



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

**The Third Edition**

**Revised and Released in 2003**

**by the Steering Group of  
the Global Principles Network**

[www.bench-marks.org](http://www.bench-marks.org)

**The Global Principles Steering Group**, which was commissioned by an International Conference held at Hengrave Hall, Suffolk, in the United Kingdom in April 1999 has, through this release of the revised document, completed its commission.

The Steering Group Members are:

Helga Birgden of the  
Christian Centre for Socially Responsible Investment (CCSRI)  
[www.ccsri.org](http://www.ccsri.org) - based in Australia.

Chan Ka Wai of the Hong Kong Christian Industrial Committee  
[www.cic.org.hk](http://www.cic.org.hk) - based in Hong Kong, China

Daniel Gennarelli of  
KAIROS: Canadian Ecumenical Justice Initiatives - [www.kairoscanada.org](http://www.kairoscanada.org)  
(formerly Taskforce on the Churches and Corporate Responsibility)

David Schilling of the  
Interfaith Center for Corporate Responsibility (ICCR)  
[www.iccr.org](http://www.iccr.org) - based in the United States of America

Jo Seoka, Anglican Bishop of Pretoria, of the  
Bench Marks Foundation of Southern Africa for Corporate Responsibility  
(BeFSA CSR) based in South Africa

Hildebrando Vélez of Censat Agua Viva, Friends of the Earth  
[www.censat.org](http://www.censat.org) - based in Colombia

Crispin White of the  
Ecumenical Council for Corporate Responsibility (ECCR)  
[www.eccr.org.uk](http://www.eccr.org.uk) - based in the United Kingdom

The Editorial Board Meeting, which agreed the text of the revision of the document, was held in the St George Conference Centre and Hotel at Rietvleidam near Pretoria in South Africa, between 7<sup>th</sup> and 14<sup>th</sup> October, 2002.

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**PRINCIPLES FOR GLOBAL CORPORATE RESPONSIBILITY:  
BENCH MARKS FOR MEASURING BUSINESS PERFORMANCE (2003)**

**EXECUTIVE SUMMARY**

**Purpose:** *The Principles for Global Corporate Responsibility: Bench Marks for Measuring Business Performance (Bench Marks)* promotes positive corporate social responsibility consistent with the responsibility to sustain the human community and all creation. The **Bench Marks** states comprehensive standards and expectations fundamental to a responsible company's action. The **Bench Marks** calls for:

- A new relationship between corporations, communities and ecosystems;
- Support for a sustainable system of production and a more equitable system for the distribution of the economic benefits of production and environmental services;
- Participation of stakeholders and those most affected by the activities of corporations in the decision-making processes of companies;
- Preservation and protection of the environment for present and future generations.
- Respect for the dignity of every person, for workers' right to organize a union and bargain collectively and for all core labour rights as defined by the International Labour Organization;
- Strong codes of conduct for corporations and suppliers independently monitored by local non-governmental and community organizations;
- Affirmation of indigenous peoples' right to full participation in the business decisions which pertain to their ancestral lands and their way of life;
- Development of a human rights policy based on the Universal Declaration of Human Rights;
- Commitment to the principle that every worker has the right of access to health care, accessible and affordable medicines, including antiretrovirals for the treatment of AIDS.
- Corporate governance policies that balance the sometimes competing interests of managers, employees, shareholders and communities; and that are based on ethical values, including inclusivity, integrity, honesty, justice and transparency.

**Proponents:** The Steering Group of the "Globalizing the Principles Network," established after the Hengrave Conference in 1999 that was organized by the Ecumenical Council for Corporate Responsibility of the United Kingdom (ECCR), the Interfaith Center on Corporate Responsibility of the USA (ICCR) and the Taskforce on the Churches and Corporate Responsibility of Canada (TCCR, now KAIROS-Canada). The Steering Group includes: Helga Birgden, *Australia*; Daniel Gennarelli, *Canada*; Hildebrando Vélez, *Colombia*; Crispin White, *United Kingdom*; Chan Kawai, *Hong Kong, China*; Jo Seoka, *South Africa*; and David Schilling, *United States*.

The proponents offer this document to groups working on corporate social responsibility, to workers and to companies seeking to respond to the challenges of doing business in the global economy in a socially responsible manner. Our long-range goal is to transform the way

corporations relate to people, communities and the environment. We invite people of all faiths and beliefs to engage in and contribute to the promotion of the principles articulated in the **Bench Marks**. We believe the broad involvement of a variety of individuals and institutions will deepen the values of corporate responsibility and accountability that will restore human dignity, the integrity of creation and the social order.

**Process:** Three faith groups (ECCR, ICCR, TCCR) published the first edition of the **Principles for Global Corporate Responsibility: Bench Marks for Measuring Business Performance** in 1995 and circulated it widely for feedback. A second document was published in 1998 incorporating comments received by others as well as the three groups' experience in utilizing the document with corporations. The 1999 Hengrave Conference in Great Britain brought together 53 delegates from 22 countries to expand the "Bench Marks Project" through the participation of groups from the South. That conference set in motion an approach built on the premise that the most effective way to press for global corporate accountability is to have strong connections between Northern shareholder groups who have access to multinational corporations and Southern groups who are close to the impacts of corporate practices on local peoples and communities.

In 2002, feedback on the 1998 **Bench Marks** document was received from individuals and groups from around the world. The Steering Group met in South Africa in October 2002 to draft the 2003 edition.

## **Summary of the Principles for Global Corporate Responsibility** **CONTEXT of FAITH**

Faith communities measure the global economy not only by what it produces, but also by its impact on the environment, how it touches human life and whether it protects the dignity of the human person. Justice requires that we stand with those oppressed, impoverished and exploited and we work to change the structures and policies in order to create a fair and sustainable world.

### **THE GLOBAL REALITY**

**Political and Economic Influences:** We live in a context of fierce and growing global competition, the over accumulation of production and capital, and the relentless search of capital for new profitable outlets. This has resulted in the dismantling of national boundaries, the sovereignty of nation states and peoples and the globalization of business and business opportunities. This form of profit driven investment impoverishes the quality of the lives of people and destroys their natural environment. The unpayable foreign debt that consumes the economic product of the Southern nations and the Structural Adjustment Programmes imposed by the International Monetary Fund on the countries in the South worsens their situation. This is made worse by the dumping of waste from the North in the South, which severely affects peoples' lives and adversely damages the environment and the social fabric of local communities.

**Impact of Militarism:** The implementation of the economic power of globalization depends on the militarization of the planet, which goes against the construction of sustainable society. The military industry is directly implicated in human rights abuses and the development of thermo-nuclear and bio-chemical weapons, which threaten the existence of life in all its forms.

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The private sector must commit to resolving the social, economic and environmental impacts originating from corporate activities in a peaceful manner and through measures that strengthen political and economic democracy, social and environmental justice and integrity of all creation.

**Technological Impacts:** Today's capital markets have fallen prey to the allure of new technologies and their potential for the development of entirely new forms of products and product lines, but the decisions to develop and use such products are not always ethically appropriate nor socially responsible. Internet communication and services, cloning and genetic engineering for example, are revolutionizing the market place. Ethical and social considerations lag far behind, to the point where new product development and sales become ends in themselves rather than the means to improve the quality of life or enhance care for the environment.

## 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 approach the questions of responsibility of corporations with the expectations of a Global Network of people and communities who hold the concerns expressed in the **Bench Marks** as central to their agenda. We believe 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 by them will be considered and represented. These actions include the establishment of communication and reporting mechanisms that value interaction with communities and other stakeholders; adoption of a reporting framework that is rooted in transparent disclosure, directly related to the communities at sites of impact and includes independent monitoring and verification processes with a role for non-governmental organizations, for workers and for community organizations.

In our understanding of global corporate responsibility, the community rather than the company is the starting point of economic life. 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.

Throughout the document, by **Principles** we mean a statement of business philosophy fundamental to a responsible company's actions. By **Criteria** we mean particular company policies and practices that can be compared for consistency with the Principles. By **Bench Marks** we mean specific reference points of measurement to be used in assessing the company's performance in relation to the Criteria. The **Bench Marks** offers an ethical standard of measurement on which to base decisions about global corporate social responsibility as, for example, when policies about investment and the management of investments are being developed.

## THE WIDER COMMUNITY

**Ecosystems:** The company adopts and implements high standards regardless of legal enforcement and will continually seek to improve its performance. Careful attention is paid to ensure that the company's actions do not damage the global environment. Central issues include climate change, biodiversity, genetically modified organisms and pollution prevention.

The company adopts the precautionary principle shifting the burden of proof from one of proving environmental harm to one of proving environmental safety.

**National Communities:** 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 human rights, labor, health and safety standards. The company adopts a comprehensive and verifiable human rights policy, which shall include an explicit commitment to the Universal Declaration of Human Rights and the International Labour Organisation's standards. The company has a policy, when there is a movement from within the country calling for withdrawal that it will withdraw from that country in instances where there are gross and systematic violations of human rights. The company commits to not involve itself in military or war activities.

**Local Communities:** Each company recognizes its political and economic impact on local communities especially where it is the principal employer. Its programs, policies and practices should serve as a vehicle for advancing a full range of human rights within each country where they operate. 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.

**Indigenous Communities:** The company is committed to respecting fully the rights of indigenous peoples as they are recognized by the appropriate jurisdictions and laws, and seeks and receives approval from local indigenous communities and leadership prior to beginning any business activities. The company respects the bio-cultural integrity of indigenous peoples, their lands and traditions.

## THE CORPORATE BUSINESS COMMUNITY

**Employees - Conditions:** The company has a global standard governing its employment practices and industrial relations, which includes: genuine respect for employees' right to freedom of association, labour organization, free collective bargaining; non-discrimination in employment; no violation of the rights of children; payment of a sustainable living wage with equal remuneration for work of equal value; a healthy working environment free from all forms of harassment and work schedules that are reasonable and enable employees and their families to live in a sustained and healthy manner.

- **Health and Safety:** The company affirms that workers have a right to a workplace free of toxic substances and all forms of hazards and subscribes to the principle that every worker has the right of access to health care, including accessible and affordable therapies and medicines.

- **Women in the Workforce:** The company values women as a vital group of employees who have a significant contribution to make to the work of all companies; and ensures that the social and biological determinants that affect women because of gender are addressed by appropriate policies within the work place, including pregnancy leave, maternity leave and medical leave.

- **'Minority' Groups:** 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.

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- **Persons with Disabilities:** 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.

- **Child Labour:** The company guarantees that neither it nor its contractors employ children as defined by ILO standards and the International Convention on the Rights of the Child.

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

**Suppliers and Contractors:** The company is responsible for the labour conditions under which its products and services are produced, provided, advertised or marketed under licensing agreement. The company accepts independent monitoring of its suppliers by local non-governmental and/or community organizations and adopts a transparent policy to make the internal investigation of complaints and results of internal and independent monitoring available to the public. 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. The company provides on-going free and compensated education and training for workers.

**Financial Integrity:** 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.

**Ethical Integrity:** The company directly addresses issues of justice in line with criteria developed and endorsed by workers and stakeholders as part of its financial, social and environmental reporting.

**Corporate Governance:** The company's governance structure is based on ethical values, including inclusivity, integrity, honesty, justice and transparency.

**Shareholders:** The company's corporate governance policies balance the interests of managers, employees, shareholders, and other company stakeholders. It neither restricts nor obstructs the legal rights of shareholders.

**Joint Ventures/Partnerships/Subsidiaries:** All parts of the company, associated companies, divisions, units and subsidiary companies abide by the same codes of ethics and conduct as the parent company as a minimum standard.

**Customers and Consumers:** 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. 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.

**APPENDIX** - contains references to key international documents and resources to measure business performance on social environmental and economic issues.

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## THE CONTEXT OF FAITH

The purpose of the *Principles for Global Corporate Responsibility: Bench Marks for Measuring Business Performance* is to promote positive corporate social responsibility consistent with the responsibility to sustain the human community and all creation.

From a perspective of faith, the context for all human activity is the totality of creation. Therefore, we need to use our power to live in harmony with creation, affirm the interdependence of everything on earth and the dignity of all parts of creation.

However, we recognize the breakdown of the social fibre resulting from the

- polarization of rich and poor;
- undermining of the integrity of human dignity;
- destruction of the integrity of creation;
- and, human greed as evidenced in over-consumption and disproportionate wealth accumulation for the few.

Therefore, we offer our context of faith as a basis for engaging the corporate community in the process of building sustainable communities founded on the values of justice.

Faith communities evaluate companies, not only by what they produce and their impact on the environment, but also by how companies contribute to sustainable community and protect or undermine the dignity of the human person. We believe these companies carry responsibility for the human and moral consequences of their economic decisions.

We believe the challenge for both companies and individuals in the global economy is to ensure that the distribution of economic benefits is equitable, supports sustainable community and preserves the integrity of creation.

We believe the promotion and protection of human rights - civil, political, social, religious, cultural and economic - are minimum standards for all social institutions, including companies.

We believe all people and institutions have a responsibility to work for a just society marked by love, compassion and peace. Justice requires that we stand with those oppressed by poverty and exploitation and we work to change the structures and policies that support their oppression. Justice also requires that the allocation of income, wealth and power be evaluated in the light of their impact on the poorest and most vulnerable in the world.

We invite people of all faiths and beliefs to engage in and contribute to the promotion of the principles and values articulated in this document. We believe the broad involvement of a variety of individuals and institutions will deepen the values of corporate responsibility and accountability that will restore human dignity, the integrity of creation and the social order.

## **THE GLOBAL REALITY:** **The political, economic and technological influences**

### **POLITICAL AND ECONOMIC INFLUENCES**

1. We live in a context of fierce and growing global competition, the over-accumulation of production and of capital, and the relentless search of capital for new profitable outlets. This has resulted in the dismantling of national boundaries and the sovereignty of nation states and the globalization of business and business opportunities. This is further exacerbated by technology improving processes in production, which increases competition between enterprises, exerting even more pressure on business to improve efficiency and cut costs to remain competitive.
2. Global competition has manifested itself in many companies transferring their operations from the North to the South as one strategy to increase profits. This results in broken communities and unemployment in the North and in deepening the crisis of weakened social institutions and environmental conditions in the South.
3. This is having consequences on both the people of the North and the South. The way that present competition has manifested itself negates social and environmental concerns, especially in the South. By transferring their operations to the South, companies increase their profits through the use of cheaper labour and easier access to raw and other naturally available resources and services.
4. This form of profit-driven investment impoverishes the quality of the lives of people and destroys their natural environment. Unemployment is increasing both in the North and the South. Moreover workers are deprived of their basic rights, suffer high job insecurity, with increasing labour informalization, and flexible labour standards, with a high risk of occupational hazards.
5. The unpayable foreign debt that consumes the economic product of the Southern nations and the Structural Adjustment Programmes (SAPs) imposed by the International Monetary Fund (IMF) on the countries in the South worsen the situation. This situation is made worse by the dumping of waste from the North in the South, which severely affects people's lives and adversely damages the environment and the social fabric of local communities.
6. Migrant labour in and between countries directly breaks down family life, social relations and traditions. Migrant workers are deprived of their basic rights, freedom of association and basic organizational opportunities to defend their interests.
7. Through various multilateral agreements, governments, business and military industries join together to make up international treaties, which influence national legislation to suppress any dissenting voices. Suppression takes different forms, ranging from outright suppression to more subtle forms, depriving people of access to information and decision-making processes.
8. The existence of ecological debt historically incurred due to the misappropriation of the South's natural and cultural heritage, aided by means of unfair exchange mechanisms, and the unbearable external debt should be acknowledged, stopped and amends made.
9. The experience of market-driven development has impoverished local communities, limited their independence and ability to be responsible for their own self-determination, local natural resources and culture. Civil society groups, organizations and communities have started to adopt the means by which the concept of sustainable communities can be

achieved. Corporations need to analyze their programmes, policies and practices in the light of their impact on the sustainability of communities.

10. All human activity, including business development and expansion, impacts on the natural environment, the community, and future generations. There are over-riding considerations which ethically constrain this activity in respect of:

- zones of conflict;
- ecologically sensitive environments;
- no-go exclusion zones (e.g. wildlife reserves and sacred lands);
- vulnerable populations (e.g. the impact of HIV / AIDS, the destruction of tribal identity);
- endangered locations where irreversible impact would have significant consequences;
- inappropriate exportation of military equipment;

In certain situations, respect for these considerations will necessitate the development of policies involving moratoria or the suspension of operations.

### **IMPACT OF MILITARISM**

The implementation of the economic power of globalization depends on the militarization of the planet, which goes against the construction of sustainable society. The military industry is directly implicated in human rights abuse and the development of thermo-nuclear, chemical and biological weapons, which threaten the existence of life in all its forms.

The concentration of offensive military capacity in only a few countries undermines the sovereignty of other countries in making decisions concerning war and peace. The private sector commits to resolving the social, economic and environmental impacts originating from corporate activities in a peaceful manner and through measures that strengthen political and economic democracy, social and environmental justice and integrity of all creation.

### **TECHNOLOGICAL IMPACTS**

Today's capital markets have fallen prey to the allure of new technologies and their potential for the development of entirely new forms of products and product lines, but the decisions to develop and use such products are not always ethically appropriate nor socially responsible.

Communication and Internet services, cloning and genetic engineering – to name a few – in our fast-paced and rapidly changing world are revolutionizing the market place. Ethical and social considerations lag far behind, to the point where new product development and sales become ends in themselves rather than means to improve the quality of life or enhance care for the environment.

As many technological developments are moved around the globe their production processes, product distribution patterns, accessibility and affordability occur with striking variations. The degree of disparity among communities in the South and North in accessing their benefits raises yet another ethical concern. Moreover, the ownership structures within the technology sector, the retained manufacturing controls practised by industry leaders, and the patent protections granted by governments, have further created situations where skills transfer is severely limited,

where risks transfer is often one-sided, where the dignity of human labour has been diminished if not lost, where job displacements occur unabatedly, and where new patterns of economic dependence have reached unacceptable levels.

This is not to say that new technologies have not created social and environmental benefits, but the great hope for humanity with which modern technologies were once greeted has already been called into question. Technology, whether advanced by the microchip or by gene splicing, must in all cases meet the demands of sustainable community and be conditioned by ethical, social and environmental criteria.

The global corporate responsibility expectations, as outlined here, have not in all cases been made specific to various of the emerging new technologies. Nevertheless, many of the Principles, Criteria and Bench Marks in the text would easily apply by implication.

As an overriding principle for consideration among others, we believe that the potential for profitability gained by bringing new technology products to market, must be weighed against the potential for social and environmental harm and rejected when the impacts of such new products would negatively affect the lives and livelihood of vulnerable populations already under threat from conditions of poverty, deprivation and exclusion.

We insist that people are always the focus in any human activities, including in business and financial expansions. Governments, international institutions and companies should try by all means to create spaces for the emergence of civil society groups for the public good. Global forums should narrow the gap between the rich and the poor, internationally, regionally and locally.

Cognizance must be taken of greed and the relentless pursuit of the accumulation of wealth for a few. Rather, economic activity should focus on enhancing the quality of people's lives and protect the natural environment by promoting policies around investment that promote sustainable livelihoods and which contribute to the growth of sustainable communities.

## 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.<sup>1</sup> 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.

Internet Website address links for a considerable number of codes of conduct, programmes and Bench Mark documents are available in the Appendix

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<sup>1</sup> 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.

# I. THE WIDER COMMUNITY

## Section I.1 - ECOSYSTEMS

### Principles

#### I.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.

#### I.1.P.2

To minimize environmental degradation and health impacts, the *precautionary principle*<sup>2</sup> is the overriding principle guiding action, shifting the burden of proof from one of proving environmental harm to one of proving environmental safety.

#### I.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.

#### I.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.

#### I.1.P.5

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

#### I.1.P.6

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

#### I.1.P.7

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

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<sup>2</sup> 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)

I.1.P. 8

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

I.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*

I.1.C.1

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

I.1.C.2

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

I.1.C.3

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

I.1.C.4

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

I.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.

I.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.

I.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.

I.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.

#### I.1.C.9

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

#### I.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.

#### I.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.

#### I.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.

#### I.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.

#### I.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*

#### I.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.

#### I.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.

#### I.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.

#### I.1.B.4

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

#### I.1.B.5

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

#### I.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.

#### I.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.

#### I.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.

#### I.1.B.9

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

#### I.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.

#### I.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.

#### I.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.

#### I.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.

#### I.1.B.14

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

### **Section I.2 - NATIONAL COMMUNITIES**

#### *Principles*

##### I.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.

##### I.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.

##### I.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.

##### I.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.

##### I.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.

##### I.2.P.6

The company respects the political jurisdiction of national communities.

I.2.P.7

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

I.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.

I.2.P.9

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

I.2.P.10

The company is committed to peace in all its endeavours.

I.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.

I.2.P.12

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

*Criteria*

I.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.

I.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.

I.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.

I.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.

I.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.

I.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.

I.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.

I.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.

I.2.C.9

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

I.2.C.10

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

I.2.C.11

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

I.2.C.12

The activities of the company are geared towards peacemaking.

I.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*

I.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.

I.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.

I.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)

I.2.B.4

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

I.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.

I.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).

I.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.

I.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.

I.2.B.9

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

I.2.B.10

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

I.2.B.11

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

I.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.

I.2.B.13

Taxes are paid by the company within the appropriate jurisdictions.

I.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.

I.2.B.15

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

I.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.

I.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 I.3 - LOCAL COMMUNITIES**

### *Principles*

I.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.

I.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.

I.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.

I.3.P.4

The company respects the inclusive involvement of all stakeholders in developing civil society partnerships and host community agreements.

### I.3.P.5

The company accepts the principle of prior engagement with relevant non-governmental organisations and civil society.

### *Criteria*

#### I.3.C.1

The company develops a policy statement that measures its social, environmental and economic impact on local communities affected by its operations.

#### I.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.

#### I.3.C.3

The company evaluates all of its operations in the light of community sustainability.

#### I.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.

#### I.3.C.5

Employees are encouraged to participate in local community activities and organisations.

#### I.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.

#### I.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.

#### I.3.C.8

The company aspires to integrating the interests of all stakeholders with that of its own business goals.

#### I.3.C.9

The company recognizes various stakeholder groups and establishes an inclusive and exhaustive consultation process with them.

### *Bench Marks*

#### I.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.

I.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.

I.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.

I.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.

I.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.

I.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.

I.3.B.7

The company makes available its returned, second-hand, and reject goods and outlet samples through local independent distributors.

I.3.B.8

The company has a plant closure policy, which provides transitional arrangements for employees.

## **Section I.4 - INDIGENOUS COMMUNITIES**

### *Principles*

I.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.

I.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.

#### I.4.P.3

The company respects the cultural, religious and social customs and traditional knowledge of members of indigenous communities.

#### I.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.

#### I.4.P.5

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

#### I.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).

#### I.4.P.7

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

#### I.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.

#### I.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.

#### I.4.P.10

The company respects indigenous medicines and medical practices.

### *Criteria*

#### I.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.

#### I.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.

I.4.C.3.

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

I.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.

I.4.C.5

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

I.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.

I.4.C.7

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

I.4.C.8

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

I.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*

I.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.

I.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).

I.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.

#### I.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.

#### I.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.

#### I.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 I.5 – RESOURCE EXTRACTION**

#### *Principles*

##### I.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.

##### I.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.

##### I.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.

##### I.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.

##### I.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.

#### I.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.

#### I.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*

#### I.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.

#### I.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.

#### I.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.

#### I.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.

#### I.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.

#### I.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.

#### I.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.

#### I.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*

### **I.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.

### **I.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.

### **I.5.B.3**

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

### **I.5.B.4**

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

### **I.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.

### **I.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 <sup>3</sup>**

### *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.

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<sup>3</sup> 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.

#### 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

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.<sup>4</sup>

#### 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.

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<sup>4</sup> See the *Global Anti-Money-Laundering Guidelines for Private Banking* Wolfsberg AML Principles at [www.wolfsberg-principles.com](http://www.wolfsberg-principles.com)

### 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.

## **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.<sup>5</sup>

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<sup>5</sup> 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.

## 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

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.

## GLOSSARY OF TERMS

The following is by no means an exhaustive list but is an attempt to provide an introduction to the underlying thinking behind some of the language which is used in the document or which is associated with the concepts of corporate activity and responsibility. The definitions have been culled from various sources and these are, where possible, indicated in square brackets [ ].

[AICoC] = Apparel Industry Codes of Conduct of the US Dept. of Labor

[CREA] = Center for Reflection, Education and Action, Inc.

[EIRIS] = Ethical Investment Research Service

[FSC] = Forest Stewardship Council

[ICHRP] = International Council on Human Rights Policy

### **Associated companies**

Those companies in which aggregate interest in the equity share capital held by the parent company and its direct and indirect subsidiaries amounts to 20% - 50% inclusive. [EIRIS]

### **Biological diversity**

The variability among living organisms from all sources including, *inter alia*, terrestrial, marine and other aquatic ecosystems and the ecological complexes of which they are a part; this includes diversity within species, between species and of ecosystems. (See Convention on Biological Diversity, 1992) [FSC]

### **Company**

A company is an organization or business entity including all its personnel (i.e. directors, executives, management, supervisors, and non-management staff, whether directly employed, contracted or otherwise representing the company).

### **Company group**

A company whose shares are quoted on the Stock Exchange and all other parts of the company. [EIRIS]

### **Corporate citizenship**

Corporate citizenship is about a new contract between business and society, a vision of partnership between different sections of community, which allies profitable companies with healthy communities because what happens to societies happens to business.

### **Corporate social responsibility**

Corporate Social Responsibility (CSR) is the decision-making and implementation process that guides all company activities in the protection and promotion of international human rights, labour and environmental standards and compliance with legal requirements within its operations and in its relations to the societies and communities where it operates. CSR involves a commitment to contribute to the economic, environmental and social sustainability of communities through the on-going engagement of stakeholders, the active participation of communities impacted by company activities and the public reporting of company policies and performance in the economic, environmental and social arenas.

**Customary rights**

Rights which result from a long series of habitual or customary actions, constantly repeated, which have, by such repetition and by uninterrupted acquiescence, acquired the force of law within a geographical or sociological unit. [FSC]

**Ecosystem**

A community of all plants and animals and their physical environment, functioning together as an independent unit. [FSC]

**Indigenous lands and territories**

The total environment of the lands, air, water, sea, sea-ice, flora and fauna, and other resources which indigenous peoples have traditionally owned or otherwise occupied or used. [FSC]

**Indigenous peoples**

The existing descendants of the peoples who inhabited the present territory of a country wholly or partially at the time when persons of a different culture or ethnic origin arrived there from other parts of the world, overcame them and, by conquest, settlement, or other means reduced them to a non-dominant or colonial situation; who today live more in conformity with their social, economic and cultural customs and traditions than with the institutions of the country of which they now form a part, under State structure which incorporates mainly the national, social and cultural characteristics of other segments of the population which are predominant. (Working definition adopted by the UN Working Group on Indigenous Peoples) [FSC]

The UN has defined indigenous populations in the following way, which combines both objective and subjective elements:

“Indigenous communities, peoples and nations are those which, having a historical continuity with pre-invasion and pre-colonial societies that developed on their territories, consider themselves distinct from other sectors of the societies now prevailing in those territories, or parts thereof. They form at present non-dominant sectors of society and are determined to preserve, develop and transmit to future generations their ancestral territories, and their ethnic identity, as the basis of their continued existence as peoples, in accordance with their own cultural patterns, social institutions, and legal systems.”

Many indigenous groups are particularly vulnerable to human rights violations. They frequently suffer discrimination, and their rights to life, to health, to land and to culture have been violated over time and on a large scale in many societies. The UN has for some years worked on drafting a Declaration on the Rights of Indigenous Peoples. However, contentious issues, notably the right to self-determination, have delayed agreement. In the meantime, other UN bodies attempt to highlight and address the particular problems that indigenous peoples face. [For further information go to The International Council on Human Rights Policy, [www.ichrp.org](http://www.ichrp.org)]

### **Local laws**

Includes all legal norms given by organisms of government whose jurisdiction is less than the national level, such as departmental, municipal and customary norms. [FSC]

### **Monitoring**

Four patterns of monitoring have been defined:

**Internal Monitoring** conducted by local or regional company personnel or headquarters personnel or a combination of employees from each group.

**External Monitoring** using the activity of buying agents to monitor compliance with a corporate code.

**Outside Audits** now a service offered by some accounting, auditing and consulting firms to add to their normal service functions and define corporate code compliance.

**Independent Monitoring** is a system using local and international non-governmental groups including religious, human rights and labour groups to conduct on-going monitoring of codes of conduct and applicable national laws and international standards. [AICoC]

### **Parent company**

The company quoted on the Stock Exchange. [EIRIS]

### **Parts of a company**

Direct and indirect subsidiaries, associated companies, divisions and units. [EIRIS]

### **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*).

### **Purchasing Power Index (PPI)**

The Purchasing Power Index provides data regarding the ability of workers anywhere in the world to meet their own needs and those of their families. It accurately measures the intersection of prices, wages and inflation while providing data that allows for comparison:

- (a) Trans-temporally: Purchasing Power can be compared over time for a given group of workers;
- (b) Trans-culturally: Purchasing Power can be compared for different groups of workers within a given area, region or country; and
- (c) Trans-nationally: Purchasing Power can be compared for workers doing the same work in different countries.

#### **ADVANTAGES OF THE PURCHASING POWER INDEX**

1. The PPI establishes a basis of comparison over time. For example, how many minutes of work are required (at a given wage level) to purchase a kilogram (2.2 lb.) of rice in January 1998. The PPI also allows us to compare purchasing power after three months or six months as a way of determining the effects of inflation, currency re-valuation and/or new contracts.

2. It establishes a basis of comparison between one location and another. Different locations can be any combination of different free trade zone areas within a country, different countries, or urban, suburban and rural locations. The conditions of workers at different plants operating for the same company can be monitored.

3. It allows for the assessment of wage levels without the need to price every item a person might ever need to purchase. By knowing the purchasing power, in minutes of work necessary, to provide basic commodities as well as household expenses, the possibility of meeting basic needs through the normal workweek can be assessed.

4. It removes the question of judgment normally involved in decisions as to how one spends one's money. The PPI states what is possible in terms of the purchasing power that accrues as a result of the normal workweek. Questions as to whether a person spends money in a manner that another person might consider "frivolous" are no longer relevant. What is affordable is **emphasized**. With 60 minutes in an hour and approximately 40 hours in an average workweek, any person, at any wage level, earns 2400 minutes of purchasing power each week. (50 hours = 3000 minutes) What changes are the "prices in purchasing power minutes" or the "cost in work minutes" according to the varied wage levels.

5. The PPI creates the ability to compare the effects of earned purchasing power at different wage levels. (Contact: CREA Inc., PO Box 2507, Hartford, CT 06146-2507, TEL: 860-527-0455, FAX: 860-233-4673, e-mail: [crea-inc@crea-inc.org](mailto:crea-inc@crea-inc.org), website: [www.crea-inc.org](http://www.crea-inc.org))

### ***Socially responsible investment/ethical investment***

Socially Responsible Investment or, Ethical Investment is the strategy of making investment decisions to achieve a social, environmental as well as financial return. Socially responsible investment identifies companies that are deemed to be financially sound, and then considers labour environmental, social and ethical issues in the assessment opportunity and risk. There are three basic strategies used by socially responsible investors: (1) screening companies based on a range of social and environmental criteria; (2) shareholder activism to change company policy through filing shareholder resolutions and meeting with company management and (3) community investing which provides low interest loans to support development in low-income communities.

### ***Stakeholder***

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. The proposers of these Principles believe that 'the community rather than the company is the starting point of economic life'.

### ***Subsidiary companies***

A company is a subsidiary if another company holds more than 50% of its equity share capital. [EIRIS]

### ***Vulnerable groups***

Human rights law has long recognised that certain groups need special protection. Such groups include landless peasants, marginalised peasants, rural workers, rural unemployed, urban unemployed, urban poor, migrant workers, indigenous peoples, children, elderly people, women and the disabled. They are vulnerable to human rights abuses because of their physical

attributes (e.g. the disabled) or because they have suffered discrimination for a long time (e.g. women) and do not have equal power in society preventing them from protecting their rights.

There are two obligations in relation to vulnerable groups. First, businesses should make sure that their activities do not hurt (even unintentionally) these vulnerable groups. Second, human rights law allows, and sometimes requires, temporary positive discrimination in favour of these groups, in order to right a historical wrong that may otherwise never be rectified by time. As an example of human rights guarantees for vulnerable groups, we will look at protections for indigenous peoples. [ICHRP]

### **Wage levels**

**Level 1: Marginal Survival Wage:** Wage does not provide for adequate nutritional needs. Starvation is prevented.

**Level 2: Basic Survival Wage:** Wage allows for meeting immediate survival needs including basic food, used clothing, minimal shelter, fuel for cooking.

**Level 3: Short-Term Planning Wage:** Wage meets basic survival needs. Possibility of small amount of discretionary income allows for minimal planning beyond living from pay-cheque to pay-cheque. Allows for occasional purchase of needed item(s) as small amounts can be set aside from meeting basic survival needs.

**Level 4: Sustainable Living Wage:** Wage level meets basic needs including food, clothing, housing, energy, transportation, health care, and education. Ability to participate in culturally required activities (including births and related celebrations, weddings, funerals and related activities). Also allows for the setting aside of small amounts of money (savings) to allow planning for the future purchase of items and the meeting of needs.

**Level 5: Sustainable Community Wage:** In addition to meeting basic needs and allowing the worker to set aside money for future purchases, allows for the availability of enough discretionary income to allow the worker to support the development of small businesses in a local community including the support of cultural and civic needs of the community. Wage allows for long range planning and participation. [CREA]

# Appendices and Websites References

Advertising Standards Agency (British Codes of Conduct) = [www.asa.org.uk](http://www.asa.org.uk)

Agenda 21 = [www.users.whsmithnet.co.uk/ispalin/a21/n](http://www.users.whsmithnet.co.uk/ispalin/a21/n)

Amnesty International = [www.amnestyusa.org/undhr.html](http://www.amnestyusa.org/undhr.html) and [www.amnesty.org](http://www.amnesty.org)

Association for Sustainable and responsible Investment in Asia = [www.asria.org](http://www.asria.org)

Bellagio Principles = [www.iisd.ca/measure/bellagio1.htm](http://www.iisd.ca/measure/bellagio1.htm)

Beijing Declaration = [www.un.org/womenwatch/daw/beijing/platform/declar.htm](http://www.un.org/womenwatch/daw/beijing/platform/declar.htm)

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'Beyond Voluntarism: Human rights and the developing international legal obligations of companies' = [www.ichrp.org](http://www.ichrp.org)

'Business and Human Rights' = [www.business-humanrights.org](http://www.business-humanrights.org) a comprehensive resource with links to information from governments, companies, intergovernmental organizations and NGOs.

CERES Principles = [www.ceres.org/our\\_work/principles.htm](http://www.ceres.org/our_work/principles.htm)

Code of Best Practice (The Cadbury Code) on Corporate Governance = [www.5paisa.com/nevi/cadb.html](http://www.5paisa.com/nevi/cadb.html)

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Corporate Governance, for corporate governance studies and reports = [www.irrc.org](http://www.irrc.org)

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Global Compact of the United Nations = [www.unglobalcompact.org](http://www.unglobalcompact.org)

Global Reporting Initiative = [www.globalreporting.org](http://www.globalreporting.org)

Independent Monitoring Group of El Salvador (GMIES), the first independent monitoring group made up of local civil society non-governmental organizations = [www.gmies.org.sv](http://www.gmies.org.sv)

International Committee on Human Rights = [www.ichrp.org](http://www.ichrp.org)

International Covenant on Economics, Social and Cultural Rights = [www.unhchr.ch/html/menu3/b/a\\_cescr.htm](http://www.unhchr.ch/html/menu3/b/a_cescr.htm)

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[www.hrcr.org/docs/CERD/text/cerd2.html](http://www.hrcr.org/docs/CERD/text/cerd2.html)

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[www.ilo.org/public/english/standards/norm/whatare/fundam/](http://www.ilo.org/public/english/standards/norm/whatare/fundam/)

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International Labour Organization's Convention Concerning Indigenous and Tribal Peoples in Independent Countries, Convention 169 = [www.unhchr.ch/html/menu3/b/62.htm](http://www.unhchr.ch/html/menu3/b/62.htm)

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MacBride Principles for Northern Ireland = [www.pittsburghirish.org/AOHDiv32/MacBridePrinc.htm](http://www.pittsburghirish.org/AOHDiv32/MacBridePrinc.htm)

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Universal Declaration of Human Rights = [www.un.org/rights/50/decla.htm](http://www.un.org/rights/50/decla.htm)

White House Apparel Industry Workplace Code of Conduct & Principles of Monitoring = [www.fairlabor.org](http://www.fairlabor.org).  
Go to code of conduct and monitoring sections

Wolfsberg AML Principles = [www.wolfsberg-principles.com](http://www.wolfsberg-principles.com)

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Worldwatch Institute for State of the World report 2003 and other resources, including Paper 164. 'Invoking the Spirit: Religion and Spirituality in the Quest for a Sustainable World' = [www.worldwatch.org](http://www.worldwatch.org)

# INDEX OF ISSUES & INDUSTRY SPECIFIC CONCERNS

Whereas most **Principles, Criteria** and **Bench Marks** apply to the majority of companies there are some which relate specifically to a particular sector or industry. Also, there are some important issues, which are highlighted here to supplement the headings in the Table of Contents. The Index attempts to provide a more detailed guide to some of these but this should not be regarded as being an exhaustive listing.

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Public Consultation	1.1.C.6 * 1.1.C.12 * 1.3.C.2 * 1.3.C.9 * 1.3.B.3 * 1.4.C.3 1.5.C.8 2.3c.B.2 * 2.3d.C.1 * 2.3d.B.4 * 2.5.P.6 * 2.5.C.6
Recruitment	1.4.C.8 2.1.C.1 * 2.1.C.5 * 2.3c.P.1 * 2.3c.C.4 * 2.3c.C.7 2.3c.B.1
Redundancy	2.1.B.9

Remuneration/Compensation	1.1.B.9 * 1.2.C.2 2.1.P.7-9 * 2.1.C.1 * 2.1.C.8 * 2.1.C.11-13 * 2.1.B.4 2.1.B.7-8 * 2.3a.P.3 * 2.3a.C.2 * 2.3c.C.3 * 2.3d.P.4 2.4.C.1 * 2.4.B.10 * 2.7.P.4 * 2.7.C.4 * 2.7.B.4
Reports & Reporting	1.1.C.5 * 1.1.B.7-8 * 1.1.B.12 * 1.2.B.14 * 1.2.B.16 1.3.B.4-6 2.1.B.7 * 2.3c.B.4 * 2.4.B.7-8 * 2.5.P.3 * 2.5.C.3 * 2.5.B.1 2.5.B.3 * 2.5.B.6 * 2.6.P.2 * 2.6.B.3 * 2.7.B.1 * 2.7.B.3 2.8.B.2
Resource Extraction	Section 1.5
Restoration/Restitution	1.1.C.7 * 1.1.B.3
Risk	1.1.B.3 2.2.C.1 * 2.2.B.5
Shareholders	Section 2.8 1.3.B.6 * 2.5.P.3 * 2.7.P.5
Stakeholders	1.1.C.11 * 1.1.B.8 * 1.2.P.11 * 1.2.B.4 * 1.3.P.4 1.3.C.8-9 * 1.3.B.3 2.4.B.7-8 * 2.5.P.6 * 2.5.C.3 * 2.5.C.6 * 2.5.B.6 * 2.6.P.2 2.6.C.4 * 2.6.B.3 * 2.7.P.2 * 2.7.P.5
Suppliers & Contractors	Section 2.4 2.3d.P.2 * 2.3d.C.1 * 2.3d.C.4
Sustainability	1.1.P.7 * 1.1.C.12 * 1.3.P.3 * 1.3.C.3 * 1.3.C.6 * 1.3.B.4 1.4.P.4 * 1.4.C.1 * 1.5.P.1 * 1.5.C.2 * 1.5.B.2 2.1.P.7 * 2.10.C.1 * 2.10.C.3
Tobacco	1.2.C.9 * 1.2.B.12 2.2.P.2 * 2.10.C.7
Training	1.4.C.8-9 2.1.C.6 * 2.1.C.15 * 2.1.B.7 * 2.3a.B.3 * 2.3c.C.2 2.3c.C.4 * 2.3c.C.6 * 2.4.C.5 * 2.4.B.4 * 2.4.B.10 2.6.C.1
Transparency	1.1.C.14 * 1.2.P.5 * 1.2.B.17 * 1.3.B.2 * 1.4.C.7 * 1.4.B.5-6 2.4.B.8 * 2.5.P.3 * 2.7.P.1 * 2.7.P.3 * 2.7.P.5 * 2.8.P.1
Tribunals	1.2.B.9 2.1.B.6 * 2.8.B.2
Vulnerable Groups	2.10.C.7 * 2.10.B.3
Waste	1.1.B.3
Women	Sub-Section 2.3a 1.2.B.5 * 1.3.B.1 2.1.C.4 * 2.1.C.9 * 2.2.C.1 * 2.2.C.3 * 2.2.B.1
Zones of Conflict	1.5.P.2 * 1.5.P.5-6 * 1.5.C.4