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International Principles and Standards of Corporate Responsibility

In recent years, as globalization has gathered pace, various international institutions and organizations have put forward principles and standards of corporate responsibility at an international level. Underlying these efforts is the conviction that the pursuit of economic objectives does not legitimate the violation of human dignity, disregard for inalienable rights, or overexploitation of natural resources and destruction of the environment.

These principles and standards of corporate responsibility come from very different sources. Some have been developed by supra-state institutions such as the UN or the OECD. Others are promoted by social sector organizations, or even corporations. Despite their diversity, they have many features in common. Above all, they coincide in recognizing the dignity and rights of the person and respect for the environment.

Some principles, such as the United Nations Global Compact or the Global Reporting Initiative (GRI), are well known and widely accepted and applied in companies around the globe. Others, such as the Caux Round Table Principles for Business, are less well known, but are attracting growing interest in many spheres on account of their intrinsic quality and international outlook. Some principles are widely recognized because they are promoted by a respected international organization (International Labour Organization, OECD, etc.), but

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are not so popular in practice. Lastly, there are principles that are accepted in only one or two countries. The Global Sullivan Principles, for example, or the Fair Labour Association (FLA) Workplace Code of Conduct are fairly well known in the United States, less so in Latin America, and hardly at all in Europe.

Although these principles vary widely in nature and purpose, they can be divided into thematic groups (see Table 1). One group comprises statements of human and labor rights; another consists of statements and principles relating to the environment and sustainability; a third group is made up of comprehensive principles and guidelines, covering human and labor rights, the environment, and the fight against corruption. A fourth group includes auditing, certification and reporting initiatives, which indirectly also include principles of behavior insofar as they require monitoring and disclosure. Many multinational companies have developed their own codes of conduct or principles of business behavior, which are international in scope, though specific to one company. These make up a fifth group.

The purpose of this technical note is to provide an overview of the most significant international principles and standards of corporate social responsibility. We shall describe the source, approach and main features of each proposal, without going into great detail, as further information is available on the websites listed in Exhibit 1.

Table 1
Some Global Proposals for Corporate Social Responsibility

Areas	Some significant proposals	Year
1. Human and labor rights	<ul style="list-style-type: none"> • Universal Declaration of Human Rights (UN) • Principles Concerning Multinational Enterprises and Social Policy (ILO) • Fundamental Principles and Rights at Work (ILO) • Workplace Code of Conduct (Fair Labour Association, FLA) 	1948 1977 (2001)* 1998 1996 (2001)*
2. Environment and sustainability	<ul style="list-style-type: none"> • CERES Principles • Business Charter for Sustainable Development (International Chamber of Commerce) • Rio Declaration on Environment and Development (UN) 	1989 1991 1992
3. Comprehensive principles	<ul style="list-style-type: none"> • Global Sullivan Principles • Caux Round Table Principles for Business • UN Global Compact • Guidelines for Multinational Enterprises (OECD) 	1977 (1999) 1994 2000 (2004) (2000)
4. Auditing, certification and reporting	<ul style="list-style-type: none"> • Global Reporting Initiative (GRI) • Social Accountability 8000 (SA8000) • AccountAbility 1000 (AA1000) • ISO 14001 	1997 (2006)* 1997 1999 (2004)*
5. Principles or codes of conduct of multinational companies	<ul style="list-style-type: none"> • Many multinational companies have codes of conduct and statements of principles 	

Principles Relating to Human and Labor Rights

Some of the longest established codes concern the protection of human rights and the rights of workers.

Universal Declaration of Human Rights

The oldest and most popular declaration of human rights is without question the Universal Declaration of Human Rights published by the General Assembly of the United Nations (UN) in 1948, after the bitter experience of two world wars and the horrors of Nazism. Although it does not explicitly mention corporate responsibilities, it remains an obligatory reference in any consideration of human rights in a business context.

The Universal Declaration includes civil and political rights; religious freedom, freedom of association, and protection against all forms of torture, slavery or discrimination; and economic, cultural and social rights, such as the right to education or decent working conditions. It also contains labor rights, such as the right to free association (unions), the elimination of any kind of forced labor, the abolition of child labor, and the elimination of discrimination on any grounds.

Declaration of Principles Concerning Multinational Enterprises and Social Policy (ILO)

Another precursor is the Tripartite (governments, companies and employees) Declaration of Principles Concerning Multinational Enterprises and Social Policy (MNE Declaration) issued by the International Labour Organization (ILO) in 1977. The MNE Declaration addresses issues such as employment promotion; equal opportunity and fair treatment; employment, training, pay, profits, and working conditions; health and safety at work; freedom of association and the right to organize; the right to collective bargaining and regular consultation with worker representatives; disciplinary action; and labor disputes.

Declaration of Fundamental Principles and Rights at Work (ILO)

A more recent addition is the ILO Declaration of Fundamental Principles and Rights at Work, adopted in 1998. It presents itself as “an expression of commitment by governments, employers’ and workers’ organizations to uphold basic human values – values that are vital to our social and economic lives.” It covers:

- Freedom of association and effective recognition of the right to collective bargaining.
- The elimination of all forms of forced or compulsory labor.
- The effective abolition of child labor.
- The elimination of discrimination in respect of employment and occupation.

The Declaration of Fundamental Principles and Rights at Work is part of the UN Global Compact, which we shall come to later.



Fair Labour Association (FLA) Workplace Code of Conduct

The Fair Labour Association (FLA) is an association of companies, human and labor rights organizations, and universities whose mission is to improve working conditions, especially in developing countries. It emerged in late 1990 in response to the invitation by then U.S. president Bill Clinton and public indignation at labor abuses committed by some multinational companies in developing countries, especially in the textile industry.

Joined, among others, by Nike, Reebok and Philip Van Heusen, the FLA drew up a Workplace Code of Conduct that also applies to the supply chain. The Code prohibits forced labor and child labor, physical, sexual, psychological or verbal harassment or abuse, and unfair discrimination. It calls on employers to provide safe and healthy working conditions, respect the right to freedom of association and collective bargaining, not require employees to work more than a certain number of hours except in extraordinary circumstances, and pay reasonable overtime compensation. The FLA also has a team of independent inspectors who visit and certify working conditions.

Principles Concerning the Environment and Sustainability

Respect for the environment has come to be understood in an increasingly broad sense, including not only the natural environment, but also sustainability, fairness, justice and poverty reduction. It is against this background that the following principles have been developed.

CERES Principles

The environmental disaster caused by the sinking of the Exxon Valdez in 1989 and the resulting oil spill off the coast of Alaska was the immediate spur for the development of more effective environmental protection principles. Initially known as the “Valdez Principles”, the CERES Principles were proposed by the Coalition for Environmentally Responsible Economies (CERES), an organization created in 1989 from a network of more than eighty environmental bodies, investment groups, and sustainability organizations. They proved very popular and many leading companies adopted them. The CERES Principles relate to:

1. Protection of the biosphere
2. Sustainable use of natural resources
3. Waste reduction and disposal
4. Wise use of energy
5. Risk reduction
6. Safe products and services
7. Environmental restoration
8. Informing the public
9. Management commitment
10. Audits and reports

In 1997, CERES went a step further to give its principles more practical relevance. In collaboration with the Tellus Institute and with the support of the United Nations Environment Programme, it launched the Global Reporting Initiative (GRI) for the preparation of sustainability reports. Sustainability reports are discussed in more detail in the section on auditing and reporting.

Business Charter for Sustainable Development (International Chamber of Commerce)

The International Chamber of Commerce (ICC) is a non-governmental body serving business, with more than 80 years' experience and members in 130 countries. In response to the World Commission on Environment and Development report, the ICC developed a Business Charter for Sustainable Development. Prepared by business leaders and presented in 1991, the Charter sets out 16 principles¹, aimed at making respect for the environment a priority for business. Several thousand companies from around the world have signed up to the Charter.

Rio Declaration on Environment and Development (UN)

The Rio Declaration on Environment and Development emerged from the UN conference on environment and development held in Rio de Janeiro in 1992.

Its goal is to establish a new and equitable global partnership by creating new levels of cooperation among states, key sectors of society, and people. The Rio Declaration recognizes the integral and interdependent nature of the Earth, which it calls "our home." Principle 1 underlines the primacy of human beings in sustainable development: "Human beings are at the centre of concerns for sustainable development. They are entitled to a healthy and productive life in harmony with nature." The Declaration thus stresses respect for nature and the need to live in harmony, but without giving succour to radical environmental ideologies that reduce human beings to the level of any other species on the planet, denying them their dignity and ontological superiority.

Like the ILO Declaration of Fundamental Principles and Rights at Work, the Rio Declaration is included in the UN Global Compact (discussed in the next section).

Comprehensive Principles and Guidelines

Unlike the principles we have seen so far, which focus on specific areas of concern, there are several comprehensive principles that cover a wide variety of aspects, including human and labor rights, the environment and sustainability, and the fight against corruption.

¹ For more details, consult the web site given in Exhibit 1.



Global Sullivan Principles

Initiated by Reverend Dr. Leon H. Sullivan, a Baptist minister from Philadelphia and a member of the board of directors of General Motors, the Sullivan Principles were created in reaction against apartheid in South Africa and as a weapon in the fight against racial discrimination. When first published in 1977, they consisted of six articles, with an emphasis on the primacy of human dignity above purely economic interests and vindicating a set of rights for the black population of South Africa. The Sullivan Principles were supported by influential multinational companies doing business in South Africa, as well as by religious and social activist groups, and contributed significantly to the dismantling of apartheid.

In 1999, following consultation with companies and stakeholder groups, Sullivan rewrote the principles to give them a more worldwide orientation. The result was the Global Sullivan Principles (GSP), whose main objective is to “support economic, social and political justice by companies where they do business.” They consist of eight principles concerning the human rights of employees, health and safety, and corporate concern for the social environment. It is recommended that these principles be applied in conjunction with some kind of certification or report, such as the GRI, SA8000, or AA1000, which we shall come to later.

UN Global Compact

The UN Global Compact was launched in 1999 by the then Secretary General of the United Nations, Kofi Annan, at the World Economic Forum in Davos with the aim of giving “globalization a human face.”

The Global Compact proposes 10 principles (see Table 2) in the areas of human rights, labor, the environment, and anti-corruption. These principles and their elaboration are inspired by earlier UN documents, notably the Universal Declaration of Human Rights (1948), the International Labour Organization’s Declaration on Fundamental Principles and Rights at Work (1998), the Rio Declaration on Environment and Development (1992), and the United Nations Convention against Corruption (2003).

All except the last of these have already been mentioned. The Convention against Corruption is the source of the tenth principle, which was not initially included. Signed in 2003, the UN Convention against Corruption provides a set of rules and measures to promote international cooperation and local efforts against corruption. In particular, it provides a system of mutual legal assistance to simplify prosecution of multinational corruption and the repatriation of funds sent abroad by corrupt public officials.

Table 2
Ten Principles of the United Nations Global Compact

Human rights	<ol style="list-style-type: none"> 1. Businesses should support and respect the protection of internationally proclaimed human rights. 2. They should make sure that they are not complicit in human rights abuses.
Labor standards	<ol style="list-style-type: none"> 3. Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining. 4. The elimination of all forms of forced and compulsory labor. 5. The effective abolition of child labor. 6. The elimination of discrimination in respect of employment and occupation.
Environment	<ol style="list-style-type: none"> 7. Businesses should support a precautionary approach to environmental challenges. 8. Undertake initiatives to promote greater environmental responsibility. 9. Encourage the development and diffusion of environmentally friendly technologies.
Anti-corruption	<ol style="list-style-type: none"> 10. Businesses should work against corruption in all its forms, including extortion and bribery.

Of all the current initiatives in the field of corporate social responsibility, the Global Compact is one of the most popular. The UN has the convening power to persuade large numbers of companies and institutions around the world, many developing countries included, to participate in the Global Compact.

The Global Compact has a responsive, functional structure, with two complementary goals:

1. Mainstream the 10 principles in business activities around the world.
2. Catalyze actions in support of UN goals.

These goals are to be achieved through policy dialogue, learning, country/regional networks, and partnership projects

The Global Compact relies on public accountability, transparency and the enlightened self-interest of companies, labor and civil society to initiate and share substantive action in pursuing the principles upon which the Compact is based. It is therefore not a regulatory instrument; it does not police, enforce or measure companies' behavior or actions.

Companies that decide to participate undertake to cite the Global Compact in their corporate communications and annual reports; to disclose specific examples of actions taken to implement the ten principles; and to work in partnership with the UN on projects in support of the principles.

All this makes the Compact very flexible. But there is also the danger that some companies will take advantage of the lack of compulsion and oversight and use it simply to burnish their image.



Caux Round Table Principles for Business

In 1986, a group of senior European, Japanese and U.S. business leaders founded the Caux Round Table to join forces and reduce escalating trade tensions. They met annually in the Swiss city of Caux, from which the group takes its name. In 1992 they came to the conclusion that they needed to agree on a set of ethical and moral principles specifically for the world of business and companies. The Principles for Business were first published in 1994 and are now widely known.

They are rooted in two basic ideas: the need to live and work together for the common good, encapsulated by the Japanese concept of “kyosei”; and respect for human dignity, rooted in Christian and Western humanistic tradition. Devised and written by executives, they are built on solid foundations, are clear and easy to understand, and have a very practical approach.

The Caux Round Table Principles for Business consist of three sections. The first is a brief preamble explaining the approach. The second lists the principles (see Table 3 for a summary). And the third presents rules of conduct, derived from the principles, in relation to stakeholder groups, including customers, employees, owners and investors, suppliers, competitors, and communities (see Table 4).

Table 3

Summary of the Caux Round Table Principles for Business

1. Businesses have responsibilities not only to shareholders, but also to stakeholders.
2. Businesses have a social and economic impact and must work toward innovation, justice and world community.
3. Business behavior must go beyond the letter of the law toward a spirit of trust.
4. Businesses should respect international and domestic rules.
5. They should support multilateral trade systems and agreements.
6. They should respect the environment.
7. And they should avoid illicit operations.

Table 4
Stakeholder Principles

<p>Customers</p> <p>We believe in treating all customers with dignity, irrespective of whether they purchase our products and services directly from us or otherwise acquire them in the market. We therefore have a responsibility to:</p> <ul style="list-style-type: none"> • provide our customers with the highest quality products and services consistent with their requirements; • treat our customers fairly in all aspects of our business transactions, including a high level of service and remedies for their dissatisfaction; • make every effort to ensure that the health and safety of our customers, as well as the quality of their environment, will be sustained or enhanced by our products and services; • assure respect for human dignity in products offered, marketing, and advertising; • and respect the integrity of the culture of our customers.
<p>Employees</p> <p>We believe in the dignity of every employee and in taking employee interests seriously. We therefore have a responsibility to:</p> <ul style="list-style-type: none"> • provide jobs and compensation that improve workers' living conditions; • provide working conditions that respect each employee's health and dignity; • be honest in communications with employees and open in sharing information, limited only by legal and competitive constraints; • listen to and, where possible, act on employee suggestions, ideas, requests and complaints; • engage in good faith negotiations when conflict arises; • avoid discriminatory practices and guarantee equal treatment and opportunity in areas such as gender, age, race, and religion; • promote in the business itself the employment of differently abled people in places of work where they can be genuinely useful; • protect employees from avoidable injury and illness in the workplace; • encourage and assist employees in developing relevant and transferable skills and knowledge; and • be sensitive to the serious unemployment problems frequently associated with business decisions, and work with governments, employee groups, other agencies and each other in addressing these dislocations.
<p>Owners/Investors</p> <p>We believe in honoring the trust our investors place in us. We therefore have a responsibility to:</p> <ul style="list-style-type: none"> • apply professional and diligent management in order to secure a fair and competitive return on our owners' investment; • disclose relevant information to owners/investors subject to legal requirements and competitive constraints; • conserve, protect, and increase the owners/investors' assets; and • respect owners/investors' requests, suggestions, complaints, and formal resolutions.
<p>Suppliers</p> <p>Our relationship with suppliers and subcontractors must be based on mutual respect. We therefore have a responsibility to:</p> <ul style="list-style-type: none"> • seek fairness and truthfulness in all our activities, including pricing, licensing, and rights to sell; • ensure that our business activities are free from coercion and unnecessary litigation; • foster long-term stability in the supplier relationship in return for value, quality, competitiveness and reliability; • share information with suppliers and integrate them into our planning processes; • pay suppliers on time and in accordance with agreed terms of trade; and • seek, encourage and prefer suppliers and subcontractors whose employment practices respect human dignity.



Competitors
<p>We believe that fair economic competition is one of the basic requirements for increasing the wealth of nations and ultimately for making possible the just distribution of goods and services. We therefore have a responsibility to:</p> <ul style="list-style-type: none"> • foster open markets for trade and investment; • promote competitive behavior that is socially and environmentally beneficial and demonstrates mutual respect among competitors; • refrain from either seeking or participating in questionable payments or favors to secure competitive advantages; • respect both tangible and intellectual property rights; and • refuse to acquire commercial information by dishonest or unethical means, such as industrial espionage.
Communities
<p>We believe that as global corporate citizens we can contribute to such forces of reform and human rights as are at work in the communities in which we operate. We therefore have a responsibility in those communities to:</p> <ul style="list-style-type: none"> • respect human rights and democratic institutions, and promote them wherever practicable; • recognize government's legitimate obligation to the society at large and support public policies and practices that promote human development through harmonious relations between business and other segments of society; • collaborate with those forces in the community dedicated to raising standards of health, education, workplace safety and economic well-being; • promote and stimulate sustainable development and play a leading role in preserving and enhancing the physical environment and conserving the earth's resources; • support peace, security, diversity and social integration; • respect the integrity of local cultures; and • be a good corporate citizen through charitable donations, educational and cultural contributions, and employee participation in community and civic affairs.

OECD Guidelines for Multinational Enterprises

The main goal of the Organization for Economic Cooperation and Development (OECD), founded in 1961, is to promote policies that contribute to economic growth and development. It currently has 30 member countries in Europe and North America. The Guidelines for Multinational Enterprises, last revised in 2000, are part of the Declaration on International Investment and Multinational Enterprises.

The Guidelines include recommendations, voluntary principles and standards addressed by governments to multinational enterprises (MNEs) to achieve four overarching goals:

1. to ensure that the operations of these enterprises are in harmony with government policies;
2. to strengthen the basis of mutual confidence between enterprises and the societies in which they operate;
3. to help improve the foreign investment climate; and
4. to enhance the contribution to sustainable development made by multinational enterprises

These goals are to be achieved, first, through general policies, such as the obligation to make disclosures to governments and unions, to collaborate with the local community, to abstain from improper involvement in political activities, not to interfere unduly in

government policy making, and not to offer or accept bribes. Secondly, they relate to financial policies in matters such as the balance of payments, abuse of market power, taxation, and transfer pricing. A third section deals with various aspects of employment and industrial relations, with special reference to the ILO's Tripartite Declaration. A fourth section concerns the environment and addresses issues such as the use of natural resources, company location, health risks, and proper waste treatment. Lastly, companies are called upon to contribute to science and technology by diffusing technologies and know-how and making them available to the community.

Corporate Responsibility Audits and Reports

Lastly, we must mention a series of initiatives aimed primarily at offering guidelines and indicators to more completely and accurately measure the economic, social and environmental impact of business behavior. These initiatives are especially useful as a complement to the principles and codes mentioned previously. Though aimed at non-financial auditing, certification and reporting, these instruments provide rules and indicators that give practical significance to principles that might otherwise remain abstract and generic. Accordingly, they are included here as a fifth section, even though they are clearly differentiated from the principles discussed so far.

Global Reporting Initiative (GRI)

The Global Reporting Initiative (GRI) is a conceptual framework composed of principles for the development of reports, characteristics and indicators for the disclosure of companies' performance.

The initial goal was to improve the quality of sustainability reporting to put it on a par with financial reporting in terms of comparability, credibility, rigor, regularity, and verifiability. The GRI carries out this task with the active collaboration of companies, social and environmental NGOs, accounting organizations, unions, investors, and other interested parties around the world.

It was first proposed in 1997. In its 2006 version, the GRI sets out 11 principles for the reporting of economic, environmental and social performance² (see Table 5). The principles of transparency and inclusiveness are the starting point for the preparation of a sustainability report and provide the context in which all the others principles belong. All decisions regarding report preparation (how, when, what, etc.) are guided by these two principles and the methods associated with them.

² There are certain similarities between the preparation of financial and sustainability reports, although there are also significant differences.



Table 5
Principles for the Global Reporting Initiative (GRI)

Principles that constitute the GRI reporting framework	<ol style="list-style-type: none"> 1. Principle of transparency 2. Principle of inclusiveness 3. Principle of auditability
Principles for defining report content	<ol style="list-style-type: none"> 4. Principle of sustainability context (challenges, risks and opportunities of sustainability). 5. Principle of completeness: boundary (e.g. entities whose performance is reported), scope (e.g. topics covered) and time (entire period). 6. Principle of materiality (relevant, timely information for stakeholders).
Principles aimed at ensuring accuracy, neutrality and comparability	<ol style="list-style-type: none"> 7. Principle of accuracy 8. Principle of quality 9. Principle of comparability (so as to be able to compare reports for different years and by different organizations).
Principles that affect decisions about access to the report	<ol style="list-style-type: none"> 10. Principle of clarity 11. Principle of regularity

The idea is that if a company follows these principles, its sustainability reports will give a more detailed, balanced and reasonable account of its economic, environmental and social performance. The report is also expected to describe the company's contribution to sustainable development. At the same time, there is an emphasis on comparability across time and across companies. Lastly, the GRI is intended to stimulate serious debate on issues that concern not only business owners but all stakeholders.

Besides these principles, a key element of the GRI is the indicators used to improve the quality and comparability of sustainability reports. These indicators (121 of them in the 2006 version) cover a broad spectrum of issues, ranging from economic impact to resource consumption, impact on biodiversity and wetlands, education and training, or child labor.

Companies that wish to prepare a report in accordance with the GRI framework must make disclosures for each indicator or give reasons for excluding some of them.

SA8000

SA8000 is a certification standard for codes of conduct and workplaces launched in October 1997 by the Council on Economic Priorities Accreditation Agency (CEPAA), now called Social Accountability International (SAI). It is based on international workplace norms of the Universal Declaration of Human Rights, the UN Convention on the Rights of the Child, and 11 International Labour Organisation (ILO) conventions.

Its purpose is twofold. On the one hand, it seeks to develop, maintain and apply its principles and procedures in order to manage issues that are under its control or influence. On the other, through certification, it offers companies the possibility of

demonstrating to stakeholders that their principles, procedures and practices meet this standard.

The SA8000 standard focuses on nine areas in particular, eight eminently social, and a ninth relating to management systems.

- Child labor
- Forced labor
- Health and safety
- Freedom of association and the right to collective bargaining
- Discrimination
- Disciplinary practices
- Working hours
- Compensation and management systems

SA8000 certification is available to any organization of any size and in any industry, anywhere in the world.

AA1000

AccountAbility 1000 (AA1000) was first presented in 1999 by the Institute for Social and Ethical Accountability (United Kingdom) and has been adopted by some companies inside and outside Europe.

AA1000 is a framework-guide aimed principally at improving accountability, auditing, and ethical and social reporting. It is a process standard, not a substantive performance standard. That is to say, it specifies processes that an organization should follow to account for their performance, not the levels of performance an organization should aim for. It seeks learning through stakeholder engagement and dialogue. And it proposes indicators, goals and communication systems, linking social and ethical issues with companies' strategic and operational management.

However, despite providing valuable indications for companies that would like to offer more detailed and extensive information on their economic, social and environmental performance, some critics argue that conforming to AA1000 can be complicated and costly.

ISO 14001 for Environmental Management

The International Organization for Standardization (ISO), which works closely with standardization bodies in 145 countries, has developed more than 13,000 standards covering a wide variety of activities. The ISO 14001 standard for environmental management systems was first published in 1996 and last revised in 2004. As with the other ISO standards, companies that have passed an ISO 14001 audit, receive an ISO 14001 certificate. This certifies that these companies have in place an environmental policy, an environmental management system and regular internal audits, and that



they have assessed in detail a range of environmental impacts, legal obligations and voluntary undertakings. Although, as in the case of AA1000, implementing ISO 14001 can be costly, companies often see such costs as an investment that will enhance future profits.

Corporate Principles and Codes of Conduct

Many multinational companies have developed their own codes for internal use. Well known examples are the Johnson & Johnson Credo (see Table 6) or the Shell General Business Principles, redrafted after painful experiences of public disapproval of the company's behavior.

Table 6

Johnson & Johnson Corporate Credo

Our Credo

We believe our first responsibility is to the doctors, nurses and patients, to mothers and fathers and all others who use our products and services. In meeting their needs everything we do must be of high quality. We must constantly strive to reduce our costs in order to maintain reasonable prices. Customers' orders must be serviced promptly and accurately. Our suppliers and distributors must have an opportunity to make a fair profit.

We are responsible to our employees, the men and women who work with us throughout the world. Everyone must be considered as an individual. We must respect their dignity and recognize their merit. They must have a sense of security in their jobs. Compensation must be fair and adequate, and working conditions clean, orderly and safe. We must be mindful of ways to help our employees fulfill their family responsibilities. Employees must feel free to make suggestions and complaints. There must be equal opportunity for employment, development and advancement for those qualified. We must provide competent management, and their actions must be just and ethical.

We are responsible to the communities in which we live and work and to the world community as well. We must be good citizens – support good works and charities and bear our fair share of taxes. We must encourage civic improvements and better health and education. We must maintain in good order the property we are privileged to use, protecting the environment and natural resources.

Our final responsibility is to our stockholders. Business must make a sound profit. We must experiment with new ideas. Research must be carried on, innovative programs developed and mistakes paid for. New equipment must be purchased, new facilities provided and new products launched. Reserves must be created to provide for adverse times. When we operate according to these principles, the stockholders should realize a fair return.

Other companies have opted for more detailed codes of conduct which they consider more practical. Examples include the codes developed by Mattel and Caterpillar. As each code of conduct is different, it is difficult to generalize. Some are short and aspirational, while others are much more specific and fully worked out. Some companies have developed codes focused on specific problems, such as bribery or accountability in the supply chain. Many companies publish their code of business conduct on their corporate web site. Very often they also publish corporate governance codes and an account of how they understand and practice corporate social responsibility or corporate citizenship.



Often these codes of corporate conduct are adaptations of global principles not unlike the ones we have mentioned, though more specific and adapted to each company's particular circumstances. Publishing these documents signifies a public commitment by the company to live up to its promises and sends a message to the organization, explaining what the company expects of its members.

Do Not Copy Or Post



Exhibit 1

Web Sites of the Initiatives Cited in this Paper

Universal Declaration of Human Rights (ONU): www.un.org/spanish/aboutun/hrights.htm
Tripartite Declaration (International Labour Organization) www.ilo.org/public/spanish/standards/norm/sources/mne.htm
Fundamental Principles and Rights at Work (ILO): www.ilo.org/dyn/declaris/DECLARATIONWEB.static_jump?var_language=SP&var_pagename=DECLARATIONTEXT
Workplace Code of Conduct (Fair Labour Association, FLA): www.fairlabor.org
CERES Principles: www.ceres.org
Business Charter for Sustainable Development (International Chamber of Commerce): www.iccwbo.org/home/environment/charter.asp
Rio Declaration on Environment and Development (UN): www.un.org/esa/sustdev/documents/agenda21/spanish/riodeclaration.htm
Global Sullivan Principles: www.globalsullivanprinciples.org
UN Global Compact: www.unglobalcompact.org
Caux Round Table Principles of Business: www.cauxroundtable.org
Guidelines for Multinational Enterprises (OECD): www.oecd.org/organización/daf
Johnson & Johnson Credo: www.jnj.com
Shell General Business Principles www.shell.com/static/royal-en/downloads/sgbp/sgbp_300805.pdf
Global Reporting Initiative (GRI): www.globalreporting.org
Social Accountability 8000 (SA8000) (Social Accountability International, SAI): www.cepaa.org
AccountAbility (AA1000): www.accountability.org.uk/aa1000/default.asp
ISO14001: www.iso.ch