

# NUCLEAR POWER PLANT EXPORTERS' PRINCIPLES OF CONDUCT

## THE PRINCIPLES OF CONDUCT IMPLEMENTATION EXPERIENCE

FOR THE PERIOD

**DECEMBER 2011– JULY 2012**

Participants in the Nuclear Power Plant Exporters' Principles of Conduct (POC) process meet semiannually to review the POC text, share information and discuss their implementation processes and experiences. This practice seeks to strengthen mutual trust in the seriousness of the undertaking and enhance the viability and credibility of the initiative. This peer review process (conducted in accordance with strict anti-trust guidelines) provides the opportunity for the companies to learn about how others have chosen to implement the Principles, and to exchange best practices for doing so. The process also serves the purpose of educating new entrants to the process about the implementation practices and to identify remaining challenges in implementation and reflect on ways for addressing them.

The first Principles of Conduct implementation review meeting was convened in December 2011 in Moscow, Russia, shortly after the POC went into effect. At the second review meeting in July 2012, in Pittsburgh, U.S.A., those companies that had not been able to complete their implementation reports by the time of the Moscow meeting were invited to present them. The other companies provided an update on their implementation experiences since the December 2011 meeting.

In addition, the participants welcomed a new adopting company to the process and a vendor as the successor organization to an original adopting company. These vendors were not yet in a position to present their implementation report hence presented only their intentions to ensure POC application in their business activities and are expected to present their implementation experiences at the next review meeting.

The vendors have authorized the Secretariat to prepare and disseminate publicly a generic summary of the implementation review session after each review meeting. In line with this agreed procedure the Secretariat has thus prepared this summary of the presentations made at the second POC review meeting and has made it available to the general public.

### Internal implementation activities

Vendors' presentations at the second POC review meeting generally focused on two areas: their efforts to enhance the translation of the Principles of Conduct into concrete internal processes within the various participating companies and to maintain and expand internal engagement with the POC at all pertinent levels of the corporate hierarchy.

Since their adoption of the POC, vendors have been developing their own internal procedures for implementing the Principles of Conduct which are tailor made to the specific circumstances of each corporation. In this context, one vendor demonstrated its effort to better incorporate specific POC language in its business proposals. A number of vendors have developed checklists of POC provisions to be used during the bidding, contracting and execution phases of nuclear power plant (NPP) projects. Similarly, some are in the process of matching existing business procedures to provisions in the Principles of Conduct to identify the extent to which these business procedures already comply with POC provisions and where there is room for improvement. In addition, the companies discussed the challenges of assuring POC implementation during a NPP project's execution phase, when companies may be confronted with diverse nationalities, safety cultures and languages.

The companies also discussed how they are promulgating and sustaining awareness of the POC within their large organizations. Several vendors have set up POC implementation teams which carry out internal POC stakeholder analyses and identify areas in which POC implementation can be improved, reporting back to the company's management on the results. A number of vendors keep their employees informed on the Principles of Conduct developments using internal websites, printed and digital signage, and social media. Most companies also continue to explore training opportunities for specific groups of personnel, such as legal, ethics, and export control personnel.

Vendor representatives to the POC process regularly brief management on POC implementation activities and other pertinent developments. Several vendors have also engaged the heads of their various corporate divisions by inviting them to send formal letters to the company's management in which they express their commitment to implementing the POC. To increase their sense of ownership of the POC, these business units are reviewing the applicability of the POC to their specific units' activities.

Some vendors specifically discussed how they are managing ongoing transitions in corporate leadership and organization. Relevant individuals in these companies have successfully managed to preserve and pass on their accumulated knowledge on the Principles of Conduct and engage new corporate leadership and new members of their POC implementation teams. Vendors noted the considerable utility of the POC in educating new employees and management on best practices and norms in the export of NPPs.

### Outreach to stakeholders

During discussions, vendors recognized that to fully ensure the successful implementation of the Principles of Conduct and impress on others the benefits inherent in compliance with the norms enshrined in the POC it would be important to reach out to nuclear stakeholders such as existing and, in particular, new nuclear power plant customers; key nuclear regulators; and emerging nuclear power plant vendors. The outreach could inform these stakeholders of the POC initiative and vendors' POC obligations and promote norms of responsible nuclear conduct similar to those contained in the Principles of Conduct. In addition, vendors noted the importance of making the POC process more transparent to facilitate its implementation. This could be achieved by strengthening the dialogue on issues of shared interest with other key nuclear players such as the IAEA and WANO with whom this process is already well underway.

Vendors further agreed that, as a natural next step in POC implementation, they could individually reach out to their subcontractors and supply chains to inform them of the POC. Some of the

participating companies are already taking such steps and have communicated to their supply chains and subcontractors their expectation that they conform with the POC and support its aims. Other companies are considering embedding the Principles of Conduct in a supplier code of conduct.

### The Principles of Conduct post-Fukushima and strengthening the POC review process

At the meeting vendors reflected on the lessons learnt from the Fukushima nuclear accident which bear on the Principles of Conduct. In particular they considered the work of the IAEA and WANO, with whom the POC is engaged in an ongoing dialogue and who shared their unique expertise and insights in the lessons learnt, focusing on maximizing the safety and reliability of nuclear power plants. In this context vendors updated Principle 1 placing new emphasis on the differences between designing for emergency preparedness and emergency mitigation and included the IAEA's Action Plan for Nuclear Safety in the POC references.<sup>1</sup>

Vendors also considered developments in the nuclear industry following the Fukushima nuclear accident. They acknowledged the importance of building public trust by demonstrating their commitment to best practices and high standards *inter alia* through a transparent implementation process. Vendors concurred that the credibility and viability of the POC implementation review process rests on the ability of the participating vendors to effectively exchange information on POC implementation. However, the ambition of enhancing the information exchange has to be carefully pursued in order to remain in full compliance with competition law. Toward that end the companies considered, with the help of a prominent corporate social responsibility (CSR) expert, how other CSR initiatives have, over time, improved their implementation review processes and increased their transparency. The vendors went on to explore, with leading antitrust counsel in attendance, how the POC review process could evolve and grow in significance while at the same time remain in strict compliance with competition law.

The participating vendors agreed that in the future it could be desirable to discuss hypothetical challenges to effective POC implementation as a way to reflect on and ascertain the relevance of the POC in concrete cases. This procedure could significantly strengthen the effectiveness and usefulness of the Principles of Conduct review process. Vendors agreed to first commission CSR/antitrust legal research to explore the possibilities for such discussions within existing competition law frameworks and develop, if necessary, additional antitrust guidelines to ensure compliance with competition law. At the next review meeting vendors will consider the initial findings of this research and consider next steps in the development of the POC review process.

### Conclusion

The second POC implementation review meeting demonstrated the ongoing commitment of the established adopting vendors to the effective implementation of the POC. The discussions underscored the importance of institutionalizing this review procedure and sharing implementation experiences between companies to allow for mutual learning. Vendors took note of best practices for POC implementation that they could apply within their own companies and took steps to improve their individual implementation of the POC and the transparency of the review process. They also begun to reflect on areas in which the implementation procedures of the POC could be enhanced, all the more so in the post-Fukushima environment. Toward that end the companies are

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<sup>1</sup> Vendors also updated Principle 2.6 and Principle 6.6.

stepping up their outreach efforts to other nuclear stakeholders ranging from their supply chains to the IAEA and WANO.

During the meeting, vendors also adopted a set of updated ground rules for the Principles of Conduct process. In the coming months, the companies will explore additional steps they can take to enhance the effectiveness of the review process regarding POC implementation. They remain committed to vigilance in applying and complying with competition laws.