

ECLT FOUNDATION

CODE OF  
BUSINESS  
CONDUCT

# ECLT FOUNDATION CODE OF BUSINESS CONDUCT

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# 1. MESSAGE FROM THE ECLT FOUNDATION'S BOARD

The Eliminating Child Labour in Tobacco Growing (ECLT) Foundation and the organisations which are represented on the Board are united in a dedicated effort to protect children from exploitative child labour by strengthening communities, improving policies, and advancing resources so that tobacco growing communities can benefit from agricultural farming whilst ensuring that their children are healthy, educated, safe from exploitation, and encouraged to meet their full potential.

In an increasingly challenging external environment many of the organisations which are represented on the Board of the ECLT Foundation, which are part of the tobacco sector, are subject to ever higher levels of scrutiny and regulatory compliance. Each member and advisory organisation will likely have its own business conduct code and compliance mechanisms; however, the purposes of the ECLT Foundation are unique, and as such, additional rules are necessary and useful requirements.

It is and shall be the fundamental policy of the ECLT Foundation that its mission be conducted by our employees, agents, Board members and controlled third parties (hereinafter, "Employees," but intended to mean "employees, agents, Board members, alternate Board members or controlled third parties, as appropriate) with the highest standard of legal and ethical conduct. Our Code of Business Conduct, hereinafter referred to as "our Code", is intended to set out the rules and policies that govern us so as to ensure that our conduct, whilst in furtherance of the ECLT Foundation's mission, reflects our ethical and legal standards.

## 2. ABOUT OUR CODE OF BUSINESS CONDUCT

### 2.1 PURPOSE

In pursuance of the principles above stated, and to provide guidance to the ECLT Foundation's Employees, the Code of Conduct will exist under the authority of the Board. The Board will have the power to approve or modify the Code of Conduct, and to guide the ECLT Foundation to establish implementation activities, including appropriate training.

The Employees must ensure that all of the ECLT Foundation's activities are conducted with the utmost integrity and our Code is essential to the success of that goal and to our credibility in the international community.

### 2.2 WHO IS COVERED

We adopt this Code in order to promote ethical behaviour, encourage compliance with ethical and legal standards, facilitate the reporting of unethical or illegal behaviour and address violations of our ethical standards, Foundation policies and applicable law. Whilst it is true that the ECLT Foundation and its Employees are required to comply with all applicable law, our Code sets a higher

standard for us to follow. All Employees are responsible for conducting themselves, whilst in furtherance of the ECLT Foundation's mission, in compliance not only with our Code but also with the highest ethical standards.

Additionally, and to the extent practicable, the ECLT Foundation will endeavour to ensure that third parties with whom it contracts in furtherance of the ECLT Foundation's mission themselves ascribe to the principles and obligations of the Code.

### 2.3 FAILURE TO FOLLOW OUR CODE

Our Code is designed and intended to help our Employees work together effectively and to allow the ECLT Foundation to carry out its mission in accordance with law and the highest ethical standards. Any violation of our Code may result in reporting to relevant authorities and in appropriate disciplinary action to include a verbal or written reprimand, suspension, probation, financial penalty and/or termination of the relationship with the ECLT Foundation. The Board will be charged with determining the appropriate action.

## 2.4 DIFFERENT LAWS WHICH MAY APPLY TO THE ECLT FOUNDATION

The ECLT Foundation is dedicated to an international mission and comprised of entities subject to the laws of multiple jurisdictions. Accordingly, it is the responsibility of the ECLT Foundation and its Employees not only to comply with all applicable laws relevant to the ECLT Foundation's mission, but also to assist the organisations represented on the Board with their compliance with the laws and regulations to which they are subject.

## 2.5 QUESTIONS AND CONCERNS

The ECLT Foundation cannot live up to its commitment to act with integrity if those charged with the responsibility to carry out its mission do not speak up when necessary. Accordingly, in addition to knowing and understanding the legal and ethical standards to which the ECLT Foundation is committed, its Employees should speak up if:

- there are questions about any action to be taken in the course of conducting the mission of the ECLT Foundation;
- someone acting on behalf of the ECLT Foundation is doing, or has done or is about to do something that violates applicable law or the ECLT Foundation's Code;

- someone raising questions or concerns in good faith has been subject to retaliation.

## 2.6 WHERE TO GO FOR HELP

The ECLT Foundation is committed to an environment of open and honest communication. Accordingly, if a question or concern arises regarding legal or ethical conduct, there are a number of available options, including raising it with:

- the Executive Director of the ECLT Foundation
- the ECLT Foundation's Compliance Committee consisting of the President, Vice President and Treasurer of the ECLT Foundation
- the ECLT Foundation's legal counsel for compliance matters.

Direct communication information for each of these individuals may be obtained from the ECLT Foundation's website.

## 2.7 NON-RETALIATION POLICY

Any Employee who, in good faith, seeks advice, raises a concern relating to a potential compliance issue or reports suspected misconduct is following the mandate of our Code and retaliation in any form related to the Employee's raising the concern will not be tolerated.

*The Employees must ensure that all of the ECLT Foundation's activities are conducted with the utmost integrity and our Code is essential to the success of that goal and to our credibility in the international community.*

# 3 OUR WORK ENVIRONMENT

## 3.1 FREEDOM FROM DISCRIMINATION AND HARASSMENT

The ECLT Foundation is committed to a workplace free from discrimination and harassment and expects that all its Employees follow these principles. The ECLT Foundation does not discriminate or allow discrimination based on personal characteristics such as race, colour, gender, sexual orientation, religion, national origin, age, disability or political and trade union affiliation. All personnel actions, including hiring, benefits, compensation and layoff must be administered without discrimination. Employees should expect that they will be judged on the basis of their skills, abilities, experience, and performance.

## 3.2 HEALTH AND SAFETY

The personal health and safety of each of the ECLT Foundation's Employees is of paramount importance. Accordingly, it is the ECLT Foundation's policy that each Employee has the right to a safe and healthy work environment fully compliant with all applicable health and safety laws and regulations. Further, it is the obligation of the ECLT Foundation to understand the hazards and risks associated with the conduct of its mission and to ensure that Employees are adequately protected from such hazards and risks.

# 4 CONDUCTING OUR MISSION

## 4.1 COMPLIANCE WITH THE LAW

Whilst our Code deals with a number of specific legal and ethical requirements, it is first and foremost the obligation of the ECLT Foundation's Employees to fully comply with all applicable laws and regulations of every jurisdiction in which the ECLT Foundation is conducting its mission.

## 4.2 CONFLICT OF INTEREST

The ECLT Foundation must protect the integrity of its mission by making decisions that are fully consistent with its established programmatic approaches, organizational advancement purposes and the income, activities, and expenditures approved by the ECLT Foundation's Board. This means that the ECLT Foundation's Employees or specific groups with individual or personal financial and business interests shall have no bearing on nor be allowed to interfere with the mission or decisions of the ECLT Foundation. A conflict situation can arise when an individual or an entity takes actions or has interests that may make it difficult for the ECLT Foundation to conduct its mission objectively and efficiently.

For example, the Gifts and Entertainment section of our Code outlines potential conflicts with respect to giving and receiving gifts and entertainment. Conflicts of interest also arise when an individual or a member of his or her family receives improper benefits as a result of a position within the ECLT Foundation, or when any of them makes use of opportunities obtained as a result of the ECLT Foundation's mission. Conflicts may also arise when involved in business interests that detract from or conflict with the ECLT Foundation's mission. It is important to note that the appearance of a conflict may be as detrimental as an actual conflict.

## 4.3 PROTECTING ASSETS AND INFORMATION AND RECORD RETENTION

All the ECLT Foundation's Employees must protect the ECLT Foundation's assets and ensure their efficient use. Theft, carelessness, unauthorized disposal and waste directly violate the trust others have placed in the ECLT Foundation and, thus, the ECLT Foundation's assets must be used for legitimate purposes at all times.

In addition, the Employees often work with information which is confidential or proprietary to the ECLT Foundation, whether resulting from the ECLT Foundation's own activities or received from third parties including the organisations represented on the Board. It is the ECLT Foundation's policy that the confidentiality of all such information shall be respected and shall not be distributed or disseminated in any manner outside the ECLT Foundation except upon appropriate authorization from the Executive Director or one of the office-bearing members of the Board. This policy applies to oral communications and to paper documents as well as electronically stored or transmitted information.

The ECLT Foundation policies with respect to confidential information also apply to former Employee All the ECLT Foundation's Employees must obey all applicable laws and Foundation policies or legal recommendations with respect to retaining and disposing of records and other information.

## 4.4 COMPETITION LAWS

Many of the organisations represented on the Board are competitors within national and international tobacco markets and as such are subject to multiple levels of competition laws and regulations. It is the policy of the ECLT Foundation that it and its Employees will maintain an awareness of such competition laws and regulations and will conduct the mission of the ECLT Foundation in such a fashion as to aid the organisations represented on the Board with their obligations to be fully compliant with all applicable competition laws and regulations.

*It is first and foremost the obligation of the ECLT Foundation's Employees to fully comply with all applicable laws and regulations of every jurisdiction in which the ECLT Foundation is conducting its mission.*

*The funds and other assets of the ECLT Foundation must be used only for the furthering of the ECLT Foundation's mission.*

#### **4.5 PROGRAMME INTEGRITY**

The funds and other assets of the ECLT Foundation must be used only for the furthering of the ECLT Foundation's mission according to the programme of work as approved by the ECLT Foundation's Board. The programme of work as approved by the Board shall be conducted in accordance with international best practice standards available at the time and their effectiveness verified in each instance by independent third party assessment.

#### **4.6 CHARITABLE CONTRIBUTIONS**

The ECLT Foundation may make charitable contributions separately and apart from its programme of work provided that such contributions are:

- approved by the ECLT Foundation's Board;
- permissible under all applicable law;
- done only if the ECLT Foundation has taken adequate steps to verify and to document the recipient's reputation and organizational status;
- fully and accurately documented in the ECLT Foundation's accounts; and
- where by law required, documented in the public record of the recipient country.

#### **4.7 POLITICAL CONTRIBUTIONS**

Contributions of the ECLT Foundation's resources for political purposes are prohibited in all instances.

#### **4.8 BRIBERY AND CORRUPTION**

The ECLT Foundation's Employees must not offer, give or accept any gift, payment or other benefit that gains or seeks to gain any improper advantage for themselves or for the ECLT Foundation. Most countries have laws which make it illegal to engage in bribery and corruption and an increasing number of countries prosecute acts of bribery which take place beyond their borders. Violating these laws is a serious criminal offence which may give rise to prosecution not only of the individuals involved but also of the ECLT Foundation and the organisations represented on the Board. The principal corruption offences are paying or offering a bribe or accepting a bribe. Bribes can include money, services, gifts, excessive or unjustified entertainment and other similar benefits. Bribes do not have to consist of large amounts of money. Even small payments or gifts, if intended to gain improper

advantage, may constitute a bribe.

Bribes or other forms of corrupt payments, services, gifts, excessive or unjustified entertainment are of particular significance if the intended recipient is a government official. The term "government official" is to be broadly construed and may include any person holding any legislative, administrative or judicial office, whether at a local or national level or any person able to influence the activities of such individuals. A government official should also be understood to include persons working for international organizations such as UN agencies and state-controlled enterprises.

Facilitation payments are payments made to government officials in order to secure the performance of a routine governmental activity or service to which the public is entitled. Such payments are deemed permissible under the laws of some countries but prohibited under the laws of others. It is the policy of the ECLT Foundation that such payments are prohibited unless an Employee is confronted with a situation where there is a reasonable belief of personal harm or imprisonment. The ECLT Foundation under no circumstances wishes to expose its personnel to such circumstances and in such cases such payments may be appropriate. The payment must however be reported to the ECLT Foundation's Executive Director as soon as practicable and appropriately recorded in the ECLT Foundation's accounts.

It is important to be aware that the appointment, use or payment of consultants, advisors, agents, business partners or other third parties ("consultants") gives rise to specific risks. Bribery and corruption laws apply equally to all individuals or entities retained by or working on behalf of the ECLT Foundation. Accordingly, "consultants" retained by the ECLT Foundation should:

- be subjected to careful due diligence;
- where any reasonable alternative is available, not be related to or recommended by any government official.
- be paid fees which are determined to be usual and customary for the service rendered; and
- be retained on the basis of written agreements obligating the consultants to adhere to the ECLT Foundation's Code of Business Conduct.

## 4.9 GIFTS AND ENTERTAINMENT

When giving or receiving gifts or entertainment, we must ensure that doing so does not adversely affect the mission of the ECLT Foundation, create a conflict of interest or be construed as a bribe. Exchanging gifts and entertainment can foster goodwill in furtherance of the ECLT Foundation's mission, but can also make it difficult to be objective about the person or entity with whom we are dealing and may in fact create a conflict of interest.

The words "gifts and entertainment" refer to, but would not necessarily be limited to, anything of actual or perceived value and include personal presents, gift certificates, discounts, tickets for events, travel, restaurant meals and/or hotel accommodation. Gifts of cash are never appropriate under any circumstances.

Gifts and entertainment are only appropriate if:

- they would not be illegal under the laws of any relevant jurisdiction;
- they are of reasonable and appropriate value and are customary as determined by local law and reasonable local practice;
- they are for the purpose for promoting good will for the ECLT Foundation and are not intended to influence any decision or course of action beneficial to the ECLT Foundation or its mission or the organisations represented on the Board.
- it is important to recognize that dealing with government officials or government controlled entities raises particular concern with respect to gifts and entertainment. It is never appropriate to offer gifts of any value to government officials. Entertainment of such officials may be appropriate in furtherance of the ECLT Foundation's mission but should first be approved in all instances by the ECLT Foundation's Executive Director and at least one of the ECLT Foundation's officers, and should be limited to the reimbursement of the true cost of the Government officials' participation in events related to the elimination of child labour at the specific request of the ECLT Foundation.

## 4.10 MONEY LAUNDERING

Money laundering involves the possession of, or any dealing with, the cash proceeds of criminal activities. It includes the process of concealing the identity of illegally obtained money, so that it appears to have come from a lawful source. Accordingly, the ECLT Foundation and its Employees:

- must not accept cash in any form, whether for formal charitable donations or repayment of expenditures (unless petty cash ones) or other reasons where the amount or the source of the donation is suspicious or uncertain;
- must not engage in any transaction which they know or suspect involves the proceeds of criminal activities.

## 4.11 ACCURACY OF ACCOUNTING, FINANCIAL RECORD KEEPING AND REPORTING

The ECLT Foundation must honestly, accurately and objectively report and record all of its financial and non-financial information in order to allow the making of informed decisions with regard to the conduct of its mission, to safeguard its resource and to comply with all legal and regulatory requirements.

Any falsifying of records, accounts, or misrepresenting the facts with such records or accounts may constitute fraud and the ECLT Foundation has a duty to ensure that all such records are up to date, based on accurate and reliable systems, easily understood in accordance with established standards, and are completely and honestly represented at all times.

Accordingly, the books and the financial records of the ECLT Foundation must:

- comply with Swiss and other applicable legal and accounting requirements;
- be audited annually by an independent recognized auditor except in cases where the auditors have indicated that the amounts or nature of projects do not deem it necessary, and the Board has approved it
- reflect the correct and complete purpose of each transaction.

*The ECLT Foundation must honestly, accurately and objectively report and record all of its financial and non-financial information.*

*This document was authored by Henry Babb (Honorary Adviser).  
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MAKING A BETTER LIFE FOR CHILDREN IN TOBACCO-GROWING COMMUNITIES