

BENCH MARKS PRINCIPLES – Glossary of Terms

The following is by no means an exhaustive list but is an attempt to provide an introduction to the underlying thinking behind some of the language which is used in the document or which is associated with the concepts of corporate activity and responsibility. The definitions have been culled from various sources and these are, where possible, indicated in square brackets [].

[AICoC] = Apparel Industry Codes of Conduct of the US Dept. of Labor

[CREA] = Center for Reflection, Education and Action, Inc.

[EIRIS] = Ethical Investment Research Service

[FSC] = Forest Stewardship Council

[ICHRP] = International Council on Human Rights Policy

Associated companies

Those companies in which aggregate interest in the equity share capital held by the parent company and its direct and indirect subsidiaries amounts to 20% - 50% inclusive. [EIRIS]

Biological diversity

The variability among living organisms from all sources including, inter alia, terrestrial, marine and other aquatic ecosystems and the ecological complexes of which they are a part; this includes diversity within species, between species and of ecosystems. (See Convention on Biological Diversity, 1992) [FSC]

Company

A company is an organization or business entity including all its personnel (i.e. directors, executives, management, supervisors, and non-management staff, whether directly employed, contracted or otherwise representing the company).

Company group

A company whose shares are quoted on the Stock Exchange and all other parts of the company. [EIRIS]

Corporate citizenship

Corporate citizenship is about a new contract between business and society, a vision of partnership between different sections of community, which allies profitable companies with healthy communities because what happens to societies happens to business.

Corporate social responsibility

Corporate Social Responsibility (CSR) is the decision-making and implementation process that guides all company activities in the protection and promotion of international human rights, labour and environmental standards and compliance with legal requirements within its operations and in its relations to the societies and communities where it operates. CSR involves a commitment to contribute to the economic, environmental and social sustainability of communities through the on-going engagement of stakeholders, the active participation of communities impacted by company activities and the public reporting of company policies and performance in the economic, environmental and social arenas.

Customary rights

Rights which result from a long series of habitual or customary actions, constantly repeated, which have, by such repetition and by uninterrupted acquiescence, acquired the force of law within a geographical or sociological unit. [FSC]

Ecosystem

A community of all plants and animals and their physical environment, functioning together as an independent unit. [FSC]

Indigenous lands and territories

The total environment of the lands, air, water, sea, sea-ice, flora and fauna, and other resources which indigenous peoples have traditionally owned or otherwise occupied or used. [FSC]

Indigenous peoples

The existing descendants of the peoples who inhabited the present territory of a country wholly or partially at the time when persons of a different culture or ethnic origin arrived there from other parts of the world, overcame them and, by conquest, settlement, or other means reduced them to a non-dominant or colonial situation; who today live more in conformity with their social, economic and cultural customs and traditions than with the institutions of the country of which they now form a part, under State structure which incorporates mainly the national, social and cultural characteristics of other segments of the population which are predominant. (Working definition adopted by the UN Working Group on Indigenous Peoples) [FSC]

The UN has defined indigenous populations in the following way, which combines both objective and subjective elements:

"Indigenous communities, peoples and nations are those which, having a historical continuity with pre-invasion and pre-colonial societies that developed on their territories, consider themselves distinct from other sectors of the societies now prevailing in those territories, or parts thereof. They form at present non-dominant sectors of society and are determined to preserve, develop and transmit to future generations their ancestral territories, and their ethnic identity, as the basis of their continued existence as peoples, in accordance with their own cultural patterns, social institutions, and legal systems."

Many indigenous groups are particularly vulnerable to human rights violations. They frequently suffer discrimination, and their rights to life, to health, to land and to culture have been violated over time and on a large scale in many societies. The UN has for some years worked on drafting a Declaration on the Rights of Indigenous Peoples. However, contentious issues, notably the right to self-determination, have delayed agreement. In the meantime, other UN bodies attempt to highlight and address the particular problems that indigenous peoples face. [For further information go to The International Council on Human Rights Policy, <http://www.ichrp.org>]

Local laws

Includes all legal norms given by organisms of government whose jurisdiction is less than the national level, such as departmental, municipal and customary norms. [FSC]

Monitoring

Four patterns of monitoring have been defined:

- Internal Monitoring conducted by local or regional company personnel or headquarters personnel or a combination of employees from each group.
- External Monitoring using the activity of buying agents to monitor compliance with a corporate code.
- Outside Audits now a service offered by some accounting, auditing and consulting firms to add to their normal service functions and define corporate code compliance.
- Independent Monitoring is a system using local and international non-governmental groups including religious, human rights and labour groups to conduct on-going monitoring of codes of conduct and applicable national laws and international standards. [AICoC]

Parent company

The company quoted on the Stock Exchange. [EIRIS]

Parts of a company

Direct and indirect subsidiaries, associated companies, divisions and units. [EIRIS]

Precautionary Principle

Where there are threats of serious or irreversible damage, lack of full scientific certainty should not be used as a reason for postponing cost-effective measures to prevent environmental degradation. (Agenda 21, Principle 15).

Purchasing Power Index (PPI)

The Purchasing Power Index provides data regarding the ability of workers anywhere in the world to meet their own needs and those of their families. It accurately measures the intersection of prices, wages and inflation while providing data that allows for comparison:

- (a) Trans-temporally: Purchasing Power can be compared over time for a given group of workers;
- (b) Trans-culturally: Purchasing Power can be compared for different groups of workers within a given area, region or country; and
- (c) Trans-nationally: Purchasing Power can be compared for workers doing the same work in different countries.

ADVANTAGES OF THE PURCHASING POWER INDEX

1. The PPI establishes a basis of comparison over time. For example, how many minutes of work are required (at a given wage level) to purchase a kilogram (2.2 lb.) of rice in January 1998. The PPI also allows us to compare purchasing power after three months or six months as a way of determining the effects of inflation, currency re-valuation and/or new contracts.
2. It establishes a basis of comparison between one location and another. Different locations can be any combination of different free trade zone areas within a country, different

countries, or urban, suburban and rural locations. The conditions of workers at different plants operating for the same company can be monitored.

3. It allows for the assessment of wage levels without the need to price every item a person might ever need to purchase. By knowing the purchasing power, in minutes of work necessary, to provide basic commodities as well as household expenses, the possibility of meeting basic needs through the normal workweek can be assessed.
4. It removes the question of judgment normally involved in decisions as to how one spends one's money. The PPI states what is possible in terms of the purchasing power that accrues as a result of the normal workweek. Questions as to whether a person spends money in a manner that another person might consider "frivolous" are no longer relevant. What is affordable is emphasized. With 60 minutes in an hour and approximately 40 hours in an average workweek, any person, at any wage level, earns 2400 minutes of purchasing power each week. (50 hours = 3000 minutes) What changes are the "prices in purchasing power minutes" or the "cost in work minutes" according to the varied wage levels.
5. The PPI creates the ability to compare the effects of earned purchasing power at different wage levels. (Contact: CREA Inc., PO Box 2507, Hartford, CT 06146-2507, Tel: 860-527-0455, Fax: 860-233-4673, e-mail: crea-inc@crea-inc.org. website: www.crea-inc.org)

Socially responsible investment/ethical investment

Socially Responsible Investment or, Ethical Investment is the strategy of making investment decisions to achieve a social, environmental as well as financial return. Socially responsible investment identifies companies that are deemed to be financially sound, and then considers labour environmental, social and ethical issues in the assessment opportunity and risk. There are three basic strategies used by socially responsible investors: (1) screening companies based on a range of social and environmental criteria; (2) shareholder activism to change company policy through filing shareholder resolutions and meeting with company management and (3) community investing which provides low interest loans to support development in low-income communities.

Stakeholder

Corporate language generally uses the word 'stakeholder' to include only those who benefit from the company's activities. In the corporate context the company, rather than the community is the starting point of economic life. The proposers of these Principles believe that 'the community rather than the company is the starting point of economic life'.

Subsidiary companies

A company is a subsidiary if another company holds more than 50% of its equity share capital. [EIRIS]

Vulnerable groups

Human rights law has long recognised that certain groups need special protection. Such groups include landless peasants, marginalised peasants, rural workers, rural unemployed, urban unemployed, urban poor, migrant workers, indigenous peoples, children, elderly people, women and the disabled. They are vulnerable to human rights abuses because of their physical attributes

(e.g. the disabled) or because they have suffered discrimination for a long time (e.g. women) and do not have equal power in society preventing them from protecting their rights.

There are two obligations in relation to vulnerable groups. First, businesses should make sure that their activities do not hurt (even unintentionally) these vulnerable groups. Second, human rights law allows, and sometimes requires, temporary positive discrimination in favour of these groups, in order to right a historical wrong that may otherwise never be rectified by time. As an example of human rights guarantees for vulnerable groups, we will look at protections for indigenous peoples. [ICHRP]