



*European Economic and Social Committee  
Employers' Group*

# **Code of ethics for European employers**

**April 2012**



# Summary

<b>Introduction</b> .....	2
<b>I. Broad issues</b> .....	3
<b>II. Principles and values</b> .....	3
<b>III. Rules of conduct</b> .....	4
1.General policies.....	4
2.Public authorities.....	5
3.Local communities .....	6
4.Business associations .....	6
5.Business Partners.....	6
6.Employees.....	6
7.Suppliers.....	8
8.Clients/consumers .....	8
9.Competitors.....	9
10.Environment.....	9
11.Social responsibility .....	10

# Introduction

- i. Economics is a social activity, developed by people who interact with one other. Markets are not abstract entities, but the result of individual decisions taken by people.
- ii. In all societies, cultures and religions, human behaviour is governed by principles and values that are shared by all and which allow people to live together peacefully, in spite of different individual interests or ideas.
- iii. The globalization of the economy has brought about a need to identify a way of addressing the new challenges, in particular those emerging from the financial and products markets.
- iv. The United Nations Manifesto on Global Economic Ethic claims the need for a “global economic ethic – a common fundamental vision of what is legitimate, just, and fair – that relies on moral principles and values that have been shared by all cultures and have been supported by common practical experience”<sup>1</sup>.
- v. European Employers, members of the Employer’s Group of the European Economic and Social Committee, together with other important actors such as employees, consumers, members of interest groups, political institutions and international organisations, agree on the need to share a global economic ethic.
- vi. Therefore, they hereby decide to adopt the present Code of Ethics, which sets out the principles and values they choose to respect, as well as the rules of conduct that should be implemented in all corporate behaviour.

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<sup>1</sup> United Nations Global Compact, <http://www.unglobalcompact.org/>

## I. Broad issues

- This Code includes a set of rules of conduct, based on principles and values, which should be adopted by European employers in their day-to-day practices.
- The adoption of this Code is a voluntary engagement for employers, who may adopt it as a reference for the creation of their own specific rules and regulations.

## II. Principles and values

An ethical basis for a global economy may only be found in principles and values that can be shared by all, irrespective of differences in terms of culture, religion, political views or national or social background.

Both the United Nations<sup>2</sup> and the OECD<sup>3</sup> have established a number of principles and standards which this Code fully subscribes to and sets out as follows:

**Principle of Humanity:** Every human being – without distinction based on age, sex, race, skin colour, physical or mental ability, language, religion, political view or national or social origin - possesses an inalienable and irrevocable dignity. Everyone, regardless of his or her role in society and the type of relationship that he/she establishes with others, is therefore obliged to respect this dignity and to protect it.

**Principle of Reciprocity:** Everyone must relate to others based on a sense of mutual respect and responsibility, solidarity, fairness and tolerance, adopting the golden rule of reciprocity which states: *Do not do unto others what you would not have them do unto you.*

A number of ethical standards stem from these principles, which should support all business practices, namely:

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<sup>2</sup> Manifesto Global Economic Ethic. Consequences for Global Businesses. New York 2009

<sup>3</sup> Guidelines for Multinational Enterprises. Paris. 2011

- **Reverence for life**, meaning respect for environmental protection, public health and safety in the day-to day practices of business activity.
- **Truthfulness**, meaning disclosure, transparency, honesty in terms of processes and attitudes involving stakeholders.
- **Justice and fairness**, meaning rejecting bribery and corruption as a means of gaining advantages which local legal frameworks do not allow.
- **Equal treatment**, meaning no discrimination or different treatment is possible with respect to gender, sex, ethnic, religion, etc. and other differences among human beings.

### III. Rules of conduct

Enterprises should act according to the above principles and values in their day-to-day activities. Considering the main stakeholders involved, they should adopt the following rules for their business practices.

#### 1. General policies

1.1 Enterprises should disclose information about all matters relating to their activities, structure, financial situation, ownership, governance and other items, in accordance with the principle of truthfulness mentioned above.

1.2 Enterprises should apply high quality standards with regard to their accounting, and financial as well as non-financial disclosure, including environmental and social reporting, where applicable.

1.3 Enterprises should take due account of the need to protect the environment, public health and safety, and to generally conduct their activities in a manner which contributes to the wider goal of sustainable development within the framework of the laws, regulations and administrative practices in the countries in which they operate, and in accordance with relevant international agreements, principles, objectives, and standards.

1.4 Enterprises should comply with the principle of free competition and follow the rules of the single market.

1.5 Enterprises should uphold a culture of precision, stability and reliability that instils confidence and trust in the commitment to deliver when it matters.

1.6 Enterprises shall avoid any adverse impact linked to their operations, products or services, and address such impacts when they occur.

1.7 Enterprises guarantee that any kind of information concerning stakeholders shall not be used for purposes other than those for which it was obtained, in accordance with the legal regulations on the protection of personal data.

## 2. Public authorities

2.1 Enterprises shall ensure strict compliance with all legal obligations, both by observing all rules for economic activity and honouring any fiscal or other financial obligations towards national or local authorities.

2.2 Enterprises shall abstain from corrupt or dishonest practices, such as bribery or involvement in the underground economy, aimed at obtaining any form of illicit advantage from the public authorities.

2.3 Enterprises shall adopt adequate internal controls, ethics and compliance programmes or measures for preventing and detecting bribery, developed on the basis of a risk assessment addressing its individual circumstances in order to mitigate the risk of enterprises becoming complicit in bribery, bribe solicitation and extortion. They will prevent all forms of black market practices, also in respect of their stakeholders.

2.4 Enterprises shall abstain from any improper involvement in European, national or local political activities.

### 3. Local communities

3.1 Enterprises should cooperate with their local communities, by engaging with relevant stakeholders in activities that can have a measurable impact on the wellbeing of local communities.

3.2 Enterprises shall be actively engaged in improving the wellbeing and sustainable development of local communities.

### 4. Business associations

4.1 Enterprises should participate in national or sector-specific associations of enterprises and promote activities of mutual interest for their economic development, in accordance with the principles, values and rules of the present Code.

4.2 Associations adopting the Code should intervene in cases where members fail to comply with the principles of the Code, in order to re-establish the good practices or to denounce a given situation, when non-compliance is recurrent.

### 5. Business Partners

5.1 Enterprises shall develop adequate corporate governance and self-regulatory practices, which will help to establish and support mutual trust relationships with their business partners, contributing to the creation of a climate of confidence in the area of economic activity.

### 6. Employees

6.1 Enterprises shall apply the principle of non-discrimination based on family relations, gender, age, sexual orientation, language, religion, political convictions or union affiliation, in all human resources policies which they adopt.

- 6.2 Enterprises shall develop human resources policies that comply with the principles of decent work, under the terms proposed by the ILO.
- 6.3 Enterprises shall create conditions that enable employees to develop and update their professional competences, through vocational training or other paths for lifelong learning.
- 6.4 Enterprises shall promote a healthy and safe working environment, in accordance with the legislation and by cooperating on preventing risks and the vigilance of working conditions and by identifying and controlling risk factors that may endanger the health and safety of their employees.
- 6.5 Enterprises shall promote cooperation, solidarity and mutual respect among their employees.
- 6.6 Enterprises shall respect the right of their employees to establish or join trade unions and representative organisations of their own choosing.
- 6.7 Enterprises shall promote consultation and co-operation between employers and employees and their democratically elected representatives on matters of mutual concern.
- 6.8 Enterprises shall engage in constructive negotiations, either individually or through employers' associations, with a view to reaching agreement on the terms and conditions of employment.
- 6.9 Enterprises shall require correct professional conduct on the part of their employees: they must behave courteously, be available and attentive to everyone, in spite of individual differences.
- 6.10 Enterprises should provide adequate education and training to employees in all matters relating to environmental health and safety, including the handling of hazardous materials and the prevention of environmental accidents, as well as more general environmental

management areas, such as environmental impact assessment procedures, public relations, and environmental technologies.

## 7. Suppliers

7.1 Enterprises must maintain a partner-based relationship with their suppliers, which can assure a fair share of benefits and responsibilities in the common value chain.

7.2 Enterprises shall choose their suppliers based on transparent processes and develop equitable relationships with them, ensuring strict compliance with all agreed upon contractual conditions.

7.3 Enterprises shall ensure that the suppliers they choose do not violate the law – the use of child labour, for example.

## 8. Clients/consumers

8.1 Enterprises shall ensure that the goods and services they provide meet all agreed or legally required standards for consumer health and safety, including those pertaining to health warnings and safety information.

8.2 All practices of enterprises towards their clients shall respect their freedom of choice.

8.3 Enterprises shall provide correct and full information on their products, and concerning technical characteristics, post-sale service, and price and payment conditions.

8.4 Advertising messages will respect good morals and truthful principles.

8.5 Enterprises shall maintain an effective complaints service, to cater to the needs of consumers.

8.6 Enterprises operating through e-commerce channels shall act in accordance with rules on consumer protection and distance selling.

## 9. Competitors

9.1 Enterprises must compete fairly and accept and respect the operating rules of a market economy.

9.2 Enterprises shall operate based on fair principles, focusing on the performance, merit and quality of their offer.

9.3 Enterprises shall renounce every practice that may impose inappropriate conditions, exploit a potentially dominant position on the market or take advantage of the dependence of others.

9.4 Enterprises expressly renounce the use of any disloyal means to acquire new customers, namely they shall not pass on any false, misleading or damaging advertising messages that may affect their competitors' reputation.

9.5 Enterprises shall abstain from anti-competitive methods aimed at eliminating competition and from using tactics such as selling below price or refusing to sell.

## 10. Environment

10.1 Enterprises shall pro-actively act to protect the environment in all their operations, namely by not causing damage or loss to the archaeological, architectonic or urban heritage of the communities in which their activity is located.

10.2 Enterprises will reduce their energy consumption, by adopting energy saving practices, such as choosing energy-efficient machinery, low energy light bulbs, by insulating windows and any other methods that might be effective.

10.3 Enterprises shall gradually adopt clean and renewable energies, thereby contributing to reducing levels of pollution and fossil fuel consumption.

10.4 Enterprises shall actively cooperate in environmental policies on residues and waste separation, focusing on the management of scarce goods and favouring the use of biodegradable or recyclable materials.

10.5 Enterprises shall reduce the amount of paper they use, gradually implementing electronic communications and archiving.

## 11. Social responsibility

11.1 Enterprises shall involve themselves in the community, by promoting and/or participating in projects of a civic, social or cultural nature, concerning the wellbeing and/or development of local populations.

11.2 The participation of enterprises will take place in the form of sponsoring activities or supporting the contribution of employee's time and labour in community projects.

# Code of ethics for European employers

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EESC-2012-19-EN

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QE-31-12-562-EN-C



doi:10.2864/43397