: local, national, regional and international.

5 The conservation, protection and appreciation of the worth of the natural and cultural heritage afford a privileged area for cooperation. This approach implies that all those responsible must take upon themselves a true challenge, that of cultural, technological and professional innovation, and must also undertake a major effort to create and implement integrated planning and management instruments.

6 Quality criteria both for the preservation of the tourist destination and for the capacity to satisfy tourists, determined jointly with local communities and informed by the principles of sustainable development, should represent priority objectives in the formulation of tourism strategies and projects.

7 To participate in sustainable development, tourism must be based on the diversity of opportunities offered by the local economy. It should be fully integrated into and contribute positively to local economic development.

8 All options for tourism development must serve effectively to improve the quality of life of all people and must influence the socio-cultural enrichment of each destination.

9 Governments and the competent authorities, with the participation of NGOs and local communities, shall undertake actions aimed at integrating the planning of tourism as a contribution to sustainable development.

10 In recognition of economic and social cohesion among the peoples of the world as a fundamental principle of sustainable development, it is urgent that measures be promoted to permit a more equitable distribution of the benefits and burdens of tourism. This implies a change of consumption patterns and the introduction of pricing methods which allow environmental costs to be internalised. Governments and multilateral organizations should prioritize and strengthen direct and indirect aid to tourism projects which contribute to improving the quality of the environment. Within this context, it is necessary to explore thoroughly the application of internationally harmonised economic, legal and fiscal instruments to ensure the sustainable use of resources in tourism.

11 Environmentally and culturally vulnerable spaces, both now and in the future, shall be given special priority in the matter of technical cooperation and financial aid for sustainable tourism development. Similarly, special treatment should be given to zones that have been degraded by obsolete and high impact tourism models.

12 The promotion of alternative forms of tourism that are compatible with the principles of sustainable development, together with the encouragement of diversification represent a guarantee of stability in the medium and the long term. In this respect there is a need, for many small islands and environmentally sensitive areas in particular, to actively pursue and strengthen regional cooperation.

13 Governments, industry, authorities, and tourism-related NGOs should promote and participate in the creation of open networks for research, dissemination of information and transfer of appropriate knowledge on tourism and environmentally sustainable tourism technologies.

14 The establishment of a sustainable tourism policy necessarily requires the support and promotion of environmentally-compatible tourism management systems, feasibility studies for the transformation of the sector, as well as the implementation of demonstration projects and the development of international cooperation programmes.

15 The travel industry, together with bodies and NGOs whose activities are related to tourism, shall draw up specific frameworks for positive and preventive actions to secure sustainable tourism development and establish programmes to support the implementation of such practices. They shall monitor achievements, report on results and exchange their experiences.

16 Particular attention should be paid to the role and the environmental repercussions of transport in tourism, and to the development of economic instruments designed to reduce the use of non-renewable energy and to encourage recycling and minimization of residues in resorts.

17 The adoption and implementation of codes of conduct conducive to sustainability by the principal actors involved in tourism, particularly industry, are fundamental if tourism is to be sustainable. Such codes can be effective instruments for the development of responsible tourism activities.

18 All necessary measures should be implemented in order to inform and promote awareness among all parties involved in the tourism industry, at local, national, regional and international level, with regard to the contents and objectives of the Lanzarote Conference.

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Further Information

Document on the web: <http://www.insula.org/tourism/charte.htm>

Further Resources: Industry Specific Codes

General

Sector Specific Resources

A catalogue of 30 voluntary agreements, studies, and organizations involved in industry-specific initiatives in over 20 industries world wide. Compiled by Business and Sustainable Development (an initiative of the International Institute for Sustainable Development).

http://www.bsdglobal.com/sector_resources.asp

International Chamber of Commerce

The International Chamber of Commerce has developed a number of industry specific codes including the International Code of Sales, the International Code of Direct Marketing, the International Code of Advertising Practice, and the Guidelines on Advertising and Marketing on the Internet.

<http://www.iccwbo.org/index.asp>

Agriculture

Sustainable Agricultural Systems for the Twenty-first Century: The role of Mineral Fertilizers.

A statement by the International Fertilizer Industry Association

<http://www.fertilizer.org/ifa/publicat/html/unced.htm>

Flower Label Program

Relating to the global cut flower industry.

<http://www.fian.de/>

Apparel and Footwear

A Charter by the Social Partners in the European textile and clothing sector: Code of conduct. An initiative of the European Association for Textile and Clothing (EURATEX) and the European Trade Union Federation for Textile, Clothing and Leather (ETUC/TCL)

http://europa.eu.int/comm/employment_social/soc-dial/news/chartertextile_en.htm

The Clean Clothes Campaign aims to improve working conditions in the garment industry, world-wide.

<http://www.cleanclothes.org/index.htm>

Fair Wear Foundation is a Dutch organisation that aims to promote humane labour conditions in the worldwide garment industry.

<http://www.fairwear.nl/>

The Fair Labour Association website has information on the Apparel Industry Partnership Code of Conduct.

www.fairlabor.org

The Global Alliance

Created in 1999 by Nike, the World Bank, the International Youth Foundation and several other companies to improve workplace conditions in developing countries.
<http://www.theglobalalliance.org>

Cement

Cement Sustainability Initiative

World Business Council for Sustainable Development

<http://www.wbcSD.org/templates/TemplateWBCSD4/layout.asp?type=p&MenuId=NzY&doOpen=1&ClickMenu=LeftMenu>

Chemical

Beyond Philanthropy: The pharmaceutical industry, corporate social responsibility and the developing world. A report by Oxfam and other NGOs on improving steps the pharmaceutical industry can take to improve the health of adults and children and developing countries.

http://www.oxfam.org.uk/what_we_do/issues/health/beyonphilanthropy.htm

Canadian Chemical Producers Association is the originator and important force behind the industry's Responsible Care initiative. The CCMA website provides a Responsible Care Annual Report as well as other information.

<http://www.ccpa.ca/>

Chemical Strategies Partnership

A US-based nonprofit organization seeking to reduce chemical use, waste and risks by redefining the way chemicals are used and sold.

<http://www.chemicalstrategies.org/index.htm>

Computers

Clean Computer Campaign

Based in California, the Silicon Valley Toxics Coalition, advocates solutions for the negative human and environmental health impacts of computer manufacturing and disposal.

<http://www.svtc.org/cleancc/>

Electronics Product Stewardship Canada

A nonprofit organization lead by the electronics industry, EPSC is developing a national electronics end-of-life program in Canada

<http://www.epsc.ca/>

Construction

Construction Industry Environmental Forum

An initiative of the UK-based CIRIA, the Construction Industry Environmental Forum assists construction companies improve their environmental and sustainability performance.

http://www.ciria.org/cief_intro.htm

Environmental Performance Indicators for Sustainable Construction

A report prepared by the UK's Constructing Excellence organization.
<http://www.constructingexcellence.org.uk/resourcecentre/publications/document.jsp?documentID=113389>

Consulting and professional services

Selling Sustainable Success: A Guide to Corporate Responsibility for Consulting and Professional Services Firms. A report by the International Business Leaders Forum.
<http://www.smallbusinessjourney.com/output/Page254.asp>

Defense and Arms

British American Security Information Council web site contains a wealth of information on arms trade codes and regulations.
<http://www.basicint.org/WT/wtindex.htm>

Detergent Manufacturing

AISE Code of Good Environmental Practice
An initiative by European detergent manufacturers
<http://www.washright.com/it/who.html>

Electricity Utilities

Sustainability and Electrical Utilities
An ongoing sectoral working group of the World Business Council for Sustainable Development.
<http://www.wbcSD.ch/templates/TemplateWBCSD4/layout.asp?type=p&MenuId=Nzc&doOpen=1&ClickMenu=LeftMenu>

Food and Beverage

Food for thought: corporate social responsibility for food and beverage manufacturers
A report by the International Business Leaders Forum.
<http://www.iblf.org/csr/csrwebassist.nsf/content/a1d2a3c4.html>

International Code of Marketing Breast Milk Substitutes
Adopted in 1982 by the World Health Organization and the United Nations Children's Fund.
http://www.who.int/nut/documents/code_english.PDF

International Protocol/Global Chocolate Industry Plan to Combat Abusive Child Labour
Developed by the chocolate industry and human rights organizations in 2002.
<http://www.worldcocoaoundation.org/Labour/Child/Protocol/default.asp>

Codex Alimentarius Commission on Food Standards
Formed by the UN Food and Agriculture Organization and the UN World Health Organization to develop global food standards for consumer health protection and fair trading relationships.
http://www.codexalimentarius.net/web/index_en.jsp

Forestry

Comparative analysis of the Forest Stewardship Council and Sustainable Forestry Initiative certification programs (October 2001).

<http://www.getf.org/file/toolmanager/O16F20919.pdf>

Canadian Standards Association Sustainable Forest Management Standard

http://www.csa-asia.org/english/product_areas/forest_products_marking/

The Forest Stewardship Council produces a certifiable standard focused on the environmental impact of forest management. www.fsccanada.org/

The Greening of Print

A comprehensive study of over 1200 buyers and producers of print-related services, materials and equipment that addresses the impact of sustainability and environmental initiatives.

<http://www.greeningofprint.com/>

The Magazine Paper Project

This organization works with magazine publishers in the US to make environmental commitments and improve their environmental performance. <http://www.ecopaperaction.org/>

Markets Initiative

This coalition of non-governmental environmental organizations works with the printing, publishing and paper industries in Canada to protect endangered forests and improve industry's environmental performance.

<http://www.marketsinitiative.org/>

The Sustainable Forestry Initiative is a comprehensive system of principles, objectives and performance measures originally developed by the American Forest & Paper Association in 1994.

<http://www.aboutsfi.org/>

Sustainable Forest Management Coalition promotes the use of internationally recognized sustainable forest management certification standards in Canada.

<http://www.sfms.com/welcome.htm>

Sustainable Forestry Partnership

<http://sfp.cas.psu.edu>

Sustainability and the Forest Products Industry

An ongoing sectoral working group of the World Business Council for Sustainable Development.

<http://www.wbcSD.ch/templates/TemplateWBCSD4/layout.asp?type=p&MenuId=Nzk&doOpen=1&ClickMenu=LeftMenu>

Health Care

Health Care EnviroNet

A resource centre for pollution prevention and improving the environmental performance of the health care industry developed by Health Canada and Environment Canada.

http://www.c2p2online.com/main.php3?session=§ion=83&doc_id=169

Media

Good News & Bad: The Media, Corporate Social Responsibility and Sustainable Development

A report by the UK-based consultancy SustainAbility

<http://www.sustainability.com/insight/mediaspotlight-article.asp?id=140>

Mining and Minerals

Breaking New Ground: Minerals, Mining and Sustainable Development (2002) is the report from a two-year global study of the minerals industry and sustainable development based out of the International Institute for Sustainable Development in London.

<http://www.iied.org/mmsd/>

Documents on Voluntary Initiatives Relating to Mining and Sustainable Development

http://www.natural-resources.org/minerals/CD/vol_init.htm

Finding the Way Forward: How Could Voluntary Action Move Mining Towards Sustainable Development by Jim Walker and Steve Howard. International Institute for Environment and Development, 2003. A MMSD follow up report.

http://www.iied.org/mmsd/mmsd_pdfs/finding_the_way.pdf

Industry Codes of Practice and Other Voluntary Initiatives: Their Application to the Mining and Metals Sector, a report commissioned for the Mining, Minerals and Sustainable Development (MMSD) project of the International Institute for Environment and Development

http://www.natural-resources.org/minerals/CD/docs/mmsd/topics/voluntary_initiatives.pdf

International Cyanide Management Code for the Manufacture, transport and Use of Cyanide in the Production of Gold. A multi-stakeholder initiative lead by UNEP and ICMM.

<http://www.cyanidecode.org/>

Kimberley Process International Diamond Certification System. Addressing the issue of conflict diamonds.

<http://www.kimberleyprocess.com/>

Mineral Resources Forum. An information resource on issues related to minerals, metals and sustainable development.

<http://www.natural-resources.org/minerals/>

Mining Certification Evaluation Project. A partnership between the World Wildlife Fund and a number of Australian mining companies exploring a minerals certification scheme based on the Stewardship Council model.

http://www.minerals.csiro.au/sd/SD_MCEP.htm

Towards Sustainable Mining. An initiative under development by the Mining Association of Canada.

<http://www.mining.ca/>

UN "Berlin II" Guidelines for Mining and Sustainable Development. A compendium of guidelines for the mining sector published in 2002.

<http://www.mineralresourcesforum.org/workshops/Berlin/>

Voluntary Initiatives for the Minerals Sector: The Australian Experience

http://www.mineralresourcesforum.org/docs/pdfs/Wells_Santa_Fe_Speech.pdf

Pharmaceuticals

Beyond Philanthropy: The Pharmaceutical Industry, Corporate Social Responsibility and the Developing World, a report by Oxfam, VSO and Save the Children.

http://www.oxfam.org.uk/what_we_do/issues/health/beyonphilanthropy.htm

World Health Organization Ethical Criteria for Medical Drug Promotion

<http://www.who.int/medicines/library/dap/ethical-criteria/criteriamedicinal.pdf>

Telecommunications

The Telecommunications Sector and Corporate Social Responsibility

A sectoral research project by the International Business Leaders Forum.

<http://www.iblf.org/csr/csrwebassist.nsf/content/a1d2a3a4.html>

Tobacco

WHO Framework Convention on Tobacco Control

Adopted May 2003 by the World Health Organization.

<http://www.who.int/tobacco/fctc/text/final/en/>

Tourism

Standards for Sustainable Tourism. A document prepared by Jem Bendell.

<http://www.world-tourism.org/liberalization/trade/ANNEXSTUDY3.pdf>

UNEP International Year of Ecotourism 2002

<http://www.uneptie.org/pc/tourism/ecotourism/documents.htm>

National Geographic's Sustainable Tourism Resource Centre

<http://www.nationalgeographic.com/travel/sustainable/>

Charter for Sustainable Tourism (World Conference on Sustainable Tourism sponsored by UNESCO and held on the island of Lanzarote in 1995)

<http://www.insula.org/tourism/charte.htm>

Charter of Ethics for Tourism and the Environment

<http://www.tec-conseil.com/docsPDF/ttra.PDF>

The Quebec Declaration on Ecotourism, May 2002

<http://www.world-tourism.org/sustainable/IYE/quebec/anglais/declaration.html>

International Cultural Tourism Charter. International Council on Monuments and Sites (ICOMOS) Aimed at conserving cultural heritage. 1999.

<http://www.icomos.org/tourism/charter.html>

Berlin Declaration on Biological Diversity and Sustainable Tourism, 1997

<http://www.gdrc.org/uem/eco-tour/berlin.html>

Agenda 21 for the Tourist and Travel Industry, 1996
<http://www.wttc.org/promote/agenda21.htm>

Codes of Conduct, Charters of Ethics, and International Declarations for a Sustainable Development of Tourism. Ethical Content and Implication of Voluntary Initiatives in the Tourism Sector Ghislain Dubois. IRD, France, 2000. Includes a list of tourism codes used in the study.
<http://www.tec-conseil.com/docsPDF/ttra.PDF>

Conservation International
<http://www.conservation.org/xp/CIWEB/home>

Development Assistance Network for Tourism Enhancement and Investment
http://www.dantei.org/alt_resource.html#Sustainable_Tourism:

GreenGlobe 21
Benchmarking and certification program for sustainable tourism.
<http://www.greenglobe21.com/>

Global Development Research Centre Sustainable Tourism
<http://www.gdrc.org/uem/eco-tour/eco-tour.html>

International Ecotourism Society
<http://www.ecotourism.org/>

International Hotels Environment Initiative
A program of the Prince of Wales International Business Leaders Forum.
<http://www.ihei.org/>

Tour Operators Initiative for Sustainable Tourism Development
<http://www.toinitiative.org/>

Tourism Concern
<http://www.tourismconcern.org/>

World Tourism Organization
<http://www.world-tourism.org/>

World Travel and Tourism Council
<http://www.wttc.org/>

Transportation

Sustainable Mobility
An ongoing sectoral working group of the World Business Council for Sustainable Development
<http://www.wbcasd.ch/templates/TemplateWBCSD4/layout.asp?type=p&MenuId=ODE&doOpen=1&ClickMenu=LeftMenu>

The UK's Sustainable Cities and Aviation Network
A university-based research and discussion forum. Resources produced include the 2003 book "Towards Sustainable Aviation".
<http://www.scan-uk.mmu.ac.uk/>

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Corporate Codes of Conduct

Alcan Aluminum Worldwide Code of Employee and Business Conduct

2002

INTRODUCTION

Alcan is a multinational business with operations around the world in the aluminum and packaging fields. Our Company reflects the differing corporate and social characteristics that result from the many races, cultures and languages of the many countries in which we operate.

Ethical practices that are clearly understood and consistently followed are the means to strong and sustained growth. They enable us to build a competitive company while doing what is right.

It is our firm belief that our *Worldwide Code of Employee and Business Conduct* is a fundamental component of our success.

An effective code must be more than a paper or web document. It must be known to all employees and live through their actions. To ensure that the Code is more than just a good concept, it is made available to all Alcan employees, consultants and suppliers, all of whom are bound by its principles in their dealings with or on behalf of Alcan. The Code is supplemented by Alcan's Policies Manual that is available on Alcan's intranet site (web.alcan.com).

If faced with uncertainty about what to do, we must stop and ask for help. We should refer to the relevant section of this Code, speak with our supervisors or, if preferred, communicate with any of the other points of contact indicated in the Code.

When confronted with a business decision that has ethical considerations, there are several questions that should be asked:

1. Am I adhering to the spirit and the letter of the laws or policies that may be involved?
2. Would I want my actions reported on the front page of the newspaper?
3. What would my family, friends or neighbours think of my actions?
4. Will there be any direct or indirect negative consequences for Alcan?
5. Are my actions consistent with the overall values set forth in the Code or Policies Manual?

We recognize that there may still be grey areas where reasonable people may disagree. We welcome and encourage open discussion in these situations.

WORLDWIDE CODE OF EMPLOYEE AND BUSINESS CONDUCT

APPLICATION OF THE CODE TO NON-EMPLOYEES

The Code is not just for employees. All consultants and suppliers are equally expected to adhere to this Code in all their dealings with or on behalf of the Company. We must ensure that they are

aware of the contents of this Code, either by providing them with a copy or by referring them to the dedicated page on Alcan's Web site (www.alcan.com).

Although Alcan may not be able to require adherence to the Code in every joint venture and related company in which it participates, the principles in the Code are universal and so we should encourage its use in such organizations.

BOOKS AND RECORDS

All financial transactions are to be properly recorded in the books of account and accounting procedures are to be supported by the necessary internal controls. In turn, all Company books and records must be available for audit.

In relation to Alcan's books of account and Company records, we must:

1. not intentionally cause Alcan documents to be incorrect in any way;
2. not create or participate in the creation of any records that are intended to conceal anything that is improper;
3. properly and promptly record all disbursements of funds;
4. co-operate with internal and external auditors;
5. report any knowledge of any untruthful or inaccurate statements or records or transactions that do not seem to serve a legitimate commercial purpose; and
6. not make unusual financial arrangements with a customer or a supplier (such as, over-invoicing or under-invoicing) for payments on their behalf to a party not related to the transaction.

Suspected breaches of financial policy, which directly or indirectly affect Alcan's business, must be reported and investigated.

As far as practicable, contracts to which Alcan is a party should be in writing, leaving as little uncertainty as possible. "Side letters" or "comfort letters" that are not referred to in the main document should only be accepted or given with the advice of a Company lawyer.

COMPETITION ISSUES

Alcan must act independently and in its own interest in all commercial situations affecting competitive conditions of trade and avoid practices that restrict competition.

Therefore:

1. never enter into any agreement or tacit understanding with our competitors, and avoid discussing competitive issues on such matters as:
 - a) the price or other terms on which Alcan or any of our competitors sell products;
 - b) the costs incurred or profits made by Alcan or any of our competitors in manufacturing products;
 - c) the rate of production or percentage of capacity utilization of Alcan or any of our competitors;

- d) the customers to whom, or territories in which, Alcan or our competitors sell products; and
 - e) the type or amount of any product that Alcan or our competitors will manufacture or offer for sale;
2. when participating in joint ventures and industry associations involving competitors, limit communications to those actually required for the legitimate business of the joint endeavour;
 3. deal fairly with all customers and suppliers, including those with whom we also compete;
 4. respect our customers' freedom to conduct their business as they see fit, including the setting of prices at which they wish to sell their products;
 5. avoid any use of coercion in the sale of products to customers, such as forcing a customer to purchase unwanted products;
 6. refrain from using any market power or market information in a way which may restrict competition; and
 7. avoid any unfair or deceptive act or practice.

It is the responsibility of each manager to comply with the letter and spirit of all competition laws as they apply to Alcan. In order to interpret specific situations, refer to the competition guidelines available on the intranet. Whenever in doubt, competition-sensitive issues must be brought to the attention of a Company lawyer.

CONFIDENTIAL INFORMATION AND INTELLECTUAL PROPERTY

Confidential information includes: technical information about products or processes; vendor lists or purchase prices; cost, pricing, marketing or service strategies; non-public financial reports; and information related to divestitures, mergers and acquisitions. In addition, the way we put publicly-known information together, to achieve a particular result, is often a valuable trade secret.

Intellectual Property (IP) includes: patents, copyrights, trademarks and trade secrets. IP owners have rights granted to them under the law.

Confidential information, including that which relates to IP, is a valuable asset that could benefit a competitor if known to it or otherwise harm the Company if made public. We must be careful not to disclose such information to unauthorized persons, either within or outside Alcan, and must exercise care to protect the confidentiality of such information received from another party.

Confidential information can be protected under the law as a trade secret if it has value to others and the owner takes the necessary steps to protect it.

Therefore, we must:

1. be careful about where we discuss Alcan matters involving confidential information;
2. not disclose or use any Alcan confidential information for personal profit or advantage;

3. sign a patent and secrecy agreement, as necessary;
4. execute confidentiality agreements with persons outside the Company (including Alcan consultants) before discussing Alcan's confidential information;
5. while being alert to information in the marketplace, obtain competitive information only in accordance with sound business and ethical principles;
6. when approached with any offer of confidential information, ensure that both parties understand and accept the condition under which the information is received; and
7. discuss with a supervisor or a Company lawyer any unsolicited offer of confidential information in order to determine whether the information should be accepted or declined. This is particularly important if you have reason to believe it may have been obtained improperly.

We must always protect Alcan's confidential information and IP rights and we must also respect the same rights of others. Report any unauthorized use of Alcan's IP.

The Alcan trademark and tradename are among Alcan's most valuable assets. The presentation, use and protection of the Alcan trademark is governed by the corporate identity guidelines available on the intranet.

Alcan's policy is to licence one software package per employee-user, except when the licence provides otherwise or permits a network version of the software to be used. We must not copy software, protected by copyright law and/or licence agreements, unless the owner of the copyright or licence holder specifically grants, directly or indirectly, permission to do so.

CONFLICTS OF INTEREST

It is essential that we remain free of, or disclose, commitments and relationships that involve, or could involve, a conflict of interest with Alcan.

A conflict of interest can exist if you have a direct or indirect personal interest in a decision being made where that decision should be made objectively, free from bias and in the best interests of Alcan. It is important that even the appearance of a conflict of interest be avoided.

Any employee who believes that he or she may be affected by a conflict of interest must immediately disclose all relevant details to his or her supervisor.

There are some conflict-of-interest situations that we should disclose and for which we should obtain written approval before proceeding. These include:

1. any consulting or other significant relationship with, or interest in, any supplier, customer or competitor;
2. any personal interest that is competitive with the interests of Alcan;
3. any business relationship on behalf of Alcan with any person who is a relative or a personal friend, or with any company controlled by such a person;
4. any position where we have influence or control over the job evaluation or compensation of any person who is a relative or personal friend;

5. any personal use or sharing of Alcan confidential information for profit, such as advising others to buy or sell Alcan property or products on the basis of such information;
6. any personal sale to or purchase from Alcan; or
7. any acceptance of benefits, other than modest gifts and entertainment, from a person or organization dealing, or expecting to deal, with Alcan in a business transaction.

Anything that could present a conflict of interest to an employee could also present a conflict of interest if it is passed on to a family member or a third party who is receiving benefits for the employee. Common sense and good judgement must be exercised to avoid any perception of impropriety or conflict of interest.

DRUGS, ALCOHOL IMPAIRMENT AND FIREARMS

It is forbidden to possess or consume illegal drugs while working on Alcan premises. To remain competitive in today's business environment, it is essential that we make the best decisions; therefore, we expect that all our judgements be clear and unimpaired by drugs or alcohol.

Firearms are permitted only in those areas and circumstances expressly authorized by management.

These restrictions are established for the well-being and productivity of our employees and our Company.

E-MAIL AND INTERNET USAGE

E-mail and Internet systems are provided primarily for business use. E-mail is not entirely secure and may be susceptible to interception and creates a permanent record. Any e-mail you send may be printed by the recipient and forwarded by the recipient to others, and is probably retained on company computers for a substantial period of time. Therefore, Alcan's employees should exercise the same care, caution and etiquette in sending an e-mail message as they would in normal written business communications.

In relation to your Company Internet connection, do not download any data that is unprofessional or inappropriate for business use. In addition, all employee e-mail and Internet usage may be the subject of monitoring without notice.

For more information, refer to the related policies available on the intranet.

EMPLOYEE USE OF COMPANY PROPERTY

Company property is for Company use.

We must not:

1. obtain, use or divert Alcan property for personal use or benefit;
2. materially alter or destroy Alcan property without proper authorization; or
3. remove Company property or use Company services without prior management approval.

Some activities may have benefits to Alcan as well as to an individual employee and the distinction between the two may be difficult to establish. Accordingly, it is important that any use of Alcan property or services that is not solely for the benefit of Alcan be approved in advance by your supervisor.

Any suspected fraud or theft by employees or third parties must be reported.

ENVIRONMENT, HEALTH AND SAFETY

At Alcan, our goal is to protect and promote the environment and the health and safety of our employees and the communities where we operate.

As part of the overall approach to environment, health and safety (EH&S), we must:

1. be familiar with all EH&S policies, procedures and practices;
2. take responsibility for our environment, personal health and safety and that of co-workers and strictly adhere to EH&S regulations and practices;
3. identify hazards, assess risks and whenever possible, initiate corrective action and bring the matter to the attention of management;
4. promptly report EH&S incidents (such as spills, non-compliant emissions, occupationally-related injuries and illness, etc.) to local management to allow for investigation of causes and initiation of corrective and preventive measures;
5. promptly report EH&S incidents to appropriate legal authorities as required by local regulations;
6. use personal protective equipment correctly; and
7. participate actively in EH&S training activities.

Our individual involvement in EH&S will contribute to the benefit of all.

GOVERNMENT RELATIONS

In the conduct of our business, government relations include all contacts with governments, their agencies and representatives, in national and local jurisdictions around the world. Many employees interact with various government agencies on a routine basis in accordance with established practices and procedures.

Though customs may vary from one country to another, there is only one standard for Alcan representatives, and that is conducting ourselves according to the highest ethical standards in all our dealings with governments.

We will cooperate with every legitimate request for information from government sources.

Nevertheless, we must assert Alcan's basic legal rights, such as representation by counsel, where appropriate. Consequently, if a government authority requests information or access to files, advise that the matter must first be discussed with a Company lawyer. If, however, the authority (a police officer, for instance) has a search warrant, cooperate immediately but contact a Company lawyer without delay. Never destroy Alcan documents in anticipation of a request for those documents from a government agency.

When submitting information to any authority, we must take appropriate steps to protect its confidentiality. In many countries, information in government files is available to the public upon request. While the object of such laws is to promote open and accountable government, this can also allow competitors to obtain information about us.

Alcan must not retain a government employee to perform services except under written contract with the government specifying the nature of the services to be provided. Care must be taken so that the service provided cannot be misinterpreted as a means to provide improper payments.

In some countries, hiring a government employee for any work is prohibited.

Limit entertainment of government representatives so that it does not compromise — or appear to compromise — the individuals involved or Alcan in any way.

HUMAN RIGHTS AND THE WORKPLACE

Alcan is guided by principles of non-discrimination, respect for human rights and individual freedoms and conducts its global business in a manner that makes it an employer of choice.

In many ways, our workplace is our second home, where all of us are entitled to be treated with respect. Respect is central to a harmonious workplace, where the rights of employees are upheld, and where their dignity is affirmed, free of intimidation, discrimination or coercion of any kind.

We:

1. strive to maintain a work environment where personal dignity of the individual is respected;
2. do not permit discrimination or harassment on the basis of race, gender, national origin, religious belief or on the basis of any personal characteristic protected by law;
3. do not approve of the use of inappropriate language in the workplace, including profanity, swearing, vulgarity or verbal abuse;
4. do not permit coercion or intimidation in the workplace;
5. are unequivocally opposed to forced or child labour.

We respect employees' rights in relation to employment matters. While the Company will promote its position in a fair and legal manner, we recognize the right of employees to organize legally and bargain collectively.

IMPROPER PAYMENTS TO OFFICIALS

We must not offer improper payments when acting on behalf of the Company.

Alcan funds must not be used to make payment, directly or indirectly (through agents or otherwise), in money, property, services or any other form to a government official, political party or candidate for political office to induce the recipient to:

1. exert influence to assist the Company in obtaining or retaining business; or
2. commit any act in violation of a lawful duty.

If you are in doubt about the legitimacy of a payment that you have been requested to make, seek the advice of a Company lawyer.

INTERNATIONAL BUSINESS

We operate on a global basis and are therefore subject to national and local laws and regulations that vary from one jurisdiction to another. Our policy is to comply with the laws wherever we do business.

In particular, we must:

1. ensure that payments made to agents or distributors are always for services rendered and are reasonable according to the nature of those services;
2. never expand business into a foreign country, where Alcan has not previously done business, without discussing it with management and a Company lawyer;
3. be aware of dealings with countries that are involved in conflicts or that are subject to international sanctions;
4. when involved in exports, observe all regulations that govern the shipment of Alcan's products and services to the importing country, as well as applicable international trade agreements;
5. be accurate when furnishing information to any person hired to facilitate export or import transactions; and
6. consult a Company lawyer for specific guidelines to deal with cross-border management of Alcan's business (including membership on the boards of directors of companies located in foreign countries).

MARKETING AND SALES

It is our policy to demonstrate the highest standards of integrity in all aspects of Alcan's business and to do business fairly and equitably.

This policy extends to the sale or purchase of services (such as, banking, consulting, advertising, engineering and maintenance) as well as to the sale or purchase of tangible goods and products.

In buying, we must choose suppliers fairly, except insofar as specific national government policy or legal requirements dictate.

In marketing and sales, we must:

1. where comparisons are permitted by law, fairly compare our products, services or employees to those of our competitors;
2. make all price estimates and forecasts of future delivery dates clear and concise, subject to variations of supply and demand;
3. never give or receive improper payments or gifts to or from anyone in connection with the sale or purchase of products or services even at the cost of foregoing business opportunities; and

4. be alert to product liability concerns and, where applicable, warn our customers of any inherent dangers in the products sold.

POLITICAL ACTIVITY

As a general rule, we refrain from participating in political activities in the name of Alcan or in organizing such activities on Alcan property. However, we affirm each of our rights to express our political convictions, and to vote on them, in our capacity as private citizens.

Whether or not local laws restrict the use of corporate funds in support of political parties, it is our general policy not to make contributions to political parties at any level of government.

Examples of activities that are in breach of this policy and may be illegal in some jurisdictions are:

1. the inclusion of a political contribution on an expense account. This would include, for example, a luncheon held by a political party, even though Alcan business affairs are discussed; and
2. the use of our facilities to assist the staging of a political event. This would include using Alcan telephones or enlisting Alcan staff to make contacts or prepare political materials.

In exceptional cases and where local law permits, a political contribution may be made with the approval of Alcan's Chief Executive Officer. Any such contribution must be consistent with our belief that Alcan's role is complementary to the responsibility of governments.

From time to time, issues of significant importance to the financial and business well-being of Alcan may arise in a political context. Alcan may participate in such political processes, according to local laws and the guidelines set forth in this Code, in order to advance its legitimate interests. Participation may include lobbying, publication of its views in the media and support of interested organizations.

SECURITIES LAW AND INSIDER TRADING

We must refrain from buying or selling Alcan securities, products or raw materials while in possession of material non-public information about Alcan and refrain from passing such information on to others, which includes family and friends.

"Material non-public information" is information that is significant enough that, if publicly-known, is likely to affect the market price of any of Alcan's securities (e.g. shares or bonds).

Here are some examples:

1. unpublished financial results, including unreleased quarterly and annual results;
2. major acquisitions or divestitures by Alcan;
3. important contracts that are signed or ended;
4. significant changes in our products;
5. increases or decreases in regular dividends paid by Alcan;
6. significant capital projects or significant changes to capital projects;

7. significant changes in senior management or to our Board of Directors; and
8. take-over bids or other change-of-control situations.

Whenever in doubt as to whether you may trade, refer to the trading policy on the intranet and/or contact a Company lawyer.

SEXUAL HARASSMENT, WORKPLACE HARASSMENT AND VIOLENCE

Sexual harassment may include unwanted sexual advances, sexual jokes, subtle or overt pressure for sexual favours, sexual innuendoes, and offensive propositions. These are not tolerated at Alcan.

Sexual harassment is an act of a sexual nature that may result in adverse working conditions, including:

1. the creation of an intimidating, hostile or offensive work environment;
2. interference with an individual's work performance; and/or
3. limitation of an individual's opportunities for employment or advancement.

We do not tolerate workplace harassment or violence of any kind. This includes threats, intimidation, bullying, subjecting individuals to ridicule or unwarranted exclusion.

Report any such behaviour or concerns, particularly about your personal safety or that of your colleagues. When the Company believes that harassment or violence has occurred, appropriate disciplinary action will be taken against those responsible, which may include dismissal.

SHAREHOLDER, MEDIA AND COMMUNITY RELATIONS

We value, and have benefited from, good relations with our shareholders. We always attempt to respond to their inquiries and requests as quickly as possible.

Requests from investors or shareholders for information concerning Alcan and its business should be forwarded to Alcan's Investor Relations department, whose coordinates can be found on the Alcan intranet.

Communications with external audiences, i.e., with the news media and investors, is essentially about communicating in an equitable, credible and timely manner. Alcan's credibility is key to building the value of its name and enhancing shareholder value.

Media interaction is the responsibility of authorized Alcan spokespersons, who ensure the timely and informed communication of relevant information. All spokespersons, or anyone dealing with the media, must demonstrate high standards of integrity and transparency, while refrain from unauthorized disclosure of proprietary or non-public information.

Alcan employees should make sure these spokespersons know about any relevant issue of local or national interest that relate to Alcan's business of which they may not be aware.

Alcan is committed to demonstrating that good corporate citizenship is compatible with achieving superior returns for its shareholders. Our objective is to balance the interests of Alcan and its shareholders with the legitimate interests of employees, customers and suppliers, as well as

governments and the public at large. We take into account the differing social, economic and environmental aspirations of the communities in which we are active.

Alcan encourages all employees to play a voluntary role in the community. In all instances of voluntary, community and political activity, except in specific cases approved by senior management, Alcan employees participate without remuneration, in their own names and on their own time.

WORKPLACE SECURITY

We are committed to ensuring the safety of our employees as well as the security of our assets.

Alcan representatives and security staff are permitted to direct the search of persons, vehicles or property that are on Alcan premises, in accordance with local laws. All employees as well as suppliers, consultants, etc. are expected to cooperate by allowing a search of their persons and property on Company premises.

COMPLIANCE WITH THE CODE

All Alcan employees, consultants and suppliers are expected to comply with Alcan's *Worldwide Code of Employee and Business Conduct* and actively support its values and principles.

Any employee who fails to comply with the Code, or who withholds information during the course of an investigation regarding a possible violation of it is subject to disciplinary action up to and including dismissal. Any consultant or supplier who fails to comply with the Code may see their contract terminated or not renewed. Depending upon the nature of the non-compliance,

Alcan may have the legal obligation to report the non-compliance to the appropriate authorities.

Breaches of the Code must be reported immediately to one of the following:

1. your supervisor;
2. your department or function head;
3. a Company lawyer;
4. your Human Resources department; or
5. such other means that the Company may from time to time make available (i.e., designated telephone lines).

All information will, to the extent possible, be received in confidence. No retaliatory action will be taken against anyone for making in good faith a report of a violation. However, anyone who takes part in a prohibited activity may be disciplined even if they report it. An employee's decision to report will, in all cases, be given due consideration in the event any disciplinary action is necessary.

Compliance with this Code will be measured by audits, which will include review of reporting procedures and training programs.

Further Information

Code of conduct on the web:

[http://www.alcan.com/corporate/alcancom.nsf/graphics/reports/\\$file/Code_English.pdf](http://www.alcan.com/corporate/alcancom.nsf/graphics/reports/$file/Code_English.pdf)

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Fax: (514) 848-8115

Website: www.alcan.com

Anglo America Good Citizenship Business Principles

Anglo American plc and its subsidiaries have an established tradition of community involvement and social investment. We have always seen the objectives of seeking to provide superior returns to our shareholders and shouldering our share of social and environmental responsibilities as complementary.

Our business success brings with it obligations of good stewardship and ethical behaviour. Our operations will perform better when the communities surrounding them are stable and prosperous. Conducting business now with an eye to the needs of the future is the essence of sustainable development.

As we enter the era of globalisation we must recognise that many people have fears about the pace of change and the perceived motivations and power of international corporations. In response, companies need to be transparent and accountable. We need to show that we use our resources and influence in society to the good. 'Good Citizenship' sets out the values and standards which guide us in the conduct of our businesses. Whilst we operate in many countries and in widely differing conditions, our values and principles have universal application. This document supersedes the Codes of Ethics, observed over many years, by our predecessor companies.

Our Business Principles apply to every business we manage, everything we do and to every part of the world in which we operate. We will ensure that these principles are properly understood and observed. We will modify and refine the Statement from time to time in the light of experience.

Julian Ogilvie Thompson
Chairman

Tony Trahar
Chief Executive

April 2002

Our responsibilities to our stakeholders

Our primary responsibility is to our investors. We will seek to maximize shareholder value over time. We believe that this is best achieved through an intelligent regard for the interests of other stakeholders including our employees, the communities associated with our operations, our customers and business partners. A reputation for integrity and responsible behaviour will underpin our commercial performance through motivating employees and building trust and goodwill in the wider world.

The following considerations guide our dealings with stakeholders:

Investors

We will ensure full compliance with relevant laws and rules. We are committed to good corporate governance, transparency and fair dealing.

Employees

We aim to attract and retain the services of the most appropriately skilled individuals. We are committed to treating employees at all levels with respect and consideration, to investing in their development and to ensuring that their careers are not constrained by discrimination or other arbitrary barriers to advancement. We will seek to maintain a regular two-way flow of information with employees to maximise their identification with, and ability to contribute to, our business.

Communities

We aim to promote strong relationships with, and enhance the capacities of, the communities of which we are a part. We will seek regular engagement about issues which may affect them. Our support for community projects will reflect the priorities of local people, sustainability and cost effectiveness. We will increasingly seek to assess the contribution our operations make to local social and economic development and to report upon it.

Customers and business partners

We seek mutually beneficial long term relationships with our customers, business partners, contractors and suppliers based on fair and ethical practices.

Governmental bodies

We respect the laws of host countries whilst seeking to observe, within our operations, the universal standards promulgated by leading intergovernmental organisations. We aim to be seen as socially responsible and an investor of choice.

Non-governmental organisations

We aim for constructive relations with relevant non-governmental organisations. Their input may lead to better practices and increase our understanding of our host communities.

Principles of conduct

Business integrity and ethics

We support free enterprise as the system best able to contribute to the economic welfare of society as well as to promote individual liberty. Without profits and a strong financial foundation it would not be possible to fulfil our responsibilities to shareholders, employees, society and to those with whom we do business. However, our investment criteria are not solely economic. They also take into account social, environmental and political considerations.

We will comply with all laws and regulations applicable to our businesses and to our relationships with our stakeholders.

We are implacably opposed to corruption. We will not offer, pay or accept bribes or condone anti-competitive practices in our dealings in the marketplace and will not tolerate any such activity by our employees.

We prohibit employees from trading securities illegally when in possession of unpublished price sensitive information.

We require our employees to perform their duties conscientiously, honestly and with due regard for the avoidance of conflicts between any personal financial or commercial interests and their responsibilities to their employer.

We will maintain high standards of planning and control to: identify and monitor material risks; safeguard our assets; and to detect and prevent fraud.

We will promote the application of our principles by those with whom we do business. Their willingness to accept these principles will be an important factor in our decisions to enter into, and remain in, such relationships.

We encourage employees to take personal responsibility for ensuring that our conduct complies with our principles. No one will suffer for raising with management, violations of this policy or any legal or ethical concern.

Corporate citizenship

We respect human dignity and the rights of individuals and of the communities associated with our operations. We seek to make a contribution to the economic, social and educational well-being of these communities, including through local business development and providing opportunities for workers from disadvantaged backgrounds.

We recognise the sensitivities involved in addressing issues which relate to the cultural heritage of indigenous communities. We will seek to ensure that such matters are handled in a spirit of respect, trust and dialogue.

We believe we have the right and the responsibility to make our positions known to governments on any matters which affect our employees, shareholders, customers or the communities associated with our operations.

Whilst the primary responsibility for the protection of human rights lies with governments and international organisations, where it is within our power to do so, we will seek to promote the observance of human rights in the countries where we operate. We support the principles set forth in the Universal Declaration of Human Rights.

Employment and labour rights

We are committed to the adoption of fair labour practices at our workplaces and our conditions of service will comply with applicable laws and industry standards.

We will promote workplace equality and will seek to eliminate all forms of unfair discrimination.

We will not tolerate inhumane treatment of employees including any form of forced labour, physical punishment, or other abuse.

We prohibit the use of child labour.

We recognise the right of our employees to freedom of association.

We will operate fair and appropriate means for the determination of terms of conditions of employment.

We will provide appropriate procedures for the protection of workplace rights and our employees' interests.

We will provide employees with opportunities to enhance their skills and capabilities, enabling them to develop fulfilling careers and to maximise their contribution to our business.

Safety, health and environmental stewardship

We have adopted a comprehensive Safety, Health and Environment Policy and will report regularly on our SHE performance. We will continue to review and develop this policy.

We strive to prevent fatalities, work-related injuries and health impairment of employees and contractors.

We recognise the need for environmental stewardship to minimise consumption of natural resources and waste generation and to minimise the impact of our operations on the environment.

Senior executives and line management are accountable for safety, health and environmental issues and for the allocation of adequate financial and human resources within their operations to address these matters. We will work to keep health, safety and environmental matters at the forefront of workplace concerns and will report on progress against our policies and objectives.

We recognise the human tragedy caused by the HIV/AIDS epidemic, particularly in sub-Saharan Africa. We have a clear policy for addressing HIV/AIDS in the workplace and are committed to a comprehensive prevention strategy, linked to programmes of care for those with HIV/AIDS. We will strive to eliminate any stigma or unfair discrimination on the basis of real or perceived HIV status.

We are committed to the principles of sustainable development, by which we mean striking an optimal balance between economic, environmental and social development. We will strive to innovate and adopt best practice, wherever we operate, working in consultation with stakeholders.

This Statement should be read in conjunction with fuller policy statements such as our Safety, Health and Environment Policy and such other codes and guidance notes which may be issued from time to time.

We welcome comments on this Statement.

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The text is available online at
http://www.angloamerican.co.uk/article/?afw_source_key=50A97184-4473-48DC-93A4-F61106497751

Barrick Code of Business Conduct & Ethics

On August 2, 2006, Barrick's Board of Directors amended the Code of Business Conduct and Ethics. The amendments include enhancing the provisions on reporting potential misconduct and the handling of reported concerns.

Introduction

Barrick's success is built on a foundation of personal and professional integrity and commitment to excellence. As a company and as individuals, we must guide our conduct by the highest standards of honesty, integrity and ethical behavior. This Code of Business Conduct and Ethics (the "Code") embodies the commitment of Barrick Gold Corporation and its subsidiaries to conduct our business in accordance with all applicable laws, rules and regulations and the highest ethical standards throughout our worldwide organization. This Code has been adopted by Barrick's Board of Directors and applies to every Barrick employee, including the Chief Executive Officer and other senior executive and financial officers, and to members of our Board of Directors.

In addition to this Code, every employee and director must also read and comply with the portions of Barrick's Anti-Fraud Policy, Disclosure Policy, Insider Trading Policy, Anti-Bribery and Anti-Corruption Policy, Safety and Occupational Health Policy Statement, Environmental Policy Statement, and the policies of his or her particular business unit applicable to such employee or director.

All Barrick employees are accountable for adhering to this Code and the highest ethical standards. You are responsible for reporting behavior that violates this Code. Failure to observe this Code may subject you to disciplinary action by Barrick, up to and including termination. Furthermore, violations of this Code may also be violations of the law and may result in civil or criminal penalties for you, your supervisors and/or Barrick.

A. COMPLIANCE AND REPORTING

1. Duty to Report Suspected Code Violations

Barrick expects employees and directors to take all responsible steps to prevent a violation of this Code, to identify and raise potential issues before they lead to problems, and to seek additional guidance when necessary.

The Barrick Code of Business Conduct and Ethics/Anti-Fraud Escalation Policy provides a framework to ensure that suspected violations of this Code are reported to appropriate levels of management and the Audit Committee of the Board of Directors of Barrick. Elements of this framework are summarized in this Code.

As a general guideline, if you have any questions regarding the best course of action in a particular situation, or if you suspect a possible violation of a law, regulation or this Code, you should address the matter promptly with local management. Reporting concerns to local management is often the most effective way to promote an open and positive work environment.

If reporting a concern or complaint to local management is not possible or advisable for some reason or if taking it to local management does not resolve the matter, you should promptly contact the General Counsel, or any Barrick in-house legal counsel or report the matter through the Compliance Hotline.

Set forth below are the local management contacts for employees to report concerns or complaints related to this Code:

Location	Contacts
Mine or development project site	Mine Manager, Development Project Manager, Regional In-house Counsel or Regional Chief Financial Officer
Regional business unit office	Regional In-house Counsel or Regional Chief Financial Officer
Corporate office and all other locations	General Counsel, In-house Counsel in the Corporate office, or Director, Internal Audit

2. Formal Reporting Channels

Barrick has established the following Formal Reporting Channels for employees to report suspected violations of this Code. Concerns or complaints may be reported to:

- To the General Counsel or any Barrick in-house legal counsel, in person or by telephone, through the contact information posted on the Barrick Intranet;
- Through the Compliance Hotline, described in further detail below, which may be contacted by following the instructions set out on Appendix A to this Code and posted on Barrick's Intranet;
- In the case of matters regarding accounting, internal accounting controls and other auditing matters, in addition to the General Counsel, any Barrick in-house legal counsel and the Compliance Hotline, to the Audit Committee, through the Procedures for Reporting Auditing, Internal Accounting Controls and Audit Related Complaints, which are posted on Barrick's website at www.barrick.com and on the Barrick Intranet; or
- in the case of matters involving the Chief Executive Officer or any other senior executive or financial officer of Barrick, in addition to the General Counsel, any Barrick in-house legal counsel and the Compliance Hotline, to the Chairman of the Board or any other member of the Board of Directors, through the procedures posted on the Barrick Intranet.

3. Mandatory Use of Formal Reporting Channels

- Suspected Code violations that involve any of the following matters must be reported through a Formal Reporting Channel:
 - an alleged misstatement in Barrick's publicly released financial statements;
 - an alleged misrepresentation in Barrick's other public disclosure;
 - any other matter that could reasonably be expected to result in a restatement of Barrick's publicly released financial statements;
 - alleged bribery of a government official or other alleged violation of anti-corruption laws;
 - known or suspected fraud that involves a potential cost or loss to Barrick exceeding US\$10,000;
 - known or suspected fraud, regardless of amount, that involves an officer of Barrick;
 - known or suspected fraud, regardless of amount, that involves an employee who has a significant role in Barrick's internal controls; or
 - an event or series of events indicative of a deterioration in the overall internal control environment at a Barrick mine site, project development site or office.

If there is any doubt as to whether a matter falls within a category set out above, one of the Formal Reporting Channels must be used.

4. Compliance Hotline

If you prefer to report a suspected Code violation anonymously, or if any of the persons to whom you have reported a concern about a Code violation has not, in your view, responded appropriately, Barrick has established a Compliance Hotline to assist you.

The Compliance Hotline is answered by an outside service provider and is available to all employees. If you require an interpreter, every reasonable effort will be made to provide you with

one. The contact information for the Compliance Hotline is posted on Barrick's Intranet and set forth on Appendix A to this Code; Appendix A is not a part of this Code.

5. Handling of Reports

The General Counsel is responsible for all reports of suspected Code violations received through a Formal Reporting Channel and will ensure that prompt and appropriate action is taken in respect of such reports.

Reports of suspected Code violations received by Mine Managers, Development Project Managers, Regional In-house Counsel and Regional Chief Financial Officers will be reported to the General Counsel in accordance with the Code of Business Conduct and Ethics/Anti-Fraud Escalation Policy. Unless otherwise directed by the General Counsel, Mine Managers, Development Project Managers, Regional In-house Counsel and Regional Chief Financial Officers are primarily responsible for all reports of suspected Code violations associated with their mine, development project or regional business unit office, as the case may be, reported to them that do not require mandatory reporting through a Formal Reporting Channel and will ensure that prompt and appropriate action is taken in respect of such reports.

The General Counsel will report to the Audit Committee of the Board of Directors on Code violations and suspected Code violations in accordance with Code of Business Conduct and Ethics/Anti-Fraud Escalation Policy.

6. Confidentiality and Non-Retaliation

Every reasonable effort will be made to ensure the confidentiality of concerns about suspected Code violations, any related investigations and the identity of those providing information, to the extent consistent with the need to conduct an appropriate, fair and thorough investigation. If you prefer to report an allegation anonymously, you must provide enough information about the incident or situation to allow Barrick to investigate properly.

We encourage and expect you to raise possible ethical issues and will not tolerate retaliatory action against any individual for raising concerns or questions regarding ethics matters or for reporting suspected Code violations in good faith.

B. STANDARDS OF CONDUCT

1. Conflicts of Interest

All employees and directors have an obligation to act in the best interests of Barrick. A "conflict of interest" occurs when an individual's private interest improperly interferes, or appears to interfere, with the interests of Barrick. A conflict situation can arise when an employee or director takes actions or has private interests that may make it difficult to perform his or her company work objectively and effectively. Conflicts of interest may cause an employee or director to make decisions based on personal gain rather than in the best interests of Barrick. Employees and directors should avoid conflicts of interest. In particular, you may not use or attempt to use your position at Barrick to obtain any improper personal benefit for yourself.

Barrick respects the right of employees and directors to take part in financial, business and other activities outside their jobs. These activities, however, must be free of conflict with your responsibilities as Barrick employees and directors. Barrick employees and directors must not serve as directors or officers of, or work as employees or consultants for, a competitor or an actual or potential business partner of Barrick without prior approval of the Chief Executive Officer or the General Counsel.

Barrick employees and directors must not invest in or trade in shares of a competitor or an actual or potential business partner of Barrick where such investment or trading may appear or tend to influence business decisions or compromise independent judgment. This prohibition does not apply to shares of a publicly traded company where such investment or trading relates to less than five percent of its issued shares. However, investing or trading in Barrick's competitors or

business partners remains subject to applicable laws and regulations regarding insider trading, including prohibitions against trading when in possession of material non-public information regarding such companies, whether such information is gained in the course of employment with Barrick or otherwise.

Barrick employees and directors must not seek or solicit any gifts or other benefits for personal or individual use from Barrick's actual or potential business partners or suppliers. Employees and directors may receive modest unsolicited gifts and reasonable entertainment from Barrick's business associates. Employees and directors (or a member of their immediate family) must not accept gifts or entertainment of a value that may appear to or tend to influence business decisions or compromise independent judgment. Gifts of cash or cash value vouchers may not be accepted from Barrick's business associates under any circumstances.

If a conflict of interest exists, and there is no failure of good faith on the part of the employee or director, Barrick's policy generally will be to allow a reasonable amount of time for the employee or director to correct the situation in order to prevent undue hardship or loss. However, all decisions in this regard will be in the discretion of the Chief Executive Officer or the General Counsel, whose primary concern in exercising such discretion will be the best interests of Barrick.

2. Public Disclosure

Barrick is committed to providing timely, factual and accurate disclosure of material information about Barrick to its shareholders, the financial community and the public, including in Barrick's filings with securities regulatory authorities. Barrick's policy governing public disclosure is set forth in our Disclosure Policy. Employees and directors involved in the company's disclosure process are responsible for acting in furtherance of such policy, and it is important that you thoroughly understand and comply with such policy.

3. Compliance with Laws, Rules and Regulations

Barrick is committed to compliance with all applicable laws, rules, and regulations in every jurisdiction in which it does business. All employees and directors are expected to adhere to the standards and restrictions imposed by those laws, rules and regulations. Employees and directors should educate themselves on the laws, rules and regulations that govern their work and should seek the assistance of the General Counsel or any Barrick in-house legal counsel when necessary or appropriate.

Barrick and its employees and directors are subject to laws and regulations regarding insider trading. Generally, Canadian and United States securities laws prohibit trading in the securities (including equity securities, convertible securities, options, bonds and any stock index containing the security) of any company while in possession of material, nonpublic information regarding such company. This prohibition applies to Barrick securities as well as to the securities of other companies. Barrick has adopted an Insider Trading Policy in order to prevent improper trading in securities of Barrick and the improper communication of undisclosed material information regarding Barrick. It is important that you thoroughly understand and comply with such policy.

It is Barrick's policy that neither Barrick nor its employees or directors shall pay, offer to pay or promise to give anything of value, directly or indirectly, to any government official for the purpose of influencing an official act or decision related to retaining or obtaining business or directing business to any person. Barrick may encounter particular pressure to make such payments in countries where extraordinary competition exists for mining opportunities and should be particularly vigilant not to be tempted by assertions that such practices are common or condoned in that country. Examples of situations that may constitute making improper payments to government officials include giving gifts, paying tips or other monetary amounts not required by law, providing entertainment and sponsoring government travel. For additional guidance on such matters, you should refer to Barrick's Anti-Bribery and Anti-Corruption Policy. If you are not certain that any conduct or proposed conduct is appropriate under such policy, you should discuss the matter promptly with the General Counsel or any Barrick in-house legal counsel.

4. Corporate Opportunities

You owe a duty to Barrick to advance its legitimate interests. Employees and directors are prohibited from (a) taking for themselves personally opportunities that are discovered through the use of corporate property, information or position, unless Barrick has already been offered the opportunity and declined it; (b) using corporate property, information or position for personal gain; and (c) competing with Barrick.

5. Protection and Proper Use of Company Assets

All employees and directors should protect Barrick's assets and ensure their efficient use. Barrick's assets must be protected from loss, damage, theft, misuse, and waste. Company assets include your time at work and work product, as well as Barrick's equipment and vehicles, computers and software, trading and bank accounts, company information and Barrick's reputation, trademarks and name. Barrick's telephone, email, Internet and other electronic systems are primarily for business purposes. Personal communications using these systems should be kept to a minimum. Employees and directors should exercise prudence in incurring and approving business expenses, work to minimize such expenses and ensure that such expenses are reasonable and serve Barrick's business interests.

Barrick's Anti-Fraud Policy sets out Barrick's expectations and requirements relating to the prohibition, recognition, reporting and investigation of suspected fraud, corruption, misappropriation and other similar irregularities.

6. Financial Controls and Records

Barrick's accounting and financial records must reflect in an accurate, complete and timely manner, in reasonable detail, every business transaction undertaken by our company, and must conform to applicable legal requirements and Barrick's system of internal controls. All employees and directors who have control over Barrick's assets and transactions are responsible for establishing and/or maintaining a system of internal controls in their area of responsibility designed to (a) prevent unauthorized, unrecorded or inaccurately recorded transactions; and (b) permit the preparation of financial statements according to generally accepted accounting principles.

Mineral reserves and resources must be defined, calculated and disclosed in a manner consistent with applicable laws and regulations and Barrick's established procedures.

7. Confidentiality

Employees and directors should maintain all confidential information in strict confidence, except when disclosure is authorized by Barrick or legally mandated. Confidential information includes, among other things, any non-public information concerning Barrick, including its business, financial performance, results or prospects, and any non-public information provided by a third party with the expectation that the information will be kept confidential and used solely for the business purpose for which it was conveyed. Your obligation to safeguard Barrick's confidential information continues after your employment with Barrick ends.

Barrick's policy on maintaining confidentiality is set forth in our Disclosure Policy.

8. Fair Dealing

Barrick expects every employee and director to act at all times with the highest degree of integrity. You should endeavor to deal fairly with Barrick's counterparties, suppliers, competitors and employees. No employee or director may take unfair advantage of anyone through manipulation, concealment, abuse of privileged information, misrepresentation of material facts, or any other unfair-dealing practice.

9. Employee Harassment or Discrimination

Barrick is committed to fair employment practices and a workplace in which all individuals are treated with dignity and respect. We do not tolerate or condone any type of discrimination prohibited by law. Barrick expects that all workplace conduct will be professional and free of bias and harassment.

10. Environmental, Safety, and Occupational Health Practices

Barrick believes that sound environmental, safety, and occupational health management practices are in the best interests of its business, its employees, its shareholders and the communities in which it operates. Barrick is committed to conducting our business in accordance with recognized industry standards and to meeting or exceeding all applicable environmental and occupational health and safety laws and regulations. Our health and safety vision is that every person will go home safe and healthy every day. Achieving this goal is the responsibility of all employees and directors.

Barrick's safety and occupational health policy is set forth in the Barrick Safety and Occupational Health Policy Statement, and our environmental policy is set forth in the Barrick Environmental Policy Statement.

C. WAIVERS OF THIS CODE

From time to time, Barrick may waive certain provisions of this Code. The term "waiver" means the approval by Barrick of a material departure from a provision of this Code. Waivers generally may be granted only by the General Counsel or the Chief Executive Officer, and shall be reported to the Board of Directors or a Committee of the Board. However, any waiver of the provisions of this Code for directors and executive officers, including the Chief Executive Officer, Chief Financial Officer, and Principal Accounting Officer, may be made only by the Board of Directors or a Committee of the Board and will be disclosed to shareholders as required by applicable rules and regulations.

The code online <http://www.barrick.com/Default.aspx?SectionID=fc02652e-92f3-4a91-afae-3b2a43389eb2&LanguageId=1>

Ben & Jerry's Statement of Mission

Our Mission Statement

Ben & Jerry's is founded on and dedicated to a sustainable corporate concept of linked prosperity. Our mission consists of 3 interrelated parts:

Product Mission

To make, distribute & sell the finest quality all natural ice cream & euphoric concoctions with a continued commitment to incorporating wholesome, natural ingredients and promoting business practices that respect the Earth and the Environment.

Economic Mission

To operate the Company on a sustainable financial basis of profitable growth, increasing value for our stakeholders & expanding opportunities for development and career growth for our employees.

Social Mission

To operate the company in a way that actively recognizes the central role that business plays in society by initiating innovative ways to improve the quality of life locally, nationally & internationally.

Central To The Mission Of Ben & Jerry's

is the belief that all three parts must thrive equally in a manner that commands deep respect for individuals in and outside the company and supports the communities of which they are a part.

Leading with Progressive Values Across Our Business

We have a progressive, nonpartisan social mission that seeks to meet human needs and eliminate injustices in our local, national and international communities by integrating these concerns into our day-to-day business activities. Our focus is on children and families, the environment and sustainable agriculture on family farms.

- Capitalism and the wealth it produces do not create opportunity for everyone equally. We recognize that the gap between the rich and the poor is wider than at anytime since the 1920's. We strive to create economic opportunities for those who have been denied them and to advance new models of economic justice that are sustainable and replicable.
- By definition, the manufacturing of products creates waste. We strive to minimize our negative impact on the environment.
- The growing of food is overly reliant on the use of toxic chemicals and other methods that are unsustainable. We support sustainable and safe methods of food production that reduce environmental degradation, maintain the productivity of the land over time, and support the economic viability of family farms and rural communities.
- We seek and support nonviolent ways to achieve peace and justice. We believe government resources are more productively used in meeting human needs than in building and maintaining weapons systems.

We strive to show a deep respect for human beings inside and outside our company and for the communities in which they live.

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Further information:

Ben & Jerry's, 30 Community Drive, South Burlington, VT 05403-6828. Phone: 802-846-1500
Web site: http://www.benjerry.com/our_company/our_mission/index.cfm

Gap Inc. Code of Vendor Conduct

This Code of Vendor Conduct applies to all factories that produce goods for Gap Inc. or any of its subsidiaries, divisions, affiliates or agents ("Gap Inc.").

While Gap Inc. recognizes that there are different legal and cultural environments in which factories operate throughout the world, this Code sets forth the basic requirements that all factories must meet in order to do business with Gap Inc. The Code also provides the foundation for Gap Inc.'s ongoing evaluation of a factory's employment practices and environmental compliance.

As a condition of doing business with Gap Inc., each and every factory must comply with this Code of Vendor Conduct. Gap Inc. will continue to develop monitoring systems to assess and ensure compliance. If Gap Inc. determines that any factory has violated this Code, Gap Inc. may either terminate its business relationship or require the factory to implement a corrective action plan. If corrective action is advised but not taken, Gap Inc. will suspend placement of future orders and may terminate current production.

I. General Principle

Factories that produce goods for Gap Inc. shall operate in full compliance with the laws of their respective countries and with all other applicable laws, rules and regulations.

- A. The factory operates in full compliance with all applicable laws, rules and regulations, including those relating to labor, worker health and safety, and the environment.
- B. The factory allows Gap Inc. and/or any of its representatives or agents unrestricted access to its facilities and to all relevant records at all times, whether or not notice is provided in advance.

II. Environment

Factories must comply with all applicable environmental laws and regulations. Where such requirements are less stringent than Gap Inc.'s own, factories are encouraged to meet the standards outlined in Gap Inc.'s statement of environmental principles.

- A. The factory has an environmental management system or plan.
- B. The factory has procedures for notifying local community authorities in case of accidental discharge or release or any other environmental emergency.

III. Discrimination

Factories shall employ workers on the basis of their ability to do the job, not on the basis of their personal characteristics or beliefs.

- A. The factory employs workers without regard to race, color, gender, nationality, religion, age, maternity or marital status.
- B. The factory pays workers wages and provides benefits without regard to race, color, gender, nationality, religion, age, maternity or marital status.

IV. Forced Labor

Factories shall not use any prison, indentured or forced labor.

A. The factory does not use involuntary labor of any kind, including prison labor, debt bondage or forced labor by governments.

B. If the factory recruits foreign contract workers, the factory pays agency recruitment commissions and does not require any worker to remain in employment for any period of time against his or her will.

V. Child Labor

Factories shall employ only workers who meet the applicable minimum legal age requirement or are at least 14 years of age, whichever is greater. Factories must also comply with all other applicable child labor laws. Factories are encouraged to develop lawful workplace apprenticeship programs for the educational benefit of their workers, provided that all participants meet both Gap Inc.'s minimum age standard of 14 and the minimum legal age requirement.

A. Every worker employed by the factory is at least 14 years of age and meets the applicable minimum legal age requirement.

B. The factory complies with all applicable child labor laws, including those related to hiring, wages, hours worked, overtime and working conditions.

C. The factory encourages and allows eligible workers, especially younger workers, to attend night classes and participate in work-study programs and other government-sponsored educational programs.

D. The factory maintains official documentation for every worker that verifies the worker's date of birth. In those countries where official documents are not available to confirm exact date of birth, the factory confirms age using an appropriate and reliable assessment method.

VI. Wages & Hours

Factories shall set working hours, wages and overtime pay in compliance with all applicable laws. Workers shall be paid at least the minimum legal wage or a wage that meets local industry standards, whichever is greater. While it is understood that overtime is often required in garment production, factories shall carry out operations in ways that limit overtime to a level that ensures humane and productive working conditions.

A. Workers are paid at least the minimum legal wage or the local industry standard, whichever is greater.

B. The factory pays overtime and any incentive (or piece) rates that meet all legal requirements or the local industry standard, whichever is greater. Hourly wage rates for overtime must be higher than the rates for the regular work shift.

C. The factory does not require, on a regularly scheduled basis, a work week in excess of 60 hours.

D. Workers may refuse overtime without any threat of penalty, punishment or dismissal.

E. Workers have at least one day off in seven.

F. The factory provides paid annual leave and holidays as required by law or which meet the local industry standard, whichever is greater.

G. For each pay period, the factory provides workers an understandable wage statement which includes days worked, wage or piece rate earned per day, hours of overtime at each specified rate, bonuses, allowances and legal or contractual deductions.

VII. Working Conditions

Factories must treat all workers with respect and dignity and provide them with a safe and healthy environment. Factories shall comply with all applicable laws and regulations regarding working conditions. Factories shall not use corporal punishment or any other form of physical or psychological coercion. Factories must be sufficiently lighted and ventilated, aisles accessible, machinery maintained, and hazardous materials sensibly stored and disposed of. Factories providing housing for workers must keep these facilities clean and safe.

Factory:

A. The factory does not engage in or permit physical acts to punish or coerce workers.

B. The factory does not engage in or permit psychological coercion or any other form of non-physical abuse, including threats of violence, sexual harassment, screaming or other verbal abuse.

C. The factory complies with all applicable laws regarding working conditions, including worker health and safety, sanitation, fire safety, risk protection, and electrical, mechanical and structural safety.

D. Work surface lighting in production areas — such as sewing, knitting, pressing and cutting — is sufficient for the safe performance of production activities.

E. The factory is well ventilated. There are windows, fans, air conditioners or heaters in all work areas for adequate circulation, ventilation and temperature control.

F. There are sufficient, clearly marked exits allowing for the orderly evacuation of workers in case of fire or other emergencies. Emergency exit routes are posted and clearly marked in all sections of the factory.

G. Aisles, exits and stairwells are kept clear at all times of work in process, finished garments, bolts of fabric, boxes and all other objects that could obstruct the orderly evacuation of workers in case of fire or other emergencies. The factory indicates with a "yellow box" or other markings that the areas in front of exits, fire fighting equipment, control panels and potential fire sources are to be kept clear.

H. Doors and other exits are kept accessible and unlocked during all working hours for orderly evacuation in case of fire or other emergencies. All main exit doors open to the outside.

I. Fire extinguishers are appropriate to the types of possible fires in the various areas of the factory, are regularly maintained and charged, display the date of their last inspection, and are mounted on walls and columns throughout the factory so they are visible and accessible to workers in all areas.

J. Fire alarms are on each floor and emergency lights are placed above exits and on stairwells.

K. Evacuation drills are conducted at least annually.

L. Machinery is equipped with operational safety devices and is inspected and serviced on a regular basis.

M. Appropriate personal protective equipment — such as masks, gloves, goggles, ear plugs and rubber boots — is made available at no cost to all workers and instruction in its use is provided.

N. The factory provides potable water for all workers and allows reasonable access to it throughout the working day.

O. The factory places at least one well-stocked first aid kit on every factory floor and trains specific staff in basic first aid. The factory has procedures for dealing with serious injuries that require medical treatment outside the factory.

P. The factory maintains throughout working hours clean and sanitary toilet areas and places no unreasonable restrictions on their use.

Q. The factory stores hazardous and combustible materials in secure and ventilated areas and disposes of them in a safe and legal manner.

Housing (if applicable):

A. Dormitory facilities meet all applicable laws and regulations related to health and safety, including fire safety, sanitation, risk protection, and electrical, mechanical and structural safety.

B. Sleeping quarters are segregated by sex.

C. The living space per worker in the sleeping quarters meets both the minimum legal requirement and the local industry standard.

D. Workers are provided their own individual mats or beds.

E. Dormitory facilities are well ventilated. There are windows to the outside or fans and/or air conditioners and/or heaters in all sleeping areas for adequate circulation, ventilation and temperature control.

F. Workers are provided their own storage space for their clothes and personal possessions.

G. There are at least two clearly marked exits on each floor, and emergency lighting is installed in halls, stairwells and above each exit.

H. Halls and exits are kept clear of obstructions for safe and rapid evacuation in case of fire or other emergencies.

I. Directions for evacuation in case of fire or other emergencies are posted in all sleeping quarters.

J. Fire extinguishers are placed in or accessible to all sleeping quarters.

K. Hazardous and combustible materials used in the production process are not stored in the dormitory or in buildings connected to sleeping quarters.

L. Fire drills are conducted at least every six months.

M. Sleeping quarters have adequate lighting.

N. Sufficient toilets and showers or mandis are segregated by sex and provided in safe, sanitary, accessible and private areas.

O. Potable water or facilities to boil water are available to dormitory residents.

P. Dormitory residents are free to come and go during their off-hours under reasonable limitations imposed for their safety and comfort.

VIII. Freedom of Association

Workers are free to join associations of their own choosing. Factories must not interfere with workers who wish to lawfully and peacefully associate, organize or bargain collectively. The decision whether or not to do so should be made solely by the workers.

A. Workers are free to choose whether or not to lawfully organize and join associations.

B. The factory does not threaten, penalize, restrict or interfere with workers' lawful efforts to join associations of their choosing.

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For further information:

Gap Inc. Headquarters
Two Folsom Street
San Francisco, CA 94105
Web site: www.gapinc.com

Code of Conduct: http://www.gapinc.com/public/documents/code_vendor_conduct.pdf

BP Business Policies

AUGUST 2002

what we stand for

A good business should be both competitively successful and a force for good.

At the core of BP is an unshakeable commitment to human progress.

Our products and services are creating the freedom to move, to be warm, to be cool, to see and enjoy a better quality of life.

We believe this freedom is inseparable from the responsibility to produce and consume our products in ways that respect both human rights and natural environments.

Confronting this paradox is our mission, but we cannot do it alone. Where others see contradiction and conflict, we see opportunities for mutual progress.

We will enable customers, governments, communities and our own people to participate in a new constructive dialogue. We aim for a radical openness—a new approach from a new company: transparent, questioning, flexible, restless and inclusive. We will be the magnet for people who want to change the world with new ideas, delivering a performance standard that challenges the world's best companies.

to our employees

Great companies are generators of progress and change. By offering new opportunities and choices they reshape markets and human lives.

BP itself has changed enormously in the last five years and is now a new company. It incorporates the heritages of the various enterprises which have come together to establish a base from which we can compete and grow in the global energy market. That growth will bring more change.

The paradox is that successful change depends on the continuity of secure values – values which inform every decision made by every individual on a daily basis.

Our values are expressed in our brand.

BP is innovative, committed to the protection of the natural environment, progressive in its restless search for improvement and, above all, performance driven – determined to deliver on every commitment made to all those with whom we do business.

We are committed to the safety of our people and to the safety of the communities in which we operate. Our aim is to do no damage – to people or to the environment.

We are also committed to the development of our people – on the basis of merit alone, regardless of background, gender, nationality or sexual orientation. We believe in the benefits of diversity and of inclusion. In a highly competitive world, the only companies which will thrive are those which are genuinely meritocratic at every level.

We work within the law in every one of the 100 countries in which we operate and we work to our standards, which are often higher than the legal requirement. Those standards are universal in BP.

We will not engage in bribery or corruption in any form including facilitation payments.

Corruption is the enemy of genuine development and human progress, and we are committed to the principle of transparency in all our dealings.

BP is now one of the largest companies in the world, which means that we must exercise any power we have with the greatest care. We will not participate in partisan political activity and we will make no political contributions in any country. As a business, we depend on the existence of legitimate governments and we must not jeopardise that legitimacy.

Companies are composed of human beings and that means we will make mistakes. Things will go wrong. The challenge is not to deny that reality but to learn from every mistake and to do everything in our power to ensure that mistakes are never repeated.

We believe these values, applied in action through the policies set out in this book, provide the basis on which individuals and communities around the world can give us their trust. They set the foundation for relationships built on the principle of mutual advantage.

If we can continue to build a track record of delivering on our promises and of meeting the standards we are setting for ourselves, I believe we can demonstrate that our activity in every place in which we operate is to the benefit of the whole community and of every individual. By doing so we can show that there is no trade-off between high standards and high performance. The two are inextricably linked and mutually interdependent.

Lord Browne of Madingley
Group Chief Executive, August 2002

bp's business policies

We believe that, wherever we operate, our activities should generate economic benefits and opportunities for an enhanced quality of life for those whom our business impacts; that our conduct should be a positive influence; that our relationships should be honest and open; and that we should be held accountable for our actions.

Our business policies focus on five areas – ethical conduct; employees; relationships; health, safety and environmental performance; and control and finance.

We are committed to:

- respecting the rule of law, conducting our business with integrity, and showing respect for human dignity and the rights of the individual wherever we do business
- creating mutual advantage in all our relationships so that people will trust us and want to do business with us
- demonstrating respect for the natural environment and work towards our goals of no accidents, no harm to people and no damage to the environment
- managing our financial performance to maximize long-term value for our shareholders

We expect everyone who works for BP to take responsibility for living up to these commitments.

Wherever we work, we will seek continual improvement both in our own performance and in that of our business partners. In joint operations, we will apply these policies where we are operators; where we are not, we will seek to influence our partners such that the joint operation adopts

similar policies. Line managers are accountable for policy implementation and for providing assurance on compliance for their area of responsibility.

We recognize that these commitments in some cases represent our current reality and in others our aspirations for the future. We will share our experiences and best practices. We will endeavour to learn from our mistakes. Our business plans will include specific, measurable targets for improving our performance. We will be open about our actual performance –whether good or bad – as we believe that this not only enhances our accountability, but also acts as a stimulus for improvement.

Our measures of success are:

- the extent to which we meet these commitments
- the long-term value we create for our shareholders
- the pride of our employees in their accomplishments, and a culture in which people from all backgrounds are able to contribute
- the satisfaction of our customers and all those with whom we do business
- the contribution to sustainable human progress and the generation of economic activity in the communities where we operate
- how we apply technological innovation in our business to improve the quality of life for all

policy commitments

Our business policies focus on five areas – ethical conduct; employees; relationships; health, safety and environmental performance; and control and finance. They apply to all our activities worldwide.

Our policy commitments are the foundation on which we build and conduct our business. We expect everyone who works for BP to live up to these commitments.

policy expectations

Our policy expectations set out in more detail what the policy commitments mean in practice. They describe the boundaries for what is and what is not acceptable practice in BP. They also clarify what people can expect in their dealings with BP.

All employees are encouraged to raise questions or issues with their management or team leaders. When in doubt, employees should ask before acting. The BP helpline is available to all employees and partners as another means of communicating questions and concerns relating to possible violations of law or policies.

Questions or concerns can be reported by e-mail addressed to IFAN@bp.com, or confidentially and anonymously to our 24-hour lines: (800) 225-6141 for calls within the United States and the Western Hemisphere and 0 (20) 7 496 4466 for calls within the UK and the rest of the world. We wish to encourage an open culture where all concerns expressed in good faith will be investigated and, if appropriate, acted upon.

ethical conduct

commitment to ethical conduct

We will pursue our business with integrity, respecting the different cultures and the dignity and rights of individuals in all the countries where we operate.

BP supports the belief that human rights are universal. They are enshrined in the UN Universal Declaration of Human Rights (UDHR), which we support. The UDHR sets out the obligations to promote universal respect for and observance of human rights and fundamental freedoms for all, without distinction as to race, gender, language or religion. The promotion and protection of all human rights is a legitimate concern of business.

In our actions and our dealings with others, we will:

- respect the rule of law
- promise only what we expect to deliver, make only commitments we intend to keep, not knowingly mislead others and not participate in or condone corrupt or unacceptable business practices
- fulfil our obligations and commitments, treat people according to merit and contribution, refrain from coercion and never deliberately do harm to anyone
- act in good faith, use company assets only for furthering company business and not seek personal gain through abuse of position in the company

We will expect the same commitments from third parties directly acting on BP's behalf.

policy expectations

Many ethical decisions involve dilemmas and require judgement in order to arrive at the best way forward. In cases of uncertainty, everyone working for BP is expected to raise the issues within an open environment with their management and colleagues to obtain clarification. All employees have the right to make confidential reports directly to the helpline.

In deciding whether or where to do business, it will be a precondition that we can implement our policy commitments in all our operations.

We will respect the law in the countries and communities in which we operate.

This will include competition and antitrust laws and the Foreign and Corrupt Practices Act. Where the law is unclear or conflicting, we will take expert advice but will always seek to act in accordance with these commitments.

BP will never offer, pay, solicit or accept bribes in any form, either directly or indirectly. This includes those transactions formerly known as facilitation payments. Any demand for or offer of a bribe in whatever form to any BP employee must be rejected and reported immediately to line management.

We will hold no secret or unrecorded funds of money or assets.

We will only give or accept gifts and entertainment that are for business purposes and are not material or frequent.

In consultation with Regional and Country Presidents, Business Unit Leaders should put in place local rules to cover the giving and acceptance of gifts and entertainment which reflect this expectation and local custom. We will never accept gifts or entertainment during the process of a competitive bid or tender exercise.

We will avoid situations where loyalty to the company may come into conflict with personal interests or loyalties. If such a conflict does arise, it should be declared in writing to more senior management, who must make sure that the individual is insulated from any decision making or operation in the area of the conflict of interest.

BP supports the principles set forth in the UN Universal Declaration of Human Rights and will respect the 2000 International Labour Organisation 'Tripartite Declaration of Principles

Concerning Multinational Enterprises and Social Policy' and the 2000 OECD 'Guidelines for Multinational Enterprises'. Business Unit Leaders are expected to engage in open dialogue and consultation with local communities and their representatives, non-governmental organizations and government at all levels to ensure that potential issues arising from our operations are identified and the risks addressed. Whether we continue to operate in a country with serious human rights issues will be determined in the light of our ability to fulfil our policy commitments in our own activities and to act as a force for good over the long term.

BP will not employ forced labour or child labour. We will not use child labour in our own operations or in the provision of our goods or services and we will seek to facilitate the transition to alternatives to child employment, such as apprenticeships, training and further education.

Before we make major investments in a new area, we will evaluate the likely impact of our presence and activities. These assessments will consider the likely impact of major developments on local communities and indigenous peoples, local infrastructure and the potential for conflict and its implications for security.

BP will never make political contributions, whether in cash or in kind anywhere in the world. BP will continue to engage in policy debate on subjects of legitimate concern to the company, its staff and the communities in which it operates by processes such as lobbying. BP welcomes its employees' participation in the political process as individuals in ways that are appropriate to each country.

Fees for services rendered by third parties, including agents and consultants, must be for legitimate business purposes that are demonstrably commensurate with the service provided.

We will not choose business partners who contravene these commitments. We will not employ agents to carry out actions that conflict with these commitments. In joint operations, we will apply these commitments where we are operators; where we are not, we will seek to influence our partners such that the joint operation adopts similar commitments.

employees

commitment to employees

Our approach to managing people and developing their skills is consistent with the principles of our brand.

We respect the rights and dignity of all employees. Everyone who works for BP contributes to our success and to creating a distinctive company. Working together, drawing from our diverse talents and perspectives, we will stimulate new and creative opportunities for our business.

Collectively we will generate a more exciting and rewarding environment for work in which every individual feels responsible for the performance and reputation of our company.

We commit to creating a work environment of mutual trust and respect; in which diversity and inclusion are valued; and where everyone who works for BP:

- knows what is expected of them in their job
- has open and constructive conversations about their performance
- is helped to develop their capabilities in a culture of innovation and allowed to develop themselves within the company
- is recognized and competitively rewarded for their performance
- is listened to and involved in improving the team's performance
- is fairly treated, without discrimination
- feels supported in the management of their personal priorities

policy expectations

Everyone who works for BP can expect to:

Know what is expected of them in their job

- Team leaders will provide a clear view of the business aims and everyone's part in delivering them.
- Team leaders will help everyone to get the information they need to do their job.

Have open and constructive conversations about their performance

- Team leaders will give everyone in their team open and constructive feedback through face-to-face conversations.
- Leaders will hold a formal conversation with every employee in their team at least once a year to review their performance and identify how it can be improved further.

Be helped to develop their capabilities

- We will encourage individuals to formulate personal development plans and play an active part in shaping their careers.
- We will coach people in their development and make training accessible to all to build relevant skills.
- We will actively encourage mentoring relationships to facilitate continual learning and growth.
- We will use systematic selection and placement processes to make the best use of people's skills and abilities.

Be recognized and competitively rewarded for their performance

- We will clearly explain the relationship between Group, Business Unit, Team and individual performance and reward so that all employees understand how they can share in BP's success.
- We will set base pay and benefits at competitive levels within each national and business framework.
- We will explicitly link annual individual and team awards to business performance.
- We will recognize and reward contributions to innovation and creative change and the building of effective business relationships.
- We will give exceptional reward for exceptional performance.
- We will encourage employees to become BP shareholders.

Be listened to and involved in improving the team's performance

- Everyone will have the opportunity to give feedback to their team leaders to enable them to improve their leadership performance without fear of victimization.
- Leaders will initiate and encourage open and timely two-way dialogue with their teams on all issues relating to business performance.
- We will use upward feedback and peer review process to provide performance feedback to supervisors and managers.
- We expect everyone to network both within and between Business Units and with those outside the company and to share knowledge, skills and experience across BP.
- We will deploy the diversity of talent, background and perspective within BP's workforce to build innovative, highperformance teams.

Be fairly treated

- We will handle organizational change which results in job dislocations with care and sensitivity through constructive dialogue and provision of all reasonable options.
- We will only outsource in-house activities if we believe that this will lead to better business in the long term.

- We will ensure that leadership opportunities and development are open to all on merit.
- We will advertise employment opportunities below the Group Leadership, specifying when there is a preferred candidate and explaining expatriation and relocation options.
- We will practise inclusion by eliminating intentional and unintentional exclusionary behaviours.
- We recognize, consistent with local legislation, the right of every employee to form or join trade unions.
- Feel supported in the management of their personal priorities
- We will encourage everyone to raise any tensions between work and home life with their manager, who is expected to help individuals obtain constructive support in handling such tensions.
- For everyone moving overseas, we will provide ongoing, open conversations about their future and plans for re-entry into their home country.

relationships

commitment to relationships

We believe that long-term relationships founded on trust and mutual advantage are vital to BP's business success.

Our commitment is to create mutual advantage in all our relationships so that others will always prefer to do business with BP.

We will do this by:

- understanding the needs and aspirations of individuals, customers, contractors, suppliers, partners, communities, governments and non-government organizations
- conducting our activities in ways that bring benefits to all those with whom we have relationships
- fulfilling our obligations as a responsible member of the societies in which we operate
- demonstrating respect for human dignity and the rights of individuals

We will work to build long-term relationships founded upon:

- high-performance standards
- delivering on our promises
- openness and flexibility
- learning from others
- mutual interdependence
- sharing success

policy expectations

We will engage in dialogue and build relationships with many different groups to promote understanding and seek new ways of conducting our business to greater mutual advantage. We respect cultural diversity and seek mutual benefit from working together with people with diverse experiences and cultural backgrounds.

We will make others aware of our policies and expectations. We will work anywhere and with anyone provided that our policies are not compromised.

In specific relationships:

With individuals

- We will respect their rights, culture and dignity.
- We will act fairly and justly.

With customers

- We will provide our customers with high-quality goods and services that meet their needs.
- We will deliver what we promise.

With partners, contractors and suppliers

- We will seek partners whose policies are consistent with our own.
- We will combine complementary skills, appropriate technology and experience to create greater effectiveness.
- We will make our contractors and suppliers aware of our own commitments and expectations, and of their responsibilities in implementing them.

With communities

- Our aim is that countries and communities in which we operate should benefit directly from our presence – through the wealth and jobs created, the skills developed within the local population and the investment of our time and money in people rather than in things, so that we create sustainable human progress.
- We will work toward improvements that are measurable and contribute to the real, independent growth of communities where we operate.
- Wherever we operate, we will strive to minimize any disruption to the environment arising from our activities.
- We will conduct our activities with a standard of care in which our employees can take pride.
- We will take into consideration the specific developmental needs of communities in which we operate, through a process of open dialogue and consultation.

With governments

- We will respect national sovereignty.
- We will work constructively with governments in the development of policy.
- We recognize changing public expectations of the extent to which companies should put pressure on governments on human rights issues and will seek, working in partnership with others, to resolve any tensions or conflicts arising between international expectations and national or local practices in a sensitive manner.

With non-governmental organizations

- We will seek to create mutual understanding and build constructive relationships with non-governmental organizations who have a genuine interest in our business and concerns about its impact upon individuals, society and the environment.

With the media

- We will seek to form a constructive and productive relationship with all branches of the media: television, radio, newspapers and the Internet.

With trade bodies

- We will seek to influence trade bodies for the mutual benefit of the industry and society.
- With employee representative bodies
- We will seek to work in good faith with trade unions and other bodies that our employees collectively choose to represent them within the appropriate local legal framework.

health, safety and environmental performance

commitment to health, safety and environmental performance

Everyone who works for BP, anywhere, is responsible for getting HSE right. Good HSE performance and the health, safety and security of everyone who works for us are critical to the success of our business.

Our goals are simply stated – no accidents, no harm to people and no damage to the environment.

We will continue to drive down the environmental and health impact of our operations by reducing waste, emissions and discharges and by using energy efficiently. We will produce quality products that can be used safely by our customers.

We will:

- consult with, listen to and respond openly to our customers, employees, neighbours, public interest groups and those who work with us
- work with others – our partners, suppliers, competitors and regulators – to raise the standards of our industry
- openly report our performance, good and bad
- recognize those who contribute to improved HSE performance

Our business plans include measurable HSE targets. We are all committed to meeting them.

policy expectations

BP's HSE management system framework.

In all our activities and operations, we will:

- comply fully with all legal requirements and meet or exceed our HSE Expectations wherever we operate in the world
- provide a secure working environment by protecting ourselves, our assets and our operations against risk of injury, loss or damage resulting from criminal or hostile acts
- ensure that all BP employees, contractors and others are well informed, well trained, engaged in and committed to the HSE improvement process; we recognize that safe operations depend not only on technically sound plant and equipment but also on competent people and an active
- HSE culture, and that no activity is so important that it cannot be done safely
- regularly provide assurance that the processes in place are working effectively; while all BP employees and contractors are responsible for HSE performance, line management is accountable for understanding and managing HSE risks
- fully participate in hazard identification and risk assessments, Assurance Management System Assessments and reporting of HSE results
- maintain public confidence in the integrity of our operations; we will openly report our performance and consult with people outside the company to improve our understanding of external and internal HSE issues associated with our operations
- expect that all parties working on BP's behalf recognize that they can impact our operations and reputation, and must operate to our standards. We will assure ourselves that our contractors' and others' management systems are compatible with our Commitment to HSE Performance

BP's HSE Expectations are detailed within the thirteen elements of the HSE Management System Framework, which are summarized below.

Leadership and accountability

People at all levels in the BP organization are responsible for leading and engaging the workforce in meeting our health, safety, technical integrity and environmental goals and objectives. Leaders will be held accountable for accomplishing this by demonstrating correct HSE behaviours, by clearly defining HSE roles and responsibilities, by providing needed resources and by measuring, reviewing and continuously improving our HSE performance.

Risk assessment and management

Management of risk is a continuous process and the cornerstone of all the HSE elements.

We will regularly identify the hazards and assess the risks associated with our activities.

We will take appropriate action to manage the risks and hence prevent or reduce the impact of potential accidents or incidents.

People, training and behaviours

People's behaviour is critical to BP's success; therefore, our workforce will be carefully selected and trained, and their skills and competencies regularly assessed.

Working with contractors and others

Contractors, suppliers and others are key to our Group business performance and we will assess their capabilities and competencies to perform work on our behalf. We will work together with them to ensure that our HSE Expectations are aligned. We will monitor contractors' and partners' performance and ensure our procurement processes contain the rigour to deliver our Expectations.

Facilities design and construction

New facilities and modifications to existing facilities will be designed, procured, constructed and commissioned to enable safe, secure, healthy and environmentally sound performance throughout their operational life by using recognized standards, procedures and management systems.

Operations and maintenance

Facilities will be operated and maintained within the current design envelope to ensure safe, secure, healthy and environmentally sound performance.

Management of change

All temporary and permanent changes to organization, personnel, systems, procedures, equipment, products, materials or substances will be evaluated and managed to ensure that health, safety and environmental risks arising from these changes remain at an acceptable level. We will comply with changes to laws and regulations and take account of new scientific evidence relating to HSE effects.

Information and documentation

We will maintain accurate information on our operations and products. It will be held securely yet will be readily available.

Customers and products

We will assess, manage and communicate the hazards associated with BP's products. We will communicate up-to-date information to help users and others handle our products in a safe and environmentally responsible manner.

Community and stakeholder awareness

We value the importance of community awareness and will actively engage in dialogue with various stakeholders to maintain public confidence in the integrity of our operations and products and our Commitment to HSE Performance.

Crisis and emergency management

Emergency management plans will be maintained to cover all our facilities, locations and products. These plans will identify equipment, training and personnel necessary to protect the workforce, customers, public, environment and BP's reputation in the event of an incident. Incidents analysis and prevention Incidents will be reported, investigated and analysed to prevent recurrence and improve our performance. Our investigations will focus on root causes and/or system failures. Corrective actions and preventive measures will be utilized to reduce future injuries and losses.

Assessment, assurance and improvement

We will periodically assess the implementation of and compliance with these Expectations to assure ourselves and our stakeholders that management processes are in place and working effectively. This will involve both internal self-assessments and appropriate external assessments. We will use this information to improve our performance and processes.

Addressing the full set of HSE Expectations is mandatory for every activity across the entire BP organization. The relevance, application and degree of implementation within a particular operation or Business Unit will be a function of:

- the operational risk profile
- local and national regulatory requirements
- any voluntary HSE management programmes

Managers are accountable for putting in place appropriate documented systems and processes for each Expectation, for ensuring continuous progress towards BP's HSE goals and targets and for confirming that these are effective via the HSE Assurance process.

The content, format and terminology of HSE management and audit systems at the Business Unit or functional unit level is a matter of local choice, provided that these:

- are compatible with the Assurance Management System Assessments
- are appropriate to operational risks
- are relevant to regulatory and voluntary codes subscribed to by BP
- can be referenced back to all relevant Expectations set out in this HSE Management System Framework

At the same time, we encourage standardization of programmes, work processes and procedures across similar operations and Business Units, and the transfer, sharing and adoption of efficient and cost-effective good practices.

control and finance

Financial planning, performance contracts and monitoring

Annual performance contracts and mediumterm plans will be prepared for all Business Units and service functions and agreed on with their respective Business Executive Committees or Executive Vice Presidents.

The degree of risk to achieving the targets set will be appraised realistically. Progress against these targets will be measured and reported accurately and monitored inter alia through quarterly

performance review meetings. Actual financial performance will be that recorded in the Group Accounts.

Financial decisions

All significant decisions on finance, tax and accounting matters will be referred to the appropriate functional team.

Group investment and appraisal

To ensure that capital is efficiently invested, all opportunities will be evaluated in accordance with the principles of the Group Investment Appraisal and Approval Procedures (GIAAP).

External financial reporting

We will all conform with the requirements of the Group to meet its UK and US reporting requirements as expressed in the Group Reporting Manual and UK Accounting Standards. All local statutory and fiscal reporting requirements will be met.

Management of risks

The key risks to the achievement of any objective will be understood and managed. This includes consideration of risks to information and digital business systems. Adequate controls will be maintained to give reasonable assurance that operations are effective and efficient, that financial results are timely and reliable, that assets and reputation are safeguarded and that laws and regulations are complied with.

commitment to control and finance

BP commits to maximizing long-term shareholder value. To deliver on this commitment, we will maintain excellent standards of planning and control. Our understanding of risk and management of financial matters will be carried out to the highest professional standards.

We will do this by:

- preparing plans and setting clear business performance targets
- challenging plans and targets and monitoring progress against them
- ensuring that investments of whatever type are properly evaluated and approved and that expenditure (of both revenue and capital) is authorized
- understanding and managing the risks to all company assets, including information and digital business systems, and ensuring that objectives are met efficiently, with sound control processes
- producing financial reports that are reliable, accurate and timely, and ensuring that all transactions are properly handled and reported and that assets are financially safeguarded
- taking decisions on finance, tax and accounting matters to optimize the Group position

policy expectations

Authorities

Delegated financial authority should be given to individuals best able to exercise these authorities. Staff at all levels will only take decisions within the authority delegated to them and within their competence to do so, and will have the information needed to run their part of the business.

Independent review

All activities in the Group will be subject to independent review at a frequency determined by risk. The extent of independent review will be determined by the internal and external auditors. Unrestricted access to staff and documents will be provided (subject to legal constraints) to Internal and External Audit on request.

Finance and tax

To optimize the Group position, we will manage the Group's financial and tax structure centrally and will borrow money centrally, using asset-based finance only when it adds value. Responsibility for managing key financial risks (including foreign exchange and insurance) and for executing certain transactions (including borrowing and depositing cash, cash transfers, dealing in all financial and foreign exchange markets) will be held centrally. We will also manage the interface and relationships with banks and other providers of financial services on an integrated basis.

Development and deployment of financial staff

Processes will be put in place to ensure that staff obtain the appropriate training and experience and are deployed across the Group in appropriate posts. The appointment of Business Unit controllers or more senior posts will require the approval of the Chief Financial Officer.

implementation and assurance

We expect everyone who works for BP to take responsibility for living up to these commitments. In joint operations, we will apply these policies where we are operators; where we are not, we will seek to influence our partners such that the joint operation adopts similar policies. Line managers are accountable for policy implementation and for providing assurance on compliance for their area of responsibility. policy implementation

These policy commitments and expectations apply to all our business operations and our dealings with all those with whom we do business. Everyone in BP is held accountable for implementing them and for raising with their management any issue where they are in doubt about the correct course of action they should take.

Business Unit Leaders are responsible for ensuring that these policies are understood and put into practice within their Business Units. Regional and country heads should be consulted to ensure that the policies are appropriately aligned with local laws and practice. Wilful or careless breach or neglect of these policies will be treated as a serious disciplinary matter.

Any employee or contractor who feels under pressure to take action inconsistent with these commitments and expectations should discuss the issue with their business or Stream management. If this does not lead to a satisfactory resolution, the issue should be referred to the country or regional head, Group Security, Internal Audit or Group Vice President, who will find an acceptable solution, respecting confidences and addressing any fears of retribution.

policy assurance

Our policies are integral to BP's broad system of internal control and to how assurance is provided across the Group. Policy assurance in BP means people being sure about how effectively the policies are being implemented so that they can confidently assure others, and ultimately the Group Chief Executive and Board of Directors, based on their own knowledge and experience.

Underpinning that confidence and reinforcing individuals' knowledge and experience, there must be rigorous and objective processes to measure performance, identify gaps and implement measures to address those gaps that need to be addressed.

As a general principle, every employee is required to provide assurance on their specific accountabilities. For policies, business and functional leaders are accountable to their Executive Vice Presidents for providing assurance on compliance with the policies.

Regional and country heads are accountable through their Group Vice Presidents to their Executive Vice Presidents, for providing support to and challenging Business Units on policy implementation throughout their countries or regions and for seeing that any gaps of country, regional or Group significance are being managed effectively.

Accountability for assuring the Group Chief Executive and the Board that the policy commitments are being implemented consistently across all parts of BP, and that appropriate processes have been established within the business line, lies with the Deputy Group Chief Executive for the commitments to ethical conduct, employees, relationships, security and HSE performance, and with the Chief Financial Officer for the commitment on control and finance.

The following processes and roles relate primarily to the four policy areas and expert functions (such as security) covered by the Deputy Group Chief Executive. Though the details differ, the same basic principles apply to assurance on the Control and Finance Policy.

Providing assurance

Assurance is generated by a number of activities and processes, which need to be tailored to fit the particular circumstances of a business or functional unit and integrated into their overall management process and assurance plans. Specifically for the policies, assurance activities and processes fall into three broad categories:

- performance measures to demonstrate that the policies are being implemented in practice; these can be hard measures, such as HSE measures, security measures or staff survey results, or soft measures, such as the quality of important relationships or the level of staff awareness of the ethical dilemmas they face
- the internal processes for implementing each of the policies, monitoring performance and reporting gaps at the Business Unit, functional, regional and Group levels
- external support and challenge by Business Executive Committees, the Group Vice Presidents, regional and country heads, functional experts and independent reviews; these promote better understanding of external perceptions and potential risks to performance or reputation and facilitate the sharing of experience to improve internal processes and performance

These activities and reviews are designed to give complementary perspectives, identify any gaps and shortcomings and their underlying causes and propose actions to deal with them. They strengthen confidence at the Business Unit, country, regional and Group levels that the policies are being implemented and that BP's reputation and financial performance are being protected.

The heart of assurance is based on mutual personal convictions generated through informed discussions. The harder-edged processes bring the rigour needed to shape these discussions.

Business line managers

Business line managers are accountable to their respective Business Executive Committees for:

- demonstrating compliance with BP's Business Policies and taking corrective action
- providing assurance that the commitments and expectations have been communicated to all staff in a way that encourages understanding and awareness
- providing assurance that issues which represent a significant risk to BP's reputation have been identified and are being managed effectively
- providing regional and country heads or the Group Vice Presidents with the information they require, to ensure that performance is taking place within the limits set by the policies in all

Business Units in their country or region, and that issues which can affect BP's reputation and prospects within the country or region are being managed in an integrated and effective manner

For the full text on-line see:

http://www.bp.com/liveassets/bp_internet/globalbp/STAGING/global_assets/downloads/W/What_we_stand_for_Our_business_policies_2002.pdf

Johnson & Johnson Credo

We believe our first responsibility is to the doctors, nurses and patients,
to mothers and fathers and all others who use our products and services.
In meeting their needs everything we do must be of high quality.
We must constantly strive to reduce our costs
in order to maintain reasonable prices.
Customers' orders must be serviced promptly and accurately.
Our suppliers and distributors must have an opportunity to make a fair profit.

We are responsible to our employees,
the men and women who work with us throughout the world.
Everyone must be considered as an individual.
We must respect their dignity and recognize their merit.
They must have a sense of security in their jobs.
compensation must be fair and adequate,
and working conditions clean, orderly and safe.
We must be mindful of ways to help our employees fulfill
their family responsibilities.
Employees must feel free to make suggestions and complaints.
there must be equal opportunity for employment, development
and advancement for those qualified.
We must provide competent management,
and their actions must be just and ethical.

We are responsible to the communities in which we live and work
and to the world community as well.
We must be good citizens – support good works and charities
and bear our fair share of taxes.
We must encourage civic improvements and better health and education.
We must maintain in good order
the property we are privileged to use,
protecting the environment and natural resources.

Our final responsibility is to our stockholders.
Business must make a sound profit.
We must experiment with new ideas.
Research must be carried on, innovative programs developed
and mistakes paid for.
New equipment must be purchased, new facilities provided
and new products launched.
Reserves must be created to provide for adverse times.
When we operate according to these principles,
the stockholders should realize a fair return.

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Further Information

Johnson & Johnson
One Johnson & Johnson Plaza
New Brunswick, New Jersey 08933
Phone: (732) 524-0400
Website: http://www.jnj.com/our_company/our_credo/index.htm

Levi Strauss & Co. Global Sourcing and Operating Guidelines

Our Global Sourcing and Operating Guidelines help us to select business partners who follow workplace standards and business practices that are consistent with our company's values. These requirements are applied to every contractor who manufactures or finishes products for Levi Strauss & Co. Trained inspectors closely audit and monitor compliance among approximately 600 cutting, sewing, and finishing contractors in more than 60 countries.

The Levi Strauss & Co. Global Sourcing and Operating Guidelines include two parts:

I. **The Country Assessment Guidelines**, which address large, external issues beyond the control of Levi Strauss & Co.'s individual business partners. These help us assess the opportunities and risks of doing business in a particular country.

II. **The Business Partner Terms of Engagement**, which deal with issues that are substantially controllable by individual business partners. These Terms of Engagement are an integral part of our business relationships. Our employees and our business partners understand that complying with our Terms of Engagement is no less important than meeting our quality standards or delivery times.

Country Assessment Guidelines

The numerous countries where Levi Strauss & Co. has existing or future business interests present a variety of cultural, political, social and economic circumstances.

The Country Assessment Guidelines help us assess any issue that might present concern in light of the ethical principles we have set for ourselves. The Guidelines assist us in making practical and principled business decisions as we balance the potential risks and opportunities associated with conducting business in specific countries. Specifically, we assess whether the:

Health and Safety Conditions would meet the expectations we have for employees and their families or our company representatives;

Human Rights Environment would allow us to conduct business activities in a manner that is consistent with our Global Sourcing and Operating Guidelines and other company policies;

Legal System would provide the necessary support to adequately protect our trademarks, investments or other commercial interests, or to implement the Global Sourcing and Operating Guidelines and other company policies; and

Political, Economic and Social Environment would protect the company's commercial interests and brand/corporate image. We will not conduct business in countries prohibited by U.S. laws.

Terms of Engagement

Ethical Standards

We will seek to identify and utilize business partners who aspire as individuals and in the conduct of all their businesses to a set of ethical standards not incompatible with our own.

Legal Requirements

We expect our business partners to be law abiding as individuals and to comply with legal requirements relevant to the conduct of all their businesses.

Environmental Requirements

We will only do business with partners who share our commitment to the environment and who conduct their business in a way that is consistent with Levi Strauss & Co.'s Environmental Philosophy and Guiding Principles.

Community Involvement

We will favor business partners who share our commitment to improving community conditions.

Employment Standards

We will only do business with partners who adhere to the following guidelines:

Child Labor: Use of child labor is not permissible. Workers can be no less than 15 years of age and not younger than the compulsory age to be in school. We will not utilize partners who use child labor in any of their facilities. We support the development of legitimate workplace apprenticeship programs for the educational benefit of younger people.

Prison Labor/Forced Labor: We will not utilize prison or forced labor in contracting relationships in the manufacture and finishing of our products. We will not utilize or purchase materials from a business partner utilizing prison or forced labor.

Disciplinary Practices: We will not utilize business partners who use corporal punishment or other forms of mental or physical coercion.

Working Hours: While permitting flexibility in scheduling, we will identify local legal limits on work hours and seek business partners who do not exceed them except for appropriately compensated overtime. While we favor partners who utilize less than sixty-hour workweeks, we will not use contractors who, on a regular basis, require in excess of a sixty-hour week. Employees should be allowed at least one day off in seven.

Wages and Benefits: We will only do business with partners who provide wages and benefits that comply with any applicable law and match the prevailing local manufacturing or finishing industry practices.

Freedom of Association: We respect workers' rights to form and join organizations of their choice and to bargain collectively. We expect our suppliers to respect the right to free association and the right to organize and bargain collectively without unlawful interference. Business partners should ensure that workers who make such decisions or participate in such organizations are not the object of discrimination or punitive disciplinary actions and that the representatives of such organizations have access to their members under conditions established either by local laws or

mutual agreement between the employer and the worker organizations.

Discrimination: While we recognize and respect cultural differences, we believe that workers should be employed on the basis of their ability to do the job, rather than on the basis of personal characteristics or beliefs. We will favor business partners who share this value.

Health & Safety: We will only utilize business partners who provide workers with a safe and healthy work environment. Business partners who provide residential facilities for their workers must provide safe and healthy facilities.

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Further information available on the Levi Strauss web site:
<http://www.levistrauss.com/Citizenship/ProductSourcing.aspx>

Lockheed Martin Code of Ethics and Business Conduct

2003

Dear Colleague,

This booklet, *Setting the Standard*, has been adopted by the Lockheed Martin Board of Directors as our company's Code of Ethics and Business Conduct. It summarizes the principles that guide our actions in the global marketplace as we strive to be the world's finest technology and systems enterprise. Our Code applies to all Lockheed Martin employees, members of the Board of Directors, agents, consultants, contract labor, or others, when they are representing or acting for the corporation. We expect our contractors and suppliers to be guided by these standards as well. Our Code promotes not only "doing things right," but also "doing the right things" to maintain our personal and institutional integrity.

At Lockheed Martin, we believe that ethical conduct requires more than simply complying with the laws, rules, and regulations that govern our business. We are a company that values teamwork, sets team goals, assumes collective accountability for actions, embraces diversity, and shares leadership. We are committed to excellence and pursue superior performance in every activity. However, it is the personal integrity of each of our employees and their commitment to the highest standards of personal and professional conduct that underlie the ethical culture of Lockheed Martin.

While we remain sensitive to the diverse social and cultural settings in which we conduct our business, Lockheed Martin aims to *set the standard* for ethical conduct at all of our locations throughout the world. We will achieve this through behavior in accordance with six principles: Honesty, Integrity, Respect, Trust, Responsibility, and Citizenship.

Honesty: to be truthful in all our endeavors; to be honest and forthright with one another and with our customers, communities, suppliers, and shareholders.

Integrity: to say what we mean, to deliver what we promise, to fulfill our commitments, and to stand for what is right.

Respect: to treat one another with dignity and fairness, appreciating the diversity of our work force and the uniqueness of each employee.

Trust: to build confidence through teamwork and open, candid communication.

Responsibility: to take responsibility for our actions, and to speak up — without fear of retribution — and report concerns in the workplace, including violations of laws, regulations and company policies, and seek clarification and guidance whenever there is doubt.

Citizenship: to obey all the laws of the United States and other countries in which we do business, and to do our part to make the communities in which we live and work better.

There are numerous resources available to assist you in meeting the challenge of performing your duties and responsibilities. If you are faced with an ethical dilemma, your supervisor is usually the best source of information and guidance. Additionally, the Human Resources, Legal,

Procurement, Contracts, Information Services, Energy Environment Safety & Health, Finance and Security organizations as well as Ethics Officers are available to assist you whenever necessary. Corporate Policy Statements and local policies and procedures that provide details pertinent to many of the provisions of the Code can be accessed via the Lockheed Martin Information Network (<http://pageone.global.lmco.com>) or obtained from your supervisor.

Although your own common sense and good judgment should be your first guide to appropriate conduct, do not hesitate to use these additional resources whenever clarification is necessary. We are proud of our employees and the important role our corporation plays in our communities, our industry, and in the national security of the United States and its allies. Thank you for doing your part to create and maintain an ethical work environment... and for *Setting the Standard*.

VANCE D. COFFMAN ROBERT J. STEVENS

Chairman and President and
Chief Executive Officer Chief Operating Officer
March 2003

OUR COMMITMENTS

For our employees we are committed to honesty, just management, fairness, providing a safe and healthy environment free from the fear of retribution, and respecting the dignity due everyone.

For our customers we are committed to produce reliable products and services, delivered on time, at a fair price.

For the communities in which we live and work we are committed to observe sound environmental business practices and to act as concerned and responsible neighbors, reflecting all aspects of good citizenship.

For our shareholders we are committed to pursuing profitable growth, without taking undue risk, to exercising financial discipline in the deployment of our assets and resources, and to making accurate, timely, and clear disclosures in all public reports and communications.

For our suppliers and partners we are committed to fair competition and the sense of responsibility required of a good customer and teammate.

We are committed to ethical behavior in all that we do.

OBEY THE LAW

We will conduct our business in accordance with all applicable laws and regulations. The laws and regulations related to government contracting are far-reaching and complex, thus placing responsibilities on Lockheed Martin beyond those faced by companies without government customers. Compliance with the law does not comprise our entire ethical responsibility. Rather, it is a minimum, absolutely essential condition for performance of our duties.

We will conduct our business in accordance with all applicable laws and regulations.

PROMOTE A POSITIVE WORK ENVIRONMENT

All employees want and deserve a workplace where they feel respected, satisfied, and appreciated. As a global enterprise, we respect cultural diversity and recognize that the various countries in which we do business may have different legal provisions pertaining to the workplace. As such, we will adhere to the limitations specified by law in all of our locations, and further, we will not tolerate harassment or discrimination of any kind — especially involving age,

sex, ancestry, color, disability, national origin, race, religion, United States military veteran's status, sexual orientation, marital status, or family structure.

Providing an environment that supports honesty, integrity, respect, trust, responsibility, and citizenship permits us the opportunity to achieve excellence in our workplace. While everyone who works for the company must contribute to the creation and maintenance of such an environment, our executives and management personnel assume special responsibility for fostering a work environment that is free from the fear of retribution and will bring out the best in all of us. Supervisors must be careful in words and conduct to avoid placing, or seeming to place, pressure on subordinates that could cause them to deviate from acceptable ethical behavior.

WORK SAFELY:

PROTECT YOURSELF, YOUR FELLOW EMPLOYEES, AND THE WORLD WE LIVE IN

We are committed to providing a drug-free, safe, and healthy work environment, and to observe environmentally sound business practices throughout the world. We will strive, at a minimum, to do no harm and where possible, to make the communities in which we work a better place to live. Each of us is responsible for compliance with environmental, health, and safety laws and regulations. Observe posted warnings and regulations. Report immediately to the appropriate management any accident or injury sustained on the job, or any environmental or safety concern you may have.

We are committed to providing a drug-free, safe, and healthy work environment.

KEEP ACCURATE AND COMPLETE RECORDS

We must maintain accurate and complete company records. Transactions between the company and outside individuals and organizations must be promptly and accurately entered in our books in accordance with generally accepted accounting practices and principles in the United States. No one should rationalize or even consider misrepresenting facts or falsifying records. It will not be tolerated and will result in disciplinary action.

No one should rationalize or even consider misrepresenting facts or falsifying records.

MAKE ACCURATE PUBLIC DISCLOSURES

We must assure that all disclosures made in all periodic reports and documents filed with the Securities and Exchange Commission, and other public communications by the corporation, are full, fair, accurate, timely, and understandable. This obligation applies to all employees, including all financial executives, with any responsibility for the preparation of such reports, including drafting, reviewing, and signing or certifying the information contained therein. This requires operating in an environment of open communication, while not compromising proprietary and confidentiality concerns.

If you have concerns about any aspect of our financial disclosures, you should talk to your manager, the Finance organization, the Legal Department, or the Ethics Office. Any employee who is contacted by another employee expressing concerns about questionable accounting or auditing matters must immediately report those concerns to the Ethics Office.

We are committed to full, fair, accurate, timely and understandable disclosure in all public communications.

RECORD COSTS PROPERLY

Employees and their supervisors are responsible for ensuring that labor and material costs are accurately recorded and charged on the company's records. These costs include, but are not

limited to, normal contract work, work related to independent research and development, and bid and proposal activities.

Employees and their supervisors are responsible for... the company's records.

STRICTLY ADHERE TO ALL ANTITRUST LAWS

Antitrust is a blanket term for laws that protect the free enterprise system and promote open and air competition. Such laws exist in the United States, the European Union, and in many other countries where the company does business. These laws deal with agreements and practices “in restraint of trade” such as price fixing and boycotting suppliers or customers, for example. They also bar pricing intended to run a competitor out of business; disparaging, misrepresenting, or harassing a competitor; stealing trade secrets; bribery; and kickbacks.

Antitrust laws are vigorously enforced. Violations may result in severe penalties such as forced sales of parts of businesses and significant fines against the company. There may also be sanctions against individual employees, including substantial fines and prison sentences. These laws also apply to international operations and transactions related to imports into and exports from the countries in which we do business. Employees involved in any dealings with competitors are expected to know that U.S. and other countries' antitrust laws may apply to their activities and to consult with the Legal Department prior to negotiating with or entering into any arrangement with a competitor.

KNOW AND FOLLOW THE LAW WHEN INVOLVED IN INTERNATIONAL BUSINESS

Corruption erodes confidence in the marketplace, undermines democracy, distorts economic and social development, and hurts everyone who depends on trust and transparency in the transaction of business. The company is committed to conduct its activities free from the unfair influence of bribery and to foster anti-corruption awareness among its employees and business relations throughout the world. There are several laws that govern these transactions:

- The Foreign Corrupt Practices Act (FCPA) is a United States law that prohibits corruptly giving, offering or promising anything of value to foreign officials or foreign political parties, officials or candidates, for the purpose of influencing them to misuse their official capacity to obtain, keep, or direct business or to gain any improper advantage. In addition, the FCPA prohibits knowingly falsifying a company's books and records or knowingly circumventing or failing to implement accounting controls. Employees involved in international operations must be familiar with the FCPA and with similar laws that govern our operations in other countries in which we do business.
- The International Traffic in Arms Regulations (ITAR) is a United States law that regulates the international transfers of equipment or technology that may contain prior approval, licensing, and reporting requirements. Employees involved in international operations must also be familiar with the ITAR.
- Additionally, it is illegal to enter into an agreement to refuse to deal with potential or actual customers or suppliers, or otherwise to engage in or support restrictive international trade practices or boycotts.

It is always important that employees conducting international business know and abide by the laws of the United States and the countries that are involved in the activities or transactions. These laws govern the conduct of Lockheed Martin employees throughout the world. If you participate in these business activities, you should know, understand, and strictly comply with these laws and regulations. If you are not familiar with these rules, consult with your supervisor,

Business Development organization and the Legal Department prior to negotiating any foreign transaction.

FOLLOW THE LAW AND USE COMMON SENSE IN POLITICAL CONTRIBUTIONS AND ACTIVITIES

Lockheed Martin encourages its employees to become involved in civic affairs and to participate in the political process. Employees must understand, however, that their involvement and participation must be on an individual basis, on their own time, and at their own expense. In the United States, federal law prohibits corporations from donating corporate funds, goods, or services, directly or indirectly, to candidates for federal offices — this includes employees' work time. Local and state laws also govern political contributions and activities as they apply to their respective jurisdictions, and similar laws exist in other countries.

CAREFULLY BID, NEGOTIATE, AND PERFORM CONTRACTS

We must comply with the laws and regulations that pertain to the acquisition of goods and services by our customers. We will compete fairly and ethically for all business opportunities. In circumstances where there is reason to believe that the release or receipt of non-public information is unauthorized, do not attempt to obtain and do not accept such information from any source.

Appropriate steps should be taken to recognize and avoid organizational conflicts in which one business unit's activities may preclude the pursuit of a related activity by another company business unit.

If you are involved in proposals, bid preparations, or contract negotiations, you must be certain that all statements, communications, and representations to prospective customers are accurate and truthful. Once awarded, all contracts must be performed in compliance with specifications, requirements, and clauses.

AVOID ILLEGAL AND QUESTIONABLE GIFTS OR FAVORS

The sale of Lockheed Martin products and services should always be free from even the perception that favorable treatment was sought, received, or given in exchange for the furnishing or receipt of business courtesies. Employees will neither give nor accept business courtesies that constitute, or could be reasonably perceived as constituting, unfair business inducements or that would violate law, regulation or policies of the company or customer, or could cause embarrassment to or reflect negatively on the company's reputation. Although customs and practices may differ among the many marketplaces in which we conduct our business, our policies in this regard are substantially similar within the United States and elsewhere throughout the world. As a matter of respect for the rich and diverse customs practiced among our business relations internationally, permissive conduct may differ somewhat in accordance with applicable policy or upon guidance from the business unit's Ethics Officer and Legal Department.

GIFTS, GRATUITIES, AND BUSINESS COURTESIES TO U.S., STATE, AND LOCAL GOVERNMENT EMPLOYEES

Federal, state and local government departments and agencies are governed by laws and regulations concerning acceptance by their employees of entertainment, meals, gifts, gratuities, and other things of value from firms and persons with whom those government departments and agencies do business or over whom they have regulatory authority. It is the policy of Lockheed Martin to comply strictly with those laws and regulations.

Federal Executive Branch Employees

Lockheed Martin employees are prohibited from giving anything of value to federal

Executive Branch employees, except as follows:

- Lockheed Martin advertising or promotional items of little intrinsic value (generally \$10.00 or less) such as a coffee mug, calendar, or similar item displaying the company logo;
- Modest refreshments such as soft drinks, coffee, and donuts on an occasional basis in connection with business activities; or
- Business-related meals and local transportation having an aggregate value of \$20.00 or less per occasion, provided such items do not in aggregate exceed \$50.00 in a calendar year. Although it is the responsibility of the government employee to track and monitor these thresholds, no Lockheed Martin employee shall knowingly provide meals and/or transportation exceeding the \$20.00 individual or \$50.00 annual limit.

Certain other exceptions regarding widely attended gatherings and business activities outside U.S. borders are detailed in company policy.

Federal Legislative and Judiciary Branches, and State and Local Government Employees

Employees of the federal Legislative and Judiciary Branches and employees of state and local government departments or agencies are subject to a wide variety of different laws and regulations. These laws and regulations and Corporate Policy Statements pertaining to them must be consulted prior to offering such employees anything of value.

BUSINESS COURTESIES TO NON-GOVERNMENT PERSONS

Meals, Refreshments and Entertainment

It is an acceptable practice for Lockheed Martin employees to provide meals, refreshments, entertainment, and other business courtesies of reasonable value to non-government persons in support of business activities, provided:

- The practice does not violate any law or regulation or the standards of conduct of the recipient's organization. It is the offeror's responsibility to inquire about prohibitions or limitations of the recipient's organization before offering any business courtesy; and
- The business courtesy must be consistent with marketplace practices, infrequent in nature, and may not be lavish or extravagant. While it is difficult to define "lavish or extravagant" by means of a specific dollar amount, a common sense determination should be made consistent with reasonable marketplace practices.

Gifts

Lockheed Martin employees are prohibited from offering or giving tangible gifts (including tickets to sporting, recreational, or other events) having a market value of \$100.00 or more, to a person or entity with which the company does or seeks to do business, unless specifically approved by his or her supervisor, and the business unit's Ethics Officer or the Corporate Office of Ethics and Business Conduct.

BUSINESS COURTESIES TO FOREIGN GOVERNMENT PERSONNEL AND PUBLIC OFFICIALS

The company may be restricted from giving meals, gifts, gratuities, entertainment, or other things of value to personnel of foreign governments and foreign public officials by the Foreign Corrupt

Practices Act and by laws of other countries. Employees must obtain prior Legal Department approval where the hospitality (i.e., meal, gift, gratuity, entertainment or other thing of value) to be given is not clearly permissible under the Hospitality Guidelines and Matrix maintained by the Legal Department.

Employees must discuss such situations with Legal Counsel...

BUSINESS COURTESIES TO LOCKHEED MARTIN EMPLOYEES

Meals, Refreshments and Entertainment

Although an employee may not use his or her position at Lockheed Martin to foster obtaining business courtesies, it is permissible to accept unsolicited meals, refreshments, entertainment, and other business courtesies on an occasional basis, provided:

- The acceptance will foster goodwill and successful business relations;
- The courtesies are not lavish or extravagant under the circumstances;
- The courtesies are not frequent and do not reflect a pattern or the appearance of a pattern of frequent acceptance of courtesies from the same entities or persons; and
- The employee accepting the courtesies would feel comfortable about discussing the courtesies with his or her manager or coworker, or having the courtesies known by the public.

It is the personal responsibility of each employee to ensure that his or her acceptance of such meals, refreshments, or entertainment is proper and could not reasonably be construed in any way as an attempt by the offering party to secure favorable treatment.

It is the personal responsibility of each employee...

Gifts

Lockheed Martin employees are not permitted to accept compensation, honoraria, funds or monetary instruments in any form or amount, or any tangible gift (including tickets to sporting, recreational, or other events) that has a market value of \$100.00 or more, from any entity, representatives of any entity, or any person that does or seeks to do business with the company, unless approved by his or her supervisor, and the business unit's Ethics Officer or the Corporate Office of Ethics and Business Conduct. Solicitation of gifts is always prohibited. If you have any questions about the propriety of a gift, gratuity, or item of value, contact your supervisor Ethics Officer or the Corporate Office of Ethics and Business Conduct for guidance.

Gifts to Lockheed Martin Employees Who Procure Goods or Services

If you buy goods or services for Lockheed Martin or are involved in the procurement process, you must treat all suppliers uniformly and fairly. In deciding among competing suppliers, you must objectively and impartially weigh all facts and avoid even the appearance of favoritism. For this reason, gifts from suppliers or vendors must not be accepted, except advertising or promotional items of nominal value such as a pen, key chain, water bottle, visor, cup or glass or similar items displaying a company's logo. Established routines and procedures should be followed in the procurement of all goods and services.

STEER CLEAR OF CONFLICTS OF INTEREST

Playing favorites or having conflicts of interest — in practice or appearance — runs counter to the fair treatment to which we are all entitled. Avoid any relationship, influence, or activity that might

impair, or even appear to impair, your ability to make objective and fair decisions when performing your job. A conflict of interest occurs whenever an individual's private interest interferes with the interest of the corporation. We owe a duty to Lockheed Martin to advance its legitimate interests when the opportunity to do so arises. You should never use company property or information for personal gain, or take for yourself personally any opportunity that is discovered through your company position.

HERE ARE SOME WAYS A CONFLICT OF INTEREST COULD ARISE:

- Employment by a competitor or potential competitor, regardless of the nature of the employment, while employed by Lockheed Martin.
- Acceptance of gifts, payment, or services from those seeking to do business with Lockheed Martin.
- Placement of business with a firm owned or controlled by a Lockheed Martin employee or his/her family.
- Ownership of, or substantial interest in, a company that is a competitor or a supplier.
- Acting as a consultant to a Lockheed Martin customer or supplier.
- Having a personal interest or potential for gain in any company transaction.

Any situation, transaction, or relationship that might give rise to an actual or potential conflict of interest must be disclosed in writing to your supervisor and the Ethics Office.

When in doubt, share the facts of the situation with your supervisor, Legal Department, or Ethics Officer.

KNOW THE RULES ABOUT EMPLOYING FORMER GOVERNMENT OFFICIALS

There are extensive conflict of interest laws and regulations regarding the employment or use of former military and civilian government personnel. These rules extend to contact or negotiations with current government employees to discuss their potential employment by the company or their use as consultants or subcontractors. Conflict of interest laws and regulations must be fully and carefully observed. When in doubt, consult corporate and company policies and procedures, and seek the advice of your Legal Department, Human Resources, or Ethics Officer.

MAINTAIN THE INTEGRITY OF CONSULTANTS, AGENTS, AND REPRESENTATIVES

Business integrity is a key standard for the selection and retention of those who represent Lockheed Martin. Agents, representatives, or consultants must certify their willingness to comply with the company's policies and procedures and must never be retained to circumvent our values and principles. Paying bribes or kickbacks, engaging in industrial espionage, obtaining the proprietary data of a third party without authority, or gaining inside information or influence are just a few examples of what could give us an unfair competitive advantage in a government procurement and could result in violations of law.

PROTECT PROPRIETARY INFORMATION

Proprietary company information may not be disclosed to anyone without proper authorization. Keep proprietary documents protected and secure. In the course of normal business activities, suppliers, customers, and competitors may sometimes divulge to you information that is proprietary to their business. Respect these confidences.

Keep proprietary documents protected and secure.

OBTAIN AND USE COMPANY AND CUSTOMER ASSETS WISELY

Proper use of company and customer property, electronic communication systems, information resources, material, facilities, and equipment is your responsibility. Use and maintain these

assets with the utmost care and respect, guarding against waste and abuse, and never borrow or remove them from company property without management's permission. Be cost-conscious and alert to opportunities for improving performance while reducing costs. While these assets are intended to be used for the conduct of Lockheed Martin's business, it is recognized that occasional personal use by employees may occur without adversely affecting the interests of the company. Personal use of company assets must always be in accordance with corporate and company policy — consult your supervisor for appropriate guidance and permission. All employees are responsible for complying with the requirements of software copyright licenses related to software packages used in fulfilling job requirements.

DO NOT ENGAGE IN SPECULATIVE OR INSIDER TRADING

In our role as a multinational corporation and a publicly owned company, we must always be alert to and comply with the securities laws and regulations of the United States and other countries.

... we must always be alert...

It is against the law for employees to buy or sell company stock based on material, non-public "insider" information about or involving the company. Play it safe. Don't speculate in the securities of Lockheed Martin when you are aware of information affecting the company's business that has not been publicly released or in situations where trading would call your judgment into question. This includes all varieties of stock trading such as options, puts and calls, straddles, selling short, etc. Two simple rules can help protect you in this area: (1) Don't use non-public information for personal gain. (2) Don't pass along such information to someone else who has no need to know.

This guidance also applies to the securities of other companies (suppliers, vendors, subcontractors, etc.) for which you receive information in the course of your employment at Lockheed Martin.

FOR MORE INFORMATION:

In order to support a comprehensive Ethics and Business Conduct Program, Lockheed Martin has developed education and communication programs in many subject areas.

These programs have been developed to provide employees with job-specific information to raise their level of awareness and sensitivity to key issues.

Interactive Multimedia Training Modules are available on the following topics:

- Antiboycott
- International Consultants
- Antitrust Compliance
- Kickbacks & Gratuities
- Computing Information
- Resources Labor Charging
- Information Protection
- Material Costs
- Diversity
- Organizational Conflicts of Interest
- Domestic Consultants
- Political Activities
- Drug Free Workplace
- Procurement
- Energy, Environment, Safety and Health
- Procurement Integrity
- Product Substitution

Ex-Government Employees
Protecting Classified Information
Export Control
Record Retention
Foreign Corrupt Practices Act
Security
Government Property
Sensitive Information Protection
Harassment in the Workplace
Truth in Negotiations Act
Insider Trading

The current list of Interactive Multimedia Compliance Training Modules and Corporate Policy Statements relating to the above topics and others can be accessed via the Lockheed Martin Information Network at <http://pageone.global.lmco.com/> or obtained from your supervisor.

A compliance-training module is not available for Antiboycott, Political Activities, and Vendor Contacts, but is available via QWIZARD. The compliance training URL is http://ethics.corp.lmco.com/ethics/comp_train.html The Corporate Policy URL is <http://policy.global.lmco.com/p3/index.html>

WARNING SIGNS - YOU'RE ON THIN ETHICAL ICE WHEN YOU HEAR...

"Well, maybe just this once..."

"No one will ever know..."

"It doesn't matter how it gets done as long as it gets done."

"It sounds too good to be true."

"Everyone does it."

"Shred that document."

"We can hide it."

"No one will get hurt."

"What's in it for me?"

"This will destroy the competition."

"We didn't have this conversation."

You can probably think of many more phrases that raise warning flags. If you find yourself using any of these expressions, take the Quick Quiz on the following page and make sure you are on solid ethical ground.

QUICK QUIZ - WHEN IN DOUBT, ASK YOURSELF...

1. Are my actions legal?
2. Am I being fair and honest?
3. Will my action stand the test of time?
4. How will I feel about myself afterwards?
5. How will it look in the newspaper?
6. Will I sleep soundly tonight?

7. What would I tell my child to do?
8. How would I feel if my family, friends, and neighbors knew what I was doing?

If you are still not sure what to do, ask... and keep asking until you are certain you are doing the right thing.

OUR GOAL: AN ETHICAL WORK ENVIRONMENT

We have established the Office of Ethics and Business Conduct to underscore our commitment to ethical conduct throughout our company.

The Vice President – Ethics and Business Conduct reports directly to the Executive Office and the Audit and Ethics Committee of the Board of Directors, and oversees a vigorous corporate wide effort to promote a positive, ethical work environment for all employees.

Our Ethics Officers operate confidential Ethics HelpLines at each operating company, as well as at the corporate level. You are urged to use these resources whenever you have a question or concern that cannot be readily addressed within your work group or through your supervisor.

Ethics and Integrity are Fundamental to Mission Success.

ACCOUNTABILITY

Each of us is responsible for adherence to the standards of conduct set forth in this Code and for raising questions if we are concerned that these standards are not being met. Violations of the Code are cause for corrective action, which may result in disciplinary action up to and including discharge.

We are all accountable for adherence to the Code of Conduct.

HOW TO CONTACT THE AUDIT AND ETHICS COMMITTEE

The Audit and Ethics Committee of the Lockheed Martin Board of Directors has created a process by which employees may transmit complaints about accounting, internal controls, or auditing matters to the Committee, and for the confidential or anonymous submission of concerns regarding questionable accounting or auditing matters. If you wish to raise a question or concern to the Audit and Ethics Committee, you may do so by contacting the Office of Ethics and Business Conduct at Corporate Headquarters. Your concern will be communicated to the Chair of the Audit and Ethics Committee of the Board.

CONTACT THE ETHICS OFFICE

You are encouraged to contact the Office of Ethics and Business Conduct to discuss any ethics question or concern, to report a violation of the Code, or for information on how to contact your local Ethics Officer. You can reach the Office of Ethics and Business Conduct through any of the following confidential means of communication:

Call: 800-LM ETHICS
Domestic: 800-563-8442
International: 800-5638-4427
For the Hearing or Speech Impaired: 800-441-7457
Fax: 301-897-6442
Internet E-Mail: corporate.ethics@lmco.com
Note: Caller ID is not used on ethics phone numbers.
Write: Office of Ethics and Business Conduct
Lockheed Martin Corporation

P.O. Box 34143
Bethesda, MD 20827-0143

WHEN YOU CONTACT YOUR COMPANY ETHICS OFFICER OR THE OFFICE OF ETHICS AND BUSINESS CONDUCT AT CORPORATE HEADQUARTERS:

- You will be treated with dignity and respect.
- Your communication will be kept confidential to the greatest extent possible.
- Your concerns will be seriously addressed and, if not resolved at the time you call, you will be informed of the outcome.
- You need not identify yourself.

Remember, there's never a penalty for using the Ethics HelpLine in good faith. People in a position of authority can't stop you; if they try, they're subject to disciplinary action up to and including dismissal. Lockheed Martin will not tolerate retribution against employees who raise concerns to any source.

RECEIPT AND ACKNOWLEDGMENT

I acknowledge that I have received my personal copy of *Setting the Standard*, the *Lockheed Martin Code of Ethics and Business Conduct*. I understand that each Lockheed Martin employee, member of the Board of Directors, agent, consultant, or contract worker is responsible for knowing and adhering to the principles and standards of the Code.

Signature
Print Name
Employee Number
Company
Location Date

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Further Information:

Office of Ethics and Business Conduct
Lockheed Martin Corporation
P. O. Box 34143
Bethesda, MD 20827-0143

Code available on the Lockheed Martin web site:
<http://www.lockheedmartin.com/data/assets/7856.pdf>

Motorola Code of Business Conduct

INTRODUCTION

Times will change. Our products will change. Our people will change. Our customers will change. What will not change is our commitment to our key beliefs.

KEY BELIEFS

Key beliefs define who we are -- as individuals and as a company. Our key beliefs have defined us for many years to each other, to our customers, our shareholders, our suppliers, our competitors, and our communities.

Uncompromising integrity means staying true to what we believe. We adhere to honesty, fairness and "doing the right thing" without compromise, even when circumstances make it difficult.

Constant respect for people means we treat others with dignity, as we would like to be treated ourselves.

Constant respect applies to every individual we interact with around the world.

Each of us is expected to demonstrate these key beliefs in our work as Motorolans.

PURPOSE OF THE CODE OF BUSINESS CONDUCT

This Code of Business Conduct is a guide to help Motorolans live up to Motorola's high ethical standards -- and their own. It summarizes many of the laws that Motorola and all Motorolans are required to live by. The Code goes beyond the legal minimums, however, by describing the ethical values we share as Motorolans.

This Code is neither a contract nor a comprehensive manual that covers every situation Motorolans throughout the world might encounter. It is a guide that highlights key issues and identifies policies and resources to help Motorolans reach decisions that will make Motorola proud.

RESPONSIBILITY AND ACCOUNTABILITY

As Motorolans, each of us has the personal responsibility to make sure that our actions abide by this Code of Business Conduct and the laws that apply to our work. If you have any questions or concerns about illegal or unethical acts, check with management or the EthicsLine. Keep in mind that failure to abide by this Code and the law will lead to disciplinary measures appropriate to the violation, up to and including dismissal.

Each Motorolan is expected to read the entire Code of Business Conduct. No code can guarantee ethical behavior though. Only we can.

ADDITIONAL RESPONSIBILITIES OF MANAGERS

Motorola managers are expected to lead according to our standards of ethical conduct, in both words and actions. Managers are responsible for promoting open and honest two-way communications. Managers must be positive activists and role models who show respect and consideration for each of our associates. Managers must be diligent in looking for indications that unethical or illegal conduct has occurred. If you ever have a concern about unethical or illegal activities, you are expected to take appropriate and consistent action, and inform your manager, the Law Department, or the EthicsLine.

OUR RESPONSIBILITY TO MOTOROLANS

We respect the dignity of each and every Motorolan.

CONSTANT RESPECT

We will treat each other with respect and fairness at all times, just as we wish to be treated ourselves. We will value the difference of diverse individuals from around the world. Employment decisions will be based on business reasons, such as qualifications, talents and achievements, and will comply with local and national employment laws.

HARASSMENT

Abusive, harassing or offensive conduct is unacceptable, whether verbal, physical or visual. Examples include derogatory comments based on racial or ethnic characteristics and unwelcome sexual advances. We are encouraged to speak out when a coworker's conduct makes us uncomfortable, and to report harassment when it occurs.

SAFETY AND HEALTH

We are all responsible for maintaining a safe workplace by following safety and health rules and practices. We are responsible for immediately reporting accidents, injuries, and unsafe equipment, practices or conditions to a supervisor or other designated person. Motorola is committed to keep its workplaces free from hazards.

In order to protect the safety of all employees, each of us must report to work free from the influence of any substance that could prevent us from conducting work activities safely and effectively.

Threats or acts of violence or physical intimidation are prohibited.

OUR RESPONSIBILITY TO CUSTOMERS AND CONSUMERS

Motorola exists to satisfy its customers.

PRODUCT QUALITY AND SAFETY

To maintain Motorola's valuable reputation, compliance with our quality processes and safety requirements is essential. We damage our good name when we ship products or deliver services that fail to live up to Motorola standards.

SALES AND MARKETING

We will build long term relationships with our customers by demonstrating honesty and integrity. All of our marketing and advertising will be accurate and truthful. Deliberately misleading messages, omissions of important fact, or false claims about our competitors' offerings are never acceptable.

We will only obtain business legally and ethically. Bribes or kickbacks are not acceptable. Guidance concerning customer gifts, travel and entertainment is in the Conflict of Interests section of this Code.

CUSTOMER INFORMATION

We must protect customer information that is sensitive, private or confidential just as carefully as our own. Only those who have a need to know should have access to confidential information.

GOVERNMENT CUSTOMERS

We must take special care to comply with all legal and contractual obligations in dealing with governments. National and local governments all around the world have specific and varied procurement laws and regulations that have been established to protect the public interest. These laws generally prohibit or put strict limits on gifts, entertainment and travel offered to government officials. They also often apply to the hiring of current or recently retired officials and their families, and to any conduct that may be viewed as improperly influencing objective decision making. Many other laws strictly govern accounting and billing practices applied to the fulfillment of government contracts and subcontracts.

These laws are applicable to Motorola and all Motorolans worldwide. When Motorola uses suppliers or subcontractors to fulfill its commitments, we may also be responsible for communicating these unique governmental requirements to them. Motorolans who deal with government officials and contracts are responsible for knowing and complying with applicable laws and regulations.

OUR RESPONSIBILITY TO BUSINESS PARTNERS

Building quality relationships with other companies gives Motorola a competitive advantage.

DOING BUSINESS WITH OTHERS

We will not do business with others who are likely to harm Motorola's reputation. For example, we will avoid doing business with others who intentionally and continually violate the law. These laws include, for example, local environmental, employment, safety and anti-corruption statutes. All arrangements with third parties must comply with Motorola policy and the law. We will not use a third party to perform any act prohibited by law or by the Motorola Code of Business Conduct.

- **Agents and Consultants**
Commission rates or fees paid to dealers, distributors, agents, finders or consultants must be reasonable in relation to the value of the product or work that is actually being done. We will not pay commissions or fees that we have reason to believe will become bribes.
- **Subcontractors**
Subcontractors play a vital role in the fulfillment of many of our contracts. In some cases, the subcontractor is highly visible to our customers. It is therefore very important to ensure that our subcontractors preserve and strengthen Motorola's reputation by acting consistently with our Code of Business Conduct.
- **Joint Ventures and Alliances**
Motorola will strive to ally with companies that share our commitment to ethics. We will also work to make the standards of our joint ventures compatible with our own.

PURCHASING PRACTICES

Purchasing decisions must be made based solely on Motorola's best interests. Suppliers win Motorola business based on product or service suitability, price, delivery and quality. Purchasing agreements should be documented and clearly identify the services or products to be provided,

the basis for earning payment, and the applicable rate or fee. The amount of payment must be commensurate with the services or products provided.

OUR RESPONSIBILITY TO SHAREHOLDERS

We will treat the investment of our shareholders as if it were our own.

PROTECTING MOTOROLA ASSETS

We have a responsibility to protect the Motorola assets entrusted to us from loss, damage, misuse or theft. Motorola assets, such as funds, products, or computers, may only be used for business purposes and other purposes approved by management. Motorola assets may never be used for illegal purposes.

PROPRIETARY INFORMATION

We will safeguard all proprietary information by marking information accordingly, keeping it secure, and limiting access to those who have a need to know in order to do their jobs. Proprietary information includes any information that is not generally known to the public and is helpful to Motorola, or would be helpful to competitors. It also includes information that suppliers and customers have entrusted to us. The obligation to preserve proprietary information continues even after employment ends.

INSIDE INFORMATION AND SECURITIES TRADING

Motorolans are not allowed to trade in securities or any other kind of property based on knowledge that comes from their jobs, if that information hasn't been reported publicly. It is against the laws of many countries, including the U.S., to trade or to "tip" others who might make an investment decision based on inside job information. For example, using non-public information to buy or sell Motorola stock, options in Motorola stock or the stock of a Motorola supplier or customer is prohibited.

ACCURACY OF COMPANY RECORDS

We require honest and accurate recording and reporting of information in order to make responsible business decisions. This includes such data as quality, safety, and personnel records, as well as all financial records.

All financial books, records and accounts must accurately reflect transactions and events, and conform both to required accounting principles and to Motorola's system of internal controls. No false or artificial entries may be made. When a payment is made, it can only be used for the purpose spelled out on the supporting document.

RECORDING AND RETAINING BUSINESS COMMUNICATIONS

All business records and communications should be clear, truthful and accurate. Business records and communications often become public through litigation, government investigations and the media. We will avoid exaggeration, colorful language, guesswork, legal conclusions, and derogatory remarks or characterizations of people and companies. This applies to communications of all kinds, including e-mail and "informal" notes or memos. Records should always be retained and destroyed according to Motorola's record retention policies.

OUR RESPONSIBILITY TO COMPETITORS

We compete aggressively and with integrity at the same time.

COMPETITIVE INFORMATION

We must never use any illegal or unethical methods to gather competitive information. Stealing proprietary information, possessing trade secret information that was obtained without the owner's consent, or inducing such disclosures by past or present employees of other companies is prohibited.

If information is obtained by mistake that may constitute a trade secret or confidential information of another business, or if we have questions about the legality of information gathering, we should consult the Law Department.

FAIR COMPETITION AND ANTITRUST

Motorola and all our employees are required to comply with the antitrust and unfair competition laws of the many countries in which we do business. These laws are complex and vary considerably from country to country. They generally concern:

- Agreements with competitors that harm customers, including price fixing and allocations of customers or contracts.
- Agreements that unduly limit a customer's ability to sell a product, including establishing the resale price of a product or service, or conditioning the sale of products on an agreement to buy other Motorola products and services.
- Attempts to monopolize, including pricing a product below cost in order to eliminate competition.

Motorolans who question whether an action may violate competition laws should talk to the Law Department.

OUR RESPONSIBILITY TO COMMUNITIES

Motorola is a responsible citizen in all the communities where we do business.

COMMUNITY SERVICE

We serve society by providing life-enhancing products and services at a fair price, and by actively supporting the communities in which we operate. Motorola, the Motorola Foundation and Motorolans throughout the world provide generous financial and voluntary support to thousands of worthwhile community programs.

PERSONAL COMMUNITY ACTIVITIES

Motorolans are free to support community, charity and political organizations and causes of their choice, as long as they make it clear that their views and actions are not those of Motorola. We must ensure that our outside activities do not interfere with our job performance.

No Motorolan may pressure another employee to express a view that is contrary to a personal belief, or to contribute to or support political, religious or charitable causes.

ENVIRONMENT

We will respect the environment by complying with all applicable environmental laws in all countries in which we conduct operations. Motorola is committed to the protection of the environment by minimizing the environmental impact of our operations and operating our businesses in ways that will foster a sustainable use of the world's natural resources. Motorolans need to support this commitment by complying with Motorola's environmental policies and programs. Notify management if hazardous materials come into contact with the environment or are improperly handled or discarded.

COMMUNICATING TO EXTERNAL AUDIENCES

To ensure professional and consistent handling, requests from the media should be forwarded to the local communications group or Corporate Communications and Public Affairs. Unfortunately,

many well-intentioned interviewees have had their version of stories misinterpreted by reporters. Let the experts handle such situations.

Motorolans are expected to cooperate with reasonable requests for information from government agencies and regulators, and to consult with the Law Department before responding to any non-routine requests. All information provided must be truthful and accurate. We will not alter or destroy documents or records in response to an investigation or other lawful request. Requests from financial analysts and shareholders should be forwarded to Investor Relations.

OUR RESPONSIBILITY TO GOVERNMENTS

As a responsible citizen, it is our obligation to obey the law.

COMPLIANCE WITH THE LAW

Motorolans around the world are required to comply with all applicable laws and regulations wherever we do business. Perceived pressures from supervisors or demands due to business conditions are not excuses for violating the law. When we have any questions or concerns about the legality of an action, we are responsible for checking with management, the Law Department or the EthicsLine.

MOTOROLA POLITICAL ACTIVITIES

No Motorolan may, except with approval from the Government Relations Office, make any political contribution for Motorola or use Motorola's name, funds, property, equipment or services for the support of political parties, initiatives, committees or candidates. This includes any contribution of value. Additionally, lobbying activities or government contacts on behalf of Motorola, other than sales activities, should be coordinated with the Government Relations Office.

ANTI-CORRUPTION LAWS

Motorola will comply with the anti-corruption laws of the countries in which it does business, including the U.S. Foreign Corrupt Practices Act (FCPA), which applies to its global business. Motorolans will not directly or indirectly offer or make a corrupt payment to government officials, including employees of state-owned enterprises. These requirements apply both to Motorola employees and agents, such as Third Party Sales Representatives, no matter where they are doing business. If you are authorized to engage agents, make sure that they are reputable and require them to agree in writing to Motorola's standards in this area.

CROSSING NATIONAL BORDERS

When importing or exporting products, services, information or technology, Motorola will comply with applicable U.S. and other national laws, regulations, and restrictions. In addition, when we travel internationally on company business we are subject to laws governing what we import and export. Motorolans are responsible for knowing the laws that pertain to them, and for checking with their import/export compliance manager when in doubt.

CONFLICT OF INTERESTS

We will make business decisions based on the best interests of Motorola.

GENERAL GUIDANCE

Business decisions and actions must be based on the best interests of Motorola, and must not be motivated by personal considerations or relationships. Relationships with prospective or existing suppliers, contractors, customers, competitors or regulators must not affect our independent and sound judgment on behalf of Motorola. General guidelines to help Motorolans better understand

several of the most common examples of situations that may cause a conflict of interest are listed below. However, Motorolans are required to disclose to local management any situation that may be, or appear to be, a conflict of interest. When in doubt, it is best to disclose.

OUTSIDE EMPLOYMENT

Motorolans may not work for or receive payments for services from any competitor, customer, distributor or supplier of Motorola without approval of local management. Any outside activity must be strictly separated from Motorola employment and should not harm job performance at Motorola. We must make sure that the skills we learn and use at Motorola are not used in such a way that could hurt the business of Motorola.

BOARD MEMBERSHIPS

Serving on the Board of Directors or a similar body for an outside company or government agency requires the advance approval of local management. Helping the community by serving on boards of non-profit or community organizations is encouraged, and does not require prior approval.

FAMILY MEMBERS AND CLOSE PERSONAL RELATIONSHIPS

We may not use personal influence to get Motorola to do business with a company in which our family members or friends have an interest.

INVESTMENTS

Motorolans may not allow their investments to influence, or appear to influence, their independent judgment on behalf of Motorola. This could happen in many ways, but it is most likely to create the appearance of a conflict of interest if a Motorolan has an investment in a competitor, supplier, customer, or distributor and his decisions may have a business impact on this outside party. If there is any doubt about how an investment might be perceived, it should be disclosed to management.

We are also prohibited from directly or indirectly buying, or otherwise acquiring rights to any property or materials, when we know that Motorola may be interested in pursuing such an opportunity and the information is not public.

GIFTS

Gifts are not always physical objects -- they might also be services, favors or other items of value.

- **Gifts to Motorolans**
Motorolans don't accept kickbacks, lavish gifts or gratuities. We can accept items of nominal value, such as small promotional items bearing another company's name. We will not accept anything that might make it appear that our judgment for Motorola would be compromised.
In some rare situations, it would be impractical or harmful to refuse or return a gift. When this happens, discuss the situation with local management.
- **Gifts Given by Motorola**
Some business situations call for giving gifts. Motorola's gifts must be legal, reasonable, and approved by local management. Motorolans never pay bribes.
We understand that gift-giving practices vary among cultures. Our local gift policies and guidelines address this.
We will not provide any gift if it is prohibited by law or the policy of the recipient's organization. For example, the employees of many government entities around the world are prohibited from accepting gifts. If in doubt, check first.

ENTERTAINMENT

We consider "entertainment" to include a representative of both parties at the event.

- **Entertainment of Motorolans**
We may accept entertainment that is reasonable in the context of the business and that advances the Company's interests. For example, accompanying a business associate to

a local cultural or sporting event, or to a business meal, would in most cases be acceptable.

Entertainment that is lavish or frequent may appear to influence one's independent judgment on behalf of Motorola. If an invitation seems inappropriate, we must turn down the offer or pay the true value of the entertainment ourselves. Accepting entertainment that may appear inappropriate should be discussed with local management, in advance if possible.

- Entertainment by Motorola

We may provide entertainment that is reasonable in the context of the business. If we have a concern about whether providing entertainment is appropriate, we will discuss it with management in advance.

Entertainment of government officials may be prohibited by law. Get approval from local management in each instance.

TRAVEL

- Acceptance of Travel Expenses

Motorolans may accept transportation and lodging provided by a Motorola supplier or other third party, if the trip is for business and is approved in advance by the employee's supervisor. All travel accepted must be accurately recorded in our travel expense records.

- Providing Travel

Unless prohibited by law or the policy of the recipient's organization, Motorola may pay the transportation and lodging expenses incurred by customers, agents or suppliers in connection with a visit to a Motorola facility or product installation. The visit must be for a business purpose, for example, on-site examination of equipment, contract negotiations, or training.

All travel by government officials that is sponsored or paid for by Motorola must be approved in advance by the division general manager and the Office of Ethics and Compliance.

HOW TO GET HELP

If you have questions about the Motorola Code of Business Conduct, the first place to turn is your supervisor or manager. If you're uncomfortable discussing the issue with your supervisor, please talk to another member of management, Human Resources, the Law Department or the Motorola EthicsLine. Our Open Door Policy allows you the freedom to approach any level of management with your concerns.

KEY BELIEFS

It would be wonderful if the right thing to do were always perfectly clear. In the real world of business, however, things are not always obvious. If you find yourself in a situation where the "right thing" is unclear or doing the right thing is difficult, remember our key beliefs.

Does my action reflect Motorola's key beliefs
of integrity and respect?
To Motorola employees? To customers?
To business partners, competitors and shareholders?
To the government? To the public?
If you wouldn't want your action
to appear in the media,
it's probably not the right thing to do.

ETHICSLINE

The EthicsLine offers information, advice, and suggestions. You may use it to discuss any concern or problem. It is not only for emergencies. The EthicsLine strives to make sure that all questions or concerns are handled fairly, discreetly and thoroughly. In the U.S. and Canada, the EthicsLine may be reached at 800.538.4427. When calling from other countries, please use the AT&T Direct Access Code for your country or call 480.441.5757 and reverse the charges. No method of identifying a caller is used.

The address for writing to the EthicsLine is: P.O. Box 10551, Scottsdale, AZ 85271-0551 USA. Calls to the EthicsLine may be made anonymously. Anonymous callers will be advised if additional information is required before an effective investigation can take place. Callers who wish to learn the status of their calls will be assigned a confidential identification number. Confidentiality for all others who report concerns will be maintained to the fullest extent possible. The EthicsLine may also be contacted by e-mail at ethicsline@motorola.com. Although e-mail is not anonymous, you can request that your identity be kept confidential within the EthicsLine's office.

REPORTING CONCERNS

Taking action to prevent problems is part of the Motorola culture. If you observe possible unethical or illegal conduct, you are encouraged to report your concerns. Retaliation against any employee who honestly reports a concern to Motorola about illegal or unethical conduct will not be tolerated. It is unacceptable to file a report knowing it to be false.

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Further information:

The Motorola Code of Business Conduct is online at <http://www.motorola.com/code/code.html>.

Motorola Ethics Line
P.O. Box 10551
Scottsdale, AZ
85271-0551 USA
ethicsline@motorola.com

Nestlé Corporate Business Principles

2002

Nestlé is committed to the following Business Principles in all countries, taking into account local legislation, cultural and religious practices:

- Nestlé’s business objective, and that of management and employees at all levels, is to manufacture and market the Company’s products in such a way as to create value that can be sustained over the long term for shareholders, employees, consumers, business partners and the large number of national economies in which Nestlé operates;
- Nestlé does not favour short-term profit at the expense of successful long-term business development, but recognises the need to generate a healthy profit each year in order to maintain the support of our shareholders and the financial markets, and to finance investments;
- Nestlé recognises that its consumers have a sincere and legitimate interest in the behaviour, beliefs and actions of the Company behind brands in which they place their trust, and that without its consumers the Company would not exist;
- Nestlé believes that, as a general rule, legislation is the most effective safeguard of responsible conduct, although in certain areas, additional guidance to staff in the form of voluntary business principles is beneficial in order to ensure that the highest standards are met throughout the organisation;
- Nestlé is conscious of the fact that the success of a corporation is a reflection of the professionalism, conduct and the responsible attitude of its management and employees. Therefore recruitment of the right people and ongoing training and development are crucial;
- Nestlé operates in many countries and in many cultures throughout the world. This rich diversity is an invaluable source for our leadership. No single document can capture every legal obligation that may be required in each of these countries. Indeed, there may be conflicting legal requirements. Nestlé continues to maintain its commitment to follow and respect all applicable local laws in each of its markets. If an interpretation of anything contained in this document is construed as contrary to local laws, such interpretation should not be followed in that country.

National Legislation and International Recommendations

Nestlé emphasizes that, as a minimum, its employees must comply with the laws applicable in the countries in which it operates.

Nestlé ensures that the highest standards of responsible conduct are met throughout the organisation, by complying in a responsible way with the *Nestlé Corporate Business Principles*, which guide Company activities and relationships worldwide in each sector of business interest.

Nestlé supports and publicly advocates the United Nations Global Compact and its nine principles, an initiative of the United Nations Secretary-General. The Global Compact asks companies to embrace, support and enact, within their sphere of influence, a set of core values in the areas of human rights, labour standards and the environment.

Nestlé recognises that increasing globalization is leading to the development of more and more international recommendations. Although, as a general rule, these recommendations are

addressed to governments, they inevitably impact on business practices. Among others, Nestlé has incorporated relevant International Labour Organisation Conventions, and the International (WHO) Code of Marketing of Breast-milk Substitutes into its policies.

Nestlé endorses relevant commitments and recommendations for voluntary selfregulation issued by competent sectoral organisations, provided they have been developed in full consultation with the parties concerned. These include the International Chamber of Commerce (ICC) Business Charter for Sustainable Development. Also, Nestlé uses the revised Organisation for Economic Co-operation and Development (OECD) Guidelines for Multinational Enterprises, approved in June 2000, as a reference point for its Corporate Business Principles.

Consumers

Nestlé aims to create value that can be sustained over the long term by offering consumers a wide variety of high-quality, safe food products, at affordable prices. The *Nestlé Seal of Guarantee* is its basic promise to the consumer.

Nestlé believes that consumer communications such as advertising play an important function in enabling consumers to exercise their right to informed choice. The Company is committed to responsible consumer communications that:

- do not mislead as to the benefits derived from use of the product;
- do not exploit violence, sex or profanity;
- do not depict discriminatory or offensive attitudes to religious, political, ethnic, cultural or social groups;
- avoid demonstrations that encourage dangerous, or inappropriate use of the product;
- do not portray competitors' products inaccurately, nor denigrate competitors' products;
- avoid the exploitation of media events that could be in bad taste.

In addition to the above principles, Nestlé does not sponsor consumer communication vehicles such as television and radio programmes or magazines whose strategy of attracting viewers or readers is to exploit violence, sex or offensive attitudes to consumers.

When collecting consumer data, Nestlé complies with applicable data protection regulations and applies Nestlé standards where specific legislation is not yet in place.

Children as Consumers

Nestlé has developed the following principles for advertising to children:

- advertising to children should not attempt to undermine the authority, responsibility or judgement of parents or care providers;
- advertising to children should not portray children in unsafe situations nor encourage them to accept invitations from people they do not know;
- communications should not demonstrate either unsafe or irresponsible consumption.

As programming is increasing in importance as a marketing communications vehicle, the principles applied to other forms of communication will be applied here.

Infant Health and Nutrition

When Henri Nestlé developed his milk food for babies over 130 years ago, it saved the life of a baby who could not be breastfed. Nestlé's invention responded to the need for safe and nutritious alternatives to breast milk. Today, Nestlé research and development creates high quality infant

formula products for use when a safe alternative to breast milk is needed, as well superior complementary (weaning) foods.

Henri Nestlé also insisted that every mother able to do so, should breast-feed. This principle is still the cornerstone of Nestlé policy today, and is in line with the aim of the International (WHO) Code of Marketing of Breast-milk Substitutes, which was adopted by the World Health Assembly in 1981. The International Code recognises a legitimate market for breast-milk substitutes and provides recommendations to governments on how its marketing should be regulated.

Therefore Nestlé:

- encourages and supports breastfeeding as the best start in life;
- carries out research and development aimed at the constant improvement of infant formula products for use when a safe alternative to breast milk is needed;
- ensures that its infant food marketing practices conform strictly to national legislation, regulations, or other measures taken by governments to give effect to the aim and principles of the International Code.

In addition, in all developing countries, whether or not their governments have taken action to fully implement the International Code, Nestlé:

- gives detailed instructions and ongoing training to its staff on how to implement the International Code;
- provides a summary of its policy for the information of employees and the public in the form of the *Nestlé Instructions*, which is translated into many languages and used as a basis for internal training;
- develops its infant formula labels and educational materials in line with the International Code, after field research and consultation with the World Health Organisation;
- regularly conducts training of employees to ensure complete understanding of the Company's responsibilities under the International Code;
- has initiated an ombudsman system for employees to report alleged violations of the International Code outside the normal line management structure. In each market, an ombudsman is designated from the legal, auditing or human resources departments, who reports alleged violations of the International Code directly to a member of the Nestlé S.A. Executive Committee at the Company's global headquarters;
- conducts audits on a regular basis of its companies' infant formula marketing practices.

Nestlé is a founding member of the International Association of Infant Food Manufacturers (IFM), which was formed to facilitate industry dialogue with WHO and governments, and to encourage highly responsible marketing standards for the infant food industry.

Human Rights

Nestlé fully supports the United Nations Global Compact's two guiding principles on human rights.

Nestlé therefore:

Supports and respects the protection of international human rights within its sphere of influence (Principle 1)

and

Ensures that its own companies are not complicit in human rights' abuses (Principle 2)

Nestlé aims to provide an example of good human rights' practices throughout its business activities and has an interest in encouraging the improvement of social conditions, which are an important factor for sustainable development. Nestlé also recognises that governments are ultimately responsible for the establishment of a legal framework for protecting human rights within their markets. Nestlé expects each market to respect and follow the local laws and regulations concerning human rights' practices.

Human Resources and the Workplace

Nestlé fully supports the United Nations Global Compact's four guiding principles on labour.

Nestlé therefore upholds:

Freedom of association and the effective recognition of the right to collective bargaining (Principle 3)

The elimination of all forms of forced and compulsory labour (Principle 4)

The effective abolition of child labour (Principle 5)

The elimination of discrimination in respect of employment occupation (Principle 6)

Nestlé also respects the local laws and regulations applicable to human resources in each of its markets. Human Resource Policy is also set by the local markets, which must follow local legal requirements.

Nestlé regards its personnel as its most valuable asset. Involvement at all levels starts with open communication, whether on specific aspects of the business, or about the activities of the Company in general. Suggestions for changes and proposals for improvements of Nestlé's practices are encouraged.

The Company's business practices are designed to:

- establish staff relations based on trust, integrity and honesty;
- maintain respect for basic human values, attitudes and behaviour;
- respect employees' privacy;
- comply with applicable data protection regulations and apply Nestlé standards in those countries where specific legislation is not yet in place;
- promote a sense of integrity among all employees all over the world, and apply a number of common rules while at the same time adapting the expression of these rules to local customs and traditions;
- encourage continuous improvement through training, and the improvement of professional skills at all levels in the organisation;
- offer career opportunities based upon merit, irrespective of colour, age, national origin, religion, gender, disability, veteran status, or any other protected class as defined by local law. Professional skills, experience, and the capacity and willingness to apply *The Nestlé Basic Management and Leadership Principles* are the main criteria for promotion;
- offer competitive salaries and benefits. Working hours, wages and overtime pay comply with applicable local laws and are competitive with those offered by similar companies;
- limit overtime to a reasonable level;
- create a safe and healthy working environment for each employee;
- respect the right of employees to form representative organisations and to join – or not to join – trade unions, provided this right is freely exercised, and establish a constructive dialogue with these unions;
- refrain from any action restricting the employee's right to be, or not to be, affiliated to a union;

- treat every employee with respect and dignity, and not tolerate any form of mobbing, harassment or abuse;
- forbid the use of forced labour or involuntary prison labour.

Child Labour

It is generally acknowledged that the causes of child labour are complex and include poverty, differing stages of economic development, social values and cultural circumstances. Nestlé believes policy development must take into account the social and legal situation of individual countries. Action to eliminate child labour must be guided by the best interests of the child, as ill-considered policies and commercial measures can make the situation worse for children.

Therefore, Nestlé:

- is against all forms of exploitation of children. The Company does not provide employment to children before they have reached the age to have completed their compulsory education, as defined by the appropriate authorities, and expects its business partners and industry suppliers to apply the same standards;
- abides by national laws in all countries in which it has operations and complies with the International Labour Organisation (ILO) Convention 138 on the Minimum Age for Employment and the ILO Convention 182 on the Worst Forms of Child Labour. The ILO recommendations are based on the United Nations Convention of the Rights of the Child (Article 32);
- offers its co-operation with the relevant United Nations agencies, governments and the business community in their efforts to deal with the problem of child labour, which include the encouragement of universal primary education and all aspects of economic development worldwide.

Business Partners

Nestlé insists on honesty, integrity and fairness in all aspects of its business and expects the same in its relationships with all business partners and suppliers of materials, goods and services.

Nestlé therefore supports and applies:

- The International Chamber of Commerce revised rules on extortion and bribery in international business transactions, which recommend governments to prohibit extortion and bribery for any purpose (adopted by the ICC Executive Board on March 26, 1996);
- OECD Recommendations on Bribery and International Business Transactions of May 1994 and the OECD Convention to counteract corruption, which was signed by all the member countries and by Argentina, Brazil, Bulgaria, Chile and Slovakia in 1997 (the signatories undertake to consider corruption of foreign officials a penal act under their national law);
- Nestlé also supports OECD efforts to have non-member nations adhere to the OECD recommendations for fighting against corruption.

Conflicts of Interest

Nestlé requires its management and employees to avoid even the appearance of impropriety in its business dealings on behalf of the Company. What constitutes a conflict of interest is defined by each market in accordance with these principles and local laws and practices.

Relationship with Suppliers

Nestlé aims to deal only with reputable suppliers who are willing to apply Nestlé quality standards. Supplier relationships are benchmarked and evaluated with the objective of striving for continued improvement in the areas of quality, service, etc. As a relationship between a supplier and Nestlé strengthens and progresses, it may evolve into one of preferred supplier status.

Key suppliers with which Nestlé has a contractual relationship are audited in order to ensure that they comply with the *Nestlé Corporate Business Principles* or that they are working actively to achieve compliance. Whenever instances of non-compliance are brought to the Company's attention, Nestlé will demand that corrective measures be initiated.

Nestlé personnel will maintain the highest standards of integrity and professional competence in all business relationships. Sanctions will be applied in the event of misconduct or abuse of established corporate standards and guidelines.

Competition

Nestlé supports free enterprise and therefore competes fairly and recognizes other companies' equal rights to do so. The Company supports the development of competition laws to protect this principle. In particular:

- Nestlé sets its commercial policy independently and does not fix prices in agreement or collusion with competitors;
- Nestlé does not allocate customers, territories or product markets in agreement or collusion with competitors;
- Nestlé deals fairly with its customers and suppliers, in accordance with competition laws;
- Nestlé will look towards mergers and acquisitions as a means to improve its effectiveness, not to restrict competition;
- Nestlé's trade payments are based on customer efficiencies and services provided.

External Relations

Authorities: Nestlé supports ongoing dialogue between all industry sectors in which it is active and the appropriate government and regulatory authorities at both national and international levels, in order to promote and implement relevant legislation, regulations and/or agreements which protect the rights of the consumer while ensuring a healthy, competitive environment.

Business Relations: Nestlé's business relations are based on the principles of mutual trust, fairness and professionalism in the context of a free-market economy.

Academic/Professional Relations: Nestlé encourages two-way communication and co-operation with academic and professional bodies to foster continual updating of knowledge for mutual benefit, leading to the constant improvement of the Group's products, policies and services.

Financial: Nestlé communicates openly, directly and accurately and takes advantage of appropriate communication tools to ensure that information is available simultaneously to the financial community and general public. No individual or institution is given preferential treatment.

Local Communities: In addition to the direct investment and employment provided throughout the world, Nestlé contributes in many countries to the well-being of local communities in other ways. The personal involvement of Nestlé people in many projects, together with financial assistance and sharing of know-how with local organizations helps to develop long-term community relations and mutual understanding.

Non-Governmental Organisations: Nestlé engages in dialogue with non-governmental organisations that have a record of constructive engagement and principled behaviour.

We encourage discussion that can result in improved understanding and collaboration in the economic, social and environmental betterment of the community. Nestlé is involved in project partnerships with a significant number of non-governmental organisations.

Internet Privacy Policy: The Internet is changing the way of doing business. It concerns business-to-business relations and also the Company's interaction with consumers. In this respect Nestlé S.A. has an *Internet Privacy Policy* which is available on the Corporate Website. This policy aims to protect the privacy of the users; it covers, for instance, the accessing, deleting or correcting of information, the security of information, and relates also to tracking technologies. Nestlé supports industry self-regulation and respects the local laws of the markets it serves in this domain.

Protection of the Environment

Since its early days Nestlé has been committed to environmentally sound business practices throughout the world and continues to make substantial environmental investments. In this way Nestlé contributes to sustainable development by meeting the needs of the present without compromising the ability of future generations to meet their own needs. *The Nestlé Policy on the Environment* underlines this commitment. Nestlé also adheres to the International Chamber of Commerce (ICC) Business Charter for Sustainable Development. This Charter requires the establishment of policies, programmes and practices for conducting operations in an environmentally sound manner.

Nestlé fully supports the United Nations Global Compact's three guiding principles on environment.

Nestlé therefore:

Supports a precautionary approach to environmental challenges (Principle 7)

Undertakes initiatives to promote greater environmental responsibility (Principle 8)

Encourages the development and diffusion of environmentally friendly technologies (Principle 9)

Nestlé:

- integrates environmental policies, programmes and practices into each business as an element of management in all its functions;
- develops, designs and operates facilities and conducts its activities taking into consideration the efficient and sustainable use of renewable resources, the minimization of adverse environmental impact and waste generation, and the safe and responsible disposal of residual wastes;
- respects and complies with existing laws and regulations in local markets concerning environmental issues;
- applies Nestlé internal standards suitable to local conditions in those regions where specific environmental legislation is nonexistent or insufficient;
- improves environmental protection relevant to its activities on a continuous basis;
- provides appropriate information, communication and training to build internal and external understanding about its environmental commitment and action;
- supports professional associations such as the International Chamber of Commerce and the World Business Council for Sustainable Development in their work relative to environmental protection, as well as efforts to set up environmental management guidelines;
- establishes environmental objectives, monitors progress, checks results and defines future actions. This activity, carried out by Nestlé specialists, ensures the continuous improvement of environmental performance throughout the supply chain, from producing and purchasing of raw materials, to manufacturing, packaging, distribution and finally to the consumer.

Nestlé Water Policy

Water is a universal resource that is indispensable for life. Nestlé recognises that the responsible management of world-wide water resources is an absolute necessity. Preserving both the quantity and the quality of water is not only an environmental challenge, but also one that spans agricultural, economic, political, social, cultural and emotional considerations.

As a leading food and beverage company, Nestlé considers water to be a key priority for the manufacturing of its food products, for their preparation by consumers, and for bottled waters. To play its part in assuring a long-term, high-quality, adequate global water supply, Nestlé supports the sustainable use of water, strictly controls its use in the Company's activities, and strives for continuous improvement in the management of water resources.

The Nestlé Water Policy complements *The Nestlé Policy on the Environment* and includes the following:

1. Water is essential for nutrition. Nestlé, through its Perrier Vittel Company, provides a wide range of pure, safe, wholesome and convenient bottled waters of high quality to meet the increasing and varied needs of consumers throughout the world. Protection of springs and their surroundings is of primary importance in this endeavour.
2. Nestlé directs its world-wide research and development network towards:
 - the innovation and renovation of its products and processes, including manufacturing methods that minimise water consumption and waste water generation;
 - scientific research conducted at the Perrier Vittel Institut de l'Eau that is centred on the physiological and qualitative aspects of water.
3. Agricultural raw materials are dependent on water. Although, in general, Nestlé is not involved in the production of raw materials, it supports and encourages sustainable, environmentally sound farming methods, including best possible practices for water use and conservation and gene technology in this context. As a raw material for food processing, water must satisfy both local legal requirements and internal quality criteria.
4. Nestlé strives to achieve optimal performance in its manufacturing activities, including water management:
 - without compromise to the safety and quality of its products, fresh water use is reduced as much as possible and, wherever feasible, water is reused and recycled;
 - used water is treated and returned to the environment according to local legislation; where none exists, internal Nestlé standards are applied.
5. The Nestlé Environmental Management System (NEMS) ensures the continuous improvement of Nestlé's environmental performance, including management of water resources: objectives are established, progress is monitored, results are checked and corrective and preventive actions are implemented.
6. As part of its broader commitment towards the good of the community, Nestlé:
 - in co-operation with health authorities, promotes to consumers the importance of using safe water for food and drink preparation;
 - provides education, supports initiatives and fosters awareness on the importance of water resource conservation among employees, governments, local communities, schools, industry, consumers and other stakeholders.

Agricultural Raw Materials

Agricultural raw materials, principally milk, coffee, cocoa, cereals, vegetables, fruit, herbs, sugar and spices, are vital factors affecting the quality and costs of Nestlé manufactured food products and, as a consequence, the Company's business performance. Sourcing strategies and production methods are subject to an ever-changing environment. New technological developments in the field of agriculture, changes in agricultural policies or trade regulations, new technologies in food processing, and evolving consumer preferences, mean that Nestlé must adapt its sourcing strategies accordingly. This is a continuous process.

Governments and/or political institutions regulate farming and the trade of farm products. Because of the effect of such regulation on pricing, availability, domestic and international trade, and on the economic, social and ecological aspects of farming and consequently on food safety and quality aspects, Nestlé engages in constructive dialogue with government institutions (primarily through professional organisations), and co-operates with local authorities.

In this context Nestlé:

- supports farming practices and agricultural production systems that are sustainable; that is those practices and systems that satisfy long-term economic, ecological and social requirements;
- sources its agricultural raw materials either through trade channels or directly from farmers and is not engaged itself in its own commercial farming activities;
- supports mechanisms that contribute to a more regular income for farmers;
- where appropriate, provides agricultural assistance to farmers in order to:
 - transfer know-how
 - ensure ongoing supply at competitive conditions
 - obtain raw materials that meet quality and safety specifications
- supports an agricultural production system that is economically viable, socially acceptable and ecologically sound and therefore encourages sustainable farming practices;
- supports the application of new technologies and advances in agricultural science, including the opportunities offered by today's bioscience when their positive effect on food safety, environment, agricultural practices and production efficiency are scientifically confirmed and accepted by consumers;
- recognises the importance of genetic diversity as a pillar for future developments in agriculture and life science, and supports its preservation as a public good.

Agricultural raw materials procured directly from farms

The decision to establish or maintain a direct procurement system depends on a number of factors.

They include:

- company requirements in terms of quality, safety, quantity and cost;
- proprietary characteristics of individual raw materials;
- reliability in supply and the local conditions for sustainable production.

Direct procurement provides the following benefits to farmers and co-operatives:

- an understanding of Nestlé's quality and safety requirements;
- objective and transparent evaluation of raw material quality;
- transparent price policy providing farmers a reference level of prices for their raw materials, thus leaving them with the choice as to where to sell their produce;
- quality premiums that encourage farmers to achieve and maintain high quality standards.

If warranted, Nestlé may assist farmers to improve their quality, yield and economic competitiveness.

Compliance

Nestlé is committed to the application of its Corporate Business Principles in all countries where it operates, provided, however, that they are not in conflict with relevant local legislation.

Nestlé's compliance with its Corporate Business Principles is regularly monitored by its internal auditors on the basis of clear auditing instructions, which are certified by the external auditing firm KPMG, and published for all employees to consult on the Nestlé S.A. Intranet. Findings and recommendations are reported through the Board Audit Committee to the Nestlé S.A. Board of Directors.

The *Nestlé Corporate Business Principles* are regularly reviewed and updated.

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Further Information

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Nestlé Business Principles on the web:
http://www.nestle.com/All_About/Business_Principles/

Nike Manufacturing Code of Conduct

2002

Nike Inc. was founded on a handshake.

Implicit in that act was the determination that we would build our business with all of our partners based on trust, teamwork, honesty and mutual respect. We expect all of our business partners to operate on the same principles.

At the core of the NIKE corporate ethic is the belief that we are a company comprised of many different kinds of people, appreciating individual diversity, and dedicated to equal opportunity for each individual.

NIKE designs, manufactures, and markets products for sports and fitness consumers. At every step in that process, we are driven to do not only what is required by law, but what is expected of a leader. We expect our business partners to do the same. NIKE partners with contractors who share our commitment to best practices and continuous improvement in:

1. Management practices that respect the rights of all employees, including the right to free association and collective bargaining
2. Minimizing our impact on the environment
3. Providing a safe and healthy work place
4. Promoting the health and well-being of all employees

Contractors must recognize the dignity of each employee, and the right to a work place free of harassment, abuse or corporal punishment. Decisions on hiring, salary, benefits, advancement, termination or retirement must be based solely on the employee's ability to do the job. There shall be no discrimination based on race, creed, gender, marital or maternity status, religious or political beliefs, age or sexual orientation.

Wherever NIKE operates around the globe we are guided by this Code of Conduct and we bind our contractors to these principles. Contractors must post this Code in all major workspaces, translated into the language of the employee, and must train employees on their rights and obligations as defined by this Code and applicable local laws.

While these principles establish the spirit of our partnerships, we also bind our partners to specific standards of conduct. The core standards are set forth below.

1. Forced Labor. The contractor does not use forced labor in any form -- prison, indentured, bonded or otherwise.

2. Child Labor. The contractor does not employ any person below the age of 18 to produce footwear. The contractor does not employ any person below the age of 16 to produce apparel, accessories or equipment. If at the time Nike production begins, the contractor employs people of the legal working age who are at least 15, that employment may continue, but the contractor will not hire any person going forward who is younger than the Nike or legal age limit, whichever is higher. To further ensure these age standards are complied with, the contractor does not use any form of homework for Nike production.

3. Compensation. The contractor provides each employee at least the minimum wage, or the prevailing industry wage, whichever is higher; provides each employee a clear, written accounting for every pay period; and does not deduct from employee pay for disciplinary infractions.

4. Benefits. The contractor provides each employee all legally mandated benefits.

5. Hours of Work/Overtime. The contractor complies with legally mandated work hours; uses overtime only when each employee is fully compensated according to local law; informs each employee at the time of hiring if mandatory overtime is a condition of employment; and on a regularly scheduled basis provides one day off in seven, and requires no more than 60 hours of work per week on a regularly scheduled basis, or complies with local limits if they are lower.

6. Environment, Safety and Health (ES&H). From suppliers to factories to distributors and to retailers, Nike considers every member of our supply chain as partners in our business.

As such, we've worked with our Asian partners to achieve specific environmental, health and safety goals, beginning with a program called MESH (Management of Environment, Safety and Health).

7. Documentation and Inspection. The contractor maintains on file all documentation needed to demonstrate compliance with this Code of Conduct and required laws; agrees to make these documents available for Nike or its designated monitor; and agrees to submit to inspections with or without prior notice.

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Further Information

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Web site: <http://www.nike.com/nikebiz/nikebiz.jhtml?page=25&cat=compliance&subcat=code>

Nokia Code of Conduct

Revised April 19, 2005 (created 1997)

Nokia has always recognized that its own long-term interests and those of its various stakeholders¹ depend on compliance with the highest standards of ethical conduct and applicable law. The Code of Conduct has been approved by Nokia's Group Executive Board and is introduced and reinforced to Nokia employees through induction, training and internal communications. The Nokia Values are embedded in this Code, and every Nokia employee² is expected to conduct himself or herself, and his or her business, in line with this Code without exception. Stricter guidelines or more detailed instructions may be appropriate for certain regions or countries, but they should not contradict this Code. Nokia periodically reviews this Code and is committed to making changes in its content and implementation when changes or further clarification so demand.

¹ The term "stakeholders" refers to employees, customers, suppliers, shareholders, governmental and non-governmental organizations, the communities in which it does business, and other parties that have influence over or are influenced by Nokia.

² This Code is equally applicable to employees, officers and directors of the company. Any waiver of the Code for executive officers or directors may be made only by the Board of Directors or a Board Committee and must be promptly disclosed to shareholders.

Ethics and the Law

Nokia is strongly committed to the highest standards of ethical conduct, and full compliance with all applicable national and international laws. This includes, for example, those relating to antitrust and promoting fair competition, corporate governance, preventing bribery, illicit payments and corruption, publicly traded securities, safety in the intended use of the products and services Nokia delivers to customers, labor laws and practices, the environment, human rights laws and internationally recognized standards, and protecting copyright, company assets and other forms of intellectual property. Nokia's goal is not mere minimum legal compliance, but as an industry leader to be among the world's best in corporate responsibility, practicing good corporate citizenship wherever it does business.

Nokia respects the privacy and integrity of its stakeholders and endeavors to adhere to strict standards when processing personal data and product information. All personal data collected and held by Nokia will be processed fairly, lawfully and carefully and in a way that protects the privacy of individuals.

Human Rights

Nokia will respect and promote human rights. Nokia recognizes, with the international community, that certain human rights should be considered fundamental and universal, based on accepted international laws and practices, such as those of the United Nations' Universal Declaration of Human Rights, International Labour Organization and Global Compact principles. Among those rights that Nokia views as fundamental and universal are: freedom from any discrimination based on race, creed, color, nationality, ethnic origin, age, religion, gender, gender reassignment, sexual orientation, marital status, connections with a national minority, disability, or other status; freedom from arbitrary detention, execution or torture; freedom of peaceful assembly and association; freedom of thought, conscience and religion; and freedom of opinion and expression. Nokia will not use child or forced labor. Nokia will not tolerate working conditions or treatment that are in conflict with international laws and practices.

Conflicts of Interest, Gifts & Bribes

Nokia employees must avoid activity that leads to a conflict of interest. This includes, but is not limited to acceptance and giving of personal gifts or hospitality to or from Nokia stakeholders, other than gifts of nominal value³ or reasonable hospitality given in the ordinary course of business. Any agreement or understanding regarding favors or benefits in exchange for the gifts must be avoided. Gifts of other than nominal value may not be accepted without full disclosure to and prior relevant clearance from the employee's supervisor. Nokia and its employees will not pay or offer to pay bribes or illicit payments to government officials or candidates, or other parties, in order to obtain or retain business. Nokia does not provide financial support to political parties or other political groups. Nokia employees must not profit, nor assist others to profit, from opportunities that are discovered through the use of corporate information or position. Nokia employees must not use corporate assets for other than legitimate business or other authorized purposes. Nokia employees must also not compete with the company.

³ Nominal value is defined as EUR 100, though local and national laws take precedent if stricter. A company-wide standard operating procedure on gifts and hospitality exists to give employees further instructions. Stricter regional or national policies may be adopted where appropriate.

Workplace Practices

Nokia employees must respect and encourage Nokia Values at work, promoting teamwork, individual responsibility, and the strength that comes from diversity. Nokia will strive to pay fair compensation, and provide a safe and healthy workplace for employees. Nokia is committed to equality of opportunity in all its employment practices, policies and procedures. Job requirements fulfilled, no employee or potential employee will, therefore, receive less favorable treatment due to their race, creed, colour, nationality, ethnic origin, age, religion, gender, gender reassignment, sexual orientation, marital status, connections with a national minority, opinion, disability, membership or non-membership of a trade union. Nokia will continue to invest in the personal and professional learning and growth of Nokia's employees. Nokia will encourage its employees to lead balanced personal and professional lives.

Environment

Nokia's environmental activities are based on life-cycle thinking. The goal is to reduce environmental effects during our product life cycles. This is done by managing our own operations and our supplier network, incorporating Design for Environment (DfE) into our product development, processes and service design and supporting sound End-of-life practices. Nokia does not use any endangered species for any business purpose and furthermore requests that its suppliers avoid raw material procurement from an origin where there are clear human or animal rights abuse, or the method of procurement or distribution is illegal. In marketing and other company activities, Nokia will depict animals in a dignified manner.

Suppliers

Nokia will do its utmost to contract only with subcontractors or suppliers who themselves adhere to international human rights and environmental laws and practices. Nokia commits to monitoring the ethical performance of its suppliers and to taking immediate and thorough steps in cases where the ethical performance of its suppliers comes into question.

Implementation

The compliance commitment in this Code extends to all matters, including decisions relating to trade, investment, subcontracting, supplying, business development, and in all other business and employment relationships. Nokia's approach to implementing this Code of Conduct will be active, open and ethically sound. Although difficult questions of interpretation may arise in specific instances, particularly regarding the need to sensitively balance local customs and requirements with global standards and guidelines, Nokia recognizes that the above commitment means that Nokia will do its utmost to resolve any identified ethical, legal, environmental, employment, and human rights issues consistent with this Code of Conduct.

It is the responsibility of each Nokia employee to promote this Code. Questions about the application or meaning of any provisions of this Code, or potential violations of this Code are to be reported to superiors. The superior shall make an initial judgement on the nature and seriousness of any alleged reported violation.

In case of serious allegations regarding potential violations of this Code that are not obviously and evidently without any merit, a fair and comprehensive investigation will be conducted by line management closest to the issue with the assistance of relevant corporate support functions. If referral to one's superior or these representatives could be viewed in any manner as a conflict or inappropriate, more senior managers or global heads of these functions should be notified and oversee the investigation.

If the potential violation of this Code would have a financial impact, which is not insignificant in nature, the matter shall be reported to the General Counsel who will share the information with the Chief Financial Officer and the Corporate Controller. A fair and comprehensive investigation will be conducted with relevant internal and/or external assistance and the matter reported to the Audit Committee.

All investigations regarding alleged potential violations of this Code must be conducted in accordance with the principles set out in the company's internal investigation procedures.

The Board of Directors has established an electronic channel and a physical mailing address, both available on the company's website, through which concerns and issues can be confidentially and anonymously addressed to the Board of Directors, its non-executive members, or its subcommittees. Issues related to Nokia's accounting, internal controls, or auditing matters are to be addressed to the Audit Committee.

Acts inconsistent with this Code must be promptly corrected and are subject to disciplinary action up to and including termination of employment. Nokia will ensure that there will be no adverse work-related consequences as a result of an employee bringing complaints of violations of this Code.

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PepsiCo Worldwide Code of Conduct

DEAR FELLOW EMPLOYEES

PepsiCo is a huge corporation. Our businesses reach into nearly every corner of the world. We operate in 200 countries, every time zone and we speak more than 30 different languages.

There's only one way to hold together a company so big and diverse – through shared values and common goals.

That's why our Code of Conduct is so vitally important. It provides us with a clear understanding of our core values; it's what we stand for, the rules we live by. The Code applies to every PepsiCo employee throughout the world. It applies to every business transaction we make and to any business acting on our behalf.

PepsiCo is a great corporation. Our Code of Conduct helps to keep it that way. So I ask that you please read it with care and that you make a commitment to live by it – every day.

Our future depends upon it.



Steven S Reinemund
Chairman and Chief Executive Officer

PEPSICO'S MISSION

Our mission is to be the world's premier consumer products company focused on convenience foods and beverages. We seek to produce healthy financial rewards to investors as we provide opportunities for growth and enrichment to our employees, our business partners and the communities in which we operate. And in everything we do, we strive to act with honesty, fairness and integrity."

RESPECT FOR OUR EMPLOYEES/DIVERSITY

PepsiCo follows all local employment laws and regulations and respects lawful customs of the countries where we operate.

We believe our most important strength is our employees. We seek to provide a work environment where all employees have the opportunity to reach their full potential and contribute to PepsiCo's success. We are committed to equal opportunity in all aspects of employment for all employees and applicants; to providing a workplace free from all forms of discrimination, including sexual and other forms of harassment, and to fostering a work environment where people feel comfortable and respected, regardless of individual differences, talents or personal characteristics. Our long-term objective is for the diversity of our employees to match the diversity of the population wherever we operate.

PepsiCo encourages an inclusive culture that welcomes and embraces the strengths of our differences, supports involvement, and provides everyone with equal access to opportunities and information. We believe in treating each other with respect and dignity, thereby fostering an atmosphere of caring, open communications and candor. We respect the rights of individuals to

achieve professional and personal balance in their lives. We place a great deal of emphasis on personal integrity and believe long-term results are the best measure of performance.

CUSTOMERS, SUPPLIERS AND COMPETITORS

We are committed to the continuation of free enterprise. Therefore, we recognize the importance of laws which prohibit restraints of trade, predatory economic activities and unfair or unethical business practices. We will continue to comply with such laws wherever they exist.

In all of its business dealings with suppliers, customers and competitors, PepsiCo will:

- Compete vigorously and with integrity.
- Treat all customers and suppliers honestly, fairly and objectively.
- Avoid any unfair or deceptive practice and always present our services and products in an honest and forthright manner.
- Never criticize a competitor's product without a good basis for such statements.
- Make clear to all suppliers that we expect them to compete fairly and vigorously for our business, and we will select our suppliers strictly on merit.
- Comply with all laws prohibiting agreements with competitors to: fix prices or other sales terms; divide or assign sales territories, customers or product lines; or coordinate bids and agreements with customers to fix their resale prices. These types of agreements are generally illegal in the United States and many other markets where we conduct business.

GLOBAL RELATIONS

PepsiCo firmly believes that, by fostering economic growth, international commerce strengthens both understanding and peace. As an international corporation, PepsiCo recognizes its responsibility to the interests of the countries in which we do business. We obey all laws and regulations and respect the lawful customs of host countries. Our objective is to be nonpolitical and to continue to be a good corporate citizen wherever we operate.

BUSINESS GIFTS AND PAYMENTS

Our business decisions are made on merit. Therefore, we will never give or offer, directly or indirectly, anything of value to a government official to influence any discretionary decision by such official in his or her official capacity. Giving gifts or entertainment to governmental officials and employees is highly regulated and often prohibited. Such gifts and entertainment should not be provided unless you have determined that they are permitted by law and your business unit's policies.

In circumstances where it would not create an appearance of impropriety, employees may provide existing or potential customers with reasonable entertainment or gifts. However, the gifts must be permitted by local law, the customer's own policies and your business unit's policies.

Employees may not accept a gift, favor, loan, special service, payment or special treatment of any kind from any individual or organization which conducts or seeks to conduct business with the Company, or which competes with the Company, unless:

- It would be consistent with good business practices;
- It could not be considered a business inducement;
- It is of nominal value (as set forth in your Division's policy); and
- Public disclosure of the transaction would not embarrass PepsiCo.

All business-related gifts which exceed your Division's definition of nominal value should be reported to your immediate supervisor as soon as they are received.

SAFETY AND ENVIRONMENTAL PROTECTION

PepsiCo is committed to providing safe and healthy work environments and to being an environmentally responsible corporate citizen. It is our policy to comply with all applicable environmental, safety and health laws and regulations. It is the responsibility of each employee to comply with all company policies concerning violence in the workplace and substance abuse.

We are dedicated to designing, constructing, maintaining and operating facilities that protect our people and physical resources. This includes providing and requiring the use of adequate protective equipment and measures and insisting that all work be done safely.

We believe that protecting the environment is an important part of good corporate citizenship. We are committed to minimizing the impact of our businesses on the environment with methods that are socially responsible, scientifically based and economically sound. We encourage conservation, recycling and energy use programs that promote clean air and water and reduce landfill waste.

POLITICAL AND COMMUNITY ACTIVITIES AND CONTRIBUTIONS

PepsiCo believes in contributing to society and encourages employees to participate in community activities.

We will continue to communicate information and opinions on issues of public concern which may affect PepsiCo. Decisions by our employees whether or not to contribute time, money or resources of their own to any political or community activity are entirely personal and voluntary.

We will obey all laws in promoting the Company's position to government authorities and in making political contributions. Contributions by the Company to political candidates may be prohibited or regulated. Any such contribution requires the approval of PepsiCo's Vice President of Government Affairs.

CONFLICTS OF INTEREST

PepsiCo's conflicts of interest policy is straight-forward: Don't compete with PepsiCo businesses, and never let your business dealings on behalf of any of our businesses be influenced, or appear to be influenced, by personal or family interests.

Examples of conflicts that must be disclosed and resolved include:

- Having a family interest in a transaction with the Company. A family interest would include interests which your spouse, parent, child, sibling or domestic partner have.
- Having more than a nominal individual or family interest in a competitor, supplier or customer of the Company (for example, ownership of more than 1% of a supplier's equity securities).
- Having a significant individual or family interest in an organization that does, or seeks to do, business with the Company.
- Acquiring an individual or family interest in property (such as real estate, patent rights, securities or other properties) or a business where you believe the Company has, or might have, an interest.
- Having outside business interests or activities which affect job performance because of the significant amount of time and attention diverted from your responsibilities as a Company employee.

INSIDER TRADING AND PROPRIETARY INFORMATION

PepsiCo obeys all laws designed to protect the investing public with respect to the use and disclosure of material information.

Information is considered material if a reasonable investor would consider it important to his or her decision to buy, sell or hold PepsiCo stock. Examples would be a significant upward or downward revision of earnings forecasts, a significant division restructuring, a major management change or a significant acquisition or divestiture.

Employees should not effect any transaction in the securities of PepsiCo or another company involved with PepsiCo while they have material nonpublic information about that company.

Employees should not disclose any confidential information regarding the Company to anyone outside PepsiCo, including their spouse, parents, children, siblings or domestic partner, except where disclosure is needed to enable PepsiCo to carry on its business, and there is no reason to believe – because of an agreement or otherwise – that the disclosure might cause any economic loss or substantial embarrassment to the Company or its customers, bottlers, distributors or suppliers. Examples of such confidential information include: nonpublic information about the Company's customers, suppliers, distributors and potential acquisitions; its business operations and structure; its formulas and pricing; its processing, machines and inventions; its research and know-how; and its plans and strategies.

Within PepsiCo, employees should only discuss or disclose material nonpublic information in the ordinary course of business and when they have no reason to believe that the information will be misused or improperly disclosed by the recipient.

ACCOUNTS AND RECORD KEEPING

We will continue to observe the most stringent standards in the keeping of our financial records and accounts. Our books must reflect all components of transactions, as well as our own standard of insisting upon an honest and forthright presentation of the facts.

It is the responsibility of each employee to uphold these standards. Appropriate records must be kept of all transactions. Employees are expected to cooperate fully with our internal and external auditors. Information must not be falsified or concealed under any circumstance, and an employee whose activities cause false financial reporting will be subject to disciplinary action, including discharge.

OUTSIDE CONSULTANTS

Where the Company hires outside consultants or agents to assist it, the consultant or agent, and its employees, will be provided with copies of this Code and informed that they will be expected to comply with its provisions with respect to their work for the Company.

E-MAIL, INTERNET AND INTRANET

PepsiCo's E-Mail, Internet and Intranet systems are to be used primarily for Company business. In no event may the systems be used: for sending or receiving discriminatory or harassing messages, chain letters, material which is obscene or in bad taste; for commercial solicitations; or in a way that would otherwise violate this Code.

PepsiCo owns all E-Mail messages which are sent from or received through PepsiCo's systems. It may monitor your messages and may be required to disclose them in the case of litigation or any appropriate government inquiry.

DISCLOSURE

Every employee shall disclose promptly to his or her immediate supervisor any personal situation or transaction which is or may be in conflict with the intent or spirit of this Code, and shall cooperate fully with any inquiry into such matter. The supervisor shall determine what action should be taken and recommend that action in writing for approval by the next higher level of management. All employee disclosures and corrective actions shall be reported to PepsiCo's General Auditor. If disclosure of a matter to your supervisor seems inappropriate, you should promptly discuss the matter with your division's Chief Legal Officer.

APPLICATION & RESPONSIBILITIES

This Code of Conduct will be distributed annually to all PepsiCo employees throughout the World. Each employee of PepsiCo or its subsidiaries (sometimes referred to as the "Company") has responsibility for complying with this Code. Each employee's responsibilities under the Code extend to joint ventures which the Company controls. PepsiCo's General Auditor is responsible for verifying annually that each employee in a position to effect compliance with this Code has read and understands it. The PepsiCo Law Department and the General Auditor are responsible for responding to questions and issues of interpretation about this Code. Division managements are responsible for reviewing and resolving any issue reported in relation to this Code and reporting the issue, review and resolution to PepsiCo's General Auditor.

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Further information

The code on the web: http://www.pepsico.com/PEP_Citizenship/CodeofConduct/index.cfm

Reebok Human Rights Production Standards

1999

1. A COMMITMENT TO HUMAN RIGHTS

Reebok's devotion to human rights worldwide is a hallmark of our corporate culture. As a corporation in an ever-more global economy, we will not be indifferent to the standards of our business partners around the world. We believe that the incorporation of internationally recognized human rights standards into our business practice improves worker morale and results in a higher quality working environment and higher quality products. In developing this policy, we have sought to use standards that are fair, that are appropriate to diverse cultures and that encourage workers to take pride in their work.

2. APPLICATION OF STANDARDS

Reebok will apply the Reebok Human Rights Production Standards in our selection of business partners. Reebok will seek compliance with these standards by our contractors, subcontractors, suppliers and other business partners.

To assure proper implementation of this policy Reebok will seek business partners that allow Reebok full knowledge of the production facilities used and will undertake affirmative measures, such as on-site inspection of production facilities, to implement and monitor these standards.

Reebok takes strong objection to the use of the force to suppress any of these standards and will take any such actions into account when evaluating facility compliance with these standards.

3. NON-RETALIATION POLICY

Every factory producing Reebok products will publicize and enforce a non-retaliation policy that permits factory workers to speak with Reebok staff without fear of retaliation by factory management.

4. NON-DISCRIMINATION

Reebok will seek business partners who do not discriminate in hiring and employment practices, and who make decisions about hiring, salary, benefits, advancement, discipline, termination and retirement solely on the basis of a person's ability to do the job.

5. WORKING HOURS/OVERTIME

Workers shall not work more than 60 hours per week, including overtime, except in extraordinary business circumstances. In countries where the maximum workweek is less, that standard shall apply. Workers shall be entitled to at least one day off in every seven-day period.

6. FORCED OR COMPULSORY LABOR

Reebok will not work with business partners that use forced or other compulsory labor, including labor that is required as a means of political coercion or as punishment for holding or for peacefully expressing political views, in the manufacture of its products. Reebok will not purchase materials that were produced by forced prison or other compulsory labor and will terminate business relationships with any sources found to utilize such labor.

7. FAIR WAGES

Reebok will seek business partners who share our commitment to the betterment of wage and benefit levels that address the basic needs of workers and their families so far as possible and appropriate in the light of national practices and conditions. Reebok will not select business partners that pay less than the minimum wage required by local law or that pay less than prevailing local industry practices (whichever is higher).

8. CHILD LABOR

Reebok will not work with business partners that use child labor. The term "child" generally refers to a person who is younger than 15 (or 14 where the law of the country of manufacture allows) or younger than the age for completing compulsory education in the country of manufacture where such age is higher than 15.

9. FREEDOM OF ASSOCIATION

Reebok will seek business partners that share its commitment to the right of employees to establish and join organizations of their own choosing. Reebok recognizes and respects the right of all employees to organize and bargain collectively.

10. SAFE AND HEALTHY WORK ENVIRONMENT

Reebok will seek business partners that strive to assure employees a safe and healthy workplace and that do not expose workers to hazardous conditions.

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Further information

Reebok's Standards online:

<http://www.reebok.com/Static/global/initiatives/rights/business/standards.html>

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Rio Tinto Statement of Business Practice

April 2003

Rio Tinto is a world leader in finding, mining and processing the earth's mineral resources. The Group's worldwide operations supply essential minerals and metals that help to meet global needs and contribute to improvements in living standards. Rio Tinto encourages strong local identities and has a devolved management philosophy, entrusting responsibility with accountability to the workplace.

In order to deliver superior returns to shareholders over time, Rio Tinto takes a long term and responsible approach to the Group's business. We concentrate on the development of first class ore bodies into large, long life and efficient operations, capable of sustaining competitive advantage through business cycles.

Major products include aluminium, copper, diamonds, energy products (coal and uranium), gold, industrial minerals (borax, titanium dioxide, salt, talc and zircon), and iron ore. The Group's activities span the world but are strongly represented in Australia and North America with significant businesses in South America, Asia, Europe and southern Africa.

Wherever Rio Tinto operates, health and safety is our first priority. We seek to contribute to sustainable development. We work as closely as possible with our host countries and communities, respecting laws and customs. We minimize adverse effects and strive to improve every aspect of our performance. We employ local people at all levels and ensure fair and equitable transfer of benefits and enhancement of opportunities.

Our success as a business depends not only on our skills and the quality and diversity of the Group's assets, but also on our shared commitment to be a dependable global partner and good local neighbour.

About *The way we work*

***The way we work*, Rio Tinto's statement of business practice, summarises the Group's principles and policies for all employees. It is designed to ensure that we all reflect in our daily work the high standards and values we share, key among which are accountability, fairness, integrity and openness.**

The policies in *The way we work* have been adopted by the Rio Tinto board after wide internal and external consultation. They are communicated to the Group's businesses, together with any guidance and support that may be necessary. Group businesses then put them into practice through local codes of conduct and report on their implementation.

Since the first edition of *The way we work* in 1997, expectations of corporate responsibilities have increased. Although our values and objectives are unchanged, our responses have evolved and been further developed and are reflected in this revised 2003 edition.

In preparing it, we have again received considerable internal input and helpful external comment for which we are grateful. We will continue to address issues as they emerge to ensure *The way we work* remains relevant.

The way we work applies to all Rio Tinto managed businesses and is supported by specific guidance documents, including on assurance mechanisms and compliance verification.

The Group businesses' codes of conduct are not comprehensive lists of "do's and don'ts", but set standards of good behaviour and procedures for breaches, with added responsibilities and incentives for managers who have a higher duty of care.

Rio Tinto expects business partners, such as associate companies or joint ventures where we do not have operating responsibility, as well as principal contractors, suppliers and others with whom we have a substantial involvement, to maintain high standards themselves. We inform them of Rio Tinto's principles and policies and work with them where appropriate to support their adoption of policies consistent with our own. Rio Tinto is prepared to withdraw from business relationships if any partners do not live up to our values.

Good Business Sense

Rio Tinto is in business to create value by finding and developing new, world class deposits and operating and eventually closing the Group's operations, safely, responsibly and efficiently. To do so, we take a disciplined and integrated approach to the economic, social and environmental aspects of all our activities.

We rigorously analyse investment opportunities and put sound management strategies in place to deliver lasting benefits and deal with any adverse effects. We find ways to lift all aspects of the Group's performance so that it stands out by setting or reflecting best practice and by contributing to the global transition to sustainable development.

We recognise and accommodate evolving expectations of international companies within the bounds of our values and business role. Rio Tinto's policies and practices are designed to recognise risks, avoid harm or damage to people or the natural environment and to develop effective relationships both within and outside the workplace.

Through them, the Group contributes to the well being of communities around our operations and provides the resources that society needs. This approach underpins the Group's business success.

Rio Tinto supports and develops Group wide standards. We adopt appropriate internal and independent reporting, verification and assurance mechanisms, in keeping with both global and local responsibilities. We welcome dialogue and engagement with those who share an interest in continually improving our performance through understanding and learning from each other.

We anticipate, participate in developing, and invest in innovative business approaches to align business behaviour with generally accepted principles of best international practice, including corporate governance.

Openness and Accountability

We conduct the Group's affairs in an accountable and transparent manner, reflecting the interests of Rio Tinto shareholders, employees, host communities and customers as well as others affected by the Group's activities.

Transparency

Our commitment, both in principle and practice, is to maximum transparency consistent with good governance and commercial confidentiality.

Rio Tinto disseminates understandable information in a timely way on the Group's operational performance and financial condition. We verify its accuracy, internally and, as appropriate, independently. We avoid selective disclosure.

We give required information to relevant agencies in the jurisdictions where Group businesses operate and widely disseminate it where Rio Tinto shares are traded, through the media as well as directly, including on our own websites. We voluntarily give detailed social and environmental performance data in separate annual reviews. These cover the Group and each Group business, extending further the quality and quantity of publicly available data.

Published material can be accessed through Rio Tinto's external website, www.riotinto.com. Both this and the Group's intranet are linked to other websites maintained by Group businesses, offering easy access to a wealth of additional, detailed information on local operations. Significant events, including financial results presentations and seminars on strategy and corporate social responsibility, are also available on Rio Tinto's internet website, as they happen and as an archive.

Rio Tinto seeks and welcomes constructive criticism. We use face to face and written communication and formal grievance procedures within our workplaces. We also have an additional independent and confidential means of communication and feedback for ideas or concerns about any aspect of Rio Tinto or about the behaviour of individuals, without fear of recrimination, through the Group's *Speak-OUT* system.

Business integrity

We undertake Rio Tinto's business with integrity, honesty and fairness at all times, building from a foundation of compliance with relevant local laws and regulations and international standards.

We support free and fair competition. We promote the rule of law and the Group's high standards wherever we are in the world. We have introduced a compliance programme that all Group businesses are required to put in place. This is based on a continuously developing system of training, monitoring and procedural checks and balances.

Bribery, in all its forms, is prohibited. We neither promise, offer nor accept bribes or anything which could be taken for one, either directly or indirectly.

We only make payments for legitimate business services and at a rate that reflects their market value. We work with business partners, representative agents and intermediaries after making them aware of Rio Tinto's policy and being satisfied that they will not make unauthorised payments indirectly on the Group's behalf.

We disclose any material transaction or relationship that could reasonably be expected to give rise to a conflict of interest but strive to avoid them. Gifts and entertainment are only offered or accepted for conventional social and business purposes and then only at a level appropriate to local circumstances.

Corporate governance

Rio Tinto is committed to high standards of corporate governance, accountability and responsibility.

All shareholders in Rio Tinto Limited and Rio Tinto plc are in the same economic position as if they held shares in Rio Tinto as a single enterprise. They take decisions on matters affecting them all through a joint electoral procedure.

Rio Tinto's directors are common to both Rio Tinto companies. In accordance with best practice, the board comprises a mix of executives and non executives, providing a balance of innovative thinking with business knowledge and experience.

All directors have full and timely access to information they require to discharge their duties and responsibilities fully and effectively. The directors have established board committees which are fundamental to good corporate governance, best practice and control: they are the *Nominations committee*, the *Audit committee*, the *Remuneration committee* and the *Committee on social and environmental accountability*.

Directors' interests in Rio Tinto are fully disclosed. Directors and designated employees are prohibited from short term speculative dealing in Rio Tinto shares and any dealing during 'close periods'. No one may disclose price sensitive information to others or deal in Rio Tinto shares themselves when in possession of it.

Internal controls and reporting procedures

We prepare reports and financial statements giving a true and fair view of our affairs.

Substance rather than form is a fundamental principle of Rio Tinto's reporting. We approach financial and non financial matters with similar rigour.

Our internal control system reviews financial, operational and compliance controls as well as risk management procedures. This is consistent with a responsible assessment and mitigation of risks to provide reasonable assurance against material misstatement or loss.

Each year, the leaders of Group businesses complete a detailed questionnaire to confirm that Rio Tinto's internal controls are operating effectively throughout the Group.

We use the most appropriate accounting and reporting policies, consistently applied and supported by reasonable and prudent judgements. We prepare financial statements in accordance with generally accepted accounting principles.

Rio Tinto requires directors, senior management, financial managers and other staff who exercise judgement in preparing financial statements to conduct themselves with integrity and honesty and in accordance with the ethical standards of their profession or business.

Anyone who becomes aware of or suspects any violation of our obligations should, and is encouraged to, report the facts or their suspicions to senior management or to Rio Tinto's *Audit committee* as appropriate, directly or through Rio Tinto's *Speak-OUT* programme.

Corporate Policies

The growing world population needs minerals and metals for sustainable development. We do our best to extract and supply them in ways that bring benefits to this and succeeding generations. We apply common values and standards wherever the Group operates, always seeking to respect the different laws, cultures, traditions, customs and employment practices in place.

We recognise that excellence in managing Rio Tinto's health, safety, environment and community responsibilities is essential. We also know that good working relations,

internally and externally, are fundamental to the Group's continuing success. We strive to understand and interact constructively with local communities, governments and others in the public and private sectors, including non government organisations.

Rio Tinto's policies, which set the standards underlying our approach, follow in alphabetical order.

Communities

We set out to build enduring relationships with our neighbours that are characterised by mutual respect, active partnership, and long term commitment.

Good management of community relationships is as necessary to our business success as the management of our operations. Good performance requires all of us to accept responsibility for community relationships. We detail local arrangements in rolling *Five year communities plans* which all operations submit and update annually. The plans are set within the context of this policy and apply throughout the life cycles of the Group's activities.

Mutual respect depends on our understanding the issues that are important to our neighbours and on our neighbours understanding what is important to us. Wherever we operate, we do our best to accommodate the different cultures, lifestyles, heritage and preferences of our neighbours, particularly in areas where industrial development is little known. Our communities and environment work is closely coordinated and takes account of peoples' perceptions of the effects and consequences of our activities.

We promote active partnerships at international, national, regional, and local levels. They are based on mutual commitment, trust, and openness. Our relationships with communities involve consultation to open new facilities, to run existing ones and to close them at the end of their productive lives. In doing so, we support community based projects that can make a difference in a sustainable way without creating dependency. We also assist regional development and training, employment and small business opportunities. In developing countries, we are often asked to support health, education, and agricultural programmes and, in collaboration with others, we help where practical.

Employment

We require safe and effective working relationships at all levels around the Group. Whilst respecting different cultures, traditions and employment practices, we share common goals, in particular the elimination of workplace injuries, and are committed to good corporate values and ethical behaviour.

Rio Tinto employs on the basis of job requirements and does not discriminate on grounds of age, ethnic or social origin, gender, sexual orientation, politics or religion. We may make exceptions to favour local employment where local laws provide.

The Group does not employ forced, bonded or child labour.

Being trained to work, and then working, in safe, healthy and environmentally responsible ways comes first and foremost. Beyond that, Rio Tinto believes in enabling employees to develop to the extent of their abilities. We improve our skills and competencies by regular performance reviews, recognising potential, undertaking education, training and coaching as appropriate, and offering professional development opportunities within the Group.

Rio Tinto expects managers to be models of the highest standards of behaviour. We treat each other and those we deal with externally with dignity, fairness and respect. We guard against harassment in the workplace and neither abuse nor mis-use our positions or facilities for personal purposes. We respect our obligations to our colleagues and employer. We work together within and across businesses, cultures and countries to raise performance.

Group businesses' codes of conduct establish sound conditions of work and disciplinary procedures. The Group implements equitable and transparent remuneration and incentive systems. Rio Tinto recognises everyone's right to choose whether or not they wish to be represented collectively.

We live up to the letter and spirit of *The way we work* and our code of conduct.

Environment

Wherever possible we prevent, or otherwise minimise, mitigate and remediate, harmful effects of the Group's operations on the environment.

Excellence in environmental performance is essential to our business success. Compliance with all environmental laws and regulations is the foundation on which we build our environmental performance. We support and encourage further action by helping to develop and implement internationally recognised management systems and voluntary commitments.

We similarly approach a comprehensive understanding of the full life cycle and safe use of our products to ensure all their benefits are delivered.

We develop Group wide standards and build systems to identify, assess and manage environmental risk. These apply at each stage of exploration, development, operation and closure, as well as in acquisition and divestment evaluations, to achieve continuous improvement in environmental performance. We also engage with host communities, governments, customers, suppliers and others to the same end.

We obtain assurance on the implementation of our environmental policy, both internally and externally, by regular audits, reviews and reports. Each Group business produces a separate social and environmental report for its local communities.

Human rights

We support human rights consistent with the Universal Declaration of Human Rights and Rio Tinto respects those rights in conducting the Group's operations throughout the world.

We seek to ensure that Rio Tinto's presence fosters sound relationships and avoids civil conflict wherever we are.

Rio Tinto respects and supports the dignity, well being and rights of Group employees, our families and the communities in which we live, as well as others affected by the Group's operations.

Where those rights are threatened, we seek to have international standards upheld and to avoid situations that could be interpreted as condoning human rights abuses. We ensure that our equipment and facilities are not mis-used in violation of them.

The Group's procedures for using security personnel are based on human rights principles and include guidelines and restrictions on the use of force. These procedures are reinforced by training and applied to contract security personnel as well as to Group employees.

We look for opportunities to support positive efforts to promote broader understanding of human rights values, especially where they assist the Group's local communities. We seek dialogue with others aimed at a practical common effort to promote respect for human rights consistent with the role of business.

Land access

We seek to secure the widest possible support for our proposals throughout the life cycle of the Group's activities by coordinating economic, technical, environmental and social factors in an integrated process.

We access and use land, rehabilitate unavoidable impacts and work with local communities to help with their needs in the most efficient and effective manner we can. In all cases, this involves ongoing consultation with local people, public authorities and others affected. We accept that this may sometimes result in our not exploring land or developing operations, even if legally permitted to do so.

We are particularly rigorous in assessing the effects of our activities in advance in areas of high conservation or heritage value. We work with others to design appropriate mitigation and management methods, and then monitor them to ensure best practice is followed.

Claims to land can be based on traditional tenure as well as statutory law. Local and national land use policies may also differ. Our objective is to bridge significant gaps between legislated and customary arrangements through the fullest possible understanding of the issues involved.

Where property is affected, its value is assessed and appropriate compensation mutually agreed. We work with others where frameworks do not exist to encourage and help governments put appropriate consultation processes in place.

During mining operations, we may use land that is surplus to operational requirements for a variety of purposes. These include housing, educational, health and recreational facilities as well as for food production, forestry, habitat protection and biodiversity conservation.

When operations are closed, we complete the rehabilitation of land we have disturbed in consultation with our neighbours and in accordance with best environmental practice, relevant laws and regulations.

Occupational health

We strive to protect our physical health and well being in the workplace.

A healthy workforce contributes to business success. We are committed to preventing new cases of occupational disease and have a target of achieving a significant reduction in these cases year on year through the continual identification, evaluation and control of workplace exposures.

We have developed a set of core occupational health standards. We implement these standards in conjunction with education, training, and the incorporation of systems and procedures.

An assurance process entailing regular audits, reviews and reports measures compliance with our occupational health policy and standards.

Political involvement

Rio Tinto does not directly or indirectly participate in party politics nor make payments to political parties or individual politicians.

Rio Tinto represents views to government and others on matters affecting its business interests and those of shareholders, employees and others involved in our activities. By fostering such public dialogue, we contribute to the development of sound legislation and regulation that is relevant and appropriate to our business interests.

Nothing in Rio Tinto's policy seeks to restrict individuals acting in their personal capacity as citizens from participating in the political process.

Safety

Safety is a core value and a major priority; our goal is zero injuries.

Everyone's behaviour contributes to an injury free workplace; full and consistent implementation of and accountability for Rio Tinto's comprehensive standards, guidelines, systems and procedures is required across the world.

Alongside this, we are building a supportive safety culture that requires visible leadership, ongoing education and training and a high level of participation by everyone in the workplace.

We place an uncompromising emphasis on hazard identification, risk assessment and risk management. We measure assurance through operational, corporate and external auditing and reporting processes.

Sustainable development

Rio Tinto businesses, projects, operations and products should contribute constructively to the global transition to sustainable development.

We contribute to sustainable development by helping to satisfy global and community needs and aspirations, whether economic, social or environmental. This means making sustainable development considerations an integral part of our business plans and decision making processes.

By focussing on people, the environment, resource stewardship and management systems, we can better manage risk, create business options, reduce costs, attract the best employees, gain access to new markets and resources and deliver a better product to our customers.

In practice, this depends on the active awareness of and support for Rio Tinto's principles and policies by each of us as individuals.

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Further information:

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http://www.riotinto.com/library/microsites/socEnv2003/intro/200_twww.htm

Royal Dutch Shell Statement of General Business Principles

September 2000

INTRODUCTION

This document reaffirms the general business principles that govern how each of the Shell companies which make up the Royal Dutch Shell Group of Companies conducts its affairs.

The Group is a decentralised, diversified group of companies with widespread activities, and each Shell company has wide freedom of action. However what we have in common is the Shell reputation.

Upholding the Shell reputation is paramount. We are judged by how we act. Our reputation will be upheld if we act with honesty and integrity in all our dealings and we do what we think is right at all times within the legitimate role of business.

Shell companies have as their core values honesty, integrity and respect for people. Shell companies also firmly believe in the fundamental importance of the promotion of trust, openness, teamwork and professionalism, and in pride in what they do.

Our underlying corporate values determine our principles. These principles apply to all transactions, large or small, and describe the behaviour expected of every employee in every Shell company in the conduct of its business.

In turn, the application of these principles is underpinned by procedures within each Shell company which are designed to make sure that its employees understand the principles and that they act in accordance with them. We recognise that it is vital that our behaviour matches our intentions.

All the elements of this structure - values, principles and the accompanying procedures - are necessary.

Shell companies recognise that maintaining the trust and confidence of shareholders, employees, customers and other people with whom they do business, as well as the communities in which they work, is crucial to the Group's continued growth and success.

We intend to merit this trust by conducting ourselves according to the standards set out in our principles. These principles have served Shell companies well for many years. It is the responsibility of management to ensure that all employees are aware of these principles, and behave in accordance with the spirit as well as the letter of this statement.

1. OBJECTIVES

The objectives of Shell companies are to engage efficiently, responsibly and profitably in the oil, gas, chemicals and other selected businesses and to participate in the search for and development of other sources of energy. Shell companies seek a high standard of performance and aim to maintain a long-term position in their respective competitive environments.

2. RESPONSIBILITIES

Shell companies recognise five areas of responsibility:

- a. To shareholders** To protect shareholders' investment, and provide an acceptable return.
- b. To customers** To win and maintain customers by developing and providing products and services which offer value in terms of price, quality, safety and environmental impact, which are supported by the requisite technological, environmental and commercial expertise.
- c. To employees** To respect the human rights of their employees, to provide their employees with good and safe conditions of work, and good and competitive terms and conditions of service, to promote the development and best use of human talent and equal opportunity employment, and to encourage the involvement of employees in the planning and direction of their work, and in the application of these principles within their company. It is recognised that commercial success depends on the full commitment of all employees.
- d. To those with whom they do business** To seek mutually beneficial relationships with contractors, suppliers and in joint ventures and to promote the application of these principles in so doing. The ability to promote these principles effectively will be an important factor in the decision to enter into or remain in such relationships.
- e. To society** To conduct business as responsible corporate members of society, to observe the laws of the countries in which they operate, to express support for fundamental human rights in line with the legitimate role of business and to give proper regard to health, safety and the environment consistent with their commitment to contribute to sustainable development.

These five areas of responsibility are seen as inseparable. Therefore it is the duty of management continuously to assess the priorities and discharge its responsibilities as best it can on the basis of that assessment.

3. ECONOMIC PRINCIPLES

Profitability is essential to discharging these responsibilities and staying in business. It is a measure both of efficiency and of the value that customers place on Shell products and services. It is essential to the allocation of the necessary corporate resources and to support the continuing investment required to develop and produce future energy supplies to meet consumer needs. Without profits and a strong financial foundation it would not be possible to fulfil the responsibilities outlined above.

Shell companies work in a wide variety of changing social, political and economic environments, but in general they believe that the interests of the community can be served most efficiently by a market economy.

Criteria for investment decisions are not exclusively economic in nature but also take into account social and environmental considerations and an appraisal of the security of the investment.

4. BUSINESS INTEGRITY

Shell companies insist on honesty, integrity and fairness in all aspects of their business and expect the same in their relationships with all those with whom they do business. The direct or indirect offer, payment, soliciting and acceptance of bribes in any form are unacceptable practices. Employees must avoid conflicts of interest between their private financial activities and

their part in the conduct of company business. All business transactions on behalf of a Shell company must be reflected accurately and fairly in the accounts of the company in accordance with established procedures and be subject to audit.

5. POLITICAL ACTIVITIES

a. Of companies Shell companies act in a socially responsible manner within the laws of the countries in which they operate in pursuit of their legitimate commercial objectives. Shell companies do not make payments to political parties, organisations or their representatives or take any part in party politics. However, when dealing with governments, Shell companies have the right and the responsibility to make their position known on any matter which affects themselves, their employees, their customers, or their shareholders. They also have the right to make their position known on matters affecting the community, where they have a contribution to make.

b. Of employees Where individuals wish to engage in activities in the community, including standing for election to public office, they will be given the opportunity to do so where this is appropriate in the light of local circumstances.

6. HEALTH, SAFETY AND THE ENVIRONMENT

Consistent with their commitment to contribute to sustainable development, Shell companies have a systematic approach to health, safety and environmental management in order to achieve continuous performance improvement. To this end Shell companies manage these matters as any other critical business activity, set targets for improvement, and measure, appraise and report performance.

7. THE COMMUNITY

The most important contribution that companies can make to the social and material progress of the countries in which they operate is in performing their basic activities as effectively as possible. In addition Shell companies take a constructive interest in societal matters which may not be directly related to the business. Opportunities for involvement - for example through community, educational or donations programmes - will vary depending upon the size of the company concerned, the nature of the local society, and the scope for useful private initiatives.

8. COMPETITION

Shell companies support free enterprise. They seek to compete fairly and ethically and within the framework of applicable competition laws; they will not prevent others from competing freely with them.

9. COMMUNICATION

Shell companies recognise that in view of the importance of the activities in which they are engaged and their impact on national economies and individuals, open communication is essential. To this end, Shell companies have comprehensive corporate information programmes

and provide full relevant information about their activities to legitimately interested parties, subject to any overriding considerations of business confidentiality and cost.

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Further Information

Website: www.shell.com

Shell General Business Principles: <http://www.shell.com/static/media-en/downloads/sgbp.pdf>

Sara Lee Global Business Standards

Dear Fellow Employees,

At Sara Lee, our business is building brands. Leading brands. Trusted brands. Brands that consumers in more than 180 countries around the world count on for quality and value.

Sara Lee builds great brands through world-class people - over 150,000 employees - who must have a passion to excel, the drive to innovate and strong ethical values in order to win in our competitive business environment.

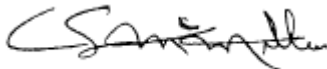
We have made a choice at Sara Lee to sustain distinct cultures among our businesses and in the many places we operate around the world, and we know that diversity gives us a strong competitive advantage in all we do. But we have also chosen to bind those varied cultures tightly to a common set of priorities and values. The *Global Business Standards* define the ethical values and responsibilities that apply to us as representatives and leaders of Sara Lee. Each of us - in every job, everywhere in the world - has a responsibility to do the right thing and to help our peers do the same. Our success and our future as a business depend on it. Companies that compromise their values and fail to do the right thing are sure to fail.

Our investors, business partners, consumers and the communities in which we live and work trust us to achieve our business objectives the right way, by living up to the *Global Business Standards* each and every day. Protecting the integrity of our brands, our people and our company cannot be a part-time job. It is the fundamental responsibility of every one of us. We are all ambassadors for Sara Lee in the work we do and the way we do it.

Our actions, together and through the years, have resulted in Sara Lee being known for:

- **Leading brands**
- **World-class people**
- **Timeless values**

While many other things may change in our business, these qualities must endure. They are the foundation of our company.



C. Steven McMillan
Chairman, President and Chief Executive Officer
Sara Lee Corporation

Introduction

The Global Business Standards

The *Global Business Standards* set forth the fundamental responsibilities of all those who represent Sara Lee's good name. It describes the ethical and legal responsibilities all Sara Lee

employees are expected to uphold. It is a guide and a resource, and is intended to alert employees to significant legal and ethical issues that frequently arise.

What the Global Business Standards Are Not

The *Global Business Standards* booklet is not a comprehensive document intended to address every ethical issue that an employee might face, nor is it a summary of all laws and policies that apply to Sara Lee businesses. Many Sara Lee businesses issue policies consistent with the *Global Business Standards*, which employees are expected to continue to follow. Most importantly, the *Global Business Standards* are definitely neither a substitute for good judgment, nor a restraint on the entrepreneurial initiative of employees and managers for which Sara Lee is justly famous.

The Global Business Standards Are Not Enough

One of the truest clichés heard around the world is that "Actions speak louder than words." Our *Global Business Standards* are effective when employees read them, understand them, and live up to them. To aid in this, Sara Lee has established a Corporate Business Practices Committee, made up of executive officers of the company, to establish appropriate ethical and legal standards and to oversee compliance with laws, regulations, the *Global Business Standards* and related policies and procedures.

Sara Lee has also designated a Corporate Business Practices Officer responsible for overseeing the day to day implementation of, and compliance with, Sara Lee's ethical standards, including communications, training and assessment. Business Practices Committees and Officers have also been established at each division and business unit with similar responsibilities for their businesses.

The Global Business Standards Are Global

The *Global Business Standards* apply to all employees of all businesses and subsidiaries worldwide. Employees cannot use a contractor, agent, consultant, broker, distributor or other third party to perform any act prohibited by law or by Sara Lee policy. If compliance with the *Standards* appears to conflict with local law, employees should discuss their concerns with the Law Department.

Names in the Global Business Standards

All references to Sara Lee in this document also refer to each of Sara Lee's domestic and foreign subsidiaries, as well as joint ventures where Sara Lee has management responsibility. References to functions like Law or Human Resources, or titles like the CEO refer to those functions by division, unless otherwise specified.

Shared Responsibilities

Sara Lee Corporation is made up of over 150,000 people who manufacture quality branded products and market those products to consumers in over 180 nations. More than 100 entrepreneurial businesses worldwide bring distinct strengths and styles to their mission of building leading brands.

While businesses and customs vary, and each individual who works for Sara Lee Corporation is unique, certain standards and responsibilities are shared wherever we do business. The *Global Business Standards* serve as a common sense reminder of the business responsibilities we share.

We Have a Responsibility to Ourselves

Integrity is at the heart of who we are. Integrity is at the heart of Sara Lee as well.

**We Have a Responsibility to
Each Other**

We owe each other honesty, respect, and fair treatment. We value the unique contributions of each employee.

**We Have a Responsibility to
Our Consumers**

Consumers trust the quality, safety and value of our products, and trust that we will stand behind what we sell.

**We Have a Responsibility to
Our Stockholders**

Stockholders trust us to responsibly use all our assets to make our business grow.

**We Have a Responsibility to
Our Business Partners**

We depend on strong relationships with our business partners to provide the high quality, high value products that consumers demand.

**We Have a Responsibility to
Our Communities**

Our companies actively seek opportunities to contribute to the communities in which we do business, and to improve the environment that sustains us all.

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For further information:

The Sara Lee web site provides further information on each of the responsibilities to stakeholders summarized above. See <http://www.saralee.com/ourcompany/gbs/pdf/GlobalBusStandards.pdf>

Sara Lee Corporate Business Practices Officer
Three First National Plaza
Chicago, IL 60602-4260 U.S.A.

Phone: 312-345-5715

Web site: www.saralee.com

Toyota's Guiding Principles

Honour the language and spirit of the law of every nation and undertake open and fair corporate activities to be a good corporate citizen of the world.

Respect the culture and customs of every nation and contribute to economic and social development through corporate activities in the communities.

Dedicate ourselves to providing clean and safe products and to enhancing the quality of life everywhere through all our activities.

Create and develop advanced technologies and provide outstanding products and services that fulfill the needs of customers worldwide.

Foster a corporate culture that enhances individual creativity and teamwork value, while honouring mutual trust and respect between labour and management.

Pursue growth in harmony with the global community through innovative management.

Work with business partners in research and creation to achieve stable, long-term growth and mutual benefits, while keeping ourselves open to new partnerships.

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Further information:

On the web: <http://www.toyota-indus.com/pdf/pg-2.pdf>

Unilever Code of Business Principles

2002

Standard of Conduct: We conduct our operations with honesty, integrity and openness, and with respect for the human rights and interests of our employees. We shall similarly respect the legitimate interests of those with whom we have relationships.

Obeying the Law: Unilever companies are required to comply with the laws and regulations of the countries in which they operate.

Employees: Unilever is committed to diversity in a working environment where there is mutual trust and respect and where everyone feels responsible for the performance and reputation of our company. We will recruit, employ and promote employees on the sole basis of the qualifications and abilities needed for the work to be performed. We are committed to safe and healthy working conditions for all employees. We will not use any form of forced, compulsory or child labour. We are committed to working with employees to develop and enhance each individual's skills and capabilities. We respect the dignity of the individual and the right of employees to freedom of association. We will maintain good communications with employees through company based information and consultation procedures.

Consumers: Unilever is committed to providing branded products and services which consistently offer value in terms of price and quality, and which are safe for their intended use. Products and services will be accurately and properly labelled, advertised and communicated.

Shareholders: Unilever will conduct its operations in accordance with internationally accepted principles of good corporate governance. We will provide timely, regular and reliable information on our activities, structure, financial situation and performance to all shareholders.

Business Partners: Unilever is committed to establishing mutually beneficial relations with our suppliers, customers and business partners. In our business dealings we expect our partners to adhere to business principles consistent with our own.

Community Involvement: Unilever strives to be a trusted corporate citizen and, as an integral part of society, to fulfill our responsibilities to the societies and communities in which we operate.

Public Activities: Unilever companies are encouraged to promote and defend their legitimate business interests. Unilever will co-operate with governments and other organisations, both directly and through bodies such as trade associations, in the development of proposed legislation and other regulations which may affect legitimate business interests. Unilever neither supports political parties nor contributes to the funds of groups whose activities are calculated to promote party interests.

The Environment: Unilever is committed to making continuous improvements in the management of our environmental impact and to the longer-term goal of developing a sustainable business. Unilever will work in partnership with others to promote environmental care, increase understanding of environmental issues and disseminate good practice.

Innovation: In our scientific innovation to meet consumer needs we will respect the concerns of our consumers and of society. We will work on the basis of sound science, applying rigorous standards of product safety.

Competition: Unilever believes in vigorous yet fair competition and supports the development of appropriate competition laws. Unilever companies and employees will conduct their operations in accordance with the principles of fair competition and all applicable regulations.

Business Integrity: Unilever does not give or receive, whether directly or indirectly, bribes or other improper advantages for business or financial gain. No employee may offer, give or receive any gift or payment which is, or may be construed as being, a bribe. Any demand for, or offer of, a bribe must be rejected immediately and reported to management. Unilever accounting records and supporting documents must accurately describe and reflect the nature of the underlying transactions. No undisclosed or unrecorded account, fund or asset will be established or maintained.

Conflicts of Interests: All Unilever employees are expected to avoid personal activities and financial interests which could conflict with their responsibilities to the company. Unilever employees must not seek gain for themselves or others through misuse of their positions.

Compliance - Monitoring - Reporting: Compliance with these principles is an essential element in our business success. The Unilever Board is responsible for ensuring these principles are communicated to, and understood and observed by, all employees. Day-to-day responsibility is delegated to the senior management of the regions and operating companies. They are responsible for implementing these principles, if necessary through more detailed guidance tailored to local needs. Assurance of compliance is given and monitored each year. Compliance with the Code is subject to review by the Board supported by the Audit Committee of the Board and the Corporate Risk Committee. Any breaches of the Code must be reported in accordance with the procedures specified by the Joint Secretaries. The Board of Unilever will not criticise management for any loss of business resulting from adherence to these principles and other mandatory policies and instructions. The Board of Unilever expects employees to bring to their attention, or to that of senior management, any breach or suspected breach of these principles. Provision has been made for employees to be able to report in confidence and no employee will suffer as a consequence of doing so.

In this Code the expressions 'Unilever' and 'Unilever companies' are used for convenience and mean the Unilever Group of companies comprising Unilever N.V., Unilever PLC and their respective subsidiary companies. The Board of Unilever means the Directors of Unilever N.V. and Unilever PLC.

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Further Information

Code on the web at: <http://www.unilever.com/ourvalues/purposeandprinciples/ourprinciples/>

Unilever PLC London

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Web: <http://www.unilever.com/>

Further Resources: Corporate Codes of Conduct

See also the further resources under the “Comprehensive Codes of Conduct”.

The Institute of Business Ethics publishes “Twelve Steps for Implementing a Code of Business Ethics” as well as “Eight Steps for Developing a Code” and guidelines for code content.

<http://www.ibe.org.uk/codesofconduct.html>

The Institute of Business Ethics in the UK has links to a number of corporate codes of conduct on their web site (under codes of conduct).

<http://www.ibe.org.uk/>

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CSR Laws and Government Initiatives

CSR Laws and Government Initiatives

This section provides an overview of how the governments of a number of developed countries are supporting corporate social responsibility through legislation, government policies, and support for CSR initiatives. Countries profiled include Canada, Australia, Belgium, Denmark, France, Germany, Netherlands, Norway, Sweden, the United Kingdom and the United States. Initiatives by the European Union are also included.

Australia

CSR Reporting

Australian companies listed on the Australian Stock Exchange are required to complete an annual CSR report

The Australian Corporate Code of Conduct Bill 2004

The Australian Corporate Code of Conduct Bill 2004 was based on a similar Bill first introduced in 2000. This bill would apply to all Australian companies which operate overseas, regardless of size. It contains a number of measures to bring Australian companies which operate overseas within the scope of existing environmental and human rights protection regimes. The bill contains provisions relating to environmental standards, health and safety, labour standards, human rights and trade practices.

[http://www.democrats.org.au/docs/Corporate Code of Conduct - Explanatory Statement.pdf](http://www.democrats.org.au/docs/Corporate_Code_of_Conduct_-_Explanatory_Statement.pdf)

Environment Australia Corporate Sustainability web site

<http://www.deh.gov.au/industry/corporate/eecp/>

The Australia and New Zealand Government Procurement Agreement sets out procurement guidelines that include a section on integrity and ethics.

http://www.dfat.gov.au/geo/new_zealand/anz_cer/anzcerta_1997revised_npa.pdf

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Belgium

CSR Promotion Measures

In recent years, Belgian policymakers have relied on a wide range of measures to promote responsible behaviour of companies, including disclosure regulations, a social label (a label describing production conditions), and a strong commitment to the OECD and ILO Guidelines.

http://europa.eu.int/comm/employment_social/soc-dial/csr/country/belgium.htm

Overview of CSR in Belgium from the CSR Campaign Report

<http://www.csreurope.org/partners/Belgium3/>

Pension Fund Disclosure

In 2001, the Belgian Council of Ministers instituted a regulation similar to the pension fund disclosure requirement in Great Britain. The regulation requires pension funds to reveal whether and how they incorporate ethical, environmental and social performance of companies in their investment decision-making practices.

Social Label

Belgium was the first country in the world to approve a social label. In 2002, the Belgian government passed a law to create a label for companies to put on their products if a company

adhered to basic worker rights including the eight core labour conventions recognized by the International Labour Organization. The Belgian Ministry of the Economy set up a sixteen member multi-stakeholder committee to monitor which products could carry the label.

www.csrcampaign.org/publications/Excellencereport2002/Belgium2/ and www.social-label.be/

OECD Guidelines

The Belgian government also provides support for the OECD Guidelines for Multinational Enterprises through the work of its National Contact Point, situated in the Ministry of Economic Affairs.

Business and Society Belgium <http://www.businessandsociety.be/>

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Canada

Corporate Social Responsibility in Canada has historically been addressed implicitly in specific regulatory and policy areas such as health and safety, labour relations, and environmental protection. More recently, improving the social, environmental and economic performance of the corporate sector is being pursued in aspects of legislation, as well as in government policy and government-lead CSR-related initiatives.

The following laws relate to Corporate Social Responsibility in Canada:

According to Gagnon, et al (2003)⁶⁷, “Canada has recently amended the **Canada Business Corporations Act** to expand the power of shareholders to bring resolutions relating to ethical issues. As of November 24, 2001, directors of companies incorporated under the Act may no longer exclude a shareholder resolution from being circulated and voted on at an annual general meeting on the grounds that it pertains ‘primarily to general economic, political, racial, religious, social or similar causes’.” For the full text see <http://laws.justice.gc.ca/en/C-44/>.

The **Corruption of Foreign Public Officials Act** (<http://laws.justice.gc.ca/en/C-45.2/>)

The Act entered into force in 1999, as part of Canada’s commitment to ratifying the OECD Convention on Combating Bribery of Foreign Public Officials in International Business Transactions. As part of this legislation, annual reports are presented to Parliament on Canada’s progress in implementing the *Corruption of Foreign Public Officials Act*. For the 2002 report to Parliament see:

http://www.dfait-maeci.gc.ca/tna-nac/report_parliament-en.asp

The **Export and Import Permits Act** contains provisions for the federal government to restrict exports to particular countries. According to Gagnon, et al (2003)⁶⁸, “the *Export and Import Permits Act*’s ‘Area Control List’, gives the Cabinet the discretion to ‘establish a list of countries’ where it deems ‘it necessary to control the export of goods’. Corporations who wish to export goods to a state listed on the Area Control List would be required to obtain a ministerial permit.” For the full text of the act see <http://laws.justice.gc.ca/en/E-19/>.

The **Special Economic Measures Act** gives the federal government the power to impose sanctions against another country. According to Gagnon, et al (2003)⁶⁹, “the *Special Economic*

⁶⁷ Gerogette Gagnon, Audrey Macklin, Penelope Simons, *Deconstructing Engagement: Corporate Self-regulation in Conflict Zones – Implications for Human Rights and Canadian Public Policy*. A joint initiative of the Social Sciences and Humanities Research Council and the Law Commission of Canada. January 2003, page 68.

⁶⁸ Ibid., page 64.

⁶⁹ Ibid., page 60.

Measures Act allows Cabinet to impose a range of economic sanctions against a state regardless of whether or not a UN Security Council Resolution exists calling for such sanctions. This act could potentially be used to require a Canadian company to cease operations in a particular state. Such sanctions may be imposed either 'in response to a call for such measures by an international organization of which Canada is a member, or ... where Cabinet is of the opinion there is, or likely will be, a grave breach of international peace and security likely to lead to a serious international crisis'. For the full text of the Act see <http://laws.justice.gc.ca/en/S-14.5/>.

According to Gagnon, et al (2003)⁷⁰, "The new **Crimes Against Humanity and War Crimes Act** may potentially allow the prosecution of corporations or its directors, officers and employees, for complicity in 'crimes against humanity'." Gagnon et al. cite a study by Canadian Lawyers for International Human Rights that indicates that the Act "creates a new offence for a civilian in a position of authority who, outside of Canada 'fails to exercise control properly over a person under their effective authority and control, and as a result the person commits' genocide, a crime against humanity, a war crime either inside or outside Canada." For the full text of the Act see <http://laws.justice.gc.ca/en/C-45.9/>.

Under Section 459.3(1) of the **Bank Act**, financial institutions with equity of \$1 billion or more are required to annually publish a Public Accountability Statement, describing the contribution of the company and its affiliates to the Canadian economy and society.
<http://laws.justice.gc.ca/en/B-1.01/>

Corporate Accountability Bill. On June 12, 2003, the Canadian Justice Minister introduced two bills in Parliament that increase penalties for illegal insider trading, offer protection to whistleblowers and make companies more accountable for workplace safety.

Criminal liability of organizations, Bill C-45

http://www.parl.gc.ca/37/2/parlbus/chambus/house/bills/government/C-45/C-45_1/C-45_cover-E.html

Capital Markets Fraud, Bill C-46

http://www.parl.gc.ca/37/2/parlbus/chambus/house/bills/government/C-46/C-46_1/C-46_cover-E.html

*In addition to aspects of legislation, the federal government supports three major cross-cutting initiatives relating to CSR: Departmental Sustainable Development Strategies, support for the OECD Guidelines on Multinational Enterprises and an interdepartmental CSR committee.*⁷¹

Departmental Sustainable Development Strategies

In 1995, The *Auditor General Act* was amended to require federal departments to produce sustainable development strategies every three years and to table these in Parliament. The intention of these strategies is to integrate social progress and environmental protection with economic development into federal programs and practices. Departments outline their action plan commitments with the strategies for advancing SD and CSR in the corporate sector. Each department develops an action plan (posted on departmental web sites) and many of the plans include commitments to work with the private sector on improving the social and environmental performance of Canadian business.

OECD Guidelines for Multinational Enterprises

The federal government promotes the revised OECD Guidelines to Canadian companies, federal government departments and other stakeholder groups through the Canadian National Contact Point for the OECD Guidelines <http://www.npc-pcn.gc.ca/menu-en.asp>. In 2001 DFAIT

⁷⁰ Gerogette Gagnon, Audrey Macklin, Penelope Simons, *Deconstructing Engagement: Corporate Self-regulation in Conflict Zones – Implications for Human Rights and Canadian Public Policy*. A joint initiative of the Social Sciences and Humanities Research Council and the Law Commission of Canada. January 2003, page 60.

⁷¹ These three main areas have been identified by an April 2001 report by Canadian Business for Social Responsibility entitled *Government and CSR: An Overview of Selected Canadian, European and International Practices*.

reorganized the National Contact Point as an interdepartmental committee including representatives from DFAIT, Industry Canada, HRDC, Environment Canada NRCan, the Department of Finance and CIDA.

Interdepartmental CSR Committee

An interdepartmental committee with representatives including the Department of Foreign Affairs and International Trade (DFAIT), Finance, Human Resources Development Canada (HRDC) Labour, Environment, Natural Resources Canada, Canadian International Development Association (CIDA), Export Development Corporation (EDC), and Health Canada who meet to discuss CSR issues.

Individual Canadian government departments are also undertaking initiatives to encourage and support various aspects of Corporate Social Responsibility.

Industry Canada

Voluntary Codes: A Guide for Their Development and Use

In 1997, Industry Canada began to study how it could stimulate global CSR and in the following year published *Voluntary Codes: A Guide for Their Development and Use*.

http://strategis.ic.gc.ca/sc_cons/consaffairs/engdoc/volcodes.html

Voluntary Codes Research Forum

Industry Canada also launched the Voluntary Codes Research Forum, lead by Kernaghan Webb, Senior Legal Policy Advisor for Industry Canada, and leading expert on voluntary mechanisms to foster socially and environmentally responsible business practices.

http://strategis.ic.gc.ca/epic/internet/inoca-bc.nsf/en/h_ca00973e.html

ISO CSR management standard

Kernaghan Webb of Industry Canada has worked with the ISO to consider the value of developing an ISO CSR management standard building on a report prepared for the ISO Consumer Policy Committee http://europa.eu.int/comm/employment_social/social/csr/isoreport.pdf.

Department of Foreign Affairs and International Trade (DFAIT)

Code of Ethics for Canadian Business

In 1996, Minister of Foreign Affairs Lloyd Axworthy asked the University of Ottawa's Human Rights Research and Education Centre to co-sponsor a roundtable on "Business community Consultation on Corporate Codes of Conduct." Out of this roundtable emerged a voluntary code of ethics for Canadian firms operating abroad.

<http://www.cdp-hrc.uottawa.ca/globalization/busethics/codeint.html>

Discussion Paper on CSR

In 2000, DFAIT wrote a Discussion Paper on CSR and how government and other social actors could foster it. http://www.dfait-maeci.gc.ca/tna-nac/Corporate_discussion-en.asp

Development and Society

DFAIT web site contains a comprehensive list of initiatives that the federal government has undertaken to foster sustainable development in developing countries, including Corporate Social Responsibility initiatives <http://www.dfait-maeci.gc.ca/tna-nac/social-en.asp>. Examples of these initiatives include:

- The elimination of all duties and quotas on virtually all imports from 48 Least Developed Countries as of January 1, 2003
- Funding to build the capacity of developing countries to fully participate in the World Trade Organization trade negotiations
- Co-sponsoring the Americas Conference on Corporate Social Responsibility in Miami

- Promoting the OECD Guidelines for Multinational Enterprises

DFAIT's Sustainable Development web site <http://www.dfait-maeci.gc.ca/sustain/menu-en.asp>

Environment Canada

Canadian Environmental Protection Act

The *Canadian Environmental Protection Act* requires that companies supply information on certain pollutant emissions to the National Pollutant Release Inventory.

<http://laws.justice.gc.ca/en/C-15.31/>

Corporate Sustainability Reporting

Environment Canada and the Environmental Ministry of Ontario hired the consulting group Stratos to conduct a study of corporate sustainability reporting in Canada. The report, *Stepping Forward: Corporate Sustainability Reporting in Canada* presents a detailed assessment of current Canadian reporting practices and compares them with international norms and best practices. A follow up report is expected to be published in the fall of 2003.

<http://www.stratos-sts.com/pages/publica010.htm>.

Voluntary Challenge Registry

The Voluntary Challenge Registry (i.e. for companies to register their greenhouse gas emission performance and be publicly recognized) is now an independent organization, evolved out of a program initiated by Environment Canada.

<http://www.vcr-mvr.ca/>

Environment Canada's sustainable development site including their Sustainable Development Strategy 2001-2003. http://www.ec.gc.ca/susdev_e.html

Canadian International Development Agency (CIDA)

Policy for Private Sector Development and Engagement

Expanding Opportunities: Framework for Private Sector Development http://www.acdi-cida.gc.ca/cida_ind.nsf/vLUallDocByIDEn/C21E4EA87075A4CE05256CC2006FE2F3?OpenDocument

For more information on federal government support for poverty alleviation and sustainable development in developing countries see DFAIT's Development and Society web site

<http://www.dfait-maeci.gc.ca/tna-nac/social-en.asp>.

Transport Canada

Moving on Sustainable Transportation

An initiative of Transport Canada, Moving on Sustainable Transportation (MOST) is a program designed to raise awareness of sustainable transport issues and to develop new tools and approaches in partnership to encourage action.

<http://www.tc.gc.ca/Programs/Environment/MOST/menu.htm>

Industry Canada

Industry Canada's Corporate Social Responsibility web site

<http://strategis.ic.gc.ca/epic/internet/incsr-rse.nsf/vwGeneratedInterE/Home>

Industry Canada together with Environment Canada and Natural Resources Canada provide funding for educational and technical assistance in the area of eco-efficiency.
<http://strategis.ic.gc.ca/epic/internet/inee-ee.nsf/vwGeneratedInterE/Home>

Natural Resources Canada

Natural Resources Canada sustainable development web site including NRCan's Sustainable Development Strategy 2001.
http://www.nrcan.gc.ca/sd-dd/index_e.html

Export Development Canada (EDC)

CSR Advisory Council

Export Development Canada is a crown corporation that provides finance and risk management services to Canadian importers and exporters. In 2001, EDC established a CSR Advisory Council to provide guidance and to act as a sounding board on CSR issues.
http://www.edc.ca/corpinfo/csr/elements_e.htm

Other CSR-related activities at the EDC
http://www.edc.ca/corpinfo/csr/elements_e.htm

Environmental Review processes for projects applying for EDC support.
http://www.edc.ca/corpinfo/csr/environment/index_e.htm

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Denmark

Danish Public Policies on CSR

http://europa.eu.int/comm/employment_social/emplweb/csr-matrix/csr_countryfiche_en.cfm?id=20

Our Common Concern Campaign

In 1994, the Danish Minister of Social Affairs launched the 'Our Common Concern' campaign with the objective of putting CSR onto the agenda of Danish businesses. The campaign has extended into a variety of initiatives outlined below.
<http://www.csrcampaign.org/publications/Excellencereport2002/Denmark/>

CSR Project Seed Funding

In order to encourage business to engage in social responsibility and partnership projects, the government established a pool of funding for Corporate Social Responsibility projects. Over 200 projects have been funded to date from employee training to developing CSR networks between companies.

The Danish National Network of Business Executives

According to a Canadian Business for Social Responsibility report⁷² the Danish National Network of Business Executives was "Established in May 1996 by Karen Jespersen, Minister of Social Affairs, the Network is composed of 15 business leaders from the private and public sectors representing over 85,000 employees in Denmark. This business advisory body engages other companies in employee and local community initiatives and promotes greater corporate social commitment and partnerships for social cohesion."

⁷² Government and CSR: An Overview of Selected Canadian, European and International Practices. Canadian Business for Social Responsibility, April 2001, page 16.

The Social Index

The Danish government has created a tool for measuring the degree to which a company lives up to its social responsibilities. This Social Index “provides a standard measurement rating making it easy to communicate a company’s degree of CSR.”⁷³ The Danish government is also supporting the development of social accountability, auditing and reporting by businesses.

http://europa.eu.int/comm/dgs/employment_social/lisbonconf2000/berrit.pdf

The Copenhagen Centre (TCC)

After the 1997 Copenhagen Conference on New Partnerships for Social Cohesion, a number of Danish government departments collaborated to establish The Copenhagen Centre to promote voluntary partnerships between business, government and civil society. The Copenhagen Centre is also doing some work in the areas developing tools for activities related to CSR such as cross-sector dialogue and organizational change.

www.copenhagencentre.org

European Business Campaign on Corporate Social Responsibility

The Copenhagen Centre has developed a 5-year European Business Campaign on Corporate Social Responsibility together with CSR Europe and the Prince of Wales International Business Leaders Forum to popularize the business case for CSR.

<http://www.csrcampaign.org/>

Human Rights Impact Assessment

The Danish government has also funded a Human Rights Impact Assessment developed by the Danish Centre for Human Rights. This assessment tool allows companies to evaluate their business practices and identify operations that directly or indirectly violate human rights.

<http://www.humanrightsbusiness.org/>

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Europe

Compendium on National Public Policies on CSR in the European Union

http://europa.eu.int/comm/employment_social/emplweb/csr-matrix/csr_matrix_en.cfm

The European Commission (EC) Framework for CSR includes:

The EC Green Paper on CSR

Green Paper Promoting a European Framework for Corporate Social Responsibility

http://europa.eu.int/comm/employment_social/soc-dial/csr/greenpaper.htm

EC Communication on CSR (White Paper)

European Communication on Corporate Social Responsibility: A Business Contribution to Sustainable Development and other CSR policies

http://europa.eu.int/comm/employment_social/soc-dial/csr/index.htm

European Multi-stakeholder Forum on CSR

Launched in October, 2002

http://forum.europa.eu.int/irc/empl/csr_eu_multi_stakeholder_forum/info/data/en/csr%20ems%20forum.htm

⁷³ See *Government and CSR: An Overview of Selected Canadian, European and International Practices*. Canadian Business for Social Responsibility, April 2001, page 16.

European Business Campaign on Corporate Social Responsibility

The European Union Social Fund, CSR Europe, The Copenhagen Centre, the Prince of Wales International Business Leaders Forum and other partners have joined together to launch a campaign on Corporate Social Responsibility. <http://www.csrcampaign.org/>

2003-2004 Annual Report of the European CSR Campaign

The report includes overview of CSR activities in each European country.
<http://www.csrcampaign.org/>

One aspect of the European CSR campaign is the establishment of a **European Academy of Business and Society** <http://www.eabis.org/>

Report on EU Standards for European Enterprises Operating in Developing Countries

In 1998 the European Parliament adopted the Fassa report on fair trade with developing countries. It also urged European multinationals to adopt codes of conduct to guide their operations in developing countries.

http://europa.eu.int/eur-lex/pri/en/oj/dat/1999/c_104/c_10419990414en01800184.pdf

European Parliament Mandatory Social and Environmental Reporting

In April 2002 the European Parliament's Employment Committee voted that companies operating in the EU should publish independently verified environmental and social reports. This decision was in contrast to the Industry Committee's recommendations advocating for reporting to remain voluntary. The committee also called for better compliance with existing CSR initiatives such as the OECD guidelines.

European Social Label

European Parliament passed a CSR resolution on May 2002 that calls for a European Social Label, a mobilization of EU trade and development programs to tackle human rights violations by corporations in developing countries as well as mandatory social and environmental reporting.

CSR Europe

The leading business network for CSR in Europe
<http://www.csreurope.org/default.aspx>

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Finland

Public Policies on CSR in Finland

http://europa.eu.int/comm/employment_social/emplweb/csr-matrix/csr_countryfiche_en.cfm?id=21

Finnish CSR Highlights

<http://www.csrcampaign.org/publications/Excellencereport2002/Finland1/>

Principles for Social Responsibility in Importing

The principles outline responsible working and social conditions throughout the supply chain. They were developed by a group of retail businesses in Finland and are coordinated by the Finnish Central Chamber of Commerce.

<http://www2.kauppakamari.fi/keskuskauppakamari/default.cfm?cd=1340&depth=4&dept0=1149&dept1=1180&dept2=1338&dept3=1340&doc=1884&language=English&CFID=9259141&CFTOKEN=19680698>

France

National Public Policies on CSR in France

http://europa.eu.int/comm/employment_social/emplweb/csr-matrix/csr_countryfiche_en.cfm?id=22

Mandatory Sustainability Reporting

As of May 2001, France became the first country to require publicly listed companies to describe the social and environmental consequences of their activities in their annual reports.

<http://www.csrcampaign.org/publications/Excellencereport2002/France/> and also <http://www.legifrance.gouv.fr/WAspad/UnTexteDeJorf?numjo=JUSC0220073D>

Minister of Sustainable Development

France appointed a Minister for Sustainable Development in June 2002.

<http://www.csrcampaign.org/publications/Excellencereport2002/France/>

Socially Responsible Investing Legislation in France

<http://www.eurosif.org/pub2/lib/ref/ctry/fr/legi.shtml>

French Study Centre for Corporate Social Responsibility

The Observatoire sur la Responsabilité Sociétale des Entreprises (ORSE) study centre for corporate social responsibility and socially responsible investment was set up in June 2000.

<http://www.orse.org/gb/home/index.html>

Country Profile of CSR in France

From the CSR Europe web site.

<http://www.csreurope.org/partners/France3/>

Germany

German Public Policies Related to CSR

http://europa.eu.int/comm/employment_social/emplweb/csr-matrix/csr_countryfiche_en.cfm?id=23

Highlights of CSR Activities by the German Government including Pension Fund Disclosure

The German government has recently passed legislation requiring that pension funds report on the social and environmental used in their investment decision-making.

<http://www.csrcampaign.org/publications/Excellencereport2002/Germany/>

Country Profile of CSR in Germany

From the CSR Europe web site.

<http://www.csreurope.org/partners/Germany1/>

German Council on Sustainable Development

<http://www.nachhaltigkeitsrat.de/>

Socially Responsible Investment in Germany

<http://www.eurosif.org/pub2/lib/ref/ctry/ge/hist.shtml>

German Industry Federation Perspectives 2000

According to 'Regulating Corporations: A Resource Guide' by Desiree Adams for UNRSID, in 2002, the German industry federation (the Bundesverband der Deutschen Industrie or BDI) "launched their sustainable development guidelines for German companies entitled, "Perspectives 2000". The BDI concentrated on promoting environmental protection and advocating responsible use of natural resources at home and abroad. An underlying theme of the report concerns the responsibility of industrialized countries to help developing countries."

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Netherlands

Overview of current Dutch Government CSR Initiatives

<http://www.csrcampaign.org/publications/Excellencereport2002/TheNetherlands1/>

Dutch National Public Policies on CSR

http://europa.eu.int/comm/employment_social/emplweb/csr-matrix/csr_countryfiche_en.cfm?id=31

CSR Profile of the Netherlands

From CSR Europe

<http://www.csreurope.org/partners/Netherlands1/>

Dutch Government Position Paper on CSR

On March 30 2001, the Dutch Government issued a position paper on CSR. This paper is a response to an opinion issued by the Social and Economic Council, which is an advisory body to the Government. According to the Dutch government's position on CSR, "Firms should reflect on their role in society and... ask themselves what they can usefully do to serve public causes as well as their own." For more information on their position, see the Netherlands CSR web site at http://europa.eu.int/comm/employment_social/soc-dial/csr/country/netherlands1.htm.

CSR Report

The Social Economic Council (SER) is the main advisory body of the Dutch government on national and international social and economic policy. In 2002 SER published a report on CSR that defines CSR as a necessary part of the core business activities of Dutch firms.

http://www.ser.nl/default.asp?desc=en_index

OECD Guidelines

A key component of the Dutch government's CSR policy is the OECD guidelines for Multinational Enterprises. In December 2000, the Dutch parliament asked the Trade Ministry to "investigate how to link CSR criteria – and the OECD Guidelines in particular – to the subsidies [that] government provides for international trade promotion, investment, and export credit insurance." The Trade Ministry responded indicating that "When direct and indirect government support is given to Dutch companies that are active in foreign markets, there is a certain implied co-responsibility of the government in those activities." Companies applying for financial support are required to declare in writing that they are familiar with the Guidelines and will attempt to apply the Guidelines to their own activities. See the Dutch National Contact Point for the OECD Guidelines http://www.oecd.org/document/10/0,2340,en_2649_34889_2663562_1_1_1_1,00.html

Partnership for Social Integration and Community & Business Network

The Dutch Government's Health, Welfare and Sport Department initiated the "Partnership for Social Integration" campaign in February 1998. This initiative provides a framework whereby companies, government and social organizations can form new local partnerships and exchange knowledge and experience. The proposed next step is to form a national network to gather CSR

knowledge and initiatives of business in the community and to link this with government programs and social organizations.

Interdepartmental Government Commission for CSR

In order to improve the levels of communication between business and government, an interdepartmental government commission for CSR has been installed, which will co-ordinate the efforts of different governmental departments. This commission supports the national debate, the joint initiatives of business, local government and social organizations, and the exchange of expertise. This commission will also play an important partnership role in developing the "Community & Business" network.

CSR Knowledge and Information Centre

The Dutch government is setting up an independent knowledge and information centre on corporate social responsibility (CSR). The purpose of the knowledge centre is to promote the transfer of knowledge and information about CSR, in both the national and international context. The knowledge centre will also be responsible for promoting dialogue between businesses, NGOs, local governments and citizens.

Research Program on CSR

In cooperation with the National Initiative for Sustainable Development, the Ministry of Economic Affairs has now begun to set up a research program on corporate social responsibility (CSR). Nine research teams from across the Netherlands are participating. The research program is designed to coordinate existing and future studies on CSR in a way that will be practically relevant to business.

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Norway

Guidelines Concerning Human Rights and Environment for Norwegian Companies Abroad

The Task Force on Internationalization of Norwegian Trade and Industry and the Norwegian Forum for Development and the Environment has developed a voluntary code of conduct regarding the extraterritorial conduct of Norwegian companies that addresses corporate activity in conflict zones. It requires Norwegian companies to prepare "entry and exit strategies", including pre-investment risk assessments. Strong disclosure requirements are also outlined. The Guidelines Concerning Human Rights and Environment for Norwegian Companies Abroad is cited at: <http://www.milli.no/~forum/dokumenter/guidelines.rtf>

The Consultative Body on Business and Human Rights

The Norwegian Ministry of Foreign Affairs has established "The Consultative Body on Business and Human Rights and Norwegian Economic Involvement Abroad" (KOMpakt) with participation from business, trade unions, NGOs and government officials.
<http://odin.dep.no/archive/udvedlegg/01/01/KOMpa038.pdf>

Norwegian National Contact Point for the OECD Guidelines

<http://odin.dep.no/ud/norsk/handelspolitikk/032061-990006/index-dok000-b-n-a.html>

Ombudsman for Norwegian Companies Abroad

Norway is proposing to create an ombudsman that would be responsible for ensuring that all Norwegian companies operating abroad conform to Norwegian human rights and environmental guidelines.

<http://www.corporateeurope.org/observer7/norway.html>

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Sweden

Sweden's National Public Policies Relating to CSR

http://europa.eu.int/comm/employment_social/emplweb/csr-matrix/csr_countryfiche_en.cfm?id=30

CSR Campaigns and Initiatives in Sweden

http://www.csrcampaign.org/publications/SwedenandNorway_page373.aspx

Globalt Ansvar – the Swedish Partnership for Global Responsibility

The Swedish Ministers for Trade, Foreign Affairs, and International Development Cooperation launched the Swedish Partnership for Global Responsibility in March 2002. This initiative encourages Swedish companies to take up CSR globally, including support of the OECD Guidelines and the UN Global Compact.

<http://www.sweden.gov.se/sb/d/3087;jsessionid=aot6do-5Gmye>

Country Profile of CSR in Sweden

From CSR Europe

<http://www.csreurope.org/partners/Sweden/>

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United Kingdom

A number of laws that have aspects influencing Corporate Social Responsibility have been enacted in the UK.

Socially Responsible Investing and other CSR Activities in the UK

<http://www.csrcampaign.org/publications/Excellencereport2002/UK2/>

National Public Policies on CSR in the UK

http://europa.eu.int/comm/employment_social/emplweb/csr-matrix/csr_countryfiche_en.cfm?id=32

UK CSR milestones

As described on the CSR Europe web site.

<http://www.csreurope.org/partners/UK1/>

UK Company Law Review

A major review of UK company law is under way following an independent review that was finalized in 2001. The review included issues of corporate social responsibility, transparency and accountability. <http://www.dti.gov.uk/cld/review.htm>

New Companies Legislation

In July 2003, the UK government announced its plans for reforming company law, including introducing a statutory Operating and Financial Review (OFR) for large companies.

<http://www.dti.gov.uk/companiesbill/>

Draft regulation on mandatory Operating and Financial Reviews

Draft regulation published May 5, 2004, by the UK government requires all UK companies listed on the London, New York and Nasdaq stock exchanges to produce Operating and Financial Reviews that take the company's social and environmental performance into account. This proposed regulation would take effect in 2005 and would require the company to provide information on "a wide range of factors which may be relevant to an understanding of the

business, such as information about employees, environmental matters and community and social issues”.

<http://www.dti.gov.uk/companiesbill/>

The U.K. Corporate Responsibility Bill

The U.K. Corporate Responsibility Bill originally introduced in the House of Commons by Labour backbench MP Linda Perham on June 12, 2002 and reintroduced in June 2003 covers reporting requirements and expanded directors' duties and liability as a means to ensure compliance.

<http://www.parliament.the-stationery-office.co.uk/pa/cm200102/cmbills/145/2002145.htm>

According to Gagnon, et al (2003)⁷⁴, A new Corporate Responsibility bill, “the Corporate Responsibility (Environmental, Social and Financial Reporting) Bill (Bill 193) was tabled on October 15, 2002 and was provisionally scheduled for a 2nd Reading on November 14th.” However, Gagnon et al. indicate that there is no indication that the bill was debated. See <http://www.parliament.the-stationery-office.co.uk/pa/cm/cmvote/21015v01.htm>

UK Pension Fund Disclosure

The British government requires UK pension trustees to disclose how they take account of social, environmental, and ethical factors in their investment decisions. The *Occupational Pension Schemes [Investment] Regulations* went into effect on July 3, 2000.

http://www.hmsso.gov.uk/sr/sr1996/Nisr_19960584_en_1.htm

Public Interest Disclosure Act

According to Gagnon, et al (2003)⁷⁵, “the U.K. enacted the *Public Interest Disclosure Act* (1998) that aims to protect whistleblower employees who disclose information that they have reasonable cause to believe that, *inter alia*, a criminal offence, environmental damage or human health or safety risk has, is or will likely occur. It outlines rules of disclosure and exceptions for areas like national security.” For the full text see <http://www.hmsso.gov.uk/acts/acts1998/19980023.htm>.

An audit of CSR activities across the UK government identified 60 CSR-related programs. Many UK Government initiatives are based in the Department of Trade and Industry and the Department for International Development.

Appointment of Minister for Corporate Social Responsibility

In 2000, the promotion of CSR became an official policy strategy of the UK Government. Prime Minister Tony Blair appointed a minister for Corporate Social Responsibility within the Department of Trade and Industry to provide a strategic focus and leadership on CSR issues across departments of the UK government. The UK Government's vision for corporate social responsibility is: “to see private, voluntary and public sector organizations in the UK take account of their economic, social and environmental impacts, and take complementary action to address key challenges based on their core competences – locally, regionally, nationally and internationally.” See <http://www.societyandbusiness.gov.uk/>.

UK Government CSR Report

IN 2002, the UK Government published its first CSR report, containing a detailed review of the governments initiatives to promote CSR. Many of the initiatives described below are included in the report.

<http://www.dti.gov.uk/sustainability/sus/corp.htm>

<http://www.societyandbusiness.gov.uk/>

CSR at the Department of Trade and Industry

⁷⁴ Gerogette Gagnon, Audrey Macklin, Penelope Simons, *Deconstructing Engagement: Corporate Self-regulation in Conflict Zones – Implications for Human Rights and Canadian Public Policy*. A joint initiative of the Social Sciences and Humanities Research Council and the Law Commission of Canada. January 2003, page 60.

⁷⁵ *Ibid.*, page 69.

The UK Department of Trade and Industry has developed a strategy focusing on developing programs to secure more widespread commitment among business to environmental and social responsibility, and to higher standards of corporate governance.

<http://www.dti.gov.uk/sustainability/sus/corp.htm>

Sustainable Development – UK Government’s Approach

The UK Department of Trade and Industry works with business to encourage innovative, enterprising and internationally competitive business solutions to environmental problems and the wider challenges of sustainable development.

<http://www.dti.gov.uk/sustainability>

<http://www.sustainable-development.gov.uk/>

Promoting CSR Globally

The UK Government describes its role in promoting CSR internationally on the Department of Trade and Industry web site. <http://www.societyandbusiness.gov.uk/>

National Contact Point for the OECD Guidelines

The UK national contact point for the OECD guidelines can be accessed through the following link: <http://www.dti.gov.uk/worldtrade/ukncp.htm>.

Innovation through Partnerships

The Department of Trade and Industry is sponsoring an “Innovation through Partnerships” initiative. An important aspect of this project is the development of an assessment tool that companies and community representative can use to explore ways that they can work together more innovatively and collaboratively through novel partnership arrangements.

<http://www.dti.gov.uk/support/responsibility.htm>

Small Business Service

The Department of Trade and Industry has a Small Business Service which works on activities to promote social inclusion of marginalized groups through business development and hiring practices. <http://www.businessadviceonline.org>

Business in the Community

The Department of Trade and Industry supports Business in the Community, an organization of over 700 UK businesses that share a common vision to improve the positive impact of business on society and the environment.

<http://www.bitc.org.uk/>

Business in the Community has established an **All-Party Parliamentary Group on CSR**

http://www.bitc.org.uk/programmes/key_initiatives/all_party_parliamentary_group/

Green Procurement Guidelines

In 2001 the UK government set up a high-level study group across government to enhance existing “green procurement” guidelines.

<http://www.ogc.gov.uk/index.asp?id=400>

UK All-Party Parliamentary Group on Socially Responsible Investment

<http://www.uksif.org/activities/welcome/frameset.shtml>

The British Foreign and Commonwealth Office

The British FCO Corporate Citizenship home page

<http://www.fco.gov.uk/servlet/Front?pagename=OpenMarket/Xcelerate/ShowPage&c=Page&cid=1007029394311>

Voluntary Principles on Security and Human Rights

The British Foreign Office and the US State Department, along with multinationals, unions, and human rights organizations, announced a statement of Voluntary Principles on Security and Human Rights. The principles offer guidance on how business firms can help prevent human rights violations, while meeting legitimate corporate security requirements.

<http://www.state.gov/g/drl/rls/2931.htm>

Department for International Development (DFID)

DFID's core CSR focus resides in its Social Development Department which is working to support practices that positively impact the social dimensions of international development including the social dimensions of business, core labour standards, and trade unions.

www.dfid.gov.uk

Eliminating World Poverty: Making Globalization Work for the Poor

DFID published a White Paper in 2000 to aid the understanding of development issues by the business and investment communities.

<http://www.dfid.gov.uk/Pubs/files/whitepaper2000.pdf>

Ethical Trading Initiative

DFID is a founding partner of the Ethical Trading Initiative (ETI), an "alliance of companies, non-governmental organisations, and trade union organisations committed to working together to identify and promote ethical trade." The Ethical Trading Initiative works to promote codes of conduct for labour standards, and catalyze cross-sector partnerships to maximize the positive impact of business on producers, suppliers, and workers in developing countries.

<http://www.ethicaltrade.org/>

Resource Centre for the Social Dimensions of Business Practice

DFID provided core funding to The Resource Centre for the Social Dimensions of Business Practice for its first three years of operation. The Resource Centre conducted research and advised businesses on the social dimensions of business practices that directly contribute to poverty elimination.

<http://www.iblf.org/csr/csrwebassist.nsf/content/f1c2a3f4.html>

Just Pensions

DFID provides financial support to a project run by Just Pensions, which produces guidance materials for pension fund trustees, managers and advisors on development related issues.

<http://www.uksif.org/J/Z/Z/jp/home/main/index.shtml>

Business Partners for Development

DFID together with the World Bank and other partners created Business Partners for Development in 1998 to study, support and promote examples of partnerships involving business, civil society and government working together for the development of communities around the world. <http://www.bpd-waterandsanitation.org/english/index.asp> and

<http://www.bpd-naturalresources.org/>

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United States of America

CSR-related laws:

Foreign Corrupt Practices Act

In 1977 the US government passed the *Foreign Corrupt Practices Act* which set out rules with respect to bribery and corruption for US companies with overseas operations. Many

commentators cite this as the first domestic law that effectively regulated global corporate behaviour. <http://www.usdoj.gov/criminal/fraud/fcpa.html>

US Corporate Code of Conduct Act

According to Gagnon, et al (2003)⁷⁶, the US Corporate Code of Conduct Act was introduced in August of 2001. If adopted, the Act would require US companies that contract with the government to receive foreign trade and investment assistance to implement and monitor the code of conduct set out in the bill. The code applies to companies that employ more than 20 people in a foreign country. The code set out in the Act covers employment practices, environmental practices, human rights, and reporting procedures. <http://www.theorator.com/bills107/hr2782.html>

The Sarbanes-Oxley Act

According to Gagnon, et al (2003)⁷⁷, “The U.S. has passed new legislation that aims to improve the accuracy and reliability of corporate disclosures made pursuant to the securities laws. Among other provisions, the *Sarbanes-Oxley Act* of 2002 introduces more stringent conflict of interest rules for auditors and the establishment of a body to monitor auditing practice.” <http://sarbanes-oxley-act.area51.ipupdater.com/>

CSR-related policies and initiatives by US government departments and agencies:

Department of Labour – List of Products Produced with Child Labour

Under executive order 13126, The Department of Labor publishes a list of products that it suspects were produced with child labor the list also includes the countries where the goods were made. <http://www.dol.gov/ILAB/regs/eo13126/main.htm>

Fair Labour Association

In 1996 the Department of Labor called on representatives of the apparel industry, labour unions, and NGOs to join together to create Apparel Industry Partnership, which later became the Fair Labor Association (FLA). The FLA developed a workplace code of conduct on labour issues. The FLA, however, is not directly related to the Department of Labor. <http://www.fairlabor.org/>

Green Purchasing

In 1998 President Clinton issued an Executive Order encouraging federal agencies to buy products that are environmentally preferable. Implementation of this order has apparently been slow, however. <http://www.federal sustainability.org/initiatives/pubs/d01430.pdf>

Voluntary Principles on Security and Human Rights

The US State Department and the British Foreign Office, along with multinationals, unions, and human rights organizations, announced a statement of Voluntary Principles on Security and Human Rights. The principles offer guidance on how business firms can help prevent human rights violations, while meeting legitimate corporate security requirements. <http://www.state.gov/g/drl/rls/2931.htm>

The Export-Import Bank of the United States (EX-IM)

The Export-Import Bank of the United States helps US firms finance exports. The EX-IM Bank publishes environmental guidelines that establish standards for companies seeking financial support. The Bank’s charter also authorizes the board of directors to grant or withhold financing

⁷⁶ Gerogette Gagnon, Audrey Macklin, Penelope Simons, *Deconstructing Engagement: Corporate Self-regulation in Conflict Zones – Implications for Human Rights and Canadian Public Policy*. A joint initiative of the Social Sciences and Humanities Research Council and the Law Commission of Canada. January 2003, page 58.

⁷⁷ *Ibid.*, page 68.

support after taking into account the beneficial and adverse environmental effects of proposed projects. <http://www.exim.gov/>

Overseas Private Investment Corporation (OPIC)

The Overseas Private Investment Corporation sells political risk insurance and loans to help U.S. businesses invest in developing nations worldwide. By statute, OPIC is required to assess the environmental impacts of projects under consideration for insurance and financing.

<http://www.opic.gov/>

Department of State – Promoting Human Rights

<http://www.state.gov/g/drl/rls/hrrpt/>

Bureau of Economic and Business Affairs – OECD Guidelines

The Bureau of Economic and Business Affairs undertakes several initiatives relating to CSR:

- Promotion of the OECD Guidelines for Multinational Enterprises
<http://www.state.gov/e/eb/oecd/>
- Annual award for corporate excellence focusing on exemplary international corporate citizenship <http://www.state.gov/e/eb/cba/bs/ace/>

Environmental Protection Agency – Partners for the Environment

The US EPA through its “*Partners for the Environment*” initiative works with business and other organizations to set voluntary environmental goals and commitments.

<http://www.epa.gov/partners/>

The United States Council for International Business maintains a resource base of US government policy positions and statement on a number of issues, including corporate social responsibility. <http://www.uscib.org/index.asp?documentID=1414>

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Other sources of information:

Government and CSR: An Overview of Selected Canadian, European and International Practices. Canadian Business for Social Responsibility, April 2001.

<http://www.cbsr.ca/pdfs/gvt.pdf>

Corporate Responsibility and the Global Village: the Role of Public Policy, by Susan Ariel Aaronson and James T. Reeves. Washington: National Policy Association, 2002.

Corporate Responsibility: Private Initiatives and Public Goals, OECD.

http://www.oecd.org/document/32/0,2340,en_2649_33765_1896672_1_1_1_1,00.html

Deconstructing Engagement

Gerogette Gagnon, Audrey Macklin, Penelope Simons, *Deconstructing Engagement: Corporate Self-regulation in Conflict Zones – Implications for Human Rights and Canadian Public Policy*. A joint initiative of the Social Sciences and Humanities Research Council and the Law Commission of Canada. January 2003.

<http://www.law.utoronto.ca/documents/Mackin/DeconstructingEngagement.pdf>

Backgrounder: Options Available to the Government of Canada in Responding to Canadian Corporate Complicity with Human Rights Abuses. Canadian Lawyers Association for International Human Rights, Ottawa, 2000.

http://www.claihr.org/publications_docs/project_documents/business/1corpcomp.pdf

Labour Law

A web-based tool created by Business for Social Responsibility to improve labor compliance and safeguard human rights in the supply chain. Detailed reports on labour law in over 60 countries.
<http://www.bsr.org/CSRResources/LaborLaw.cfm>

CSR Europe

<http://www.csreurope.org/>

European Union – CSR overview in Member Countries

http://europa.eu.int/comm/employment_social/soc-dial/csr/country/nationalprofiles.htm

European CSR Campaign

The CSR in Europe Excellence Report 2002 contains overviews of CSR initiatives in European countries.

<http://www.csrcampaign.org>

National and International CSR-related Standards Initiatives from Recognized Standards Bodies

National and International CSR-related Standards Initiatives from Recognized Standards Bodies

A number of national and international standards organizations have developed (or are working on) national and international standards for corporate social responsibility or sustainability as it relates to business practice. The report *The Desirability and Feasibility of ISO Corporate Social Responsibility Standards*⁷⁸ written by an International Standards Organization working group contains a selected list of these initiatives from recognized standards organizations.

For the full text of this report see <http://www.standard.no/acrobat/Final%20report%20CSR.pdf>. Summaries of the following initiatives below are taken from this ISO report:

- British Standards Institution: Occupational Health and Safety Assessment Series
- Standards Institution of Israel: Social Responsibility and Community Involvement
- Bureau de normalisation du Québec (BNQ): Corporate Social Responsibility Certification Protocol
- British Standards Institution SIGMA Project
- Ethics Officers Association: Proposed ISO Business Conduct Management Systems Standard
- Spanish Standards Organization: Draft standards on Ethical Financial Instruments and a Management System on Ethics
- French Association for Standardization: CSR-Related Developments
- Brazilian Organization for Technical Standards

Please refer to the full text of the report for more detailed information and references. Links for additional further information are also provided after each section.

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International Standards Organization ISO 9000/14000 Management System Standards

While not directly addressing the full range of CSR issues, both ISO 9000 quality management systems standards and ISO 14000 environmental management systems standards provide an architecture for firms which could be expanded to address operationalization of Corporate Social Responsibility commitments and objectives.

Both ISO 9000 and ISO 14000 are known as *generic management system standards*. *Generic* means that the same standards can be applied to any organization, large or small, in any sector of activity, and whether it is a business enterprise, a public administration, or a government department.

Both "ISO 9000" and "ISO 14000" are actually families of standards which are referred to under these generic titles for convenience. Both families consist of standards and guidelines relating to management systems, and related supporting standards on terminology and specific tools, such as auditing (the process of checking that the management system conforms to the standard).

⁷⁸ *The Desirability and Feasibility of ISO Corporate Social Responsibility Standards* Final Report (May 2002) was prepared by the "Consumer Protection in the Global Market" Working Group of the ISO Consumer Policy Committee.

ISO 9000 is primarily concerned with quality management. "Quality management" means what the organization does to ensure that its products conform to the customer's requirements. ISO 14000 is primarily concerned with "environmental management". This relates to what the organization does to minimize harmful effects on the environment caused by its activities.

Both ISO 9000 and ISO 14000 concern the way an organization goes about its work, and not directly the result of this work. In other words, they both concern processes, and not outcomes or performance. Nevertheless, the way in which the organization manages its processes can affect quality and environmental performance.

Further information: the full text of the report on the feasibility of an ISO CSR standard <http://www.standard.no/acrobat/Final%20report%20CSR.pdf>, page 31-38.
See also: www.iso.org/iso/en/ISOOnline.frontpage and www.quality.co.uk/iso14000.htm.

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British Standards Institution

Occupational Health and Safety Assessment Series (OHSAS 18001:1999)

In 1996, the British Standards Institution (BSI) issued BS 8800, an occupational health and safety management guidance document. As a guidance document, BS 8800 was not intended to be used as the basis for certifications. A number of certification bodies developed their own occupational health and safety standards based on BS 8800 against which organisations could be certified. The problem with these standards was that although these standards were based on BS 8800 there was a high degree of variation in content from one to the other. Also, because different bodies in different jurisdictions had their own certification schemes, mutual recognition of these schemes became a problem.

To address this problem, OHSAS 18001 was jointly developed by 13 national standards organisations and international certification bodies. OHSAS documents were prepared to provide interim specifications and related guidance for occupational health and safety management systems until such time as formal international standards are published.

OHSAS is said to be compatible with ISO 9001:1994 and ISO 14001: 1996. The specification takes a structured approach to occupational health and safety management. The emphasis is placed on practices being pro-active and preventive by the identification of hazards and the evaluation and control of work related risks. OHSAS 18001 can be used by any size of organization regardless of the nature of its activities or location. Third party certification is also available.

Further information: the full text of the report on the feasibility of an ISO CSR standard <http://www.standard.no/acrobat/Final%20report%20CSR.pdf>, page 38-39
See also: <http://www.nqa.com/guide112a.html>.

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Standards Institution of Israel (SII)

Social Responsibility and Community Involvement (SII 10000) (draft, 2001)

The Standards Institution of Israel is in the process of preparing a draft standard on social responsibility and community involvement.

This standard sketches the criteria for the implementation of social responsibility and community involvement policies including senior management and employee commitment and involvement, allocation of resources for social purposes, quality of working environment, environmental influences of the organization, combining ethical aspects in the business activity, transparency and reporting and assimilation of control, prevention, training and documentation mechanisms.

As part of the standard, organizations are required to:

- comply with all rules and regulations of the Israeli government related to the employment of workers as well as those pertaining to health and safety;
- comply with the safe working environment standard promulgated by SII;
- fulfill all the requirements of the Standard for Social Accountability SA 80000 (see the “Labour” section of this compendium);
- put in place an environmental management system following the terms of ISO 14001;
- have in place an ethics code or have one in preparation;
- publish a social report and it is recommended that the report be in accordance with the Global Reporting Initiative and the principles of AA1000 (see the “Reporting” section of this compendium).

In recognition of the fact that there are many elements to the Standard, a graduated system of compliance is provided.

Further information: the full text of the report on the feasibility of an ISO CSR standard

<http://www.standard.no/acrobat/Final%20report%20CSR.pdf>, page 40-41.

See also: <http://www.sii.org.il/siisite.nsf/EngHomePage?OpenForm>.

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Bureau de normalisation du Québec (BNQ)

Corporate Social Responsibility – Human Resources, Donations and Sponsorship – Certification Protocol (NQ 9700-950)

The purpose of this initiative is to establish a certification protocol of practices related to corporate social responsibility in the sectors of human resources development, donations and sponsorship.

Applicants are to submit a form for recognition of conformity to BNQ with the site’s corporate plan in social responsibility, and a duly completed checklist. The checklist pertains to such matters as establishing a management framework for social responsibility, employee and community profiles, participation role of employees, an organizational statement of the business’s role in social responsibility (including benefits to shareholders, employees and its community), core human resource practices, outreach practices including donations and sponsorships, and external influence of the organization.

The BNQ standard does not actually require specific performances, but rather sets out an approach to ensure that the management system of the organization would address the human resources and community outreach aspects of the organization in a manner compatible with principles of corporate social responsibility. Accordingly, the standard could properly be characterized as a management standard.

Further information: the full text of the report on the feasibility of an ISO CSR standard

<http://www.standard.no/acrobat/Final%20report%20CSR.pdf>, page 41.

See also: <http://www.criq.qc.ca/bnq/>.

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British Standards Institution (and partners)

SIGMA (Sustainability – Integrated Guidelines for Management) Project

Formed in June 1999, the SIGMA Project is a partnership between the British Standards Institution (BSI), Forum for the Future (a sustainability charity and think-tank organization), and AccountAbility (the Institute of Social and Ethical Accountability, a professional body supporting organizational accountability and ethical performance), and is primarily funded by the UK Department of Trade and Industry (DTI). The SIGMA Project is developing a systematic framework to enable organizations to become more sustainable. At the heart of the SIGMA Project is the development of a set of Guidelines, based on a series of inter-linking and supporting components:

- a set of principles that help an organisation to understand the parameters of sustainability.
- a management framework that integrates sustainability issues into core processes and mainstream decision-making.
- a series of tools and approaches which organizations can use to implement effective strategies, initiate culture change, promote learning, set objectives, and then achieve goals.

To this end, the SIGMA Guidelines aim to help organizations to address the challenges of sustainable development by:

- integrating social, environmental and economic issues into strategic decision-making and operations;
- creating competitive advantage by projecting a defined stance on social, environmental and economic issues;
- identifying and learning about the impacts and risks of their activities;
- preventing, removing, minimising or managing these risks and impacts;
- identifying opportunities for continuously improving performance in relation to impacts;
- engaging stakeholders in decision-making processes;
- using appropriate, practical and robust indicators.

The SIGMA Project has been working closely with other existing sustainability initiatives, most notably the Global Reporting Initiative (GRI) and more recently the World Business Council for Sustainable Development (WBCSD). The SIGMA Guidelines encapsulates the GRI approach to performance measurement and reporting while providing a management framework that facilitates organizational action on sustainability issues and supports the GRI's objectives.

Further information: the full text of the report on the feasibility of an ISO CSR standard <http://www.standard.no/acrobat/Final%20report%20CSR.pdf>, page 41-43.

See also: <http://www.projectsigma.com/>.

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Ethics Officers Association

Proposed ISO Business Conduct Management Systems Standard

The U.S.-based Ethics Officer Association (EOA) is an American National Standards Institute (ANSI) organizational member. Founded in 1992 by a dozen ethics officers, today the EOA has over 780 members including ethics officers from more than half of the Fortune 100. EOA initiated a process through ANSI for a new field of technical activity for the development of ISO Corporate Business Ethics Management System Standards.

The EOA has noted that components of what are commonly thought of as corporate social responsibility issues are likely to be included in any business conduct management system standard (MSS) developed through the ISO process, or at a minimum, the management system standard would have the flexibility to allow any organization to include such issues as it deems appropriate within the overarching MSS framework.

Further information: the full text of the report on the feasibility of an ISO CSR standard <http://www.standard.no/acrobat/Final%20report%20CSR.pdf>, page 43-45.
See also: <http://www.eoa.org/home.asp>.

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Spanish Standards Organization (AENOR) Draft standards on Ethical Financial Instruments PNE 165001 and a Management System on Ethics PNE 165010

Through two working groups, the Spanish Technical Committee AEN/CTN 165 “Ethics” is preparing two draft pre-standards:

(1) PNE 165001 EX “Ethics. Requirements for ethical and socially responsible financial instruments.”

This standard is intended to provide general guidelines to organizations that try to create or commercialize ethical and socially responsible financial instruments and to guarantee the maximum transparency and publicity of these ethical criteria to the stakeholders. The draft specifies the requirements that the different instruments must fulfill. The text of the draft has reached consensus within the Technical Committee and is expected to reach public information stage at the end of April, 2002.

(2) PNE 165010 EX “Ethics. Corporate ethical management systems. Performance requirements for enterprises ethical and social responsibility.”

This standard is intended to establish the requirements for the best exercise of the ethical, social and environmental responsibility in firms allowing them to develop, maintain and fulfill a code of conduct necessary to manage these aspects suitably, and to demonstrate to stakeholders that its code conforms to the principles and requirements of the standard.

Further information: the full text of the report on the feasibility of an ISO CSR standard <http://www.standard.no/acrobat/Final%20report%20CSR.pdf>, page 45.
See also: <http://www.aenor.es/desarrollo/inicio/home/home.asp>.

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AFNOR’s (French Association for Standardization) CSR-Related Developments

The French Association for Standardization (AFNOR) has been working on projects pertaining to corporate social responsibility, sustainability and fair trading.

1. Corporate Social Responsibility

In 2001, AFNOR conducted a study about “social ethics” at the request of the consumer committee of AFNOR. The report lists various existing initiatives on the topic and sums up the expectations of the major French partners. There is clearly an interest in what could provide international standardization in this field, as a tool. Some kind of European consensus is perceived as a condition of success. Another condition of success is the ability to provide a place for social partners, NGOs and developing countries in the standardization process. A mutual preliminary understanding between the International Labour Organization and standardization organizations is also necessary. Four areas of potential standardization have been identified:

- means of informative labeling on products about conditions of production for the consumers;
- reporting of firms to their stakeholders on social matters;

- management tools for social commitments; and
- conducting of social audits.

AFNOR is continuing investigations on these topics.

2. Sustainability

Sustainable development is a rallying concept and the importance of the role of firms in achieving the objectives of sustainability is universally recognized. Sustainability and corporate social responsibility are closely linked, and production and consumption models have evolved, in particular on environmental aspects. In 2001, the environmental strategic orientation committee of AFNOR created a study group which "Firms and sustainable development," which put forward several recommendations. Afterwards it was decided in 2002 to develop a guide (guidelines and recommendations) about the implementation of a management system addressing sustainable development objectives. The aim of this guide is to increase the continuous improvement of the overall performance of firms (economic, environmental, and social) in their sustainable development activities. In May, 2003 this guide was published under the title of "*Sustainable Development - Corporate Social Responsibility - guide for taking into account of the stakes of sustainable development in enterprise management and strategies.*"

3. Fair trading

In March 2002, at the request of public authorities (pertaining to solidarity and economy), AFNOR created a working group to develop a standard on fair trading. The group will focus its attention on the definition, the characteristics through the entire supply chain from producers in the south to the consumer, in association with all the actors.

Further information: the full text of the report on the feasibility of an ISO CSR standard <http://www.standard.no/acrobat/Final%20report%20CSR.pdf>, page 45-47.
See also: <http://www.afnor.fr/portail.asp>.

In addition to the information summarized above from the ISO report *The Desirability and Feasibility of ISO Corporate Social Responsibility Standards*, Standards Australia has also developed a CSR-related standard:

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Standards Australia

Australian Standard AS 8003 – Corporate and social responsibility

Standards Australia has developed a new Australian Standard: *AS 8003 – Corporate and social responsibility* to address corporate governance issues such as conflict of interest, insider trading, political contributions and the improper use of company information. Other corporate governance standards developed by Standards Australia include: *AS 8000 Good governance principles*; *AS 8001 Fraud and corruption control*; *AS 8002 Organizational codes of conduct*; *AS 8004 Whistle-blower protection programs for entities*. More information and copies of these standards can be found on the Standards Australia web site:

<http://www.standards.com.au/catalogue/Script/search.asp>

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Brazilian Association for Technical Standards (ABNT)

On July 14, 2003, the Associacao Brasileira de Normas Tecnicas (ABNT) Task Group on Organization Responsibility issued a position paper calling for Brazil to develop a management standard on Organizational Responsibility based upon the existing ISO 9000 and ISO 14000 series standards.

<http://www.abnt.org.br/>

Socially Responsible and Sustainable Investment

Socially Responsible and Sustainable Investment

Overview

The following section on Social Investment draws on information provided by the Social Investment Organization (SIO) www.socialinvestment.ca. According to the SIO, socially responsible investment includes three components:

- *Positive and negative screening.* This is the application of social and environmental guidelines or "screens" to the investment process. Negative screens usually include issues such as tobacco and military production, companies operating with sweatshop or child labour, or the manufacture of alcohol or pornography. Examples of positive screens are companies making a contribution to social, economic or environmental sustainability or industries with exemplary employee practices.
- *Community Investment.* This is the investment of money in community development initiatives that contribute to the growth and well-being of particular communities. The idea is to reverse the drain of capital and income that debilitate low-income communities.
- *Shareholder Advocacy.* As owners of publicly traded companies, either directly through stocks or indirectly through mutual funds and pension funds, investors can use their shareholder influence to help bring about positive social and environmental change within corporations. This can include corporate engagement, filing shareholder resolutions and using the threat of divestment to bring about positive change.

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Research Organizations

These organizations provide research and/or consulting services on corporate social and environmental performance.

Michael Jantzi Research Associates (Toronto)

Michael Jantzi Research Associates (MJRA) provides a full range of social investment research and support services to institutional clients and financial professionals who integrate social and environmental criteria into their investment decisions.

<http://www.jantziresearch.com/>

Groupe Investissement Responsable (Québec)

Groupe Investissement Responsable (GIR) aims to contribute to the achievement of a more just and sustainable economy through the development, practice and promotion of socially responsible investment.

<http://www.investissementresponsable.com/>

EthicScan (Toronto)

EthicScan tracks the performance of major Canadian corporations and provides reports for social investors.

<http://www.ethicscan.ca/>

Shareholder Association for Research & Education (SHARE) (Vancouver)

Shareholder Association for Research & Education (SHARE) is a national non-profit organization that works with pension trustees, pension plan administrators, and plan members to develop and implement programs and practices that respond effectively to the needs of pension plan members and beneficiaries. Areas of operation include: pension trustee education, proxy monitoring and shareholder action.

<http://www.share.ca/>

SHARE maintains an excellent list of links to organizations around the world concerned with responsible pension investment and corporate social responsibility.

<http://www.share.ca/index.cfm/fuseaction/page.inside/pageID/6FCFD078-B0D0-157F-F4E9D36D78E81ECB/index.cfm>

Innovest Strategic Value Advisors

“Innovest is an investment research and advisory firm specializing in analyzing companies' performance on environmental, social, and strategic governance issues, with a particular focus on their impact on competitiveness, profitability, and share price performance.”

<http://www.innovestgroup.com/>

International Shareholder Services

Institutional Shareholder Services (ISS) is a provider of proxy research, voting recommendations and governance advisory services to financial institutions and corporations worldwide. ISS owns the following two organizations:

Social Investment Research Service

Social Investment Research Service analyzes proxy issues according to specific SRI policy guidelines and provides institutional investors with vote recommendations intended to meet the social and financial objectives of their SRI portfolios.

<http://www.issproxy.com/index.jsp>

Fairvest Proxy Monitor (Canada)

Providing analysis of corporate proxy circulars, analysis of corporate governance issues facing shareholders, and voting results from shareholder meetings of Canadian corporations.

<http://www.fairvest.com/>

KLD Research & Analytics (US)

KLD Research & Analytics provides research and consulting services on corporate social performance to clients who integrate social criteria into their investment decisions.

<http://www.kld.com/>

Investor Responsibility Research Center (US)

Investor Responsibility Research Center (IRRC) provides research on corporate governance, proxy voting, shareholder activism and corporate responsibility issues to subscribers and clients representing institutional investors, corporations, law firms and other organizations.

<http://www.irrc.org/>

CaringCompany AB (Sweden)

CaringCompany provides the financial sector and its stakeholders with information about the companies' performance and preparedness with regards to the environment, human rights and corporate governance issues.”

<http://www.caringcompany.se/>

Pensions and Investments Research Consultants Limited (UK)

“Provides shareholders and their agents or advisers with a comprehensive range of independent research and high quality analysis to make voting both informed and effective.”

<http://www.pirc.co.uk/cgserv.htm>

scoris GmbH (Germany)

Conducts corporate sustainability research covering the main German and Austrian stock-indices.

<http://www.scoris.de/>

Sustainable Investment Research Institute (Australia)

The Sustainable Investment Research Institute provides social investment research to wholesale and retail investors, lenders and other users of financial analytical data.

<http://www.siris.com.au/>

Centre Info SA (Switzerland)

Research and advice on corporate social and environmental performance.

<http://www.centreinfo.ch/>

Avanzi SRI Research (Italy)

<http://www.avanzi-sri.org/>

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Investment Funds

There are dozens of socially responsible and sustainable investment funds in Canada and hundreds in the US, Europe, and around the world.

Canada

In Canada, the Social Investment Organization (SIO) lists the approximately 50 Canadian socially and environmentally responsible funds on their web site: <http://www.socialinvestment.ca>. The list includes mutual funds and labour sponsored venture capital funds. SIO also tracks the performance of each of these funds.

US

In the United States, The Social Investment Forum lists approximately 200 funds that use social and environmental criteria for the investments they hold. Note that this list contains only Social Investment Forum members.

<http://www.socialinvest.org/areas/sriguide/mfpc.cfm>

Europe

The SRI Compass web site contains a database of all SRI retail funds in Europe.

<http://www.sricompass.org/funds/default.asp>

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Trade Associations

These are membership-based organizations that provide general research, educations, networking and advocacy services to. Unlike the Socially responsible and Sustainable Investment Research Organizations, these organizations do not conduct research on individual companies. Often, these trade associations work for the development of the SRI industry as a whole including the development of SRI industry standards.

Social Investment Organization (Canada)

Established in 1989, the Social Investment Organization (SIO) is a national non-profit organization dedicated to the advancement of socially responsible investment in Canada.

The SIO works to raise the public profile of socially responsible investment; to reach out to other groups interested in socially responsible investment; to provide information to their members and the public and to take a leadership role in coordinating the development of the socially responsible investment agenda in Canada.

www.socialinvestment.ca

Social Investment Forum (USA)

The Social Investment Forum USA is a non-profit membership organization which promotes socially responsible investing. The Social Investment Forum publishes reports on social investing trends in the US. The 2001 report found that “\$1 out of every \$8 in professional investments such as pension funds, mutual funds, and foundations was invested in socially responsible investment vehicles.”

<http://www.socialinvest.org/>

Ethical Investment Association (Australia)

<http://www.eia.org.au/>

Association for Sustainable & Responsible Investment in Asia (ASRIA)

<http://www.asria.org/>

SRI in France

<http://www.eurosif.org/pub2/lib/ref/ctry/fr/feat.shtml>

German Sustainable Investment Forum

<http://www.forum-ng.de/>

Dutch Association of Investors for Sustainable Development (Netherlands)

<http://www.vbdo.nl/>

UK Social Investment Forum

The UK Social Investment Forum (UKSIF) promotes and encourages socially responsible investment in the UK – defined as ethical investment, green investment, shareholder activism, social banking and community finance. UKSIF also provides the secretariat for the All-Party Parliamentary Group on Socially Responsible Investment.

<http://www.uksif.org/>

Eurosif (Europe)

Eurosif is a network for promoting and developing sustainable and responsible investment. Eurosif is an initiative of five European social investment forums (France, Germany, Italy, Netherlands, UK) with support from the EU.

<http://www.eurosif.org/index.shtml>

Dutch Sustainability Research (Netherlands)

<http://www.triodos.com/>

Sustainable Investment Research International (SIRI)

The SIRI group is a consortium of 11 social investment research firms that share research so that they can provide their clients with international coverage.

<http://www.siricompany.com/background.shtml>

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Indexes and Screens

The following are some of the major Social Responsible and Sustainability indexes. Each index has a screen or criteria for inclusion or exclusion of companies from the index. The links are provided below and further information on the screens for each index are included in the next sections.

Domini 400 Social Index

<http://www.domini.com>

Social and Environmental Screens

<http://www.domini.com/social-screening/index.htm>

Dow Jones Sustainability Indexes

<http://www.sustainability-index.com/>

Dow Jones Sustainability Index Assessment and Criteria

<http://www.sustainability-indexes.com/html/assessment/criteria.html>

Ethibel Sustainability Index

http://www.ethibel.org/subs_e/4_index/main.html

Ethibel Screening Methodology and Evaluation

http://www.ethibel.org/subs_e/2_label/sub2_1.html

FTSE4Good Indexes

http://www.ftse.com/About_Us/FTSE_Corporate_Responsibility/FTSE4Good.jsp

FTSE4Good Index Criteria and Methodology

http://www.ftse.com/ftse4good/criteria_methodology.jsp

Jantzi Social Index (Canada)

<http://www.jantziresearch.com/>

Social and Environmental Rating Criteria

<http://www.jantziresearch.com/downloads/ratingcriteria.pdf>

Johannesburg Stock Exchange Socially Responsible Investment Index

<http://www.jse.co.za/sri/>

Selection Criteria

<http://www.jse.co.za/sri/docs/Background%20and%20Criteria.final.06%2010%2003.pdf>

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Business in the Community Corporate Responsibility Index

The Corporate Responsibility Index was established by the UK-based group Business in the Community in 2002. It is a voluntary ranking in which over 140 companies participate. Companies are ranked on how they are managing, measuring and reporting their impact on society and they can assess themselves in four areas of corporate social responsibility: community, environment, marketplace and workplace.

The Index is based on a framework that Business in the Community developed with businesses developed through a series of consultations and workshops during 2002. The first index was published in 2003 and the second in March 2004.

Companies that already appear on other indices such as the FTSE and DJSI sustainability indexes are invited to participate by completing a Corporate Responsibility Index survey. Their relative performance is ranked and published for individual benchmarking purposes.

For more information, see
[http://www.bitc.org.uk/what we do/cr index/index.html](http://www.bitc.org.uk/what_we_do/cr_index/index.html)

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Domini Social Index Social and Environmental Screening

See <http://www.domini.com/Social-Screening/index.htm>.

We apply a comprehensive set of social and environmental screens to all of our investments because we believe meeting certain baseline standards of corporate citizenship is both good for society and good for the bottom line.

We believe our screens help us identify companies that are led by more visionary management teams with more enlightened policies and practices ranging from the diversity of their boards, to the way they treat their employees, to their environmental performance. In the long run, we believe companies with fewer environmental liabilities, more diverse boards and workforces, generous employee benefits, and authentic commitments to their communities are better positioned to succeed and prosper.

In addition to applying strict exclusionary screens to certain industries such as tobacco and nuclear power, we also carefully assess the many ways in which a company impacts all its stakeholders, including shareholders, employees, communities and the natural environment, through careful research and observation techniques that have been developed over many years.

Our Screens

We seek to avoid investment in certain industries whose practices, we believe, are detrimental to society. The Domini Funds do not invest in companies or other issuers that manufacture tobacco or alcohol, or derive revenues from gambling operations, or the ownership or operation of nuclear power plants. We also exclude major military contractors and firearms manufacturers. We seek to invest in companies with the following qualities:

Corporate Citizenship

We seek companies with innovative and generous charitable giving programs with a particular emphasis on programs promoting economic and social justice.

Diversity

We seek companies with women and minorities in management positions and on the board of directors as well as those that have a record of purchasing from or investing in women- and minority-owned businesses. We look for companies with strong employee benefit programs that address work/family concerns such as childcare, elder care, and flextime. We also recognize innovative hiring programs for the disabled as well as progressive policies toward gays and lesbians.

Employee Relations

We seek companies with a commitment to worker involvement/ownership through employee stock ownership, cash profit sharing and employee participation in management decision-making. We also look for companies with histories of fair labor negotiations and strong retirement benefits.

Environment

We seek companies that show respect for the natural environment. This may be demonstrated by the product or service the firm provides or exhibited through in-house recycling or pollution-prevention programs, gifts to conservation groups, or other ways of conducting day-to-day business.

Non-U.S. Operations

We seek companies which pay fair wages, support human rights and protect the environment

where they operate in less developed countries. We also look for companies that enforce a code of conduct in choosing where and with whom they will do business.

Safe and Useful Products

We seek companies that provide high-quality products and are industry leaders in research and development.

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Dow Jones Sustainability Index Corporate Sustainability Assessment

The identification of sustainability leaders for the Dow Jones Sustainability Indexes is based on the Corporate Sustainability Assessment of [SAM Research](#). A defined set of [criteria and weightings](#) is used to assess the opportunities and risks deriving from economic, environmental and social developments for the eligible companies, summarized below:

Corporate Sustainability Assessment Criteria

Dimension	Criteria	Weighting (%)
Economic	Codes of Conduct / Compliance / Corruption & Bribery	3
	Corporate Governance	5.4
	Customer Relationship Management	3
	Financial Robustness*	3.6
	Investor Relations	2.4
	Risk & Crisis Management	3.6
	Scorecards / Measurement Systems	4.2
	Strategic Planning	5.4
	Industry Specific Criteria	Depends on Industry
Environment	Environmental Policy / Management	3
	Environmental Performance	4.2
	Environmental Reporting*	1.8
	Industry Specific Criteria	Depends on Industry
Social	Corporate Citizenship/ Philanthropy	2.4
	Stakeholders Engagement	4.2
	Labor Practice Indicators	3
	Human Capital Development	1.8
	Knowledge Management/ Organizational Learning	3
	Social Reporting*	1.8
	Talent Attraction & Retention	2.4
	Standards for Suppliers	1.8
Industry Specific Criteria	Depends on Industry	

*Criteria assessed based on publicly available information only

A major source of information is the SAM questionnaire which is completed by companies participating in the annual review. Further sources include company and third-party documents as well as personal contacts between the analysts and companies.

The external [verification](#) by PricewaterhouseCoopers ensures that the corporate sustainability assessments are completed in accordance with the defined rules.

Based on SAM Research's corporate sustainability assessment companies are ranked within their industry group and selected for the Dow Jones Sustainability Indexes, if they are among the sustainability leaders in their field. For a detailed description of this selection process you can download the [guidebook](#) for the Dow Jones Sustainability World Indexes and the guidebook for the Dow Jones STOXX Sustainability Indexes.

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Ethibel Inclusion Criteria

How Does a Company Get Included in ETHIBEL's Investment Register?

A comprehensive selection procedure is undertaken before a company is included in the investment register. Before the various [fields of the investigation](#) are discussed in detail, below are the actual steps taken in the selection procedure.

- 1. Preliminary examination**

In all sectors and regions, ETHIBEL looks for companies which may be considered for inclusion in the investment register. This is done on the basis of annual reports and websites of the companies, international databanks and directories of companies with a good social or environmental policy or that are otherwise involved in controversial technologies and trade practices, publications of consumer and third world organisations, etc.
- 2. Screening**

The screening of a company always takes place on the basis of direct contacts with the company, information from international partners and a survey of various 'stakeholders'. In addition, all kinds of publications, specialised databanks and websites are extendedly used. An extensive list of themes and indicators is examined with respect to all areas of the companies' social responsibility. *The [evaluation scheme](#) gives a brief explanation of the screening themes.*
- 3. Company profile**

Based on this screening, a company profile is drawn up which includes the conclusions of the examination. This briefly sketches the background and general context of the company and then provides detailed information on four main fields of the investigation:

 - Internal social policy
 - Environmental policy
 - External social policy
 - Ethical-economic policy.

In the [company databank](#) of ETHIBEL's investment register, you can examine a summary of the profile of a number of companies.
- 4. Rating**

For each of the four fields of examination, the investigation team comes up with a rating based on an extensive list of criteria. It is important to note that the performance of the company is also evaluated in relative terms to overall performance of its sector and region. The scores vary from 1 to 5, ranging from "far below average" to "normal for the sector" and right up to "exceptional, plays a pioneering role". Only those companies that score at least 'average', 'well' or 'very well' in all four areas are presented to the "Register Committee".
- 5. Opinion of the Register Committee**

The independent [Register Committee](#) of external experts judge the integrity and quality of the company profiles presented and gives its opinion about the rating and eventual inclusion of a company in ETHIBEL's investment register.

6. Decision of the Board of Directors

ETHIBEL's [Board of Directors](#) takes the final decision on whether to include or exclude a company.

7. Inclusion or exclusion

Based on this procedure, a company can be included in the investment register. From that moment on, it will be closely monitored by the ETHIBEL team. A quick updating takes place every year which is followed by a thorough re-evaluation after three years. If it appears that a company no longer satisfies the criteria in all areas, then it will be removed from the list.

8. Communication about the register

- The company will be informed about its inclusion or exclusion from the register.
- The fund managers are informed every time the register is updated.
- The investment public can follow the development of the register via the [online databank](#).

See: http://www.ethibel.org/subs_e/2_label/sub2_1.html

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FTSE4Good Inclusion Criteria

For inclusion in the FTSE4Good Index Series, companies must be constituents of one of the starting universes: FTSE-All Share Index (UK), FTSE Developed Europe Index, FTSE US Index, and FTSE Developed Index (Global).

Companies in the starting universe need to satisfy criteria based on three principles:

- Working towards **environmental sustainability**
- Developing positive relationships with **stakeholders**
- Up-holding and supporting universal **human rights**

Excluded companies

Companies that have been identified as having business interests in the following industries are excluded from FTSE4Good Index Series:

- Tobacco Producers
- Companies manufacturing either parts for, or whole, nuclear weapons systems
- Companies manufacturing whole weapons systems
- Owners or operators of nuclear power stations
- Companies involved in the extraction or processing of uranium.

Environmental Criteria

Companies are assigned a high, medium or low impact weighting according to their industry sector. The higher the environmental impact of the company's operations, the more stringent the criteria it needs to meet to be included in the index. Note: the business sectors indicated above are determined and classified by EIRIS. For more information on these classifications go to www.eiris.org.

High impact sectors	Medium impact sectors	Low impact sectors
Agriculture	DIY & Building Supplies	Information Technology
Air transport	Electronic and Electrical equipment	Media
Airports	Energy and Fuel Distribution	Consumer / mortgage finance
Building materials (includes quarrying)	Engineering and machinery	Property Investors
Chemicals and Pharmaceuticals	Financials not elsewhere classified	Research & Development
Construction	Hotels, catering and facilities management	Leisure not elsewhere classified (gyms and gaming)
Major systems engineering	Manufacturers not elsewhere classified	Support Services
Fast Food Chains	Ports	Telecoms
Food, beverages and tobacco	Printing & Newspaper Publishing	Wholesale distribution
Forestry and paper	Property developers	
Mining & metals	Retailers not elsewhere classified	
Oil and gas	Vehicle Hire	
Power generation	Public transport	
Road distribution and shipping		
Supermarkets		
Vehicle Manufacture		
Waste		
Water		
Pest Control		

What do companies need to do in order to meet the environmental criteria?

	High impact companies	Medium impact companies	Low impact companies
Policy	Policy must cover the whole group and either meets all five core indicators plus at least one desirable indicator, or four core plus two desirable indicators.	Policy must cover the whole Group and meet at least four indicators, at least three of which must be core.	Companies must have published a policy statement including at least one commitment indicator.
Management	If environmental management systems (EMS) are applied to between one and two-thirds of company activities, all six indicators must be met, and targets must be quantified. If EMS are applied to more than two-thirds of company activities, the company must meet at least five of the indicators, one of which must be documented objectives and targets in all key areas. ISO certification and EMAS registrations are considered to meet all six indicators and are assessed on that basis.	EMS must cover at least one third of the company and meet at least four indicators. If less than one third coverage, must have six indicators, including quantitative objectives and targets. ISO14001 certified or EMAS registered systems are considered to meet all six indicators.	No requirement
Reporting	Report must have been published within the last three years, cover the whole group, and meet at least three of the four indicators. Corporate reports which do not cover the entire global operations of the listed company must meet all four core indicators, or three core indicators together with two desirable indicators.	No requirement	No requirement

What are the criteria indicators?

	Core Indicators	Desirable Indicators
Policy	<ul style="list-style-type: none"> • Policy refers to all key issues • Responsibility for policy at board or department level • Commitment to use of targets • Commitment to monitoring and audit • Commitment to public reporting 	<ul style="list-style-type: none"> • Globally applicable corporate standards • Commitment to stakeholder involvement • Policy addresses product or service impact • Strategic moves towards sustainability
Management	<ul style="list-style-type: none"> • Presence of environmental policy • Identification of significant impacts • Documented objectives and targets in key areas • Outline of processes and responsibilities, manuals, action plans, procedures • Internal audits against the requirements of the system (not limited to legal compliance) • Internal reporting and management review 	

	Core Indicators	Desirable Indicators
Reporting	<ul style="list-style-type: none"> • Text of environmental policy • Description of main impacts • Quantitative data • Performance measured against targets 	<ul style="list-style-type: none"> • Outline of a EMS • Non-compliance, prosecution, fines, accidents • Financial dimensions • Independent verification • Stakeholder dialogue • Coverage of sustainability issues

Social & Stakeholder Criteria

What do companies have to do to meet the Social & Stakeholder criteria?

To qualify for inclusion, companies must be disclosing information that meets at least two of the seven indicators below either globally or in their home operating country.

	Indicators
Policy	<p>Adopting an equal opportunities policy and/or including a commitment to equal opportunities or diversity in their annual report or web-site</p> <p>Adopting a Code of Ethics or Business Principles</p>
Management	<p>Providing evidence of equal opportunities systems including one or more of: monitoring of the policy and workforce composition; flexible working arrangements and family benefits (meaning at least three of flexible working time, child care support, job sharing, career breaks, or maternity or paternity pay beyond the legal requirements) or more than 10% of managers being women or the proportion of managers who are women or from ethnic minorities exceeding two fifths of their representation in the workforce concerned.</p> <p>Providing evidence of health and safety systems including one or more of: awards, details of health and safety training or published accidents rates.</p> <p>Providing evidence of training and employee development systems including one or more of: annual training reviews for staff (more than 25% of those staff where figures are available) or providing significant data on time and money spent on training.</p> <p>Providing evidence of systems to maintain good employee relations including union recognition agreements or other consultative arrangements (covering more than 25% of staff where figures are available).</p>
Practice	<p>Making charitable donations in excess of £50,000; operating payroll giving schemes; providing gifts in kind or staff secondments to community schemes or assigning responsibility for charitable donations or community relations to a senior manager.</p>

To warrant inclusion in the indices, companies must not have breached the infant formula manufacturing section of the International Code on Marketing of Breast Milk Substitutes according to the International Baby Food Action Network.

Human Rights Criteria

On April 10th 2003 FTSE announced changes to the FTSE4Good Index Series selection criteria relating to up-holding and supporting universal human rights. The new criteria outlined below were formed on the basis of a broad public human rights consultation during 2002. This involved taking into account almost 200 responses from corporations, fund managers, non-government organisations and private investors.

In the same way as for the new environmental criteria companies have been divided into groups according to their potential impact. The higher the potential human rights impact of the company's operations, the more stringent the criteria it needs to meet to be included in the index. Companies currently have been divided into three groups:

i. Global Resource Sector

The group of companies identified as potentially having the highest human rights impact are companies in the global resource sector (oil, gas and mining). This sector is defined more specifically in the relevant section below. The FTSE4Good advisory committee proposes to extend the higher requirements over time to other sectors; such as Textiles and Apparels, Pharmaceuticals, Chemicals, Agriculture, Banking and Finance. Detail on the criteria and implementation timetable are given below.

ii. Significant Involvement in Countries of Concern

Companies with significant involvement in countries with the greatest human rights concern have been identified as potentially having a significant impact although in general having a lower human rights impact than the global resource sector. Therefore these companies are required to meet an intermediate level of criteria. Detail on the criteria and implementation timetable are given below.

iii. All other companies

In recognition that human rights issues are relevant to all companies every constituent must demonstrate at least a basic policy in relation to either equal opportunities or freedom of association. No deadlines have been set for these criteria but the advisory committee will decide on the date when they meet in March 2004.

New entrants to the index

Companies wishing to be added to the FTSE4Good index series will need to meet the new criteria according to the same deadlines as the current constituents.

Definitions:

Global Resource Sector is defined as companies with global involvement in oil & gas and mining including upstream operations.

Global is defined as operations that extend to non-OECD countries

Upstream operations are exploration and production that includes companies such as rig operators and contract drillers.

Downstream operations include refining, marketing and selling and are not included for these criteria.

What are the human rights criteria for the Global Resource Sector?

Policy Criteria for the Global Resource Sector	
New Criteria	Details
Public Policy	The company has published policies covering human rights issues that are clearly communicated globally (in local languages where appropriate).
Board Responsibility	The strategic responsibility for the human rights policy/ies rests with one or more Board members or senior managers who reports directly to the CEO

ILO core labour standards Or UN Global Compact / SA8000 / OECD Guidelines	A statement of commitment to respect all the ILO core labour standards globally. The core conventions relate to: equal opportunities, freedom of association/ collective bargaining, forced labour and child labour. Alternatively signatories to the UN Global Compact or SA8000, or whose policy states support for the OECD Guidelines for Multi-national Enterprises are considered to meet this requirement.
UDHR	A clear statement of support for the Universal Declaration of Human Rights.
Guidelines on armed security guards	Guidelines governing the use of armed security guards based on UN Basic principles on the Use of Force and Firearms by Law Enforcement Officials or the Code of Conduct for Law Enforcement Officials. Alternatively signatories to the Voluntary Principles on Security and Human Rights meet this requirement.
Indigenous people	A stated commitment to respecting indigenous peoples' rights

Management Systems Criteria For the Global Resource Sector	
New Criteria	Details
Implementing policy criteria and monitoring	Monitoring the implementation of its human rights policy including the existence of procedures to remedy any non-compliance.
Employee Human Rights training	Training for employees globally in its human rights policy
Stakeholder consultation	Consulting with independent local stakeholders in the countries of concern
Human Rights Impact Assessment	Evidence of a human rights impact assessment which includes the company identifying the major human rights issues it faces and integrating human rights concerns into its risk assessment procedures

Reporting Criteria For the Global Resource Sector	
New Criteria	Details
Produce a human rights report	Reporting on the human rights policy and performance to the public in a published format
Cover policies and management systems	As a minimum covering policies and management systems

What are the human rights criteria for companies with a significant presence in countries of human rights concern?

Definitions:

Significant presence is defined as having 1000+ employees or GBP100m in turnover or assets in these countries through a 20%+ equity stake in subsidiaries or associates incorporated there.

Countries of concern The list is drawn up and reviewed each year by EIRIS in the light of human rights developments using a variety of sources. EIRIS uses the latest Freedom House list of 'not free' countries to identify those with significant levels of corporate investment and then amends that list in the light of further information including the annual reports from Human Rights Watch and Amnesty International.

List of countries of concern adopted March 2003 by the FTSE4Good Advisory Committee

Afghanistan	Egypt	Saudi Arabia
Algeria	Iran	Somalia
Angola	Iraq	Sudan
Brunei	Kazakhstan	Syria
Burma	Libya	Tunisia
Cameroon	North Korea	United Arab Emirates
China	Oman	Vietnam
Colombia	Pakistan	Yemen
Democratic Republic of Congo	Rwanda	Zimbabwe

Human Rights Policy Criteria for Companies in Countries of Concern	
New Criteria	Details
ILO core labour standards Or UN Global Compact / SA8000 / OECD Guidelines	A public statement of commitment to respect all the ILO core labour standards globally. The core conventions relate to: equal opportunities, freedom of association/ collective bargaining, forced labour and child labour. Alternatively signatories to the UN Global Compact or SA8000, or whose policy states support for the OECD Guidelines for Multi-national Enterprises are considered to meet this requirement.
Board Responsibility Or UDHR Or Global H. Rights Communication	The strategic responsibility for the human rights policy/ies rests with one or more Board members or senior managers who reports directly to the CEO. Alternatively a clear statement of support for the Universal Declaration of Human Rights. Or communication of the human rights policy to employees globally.

The company must **meet at least two** of the following four criteria:

Human Rights Management Systems Criteria for Companies in Countries of Concern	
New Criteria	Details
Implementing policy criteria and monitoring	Monitoring the implementation of its human rights policy including the existence of procedures to remedy any non-compliance
Employee Human Rights training	Training for employees globally in its human rights policy
Stakeholder consultation	Consulting with independent local stakeholders in the countries of concern
Human Rights Impact Assessment	Evidence of a human rights impact assessment which includes the company identifying the major human rights issues it faces and integrating human rights concerns into its risk assessment procedures

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Jantzi Social Index Screening Criteria

In deciding upon specific screening criteria for the Jantzi Social Index, MJRA considered several underlying questions, which provided the foundation for decision-making. These questions included:

- is the screen researchable?
- is the screen measurable?
- does the screen reflect the current state of social investing in Canada?
- does the screen reflect a trend in the social investment community, either in Canada or internationally?
- is there is a business, corporate social responsibility, and/or scientific foundation for the screen?

With these questions in mind, MJRA developed a combination of exclusionary and qualitative social screens for the JSI. In most issue areas, the JSI screens allow for a complete examination of a company's performance record. However, the JSI incorporates several exclusionary screens, which eliminate firms from contention regardless of what their record of performance may be in other areas.

The exclusionary criteria are as follows.

The JSI does not include companies that have significant involvement in:

- the production of nuclear power;
- the manufacture of tobacco products;
- weapons-related contracting.

The qualitative criteria are as follows.

The JSI seeks to avoid companies that:

- have a consistently poor relationship with aboriginal communities;
- undertake questionable or fraudulent business practices;
- have a consistently poor employee relations record;
- have a consistently poor environmental performance record compared to industry counterparts;
- have experienced significant problems at their operations outside of Canada, or have operations in, or links with, Burma;
- manufacture unsafe products.

The JSI also seeks to include companies that:

- have developed good relationships with the communities in which they operate, including aboriginal communities;
- encourage diversity in the workplace;
- have strong relationships with their employees;
- have progressive environmental records;
- have superior records of corporate governance.

See: http://www.jantziresearch.com/index.asp?section=7&level_2=34

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Johannesburg Stock Exchange Socially Responsible Investment Index

The JSE's Socially Responsible Investment Index, the first of its kind in an emerging market, was launched on May 19, 2004, and started trading from May 20, 2004.

The second King Report on corporate Governance in South Africa, released in March 2002, urged companies to embrace a triple bottom line approach to doing business. The Johannesburg Stock Exchange has developed the following criteria under categories of corporate governance, environment, economy and society to measure triple bottom line performance.

CORPORATE GOVERNANCE

A company should uphold and support good Corporate Governance practices as the foundation for its business policies and practices as it works to continually improve its environmental, economic and social sustainability practices and performance.

A company must -

- demonstrate that policies and strategies are in place, appropriate to the company's size and business, which will lead to the achievement and maintenance of King II requirements;
- demonstrate that processes and structures exist at operating level to ensure that policies are implemented and risks managed effectively;
- work to improve its corporate governance performance in line with the objectives and targets set by its policies; and
- effectively and clearly communicate its understanding, policy, systems and performance, and incorporate stakeholder concerns and priorities.

Indicators:

POLICY

- **Designated executive is responsible for risks and opportunities presented by each of the triple bottom line practices**
- **Policy commits to achievement and maintenance of King II requirements**
- Policy commits to use of targets for key business areas in a manner appropriate to the size and nature of the company's business
- Policy commits to identification of key performance indicators and business challenges
- Policy commits to stakeholder involvement on relevant issues
- Policy commits to relevant public reporting on triple bottom line performance

MANAGEMENT AND PERFORMANCE

- **Processes and structures in place for internal auditing of business operations**
- **Internal reporting processes and structures and management review in place**
- **Performance in line with 60% or more of the elements of King II in relation to the Board, sub-committees, separation of functions, etc. or clear plans to phase these in over two years**
- Identification and management of legislative requirements, risks and opportunities in relation to the company's corporate governance
- Processes and structures to review and implement audit results / findings
- Targets and key performance indicators for key business areas determined and performance against targets measured

REPORTING AND CONSULTATION

- **Regular, clear and comprehensive disclosure made whenever disclosures made**
- **Reporting by the company is clear, transparent, complete and simple**
- Quantitative, comparable and non-selective data on issues relating to corporate governance given publicly where relevant
- Performance against targets and key performance indicators fairly reported on
- Independent verification
- Relevant stakeholder dialogue undertaken

ENVIRONMENT

A company should continually seek to improve its environmental performance by –

- working to reduce and control its negative environmental impacts;
- promoting higher awareness of the environmental impacts of its products / services;
- working to use natural resources in a sustainable manner and to develop products and services that have reduced negative impacts; and
- committing to risk reduction, reporting and auditing.

A company is classified in a high, medium or low impact category according to its JSE industry sector classification (See Annex 1). The higher the environmental impact, the more stringent the criteria it needs to meet for inclusion.

Table 1

	High impact	Medium impact	Low impact
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POLICY	Policy must cover the group's entire activities in South Africa.	Policy must at least cover that part of the group/company with the most significant environmental impacts in South Africa.	Must have published or have clear plans to publish a commitment or policy statement.
PERFORMANCE AND MANAGEMENT	Environmental management system or programme must at least cover those parts of the group / company with the most significant environmental impacts in South Africa.	Environmental management system or programme must at least be present in the company and cover no less than one third of company activities in South Africa and at least those aspects of the company's activities with the most significant environmental impact.	Should demonstrate a commitment to develop and implement environmental management system or programme over the next three years.
REPORTING AND CONSULTATION	Reports should cover the group's entire activities in South Africa.	Company should be reporting on its targets, plans and programmes/initiatives.	Should demonstrate a commitment to report on environmental performance over the next three years.

Indicators:

POLICY

- **Policy identifies direct and indirect current and future impacts the company has on the environment**
- **Designated executive responsible for risks and opportunities presented by company's environmental impact**
- **Policy commits to use of reasonable targets or initiatives or environmental programmes, appropriate to the company's size and business**
- **Policy commits to monitoring and performance review**
- **Policy commits to continuous improvement in environmental impact**
- Policy commits to stakeholder involvement on environmental issues when relevant
- Policy commits to relevant public reporting of key environmental issues
- Policy explores product / operation lifecycle impacts on the environment
- Policy commits to exploring opportunities to reduce negative environmental impact

MANAGEMENT AND PERFORMANCE

- **Development of awareness of significant environmental impacts**
- **Documented targets, initiatives, programmes or management systems to address and monitor most significant impacts across all operations**
- Processes and structures in place for internal auditing of environmental practices where relevant
- Internal reporting processes and structures and management review in place to monitor performance
- Processes and structures in place to review and implement audit results / findings
- Evidence of continual improvement (relevant to targets) and correction of non-compliance incidents
- Achievement of targets, or measures to move towards this

REPORTING AND CONSULTATION

- **Quantitative, comparable and non-selective data on environmental issues given publicly where relevant**
- **Regular, clear and comprehensive disclosure made whenever disclosure made**
- **Performance against targets fairly reported on**
- Independent verification
- Stakeholder dialogue undertaken whenever relevant
- Disclosure of major non-compliance, prosecution, fines, accidents

ECONOMY

A company should work towards long term growth and sustainability by -

- identifying and making use of economic policies which appropriately balance the use of resources against short term profits;
- adapting to changing demands, trends and macro-economic driving forces;
- working towards product protection and long-term product development / replacement;
- identifying, monitoring and measuring the economic impact of the company within the company's sphere of influence or where the company operates; and
- implementing sound economic governance, accounting policies and systems.

Indicators:

POLICY

- **Policy commits to use of reasonable targets, key performance indicators / scorecards, appropriate to the company's size and business**
- **Evidence of policies relating to asset protection (including intellectual capital and IT), research and product development, etc. appropriate to the company's size and business**

- **Policy identifies the economic impact the company's activities may have on entities within the company's sphere of influence or where it operates**
- Policy commits to stakeholder dialogue on relevant issues
- Marketing strategy exists, including measures to grow sales or customer base (as appropriate)
- Policy commits to public reporting of performance indicators and performance against the indicators
- Policy exists to ensure that sound economic governance, accounting policies and systems are implemented

MANAGEMENT AND PERFORMANCE

- **Short and long term risks, challenges and opportunities are managed**
- **Internal reporting processes and structures and management review in place**
- **Regular strategic planning and organisational development exercises undertaken**
- **Achievement of targets, key performance indicators or scorecard measured**
- **Decrease in negative impact to economic performance by areas identified as key risks**
- **Economic impact of company's activities on entities in company's sphere of influence or where it operates, is measured**
- Management, integration and valuation of assets (including IT) and intellectual property (including intellectual capital) in place
- Risk and crisis management (including insurance and contingency plans covering product liability, loss of data, natural disasters, reputation, etc.) in place
- Growth in contribution to economic performance by new areas of business identified as means of addressing key risks
- Expenditure allocated to asset protection (including intellectual capital and IT), research and product development
- Net growth of customer base or sales (as appropriate) for past three years (where available) or measuring impact of closing some aspects of business

REPORTING AND CONSULTATION

- **Quantitative, comparable and non-selective data on economic issues given publicly where relevant**
- **Performance against targets fairly reported on**
- Independent verification
- Stakeholder dialogue undertaken whenever relevant and in compliance with industry standards e.g. GAAP
- Disclosure of major non-compliance, fines, prosecution

SOCIETY

A company should work to develop and continually improve its social and stakeholder relationships by –

- treating all stakeholders with dignity, fairness and respect, recognising their rights to life and security and free association, and their rights to freedom from discrimination and slavery;
- actively promoting the development and empowerment of its employees and where relevant, its stakeholders;
- working to achieve employee retention, development and satisfaction;
- enhancing transparency of its activities; and
- ensuring that core labour standards are met, such as the avoidance of child or slave labour.

Indicators:

POLICY

- **Designated executive is responsible for identifying and managing social risks and opportunities**
- **Policy commits to use of reasonable targets, appropriate to the company's size and business**
- **Policy commits to monitoring and continuous improvement on social issues**
- **Policies and strategies in place relating to employee occupational health and safety**
- **Policies and strategies in place to identify and manage the impact of HIV/AIDS on the company's activities**
- **Policies and strategies in place relating to employee upliftment, including a commitment to develop reasonable targets (employment equity, diversity and skills development)**
- **Policies and strategies in place relating to external empowerment, including a commitment to develop reasonable targets (equal opportunities, black economic empowerment and affirmative procurement)**
- **Code of ethics or business principles in place**
- Policy commits to stakeholder involvement on social issues when relevant
- Policy commits to relevant public reporting on key stakeholder issues
- Policy identifies social risks and challenges to the company's activities
- Grievance and disciplinary policies in place, including whistle blowing

MANAGEMENT AND PERFORMANCE

- **Documented initiatives or programmes to address employee occupational health and safety appropriate to the company's size and business**
- **Documented initiatives or programmes to address the impact of HIV/AIDS on the company's activities**
- **Documented targets, initiatives or programmes to address employee upliftment (employment equity, diversity and skills development) appropriate to the company's size and business**
- **Documented targets, initiatives or programmes to address external empowerment (equal opportunities, black economic empowerment,**

affirmative procurement, social investment initiatives, local procurement programmes and job creation opportunities) appropriate to the company's size and business

- Compliance with labour legislation
- Expenditure allocated to occupational health and safety, including chronic occupational diseases
- Commitment to practices recognising basic human rights
- Evidence of charitable donations, active community relations, bursaries / learnerships and CSR schemes such as arts sponsorship
- Overall good employee relations, including (where relevant) union or other consultative arrangements
- Achievement of targets relating to black economic empowerment, employment equity, procurement and skills development, or move towards this
- Procedures / systems in place for stakeholder engagement and feedback
- Resolution of disciplinary or grievance issues evidencing a clear ability to deal with dishonesty, corruption or unethical behaviour by employees or people with whom the company does business
- Payroll schemes, gifts in kind, staff secondments and other employee or community involvement programmes

REPORTING AND CONSULTATION

- **Quantitative, comparable and non-selective data given publicly where relevant**
- **Performance against targets fairly reported on**
- **Stakeholder dialogue undertaken whenever relevant**
- Independent verification
- Labour dispute areas transparently discussed with relevant stakeholders
- Disclosure of major non-compliance, fines, prosecution or incidents

APPENDIX 1: ENVIRONMENTAL SUSTAINABILITY IMPACT CLASSIFICATION OF COMPANIES

All business activities have an impact of some kind on the environment. The JSE has sought to identify those activities that have potentially high impacts on the environment, or whose environmental impact receives much public scrutiny; and distinguish those from medium and low impact activities.

The SRI Index uses the FTSE Global Classification System (as applied in the FTSE/JSE Africa Index Series) as a starting point for identifying business activities with a potentially high impact on the environment. The SRI Index, however, does apply a degree of flexibility to sector definitions. As a general rule a company is rated as high impact if a high impact activity accounts for at least **15%** of its turnover. However, exceptions to this may be made. For instance, if the company is heavily involved in a particular business activity, although this activity contributes less than **15%**

of the Group's turnover, this will merit its inclusion in that business activity. To illustrate, this might occur where the turnover of a small waste disposal division of a large, diversified company is bigger than that of a smaller company whose sole activity is waste disposal.

It must be noted that this classification **only** relates to environmental impact and not to overall impacts of companies. The Advisory Committee will keep the classification of business activities under review. The following classification sectors are currently being considered as environmentally high, medium and low impact for the purposes of the SRI Index:

High impact	Medium impact	Low impact
Aerospace & defence	General retailers	Banks
Automobiles & parts	Health	Insurance
Beverages	Household goods & textiles	Investment companies
Chemicals	Information technology & hardware	Investment entities
Construction & building materials	Leisure, entertainment & hotels	Life assurance
Diversified industrials	Media & photography	Specialty & other finance
Electricity	Personal care & household	
Electronic & electrical equipment	Real estate	
Engineering & machinery	Software & computer services	
Food & drug retailers	Support services	
Food producers & processors	Telecommunications services	
Forestry & paper		
Gas distribution		
Mining		
Oil & Gas		
Pharmaceuticals & biotechnology		
Steel & other metals		
Tobacco		
Transport		
Water		

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Further information:

Full text of the **JSE Socially Responsible Investment Index**, including background and philosophy and scoring against selection criteria:

<http://www.jse.co.za/sri>

London Benchmarking Group

The London Benchmarking Group currently consists of 92 leading international corporations who have come together to manage, measure and report their involvement in the community.

The London Benchmarking Group and its model for the management and measurement of corporate community involvement has been active since 1994.

For more information see their web site:

<http://www.lbg-online.net/>

Further Resources on Socially Responsible Investing

SocialFunds.com (US)

Large personal finance web site devoted to socially responsible investing.

<http://www.socialfunds.com/>

The Ethical Investor (Australia)

News and information on socially responsible investing.

<http://www.ethicalinvestor.com.au/>

SRI Compass (affiliated with CSR Europe)

The SRI Compass website aims to provide a portal for information on socially responsible investment (SRI) in Europe. The web site includes a database of green and ethical funds in Europe, facts and figures of the European SRI market, and links to other sources of Socially Responsible Investing information.

<http://www.sricompass.org/>

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Reporting

AccountAbility AA 1000

AccountAbility 1000 (or AA1000) is a reporting standard for measuring the social and ethical achievements of companies against objective criteria. It is designed to complement the Global Reporting Initiative's Reporting Guidelines and other standardised or company-specific approaches to disclosure.

AA 1000 was developed to address the need for organizations to integrate their stakeholder engagement processes into daily activities. The AA 1000 Framework provides guidance to users on how to establish a systematic stakeholder engagement process that generates the indicators, targets, and reporting systems needed to ensure its effectiveness in impacting on decisions, activities, and overall organizational performance.

Following an international consultation process, drawing on the practical experience and perspectives of the business, public and civil society sectors, the AA1000 Assurance Standard was launched on March 25th 2003.

For further information visit the AccountAbility web site at www.accountability.org.uk.

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Global Reporting Initiative

The Global Reporting Initiative (GRI) is an international reporting standard for voluntary use by organizations reporting on the economic, environmental and social dimensions of their activities, products and services. The GRI does not provide recommendations on business conduct nor assess companies' conformity with its reporting guidelines. Instead the GRI seeks to develop a list of specific indicators for reporting on social, environmental and economic performance.

The GRI's sustainability reporting guidelines were updated in 2002. Further information is available on the GRI web site www.globalreporting.org.

Summaries of three aspects of the GRI framework are reproduced below: 1) the Reporting Principles for Defining Quality, 2) Disclosure on Management Approach and 3) Performance Indicators

GRI Reporting Principles for Defining Quality:

Reliability

Information and processes used in the preparation of a report should be gathered, recorded, compiled, analyzed, and disclosed in a way that could be subject to examination and that establishes the quality and materiality of the information.

Clarity

Information should be made available in a manner that is understandable and accessible to stakeholders using the report.

Balance

The report should reflect positive and negative aspects of the organization's performance to enable a reasoned assessment of overall performance.

Comparability

Issues and information should be selected, compiled, and reported consistently. Reported information should be presented in a manner that enables stakeholders to analyze changes in the organization's performance over time, and could support analysis relative to other organizations.

Accuracy

The reported information should be sufficiently accurate and detailed for stakeholders to assess the reporting organization's performance.

Timeliness

Reporting occurs on a regular schedule and information is available in time for stakeholders to make informed decisions.

Disclosure on Management Approach

The Disclosure(s) on Management Approach should provide a brief overview of the organization's management approach to the Aspects defined under each Indicator Category in order to set the context for performance information. The organization can structure its Disclosure(s) on Management Approach to cover the full range of Aspects under a given Category or group its responses on the Aspects differently. However, the Disclosure should address all of the Aspects associated with each category regardless of the format or grouping.

Economic

- Economic Performance;
- Market Presence; and
- Indirect Economic Impacts.

Environmental

- Materials;
- Energy;
- Water;
- Biodiversity;
- Emissions, Effluents, and Waste;
- Products and Services;
- Compliance;
- Transport; and
- Overall

Labour Practices and Decent Work

- Employment;
- Labor/Management Relations;
- Occupational Health and Safety;
- Training and Education; and
- Diversity and Equal Opportunity.

Human Rights

- Investment and Procurement Practices;
- Non-discrimination;
- Freedom of Association and Collective Bargaining;
- Abolition of Child Labor;
- Prevention of Forced and Compulsory Labor;
- Complaints and Grievance Practices;
- Security Practices; and
- Indigenous Rights.

Society

- Community;
- Corruption;
- Public Policy;
- Anti-Competitive Behavior; and
- Compliance.

Product Responsibility

- Customer Health and Safety;
- Product and Service Labeling;
- Marketing Communications;
- Customer Privacy; and
- Compliance.

Performance Indicators

Economic

Economic Performance

- EC1 Economic value generated and distributed, including revenues, operating costs, employee compensation, donations and other community investments, retained earnings, and payments to capital providers and governments. (Core)
- EC2 Financial implications and other risks and opportunities for the organization's activities due to climate change. (Core)
- EC3 Coverage of the organization's defined benefit plan obligations. (Core)
- EC4 Significant financial assistance received from government. (Core)

Market Presence

- EC5 Range of ratios of standard entry level wage compared to local minimum wage at significant locations of operation. (Additional)
- EC6 Policy, practices, and proportion of spending on locally-based suppliers at significant locations of operation. (Core)
- EC7 Procedures for local hiring and proportion of senior management hired from the local community at significant locations of operation. (Core)

Indirect Economic Impacts

- EC8 Development and impact of infrastructure investments and services provided primarily for public benefit through commercial, in-kind, or pro bono engagement. (Core)
- EC9 Understanding and describing significant indirect economic impacts, including the extent of impacts. (Additional)

Environmental

Materials

- EN1 Materials used by weight or volume. (Core)
- EN2 Percentage of materials used that are recycled input materials. (Core)

Energy

- EN3 Direct energy consumption by primary energy source. (Core)
- EN4 Indirect energy consumption by primary source. (Core)
- EN5 Energy saved due to conservation and efficiency improvements. (Additional)
- EN6 Initiatives to provide energy-efficient or renewable energy based products and services, and reductions in energy requirements as a result of these initiatives. (Additional)
- EN7 Initiatives to reduce indirect energy consumption and reductions achieved. (Additional)

Water

- EN8 Total water withdrawal by source. (Core)
- EN9 Water sources significantly affected by withdrawal of water. (Additional)
- EN10 Percentage and total volume of water recycled and reused. (Additional)

Biodiversity

- EN11 Location and size of land owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas. (Core)
- EN12 Description of significant impacts of activities, products, and services on biodiversity in protected areas and areas of high biodiversity value outside protected areas. (Core)

- EN13 Habitats protected or restored. (Additional)
- EN14 Strategies, current actions, and future plans for managing impacts on biodiversity. (Additional)
- EN15 Number of IUCN Red List species and national conservation list species with habitats in areas affected by operations, by level of extinction risk. (Additional)

Emissions, Effluents, and Waste

- EN16 Total direct and indirect greenhouse gas emissions by weight. (Core)
- EN17 Other relevant indirect greenhouse gas emissions by weight. (Core)
- EN18 Initiatives to reduce greenhouse gas emissions and reductions achieved. (Additional)
- EN19 Emissions of ozone-depleting substances by weight. (Core)
- EN20 NO_x, SO_x, and other significant air emissions by type and weight. (Core)
- EN21 Total water discharge by quality and destination. (Core)
- EN22 Total weight of waste by type and disposal method. (Core)
- EN23 Total number and volume of significant spills. (Core)
- EN24 Weight of transported, imported, exported, or treated waste deemed hazardous under the terms of the Basel Convention Annex I, II, III, and VIII, and percentage of transported waste shipped internationally. (Additional)
- EN25 Identity, size, protected status, and biodiversity value of water bodies and related habitats significantly affected by the reporting organization's discharges of water and runoff. (Additional)

Products and Services

- EN26 Initiatives to mitigate environmental impacts of products and services, and extent of impact mitigation. (Core)
- EN27 Percentage of products sold and their packaging materials that are reclaimed by category. (Core)

Compliance

- EN28 Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations. (Core)

Transport

- EN29 Significant environmental impacts of transporting products and other goods and materials used for the organization's operations, and transporting members of the workforce. (Additional)

Overall

- EN30 Total environmental protection expenditures and investments by type. (Additional)
- Social Performance: Labor Practices & Decent Work

Employment

- LA1 Total workforce by employment type, employment contract, and region. (Core)
- LA2 Total number and rate of employee turnover by age group, gender, and region. (Core)
- LA3 Benefits provided to full-time employees that are not provided to temporary or part-time employees, by major operations. (Additional)

Labor/Management Relations

- LA4 Percentage of employees covered by collective bargaining agreements. (Core)
- LA5 Minimum notice period(s) regarding significant operational changes, including whether it is specified in collective agreements. (Core)

Occupational Health and Safety

- LA6 Percentage of total workforce represented in formal joint management-worker health and safety committees that help monitor and advise on occupational health and safety programs. (Additional)
- LA7 Rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities by region. (Core)
- LA8 Education, training, counseling, prevention, and risk-control programs in place to assist workforce members, their families, or community members regarding serious diseases. (Core)
- LA9 Health and safety topics covered in formal agreements with trade unions. (Additional)

Training and Education

- LA10 Average hours of training per year per employee by employee category. (Core)
- LA11 Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings. (Additional)
- LA12 Percentage of employees receiving regular performance and career development reviews. (Additional)

Diversity and Equal Opportunity

- LA13 Composition of governance bodies and breakdown of employees per category according to gender, age group, minority group membership, and other indicators of diversity. (Core)
- LA14 Ratio of basic salary of men to women by employee category. (Core)

Social Performance: Human Rights

Investment and Procurement Practices

- HR1 Percentage and total number of significant investment agreements that include human rights clauses or that have undergone human rights screening. (Core)
- HR2 Percentage of significant suppliers and contractors that have undergone screening on human rights and actions taken. (Core)
- HR3 Total hours of employee training on policies and procedures concerning aspects of human rights that are relevant to operations, including the percentage of employees trained. (Additional)

Non-Discrimination

- HR4 Total number of incidents of discrimination and actions taken. (Core)
- Freedom of Association and Collective Bargaining
- HR5 Operations identified in which the right to exercise freedom of association and collective bargaining may be at significant risk, and actions taken to support these rights. (Core)

Child Labor

- HR6 Operations identified as having significant risk for incidents of child labor, and measures taken to contribute to the elimination of child labor. (Core)

Forced and Compulsory Labor

- HR7 Operations identified as having significant risk for incidents of forced or compulsory labor, and measures to contribute to the elimination of forced or compulsory labor. (Core)

Security Practices

- HR8 Percentage of security personnel trained in the organization's policies or procedures concerning aspects of human rights that are relevant to operations. (Additional)

Indigenous Rights

- HR9 Total number of incidents of violations involving rights of indigenous people and actions taken. (Additional)

Social Performance: Society

Community

- SO1 Nature, scope, and effectiveness of any programs and practices that assess and manage the impacts of operations on communities, including entering, operating, and exiting. (Core)

Corruption

- SO2 Percentage and total number of business units analyzed for risks related to corruption. (Core)
- SO3 Percentage of employees trained in organization's anti-corruption policies and procedures. (Core)
- SO4 Actions taken in response to incidents of corruption. (Core)

Public Policy

- SO5 Public policy positions and participation in public policy development and lobbying. (Core)
- SO6 Total value of financial and in-kind contributions to political parties, politicians, and related institutions by country. (Additional)

Anti-Competitive Behavior

- SO7 Total number of legal actions for anti-competitive behavior, anti-trust, and monopoly practices and their outcomes. (Additional)

Compliance

- SO8 Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations. (Core)

Social Performance: Product Responsibility

Customer Health and Safety

- PR1 Life cycle stages in which health and safety impacts of products and services are assessed for improvement, and percentage of significant products and services categories subject to such procedures. (Core)
- PR2 Total number of incidents of non-compliance with regulations and voluntary codes concerning health and safety impacts of products and services during their life cycle, by type of outcomes. (Additional)

Products and Service Labeling

- PR3 Type of product and service information required by procedures, and percentage of significant products and services subject to such information requirements. (Core)
- PR4 Total number of incidents of non-compliance with regulations and voluntary codes concerning product and service information and labeling, by type of outcomes. (Additional)
- PR5 Practices related to customer satisfaction, including results of surveys measuring customer satisfaction. (Additional)

Marketing Communications

- PR6 Programs for adherence to laws, standards, and voluntary codes related to marketing communications, including advertising, promotion, and sponsorship. (Core)
- PR7 Total number of incidents of non-compliance with regulations and voluntary codes concerning marketing communications, including advertising, promotion, and sponsorship by type of outcomes. (Additional)

Customer Privacy

- PR8 Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data. (Additional)

Compliance

- PR9 Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services. (Core).

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For further information:

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Sarbanes-Oxley Act

The Sarbanes-Oxley Act was signed into law on July 30, 2002. The Act includes a number of reforms to business practices to improve the accuracy and reliability of financial reporting, to address corporate accounting fraud and to create a "Public Company Accounting Oversight Board," to monitor the auditing profession.

The text of the Sarbanes-Oxley Act is available from the Securities and Exchange Commission web site: <http://www.sec.gov/about/laws/soa2002.pdf>.

The SEC also maintains a collection of related rules and reports at <http://www.sec.gov/spotlight/sarbanes-oxley.htm>.

Sunshine Standards for Corporate Reporting to Stakeholders

The Sunshine Standards, developed in 1996 by the Washington-based Stakeholder Alliance, provide direction for corporate reporting to stakeholders. Four disclosure standards are grounded in one fundamental principle.

FUNDAMENTAL PRINCIPLE

Corporations must provide information that stakeholders need in order to make rational, informed decisions in a free market system, and to protect themselves from negative consequences of corporate actions. Disclosure must be complete, accurate, timely, objective, understandable, and public. Stakeholder “right to know” takes precedence over cost, inconvenience, or risk to the corporation.

THE STANDARDS

I. Frequency and availability: The Corporate Report to Stakeholders will be issued annually and will be freely available to the public; it will be supplemented when appropriate by ad hoc disclosures.

II. Customers: Information shall be disclosed necessary for customers to make informed decisions for purchase and use of products and services, and to satisfy concerns regarding workplace conditions, environmental impact, commitment to sustainability, and other areas of corporate social responsibility.

III. Employees: Information shall be provided that will enable (a) present and potential employees to make fully informed employment decisions, and to protect themselves in the workplace and in other relations with the corporation; and (b) consumers, government agencies, and other stakeholders to fairly assess the company’s workplace conditions on issues such as fair pay, child labor, sweatshop conditions, and the right to organize.

IV. Local, State, National, and Global Communities

A. Information shall be provided sufficient to permit residents and local authorities to fully comprehend environmental risk, as well as risks associated with the company’s transportation, storage, processing, and disposal of radioactive, toxic, hazardous, and dangerous materials.

B. Disclosure shall be made of both charitable and political contributions (whether through a company political action committee or directly), to permit assessment of the company’s efforts to influence public policy.

C. Information shall be provided necessary for public decisions regarding tax abatements, industrial development bonds, zoning exemptions, and other special concessions and benefits for the corporation, including past performance in response to such benefits.

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Further information:

Stakeholder Alliance Sunshine Standards web site:
<http://www.stakeholderalliance.org/sunstds.html>

Further Resources

Business in the Community's Corporate Environmental Reporting web site
<http://www.iosreporting.org/>

Business for Social Responsibility has a starter list of implementation steps in the Social Audits and Accountability section of its Global Business Responsibility Resource Center.
<http://www.bsr.org/BSRResources/IssueBriefDetail.cfm?DocumentID=48907>

The Canadian National Round Table on Environment and the Economy (NRTEE)'s *Measuring Eco-efficiency in Business* presents the results of feasibility testing of material and energy intensity indicators by a small group of large companies.
www.nrtee-trnee.ca

The Corporate Citizenship Company is a leading UK-based consultancy for the management of corporate social responsibility and social reports
<http://www.corporate-citizenship.co.uk/social/default.asp>

The Corporate Register
On-line directory of non-financial corporate reports, including social and environmental reports.
<http://www.corporateregister.com/>

Corporate Sustainability Reporting Toolkit web site
Produced by the government of Canada, this web site assists companies in learning about and creating an effective report.
<http://www.sustainabilityreporting.ca/>

CSR Wire Over 300 corporate social, environmental, sustainability, and triple bottom line reports.
<http://www.csrwire.com/csr/index.mpl?arg=a>

EnviroReady Report
Environmental reporting service for SMEs and larger companies that have adopted ISO 14000.
<http://www.14000registry.com/default.asp>

The European Chemical Industry Council's revised *Responsible Care – Health, Safety & Environmental Reporting Guidelines* provides a reporting and monitoring framework for the European chemical industry.
www.cefic.org

GreenBiz Overview of Corporate Reporting
http://www.greenbiz.com/toolbox/essentials_third.cfm?LinkAdvID=25026

The Greenhouse Gas Protocol Initiative is working to promote the use of an international standard for company reporting on greenhouse gas emissions.
www.ghgprotocol.org

The International Corporate Environmental Reporting Site contains information about environmental reporting and accounting.
www.enviroreporting.com

The Investor Responsibility Research Center's *Environmental Information Service* provides information for investors and other stakeholders to use for evaluating potential environmental liabilities and other environmental issues that affect business. www.irrc.org/

Making values count: contemporary experience in social and ethical accounting, auditing and reporting a report by Simon Zadek, 1998.

<http://www.acca.co.uk/research/summaries/50667?session=ffffffeffffffc28288ca3eebc9c3a03e1ee88c44ed24459e63ebb15d0b20>

A Manual for Preparers and Users of Eco-Efficiency Indicators

UN Conference on Trade and Development, 2004.

http://www.unctad.org/en/docs/iteipc20037_en.pdf

The New Economics Foundation provides numerous sustainability resources including *Making Values Count: Contemporary Experiences in Social and Ethical Accounting, Auditing and Reporting*. They also produce a *Quality Scoring Framework* which measures the quality of social performance management using a model complimentary with the SustainAbility five-stage reporting model. www.neweconomics.org

Portal for Corporate Sustainability Reports

<http://www.enviroreporting.com/service/>

Stepping Forward: Corporate Sustainability Reporting in Canada

Canada's first in-depth analysis of corporate sustainability reporting

<http://www.stratos-sts.com/pages/publica010.htm>

Sustainability Reporting Toolkit

Stratos is developing a sustainability reporting toolkit funded by the Canadian Federal Government to improve the quality and quantity of corporate sustainability reporting in Canada.

<http://www.stratos-sts.com/pages/publica011.htm>

SustainAbility provides a five stage reporting model that covers sustainable development, stakeholder relations and management policies. The UK organization also produces the **Social Reporting Report** which gives a good overview of types of social audits.

www.sustainability.com

Towards Transparency: Progress on Global Sustainability Reporting 2004, published by CorporateRegister.com and the Association of Certified and Chartered Accountants (ACCA), London, 2004. http://www.accaglobal.com/pdfs/environment/towards_trans_2004.pdf

The United Nations Conference on Trade and Development's *Intergovernmental Working Group of Experts on International Standards of Accounting and Reporting* is developing a global standard on environmental accounting that focuses on the reporting of environmental costs and liabilities that affect financial performance.

<http://www.unctad.org/Templates/StartPage.asp?intlItemID=2068>

University of Sunderland

Social and Ethical Reporting Clearing House <http://cei.sund.ac.uk/ethsocial/surawds.htm>

World Business Council for Sustainable Development's report *Measuring Eco-efficiency: A guide for Companies to Report Performance (2000)* encourages the use of the eco-efficiency concept by proposing a common measurement framework that can guide companies.

<http://www.wbcsd.ch/>

The World Resources Institute (Washington, DC) provides information on corporate accountability and reporting. www.wri.org/wri/

List of Ethics Organizations

Ethics Organizations

Compiled by Neil Shankman in 2000.

Organization Name	Country	Organization Category	Organization Type
Australian Association for Professional and Applied Ethics	AUSTRALIA	Academic	Society
Australian Institute of Ethics and the Professions	AUSTRALIA	Academic	Research Centre
Chaire Hoover D'Ethique Economique et Sociale	BELGIUM	Academic	Research Centre
Fundacao Instituto de Desenvolvimento Empresarial e Social	BRAZIL	Academic	Research Centre
Business Ethics and Stakeholder Relations Program, U. of Ottawa	CANADA	Academic	Program
Business Ethics Program, Schulich School of Business, York University	CANADA	Academic	Research Centre
Canadian Centre for Ethics in Sport	CANADA	Academic	Research Centre
Canadian Society for the Study of Practical Ethics	CANADA	Academic	Society
Centre for Accounting Ethics, U. of Waterloo	CANADA	Academic	Research Centre
Centre for Applied Ethics, UBC	CANADA	Academic	Research Centre
Centre for Practical Ethics, York U.	CANADA	Academic	Research Centre
Centre for Professional and Applied Ethics, U. of Manitoba	CANADA	Academic	Research Centre
Clarkson Centre for Business Ethics, Rotman School, University of Toronto	CANADA	Academic	Research Centre
Communiqué CNERH (Conseil national d'éthique en recherche chez l'humain)	CANADA	Academic	Newsletter
Human Rights Research and Education Centre, U of Ottawa	CANADA	Academic	Research Centre
Institute of Practical Philosophy	CANADA	Academic	Research Centre
International Centre for Human Rights	CANADA	Academic	Research Centre
International Institute for Sustainable Development (IISD)	CANADA	Academic	Research Centre
Journal of Business Ethics	CANADA	Academic	Publication
Laboratoire Ethique Publique	CANADA	Academic	Research Centre
Centre for Ethical Orientation	CANADA	For Profit	Consulting
Clean Environment Funds	CANADA	For Profit	Social Investment
Eagletree Ethical Investments	CANADA	For Profit	Social Investment
Environics	CANADA	For Profit	Market Research
Ethical Funds	CANADA	For Profit	Social Investment
EthicsScan Canada	CANADA	For Profit	Consulting
Foundations, Consultants on Ethics and Values	CANADA	For Profit	Consulting
Grainger & Associates	CANADA	For Profit	Consulting
Interactive Strategies, Inc.	CANADA	For Profit	Consulting
James G. Ridler and Associates	CANADA	For Profit	Consulting
Metro Credit Union	CANADA	For Profit	Social Investment
Michael Jantzi Research Associates	CANADA	For Profit	Market Research
Mills Garthson & Associates	CANADA	For Profit	Consulting
PriceWaterHouseCoopers, Compliance Risk Management	CANADA	For Profit	Consulting
VanCity Credit Union	CANADA	For Profit	Social Investment
Vincent Di Norcia	CANADA	For Profit	Consulting
Walker Information, CAN	CANADA	For Profit	Market Research

Organization Name	Country	Organization Category	Organization Type
Workplace Ethics Consultancy	CANADA	For Profit	Consulting
KPMG, CAN Ethics & Integrity Services	CANADA	For-Profit	Consulting
Alliance of Manufacturers and Exporters Canada	CANADA	Not-For-Profit	Association
Amnesty International, Canada	CANADA	Not-For-Profit	NGO
Business Council on National Issues	CANADA	Not-For-Profit	Association
Canadian Association on Management Consultants	CANADA	Not-For-Profit	Association
Canadian Centre for Business in the Community, Conference Board of Canada	CANADA	Not-For-Profit	NGO
Canadian Centre for Ethics and Corporate Policy	CANADA	Not-For-Profit	NGO
Canadian Exporters Association	CANADA	Not-For-Profit	Association
Canadian Institute of Chartered Accountants (CICA)	CANADA	Not-For-Profit	Association
Canadian Lawyers Association for International Human Rights	CANADA	Not-For-Profit	Association
Consumers' Association of Canada	CANADA	Not-For-Profit	Association
Consumers' Council of Canada	CANADA	Not-For-Profit	Association
Ethics in Action Awards	CANADA	Not-For-Profit	Interest Group
Ethics Practitioner's Association of Canada	CANADA	Not-For-Profit	Association
TransFair Canada	CANADA	Not-For-Profit	Interest Group
International Business Ethics Registry	CANADA	Not-For-Profit	NGO
Maquila Solidarity Network, Canada	CANADA	Not-For-Profit	NGO
National Roundtable on the Environment and the Economy (NRTEE)	CANADA	Not-For-Profit	Interest Group
North-South Institute	CANADA	Not-For-Profit	NGO
Ottawa Roundtable on Ethics	CANADA	Not-For-Profit	Association
Public Interest Advocacy Centre	CANADA	Not-For-Profit	NGO
Social Investment Organization	CANADA	Not-For-Profit	Association
Taskforce on the Churches and Corporate Responsibility	CANADA	Not-For-Profit	NGO
Transparency International, Canada	CANADA	Not-For-Profit	NGO
Voluntary Challenge and Registry Inc.	CANADA	Not-For-Profit	Association
Canadian Institutes of Health Research, Ethics Department of National Defence, Defence Ethics Program	CANADA	Public Sector	Governmental
La Commission de l'éthique et de la science et de la technologie, Quebec	CANADA	Public Sector	Governmental
Le Bureau des valeurs et de l'éthique de la fonction publique	CANADA	Public Sector	Governmental
Canadian Competition Bureau	CANADA	Public Sector	Legal/Regulatory
Government of Canada, Ethics Counselor	CANADA	Public Sector	Governmental
Public Works and Government Services Canada (PWGSC), Ethics Office	CANADA	Public Sector	Governmental
Voluntary Codes Project, Office of Consumer Affairs, Industry Canada	CANADA	Public Sector	Governmental
Centre for Political, Professional, and Business Ethics	EU	Academic	Research Centre
European Business Ethics Network (EBEN)	EU	Academic	Research Centre
European Institute for Business Ethics, Nijenrode University	EU	Academic	Research Centre
International Standards Organization (ISO)	EU	Not-For-Profit	NGO
The Caux Roundtable	EU	Not-For-Profit	Association
Transparency International	EU	Not-For-Profit	NGO
International Institute for Public Ethics (IIPE)	EU	Public Sector	Association
Center D'Ethique de L'Enterprise	FRANCE	Not-For-Profit	NGO
Centre de recherches et d'études sur les droits de	FRANCE	Academic	Research Centre

Organization Name	Country	Organization Category	Organization Type
l'Homme et le droit humanitaire (CREDHO)			
Centre de recherche sur l'Europe et le monde contemporain de l'Université de Paris XI	FRANCE	Academic	Research Centre
Droits de l'Homme et Dialogue Interculturel (DHDI)	FRANCE	Academic	Research Centre
Human Rights Network International (HRNI)	FRANCE	Academic	Research Centre
Institut Interdisciplinaire d'éthique et des droits de l'Homme	SWITZERLAND	Academic	Research Network
Institute for Business Ethics, University of St. Gallen	GERMANY	Academic	Research Centre
Recherche des articles et décisions en droit - Université de Düsseldorf	GERMANY	Academic	Research Centre
international public et droit européen	GERMANY	Not-For-Profit	Association
Association for Ethics, Education, and Management			
Centre for Applied Ethics, Hong Kong Baptist U.	HONG KONG	Academic	Research Centre
Business Ethics Center	HUNGARY	Academic	Research Centre
Chinmaya Institute of Management	INDIA	Academic	Research Centre
Israeli Network for Ethics and Social Responsibility	ISRAEL	Academic	Research Centre
Center for Ethics, Law, & Economics	ITALY	Academic	Research Centre
Japan Society for Business Ethics	JAPAN	Academic	Society
Institute for Corporate Ethics	S. Africa	For Profit	Consulting
Centre for Applied Ethics, U of Stellenbosch	S. Africa	Academic	Research Centre
Centre universitaire de droit international humanitaire (CUDIH) /Université de Genève	Switzerland	Academic	Research Centre
Institute for Business Ethics	Switzerland	Academic	Research Centre
Birmingham Centre for Business Ethics	UK	Academic	Research Centre
Center for Business and Professional Ethics, University of Leeds	UK	Academic	Research Centre
Centre for Professional Ethics, U, of Central Lancashire	UK	Academic	Research Centre
Centre for Social, Environmental Accounting Research	UK	Academic	Research Centre
Institute for Global Ethics	UK	Academic	Research Centre
Social Values Research Centre	UK	Academic	Research Centre
Social Accountancy Consultancy	UK	For Profit	Consulting
UK Social Investment Forum	UK	For Profit	Social Investment
Action for Corporate Responsibility	UK	Not-For-Profit	NGO
Board for Social Responsibility	UK	Not-For-Profit	NGO
Center for Business and Public Sector Ethics	UK	Not-For-Profit	NGO
Institute for Social Responsibility	UK	Not-For-Profit	NGO
Institute of Business Ethics	UK	Not-For-Profit	NGO
Institute of Social and Ethical Accountability	UK	Not-For-Profit	Association
International Ethical Business Registry	UK	Not-For-Profit	Association
New Economics Foundation	UK	Not-For-Profit	NGO
Out of this World	UK	Not-For-Profit	Association
The Prince of Wales Business Leaders Forum	UK	Not-For-Profit	Association
Academy of Legal Studies in Business, Business Ethics Section	USA	Academic	Society
Academy of Management, Social Issues Division	USA	Academic	Society
Anglia Business School Program in Organizational Ethics	USA	Academic	Program
Babson College Business Ethics Program	USA	Academic	Program
Beard Centre for Leadership in Ethics, Duquesne U.	USA	Academic	Research Centre
Boycott Quarterly	USA	Academic	Publication
Burkenroad Institute for the Study of Ethics and Leadership in Management, Tulane U.	USA	Academic	Research Centre

Organization Name	Country	Organization Category	Organization Type
Business And Professional Ethics Journal	USA	Academic	Publication
Business and Society	USA	Academic	Publication
Business and Society Review	USA	Academic	Publication
Business Ethics Computer Network	USA	Academic	Society
Business Ethics Quarterly	USA	Academic	Publication
Business Ethics Teaching Society	USA	Academic	Society
Business Ethics, U of Nevada	USA	Academic	Research Centre
Business, Government, and Society Research Institute, U of Pittsburgh	USA	Academic	Research Centre
Carol and Lawrence Zicklin Center for Business Ethics Research, Wharton School	USA	Academic	Research Centre
Cary M. Maguire Center for Ethics and Public Responsibility, Southern Methodist U.	USA	Academic	Research Centre
Center for Applied & Professional Ethics, Central Missouri State U.	USA	Academic	Research Centre
Center for Applied and Professional Ethics, U. of Tennessee	USA	Academic	Research Centre
Center for Applied Ethics, Duke U.	USA	Academic	Research Centre
Center for Applied Philosophy and Ethics, U. of Florida	USA	Academic	Research Centre
Center for Business and Democracy, Goddard College	USA	Academic	Research Centre
Center for Business Ethics, University of St. Thomas	USA	Academic	Research Centre
Center for Business, Religion, and the Professions, Pittsburgh Theological Seminary	USA	Academic	Research Centre
Center for Ethics and Business, Layola Marymount U.	USA	Academic	Research Centre
Center for Ethics and Religious Values in Business, U. of Notre Dame	USA	Academic	Research Centre
Center for Ethics and Social Policy, Graduate Theological Union	USA	Academic	Research Centre
Center for Ethics in Public Policy and the Professions, Emory U.	USA	Academic	Research Centre
Center for Ethics Studies, Marquette U.	USA	Academic	Research Centre
Center for Ethics, Layola U.	USA	Academic	Research Centre
Center for Ethics, U of Idaho	USA	Academic	Research Centre
Center for Ethics, U. of Tampa	USA	Academic	Research Centre
Center for Law Enforcement Ethics	USA	Academic	Research Centre
Center for Professional and Applied Ethics, U. of North Carolina (Charlotte)	USA	Academic	Research Centre
Center for Professional and Applied Ethics, Valdosta State U.	USA	Academic	Research Centre
Center for Professional Ethics, Case Western Reserve U.	USA	Academic	Research Centre
Center for Professional Ethics, Manhattan College	USA	Academic	Research Centre
Center for Religion, Ethics, and Social Policy, (CRESP), Cornell U	USA	Academic	Research Centre
Center for Study of Business and Government, Baruch College	USA	Academic	Research Centre
Center for the Advancement of Applied Ethics, Carnegie Mellon U.	USA	Academic	Research Centre
Center for the Study of Ethical Development, U of Minnesota	USA	Academic	Research Centre
Center for the Study of Ethical Issues in Business, Northwestern U.	USA	Academic	Research Centre
Center for the Study of Ethics in Society, Western	USA	Academic	Research Centre

Organization Name	Country	Organization Category	Organization Type
Michigan U. Center for the Study of Ethics, Utah Valley State College	USA	Academic	Research Centre
Center for the Teaching and Study of Applied Ethics, U. of Nebraska-Lincoln	USA	Academic	Research Centre
Center for Values and Social Policy, U. of Colorado	USA	Academic	Research Centre
Center on Work and Family, Boston U.	USA	Academic	Research Centre
Centre for Business Ethics at Bentley College	USA	Academic	Research Centre
Centre for Corporate Community Relations, Boston College	USA	Academic	Research Centre
Centre for Ethics and Economic Policy	USA	Academic	Research Centre
Centre for the Study of Ethical Issues in Business, Northwestern U.	USA	Academic	Research Centre
Centre for the Study of Ethics in the Professions, Illinois Institute of Technology	USA	Academic	Research Centre
Corporate Conduct Quarterly	USA	Academic	Publication
Electronic Journal of Business and Organizational Ethics	USA	Academic	Publication
Emerson Electric Center for Business Ethics, St. Louis U.	USA	Academic	Research Centre
Ethics Center for Engineering and Science	USA	Academic	Research Centre
Ethics Centre at U. of South Florida	USA	Academic	Research Centre
Ethics in Public Service Network, U. of Central Florida	USA	Academic	Research Centre
Ethics Institute, Dartmouth College	USA	Academic	Research Centre
Hoffberger Center for Professional Ethics, U. of Baltimore	USA	Academic	Research Centre
Institute for Applied and Professional Ethics, Ohio U.	USA	Academic	Research Centre
Institute for Business and Professional Ethics, Depaul University	USA	Academic	Research Centre
Institute for Ethics and Policy Studies, U. of Nevada	USA	Academic	Research Centre
Institute for Study of Applied and Professional Ethics, Dartmouth	USA	Academic	Research Centre
International Association for Business and Society IABS	USA	Academic	Society
International Center for Ethics in Business, U. of Kansas	USA	Academic	Research Centre
International Center for Ethics, Justice, and Public Life, Brandies U.	USA	Academic	Research Centre
International Society of Business, Economics, and Ethics	USA	Academic	Society
John F. Connelly Program in Business Ethics, Georgetown U.	USA	Academic	Program
Kegley Institute of Ethics, California State U.	USA	Academic	Research Centre
Kennedy Institute of Ethics, Georgetown U.	USA	Academic	Research Centre
Law, Medicine, and Ethics Program, Boston U.	USA	Academic	Research Centre
Lincoln Center for Applied Ethics, Arizona State U.	USA	Academic	Research Centre
Markkula Center for Applied Ethics, Santa Clara U.	USA	Academic	Research Centre
Minnesota Center for Corporate Responsibility	USA	Academic	Research Centre
MSU Business Ethics Program	USA	Academic	Program
Multinational Monitor	USA	Academic	Publication
Murray G. Bacon Centre for Business Ethics, Iowa State U.	USA	Academic	Research Centre
Olsson Center for Applied Ethics, Darden School of Business, U. of Virginia	USA	Academic	Research Centre

Organization Name	Country	Organization Category	Organization Type
Poynter Center for Study of Ethics in American Institutions, Indiana U.	USA	Academic	Research Centre
Practical Ethics Center, U. of Montana	USA	Academic	Research Centre
Program in Applied Ethics, Fairfield U.	USA	Academic	Program
Program in Applied Ethics, John Carroll U.	USA	Academic	Program
Program in Business Ethics, USC	USA	Academic	Program
Program in Ethics and the Professions, Harvard U.	USA	Academic	Program
Program in Ethics in Society, Stanford U.	USA	Academic	Program
Program on Ethics and Public Life, Cornell U.	USA	Academic	Program
Research Center on Computing in Society, Southern Connecticut State U.	USA	Academic	Research Centre
Smeal College of Business Administration, Penn. State U.	USA	Academic	Program
Society for Advancement of Socio-Economics	USA	Academic	Society
Society for Business Ethics	USA	Academic	Society
Stern School of Business, NYU	USA	Academic	Program
The Ethics Center, U of South Florida	USA	Academic	Research Centre
The Ethics Institute, Capital U.	USA	Academic	Research Centre
Thunderbird Institute for International Business Ethics, Purdue U.	USA	Academic	Research Centre
Wharton Ethics Program, University of Pennsylvania	USA	Academic	Program
Wheaton College Center for Applied Ethics	USA	Academic	Research Centre
Woodstock Theological Center Seminar in Business Ethics	USA	Academic	Program
World Center for Business Ethics	USA	Academic	Research Centre
Arthur Andersen, Ethics and Responsible Business Practices	USA	For Profit	Consulting
Babson United Investment Advisors Inc.	USA	For Profit	Social Investment
Brailsford Consulting, Inc,	USA	For Profit	Consulting
Bureau of Essential Ethics Education	USA	For Profit	Consulting
Business Ethics Bureau of Investigation	USA	For Profit	Market Research
Business Ethics Magazine	USA	For Profit	Market Research
Business Ethics Strategies, Inc. (BEST)	USA	For Profit	Consulting
Business Integrity Group, Inc.	USA	For Profit	Consulting
Calvert Group Inc.	USA	For Profit	Social Investment
Character Training Institute	USA	For Profit	Consulting
Compliance Systems Legal Group	USA	For Profit	Consulting
Corporate Watch	USA	For Profit	Market Research
Corval Inc.	USA	For Profit	Consulting
Ethical Investment Research Service	USA	For Profit	Social Investment
Ethics and Compliance Strategies, Inc.	USA	For Profit	Consulting
Ethikos	USA	For Profit	Publication
Ethos	USA	For Profit	Consulting
Franklin Research and Development Corporation	USA	For Profit	Social Investment
Frontier Capital Management Company	USA	For Profit	Social Investment
Good Money	USA	For Profit	Social Investment
GreenMoney Online	USA	For Profit	Social Investment
Holt Consulting Services Inc.	USA	For Profit	Consulting
Howard & Associates	USA	For Profit	Consulting
Inc. Magazine Online	USA	For Profit	Market Research
Institute for Absolute Ethics	USA	For Profit	Consulting
International Business Ethics Institute	USA	For Profit	Market Research
Kinder, Lydenberg, Domini, & Co.	USA	For Profit	Social Investment

Organization Name	Country	Organization Category	Organization Type
Larimer Center for Ethical Leadership Inc.	USA	For Profit	Consulting
Morgan-Kayhoe: Consultants to Organizations	USA	For Profit	Consulting
National Inspection & Consultants, Inc.	USA	For Profit	Consulting
Navran Associates	USA	For Profit	Consulting
Neuberger & Berman	USA	For Profit	Social Investment
Organizational Ethics Associates	USA	For Profit	Consulting
Parnassus Fund	USA	For Profit	Social Investment
Pax World Fund	USA	For Profit	Social Investment
Praxis Consulting	USA	For Profit	Consulting
PriceWaterhouseCoopers (PWC), Business Ethics Advisory Services	USA	For Profit	Consulting
Principle Profits Asset Management Inc.	USA	For Profit	Social Investment
Professional Ethics, Inc.	USA	For Profit	Consulting
Randi L. Sims, PHD	USA	For Profit	Consulting
Redgate & Co.	USA	For Profit	Consulting
Resources for Ethics & Management	USA	For Profit	Consulting
Scudder, Stevens, & Clark, Inc.	USA	For Profit	Social Investment
Social Investment Forum	USA	For Profit	Social Investment
Social Venture Network	USA	For Profit	Social Investment
SustainAbility	USA	For Profit	Consulting
Taknosys Software Corporation	USA	For Profit	Consulting
The Dreiford Group	USA	For Profit	Consulting
Values Technology	USA	For Profit	Consulting
Vasin, Heyn, & Company	USA	For Profit	Consulting
Walker Information, USA	USA	For Profit	Market Research
Walker Tate & Associates	USA	For Profit	Consulting
Wetherill Associates	USA	For Profit	Consulting
Working Assets Inc.	USA	For Profit	Social Investment
KPMG - US, Ethics & Integrity Services	USA	For-Profit	Consulting
American Institutes for Research (AIR), Center for Community Research	USA	Not-For-Profit	NGO
Apparel Industry Partnership	USA	Not-For-Profit	Association
Architects and Engineers for Social Responsibility	USA	Not-For-Profit	Association
Association for Practical and Professional Ethics	USA	Not-For-Profit	Association
Better Business Bureau	USA	Not-For-Profit	NGO
Business Enterprise Trust	USA	Not-For-Profit	NGO
Business for Social Responsibility	USA	Not-For-Profit	Association
Business Leaders for New Priorities	USA	Not-For-Profit	Association
Carnegie Council on Ethics and International Affairs	USA	Not-For-Profit	NGO
Center for Corporate Public Involvement	USA	Not-For-Profit	NGO
Center for Law and Social Policy	USA	Not-For-Profit	NGO
Center for the Advancement of Ethics and Character	USA	Not-For-Profit	NGO
Clearinghouse for Information about Values and Ethics	USA	Not-For-Profit	NGO
Coalition for Environmentally Responsible Economies (CERES)	USA	Not-For-Profit	Association
Committee on Ethics in the Public Service, Nat. Academy of Public Admin.	USA	Not-For-Profit	NGO
Committee on Professional Ethics, Rights, and Freedoms, Amer. Poli Sci Assoc.	USA	Not-For-Profit	Association
Computer Professionals for Social Responsibility	USA	Not-For-Profit	Association
Conference Board of US (Business Ethics)	USA	Not-For-Profit	Association
Co-op America	USA	Not-For-Profit	Social Investment
Council of Ethical Organizations	USA	Not-For-Profit	Association

Organization Name	Country	Organization Category	Organization Type
Council on Economic Priorities (CEP)	USA	Not-For-Profit	NGO
Council on Ethics in Economics	USA	Not-For-Profit	Association
Defense Industry Initiative on Business Ethics and Conduct (DII)	USA	Not-For-Profit	Association
Ethics Officer Association	USA	Not-For-Profit	Association
Ethics Resource Centre	USA	Not-For-Profit	NGO
Families and Work Institute	USA	Not-For-Profit	NGO
Global Integrity Alliance	USA	Not-For-Profit	Network
Greater Houston Business Ethics Roundtable	USA	Not-For-Profit	Interest Group
Institute for Consumer Responsibility	USA	Not-For-Profit	NGO
Institute for Global Ethics	USA	Not-For-Profit	NGO
Institute of Internal Auditors	USA	Not-For-Profit	NGO
Interfaith Center on Corporate Responsibility (ICCR)	USA	Not-For-Profit	NGO
International Human Rights Law Group	USA	Not-For-Profit	Interest Group
International League for Human Rights	USA	Not-For-Profit	NGO
Investor Responsibility Research Center	USA	Not-For-Profit	NGO
Josephson Institute for Advancement of Ethics	USA	Not-For-Profit	NGO
Lawyers Committee for Human Rights	USA	Not-For-Profit	Association
Minnesota Advocates for Human Rights	USA	Not-For-Profit	NGO
Minnesota Network for Institutional Ethics Committees	USA	Not-For-Profit	Association
NGO Taskforce on Business and Industry	USA	Not-For-Profit	NGO
Nine to Five, National Association of Working Women	USA	Not-For-Profit	Association
Northwest Ethics Institute	USA	Not-For-Profit	NGO
Ombudsman Association	USA	Not-For-Profit	Association
Stakeholder Alliance	USA	Not-For-Profit	Association
Students for Responsible Business	USA	Not-For-Profit	Association
The Business Ethics Foundation	USA	Not-For-Profit	Association
President's Council on Sustainable Development	USA	Public Sector	Governmental
United States Office of Government Ethics	USA	Public Sector	Governmental
United States Sentencing Commission	USA	Public Sector	Legal/Regulatory

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