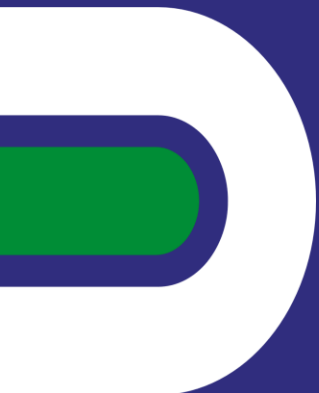# BUSINESS ETHICS AND SOCIAL SUSTAINABILITY

Break-out session

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ANTI-TRUST

Regarding your company's and/or your competitors' product and services, **it is forbidden**:

- To discuss current or future prices or supply conditions.
- To discuss any increase or decrease in price or change of supply conditions.
- To discuss pricing procedures.
- To discuss standardizing or stabilizing prices or supply conditions.
- To discuss current or future demand.
- To ask competitors why a previous bid was so low, or to describe the basis for a previous bid.
- To discuss profit levels.
- To discuss controlling sales or allocating markets for any product.
- To discuss future design or marketing strategies.
- To discuss credit terms.
- To discuss banning or otherwise restricting legitimate advertising by competitors.
- To discuss allocating customers.
- To discuss volumes.
- To discuss any other subject likely to restrict competition.

Regarding your company's and/or your competitors' selection of their supplier companies, **it is in particular forbidden:**

- To disclose or discuss the identity of suppliers if this identity is a competitively sensitive information.
- To discuss any boycotting of a company because of its pricing or distribution practices.
- To discuss strategies or plans to award business or remove business from a specific company.
- To discuss prices, margins, payment terms, volumes, markets, customers or marketing strategies of suppliers with competitors.

Regarding your company's and/or competitors' trade secrets, **it is forbidden**:

- To discuss trade secrets or confidential information of your company or any other member

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CHATHAM HOUSE RULES

Please also keep in mind

- Participants attending the training **may discuss the details** of the discussion in the **outside world**, but **may not discuss who attended or identify what a specific individual said**

- Provides anonymity to speakers and encourages sharing of information;

- Used throughout the world;

- Allows people to speak as individuals, and to express views that may not be those of their organizations;
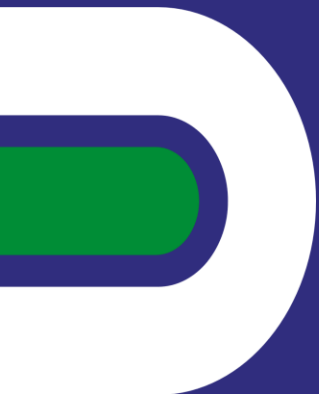
- Encourages free discussion

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AGENDA: BUSINESS ETHICS & SOCIAL SUSTAINABILITY

Working & leaning together

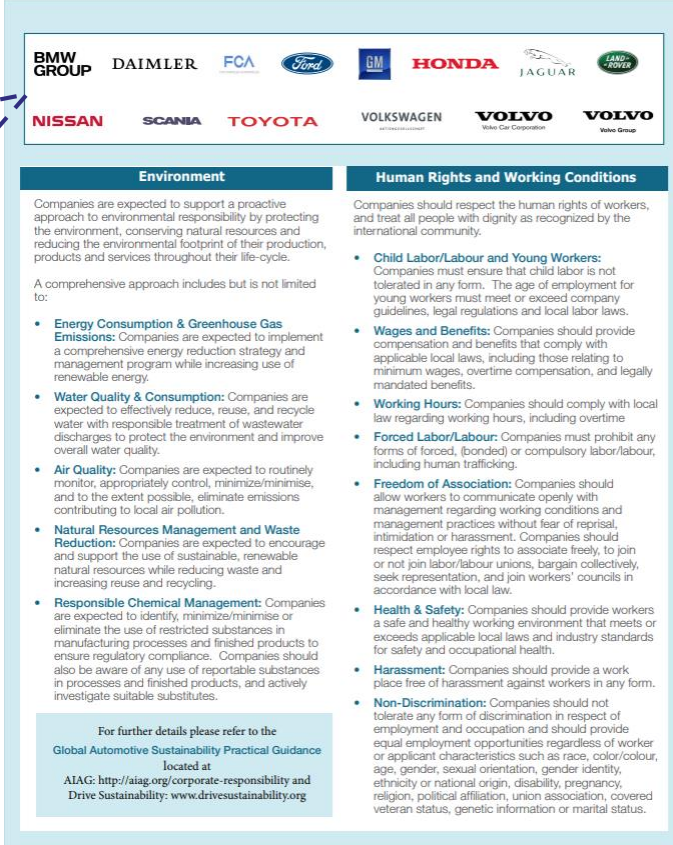|	
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15:30 – 16:30	Improvement plan exercise: Budget, responsibilities and timeline
Participants regroup	
16:40 – 17:00	**Closing**

INTRODUCTION

Expectations towards the industry: Guiding Principles

THE GUIDING PRINCIPLES

Business Ethics

Companies are expected to uphold the highest standards of integrity and to **operate honestly and equitably** throughout the supply chain in accordance with local laws.

BMW GROUP   DAIMLER   FCA   Ford   GM   HONDA   JAGUAR   LAND ROVER

NISSAN   SCANIA   TOYOTA   VOLKSWAGEN   VOLVO Volvo Car Corporation   VOLVO Volvo Group

Environment

Companies are expected to support a proactive approach to environmental responsibility by protecting the environment, conserving natural resources and reducing the environmental footprint of their production, products and services throughout their life-cycle.

A comprehensive approach includes but is not limited to:

- **Energy Consumption & Greenhouse Gas Emissions:** Companies are expected to implement a comprehensive energy reduction strategy and management program while increasing use of renewable energy.
- **Water Quality & Consumption:** Companies are expected to effectively reduce, reuse, and recycle water with responsible treatment of wastewater discharges to protect the environment and improve overall water quality.
- **Air Quality:** Companies are expected to routinely monitor, appropriately control, minimize/minimise, and to the extent possible, eliminate emissions contributing to local air pollution.
- **Natural Resources Management and Waste Reduction:** Companies are expected to encourage and support the use of sustainable, renewable natural resources while reducing waste and increasing reuse and recycling.
- **Responsible Chemical Management:** Companies are expected to identify, minimize/minimise or eliminate the use of restricted substances in manufacturing processes and finished products to ensure regulatory compliance. Companies should also be aware of any use of reportable substances in processes and finished products, and actively investigate suitable substitutes.

For further details please refer to the
Global Automotive Sustainability Practical Guidance
located at
AIAG: http://aiag.org/corporate-responsibility and
Drive Sustainability: www.drivesustainability.org

Human Rights and Working Conditions

Companies should respect the human rights of workers, and treat all people with dignity as recognized by the international community.

- **Child Labor/Labour and Young Workers:** Companies must ensure that child labor is not tolerated in any form. The age of employment for young workers must meet or exceed company guidelines, legal regulations and local labor laws.
- **Wages and Benefits:** Companies should provide compensation and benefits that comply with applicable local laws, including those relating to minimum wages, overtime compensation, and legally mandated benefits.
- **Working Hours:** Companies should comply with local law regarding working hours, including overtime
- **Forced Labor/Labour:** Companies must prohibit any forms of forced, (bonded) or compulsory labor/labour, including human trafficking.
- **Freedom of Association:** Companies should allow workers to communicate openly with management regarding working conditions and management practices without fear of reprisal, intimidation or harassment. Companies should respect employee rights to associate freely, to join or not join labor/labour unions, bargain collectively, seek representation, and join workers' councils in accordance with local law.
- **Health & Safety:** Companies should provide workers a safe and healthy working environment that meets or exceeds applicable local laws and industry standards for safety and occupational health.
- **Harassment:** Companies should provide a work place free of harassment against workers in any form.
- **Non-Discrimination:** Companies should not tolerate any form of discrimination in respect of employment and occupation and should provide equal employment opportunities regardless of worker or applicant characteristics such as race, color/colour, age, gender, sexual orientation, gender identity, ethnicity or national origin, disability, pregnancy, religion, political affiliation, union association, covered veteran status, genetic information or marital status.

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THE PRACTICAL GUIDANCE

Business Ethics - A comprehensive approach includes but is not limited to:

Responsible Sourcing of Materials

Anti-Corruption, Financial Responsibility/Accurate Records, Disclosure of Information

Protection of personal data and Identity, Non-Retaliation

Fair Competition/Anti-Trust, Conflicts of Interest, Export Controls and Economic Sanctions
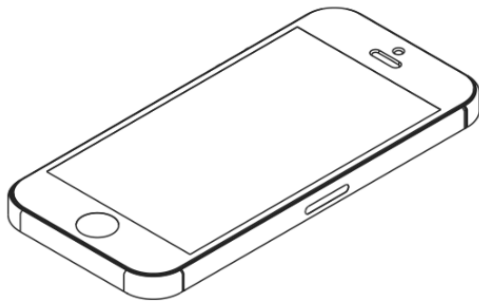
Counterfeit Parts, Intellectual Property

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POLLING EXERCISE

On which topic of the Guiding Principles/Practical Guidance would you like to receive more information?

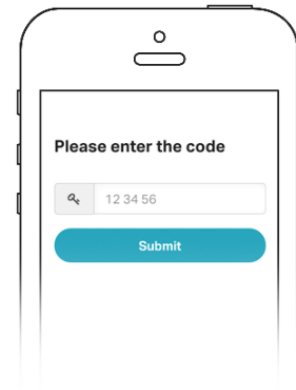Go to **www.menti.com** and use the code **98 50 66**

1 Grab your phone

2 Go to www.menti.com

3 Enter the code 98 50 66 and vote!

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EXAMPLE: ANTI-CORRUPTION

What is corruption?

Corruption is a criminal offense!

Corruption is defined as the **abuse of entrusted power for private gain**

Corruption does not only relate to **public officials,** but also to giving and receiving bribes in **commercial practice**
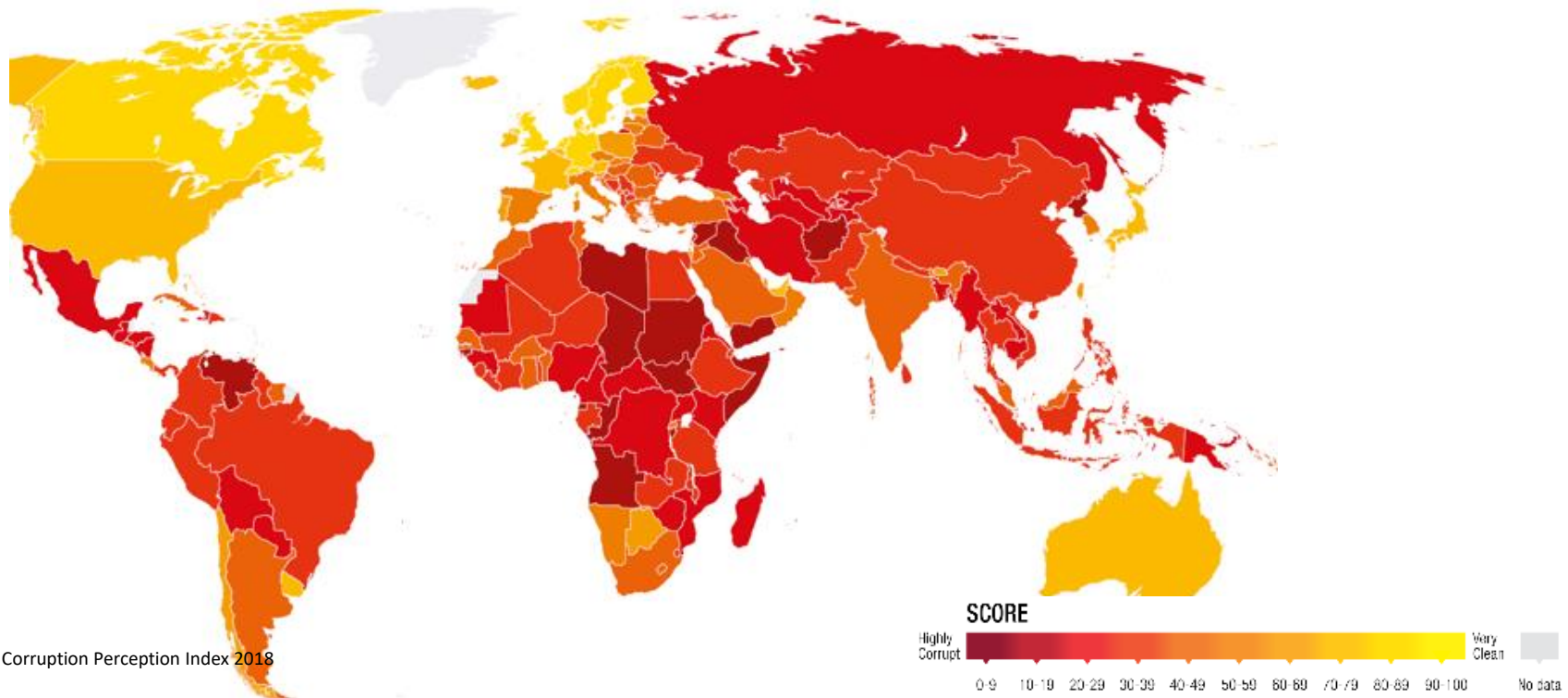
Corruption is **illegal worldwide**

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EXAMPLE: ANTI-CORRUPTION

Conducting business in some countries may have increased compliance risks

- More than 2/3 of countries score below 50 on this year´s CPI

- In particular, growth markets show below average scores
- This fact reveals the continued failure of most countries to significantly control corruption
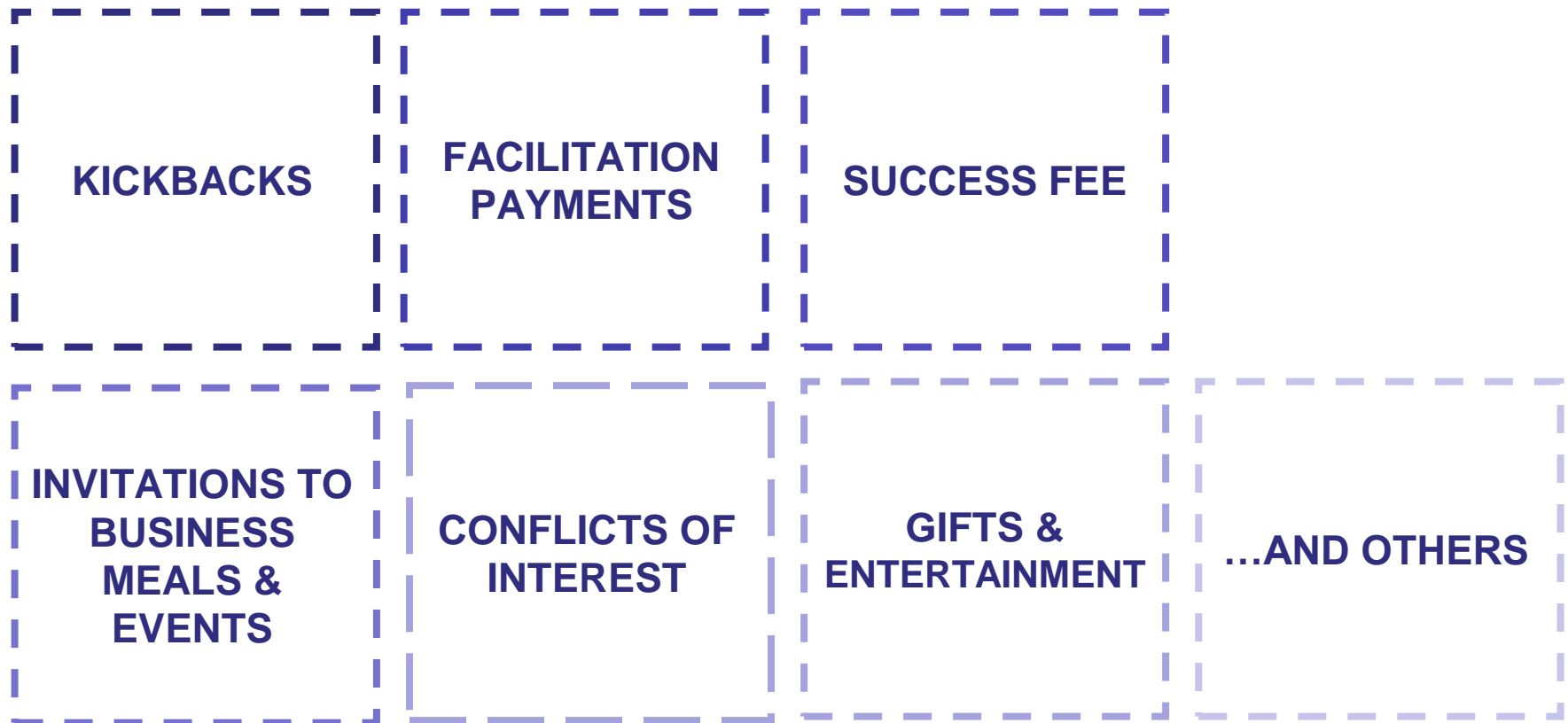
Worldwide business – worldwide corruption risks[1]

SCORE

Highly Corrupt — Very Clean

0-9 10-19 20-29 30-39 40-49 50-59 60-69 70-79 80-89 90-100   No data

EXAMPLE: ANTI-CORRUPTION

Corruption can appear in different forms

Some of the forms are:

KICKBACKS	FACILITATION PAYMENTS	SUCCESS FEE
INVITATIONS TO BUSINESS MEALS & EVENTS	CONFLICTS OF INTEREST	GIFTS & ENTERTAINMENT

...AND OTHERS

Compliance Management System

A good compliance management system is key in curbing corruption!

How can I set up appropriate and risk-based Compliance structures?

Implementation

1. Compliance **Organization**
2. Compliance **Risk Assessment/Ongoing Monitoring**
3. **Code of Conduct**
4. Compliance **Business Partner Due Diligence**
5. **Whistleblower System, Investigation and Sanction Processes**
6. **Board Oversight** of Compliance and Risk Issues

Whilst the following elements can be considered for the design of own Compliance structures,
- the specific design and content of the Compliance elements and
- their individual significance within the Compliance structures

is determined and implemented by the operational management of the company through its own responsibility and based on its individual risk analysis

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Compliance Management System

How can I set up a policy/code of ethics?

Preparation	Execution	Implementation
• Consider mission, values, vision of the company	• Consult internally with the relevant departments, e.g. HR, compliance officer, in certain cases perhaps the CEO	• With the approval of the board, create the final policy/code
• Define the place and the role of the code	• Stakeholder feedback	• Start communication within the company. Trainings, e-learnings are common ways to roll-out such an instruments and don't forget refresher trainings.
• Prepare benchmarks	• Contact communication to discuss the layout of the code and the communications strategy	
• Research of norms and legislation	• Escalate the document and the ideas to the necessary decision-making fora	

Approval on establishing the policy/code

Approval on the policy/code

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Codes of Conduct

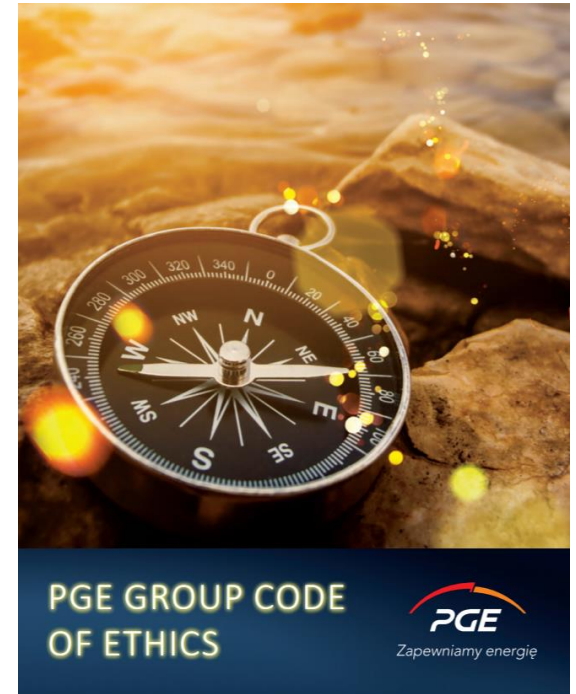**How can I set up a policy/code of ethics?**

Issue:
- Unethical business conduct is a reputational and operation risk for PGE Group
- Proactive actions needed to minimize corruption and human rights related risks

Solution:
- This code of ethics is a collection of PGE Group's values and principles.
- The Code defines PGE Group's fundamental ethical values and standards that are expected of employees, including the management.
- Every employee of PGE Group is required to know the Code and respect the values and principles referred to therein.
- PGE Group's Code of Ethics governs the way in which violations and non-observance of these binding values and principles are to be reported.

Results:
- Clear and user-friendly code of conduct published in 2016
- Good awareness of ethics at executive level and at lower levels

PGE GROUP CODE
OF ETHICS

PGE
Zapewniamy energię

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Compliance Management System

How can I set up my own Business Partner Management to ensure compliance?

The implementation of the following four pillars is recommended:

Business Partner Management

Due diligence
- Risk assessment
- Onboarding process
- Background checks
- Due Diligence documentation
- Renewal process
- Risk monitoring

Contract clauses
- Guarantees
- Indemnification
- Risk mitigation
- Termination rights
- Audit rights
- Information duties

Training
- Trainings
- Best practice
- Workshops

Audit
- Risk based and ad-hoc audits
- Regular risk assessment
- Mitigation and Follow-up
- External support
- Certification

Compliance Management System

Checklist

Develop a code of ethics including anti-corruption

Train your employees on anti-corruption, money laundering, data protection, anti-trust law, etc.

Appoint a responsible person for compliance obligations

Document compliance with law and statutes in your transactions

---

Set-up an effective Whistleblower System

THE GUIDING PRINCIPLES

Human Rights and Working Conditions

Companies should ***respect the human rights of workers, and treat all people with dignity*** as recognized by the international community.

THE PRACTICAL GUIDANCE

Human Rights and Working Conditions - A comprehensive approach includes but is not limited to:

Child Labor/Labour and Young Workers, Forced Labor/Labour

Wages and Benefits, Working Hours

Freedom of Association

Health & Safety

Harassment, Non-Discrimination

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POLLING EXERCISE

On which topic of the Guiding Principles/Practical Guidance would you like to receive more information?

Go to **www.menti.com** and use the code **80 05 00**
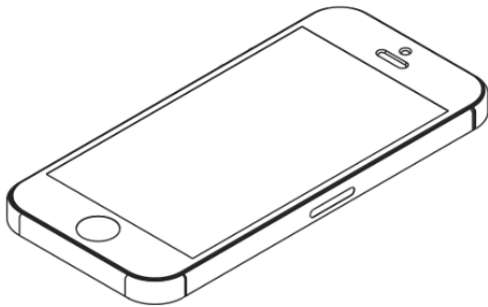
1 Grab your phone

2 Go to www.menti.com

www.menti.com
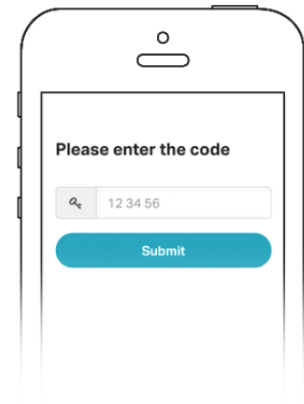
3 Enter the code 80 05 00 and vote!

Please enter the code

12 34 56

Submit

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AGENDA: BUSINESS ETHICS & SOCIAL SUSTAINABILITY

Working & leaning together

10:15 – 10:45	**Introduction Break-out session**
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16:40 – 17:00	**Closing**

IMPROVEMENT PLAN EXERCISE

Identifying key local challenges

THE IMPROVEMENT PLAN

How to make an improvement plan (also known as corrective action plan or remediation plan)

- Establish a strategy to monitor improvements

Monitor
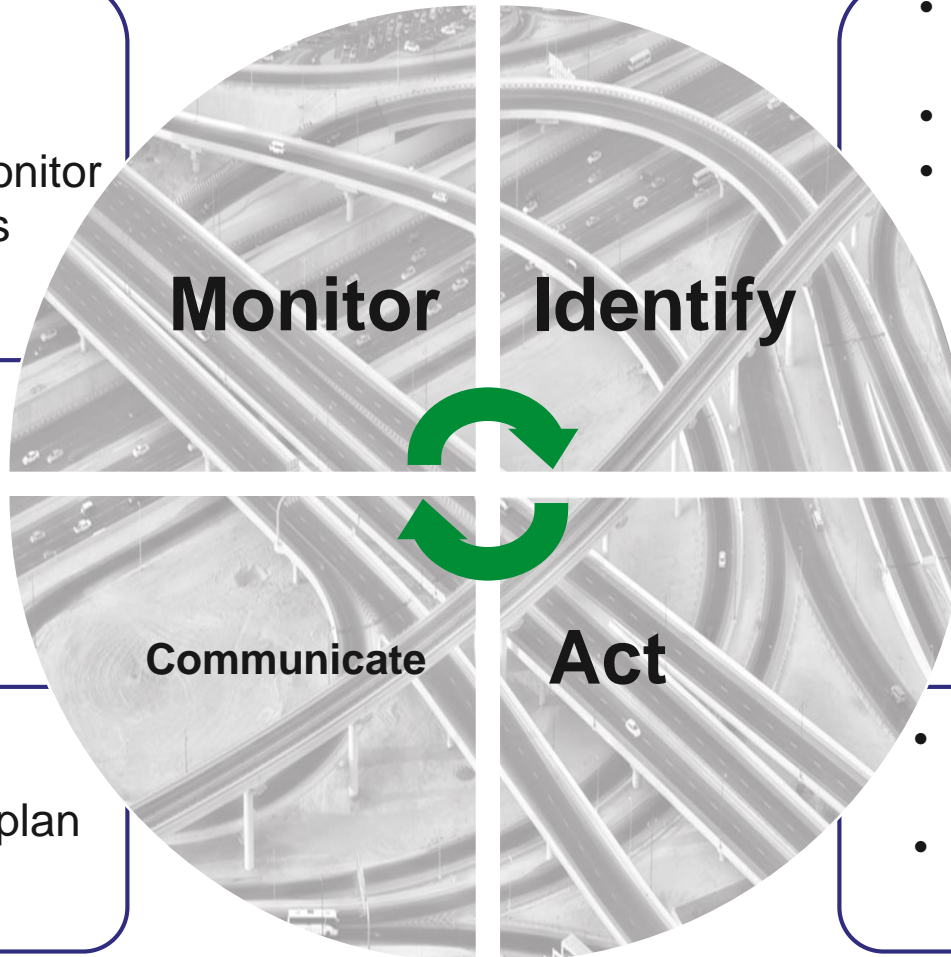
Identify

- Designate responsibilities
- Root causes analysis
- Identify and agree workable corrective and preventive actions

Communicate

Act

- Regularly communicate improvement plan status to key stakeholders

- Allocate realistic budget
- Set aggressive & reasonable timeline

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GROUP EXERCISE – 1 H 30

Your group task for the day

KEY CHALLENGES (SELECT 3)	ROOT CAUSES (SELECT 3 PER CHALLENGE)	PLANNED CORRECTIVE AND PREVENTIVE ACTIONS (SELECT 2 PER ROOT CAUSE)	BUDGET	PERSON IN CHARGE	TIMELINE

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GROUP EXERCISE – 1 H 30

Format

40 min Brainstorming session

- Each table brainstorms:
  - What are the biggest challenges & issues you face/d in regards to business ethics, human rights and working conditions?
  - Where do you need support?

- Each table creates top 3 list of challenges they want to address in improvement plan

50 min Group discussion & analysis

- Each table presents 3 top challenges

- Trainer presents data analysis on biggest challenges

- Comparison / discussion

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WHAT DOES THE DATA SAY

*The biggest local sustainability issues with **direct, short-term** effect are:*

Human capital development and talent management

Driven by: situation on the market

Why:

- Problem of lack of workers in all industry sectors in Poland.

- Qualified workers from Poland are drawn to Gernam by higher wages.

Expectations:

- To manage the lack of employees problem in responsible way;

- To build long-term skill development and retention programs in cooperation with schools, other companies, in-house etc.

Due in part to a falling number of qualified candidates, more than half of the automotive sector plants (55%) in Poland declare that they are open to automation of their production processes.

Source: Exact Systems Poland, MotoBarometr 2018

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WHAT DOES THE DATA SAY

*The biggest local sustainability issues with **long-term effect** are:*

1) Disclosure of information

Green Frog Awards
Reports from particular regions
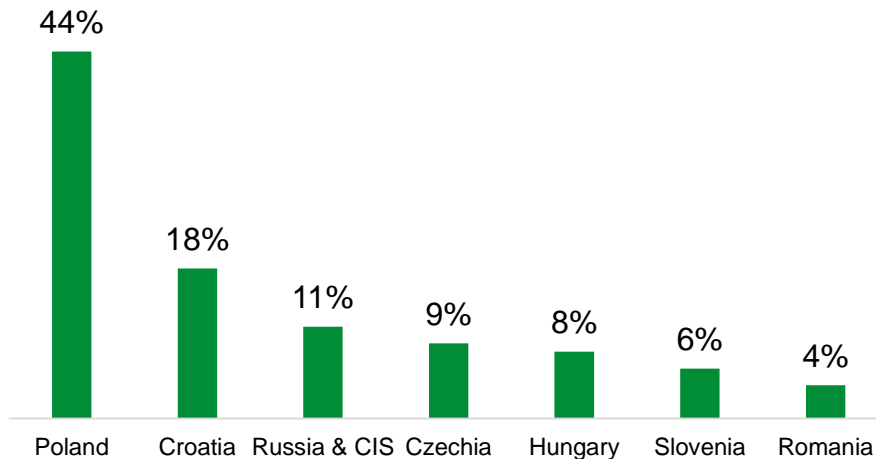
CSR Reports Competition
The Online Community Award
(The number of votes)
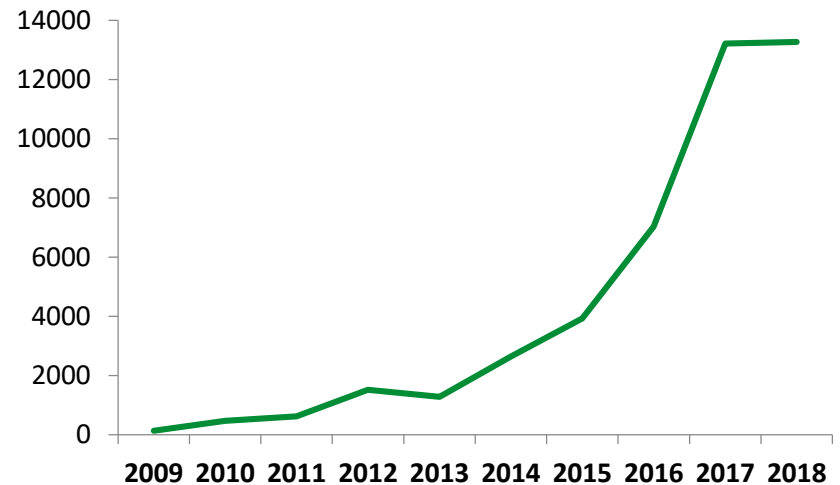
Expectation: Defining an integrated responsibility strategy for business and the implementation of a modern approach to non-financial reporting.

Sources: Green Frog Award, Reports in Central Europe & CIS prepared for 2018

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WHAT DOES THE DATA SAY

The biggest local sustainability issues with long-term effect are:

2) Anti-corruption

Driven by: Society, regulation

Why: Companies are expected to work against corruption in all its forms, including extortion and bribery.

Corruption Perception Index 2018

POLAND

Rank: **36/180**

A country's rank indicates it's position relative to the other countries

Score: **60/100**

A country or territory's score indicated the perceived level of public setor corruption on a scale of 0 (highly corrupt) to 100 (very clean)

Average regional score (Western Europe & EU): **66/100**

Source: Transparency International

Expectations: Elimination of corruption

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WHAT DOES THE DATA SAY

The biggest local sustainability issues with long-term effect are:

3) Supply chain management

Driven by: society, regulators

Why: Supply chain risks arising from product variety-induced complexity, international competition, complex supply chains

Expectations:

- Evaluation of fundamental understanding of key business issues in supply chain management in terms of sustainability

- Managing suppliers – providing data considering technological, social and environmental issues

- Improvement of sustainability and transparency

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WHAT DOES THE DATA SAY

The biggest local sustainability issues with long-term effect are:

3) Supply chain management

The OECD has also developed guidance to help enterprises carry out due diligence for responsible business conduct in specific sectors and supply chains
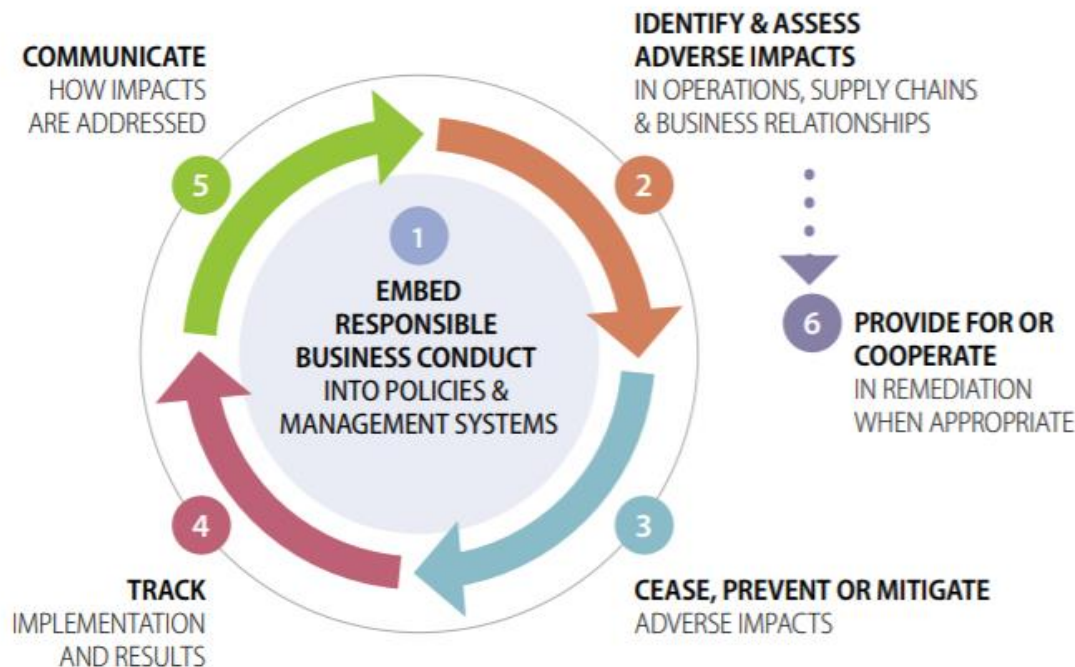
Source:
https://mneguidelines.oecd.org/OECD-Due-Diligence-Guidance-for-Responsible-Business-Conduct.pdf

WHAT DOES THE DATA SAY
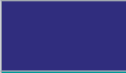
The biggest local sustainability issues with long-term effect are:

4) Working conditions (Wages and Benefits)

Driven by: workers, society, regulators

Why:
Net average monthly salary (adjusted for living costs in PPP)

	above $3,500
	$2,500 to $3,499
	$1,500 to $2,499
	below $1,500

Exception:
Pay rise
Equal pay for equal work
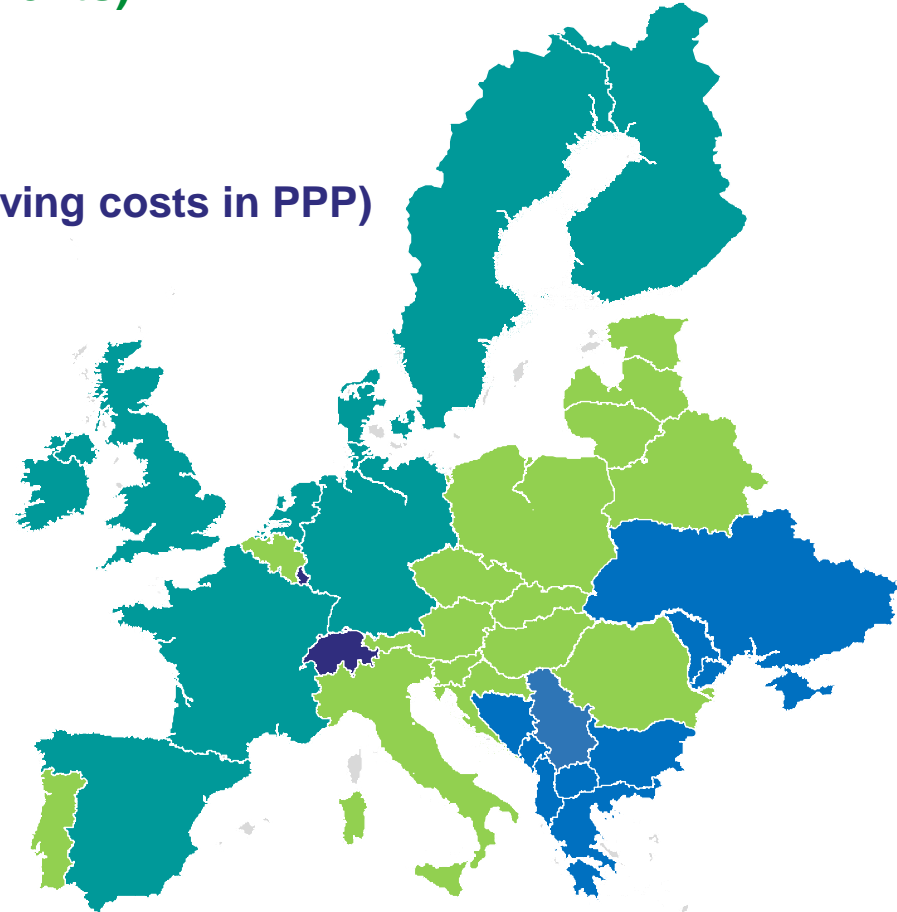
Source: wikipedia.com

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WHAT DOES THE DATA SAY

The biggest local sustainability issues with long-term effect are:

5) Non-discrimination (migrant workers)

Driven by: workers shortages, government

Context: according to the data, there are 1,5 – 3 million of foreign workers in Poland, especially from Ukraine. **Over 57% companies from the automotive industry admit that they are hiring workers from Ukraine**. They are more affordable workforce.

Expectation: Ensuring equal working conditions.

80% *of employers employ Ukrainians on lower-level positions*

15% *of employers don't offer any benefits for Ukrainian employees*

38% *Polish employees are concerned that an Ukrainians inflow will stop wage growth*

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GROUP DISCUSSION

Theory VS Reality

- What is your opinion when you compare the results of your previous discussion and the data we collected before this training?

- What is/should be your final top 3 list of issues & biggest non-compliances?

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AGENDA: BUSINESS ETHICS & SOCIAL SUSTAINABILITY

Working & leaning together

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16:40 – 17:00	**Closing**

IMPROVEMENT PLAN EXERCISE

Root causes and actions

ROOT CAUSE ANALYSIS

Root causes are…

- the fundamental reasons of recurring trouble or failure of a process.
- Once they are resolved, similar problems won't reoccur.

Symptoms of problems are above the ground and obvious

Underlying causes are below the ground and obscure

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METHODOLOGY: ROOT CAUSE ANALYSIS

5 Whys	Fishbone methodology	Affinity diagrams
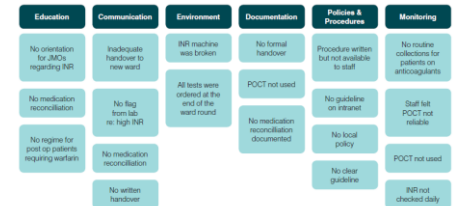
ROOT CAUSE ANALYSIS

5 Whys

Case Study: Workers don't wear personal protective equipment

- **Q1: Why are workers dissatisfied?**
  → Because their concerns are not heard and addressed by the management e.g. unofficial pressure to do unpaid overtime.

- **Q2: Why are concerns not heard and addressed by the management?**
  → Because communication between workers and management is generally less direct and raising such concerns to the management is not part of the culture.

- **Q3: Why isn't the local corporate culture changing its ways?**
  → Because there is no program and target to drive such cultural change.

- **Q4: Why hasn't a program and target been set?**
  → Because worker satisfaction and communication are not set as key performance indicators and therefore are not prioritized by management

- **Q5: Why isn't upper management setting such KPIs?**
  → Because they lacked awareness of the issue before the employee satisfaction survey revealed that this communication channel is being missed.

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ROOT CAUSE ANALYSIS

Fishbone methodology
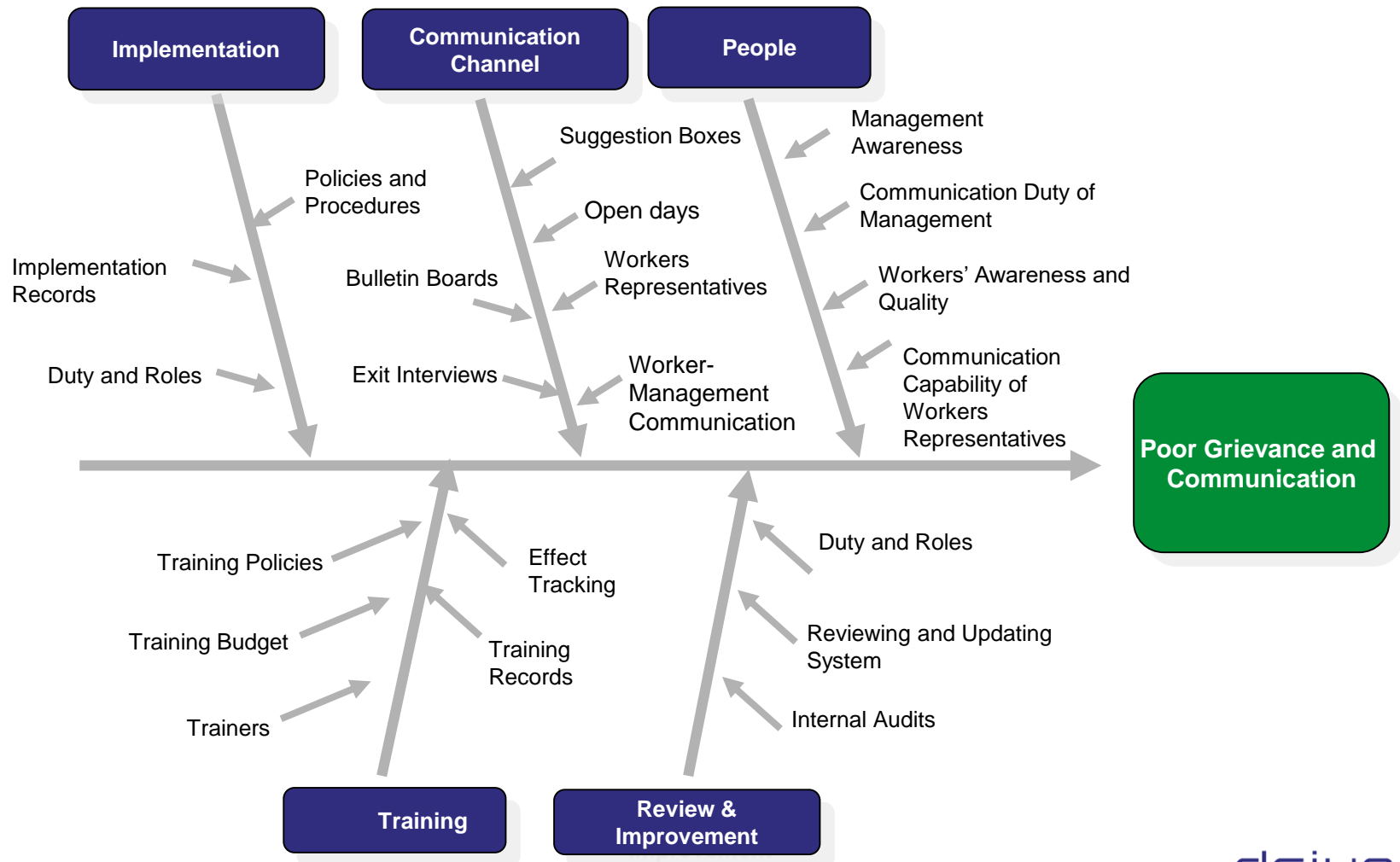
ROOT CAUSE ANALYSIS

Affinity diagrams: Root cause classification

…generate, organize, and consolidate information

Lack of awareness

Lack of management commitment

Lack of procedure of policy

External cause

Cost

Lack of internal communication and worker integration

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PLANNED ACTIONS

Corrective and preventive actions

Corrective action	Preventive action

Short-term

Long-term

- Immediate remediation to remove / address the non - compliances

- Address root cause issue
- Ensure issue does not reoccur
- Long-term implementation
- Focused on management systems

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Lunch Break

12:45 – 13:30

AGENDA: BUSINESS ETHICS & SOCIAL SUSTAINABILITY

Working & leaning together

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IMPROVEMENT PLAN EXERCISE

Root causes and actions (cont.)

REMINDER

Morning session conclusion

- Top 3 challenges, issues, non-compliances
- Where do you need support
- Root cause analysis methodology

GROUP EXERCISE – 1 H 45

Improvement plan column 2 + 3

KEY CHALLENGES (SELECT 3)	ROOT CAUSES (SELECT 3 PER CHALLENGE)	PLANNED CORRECTIVE AND PREVENTIVE ACTIONS (SELECT 2 PER ROOT CAUSE)	BUDGET	PERSON IN CHARGE	TIMELINE

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GROUP EXERCISE – 1 H 45

Format

45 min Brainstorming session

- Each table brainstorms:
  - root causes and actions/countermeasures for each challenge
  - Participants share practical experience on how to deal with issues, what works, what does not work etc

- Each table creates top 3 list of root causes for each challenge

- Each table identifies two actions per root cause

60 min Group discussion

- Each table presents root causes and challenges

- Trainer presents best practices, case studies and solutions check-list to address challenges

- Comparison / discussion

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Case Studies

Case Study 1: Inter Cars

Focus topic: Human capital development and talent management

Issue: Lack of workers

Root Cause Analysis: Difficulty in attracting young graduates with the right background for positions

Corrective Actions:

Inter Cars – Young Staff programme was created based on cooperation with schools. It provides the knowledge necessary to educate future staff, which enables young people to start their working lives easier.

Key aspects of the project include ongoing **cooperation with the teachers though training, symposia and experience sharing, to ensure that instruction at automotive schools draws on the latest trends** and relies on cutting-edge technical knowledge, obtained by the schools from the Young Staff project partners – leading suppliers of parts and equipment to the automotive market.

Preventive Actions:
- Equipping schools with modern equipment for repair and diagnostics of faults in cars
- Development of the network of schools included in the programme

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Case Study 1: Inter Cars

Focus topic: Human capital development and talent management

Results:

The program has been realized for several years now (since 2011). It includes 25 schools and 8,500 students. The initiators are in contact (e.g. using social media) with the graduates of schools that participated in the programme. This way Inter Cars is able to monitor the effectiveness of the program. The programme helps to attract young people to it's workplace and start preparing students for technology and engineering. It also create a source of trained workers.

Lessons learned:

- It's important to find creative ways to attract young people to your workplace.
- Being a car mechanic is not only a job. It can become a passion.

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Case Study 2: Sanok Rubber Group S.A

Focus topic: Anti-corruption

Issue: Corruption is the misuse of the power entrusted for private gain that could result in negative effects for the company.

Root Cause Analysis: Sanok Rubber group wants to be perceived as a company that takes into account: social issues, accountability for social impacts, transparency and ethics, respect for the interests of business partners, respect for the law, including human rights, and respect for international standards of conduct.

Corrective Actions:
Incorporation of **Code of Ethical Conduct** applies to:

• social and environmental issues,
• disclousure of information,
• transparency and ethics,
• respect for the interests of business partners,
• respect for the law, including human rights,
• respect for international standards of conduct.

The Code is publicly available on the website, where each employee, job applicant, as well as potential suppliers and other interested parties have the opportunity to become familiar with this document. **The Suppliers are required to sign declaration of fulfillment code's requirements. Sanok Rubber Gropup conducts irregular suppliers audits.**

Upon implementation of said Code of Ethics, organization of **numerous training courses** familiarizing all employees with the document and its implications.

SANOK RUBBER

KODEKS
ETYCZNEGO
POSTĘPOWANIA

GRUPA SANOK RUBBER

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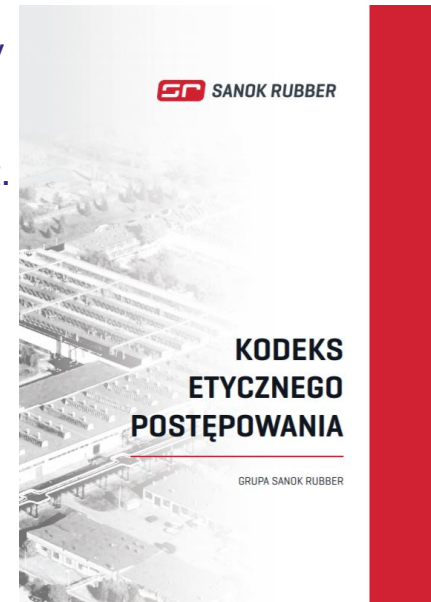
Case Study 2: Sanok Rubber Group S.A

Focus topic: Anti-corruption

Preventive Actions:

Setting the **acceptable value of the gift** to be received and offered.

Validation of credibility of **business partners** as well as the legality of their operations.

Results:

When implementing its anti-corruption policy, the Company undertakes actions aimed at **reducing the risk** of corruption and bribery.

In 2017, the number of **training courses** on the Code of Ethical Conduct was **14** courses **for managerial staff** and personnel managers and **47 courses for newly hired employees** .

There was **no cases of corruption and bribery** identified in Sanok Rubber Group both in 2017 and 2018.

In 2017 and 2018 **no cases of violations related to corruption and bribery were identified in the supply chain** of Sanok Rubber Group, during external audtis of suppliers of the Group.

Lessons learned:

• It's important to set standards externally, within the supply chain as well as internally.

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Case Study 3: Sitech

Focus topic: Supply chain management

Issue: Not efficient supply chain

Root Cause Analysis: Partnership with distant suppliers resulted in high economic and environmental costs of transporting materials.

Corrective Actions:

Local Sourcing programme. The aim of which is to increase the share of national suppliers in the number of orders placed by our products and services. **Local Sourcing Programme** is a long-term a process that requires the preparation of new ones contractors to participate in the tender, and thereafter the prospect of serial deliveries. In order to help contractors understand requirements Sitech organises **Suppliers' Day**, as well as conducts numerous technical and quality conversation.

By **implementing requirements** such as: lack of discrimination, lack of forced labour, prohibition of child labour, salaries in line with standards, working hours according to the applicable laws, observance of health and safety at work, **Sitech enforces good standrads** for its suppliers.

Preventive Actions:
- In order to make sure the contractors comply with the highest standards, companies that want to cooperate with Sitech are informed about the necessity to follow the requirements in the numerus areas.

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Case Study 3: Sitech

Focus topic: Supply chain management

Results:

In 2016 Sitech spent **51.7% of its procurement budget on working with local suppliers**. **In 2017, it was already 59.6%**.

In 2017 1 322 suppliers were national and only 169 were foreign.

Lessons learned:

- Sourcing from local suppliers allows to reduce costs as well as environmental impact.
- Requiring highest standards from the suppliers eases the implementations of responsible supply chain.

Case Study 4: 3M

Focus topic: Non-discrimination

Issue:

Ensuring equal working conditions.

Root Cause Analysis:

- Unfavourable treatment of employees
- Improvment of equal employment opportunity without regard to race, religion, gender, or national original

Case Study 4: 3M

Focus topic: Non-discrimination

Corrective Actions:

- 3M promotes a policy of diversity, providing equal development opportunities for all of its employees.

- 3M „Diversity Index" (the indicator) takes into account the following dimensions of diversity - gender, nationality, cultural background, disability, LGBT.

Preventive Actions:
- Setting a KPI on diversity
- The company's goal is to improve the index year by year and achieve the "Diversity Index" in 2025 at 65.2% in management level.

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Case Study 4: 3M

Focus topic: Non-discrimination

Results:

As part of the communication campaign, an awareness campaign was conducted under the slogan "I'm in" a series of focus groups and workshops building awareness among leaders and managers. The training catalouge includes virtual and stationary workshops on diversity management. Diversity Day is organized every year in the company.

Diversity & Inclusion Playbook was created, which collected all available and new tools, resources and best practices from around the world in 3M.

At the end of 2017, a campaign under the slogan "Different minds inspire" was launched.

Lessons learned:

- Promoting equal opportunities build positive image of a company and create innovative and inclusive workplace.

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Solutions check-list
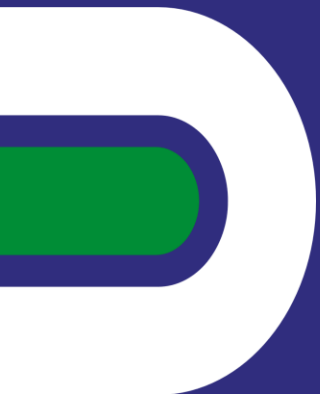
Business Ethics: Solutions to meet expectations

✓ Conduct due diligence to understand the source of the raw materials, don't knowingly provide products containing raw materials that contribute to human rights abuses and ethics violations

✓ Develop policies and procedures to explicitly prohibit corrupt practices

✓ Train employees to identify warning signs and establish controls to reduce likelihood of corrupt practices, conflicts of interests

✓ Clearly and accurately record financial transactions in books and records

✓ Comply with data privacy laws on personal data (consumer & employee)

✓ Abstain from any type of anticompetitive business practice, including cartel arrangements, abuse of economic dependence

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Human Rights & Working Conditions: Solutions to meet expectations

Child Labour and Young Workers

✓ Use age verification systems, require proper documentation upon hiring

✓ Closely observe special restrictions when young workers are employed: e.g. do not permit young workers to perform hazardous or night work

Forced Labour

✓ No restrictions for workers to voluntarily end their employment, such as excessive notice periods

✓ Security must not be allowed to intimidate or restrict the movement of workers

✓ Overtime must be strictly voluntary

✓ The factory must not retain workers' (including migrant workers) **original personal documents or deposit money**

✓ Strict employer control to fulfill **UN requitements** (Forced Labour Convention, 1930 (No. 29)) to make sure what modern slavery is not taking place

✓ Recruitment fees – becoming an issue

Human Rights & Working Conditions: Solutions to meet expectations

Wages and Benefits

- ✓ Pay contractually-agreed wages, no vouchers or goods, in timely manner

- ✓ Use in-factory bank machines to pay wages

- ✓ Do not reduce wages for disciplinary reasons

- ✓ Ensure sub-contracted workers receive legally required wages/benefits

- ✓ Ensure proper maternity benefits are provided

Working Hours

- ✓ Use a time-keeping system and mandate days off

- ✓ Comply with applicable laws on working hours/overtime compensation

- ✓ Indicate processes for worker overtime

- ✓ Ensure that all overtime is voluntary

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Human Rights & Working Conditions: Solutions to meet expectations

Freedom of Association

- ✓ Establish methods to communicate concerns: Direct and anonymous (e.g., suggestion boxes)

- ✓ Use communication cascades

- ✓ Promote independently elected health and safety committees

- ✓ Make sure employees receive copies of signed collective bargaining agreements

Harassment and non-Discrimination

- ✓ Prohibit pregnancy testing

- ✓ Pay attention to specific activities where discrimination needs to prohibited: Hiring, Salary, Advancement, Discipline, Termination

- ✓ Maintain specific policies prohibiting harassment

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Human Rights & Working Conditions: Solutions to meet expectations

General

✓ Establish 2-way communications channels between management and employees in order to identify risk, pain points, and nascent dissatisfaction

✓ Some possible solutions:

   ✓ Employee satisfaction survey

   ✓ Internal innovation / idea collection (Kaizen-type)

   ✓ Besides formal employee representation draw up a network of ambassadors, who can help address specific problems, inform and motivate the workforce

   ✓ Create opportunities where employees can meet management to discuss their problems

   ✓ Reward achievement

   ✓ Show example: management to show that they abide by rules, as well

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GROUP DISCUSSION

Complete your list of actions: Which new actions can you add to your list?

Corrective action	Preventive action

Short-term

Long-term

- Immediate remediation to remove / address the non - compliances

- Address root cause issue
- Ensure issue does not reoccur
- Long-term implementation
- Focused on management systems

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Coffee Break

15 min

AGENDA: BUSINESS ETHICS & SOCIAL SUSTAINABILITY

Working & leaning together

10:15 – 10:45	**Introduction Break-out session**
10:45 – 12:15	**Improvement plan exercise: Identifying key local challenges**
12:15 – 12:45	**Improvement plan exercise: Root causes and actions**
12:45 – 13:30	Lunch
13:30 – 15:15	**Improvement plan exercise: Root causes and actions (cont.)**
15:15 – 15:30	Coffee break
15:30 – 16:30	**Improvement plan exercise: Budget, responsibilities and timeline**
Participants regroup	
16:40 – 17:00	**Closing**

IMPROVEMENT PLAN EXERCISE

Budget, responsibilities and timeline

GROUP EXERCISE – 1 H

Improvement plan column 4 - 6

KEY CHALLENGES (SELECT 3)	ROOT CAUSES (SELECT 3 PER CHALLENGE)	PLANNED CORRECTIVE AND PREVENTIVE ACTIONS (SELECT 2 PER ROOT CAUSE)	BUDGET	PERSON IN CHARGE	TIMELINE

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GROUP EXERCISE – 1 H

Format

20 min Improvement plan best practice

- Trainer presents best practice improvement plan

20 min Brainstorming session

- Each table brainstorms:
  - Budget, person in charge, timeline for each action

20 min Group discussion

- Each table selects one challenge and presents full improvement plan for it

- Trainer gives feedback

- Closing and conclusion

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Example: workers are not paid overtime

Issue and root cause

Root cause:

- Managers and workers are **unaware** of applicable laws and guidelines on human rights and working conditions.

- **There is no time control system**, so it is not clear how long workers perform extra.

- **There is no official designation of the person responsible for CSR / HR** who manages the problems of working conditions and human rights.

- Lack of **training policies and written procedures** on business ethics and social sustainability.

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Example: workers are not paid overtime

Well planned actions

Corrective action:

- Compensate workers for overtime according to the law.

- Immediately stop any practice of overtime that violates local legislation.

- Establish obligatory days of rest.

Preventive action:

- Establish a **system for monitoring working hours.**

- Update overtime **rules and develop a human rights policy.**

- Assign **responsibility for human rights and labor conditions to the person respectively responsible for CSR / HR.**

- **The head of CSR / HR** to regularly monitor the implementation of human rights actions and working conditions.

- **The management must review** the procedures and performance of ethics and social sustainability.

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Example: workers are not paid overtime

Improvement plan

Budget:

- Salary of the responsible of CSR/HR.

- Training budget on human rights and working conditions.

- Costs of the time control system.

Person in charge:

- Director of Human Resources and Head of CSR / HR.

Period:

- 1 month: Employ / assign to an employee the responsibility of the CSR / HR function and the supervision of trainings.

- 3 months: Develop a policy on business ethics and social sustainability.

- 6-8 months: Organize orientation training for new employees and refresher training for current employees.

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Example: workers are not paid overtime

Improvement plan

Performance measurement / KPIs:

- Employees trained

- Employees who have passed the exam related to training

- Incidents related to non registered extra worked hours.

Results:

- All the employees of the plant have been trained

- 97% of employees passed the training exam on the first occasion

- No additional incidents related to this issue were detected in follow-up audits.

Lessons learned:

Regulatory labor issues must be reviewed and updated periodically by a responsible person who is responsible for compliance.

The supervision of a management body is necessary to monitor this type of issues.

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GROUP DISCUSSION

- What is your feedback after doing the exercise?

- Did you encounter any difficulties?

- What are 3 words that summarize the discussion at your table?

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CLOSING

Please regroup with other session