

## Global Legislation

This table offers some examples of legislation that relates to sustainability and corporate responsibility, from around the globe.

Some potential impacts on the business and accounting and reporting implications of such legislation are also highlighted.

Users should check legislation in their own country if not listed here.

ISSUE	LEGISLATION	OBJECTIVE	BUSINESS IMPLICATIONS
<b>Environmental Pollution</b> (caused by materials used in electronic equipment)	<b>Europe:</b> RoHS (restriction of certain hazardous substances) – as of July 2006	Restrict use of equipment containing lead, mercury, cadmium, hexavalent, chromium, PBB & PBDE	<ul style="list-style-type: none"> <li>• Need to be aware of which substances are restricted</li> <li>• Need to be aware of composition of materials used in manufacture of products</li> <li>• Need to be aware of consequences of not meeting legislation (e.g. fines)</li> <li>• Need to have an action plan to phase out use of any restricted substances</li> </ul>
	Additional information: <a href="http://www.berr.gov.uk/sectors/sustainability/rohs/page29048.html">http://www.berr.gov.uk/sectors/sustainability/rohs/page29048.html</a>		
	<b>China:</b> Control of Pollution caused by electronic & electrical equipment, (China RoHS), March 2007	Manufacturers required to restrict same substances as in RoHS directive	
	Additional information: <a href="http://www.aeanet.org/governmentaffairs/ga/bl_ChinaRoHSpag0905.asp">http://www.aeanet.org/governmentaffairs/ga/bl_ChinaRoHSpag0905.asp</a>		
	<b>Japan:</b> Electrical appliance & material safety law	Governs use & control of hazardous substances, suppliers must eliminate up to 35 hazardous substances including	
	Additional information: <a href="http://www.jetro.go.jp/en/market/regulations/pdf/denan-2001nov-e.pdf">http://www.jetro.go.jp/en/market/regulations/pdf/denan-2001nov-e.pdf</a>		
	<b>USA:</b> State law in some areas prohibits use of hazardous substances, notably California & Massachusetts, 2003	As with EU RoHS restrictions on certain heavy metals	
Additional information: <a href="http://www.ciwmb.ca.gov/electronics/act2003">http://www.ciwmb.ca.gov/electronics/act2003</a>			
	<b>Philippines:</b> The Pollution	A national	

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	Control Law	policy to prevent, abate and control pollution of water, air and land for the more effective utilization of the resources of the Philippines. Also has Toxic Substances and Hazardous and Nuclear Wastes Control Act of 1990 relating to pollution.	
	Additional information: <a href="http://law.nus.edu.sg/apcel/dbase/filipino/pri mary/phdpln.html">http://law.nus.edu.sg/apcel/dbase/filipino/pri mary/phdpln.html</a>		
<b>Social, Environmental Hazardous substances</b>	<b>Europe:</b> REACH is the EU Regulation on chemicals and their safe use ( <a href="http://ec.europa.eu/chemicals/policies/reach_en.htm">EC 1907/2006</a> ). It deals with the Registration, Evaluation, Authorization and Restriction of Chemical substances, June 2007	Encompasses the registration of more than 35 000 chemicals, manufacturer, importer or user of chemicals obliged to provide information on safe use of their products	<i>As for 'Pollution' section above</i>
	Additional information: <a href="http://europa.eu.int/comm/environment/chemicals/reach">http://europa.eu.int/comm/environment/chemicals/reach</a>		
<b>Environmental Waste</b> (electrical / electronic equipment)	<b>Europe:</b> WEEE Directive (waste electrical & electronic equipment)	To reduce the amount of electrical/electronic equipment entering landfill, ;producer responsibility for products	<ul style="list-style-type: none"> <li>• Legislation seeks to make manufacturers accountable for the whole life cost of a product.</li> <li>• Internalises the cost of disposal, therefore this needs to be</li> </ul>

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		manufactured after August 2005	<p>included in forecasts.</p> <p>WEEE:</p> <ul style="list-style-type: none"> <li>• Implications differ according to whether an organisation produces, distributes or retails electronic equipment. Details can be found at the 'additional information' link.</li> <li>• Producers must now also label products to make it clear to consumers that they should be disposed of according to the WEEE Directive.</li> <li>• Distributors and retailers also have responsibilities in terms of informing consumers on the WEEE Directive.</li> </ul>
	Additional information: <a href="http://europa.eu.int/eur-lex/pri/en">http://europa.eu.int/eur-lex/pri/en</a>		
	<b>China:</b> Management Regulation for Recycling & Reuse of Household Electronic Products, (2003), effective from 2008	Has provisions for the mandatory reclamation of home appliances.	
	<b>Japan:</b> HARL – home appliance recycling law, (2002) & landfill restrictions, (2001)	Aims at promoting waste reduction & recycling, home appliances to be regulated.	
	Additional information: <a href="http://www.meti.go.jp/policy/recycle/main/data">http://www.meti.go.jp/policy/recycle/main/data</a>		
	<b>USA:</b> No national policy on electronic waste disposal but California Electronic Waste Recycling Act, 2003	Collection of a fee at the point of sale of certain products	
	Additional information: <a href="http://www.ciwmb.ca.gov/electronics/act2003">http://www.ciwmb.ca.gov/electronics/act2003</a>		
	Brazil: Resolution 258/99 of CONAMA (Conselho Nacional de Meio Ambiente / Environment National Council)	The manufacturers and importers of tires are required to collect and give details of the final destination of their tires in the national territory. These details are checked for environmental appropriateness in the national territory.	

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	Additional information: <a href="http://www.mma.gov.br/port/conama/res/res99/res25899.html">http://www.mma.gov.br/port/conama/res/res99/res25899.html</a>		
<b>Environmental, Economic Eco-design</b> (integrating sustainability considerations into product design)	<b>Europe:</b> Eco-Design requirements for energy saving products, (EuP), 2005  Additional information: <a href="http://www.euractiv.com/en/energy-efficiency/eco-design-requirements-energy-products-eup/article-117467">http://www.euractiv.com/en/energy-efficiency/eco-design-requirements-energy-products-eup/article-117467</a>	Aimed at increasing energy savings from all energy using products	<ul style="list-style-type: none"> <li>Businesses must ensure they are aware of whether this legislation applies to them or not (currently various household appliances).</li> <li>Those that are subject to the legislation must clearly label their goods with information on their energy efficiency.</li> </ul> <a href="http://www.netregs.gov.uk/netregs/legislation/380525/1216740/?lang=_e">http://www.netregs.gov.uk/netregs/legislation/380525/1216740/?lang=_e</a>
<b>Environmental management</b> (general)	<b>Indonesia:</b> The Law Concerning Environmental Management  Additional information: <a href="http://law.nus.edu.sg/apcel/dbase/indonesia/primary/inaem.html#Top">http://law.nus.edu.sg/apcel/dbase/indonesia/primary/inaem.html#Top</a>	‘...to create environmentally sustainable development in the framework of the holistic development of the Indonesian human and the development of an Indonesian community in its entirety which is faithful and devoted to God the Almighty.’	<ul style="list-style-type: none"> <li>Businesses must ensure they are aware of whether this legislation applies to them or not</li> </ul>

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	<p><b>Philippines:</b> The Philippines Environmental policy</p> <p>Additional information:  <a href="http://law.nus.edu.sg/apcel/dbase/filipino/pri mary/phpenv.html">http://law.nus.edu.sg/apcel/dbase/filipino/pri mary/phpenv.html</a></p>	<p>Environmental law ensuring the safeguarding of the environment and historic and cultural heritage and encouraging exploitation without degradation.</p>	
<p><b>Environmental Climate Change &amp; Energy use</b></p>	<p><b>UK:</b> UK Climate Change Bill</p> <p>Additional information:  <a href="http://www.defra.gov.uk/environment/climate change/uk/legislation/">http://www.defra.gov.uk/environment/climate change/uk/legislation/</a></p> <p><b>Europe:</b> EU ETS (Emissions Trading Scheme)</p>	<p>Sets out the framework for moving towards a low carbon economy in the UK</p> <p>To reduce overall carbon emissions. One of the key policies introduced by the European Union to help meet the EU's greenhouse gas emissions reduction target of 8% below 1990 levels under the Kyoto Protocol.</p> <p>The Scheme covers heavy industry such as electricity generation and paper processing.</p>	<ul style="list-style-type: none"> <li>• Businesses need to monitor their carbon emissions so they know how many allowances they will need.</li> <li>• Businesses need to keep up to date with legislative developments as the UK scheme is likely to be extended to capture industries beyond 'heavy industry', e.g. hotels and hospitality.</li> <li>• The EU scheme has been criticised as having initially created too many allowances but this has begun to be addressed following more accurate measuring of emissions and adjustments made to the cap and number of permits accordingly. The number of allowances is reduced each year</li> </ul>

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		<p>Government sets an emissions cap each year and allocates allowances to each site covered by the scheme. Each allowance acts as a permit to allow the site to emit 1 tonne of CO<sub>2</sub>. If a site exceeds its allowance, it must buy additional allowances to cover the shortfall from a site that has not used its full allocation.</p>	<p>so as to not just cap but also to reduce carbon emissions.</p> <ul style="list-style-type: none"> <li>• Businesses that exceed their allocated allowances must buy sufficient allowances from the market to cover their excess; companies that successfully reduce emissions can sell their excess permits.</li> <li>• Businesses need to understand how to account for the permits, e.g. the assets and liabilities as they arise – for UK guidance, see link:</li> </ul>
	<p><b>Europe:</b> EU Directive on the Energy performance of Buildings</p>	<p>To promote the improvement of the energy performance of buildings within the EU</p>	<p><a href="http://www.financial-reporting.gov.uk/2007-08%20CHAPTER%205.pdf">http://www.financial-reporting.gov.uk/2007-08%20CHAPTER%205.pdf</a></p> <p>EU Directive on the Energy performance of Buildings: measures include:</p> <ul style="list-style-type: none"> <li>• Methodology for calculating the energy performance of buildings</li> <li>• Application of performance standards on new and existing buildings</li> <li>• Certification schemes for all buildings</li> </ul> <p>Regular inspection and</p>
	<p>Additional information:  <a href="http://ec.europa.eu/energy/demand/legislation/buildings_en.htm">http://ec.europa.eu/energy/demand/legislation/buildings_en.htm</a></p>		

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			assessment of boilers/heating and cooling installations.
<b>Social Human Rights / Diversity</b>	<b>Europe:</b> Human Rights Act	A List of basic rights signed by 45 countries. The rights affect everyday life including, among others, the right to life, the right to a fair trial, the right to education and the right to vote. Abuse of any of these gives a right to a solution in law.	<ul style="list-style-type: none"> <li>• Rights include the rights of workers-covering contracts, pay, redundancy and disability and others.</li> <li>• UK age equality regulations outlaw age discrimination in recruitment employment and training.</li> <li>• Employers must ensure that their practices protect these rights, requiring familiarity with the legislation in the first instance and monitoring of relevant key performance indicators such as diversity related statistics as an additional check, e.g. if there is a disproportionately high/low level of a particular minority/group on an organisation's staff, it implies that there may be a problem.</li> <li>• US diversity legislation includes requirements that extend into the supply chain.</li> </ul>
	Additional information: <a href="http://www.youthinformation.com/Templates/Internal.asp?NodeID=90849">http://www.youthinformation.com/Templates/Internal.asp?NodeID=90849</a> <a href="http://www.govtrack.us/congress/bill.xpd?bill=h110-368">http://www.govtrack.us/congress/bill.xpd?bill=h110-368</a>		
	<b>Europe:</b> Equal Opportunities Legislation	Many EU Labour Laws including equitable wage, young people and health and safety. Racial Equality Directive and the Employment Framework Directive provide minimum level of legal protection from discrimination for religion, disability age or sex.	

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	Additional information <a href="http://ec.europa.eu/employment_social/legis_en.html">http://ec.europa.eu/employment_social/legis_en.html</a>		
	<b>UK:</b> Equal Opportunities Legislation	Legislation relating to equality, encompassing The Equal Pay Act, The Sex Discrimination Act, The Race Relations Act, The Disability Discrimination Act, Race Relations Act, the Employment Equality (sexual orientation and religion) Regulations and The Employment Equality (Age) Regulations 2006.	
	Additional information: <a href="http://www.agepositive.gov.uk/legislation/index.asp">http://www.agepositive.gov.uk/legislation/index.asp</a>  <a href="http://www.equalityhumanrights.com">http://www.equalityhumanrights.com</a>		
	<b>USA:</b> Equal Opportunities Legislation	Equal Employment Opportunity laws consist of the civil rights, equal pay, age discrimination, Americans with disabilities and rehabilitation acts. Prohibits discrimination in these areas.	
	Additional information <a href="http://www.iupui.edu/~aao/legis.html">http://www.iupui.edu/~aao/legis.html</a>		
	<b>USA:</b> Employment Non-Discrimination Act	Prohibits discrimination	

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	<p data-bbox="483 501 1082 600">Additional information  <a href="http://www.govtrack.us/congress/bill.xpd?tab=summary&amp;bill=h110-3685">http://www.govtrack.us/congress/bill.xpd?tab=summary&amp;bill=h110-3685</a></p> <p data-bbox="483 600 863 734"><b>Australia:</b> Equal Opportunities Legislation</p> <p data-bbox="483 734 1082 808">Additional information:  <a href="http://www.hreoc.gov.au/index.htm">http://www.hreoc.gov.au/index.htm</a></p> <p data-bbox="483 808 863 1682"><b>Brazil:</b> Special Attendance: Decree 5.296 - December 2nd, 2004</p> <p data-bbox="483 1682 1082 1787">Additional information:  <a href="http://www81.dataprev.gov.br/sislex/paginas/23/2004/5296.htm">http://www81.dataprev.gov.br/sislex/paginas/23/2004/5296.htm</a></p>	<p data-bbox="874 300 1075 501">in recruitment, employment and training based on sexual orientation</p> <p data-bbox="874 600 1075 734">Age, disability, race, and sex discrimination acts.</p> <p data-bbox="874 808 1075 1653">Regulates Law 10048, November 8, 2000, which gives priority attendance for specified people, and Law 10,098 (December 19, 2000), which establishes general rules and basic criteria for the promotion of accessibility for the handicap people or with limited mobility, and takes other measures.</p>	
	<p data-bbox="483 1823 863 1928"><b>South Africa:</b> BEE Act 2004 (Black Economic Empowerment)</p>	<p data-bbox="874 1823 1075 2022">A program launched by the <a href="#">South African government</a> to redress the</p>	<p data-bbox="1098 1794 1428 2022">Companies must produce a BEE 'balanced scorecard', which measures companies' empowerment progress in four areas:</p>

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		<p>inequalities of <a href="#">Apartheid</a> by giving previously disadvantaged groups economic opportunities previously not available to them</p>	<ul style="list-style-type: none"> <li>• Direct empowerment through ownership and control of enterprises and assets.</li> <li>• Management at senior level.</li> <li>• Human resource development and employment equity.</li> </ul>
	<p>Additional info:  <a href="http://www.southafrica.info/doing_business/trends/empowerment/bee.htm">http://www.southafrica.info/doing_business/trends/empowerment/bee.htm</a></p>		<ul style="list-style-type: none"> <li>• Indirect empowerment through: <ul style="list-style-type: none"> <li>○ preferential procurement,</li> <li>○ enterprise development, and</li> <li>○ corporate social investment - a residual and open-ended category.</li> </ul> </li> </ul> <p>This scorecard is defined and elaborated on in the recently released BEE codes of good practice, which will soon be passed into law. The codes will be binding on all state bodies and public companies, and the government will be required to apply them when making economic decisions on:</p> <ul style="list-style-type: none"> <li>• procurement</li> <li>• licensing and concessions</li> <li>• public-private</li> </ul>

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			<p>partnerships, and</p> <ul style="list-style-type: none"> <li>the sale of state-owned assets or businesses.</li> </ul> <p>Private companies must apply the codes if they want to do business with any government enterprise or organ of state. Companies are also encouraged to apply the codes in their interactions with one another.</p>
	<p><b>India:</b> ICERD (International Convention on the Elimination of All Forms of Racial Discrimination, to which India is a party)</p>	<p>The development and protection of particularly marginalised groups.</p>	<ul style="list-style-type: none"> <li>India is bound to ensure the development and protection of particularly marginalised groups. India grants dalits certain privileges, including 'reservations' (quotas) in education, government jobs and political posts.</li> <li>However, the reservation policy has not been faithfully implemented.</li> </ul>
<p><b>Economic (Social, Environmental) Transparency/communication</b></p>	<p><b>Europe:</b> EU Accounts Modernisation Directive (AMD)</p>	<p>To improve the social and environmental performance of EU companies, to build trust with stakeholders, and increase the comparability of reporting practice between companies in the EU</p>	<ul style="list-style-type: none"> <li>Qualifying companies must decide whether and if so, which environmental/community/employee impacts are material to their commercial viability and profitability and to choose whether or not to include details of those impacts in the enhanced business review.</li> </ul>

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		<p>through a common reporting framework. Qualifying companies* required to report on environmental and community issues when these are considered material to an understanding of the company's performance, position and development. that qualifying companies, include an enhanced business review in the annual financial report as a balanced and comprehensive analysis of the development and performance of the company during the financial year, and the position of the company at the end of the year, consistent with the size and complexity of the business", (DTI, 2006).</p>	<ul style="list-style-type: none"> <li>• The initial purpose and intention of the European Commission with regard to mandatory reporting of environmental issues in financial reports have been somewhat downgraded in the drafting and implementation of the AMD. This reflects changing priorities within the European Commission with regard to a greater emphasis towards protecting and enhancing the competitiveness of European industry, and a concern about "over regulation". However, companies should realise that this emphasis could weaken/change and so be alert to developments in this area.</li> </ul>

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		<p>The regulations also require that large qualifying companies report on relevant environmental and employee matters using financial and non financial key performance indicators.</p> <p>* All listed and non listed large and medium sized companies in EU member states.</p>	
	<p><b>UK</b> The Companies Act, 2006</p>	<p>UK vehicle to comply with the EU AMD. Applies to all UK listed companies.</p>	<p><b>Sets out Director's duty to promote the success of the company</b></p> <p>(1) A director of a company must act in the way he considers, in good faith, would be most likely to promote the success of the company for the benefit of its members as a whole, and in doing so have regard (amongst other matters) to:</p> <ul style="list-style-type: none"> <li>- the likely consequences of any decision in the long term</li> <li>- the interests of the company's employees</li> <li>- the need to foster the company's business - relationships with suppliers, customers and others,</li> <li>- the impact of the company's operations on</li> </ul>

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			<p>the community and the environment</p> <ul style="list-style-type: none"> <li>- the desirability of the company maintaining a reputation for high standards of business conduct, and</li> <li>- the need to act fairly as between members of the company.</li> </ul> <p><b>Sets out business review requirements</b></p> <p>The business review is a compulsory section of the annual report. The business review must contain:</p> <ul style="list-style-type: none"> <li>- a fair review of the company's business</li> <li>- a description of the principal risks and uncertainties facing the company.</li> </ul> <p>This includes information on environmental, employee, social and community matters to the extent that these issues are material to the business. If these issues are not material to the business, the business review must include a statement to that effect.</p> <p>Where appropriate, the review should include analysis on key performance indicators, including information relating to environmental matters and employee matters.</p>
	<p>Additional information:  <a href="http://www.berr.gov.uk/bbf/co-act-2006/index.html">http://www.berr.gov.uk/bbf/co-act-2006/index.html</a></p>		
	<p><b>UK:</b> The Pensions Act (1995)</p>	<p>To ensure that pension fund trustees</p>	

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		<p>declare whether they have taken environmental and social issues into consideration when making decisions relating to investment.</p>	
	<p><b>Additional information:</b>  <a href="http://www.opsi.gov.uk/acts/acts1995/Ukpga_19950026_en_1">http://www.opsi.gov.uk/acts/acts1995/Ukpga_19950026_en_1</a></p>		
	<p><b>China:</b> Shenzhen Stock Exchange released its Guidelines on Corporate Social Responsibility of Listed Companies in September 2007</p>		<p>China:</p> <ul style="list-style-type: none"> <li>• Evidence that Chinese government/regulators are starting to see need to encourage 'better practice' and be seen to act.</li> <li>• There are also calls from some in the National People's Congress for 'national CSR criteria', to ensure that all corporations are fulfilling their responsibilities and to reduce the incidence of irresponsible corporate behaviour such as tax dodging, environmental destruction, loan defaults and food safety accidents.</li> </ul>
	<p><b>Indonesia:</b> Article 74 of new company laws that introduced national regulations for corporate responsibility (despite strong protests from business).</p>	<p>Transparency and better management of impacts</p>	<ul style="list-style-type: none"> <li>• Companies with an impact on natural resources must implement corporate responsibility which is to be budgeted for as a cost.</li> </ul>
	<p>Additional information:</p>		

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	<a href="http://www.csr-asia.com/upload/csrasiaweeklyvol3week30.pdf">http://www.csr-asia.com/upload/csrasiaweeklyvol3week30.pdf</a>		
	<b>France:</b> NRE Law	Better management of impacts	<ul style="list-style-type: none"> <li>Has been developed to ensure that all companies listed on the stock market describe the environmental and social impact of their activities, in France and abroad.</li> </ul>
	Additional information: <a href="http://www.iflr.com/?ISS=22686&amp;Page=17&amp;SID=656625">http://www.iflr.com/?ISS=22686&amp;Page=17&amp;SID=656625</a>		
	<b>Malaysia:</b> various	Transparency and better management of impacts	The Malaysian Stock Exchange now requires all listed companies to report on their corporate responsibility policies and programmes, and a new code of Corporate Governance has also recently been passed. Malaysia also now has the region's first socially responsible investment index. In his 2008 budget statement, the Malaysian Prime Minister announced that listed companies will have to disclose information on employment diversity and how they are developing relationships with local and Bumiputera (majority Malay community) suppliers. He also promised to set up a \$15m corporate responsibility fund and offer tax-breaks on companies' community investment.
<b>Argentina:</b> Buenos Aires,	Transparency	Monitoring, management	

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	<p>the capital city of Argentina, has mandated sustainability reporting for companies of more than 300 employees and with incomes larger than the established small and medium enterprise scale.</p>	<p>and better management of impacts</p>	<p>and reporting of impacts</p>
	<p>Additional info:  <a href="http://www.csrinfo.org/content/view/305/47/lang.en/">http://www.csrinfo.org/content/view/305/47/lang.en/</a></p>		