

# ECLT Foundation - Code of Business Conduct

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## **Message from the Board of Directors**

The Eliminating Child Labour in Tobacco Growing Foundation (hereinafter “the Foundation”), and each of its constituent entities 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 Foundation’s constituent members, who are part of the tobacco sector, are subject to ever higher levels of scrutiny and regulatory compliance. Each member and advisory organization will likely have its own business conduct code and compliance mechanisms; however, the work purposes of the ECLT Foundation are unique and different from those of its constituent organizations, and as such, additional circumstances and rules can be of useful consideration.

It is and shall be the fundamental policy of the 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 and 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 Foundation’s mission, reflects our ethical and legal standards.

Compliance with existing laws and regulation is compulsory. To ensure proper conditions for compliance, we are committed to implementing training to our Employees as needed.

## **1. About our Code of Business Conduct**

### **1.1. Purpose**

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

We must ensure that all of the 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.

### **1.2. Who is covered**

In the Foundation we adopted 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 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 Foundation's mission, in compliance not only with our Code but also with the highest ethical standards.

### **1.3. Failure to follow our Code**

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

### **1.4. Different laws which may apply to ECLT**

The 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 Foundation and its Employees not only to comply with all applicable laws relevant to the Foundation's mission, but also to assist our constituent members with their compliance with the laws and regulations to which they are subject.

### **1.5. Questions and concerns**

The 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 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 Foundation;

- someone acting on behalf of the Foundation is doing, or has done or is about to do something that violates applicable law or the Foundation's Code;
- someone raising questions or concerns in good faith has been subject to retaliation.

### **1.6. Where to go for help**

The 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 Foundation

The Foundation's HR and Ethics Committee consisting of three, elected members of the Foundation's Board.

The Foundation's legal counsel for compliance matters.

Direct communication information for each of these individuals will be attached as an appendix to our Code and may be obtained from the Foundation's website.

### **1.7. 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.

## **2. Our work environment**

### **2.1. Freedom from discrimination and harassment**

The Foundation is committed to a workplace free from discrimination and harassment and expects that all its Employees follow these principles. The Foundation does not discriminate or allow discrimination based on personal characteristics such as race, colour, gender, sexual orientation, religion, national origin, age, or disability. 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. Furthermore, all the ECLT Foundation's employees are entitled to be treated with respect and the Foundation must provide a workplace free from harassment, intimidation or coercion related to sex, race, colour, religion, gender, sexual orientation, national origin, age or disability.

### **2.2. Health and safety**

The personal health and safety of each of the Foundation's employees is of paramount importance. Accordingly, it is the 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 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.

### **3. Conducting our mission**

#### **3.1. 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 Foundation's Agents to fully comply with all applicable laws and regulations of every jurisdiction in which the Foundation is conducting its mission.

#### **3.2. Conflict of interest**

The 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 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 Foundation. A conflict situation can arise when an individual or an entity takes actions or has interests that may make it difficult for the 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 Foundation, or when any of them makes use of opportunities obtained as a result of the Foundation's mission. Conflicts may also arise when involved in business interests that detract from or conflict with the Foundation's mission. It is important to note that the appearance of a conflict may be as detrimental as an actual conflict.

#### **3.3. Protecting assets and information and record retention**

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

In addition, we often work with information which is confidential or proprietary to the Foundation, whether resulting from the Foundation's own activities or received from third parties including our constituent entities. It is the 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 Foundation except upon appropriate authorization from the Executive Director or one of the office-bearing members of the Board. This policy applies to paper documents as well as electronically stored or transmitted information.

The Foundation's policies with respect to confidential information also apply to former Employees.

All Foundation's Employees must obey all applicable laws and Foundation's policies, or auditors' or legal recommendations, with respect to retaining and disposing of records and other information.

### **3.4. Competition laws**

Many of our constituent entities 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 Foundation that it and its Employees will maintain an awareness of such competition laws and regulations and will conduct the mission of the Foundation in such a fashion as to aid our constituent entities with their obligations to be fully compliant with all applicable competition laws and regulations.

### **3.5. Programme integrity**

The funds and other assets of the Foundation must be used only for the furthering of the Foundation's mission according to the programme of work as approved by the Foundation's Board of Directors. 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.

### **3.6. Charitable contributions**

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

Approved by the Foundation's Board of Directors;

Permissible under all applicable law;

Done only if the Foundation has taken adequate steps to verify and to document the recipient's reputation and organizational status;

Fully and accurately documented in the Foundation's accounts; and

Where by law required, documented in the public record of the recipient country.

### **3.7. Political contributions**

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

### **3.8. Bribery and corruption**

The 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 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 to the individual involved but also to the Foundation and its constituents. 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 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 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 Foundation as soon as practicable and appropriately recorded in the 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 Foundation. Accordingly, “consultants” retained by the Foundation should:

be subjected to careful due diligence;

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 Foundation’s Code of Business Conduct.

### **3.9. Gifts and entertainment**

When giving or receiving gifts or entertainment, we must ensure that doing so does not adversely affect the mission of the Foundation, create a conflict of interest or be construed as a bribe. Exchanging gifts and entertainment can foster goodwill in furtherance of the 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 Foundation and are not intended to influence any decision or course of action beneficial to the Foundation or its mission or its constituents.

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 Foundation's mission but should first be approved in all instances by the Foundation's Executive Director and at least one of the 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 Foundation.

### **3.10. 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 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.

### **3.11. Accuracy of accounting, financial record keeping and reporting**

The 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 Foundation and its Agents have 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. A periodic review of the records is part of the management responsibilities of the Foundation's Agents and their respective directors.

Accordingly, the books and the financial records of the Foundation and its Agents 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.