
INTERFAITH CENTER ON CORPORATE RESPONSIBILITY

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October 29, 1993

Dear friends and partners in the struggle to end apartheid:

For more years than we would like to remember, we have worked hard together with the South African liberation and democratic movements to abolish apartheid. With the recent call by Nelson Mandela and others to lift sanctions and promote South Africa's democratic development, we have reached a historic turning point. The question now before us is how to build on our existing organization and partnerships to support South Africa's continuing quest for justice, reconstruction and peace.

At ICCR we are working closely with the South African Council of Churches (SACC) and Southern African Catholic Bishops Conference (SACBC), as well as other democratic organizations, on questions of corporate responsibility in the emerging South Africa.

Last July the SACC issued a Code of Business Conduct for companies operating in South Africa. The Code is the product of more than two years of work by the SACC/SACBC Task Force on Economic Matters, in consultation with a broad range of other groups, including the ANC, PAC, COSATU and company representatives. Though overseas institutions have produced standards for business in South Africa in the past, this code articulates the priorities of democratic South African organizations.

Corporate practice during this transitional time will set the precedents for business behavior in South Africa during the next phase of its history.

The Code is not only an important first step toward corporate responsibility in South Africa. It is also a useful tool by which we can assess the South African activities of multinational companies based in our own countries, and increase their accountability at home and abroad.

ICCR members are encouraging U.S. companies to (re)invest in South Africa in keeping with the standards outlined in the Code, and to issue a statement to that effect. At the same time we are also looking for ways to help the SACC raise badly needed start-up funds to create a mechanism in South Africa to implement the Code.

We hope you will urge any multi-national corporations with which you have contact to commit to abide by the SACC Code in South Africa. Moreover, if you know any potential sources of funding to launch the implementation of the Code, please let us or the SACC know.

It will be important to keep in touch during this transitional time. We look forward to hearing your plans as together we enter the next phase of South Africa's history.

Yours for justice and peace, <

Donna Katzin

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Director, South Africa Programs

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CODE OF CONDUCT FOR BUSINESS OPERATING IN SOUTH AFRICA: QUESTIONS & ANSWERS

On July 8, 1993, the South African Council of Churches (SACC) issued a Code of Business Conduct. The code sets standards for responsible practices by domestic and foreign companies with operations in South Africa. It is an invitation to the business community to work collaboratively and creatively with other stakeholders to help lay the economic foundations for a just and democratic South Africa.

WHY A CODE OF CONDUCT?

As South Africa's democratic organizations work to eradicate apartheid's legacy and build an equitable, stable and cooperative society, they are designing new roles for companies and criteria for their behavior. Today business can help establish a new South African culture of corporate responsibility.

WHERE DID THE CODE COME FROM?

The code was produced by the SACC as the result of two years of work by its Task Force on Economic Matters, conducted with the Southern African Catholic Bishops Conference. The Congress of South African Trade Unions and African National Congress had previously produced a draft code and Platform of Guiding Principles respectively, whose standards are in basic agreement with those of the SACC code.

HOW DIFFERENT IS THE CODE FROM THE SULLIVAN PRINCIPLES?

Many provisions, such as equal opportunity and training, parallel the Sullivan Principles. Others reflect more recent South African concerns (environmental and consumer protection) or standards which were illegal when the Principles were drafted (union rights for black workers and empowering black business). Unlike the Principles, the code was written by South Africans formulating their expectations of business.

WILL THERE BE OTHER SOUTH AFRICAN CODES AFTER THIS ONE?

It is unlikely that the South African democratic movement will produce subsequent codes of corporate conduct. With the establishment of a democratically elected government they are likely to press for the establishment of requirements through the legislative process--which may take years.

IS THE CODE A DISINCENTIVE TO NEW FOREIGN INVESTMENT?

Though it promotes policies and practices not required in all countries, the code is not designed to penalize companies. Rather it is intended as the cornerstone of a viable and cooperative corporate culture, and for practices and relationships which will stabilize the local investment environment. The code's subscription fees are likely to be lower than those of the Sullivan Principles. It is unlikely to discourage investment.

IS IT IN THE INTEREST OF A COMPANY TO SUBSCRIBE TO THE CODE?

Subscribing companies will receive positive publicity, which will enhance their public relations and marketing in South Africa and at home. By participating in this "joint venture" with labor and community organizations, companies can also strengthen relations with their workers and communities, and help protect their investments by stabilizing South African society. Subscription to the code is not a burdensome process.

DOES THE CODE PLACE U.S. COMPANIES AT AN ADVANTAGE OR DISADVANTAGE?

Since many U.S. companies adhere to their own responsible conduct policies, and/or subscribed to the Sullivan Principles, they are the best positioned to give leadership to the code process. Strong code implementation will benefit U.S. firms by holding overseas competitors to the same standards.

WILL THE CODE BE LEGISLATED IN THE U.S.?

The code is not intended to be mandated by U.S. law. Although some localities and investors may refer to the code or urge companies to reinvest in a responsible manner, their initiatives are unlikely to be accompanied by measures to punish companies which do not uphold the code.

WILL THE CODE BECOME LAW IN SOUTH AFRICA?

Although its authors hope that the code will inform the legislation of a future democratic South Africa, it is not intended to become law. Rather the code is intended to initiate a collaborative process through which business and other South African stakeholders will promote corporate responsibility and accountability.

IS THE CODE A "PARTISAN" DOCUMENT?

A broad spectrum of South African political, labor, community and business groups helped develop the code. It is not "owned" by any of them, though many, including the ANC and the Nationalist Party, have called for investment which helps redress apartheid's legacy and promotes democratic reconstruction.

WHO WILL OVERSEE THE IMPLEMENTATION OF THE CODE?

A Board of Governors will be established to oversee the code's implementation. It will consist of representatives from religious, business, labor and community organizations. The Board may employ an independent agency to develop assessment procedures and instruments, collect and analyze relevant data.

WHAT IS REQUIRED OF COMPANIES WHICH "SUBSCRIBE"?

A company is asked to issue a public statement of commitment to abide by the standards set in the SACC code, design and disclose a plan to carry out compliance, disclose information as reasonably requested by the assessment agency on a timely basis, and pay fees as determined by the Governing Board.

HOW WILL COMPANIES' PRACTICES BE ASSESSED?

The assessment agency will distribute a standardized report form to participating companies once a year. It will then collect and analyze the information. Supplementary data from other stakeholders may also be considered in assessing company practices. If it differs from data submitted by the company an attempt will be made to reconcile differing concerns and interpretations.

HOW CAN SUPPORTERS CONTRIBUTE START-UP FUNDS FOR THE CODE'S IMPLEMENTATION?

Though the code's subscription process is expected to cover its ongoing expenses, initial start-up funds are needed. Contributions to cover these costs can be made payable to the "South African Council of Churches" and sent to the attention of John Lamola, Department of Justice and Social Ministries, Khotso House, 62 Marshall Street, Marhsalltown, 2107, P.O. Box 4921, Johannesburg, 2000, South Africa.

HOW CAN A COMPANY PARTICIPATE IN THE CODE PROCESS?

Companies which participate in the process now can help shape the way in which the code will be implemented and assessments made. They can begin by contacting one of the following offices:

WHERE IS MORE INFORMATION ABOUT THE CODE AVAILABLE?

In the U.S., contact the Interfaith Center on Corporate Responsibility, 475 Riverside Drive, NY, NY 10115. Telephone: (212) 870-2928. Fax: (212) 870-2023. In South Africa, contact the SACC Department of Justice and Social Ministries at the above address. Telephone: (27) 11-492-1380, Fax: (11) 492-1448/9.