

## Introduction

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There is no single code or standard, no panacea that will lead to corporate responsibility. Each company is different, with its own challenges, corporate culture, unique set of stakeholders and management systems. Corporate responsibility is a journey for which there is no single map but hundreds of guides. Codes and standards are maps that can be combined in new ways for different journeys. In my lectures around the world, I am asked the question, 'What are the best standards for companies seeking to be socially responsible?' Over the course of more than a decade, I have analysed hundreds of codes of conduct and standards to answer that question. This book is a result of 12 years of inquiry into corporate responsibility.

*The Corporate Responsibility Code Book* is a guide for companies trying to understand the landscape of corporate responsibility. This book is a valuable tool not only for companies developing their own code but also for companies with a strong track record in corporate responsibility, seeking to understand the inter-relationships among codes and standards in order to create their own vision.

Companies are seeking to integrate codes of conduct and guidelines into their corporate cultures and management systems. The challenge for corporate responsibility is that each company is different; each sector has different priorities. The very same company in one region may face different challenges in other parts of the world. And yet stakeholders, especially consumers and investors, are keen for some degree of comparability with which they can evaluate corporate performance. There are countervailing forces at work within corporate responsibility: on the one hand is the need for convergence to simplify the large numbers of codes and standards; and on the other hand there is the need to foster diversity and innovation.

## Code paradoxes

It is a paradox that many of the best codes of conduct and standards are not well known and that some corporate responsibility instruments that are well disseminated are not terribly effective. The purpose of this book is to disseminate some of the best corporate responsibility instruments available and to comment on their role. Another paradox is that it is possible to have comprehensive codes of conduct that achieve nothing, and quite vague codes of conduct that are well embedded into the organisation and that foster innovation and change.

Information overload is nowhere more apparent than in the field of corporate responsibility. There are millions of pages and web pages written on codes and standards, but most of it is 'spin' put out by organisations punting to sell their code or standard. The reality is that corporate responsibility is an emerging field, a new terrain for which maps are much needed but often imprecise. Just as the early cartographers drew imaginary creatures on their maps when they came up against the edge of what they knew, there is much *terra incognita* in the field of corporate responsibility. The weaving together of codes and standards in this volume points out the *terra incognita*, the vacuums within corporate responsibility, and also the duplication.

## The need for a code book

In my consulting practice I advise companies about codes of conduct and their implementation. On many occasions I am brought in after a company has already developed a policy or code and disseminated it. Disseminating a code that is poorly crafted can lead to confusion and inefficiency, causing a 'domino effect' of misunderstanding and apathy.

My clients ask, 'What is the difference between Social Accountability 8000 [SA8000] and AccountAbility 1000 [AA1000]? Which should I use?' The answer is that each code and standard is a product of the organisation that crafted it and that each of the 32 codes in this book offer valuable lessons in corporate responsibility. There is no Holy Grail in the field of corporate responsibility, only different approaches and views of the field. *The Corporate Responsibility Code Book* distils the most valuable elements of each corporate responsibility instrument in a balanced and concise way.

*The Corporate Responsibility Code Book* will guide companies through a critical turning point in the field of social responsibility, from rhetoric to action on codes of conduct. The goal of the book is to help companies select, develop and implement social and environmental codes of conduct. One of the first steps a company can take to become more socially responsible is to adopt a code of conduct—but taking this step without clear implementation strategies leaves companies exposed. This book will demonstrate how the world's leading companies are implementing global codes of conduct, including the Global Compact of the United

Nations, the Guidelines for Multinational Enterprises of the Organisation for Economic Co-operation and Development (OECD), SA8000 and AA1000. The codes in this book cover a wide range of issues, including human rights, labour rights, environmental management, corruption and corporate governance. This book also includes ‘how-to’ (or ‘process’) codes focusing on reporting, stakeholder engagement and assurance.

Albert Einstein wrote that ‘Not everything that counts can be counted; and not everything that can be counted counts.’<sup>1</sup> This sentence provides a useful commentary on codes of conduct and principles and a useful refrain for readers who should question the tools presented in this volume. Do these tools allow an organisation to count and consider what is most relevant in its sector, to its stakeholders? Do the tools count that which does not need to be counted?

The instruments and tools described in this book can be seen as a dialogue between different actors in society. As the book indicates, there have been several waves of dialogue, from the 1970s, in which multinational companies were seen as the enemy to be tamed, to the 1990s where a number of leading companies became far more engaged in a process of dialogue with stakeholders. The codes and principles described in this work have served to institutionalise dialogue and to create fora for discussion among actors who had never been in discussion or between whom there was hostility. It may well be that these dialogues are the most significant contribution of these tools, and yet such contributions cannot be ‘counted’.

In this book, I will answer the following questions:

- What distinguishes an outstanding code of conduct from a mediocre code of conduct?
- How can we implement an existing code of conduct?
- What are the pitfalls to avoid in implementing the code of conduct?
- How can we build on work already taking place in this field?

Dr Samuel Johnson once said ‘A man may be very sincere in good principles without having good practice’ (Boswell 1765: 403); the same is true for companies. At best, codes of conduct and standards can promote corporate responsibility, but they can also be used as a ‘fig leaf’, as an automatic response to deflect criticism. It is ironic that many of the companies involved in corporate scandals, such as Enron and Royal Ahold, have excellent statements on social policies. If the corporate responsibility movement is to progress, it must shun hollow statements.

This book is based on interviews with the standard-setters, with the implementers of standards, with academics, with activists and with other key stakeholders from around the world. Each of the standards and codes described has been shared with the promulgators of the instrument to ensure that the information is as up to date as possible. To those standards-setters whose standards are not profiled in this

1 This quote was featured on the integrityworks website: [www.integrityworks.com/about/about.htm](http://www.integrityworks.com/about/about.htm), last accessed 3 October 2003.

book, I apologise. It is possible that a second edition of this book will be published with additional codes and standards. I welcome your thoughts on emerging standards that might be useful in such a volume.

## Reference

Boswell, J. (1765) *Life of Johnson* (G.B. Hills edn; rev. L.F. Powell; New Haven, CT: Yale University Press [1995]).