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To: All sections and structures

From: The International Executive Committee (IEC)

Date: November 2007

## **Policy governing Corporate Relationships that benefit Amnesty International**

### **Summary**

Further to Decision 38 of the 2003 ICM and the consultation and recommendations arising from them, the IEC adopted this policy in August 2007. Noting that further clarification has been sought on what constitutes a “corporate relationship”, the IEC amended the definition in section 1.2 of the document in November 2007. This policy should be read in conjunction with the *Revised Fundraising Guidelines* (FIN 21/03/99) and *Managing to Protect AI’s Image* (FIN 21/005/2003). Where there is any conflict between this policy and the *Revised Fundraising Guidelines*, this policy prevails.

### **Distribution**

This circular is being sent to all section and structure Chairs and section and structure Directors.

### **Recommended Actions**

Please ensure this policy is brought to the attention of the section or structure Chair, Treasurer, Fundraising Director, Finance Director and others responsible for fundraising or financial matters.

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**AMNESTY INTERNATIONAL  
INTERNATIONAL EXECUTIVE COMMITTEE**

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**Policy governing Corporate Relationships that benefit Amnesty International**

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**TABLE OF CONTENTS**

1. Introduction and definitions
2. Policy requirements
3. Reporting, Transparency and Record Retention
4. Commencement

SCHEDULE 1 Requirements and Principles

SCHEDULE 2 Corporate Screening Process

**1. INTRODUCTION AND DEFINITIONS**

**1.1 Intention**

The objective of this policy is to establish a clear, principled approach for the exceptional circumstances in which AI may accept benefits from the corporate sector.

**1.2 Definitions**

“AI entity” means any body able to enter into a contractual relationship in the name of or on behalf of Amnesty International, including AI Ltd, AI Charities Ltd, sections, structures, and any other body carrying out work on behalf of AI.

“Corporation” means any body (other than a natural person) able to enter into binding legal relationships and whose core business is to generate profit, including parent corporations if the parent has a 3% or greater ownership or controlling interest, to subsidiaries and joint-venture partnerships where the corporation has a 3% or greater ownership or controlling interest, and to investors and investments in the corporation where they amount to 3% or greater ownership or controlling interest.

“Corporate relationship” means any arrangement by which Amnesty International receives a benefit from a corporation for less than its fair market value, or a gift or donation of money. For the purposes of determining the fair market value of any goods or services it is permissible to take into account any generally accepted discount (for example, for bulk or for repeat business) operating in the relevant market.

“Significant corporate relationship” means a corporate relationship in which the value of the benefit received in any 12 month period will exceed £50,000.

## **2. POLICY REQUIREMENTS**

### **2.1 Policy context**

(1) The *Revised Fundraising Guidelines* (FIN 21/03/99) and *Managing to Protect AI’s Image* (FIN 21/005/2003) apply to every corporate relationship.

(2) Where there is any conflict between this policy and section IV of the *Revised Fundraising Guidelines*, this policy prevails.

### **2.2 All corporate relationships**

(1) An AI entity must not enter or seek to enter into a corporate relationship with a corporation known to be involved in human rights abuses.

(2) An AI entity may enter into a corporate relationship only where—

- (a) there is significant benefit to Amnesty International, and
- (b) there is low risk to Amnesty International’s reputation, taking into account—
  - (i) the principles outlined in Schedule 1,
  - (ii) the duration of the proposed relationship,
  - (iii) the size of the expected benefit,
  - (iv) the nature of the expected benefit,
  - (v) the size and geographic reach of the corporation, and
  - (vi) the nature of the corporation’s business.

(3) If a decision is made to enter into a corporate relationship but it is recognized that there are low-level and acceptable risks associated with that relationship, the decision-making process should include consideration of measures that can be taken to mitigate or manage those risks and those measures should be explicitly included in the terms of the corporate relationship.

(4) An AI entity with an annual income greater than £100,000 must not obtain more than 10% of its total funding from corporate relationships.

## **2.3 Significant corporate relationships**

(1) An AI entity may not enter into a significant corporate relationship without the prior approval of the Secretary General, or, in the case of a relationship where the value of the benefit in any 12 month period will exceed £100,000, the International Treasurer.

(2) Approval will only be given if the Secretary General or International Treasurer is satisfied, following the screening process in Schedule 2, that the proposed significant corporate relationship—

- (a) does not pose more than a low risk to Amnesty International’s reputation, taking into account all the factors listed in 2.2(2)(b), and
- (b) meets the principles in Schedule 1.

## **2.4 Terminating corporate relationships**

(1) An AI entity must terminate a corporate relationship if the Secretary General or the AI entity considers that the corporate relationship violates the principles of *Managing to Protect AI’s Image* or is failing to meet the requirements of Schedule 1. Where an AI entity considers that the corporation is acting contrary to international human rights standards, AI may first engage in constructive dialogue with that corporation to address the issue. Should that engagement fail, the AI entity will terminate the relationship, and AI can resort to other avenues including, but not limited to, public action.

(2) A corporate relationship that continues over a period of time must contain a provision allowing Amnesty International to terminate the relationship if the Secretary General or the AI entity considers that the corporate relationship violates the principles of *Managing to Protect AI’s Image* or is failing to meet the requirements of Schedule 1.

## **3. REPORTING AND TRANSPARENCY**

### **3.1 Reporting**

(1) Each AI entity must report annually to the Secretary General on the significant corporate relationships to which it has been a party in the preceding 12 months. The Secretary General will submit to the IEC a consolidated report on these relationships as well as on significant corporate relationships to which AI Ltd, AI Charities Ltd and the Human Rights Foundation have been a party in that period.

(2) An AI entity must provide to the Secretary General any information requested by the Secretary General about its corporate relationships.

### **3.2 Informing the corporation**

(1) If an AI entity is considering entering into a significant corporate relationship, the corporation concerned must be told that it will be screened by Amnesty International in accordance with this policy.

(2) An AI entity must ensure it is prepared to be fully accountable for the benefit of the corporate relationship in terms of financial management, programme monitoring and evaluation. The AI entity must obtain and clearly agree requirements for reporting, monitoring, and financial accountability before finalising the terms of the relationship.

### **3.3 Record retention**

- (1) Any documents relevant to the requirements in 3.2 must be stored by the AI entity.
- (2) The decisions and the material supporting the decisions made by the Secretary General or International Treasurer under this policy must be retained by the International Secretariat.

### **3.4 Annual reviews**

Once a corporate relationship has been entered into, the AI entity concerned will conduct a review of that relationship under the Policy not less than every 12 months.

## **4. COMMENCEMENT**

- (1) This Policy comes into effect on 10 August 2007.
- (2) All corporate relationships entered into on or after 10 August 2007 are subject to the Policy.
- (3) All corporate relationships in existence as at 10 August 2007 will be reviewed under the Policy before 10 August 2008.

## SCHEDULE 1

### REQUIREMENTS AND PRINCIPLES FOR CORPORATE RELATIONSHIPS THAT BENEFIT AI

#### A. Exceptional basis of corporate relationships

Corporate relationships will only be pursued where there is a significant benefit to Amnesty International and a low risk to its reputation.

No AI entity should become dependent on a particular corporate relationship or on corporate relationships in general. An AI entity must not obtain a significant portion of total support from corporate relationships taking into account the local acceptability of local companies contributing goods and services.

#### B. Human Rights Principles

The corporation must demonstrate a commitment to upholding human rights principles throughout its supply chain (including any parent and subsidiary corporations). Specifically, the corporation (including the supply chain, parent and subsidiaries) must—

- a. not have committed and not be complicit in human rights abuses;
- b. have a demonstrated commitment to labour rights principles in both statutes and practice;
- c. show evidence of commitment to the principle of non-discrimination with regard to its employment practices;
- d. act with transparency with regard to their structure and their relationships with other businesses such as subsidiary entities, and with regard to major suppliers;
- e. do not knowingly profit from the exploitation of child labour, bonded labour, indentured labour or any other form of servitude and have taken steps to ensure such practices are not used by their major suppliers;
- f. meet the criteria in the following sections, namely:
  - (i) Arms
  - (ii) Employment conditions
  - (iii) Sexual exploitation
  - (iv) Environmental protection
  - (v) Business practice

##### (i) Arms

AI will only establish relationships with corporations that do not have a history of producing or trading in any products that have been implicated in human rights violations by military, security or police forces including equipment which may be used in relation to the death penalty or torture.

AI will only establish relationships with corporations that do not have connection to the production of weapons, including small arms, strategic or non-strategic parts for weapons systems, or whole weapons systems; that supply strategic services for military, security, or police forces; or that sell strategic parts for weapons systems or strategic services to military, security or police force purchasers.

AI will only establish relationships with corporations that are known not to derive any portion of their revenue from the production or trade of products or services used for military, security or police purposes.

**(ii) Employment Conditions**

AI will only establish relationships with corporations that have policies in place to prevent the use of forced labour or exploitative child labour, both within their own operations and across their supply chain.

AI will only establish relationships with corporations that demonstrate respect for the right to a healthy workplace by striving to minimize the causes of health hazards at work, ensure hygienic working conditions and are committed to the prevention of occupational accidents and their impact on the health of the population, including its determinants (in particular food, drinking water, sanitation and a healthy environment).

**(iii) Sexual Exploitation**

AI will only establish relationships with corporations that demonstrate a commitment to the prevention of all sexual exploitation and harassment across their business activities, including the adoption and implementation of corporate policies and codes of conduct to protect women and children from sexual exploitation or harassment.

**(iv) Environmental Protection**

AI will only establish relationships with corporations that actively prevent and redress any substantial damage to the environment, drinking water, means of food production and/or the exposure of the population to harmful substances, where these are caused or are likely to be caused by their operations.

**(v) Business practice**

AI will only establish relationships with corporations whose reputation and practice is for a high standard of ethical practice.

## SCHEDULE 2

### CORPORATE SCREENING PROCESS

This section provides a framework to assist AI entities in assessing under clauses 2.3 and 2.4 of the Policy whether corporate relationships meet the criteria in the Policy.

#### **Step 1: The corporate screen**

1. Identify corporations requiring a screen.

Conduct own research for screen. A list of online resources for screening is available from the International Secretariat (International Fundraising Programme). Useful search words for database searching include: human rights; court; violation; corporate social responsibility. The Business and Human Rights Resource Centre is willing to be contacted for referrals in this regard. IS staff and section and structure's own Business and Economic Relations teams can also be helpful points of referral.

A search of AI reports can be done via BERN (Business and Economic Relations Network, subscribe via the IS Economic Relations Team) for relevant information regarding the corporation and/or market/s in which the corporation operates. AI reports should also be searched for references to the specific corporation, or the market/countries in which it operates. Any mention of the corporation within AI reports should be clearly documented in the results of the decision making process

2. Request screen on the corporation from an ethical research corporation using the criteria outlined in the policy plus additional criteria as appropriate.
3. Consistent with the *Revised Fundraising Guidelines*, check with the AI entity in the corporation's headquarters country for advice about the reputation and practices of the corporation.

#### **Step 2: Initial decision and documentation**

Clearly document the results of the screening process against each of the criteria for assessment that have been identified. Document the proposed decision.

If a significant corporate relationship is being proposed, as defined in clause 1.2 of the Policy, then proceed to Step 3, otherwise proceed to Step 4.

#### **Step 3: For significant corporate relationships**

Where an AI entity seeks the approval of the Secretary General for a significant corporate relationship, the International Fundraising Program of the International Secretariat will conduct a central risk assessment which builds on the corporate screen and risk assessment.

The AI entity should collaborate with the IS to ensure the screen is generated against the criteria for assessment and that the results are clearly documented.



#### **Step 4: Decision-making**

Except in the case of significant corporate relationships—

The Director of the AI entity (or, if so required by the AI entity's internal rules, the AI entity's Board) makes a decision whether or not to proceed.

In the case of a significant corporate relationship with a value of less than £100,000—

The Secretary General will advise the AI entity whether the proposed corporate relationship is approved.

In the case of a significant corporate relationship with a value of £100,000 or more—

The Secretary General will make a recommendation to the International Treasurer who will make the final decision and advise the AI entity whether the proposed corporate relationship is approved.

#### **Step 5: Risk management where low-level risks**

If a decision is made to approve a corporate relationship but it is recognized that there are low-level risks associated with that relationship, the decision-making process should include consideration of measures that can be taken to mitigate or manage those risks.