

ANNEXURE - II



Corporate Social Responsibility Global Guidelines for Multinational Companies.

Interest Groups - NGO Codes of Conduct

1. Caux round table Principles for Business

Origin. In its language and form, the document owes a substantial debt to The Minnesota Principles, a statement of business behavior developed by the Minnesota Center for Corporate Responsibility. The Center hosted and chaired the drafting committee, which included Japanese, European, and United States representatives. These principles are rooted in two basic ethical ideals: kyosei and human dignity. The Japanese concept of kyosei means living and working together for the common good enabling cooperation and mutual prosperity to coexist with healthy and fair competition. "Human dignity" refers to the sacredness or value of each person as an end, not simply as a mean to the fulfillment of others' purposes or even majority prescription.

At the urging of Ryuzaburo Kaku, Chairman of Canon Inc., the Round Table has focused attention on the importance of global corporate responsibility in reducing social and economic threats to world peace and stability. The Round Table recognizes that shared leadership is indispensable to a revitalized and more harmonious world. It emphasizes the development of continuing friendship, understanding and cooperation, based on a common respect for the highest moral values and on responsible action by individuals in their own spheres of influence.

Purpose. Business behavior can affect relationships among nations and the prosperity and well-being of us all. Business is often the first contact between nations and, by the way in which it causes social and economic changes, has a significant impact on the level of fear or confidence felt by people worldwide. Members of the Caux Round Table place their first emphasis on putting one's own house in order, and on seeking to establish what is right rather than who is right.

The Caux Round Table believes that the world business community should play an important role in improving economic and social conditions. Through an extensive and collaborative process in 1994, business leaders developed the CRT Principles for Business to embody the aspiration of principled business leadership. The CRT Principles for Business are a worldwide vision for ethical and responsible corporate behavior and serve as a foundation for action for business leaders worldwide. As a statement of aspirations, The CRT Principles aim to express a world standard against which business behavior can be measured. The Caux Round Table has sought to begin a process that identifies shared values, reconciles differing values, and thereby develops a shared perspective on business behavior acceptable to and honored by all.

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 Behavior: 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 behavior, although legal, may 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

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 behavior 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.

2. Amnesty International Human Rights Principles for Business

Origin. The Principles were published in 1998 by Amnesty International, a worldwide movement promoting human rights enshrined in the United Nations Universal Declaration of Human Rights. They are rooted in a conviction that “the silence of business interests in the face of injustice is not neutral.”

Purpose. The Principles are designed to help companies fulfill their responsibility to promote and protect human rights. More specifically, they are intended to help prepare companies to address circumstances in which human rights have been violated, or where the potential for violation exists.

Critical Content. The Principles are predicated on a belief that companies must protect human rights within their own operations, and the business community has a moral and legal responsibility to use its influence to promote human rights within society. They address the following issues:

1. **Security Forces** – Companies should ensure that any security arrangements protect human rights and are consistent with international standards for law enforcement;
2. **Community Engagement** – Companies should take reasonable steps to ensure that their operations do not negatively affect human rights in the communities where they operate.
3. **Freedom from Discrimination** – Companies should ensure their policies and practices prevent discrimination based on ethnic origin, sex, color, language, national or social origin, economic status, religion, political or other conscientiously-held beliefs, birth, or other status.
4. **Freedom from Slavery** – Companies should ensure their policies and practices prohibit the use of chattel slaves, forced labor, bonded child laborers, or coerced prison labor.
5. **Health and Safety** – Companies should ensure their policies and practices provide for safe and healthy working conditions and safe products. Also, workplaces should be free from employee abuse, and mental or physical coercion.

6. Freedom of Association and Right to Collective Bargaining – Companies should ensure that employees, without penalty, can exercise their rights to free expression, collective bargaining, and peaceful assembly and association.

7. Fair Working Conditions – Companies should ensure just and favorable conditions of work, reasonable job security, and fair and adequate remuneration and benefits.

Implementation. Responsibility for implementation lies with companies. The Principles call for companies to establish (1) an explicit human rights policy; (2) procedures to examine the human rights impact of operations; (3) safeguards to prevent employee complicity in abuses; (4) mechanisms to monitor compliance; and (5) a process to independently verify company compliance reports.

Companies also are called to promote adoption of the Principles by their suppliers and business partners.

3. The Asian Pacific Economic Cooperation Forum Business Code of Conduct

Origin. The Asia Pacific Economic Cooperation (APEC) forum Business Code of Conduct resulted from a process initiated at the 1999 APEC CEO Summit in Auckland, New Zealand.

Purpose: The APEC Business Code draws explicitly upon other sources – for example, the Caux Round Table Principles for Business and the OECD Guidelines for Corporate Governance – to create a model code a company can use to supplement or strengthen its own code of conduct. The Business Code is intended to (1) encourage corporate transparency and predictability, (2) challenge APEC governments to maintain their commitment to enhanced transparency and predictability within the public sector, and (3) develop a better match between business practice and public expectations.

Critical Content. The Business Code articulates seven standards for corporate conduct:

1. International and Local Communities – A company must recognize its responsibilities toward the international and local communities within which it operates and the individuals that make up those communities;
2. Respect for Laws – A company must respect international and domestic rules and recognize that some behavior, although legal, may still have adverse consequences;

3. **Stakeholder Responsibility** – A company must recognize the rights of stakeholders as established by laws and encourage active co-operation between companies and stakeholders in creating wealth, jobs, and the sustainability of financially sound enterprises;
4. **Responsibility for the Environment** – A company must protect and, where possible, improve the environment within which it operates, promote sustainable development and prevent the wasteful use of natural resources;
5. **Free and Fair Competition** - A company must support free and fair competition in our industries and avoid anti-competitive actions;
6. **Company Governance** - A company should implement a company governance framework that ensures timely and accurate disclosure on all material matters regarding the company;
7. **Illicit Actions** - A company must not participate in or condone extortion, bribery, money laundering, or other corrupt practices.

Implementation. While intended to supplement company codes of conduct, it is expected that the CEO of any enterprise using the APEC Business Code would sign the Code and formally agree to uphold the moral obligations it expresses.

4. CERES Principles

Origin. The Coalition for Environmentally Responsible Economies (CERES) was formed in 1989 to promote responsible corporate environmental conduct. Shortly after the disaster of the Exxon Valdez, CERES announced the creation of the Valdez Principles. Later renamed the CERES Principles, this statement represents an environmental ethic for corporations.

Purpose. The CERES Principles are offered as a comprehensive statement of environmental values for businesses within any industry sector. They are intended to help companies formalize their dedication to environmental awareness and accountability, and actively commit to an ongoing process of continuous improvement in environmental performance, dialogue, and comprehensive, systematic reporting.

Content. The Principles encompass ten broad, aspirational standards, covering the following points:

1. Protection of the Biosphere
2. Sustainable Use of Natural Resources
3. Reduction and Disposable of Wastes

4. Energy Conservation
5. Risk Reduction
6. Safe Products and Services
7. Environmental Restoration
8. Informing the Public
9. Management Commitment
10. Audits and Reports

Implementation. CERES encourages companies to endorse the Principles. Endorsement is a two-way process, entailing both a company's commitment and CERES' acceptance of this commitment. Endorsement also involves ongoing dialogue with CERES. Through this process, companies are asked to publicly demonstrate their commitment to the Principles, address concerns raised by CERES coalition members and other stakeholders, and agree to report their results annually.

Currently, over 70 companies have endorsed the CERES Principles, including large multinational corporations, mid-sized companies, and small firms. The endorsing companies are U.S.-based in the main.

5. The Clarkson Principles of Stakeholder Management.

Origin and Purpose . The year after his retirement from the faculty of the University of Toronto in 1988, Max Clarkson (1922-1998) founded the Centre for Corporate Social Performance and Ethics in the Faculty of Management, now the Clarkson Centre for Business Ethics & Board Effectiveness, or CC(BE) 2 . Four conferences hosted by the Centre between 1993 and 1998 brought together management scholars to share ideas on stakeholder theory, an emerging field of study examining the relationships and responsibilities of a corporation to employees, customers, suppliers, society, and the environment. The Alfred P. Sloan Foundation funded the project, from which the Clarkson Principles emerged.

Critical Content. After an introduction to the stakeholder concept with comments on shareowners and the legal and moral duty of managers, seven (7) principles of Stakeholder Management are set forth, each with a paragraph or two expanding on its meaning. These principles represent an early stage general awareness of corporate governance concerns that have been widely discussed in connection with the business scandals of 2002.

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 behavior 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 all stakeholders, and should address such conflicts through open communication, appropriate reporting and incentive systems and, where necessary, third party review.

Implementation. In many ways, the Clarkson Principles are “meta-principles” that encourage management to embrace specific stakeholder principles and then to implement them in accordance with the norms listed above. Their current use seems largely hortatory, unlike principles or codes that call for formal adoption by managers or corporations.

6. Ethical Trading Initiative (ETI)

Origin. The ETI is an alliance of companies, NGOs and trade unions that share a common interest in the labor issues associated with multinational supply chains. ETI was founded to promote “ethical sourcing”, defined as “a company taking responsibility to work with its suppliers to implement internationally accepted labor standards in the workplace.”

Purpose. The purpose of ETI is to “identify, develop and promote good practice with respect to implementing codes of labor practice.” ETI members share

experiences and promote learning about implementing international labor standards. The ETI does not audit or certify companies.

Critical Content . ETI consists of a “Base Code” plus principles for implementation. The Base Code, agreed upon in 1998, draws from the ILO Conventions on worker and human rights. Companies are expected to adopt the Base Code for their own operations, or develop a company-specific version of the code. Companies are expected to require that suppliers meet the Base Code in a reasonable amount of time; otherwise, business is withdrawn from non-compliant suppliers. Rapid corrective action is required by compliant suppliers that violate certain code sections. The ETI acknowledges that some parts of the code may be (1) subject to constraints not controlled by the supplier, (2) in contravention of national laws or (3) otherwise not realizable by the supplier. In these cases, an ETI company may limit the scope of application of the code by division or product line, or may set an alternative schedule for compliance. The nine provisions of the ETI Base Code are:

1. Employment is freely chosen. 2. Freedom of association and the right to collective bargaining are respected.
3. Working conditions are safe and hygienic. 4. Child labor shall not be used. 5. Living wages are paid.
6. Working hours are not excessive. 7. No discrimination is practiced.
8. Regular employment is practiced.
9. No harsh or inhumane treatment is allowed.

Implementation . The Base Code (or the company’s version thereof) is to be implemented systematically. Principles of implementation are offered to the company “as general principles upon which to develop or refine their search for best practice.” The ETI underscores that transparency about implementation is as important as effective implementation. Notable among the principles for implementation is the commitment to an annual report of progress relative to the code. As of this review, the standards for such report are not yet agreed. The implementation principles are as follows:

1. Commitment
2. Monitoring, independent verification, and reporting
3. Awareness raising and training
4. Corrective actions
5. Management procedures, pricing and incentives

7. Social Accountability 8000

Origin. SA8000 is the product of Social Accountability International (SAI), an organization founded in 1997. SAI is dedicated to addressing the growing concern among consumers about working conditions in factories around the world.

Purpose. SA8000 is intended to overcome the difficulties associated with monitoring internal corporate codes of conduct. It offers (1) a standard for workplace conditions, and (2) a system for independently verifying a factory's compliance with this standard.

Content . SA8000's normative elements are based upon International Labor Organization conventions and United Nations human rights standards, while its verification system draws upon established business strategies and systems for ensuring quality (e.g., ISO 9000). Its social accountability requirements address nine areas:

1. Child Labor 2. Forced Labor 3. Health and Safety 4. Compensation
5. Working Hours 6. Discrimination 7. Discipline 8. Free Association and Collective Bargaining
9. Management Systems

Implementation . SAI accredits firms to act as external auditors that certify whether manufacturing facilities are in compliance with SA8000. Certification of compliance with SA8000 means that a facility has been examined in accordance with SAI auditing procedures and found to meet the standard's requirements.

8. Draft U.N. Human Rights Principles and Responsibilities for Transnational Corporations and Other Business Enterprises

Origin and Purpose . 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 those 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.** Business enterprises shall not engage in nor benefit from war crimes, crimes against humanity, genocide, torture, forced disappearance, forced or compulsory labor, hostage-taking, abuses in internal armed conflict, and other international crimes against the human person.

D. **Rights of Workers.** Business enterprises shall not use forced or compulsory labor, shall respect the rights of children to be protected from economic exploitation, shall provide a safe and healthy working environment, and shall compensate workers with remuneration that ensures a lifestyle worthy of human existence for workers and their families in the context of their circumstances. They shall also ensure freedom of association and effective recognition of the right to collective bargaining.

E. **Respect for National Sovereignty and Local Communities.** Business enterprises shall recognize and respect applicable laws and authority of the countries in which the businesses operate, in so far as they do not conflict with international human rights standards. They shall not engage in bribery or seek/give improper advantage from/to any government, government official, or candidate for elective post. In addition, businesses shall respect a community's rights to health, adequate food, and adequate housing, and refrain from actions that obstruct the realization of those rights. Businesses shall also respect other rights, such as rights to education, rest and leisure, and participation in the cultural life of the community. Also civil and political rights, such as freedom of movement; freedom of thought, conscience, and religion; and freedom of opinion and expression.

F. **Obligations with regard to Consumer Protection.** Business enterprises shall 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 and services they provide.

G. Obligations with regard to Environmental Protection. Business enterprises shall carry out their activities in accordance with laws and policies relating to the preservation of the environment of the countries in which they operate and shall generally conduct their activities in a manner contributing to the wider goal of sustainable development.

Implementation. The Draft calls for business enterprises to be subject to verification of compliance with these Principles in a manner that is independent, transparent, and includes input from relevant stakeholders. Each company shall adopt, disseminate, and implement its own code of conduct or shall take other adequate measures to afford at least the protections set forth in these Principles.

Business enterprises shall assess their major activities to determine their human rights impact in light of these Principles and such assessments shall be subject to verification in a manner that is independent, transparent, and includes input from relevant stakeholders.

9. The Global Sullivan Principles

Origin. The Global Sullivan Principles were formulated by Reverend Leon Sullivan in 1997.

Purpose. The Global Sullivan Principles seek to support economic, social and political justice by companies where they do business; to support human rights and encourage equal opportunity at all levels of employment, including racial and gender diversity on decision making committees and boards; to train and advance disadvantaged workers for technical, supervisory and management opportunities; and to assist with greater tolerance and understanding among peoples, thereby improving the quality of life for communities, workers, and children.

Critical Content. The Global Sullivan Principles articulate eight general norms for companies, requiring them to:

A. Support universal human rights, particularly those of employees, the communities within which they operate, and the parties with whom companies do business.

B. Provide equal opportunity for employees at all levels with respect to color, race, gender, age, ethnicity or religious beliefs, and prevent unacceptable worker treatment such as the exploitation of children, physical punishment, abuse of women, involuntary servitude, or other forms of abuse.

- C. Respect employees' right to freedom of association.
- D. Provide compensation that enables employees to meet basic needs, and afford them opportunity to improve their skills and capabilities in order to increase their social and economic opportunities.
- E. Provide a safe and healthy workplace, protect human health and the environment, and promote sustainable development.
- F. Promote fair competition, respect intellectual and other property rights, and not offer, pay or accept bribes.
- G. Work with governments and communities to improve the quality of life -- educational, cultural, economic and social well being--and provide training and opportunities for workers from disadvantaged backgrounds.
- H. Promote the application of these Principles by those with whom they do business.

Implementation. Companies that ascribe to the Global Sullivan Principles are called to implement policies, procedures, and internal reporting structures that help ensure commitment to these aspirations. Endorsing companies and organizations are asked to take part in an annual reporting process, to document and share their experiences.

10. Draft U.N. Human Rights Principles and Responsibilities for Transnational Corporations and Other Business Enterprises

Origin and Purpose. This document, which is in the drafting process, was commissioned by the UN as an addendum to the UN Universal Declaration of Human Rights. Its purpose is to indicate that there are some rights that can and should be provided for by business organizations "as organs of society," although governments have the primary responsibility to promote and protect human rights.

Critical Content. The Draft consists of seven broad rights principles, followed by a set of implementation guides and definitions. Each of the broad rights principles are further articulated by sub-paragraphs and commentaries aimed at making the principles clearer and more specific.

A. General Obligations. While governments have the primary obligation to promote internationally recognized human rights, transnational corporations and other business enterprises also have the obligation to promote international human rights within their respective spheres of activity and influence.

B. Right to Equal Opportunity and Treatment. Business enterprises shall pursue policies which ensure equality of opportunity and treatment, for the purpose of eliminating discrimination based on race, color, sex, religion, political opinion, nationality, social origin, social status, indigenous status, disability, age (over the age of majority), marital status, capacity to bear children, pregnancy, sexual orientation, genetic features, or other status of the individual unrelated to the individual's ability to perform his/her job

C. Right to Security of Persons. Business enterprises shall not engage in nor benefit from war crimes, crimes against humanity, genocide, torture, forced disappearance, forced or compulsory labor, hostage-taking, abuses in internal armed conflict, and other international crimes against the human person.

D. Rights of Workers. Business enterprises shall not use forced or compulsory labor, shall respect the rights of children to be protected from economic exploitation, shall provide a safe and healthy working environment, and shall compensate workers with remuneration that ensures a lifestyle worthy of human existence for workers and their families in the context of their circumstances. They shall also ensure freedom of association and effective recognition of the right to collective bargaining.

E. Respect for National Sovereignty and Local Communities. Business enterprises shall recognize and respect applicable laws and authority of the countries in which the businesses operate, in so far as they do not conflict with international human rights standards. They shall not engage in bribery or seek/give improper advantage from/to any government, government official, or candidate for elective post. In addition, businesses shall respect a community's rights to health, adequate food, and adequate housing, and refrain from actions that obstruct the realization of those rights. Businesses shall also respect other rights, such as rights to education, rest and leisure, and participation in the cultural life of the community. Also civil and political rights, such as freedom of movement; freedom of thought, conscience, and religion; and freedom of opinion and expression.

F. Obligations with regard to Consumer Protection. Business enterprises shall 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 and services they provide.

G. Obligations with regard to Environmental Protection. Business enterprises shall carry out their activities in accordance with laws and policies relating to the preservation of the environment of the countries in which they operate and shall generally conduct their activities in a manner contributing to the wider goal of sustainable development.

Implementation. The Draft calls for business enterprises to be subject to verification of compliance with these Principles in a manner that is independent, transparent, and includes input from relevant stakeholders. Each company shall adopt, disseminate, and implement its own code of conduct or shall take other adequate measures to afford at least the protections set forth in these Principles.

Business enterprises shall assess their major activities to determine their human rights impact in light of these Principles and such assessments shall be subject to verification in a manner that is independent, transparent, and includes input from relevant stakeholders.

Note. The Draft is under review by the Sub commission on the Promotion and Protection of Human Rights, a subsidiary body of the U.N. Commission on Human Rights. At the time of writing, the Draft will next be considered during the Subcommission's fifty-fourth session, to be held on July 30-31 in Geneva, Switzerland.

11. *Accountability 1000*

Origin. The Institute of Social and Ethical Accountability (ISEA) facilitated the development of AccountAbility1000 (AA1000) through work with individuals and organizations from business, government, and civil society. The standard first appeared in 1999.

Purpose. AA1000 is intended to improve the accountability and overall performance of business firms by enhancing the quality of social and ethical accounting, auditing and reporting. The AA1000 standard can be used in two ways: (1) as a common currency to underpin the quality of existing and emerging specialized accountability standards, or (2) as a stand-alone system and process for managing and communicating social and ethical accountability and performance.

Contents. AA1000 specifies the process an organization should follow to account for its performance, rather than performance levels an organization should achieve. Under AA1000, corporations define and declare their governing values

and ethical principles. The process standards contained within AA1000 link these values and principles to the development of performance targets and to the assessment and communication of organizational performance. An organization gradually enhances its performance by capitalizing on experience from previous improvement cycles.

Implementation. Utilization of AA1000 standard proceeds through five stages:

1. Planning: The organization commits to the process, and defines and reviews its values and social/ethical objectives and targets.
2. Accounting: The scope of the process is defined, information is collated and analyzed, and performance targets and improvement plans are developed.
3. Auditing and Reporting: A report on the organization's systems and performance is prepared, the overall process is externally audited, reports are made accessible to stakeholders, and stakeholder feedback is obtained.
4. Embedding: Structures and systems are developed to strengthen the process and integrate it within the organization's activities.
5. Stakeholder Engagement: Stakeholder participation is sought and engaged in stages (1) through (4).

12. International Confederation of Free Trade Union (ICFTU) and International Trade Secretariats (ITS)

Basic Code of Labor Practice

Origin. The 111th meeting of the ICFTU Executive Board (Brussels, December 1997) adopted a "Basic Code of Conduct covering Labor Practices". The Code's text was developed by the ICFTU/ITS Working Party on Multinational Companies in a process that entailed extensive consultations with various trade union organizations, as well as other individuals and groups.

Purpose. The Basic Code seeks to establish a set of minimum standards that should be included in all codes of conduct addressing labor practices. It promotes the primacy of international labor standards and respect for trade union rights. A central idea behind the Code is that labor exploitation and abuse cannot be separated from the repression of workers and therefore codes of conduct must incorporate freedom of association and the right to collective bargaining. The Basic Code can assist trade unions that are negotiating with companies or

working with NGO's in campaigns involving codes of conduct. The Code's provisions also may be adopted by a company doing business internationally.

Critical Content. The Basic Code requires a company and its contractors, subcontractors, principal suppliers and licensees/franchise holders to ensure that:

1. All employment is freely chosen – bonded or involuntary prison labor is prohibited;
2. There is no discrimination in employment;
3. Child labour is not used;
4. Freedom of association and the right to collective bargaining are respected;
5. Workers are paid a living wage;
6. Working hours are not excessive;
7. Working conditions are decent; and
8. The employment relationship is established – that is, obligations to employees under labor or social security laws/regulations are not be circumvented.

Implementation. Implementation and monitoring requires a company to apply the Basic Code to its own operations and the operations of its contractors, subcontractors, principal suppliers and licensees. This means:

- Contractors, subcontractors, principal suppliers and licensees must provide the company with operational information, permit inspection at any time, maintain complete worker records, inform workers of the Code provisions, and refrain from discriminating against any worker for providing information concerning observance of the code.
- The company will terminate contractors, subcontractors, principal suppliers and licensees that breach the terms of the Basic Code.

The company must establish a procedure to resolve questions about the Code's meaning and its implications

13. Business Principles for Countering Bribery

Published in December 2002, the Business Principles for Countering Bribery were developed through a multi-stakeholder dialogue, including trade unions, companies, non-governmental organisations (NGOs) and academics from many

countries. The conveners of the dialogue are Transparency International and Social Accountability International (SAI). Transparency International was founded in 1993 to build coalitions to fight corruption. Companies are encouraged to apply (rather than adopt) the Business Principles by initiating their own internal process of setting policies and procedures within the company through consultation with stakeholders.

14. Ethical Trading Initiative: Base Code

The Ethical Trading Initiative (ETI) seeks to improve the lives of workers in global supply chains by creating a forum to identify and promote good practice in the implementation of codes of conduct. The initiative is tripartite, consisting of membership groups from three sectors: companies, NGOs and trade unions. The ETI is funded by the UK government's Department for International Development and by its members, who pay dues. In pursuit of its aims, the ETI conducts experimental projects into aspects of code implementation, hosts seminars, events and conferences and has a research and publications programme.

15. Fair Labor Association: Workplace Code of Conduct

The Fair Labor Association (FLA) is a network of companies, human rights and labour organisations, colleges and universities seeking to improve working conditions. The FLA accredits independent monitors to inspect factories. It works with companies to improve internal monitoring systems. Companies are expected to implement systems to ensure that the FLA Workplace Code of Conduct is upheld

throughout their supply chains. The FLA accredits, selects, hires and pays monitors to conduct independent and external monitoring visits in 5% of participating company factories.

16. ICC Business Charter for Sustainable Development

Launched in 1991, the International Chamber of Commerce (ICC) Business Charter was developed by business leaders. The Charter includes 16 principles which focus on how to make the environment a corporate priority. Among the

key issues are: integrated management, education, research, prior assessment, precautionary approach, transfer of technology, compliance, reporting and emergency preparedness.

17. ISO 14001

ISO 14001 is the key element in a family of standards for creating environmental management systems (EMSs). An EMS is 'the part of the overall management system that includes organisational structure, planning activities, responsibilities, practices, procedures, processes and resources for developing, implementing, achieving, reviewing and maintaining the environmental policy'.² The International Organisation for Standardisation (ISO) has developed over 13,000 standards, working with standard-setting bodies in 145 countries. As with all ISO standards, companies that have successfully undergone an ISO 14001 audit by a trained auditor receive an ISO 14001 certificate. Elements of the ISO series—particularly ISO 14001—can also be used internally, without external auditors.

18. Marine Stewardship Council's Principles and Criteria for Sustainable Fishing

Founded in 1997 by Unilever, the Marine Stewardship Council (MSC) became an independent organisation in 1999. The MSC is a multi-stakeholder organization that promotes environmentally responsible stewardship of the world's most renewable food source. The MSC accredits certifiers to ensure that fish are harvested in a sustainable manner. Facilities that pass the audit receive the MSC certificate and can use the MSC product label on their products.

19. OECD Convention for Combating Bribery of Foreign Officials in International Business Transactions

Launched in 1997, the OECD Convention on Combating Bribery is a landmark agreement, defining key terms and developing a legal framework for addressing bribery. The Convention has been ratified by all 30 members of the OECD and by a growing number of non-members as well. The Convention applies to bribery of foreign government officials anywhere, regardless of where the incident takes place.

20. Rio Declaration on Environment and Development

The Rio Principles enshrined in the declaration define the right of people to development and gives signatories the responsibility to safeguard the environment for future generations.

21. Social Accountability 8000

Social Accountability 8000 (SA8000) is a global and verifiable standard designed to make workplaces more humane. The standard combines key elements of the International Labour Organisation (ILO) conventions with the management systems of ISO. SA8000 is a certification standard developed, overseen and updated through multi-stakeholder dialogue with trade unions, companies, NGOs and academics.
