



amnesty international australia

**JOINT COMMITTEE ON CORPORATIONS AND FINANCIAL SERVICES
PUBLIC HEARING SYDNEY
10 March 2006**

QUESTION TAKEN ON NOTICE

Hansard pp. 62-63.

Senator MURRAY—I address my question to Amnesty International because you are an international organisation with a very high profile. Does Amnesty do triple bottom line reporting or CSR? Do you produce either of those forms of reports?

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Senator MURRAY—I would ask you to take a question on notice. Perhaps you could ask your corporate people—and I presume you have them somewhere—just what they do about CSR and triple bottom line. Triple bottom line is economic, environmental and social and I think commonly in CSR the economic is taken for granted and corporations are asked to accept social and environmental responsibility. But the flipside is for those organisations of a social and environmental nature to take economic responsibilities because in my view you want all organisations to attend to all three. That is the framework of my question on notice.

INTERNATIONAL ORGANISATIONAL STANDARDS

Amnesty International's global Integrated Strategic Plan 2004-2010 includes a commitment to three underlying principles of equity, accountability and sustainability in all Amnesty International's work and a goal of "Enhancing Public Trust", which includes the following objectives (among others):

- implement a global financial reporting system that clearly shows where our finances come from and how we use them, and that complies with international standards.
- develop systems of reporting on how we implement ethical approaches to our transactions with businesses and governments.
- ensure we meet standards of reporting that match the reporting requirements we ask of others;

While Amnesty International has not yet completed the objective on systems of reporting ethical approaches, we have taken concrete steps to realising a number of these objectives within what are the initial stages of a long term plan, such as updating our international policy on corporate fundraising and steps towards standardised and aggregated accounts, as outlined below. The existence of this international plan is a commitment by all parts of the global organisation to these achieving these outcomes and a recognition of Amnesty International's responsibilities in these areas.

AMNESTY INTERNATIONAL AUSTRALIA'S FINANCIAL REPORTING

Amnesty International Australia (AIA) is a public company incorporated and domiciled in Australia and limited by guarantee. Each calendar year, AIA produces an Annual Financial Report. This is presented by the directors and audited by Ernst & Young. The final report contains Ernst & Young's independent audit report to the members of AIA.

The financial report is a general purpose financial report, and is prepared in accordance with Accounting Standards, Urgent Issues Group Consensus Views, other authoritative pronouncements of the Australian Accounting Standards Board and the Corporations Act 2001. For the year ended 31 December 2005 the financial report was prepared based on Australian equivalents to International Financial Reporting Standards (AIFRS) for the first time. In addition, it complies with the New South Wales Charitable Fundraising Act 1991, the Western Australia Charitable Collections Act (1946) and Western Australia Charitable Collections Regulations (1947).

The key manner in which AIA can openly and transparently communicate its financial result is through the Annual Report. A copy of Amnesty International Australia's 2005 financial report is attached for information.

AMNESTY INTERNATIONAL AUSTRALIA'S NON-FINANCIAL REPORTING

Amnesty International Australia does not undertake triple bottom line reporting. However CSR objectives are currently addressed through several operating policies and processes:

- Guidelines and procedures for the acceptance of corporate funds and other support;
- Ethical procurement policies, and
- Socially responsible investment

Extracts of these policies are attached. Please note:

- Attachment A: these international guidelines on acceptance of funds were developed in 1997 and are currently under review by the International Executive Committee.
- Attachment B: This Ethical Procurement Policy was developed by Amnesty International UK but have been incorporated within AI Australia's policies.
- Attachment C: AI Australia is currently developing a policy on Socially Responsible Investment. Below are the guidelines developed by Amnesty International USA which are being considered as an example.

ATTACHMENT A

INTERNATIONAL GUIDELINES FOR THE ACCEPTANCE OF FUNDS AND FUNDRAISING BY AMNESTY INTERNATIONAL.

GENERAL PRINCIPALS

1. AMNESTY INTERNATIONAL IS AN ORGANISATION DEDICATED TO THE DEFENCE OF SPECIFIC HUMAN RIGHTS AS DEFINED BY ITS STATUTE. Hence, funds sought by and given to Amnesty International must be in consonance with the objective of the Statute.
2. AMNESTY INTERNATIONAL IS AND MUST REMAIN A BROADLY BASED AND SELF-SUPPORTING ORGANISATION. Hence, funds raised and received by Amnesty International must neither narrow nor diminish its volunteer and popular support.
3. AMNESTY INTERNATIONAL IS AND MUST REMAIN, AND BE SEEN TO REMAIN, AND INDEPENDENT AND IMPARTIAL ORGANISATION. Hence, funds requested and accepted by Amnesty International must in no way incur financial dependence, real or apparent, upon any political or interest group, singly or in combination, nor limit the freedom of activity and expression enjoyed by the organisation, nor direct its areas of concern.

APPLICATION

1. No donation with conditions attached that are inconsonant with the Statute may be accepted by any constituent body of Amnesty International.
2. No donation from national governments may be accepted by any constituent body of Amnesty International.
3. No donation may be accepted which would compromise the overall independence and impartiality of Amnesty International or give reasonable grounds for suggesting that its work for human rights was influenced or directed by the donors.
4. No donation may be accepted from any individual, agency or institution which would substantially meet the cost of maintaining a constituent body of Amnesty International.
5. No donation may be accepted which would make a constituent body of Amnesty International directly or indirectly dependent for its overall level of program on the resources made available by the donor.
6. Donations which are earmarked for work on a specific country or project, may be accepted, provided they do not distort the previously agreed priorities of a constituent body of Amnesty International
7. No donation may be accepted which requires that a constituent body of Amnesty International adjust its programs to rules established by the donor.
8. Donations offered on terms which give the donor the commercial right to advertise a donation to Amnesty International, can be accepted, provided that the use is specifically agreed in advance by the recipient body of Amnesty International. If, under the rule, the recipient body needs to seek approval from its relevant decision making body for a donation, any commercial consideration must also be mentioned at the time.

ATTACHMENT B

THE CRITERIA IN THE AI-UK ETHICAL PROCUREMENT POLICY

“This policy document arises from concerns that Amnesty International, as a human rights organisation, should take account of ethical considerations in carrying out its business, and that our work or reputation could be harmed by association with suppliers of goods and services who infringe ethical standards in their own businesses. The following four-stage test format can be used to determine the appropriateness of acceptance of funds.

The Mandate Test

Where a supplier or its associate, subsidiary or parent is in direct contravention of the mandate of Amnesty international (as defined by paras (a) to (d) of Article 1 of the Statute), Amnesty will not do business with that company. This includes for example any company engaged in the supply of military, security or police equipment in respect of which Amnesty is making a cessation call. Evidence for this test will come from AI’s own research.

The UDHR Test

Where, on the balance of probabilities, a supplier (or its associate, subsidiary or parent) is engaged directly in activities which constitute grave breaches of the standards established by the UDHR or by other relevant international treaties, laws and standards which develop, define or interpret the UDHR, Amnesty will seek an alternative supplier who can better meet the requirements of the Ethical Procurement Policy. This might, for example, include the purchase of products produced by bonded labourers. Evidence for this test will be based initially on passive research, ie action will be taken in the event that evidence is brought to our notice which derives from a relevant reputable organisation. However, monitoring of a limited range of relevant subscription materials would be appropriate in order to ensure that well-known problems did not escape our attention.

The Public Perception Test

Where it is determined that the public perception (and particularly the perception of Amnesty members) of an association with a supplier may be detrimental to Amnesty reputation, standing and/or effectiveness, alternative suppliers will be sought. In determining whether “public perception” would be damaged, the primary focus will be on making a judgement of the likely concerns of Amnesty members and potential members. Evidence will be as for the UDHR Test.

The Positive Test

Where other considerations (eg of cost, quality etc) are not significant determining factors, Amnesty will give preference to suppliers who have themselves adopted ethical policies, which most closely match our own. This means that even where there is no evidence that a supplier has infringed the criteria in this policy, we will in principle prefer to do business with an alternative supplier, which has adopted explicit ethical guidelines. However, we cannot practicably investigate and analyse the policies of every supplier, however small. We will seek at tender, in relation to supply of goods or services of significant value, information on relevant ethical policies from all competing suppliers, in order that the positive test may be applied where appropriate.”

ATTACHMENT C

Guidelines for Socially Responsible Investing Amnesty International of the U.S.A., Inc. July 2005

Amnesty International of the U.S.A., Inc. and its many dedicated volunteers work to prevent human rights abuses perpetrated by governments, individuals and corporations. We also believe that companies that uphold human rights principles in their business operations may be good investments. For these reasons, we are committed to an investment philosophy that respects and enhances the organization's efforts on behalf of human rights. Our goal is to work in partnership with our money managers to design practical and profitable investment strategies that also demonstrate our commitment to human rights.

Avoiding Problem Investments

Bonds: We will not hold bonds or direct instruments of any national government, including US Treasury bonds, except for: ••
cash equivalents that may include short term government issues (e.g., money markets) and government securities that serve a positive social purpose (e.g., Sallie Mae or FHMA bonds in the US), as they do not directly lend support to violators of human rights.

Stocks: AIUSA will not invest in companies that manufacture or sell instruments of torture or execution. We seek to avoid investments in companies deriving 25% or more of their business from the sale of weapons or customized technology to repressive military or police forces.

In addition, AIUSA will strive to avoid investments in corporations that may be playing direct and significant roles in systematic human rights abuses. We recognize that an increasingly globalized economy means that corporations may often have extensive operations around the world with many suppliers and customers. For this reason, we will work with our money managers to identify and avoid investments in companies with operations that may be:

- Perpetrating or complicit in grave human rights violations, including genocide, extra-judicial executions, torture, rape, and war crimes.
- Actively shielding or propping up illegitimate governments that are involved in grave violations of their citizens' human rights.

Seeking Beneficial Investments

AIUSA requests that managers also seek investments that broadly foster human rights and a sustainable environment. These include agencies and corporations that:

- Treat employees with respect, provide decent working conditions, and recognize the right of their workers to organize.
- Support education, health care, affordable housing, and adequate nutrition and are sensitive to environmental concerns.
- Encourage justice and equal opportunity for women, racial and ethnic minorities, gays and lesbians, and other groups facing discrimination.
- Provide access to essential products and services and improve standards of living and the environment in which people live.
- Encourage cooperation and understanding among people of diverse nations and cultures.

Changing the Way Companies Do Business

No company is perfect and no company is incapable of change and improvement. AIUSA believes that stock ownership confers responsibility. Companies have wide spheres of influence and can positively affect human rights through their products, customers, employees, suppliers and host communities and governments with whom they work. We favor fund managers who will represent our organization's concerns to the companies we own in order to promote positive, proactive company management of human rights issues around the globe. Our managers and AIUSA may do this through developing dialogues with companies, conducting educational outreach to companies on human rights issues, utilizing shareholder voting rights or undertaking other forms of corporate engagement.