

# Cefic governance and compliance policy



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# Contents

## Cefic governance and compliance policy

Introduction	2
Governance in Cefic	2
Who is concerned ?	3
Fundamental driving values	3
Governance and compliance processes & implementation	4
Appendix 1:	
Respect of competition law	5
Appendix 2:	
Maintenance of high credibility vis-à-vis institutions and stakeholders	7

## Cefic governance and compliance policy

Cefic is the Brussels-based organisation representing national chemical federations and chemical companies of Europe. It has five categories of Members: the full and associated chemical national federations, the corporate and business members which are chemical companies engaged in the manufacture of chemicals in Europe, and the associate companies which are engaged in such activities outside Europe. In addition, according to Article 32 of its Statutes, Cefic may lend its support and recognise groups within the chemical industry, provided these pursue an objective compatible with the Statutes (hereinafter: the Sector Groups and Affiliated Groups). At present, more than 90 groups have been granted such recognition.

### Introduction

Internally, and with regard to its Members and Stakeholders, it is essential that Cefic uses transparency in the way it is organised and it works.

Transparency can be found in Cefic's Statutes and By-laws, which describe the fundamental rules of operation of its statutory bodies and related structures. These documents are not just a "private association contract", but have formal approval from the highest level of the Belgian authorities (the Minister of Justice and the King), giving Cefic the status of a Belgian "Association Internationale Sans But Lucratif".

In order to support this status and the values and related perceptions of our industry, it is essential that Cefic is seen not only to comply with statutory provisions and legal

requirements regarding the essential features of the association (eg conduct of non-profit activities, fulfilment of the financial / taxes obligations), but also to operate to the highest behavioural ethical standards.

Therefore, recognising the legitimate public interest in corporate social responsibility, governance and institutional transparency, this paper formally records the Governance and Compliance Policy and Values which apply to all activities conducted by Cefic, its recognised Sector Groups and Affiliated Groups.

This Policy applies to all Cefic staff and Member representatives who are managing its issues, as well as all participants in Cefic activities. It does not apply to individual companies for their own operations outside Cefic activities.

### Governance in Cefic

For a non-profit organisation such as Cefic, governance is a vital component of its internal support and cohesion and of its external recognition by public and private Stakeholders.

It is a set and combination of fundamental driving values, regulations, processes, internal disciplines and codes of conduct which enable Cefic to achieve its objectives and fulfil its mission, while :

- meeting both legal obligations and social expectations,
- spelling its key references and values,
- providing a solid umbrella to Cefic activities and the Sector Groups and Affiliated Groups with clear recognised identity, bringing added value to their work.

## Who is concerned ?

Governance values and disciplines should be shared by all. Within Cefic, this particularly implies:

- Clear ownership of Cefic governance by its leading bodies : the General Assembly, the Board, the Executive Committee and the Programme Councils;
- Understanding and compliance with regard to all activities, and by all representatives of the membership, including when acting in the Sector Groups and Affiliated Groups;
- Full awareness and active compliance of the management and staff of Cefic, under the supervision, guidance and co-ordination of the Cefic General Counsel & Legal Services.

## Fundamental driving values

Cefic's fundamental driving values include the following:

### ***Effective and transparent rules for Cefic's statutory bodies and related structures***

- This will apply to any structure of Cefic so that effective and transparent rules of operation are established and followed when managing those structures.
- It will also apply to all the Sector Groups and Affiliated Groups so that, even if they do not have legal personality, they will operate with well defined operating rules.

### ***Respect of law***

- All relevant national, European and International laws will be respected. Special focus is given to practical guidance regarding compliance with competition law in Appendix 1 to this Document.

### ***Maintenance of high credibility vis-à-vis Institutions (the details of this is to be found in Appendix 2 to this Document)***

- The organisation should always be represented in a non equivocal manner, on the basis of clear definition of aims and issues to be discussed.
- Members will work together to ensure consistency and cohesion of advocacy, ensuring clear distinctions between Cefic positions and any diverging opinions which they may hold on behalf of their company / the federation they represent.
- Cefic representatives must behave with full integrity, with the highest behavioural ethical standards.
- Information required by the organisation must be obtained by lawful means.

- Any forms of active or passive corruption (such as blackmail, offers of influence, promises and gifts) are strictly forbidden.
- Institutions' codes of conduct, or recommendations on dealing with Institutions, civil servants, MEPs and others, when existing, will be complied with. Members must declare their Cefic representation in all such dealings.
- Requirements governing the protection of private life will be strictly complied with.
- Statistics regarding the industry will be used in a strictly honest and transparent way.
- Behavioural ethical principles will be strictly followed when making "environmental" advertising.

### ***Protection of confidential information***

- Confidential information and Intellectual Property rights of third parties, including Members, will be fully respected by Cefic staff and Members acting in Cefic business.

The Cefic Secretariat is empowered to promulgate and amend from time to time the processes, the internal disciplines and codes of conduct covering the implementation of these Fundamental Driving Values. Examples are set out in the Appendices to this Document.

## **Governance and compliance processes and implementation**

### ***Compliance Processes are core values of Cefic / Overall consistency***

The implementation of Compliance Programmes is part of the general policy of Cefic and will be applied and respected with regard to all Cefic activities. They are organised and run by the Cefic General Counsel & Legal Services, which also ensure consistency by having, inter alia, (i) a set of written rules and standards and (ii) a mechanism for enforcement. This is done in support of other Cefic services and constituencies, and in turn, staff at all levels are responsible for the effective appropriation and application of the Compliance Programmes by the Members of their teams.

### ***Education, reporting, open discussions and consultation***

To achieve this widespread compliance and practice, Cefic has put in place the necessary structures and responsibilities (including documentary and operational).

# Appendix 1: Respect of competition law

## Practicalities

### Guidance for staff and members involved in Cefic activities

Respect of competition law has for many years been a core value applying to all Cefic activities. It is developed through the effective management of the following tools:

### Staff and Members' responsibility

Any infringement will be considered as professional misconduct, and ignorance will not be accepted. Sector Groups and Affiliated Groups are reminded that infringement may result in the sanctions set out in Articles 32/33 of the Statutes and the By-laws.

### Brochures which are distributed to staff and the Members include

- Cefic - "Operation within national and European Competition laws"
- Cefic - "Handling confidential statistics in compliance with competition laws"
- ICCA - "Antitrust and competition law guide for ICCA Members and ICCA meetings and functions"

All staff are expected to read and be familiar with the content of these brochures.

### Awareness and Education

All staff will be required to attend an annual compliance day, as well as some more targeted information platforms.

### Keeping records

Including organising the necessary keeping of the documents, as detailed in "Cefic guidelines on the retention of documents regarding competition policy", which all staff must comply with.

## Advice

The General Counsel & Legal Services, in addition to audits, conducts the drafting and circulation of compliance documents, consultations, etc.

### Co-operation in inquiries and inspection

In addition to maintaining compliance, Cefic has always pursued a policy of transparency with competition authorities involved. Since those authorities may conduct inquiries, in order to avoid any misunderstanding on the part of the staff, the following guidelines have been issued "Cefic procedure for handling possible Commission inquiries and inspections regarding competition policy".

### Do and Don't Checklist

The attached list is designated for Cefic staff and Member Representatives who are responsible for the management of meetings. It is also intended to be read and followed by attendees of these meetings.

These rules do not relieve individuals of their responsibility to use their own judgement in appropriate situations.

## Competition law checklist for meetings

This checklist is for the conduct of Cefic-sponsored meetings. Prohibited discussion topics apply equally to social gatherings incidental to those meetings. The checklist is not exhaustive.

### DO

Ensure strict performance in areas of:

#### Oversight/supervision

- Have a Cefic / Sector Group – Affiliated Groups Secretariat representative at each meeting;
- Consult with appropriate counsel on all questions which might be related to competition law;
- Limit meeting discussions to agenda topics;
- Provide each attendees with a copy of this checklist, and have a copy available for reference at all meetings.

#### Recordkeeping

- Have an agenda and minutes which accurately reflect the matters which occur;
- Ensure the review of agendas, minutes and other important documents by appropriate staff or counsel, in advance of distribution;
- Fully describe the purposes, structures and authorities of the groups.

#### Vigilance

- Protest any discussion or meeting activities which appear to violate this checklist; ask for those activities to be stopped so that appropriate legal check can be made by counsel; disassociate yourself from any such discussion or activities and for the attendees, leave any meeting in which they continue (and have it minuted).

### DON'T

Do not, in fact or appearance, discuss or exchange information not in conformity with competition law, including for example on:

#### Prices, including

- Individual company / industry prices, price changes, price differentials, discounts, allowances, credit terms, etc.
- Individual company data on costs, production, capacity (other than nameplates capacities), inventories, sales, etc.

#### Production, including

- Plans of individual companies concerning the design, production, distribution or marketing of particular products, including proposed territories or customers;
- Changes in industry production capacity (other than nameplates capacities) or inventories, etc.

#### Transportation rates

- Rates or rate policies for individual shipments, including basing point systems, zone prices, freight, etc.

#### Market procedures, including

- Company bids on contracts for particular products; company procedures for responding to bid invitations;
- Matters relating to actual or potential individual suppliers or customers that might have the effect of excluding them from any market or influencing the business conduct of firms toward them, etc.
- Blacklist or boycott customers or suppliers.

# Appendix 2: Maintenance of high credibility vis-à-vis institutions and stakeholders

## Practicalities

### Guidance for staff and members involved in Cefic activities

The organisation should always be represented in a non equivocal manner, on basis of clear definition of aims and issues to be discussed. The objective is to ensure that different audiences receive the same messages from different Cefic spokespersons. Cefic is represented by its own staff or authorized representatives (members of national or sectorial federations, individual companies, consultants ...).

All refer to agreed common objectives and guidelines to speak in the name of Cefic:

- When working in an advocacy team, individuals should refrain from acting in isolation, retaining information which may be useful to everyone.
- There is a need for a networking system to act in a collegial and coherent manner (Cefic/federations).

Members will work together to ensure consistency and cohesion of advocacy.

They are expected to support Cefic positions as adopted in accordance with its Statutes and rules of operation. In case of disagreement Members are expected not to use the Cefic name when holding diverging opinions. In the event that minority views are expressed they may be reflected in Cefic positions as per the Statutes.

Conflicts of interest between the personal interests of staff and the interests of Cefic must be avoided.

Staff and Member Representatives must act purely in the interests of Cefic, and not be influenced by their personal interests.

Requirements governing the protection of private life must be strictly complied with.

This is especially important in relation to data banks, electronic networks, etc.

Any forms of active or passive corruption (such as blackmail, offers of influence, promises and gifts) are strictly forbidden.

Gifts and invitations which may be interpreted as an attempt to corrupt must not be offered. Similarly, any behaviour which may be interpreted as soliciting third parties with the intention to receive gifts or invitations must be avoided.

**In case of doubts, questions, etc., always consult the Cefic Executive Director & General Counsel.**





Cefic - The European Chemical Industry Council

## Chemistry making a world of difference

Cefic is the Brussels-based organisation representing national chemical federations and chemical companies in Europe. Cefic represents, directly or indirectly, around 29,000 large, medium and small companies in Europe, which employ about 2 million people and account for more than 30% of world chemicals production.

© Cefic - June 2002 - Updated July 2006  
Dépôt légal D/3158/2006/3



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