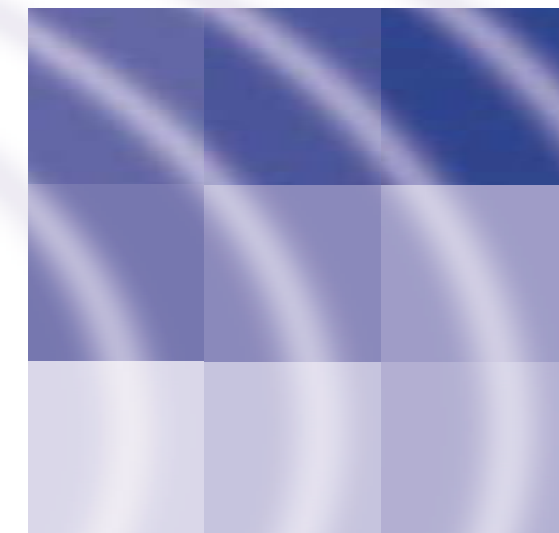




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Business in society



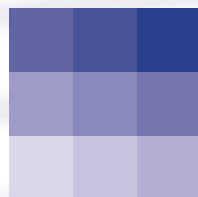
Making a positive and responsible contribution

Business in society
Making a positive and responsible contribution

A voluntary commitment by business to manage its activities responsibly



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Nine practical steps for developing a company's own business principles



Confirm CEO/board commitment to give priority to responsible business conduct



State company purpose and agree on company values



Identify key stakeholders



Define business principles and policies



Establish implementation procedures and management systems



Benchmark against selected external codes and standards



Set up internal monitoring



Use language that everyone can understand



Set pragmatic and realistic objectives



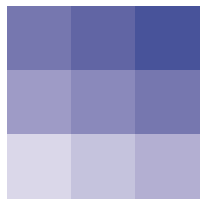
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A growing number of companies approach corporate responsibility as a comprehensive set of values and principles, which are integrated in business operations through management policies and practices and decision-making processes.

ICC proposes the following definition of corporate responsibility from a business perspective: “The voluntary commitment by business to manage its activities in a responsible way”.



Confirm CEO/board commitment to give priority to responsible business conduct
A basic requirement is the commitment of senior management to treat responsible business conduct as a corporate priority. Rather than reacting to outside pressures, a company’s voluntary adoption of its own business principles should be motivated by the desire to express the values that guide its approach to doing business.



State company purpose and agree on company values
Responsible business conduct is built upon the values and goals of the company itself, as well as on legal requirements and stakeholder expectations. Business principles commonly include a statement of mission, values and operating principles. All companies should consider articulating their core values (e.g. honesty, respect for people etc.) as an underpinning for their own principles.



Identify key stakeholders
Business principles set out what companies see as their responsibilities to employees, shareholders, customers, business partners and other groups in society. Finding out from stakeholders what issues are important to them is therefore essential. Stakeholders – defined as those constituencies that have a direct stake in a company – typically can include shareholders and investors, company

employees, trade unions, client companies and consumers, and local communities directly affected by a company’s operations. A company may also wish to broaden its consultations to include other participants in the production chain, as well as government authorities, the media and non-governmental organizations. Companies should be mindful of the differences that may exist within stakeholder groups such as local communities who are becoming increasingly emphatic about their concerns and with whom it may be useful to establish a dialogue.



Define business principles and policies
Each company needs to think through its principles for itself (rather than just take an existing code “off the shelf”). Some companies choose to do this through open dialogue and collaboration with selected stakeholders. Some companies’ business principles are high-level statements of principle; some contain more detailed statements of policy, while others prepare separate materials on policies, management systems, implementation and monitoring procedures. The underlying reasons why business principles make good economic sense should be borne in mind in defining the principles. Companies should consider legislation, social expectations, reputation indicators, risk management, bottom-line benefits, corporate and product image and strategic advantage.



Establish implementation procedures and management systems
Companies must raise awareness among their own personnel and other stakeholders if business principles are to be effective and command wide support. Processes or formal management systems for developing, adopting and implementing individual principles should therefore include internal consultation and communication. Companies offer many examples of management systems covering areas ranging from health, safety and the environment to business integrity, human resources and sustainable development. There are also international standards for these systems, such as those of the International Organization for Standardization (ISO). In some sectors, management processes and guidelines also apply both to joint ventures and to contractors and suppliers. The range of issues covered varies between sectors but continues to develop to include, for example, diversity of the work force, climate change, biodiversity, waste management and recycling. In order to implement its business principles effectively, a company should define objectives and targets and a structured programme to achieve them.



Benchmark against selected external codes and standards
Government-mandated or other external codes are unlikely to be a viable alternative to voluntary business principles developed by the company itself, although these may

have significant value as external benchmarks. Some companies choose to express public support for one or more of these external codes. It is for an individual company or industry sector to decide what the most useful benchmark codes are and to develop their own understanding of how business principles relate to external codes and guidelines, and to societal expectations. Support for external codes can be time-consuming, since they may imply additional commitments. Companies should be selective, bearing in mind their own needs. ICC can provide guidance on the implications of supporting some of the existing international code offerings.



Set up internal monitoring
Corporate policies and their implementation need to be kept under constant review to keep abreast of developments in technology and scientific understanding, customer needs and wider societal expectations. It is for the company to assess its social performance through internal consultation and periodic review by management. Equally, it is the company’s responsibility to check that its business principles are being acted upon. The extent and manner of external reporting of performance is, of course, for the company to decide. Given the wide differences between industries and individual companies, the contents of such reports are bound to vary. Several international initiatives are being undertaken to develop a common yardstick for voluntary reporting of the economic, environmental and social impact of company activity. An example is the work being done by the Global Reporting Initiative, which is

supported by the UN and other international organizations, to agree on a set of common core indicators. They would enable investors and other stakeholders to make global comparisons. Companies should retain the flexibility to adapt such voluntary indicators to their particular circumstances. A key way for companies to create confidence and trust in their commitment to responsible business conduct is to provide timely and reliable information on their financial, environmental and social performance and to communicate this to their stakeholders. Markets all over the world provide examples of companies who enjoy sustained public goodwill and respect by doing this successfully.



Use language that everyone can understand
Principles, policies and guidelines must be clearly expressed, particularly if the material is to be translated. The same is true of any external reports.



Set pragmatic and realistic objectives
These recommendations require the commitment of executives running the business and the development of expertise and internal processes. Above all, responsible business conduct requires a sustained effort by everybody in the company. A key element of a company’s organizational development is promoting the importance of responsible business conduct and ensuring that new managers are well versed in this area.