

# NUCLEAR POWER PLANT EXPORTERS' PRINCIPLES OF CONDUCT

## REPORT ON THE PRINCIPLES OF CONDUCT IMPLEMENTATION EXPERIENCE

FOR THE PERIOD

**SEPTEMBER 2011–MARCH 2012**

Following the public release of the Nuclear Power Plant Exporters' Principles of Conduct (POC) in September 2011, a periodic review process was launched involving all the adopting vendors. An important part of this process is a semiannual meeting during which participating vendors share information and discuss their implementation processes and experiences. The logic underlying this practice is to reinforce mutual confidence in the seriousness of the undertaking by all participating vendors, to share best practices and to highlight evolving implementation challenges and discuss ways to resolve them.

At the first POC review meeting in December 2011, in Moscow, Russia, most vendors presented on their initial internal implementation procedures. A few vendors required more time to brief participants on their implementation practices; they have subsequently shared their briefings through the Secretariat. These presentations as well as updates to presentations originally made in Moscow are all slated for discussion at the second review meeting scheduled for early July 2012.

In the interim, and as agreed at the Moscow meeting, the Secretariat has prepared the following summary of the initial presentations and briefings to be made available to the general public.

### General overview of POC implementation activities

In their presentations, the companies highlighted the various ways in which they are implementing the Principles of Conduct since its public release. In general, vendors are concentrating their implementation efforts in five areas: senior management, employee education, development of compliance and assessment procedures, creating internal modes of responsibility for the POC, and engaging a number of corporate stakeholders, particularly suppliers. Each company developed unique implementation procedures reflecting the diversity of cultures, management styles, and the particularly organizational features and requirements of each company. However, all vendors went to great lengths to demonstrate their commitment to the implementation of the Principles of Conduct in all relevant business activities.

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Besides reflecting on their general implementation activities and experiences, the vendors also discussed the preliminary challenges associated with implementing specific principles and how these had been addressed.

The presentations demonstrated the active engagement of the companies' senior management in the implementation of the Principles of Conduct. The companies' top management has, and continues to, issue statements of basic principles to guide POC implementation. They set implementation objectives and monitor internal implementation progress. Furthermore, several CEOs have reached out to their employees through a letter to inform them of the Principles of Conduct process.

Vendors also underlined the importance of education in ensuring the successful internal implementation of the Principles of Conduct. To provide the necessary education to their employees, companies organized specific presentations on the POC for a number of categories of personnel, such as legal, ethics, and export control personnel. Some companies also developed a tailored POC training module for their nuclear power plant personnel or personnel in supporting functions. Moreover, a number of companies are in the process of outlining further procedures to monitor internal levels of understanding of the POC.

In addition to senior management engagement and the education of their employees, companies have begun to incorporate the POC into their project management structures and ethics and compliance processes, in some cases by creating new procedures for institutionalizing the POC. Several vendors have included the POC in their respective companies' values charters. Others have taken steps towards creating a comprehensive checklist of Principles of Conduct provisions to be used in relevant business activities, including: product development, review of potential customers and customer states, assessing the acceptability of technical specifications at the bidding stage, review by existing internal risk evaluation committees within the company before submitting bids, and readiness reviews before moving to the next stage of a project's execution.

Further implementation efforts comprise the establishment by several companies of specific points of contact within each of their business units to oversee POC implementation, answer employee questions concerning POC implementation, and bring in technical support where required. In the ensuing discussions, some vendors illustrated and emphasized the Principle of Conduct's educational value in preserving the institutional memory of best practices and standards regarding nuclear power plant exports during organizational changes within companies or in companies in transition.

Finally, vendors' implementation efforts have also focused on reaching out to the public to heighten the visibility of the POC, in tandem with and following the global public announcement of

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the POC in September 2011. Vendors issued individual press releases on the Principles of Conduct and announced the Principles on their company websites. Some vendors have also undertaken important first steps towards informing their global supply chains of the Principles of Conduct, soliciting support for its aims and encouraging these supply chains to apply those sections of the POC which are relevant to their work.

During their presentations, several companies noted that one challenge to internalizing the POC effectively lies in the complexity and comprehensiveness of the Principles. This can present difficulties when disseminating the Principles to non-legal audiences, and it will be necessary for vendors to devise adequate internal procedures and specific presentations to overcome this challenge.

As the process develops, another challenge for companies will be to continue to implement the Principles of Conduct in all their relevant business activities and deepen the POC review process while confronting as of yet uncertain internal and industry-wide developments. Vendors shall further need to consider ways in which to strengthen the role the Principles of Conduct can play in the safe and secure development of nuclear energy and to successfully engage a number of other stakeholders, including customers.

To ensure no commercially sensitive information was shared, each vendor submitted its written presentation for review by in-house antitrust counsel. Most vendors then submitted their written presentations to the POC process's antitrust counsel for additional antitrust review. Prior to substantive discussion at the review meeting, POC legal counsel reminded participants of the process antitrust guidelines and monitored ensuing discussions to further assure that no commercially sensitive information would be inadvertently raised.

## Conclusion

The review process for the Principles of Conduct is motivated by the conviction that allowing vendors to learn from one another and share best practices in the implementation of the Principles will support the viability and credibility of the initiative and ensure that nuclear power is provided safely.

Although the Principles of Conduct review process is very much nascent, the implementation experience thus far suggests that the review process will continue to develop into a robust mechanism for improving implementation of the POC. Some vendors attested to the utility of this process by noting that the presentations provided them with new insights on how to enhance their own implementation of the Principles.

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The process also benefitted from engendering the expectation that vendors would give substantive presentations on their internal implementation experiences. For instance, those vendors that needed more time to submit their presentations were motivated in part by the desire to contribute to the body of knowledge created by their peer companies.

The decision to task the Secretariat with preparing and then publicly circulating a digest of the implementation experiences demonstrates the importance vendors attach to building public confidence in their commitment to best practices for nuclear exports through transparency and frequent internal reflection.