

## **Guidelines for European Companies on the Ethical Procurement of Goods world-wide.**

- 1/ These guidelines have been prepared by *EUROCOMMERCE* and the FTA to assist their members in setting up their own Codes of Conduct to safeguard ethical standards in the sourcing of goods world-wide.

*EUROCOMMERCE* and the FTA represent the foreign trade interests of their members and will support them on these issues.

- 2/ *EUROCOMMERCE* and the FTA recognise that with globalisation and the increase in free trade there is a need to recognise and support the social and ethical aspects of this process. Human rights, working standards and environmental concerns are global and to safeguard them is one of the most difficult aspects in the process of globalisation.

Free trade between countries has demonstrably increased prosperity in the past and this should continue to be achieved at the same time as the protection of social standards.

The members of *EUROCOMMERCE* and the FTA recognise their position to influence these basic issues and will act accordingly in line with their company policy.

- 3/ The goal of these guidelines is to assist the members of *EUROCOMMERCE* and the FTA in developing appropriate and realistic Codes of Conduct for the procurement of goods. The aim is to exercise a positive influence on procurement markets without engaging in protectionist behaviour and helping to protect basic human rights and the environment.

- 4/ In accordance with the Conventions of the ILO, a Code of Conduct should aim at attaining certain minimum standards. The following requirements are of special importance although it should be noted that the timeframe for the realisation of each individual requirement may depend on the possibility of implementing it locally:

- Codes of conduct must be lawful;
- Elimination of forced labour and compulsory labour that is in violation of basic human rights;
- Abolition of child labour, especially the exploitation of children under conditions of slavery or similar to slavery or harmful to their health; whilst acknowledging that the welfare of the child must be the highest priority in any action on child labour.
- Prohibition of workplace practices, conditions and working hours which violate human rights and/or national labour law;
- The freedom of association and the right to collective bargaining;

- At least the assurance of a remuneration in accordance with the national law;
- Establishment of and compliance with a regulatory framework for occupational health and safety;
- Ban of discrimination on the basis of race, skin colour, sex, religion, political convictions or social background.

5/ Aware that existing problems are very complex and that some influence can be exercised within a framework of appropriate measures, *EUROCOMMERCE* and FTA members undertake to promote observance of the above requirements by implementing appropriate rules and monitoring their trade partners as well as their subcontractors for compliance.

Companies may also consider internally communicating, discussing and implementing their policy with employees, particularly those with buying responsibilities so that they will be aware of the companies code of conduct during their daily work.

6/ Any action taken by the members of *EUROCOMMERCE* and the FTA is no substitute for the responsibilities of:

Governments of industrialised countries and the EU in their pursuit of co-operation with developing countries and a trade policy of open markets;

Governments of developing countries and the sovereign competence of countries in establishing regulations for the improvement of their circumstances, in particular local social and environmental conditions.

7/ *EUROCOMMERCE* and the FTA are prepared, within their mandate for action to submit the substance of these guidelines to public discussion and political decision-making processes.

Application of a Code of Conduct will rely on dialogue, co-operation and a consensual approach that respects the trading partners' responsibility.

These guidelines are accompanied by some examples of "best practice" already established by some companies for the monitoring and verification of the application of their Codes of Conduct. However it should be noted that the practice of one company is not necessarily suitable for another.

When a violation of the Code of Conduct is determined, member companies should immediately enter into negotiations with the affected suppliers and search for ways to resolve the problem with the intention of continuing business taking the best interests of the employees into consideration. If suitable solutions cannot be found within a reasonable period of time, this can be considered a reason to terminate further business relations.

Brussels, 21<sup>st</sup> June 2001