

Mapping Instruments for Corporate Social Responsibility

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Industrial relations and industrial change

European Commission
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You will find more information on corporate social responsibility at http://europa.eu.int/comm/employment_social/soc-dial/csr/csr_index.htm

A great deal of additional information on the European Union is available on the Internet. It can be accessed through the Europa server (<http://europa.eu.int>).

Cataloguing data can be found at the end of this publication.

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FOREWORD

Corporate Social Responsibility continues to steadily grow in importance. Sustainable development and responsible business behaviour and ethics are high on the policy agenda. Through the debate initiated by the Commission Green Paper «Promoting a European Framework for Corporate Social Responsibility» of July 2001 and the subsequent Communication «Corporate Social Responsibility A Business Contribution to Sustainable Development» of July 2002, the interest for and understanding of CSR and all its multiple facets has increased rapidly.

The 2002 Commission Communication introduced a European Multistakeholder Forum on Corporate Social Responsibility as a part of its strategy for promoting innovation, transparency and convergence of CSR practices and instruments. This Forum has been asked to report back to the European Commission by mid 2004.

Recent years have witnessed a proliferation of CSR instruments: codes, reporting standards and guidelines, labelling schemes, management systems, screening methodologies for socially responsible investment. Not all these tools are comparable in scope, intent, origin, implementation or applicability to particular businesses or sectors. As expectations on CSR become more defined, there is a strong case for greater transparency, credibility and coherence between standards, practices and measurement of performance.

One important element in the promotion of CSR is thus better knowledge of CSR instruments, their use, merits and limits. This study has been prepared by Accountability for the European Commission Directorate-General Employment and Social Affairs and provides a comparative analysis of a range of CSR-related instruments. It should be pointed out that the study was undertaken by independent experts and does not necessarily represent the Commission's official position.

I trust that this analysis will improve understanding of the use and meaning of CSR tools and will as such provide important support for stakeholders involved in our joint work to promote CSR.

Odile Quintin
Director-General

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EXECUTIVE SUMMARY

The CSR instruments covered in this publication attempt to close the gap between enforceable mandatory laws and the universal principles and values embodied in agreements such as the Universal Declaration of Human Rights.

They include instruments which set out aspirational principles for corporate behaviour, instruments which underlie engagement in partnerships, those that benchmark best practise, those that set the basis for communicating levels of performance directly to consumers and other stakeholders and those that are tied to the terms of trade for investment and sourcing.

As societal expectations for corporate social responsibility (CSR) become more defined, CSR-related instruments fulfil a vital need in providing robust process guidance and indicators of both historic and future environmental, social and financial performance. CSR-related instruments have the potential to enhance performance of whole companies, significantly advancing the realisation of CSR across sectors, industries and whole economic regions.

Recently, there has been much activity in CSR instrument generation, as a wider array of mechanisms for measuring, evaluating, improving and communicating corporate performance in relation to social environmental and ethical criteria are currently being developed. Not all of these instruments are comparable in scope, intent, implementation or applicability to particular companies, sectors or industries.

They include both auditable instruments as well as broad guidelines, codes of conduct, charters, investment screening mechanisms and benchmarks. Instruments by which organisations can be measured are vitally important in order to compare and contrast levels of performance. Initially, the function of instruments is to establish minimum levels of performance. They also help organisations to manage the quality of their processes or systems designed to manage impacts and processes. Over the course of time, the use of instruments encourages, facilitates and mandates best practice.

This publication provides a strategic analysis of a range of CSR-related instruments highlighting their key characteristics:

Diversity and Scale of CSR-related Instruments: Different types of instruments: negotiated instruments, best practice guidelines, incentive instruments and mandatory instruments address the broad and complex issues of a company's social responsibility.

A range of initiatives and styles exist with huge diversity in both the scope and content of instruments, as well as in their attendant documentation and associated monitoring systems. These differences depend in large part upon the particular subject area that the instrument is seeking to address together with the orientation of the bodies from which the instruments emanate.

Included under the umbrella of CSR-related instruments are:

- simple statements of principles that an individual company might (whether or not in alliance with other companies) subscribe to;
- industry-led initiatives in which groups of companies collectively implement agreed codes of practice;
- instruments which are voluntarily adopted by companies and regulated by a system of 3rd party accredited bodies; and
- process frameworks that give guidance on demonstrating responsibility and accountability.

Origins of CSR Instruments: CSR-related instruments have a wide variety of organisational homes and governance structures. These range from existing institutions initiating new instruments such as the European Commission and the EU Eco-label, to new institutions and multi-sector alliances being set up to develop CSR instruments, such as Social Accountability International and SA8000. Such alliances bring together individuals and organisations from across public, private and voluntary sectors to negotiate, implement, monitor and review emerging instruments. While there are strengths and weaknesses inherent in different institutional homes for instruments, it is beyond the responsibility of any one institution to govern effective CSR instruments which meet the needs of the wide range of stakeholders involved. The evolving set of multi-stakeholder partnerships offer a different basis of legitimacy, a diverse range of networks and relationships and a combination of organisational cultures and competencies which can help to meet this challenge.

Instruments and the Triple Bottom Line of Sustainable Development: Most CSR-related instruments tend to address only one of the three pillars of sustainable development (social, environmental or economic). Many, such as SA8000 are topic specific within a particular area. With the exception of the Global Reporting Initiative (GRI), those that do address all aspects of the triple bottom line tend to privilege one area depending on their overarching aim to address either social or environmental issues, with other areas receiving less coverage.

Dimensions of CSR in Instruments: While organisational practice of CSR applies to an increasing number of activities, many instruments focus upon a single issue, stakeholder, industry or business function such as ETI. These narrow instruments may be manageable but they often fail to capture the net impact of a company's overall activities or help to understand high-level trade-offs and crosscutting issues. Some instruments, such as the GRI, the UN Global Compact and AA1000S, give some generic parameters on how to deal with all major issues. While it is likely to be unmanageable to develop a single rigorous yet flexible universal CSR instrument which could replace the full range of instruments, some existing instruments offer complementary approaches to this challenge by providing a rigorous basis for assessing current performance while enabling continuous improvement and innovation.

Harmonisation of CSR-related Instruments: CSR-related instruments include broad statements of aspirational principles for corporate behaviour, guidelines for partnerships, management systems instruments, reporting indicators for communicating levels of performance directly to consumers and rating systems used by the investment community. These instruments are not truly voluntary, in the sense that organisations are subject to peer pressure to adopt them, as they become a license to operate. Such instruments are not typically bound by regulation, but are overseen by institutional structures that involve non-commercial organisations and that often include systems of penalty and reward.

Beyond Minimum Levels of Performance: CSR related instruments can support a developmental approach to CSR, encouraging innovation and continuous improvement. More recent iterations of CSR-related instruments such as AA1000S and GRI explicitly seek to promote innovation on the basis of partnerships and joint learning or through communicating and engaging with stakeholders.

Strategic Mapping of Instruments: This report takes a strategic analysis approach to the various CSR-related instruments which are grouped as to whether they are:

- aspirational principles and codes of practice;
- guidelines for management systems and certification schemes;
- rating indices typically used by socially responsible investment agencies; or
- accountability and reporting frameworks.

In seeking to understand their specific value added, CSR-related instruments can be further mapped as to the degree to which they are:

- ‘end of pipe’ instruments such as the GRI which applies to the reporting aspect of an organisation’s social performance;
- ‘twins’ in tying together business and social performance as do rating indices like FTSE4Good and the Dow Jones Sustainability Group Index (DJSGI);
- ‘enablers’ for business to enhance its internal processes for CSR-related activities;
- ‘visibility signals’ establish credibility with consumers or other user groups through certification or verification.
- establish credibility with consumers or other user groups through certification or verification.

1. INTRODUCTION

As concern about the broad impacts of business on society has increased, there has been an explosion in the development of instruments to measure, evaluate, improve and communicate corporate performance in relation to social, environmental and ethical criteria. While there is little available data to put an exact figure on the number of companies that have taken on these instruments (and indeed many instruments do not have formal 'sign up' mechanisms) it is clear that they are becoming a significant part of the business environment.

For many people, CSR-related instruments are a confusing subject. The term CSR-related instrument includes both auditable instruments as well as broad guidelines, codes of conduct, charters, investment screening mechanisms and benchmarks. With no clear direction or authoritative guidance as to what all the instruments are, how they help improve CSR performance or why and when they should be used, a map is needed to navigate their applications and use.

Some attempts have been made to survey CSR-related instruments. Existing surveys, illustrated in the box below typically compare elements of similar types of instruments. Whilst such a segmented approach is useful for those who operate within boundaries governed by one type of instrument, it is less helpful to those whose work may be impacted by several such instruments. A more wide ranging understanding of the instruments is needed to understand how they may improve CSR performance.

CSR Instruments Surveys

Comparison of Selected Corporate Social Responsibility-Related Instruments, BSR (2001) compares 7 key instruments. www.bsr.org

ILO Business and Social Initiatives Database. An exhaustive database of documents relating to CSR including instruments, searchable by sector, country and type of initiative. <http://oracle02.ilo.org:6060/vpi/vpisearch.first>

Maquila Solidarity Network Codes Resources. Compares major multi-stakeholder labour codes www.maquilasolidarity.org/resources/codes/index.htm

OECD Codes of Corporate Conduct Inventory looks at 233 voluntary codes <http://www.oecd.org/ech/act/codes.htm>

Private Initiatives and Labour Instruments: A Global Look, ILO (1998) reviews 215 Codes and instruments in relation to labour issues. <http://www.unglobalcompact.org/un/gc/unweb.nsf/content/ilostudy.htm>

The SIGMA Instruments Overview, Sigma Project (2001) gives an overview of 21 instruments. www.projectsigma.org.uk

U.S. Council for International Business Compendium of Corporate Responsibility Initiatives (2001). Outlines the 20 of the major international instruments. www.uscib.org/docs/01_10_24_cr_compendium.pdf

This publication is presented in eight sections. The first begins by pointing to the complexity associated with the diversity and scale of CSR-related instruments. This is followed by an overview of the homes of various instruments and their governance structures. How CSR-related instruments capture the triple bottom line of sustainable development is the subject of the third section and the fourth covers specific dimensions of the instruments. The next section addresses the synergy between the instruments and then the publication goes on to suggest how CSR-related instruments encourage enhanced levels of performance not just minimum criteria. The publication concludes by presenting the strategic map of CSR-related instruments.

This publication aims to provide a strategic analysis of a range of CSR-related instruments by:

- Identifying underlying principles and approaches to their development and implementation;
- Exploring key linkages and gaps on CSR dimensions between various instruments, codes, compacts and charters;
- Mapping the various instruments across the triple bottom line of sustainable development;
- Providing a simple understanding of the value added of CSR-related instrument.

This publication is not intended to be a catalogue of all CSR-related instruments. Rather it aims to develop a better understanding of how CSR-related instruments work based on their different approaches, the relationships between them and links with regulatory processes.

This table lists the instruments that are referred to in this report. These are by no means all the CSR-related instruments that exist, but they are illustrative of the various types of instruments. The table also includes abbreviations of the instruments and websites which provide further information.

TABLE 1: COVERAGE OF INSTRUMENTS

Full name of instrument	Abbreviation used	Further information
AccountAbility 1000 Series	AA1000S	www.accountability.org.uk
Amnesty International's Human Rights Guidelines for Companies	Amnesty	www.amnesty.org.uk/business/pubs/hrgc.shtml
Vigeo - corporate social responsibility rating	ASPI (Advanced Sustainable Performance Indices)	www.arse-sa.com
Dow Jones Sustainability Group Index	DJSGI	www.sustainability-index.com/
ECCR/ICCR Benchmarks for Global Corporate Responsibility	ECCR/ICCR	www.web.net/~tccr/benchmarks/
Eco-Management and Audit Scheme	EMAS	europa.eu.int/comm/environment/emas/
Ethical Trading Initiative Base Code	ETI	www.ethicaltrade.org
EU Eco-label criteria	Eco-label	europa.eu.int/comm/environment/ecolabel
Forest Stewardship Council's Principles and Criteria for Forest Management	FSC	www.fscoax.org
FTSE4Good Selection Criteria	FTSE4Good	www.ftse4good.com

Full name of instrument	Abbreviation used	Further information
Global Reporting Initiative Guidelines	GRI	www.globalreporting.org
IFOAM Basic Instruments	IFOAM	www.ifoam.org
International Organization for Standardization ISO9000 & 14000	ISO9000/14001	www.iso.ch
Organisation for Economic Co-operation and Development Guidelines for Multinational Enterprises	OECD	www.oecd.org/daf/investment/guidelines/
Social Accountability 8000	SA8000	www.cepaa.org
SIGMA Guidelines	SIGMA	www.projectsigma.com
Global Sullivan Principles	Sullivan	www.globalsullivanprinciples.org
UN Global Compact	UN GC	www.unglobalcompact.org
WHO/UNICEF International Code on Marketing of Breastmilk Substitutes	WHO / UNICEF	www.who.int/nut/documents/code_english.PDF

2. DIVERSITY AND SCALE OF CSR INSTRUMENTS

The various instruments are broadly grouped throughout this publication into four key ways of working:

- **Aspirational principles and codes of practice** – Guidelines which provide broadly agreed methods of substantive performance for companies but which lack external audit mechanisms. Some may include a self-reporting element (for example companies which sign up to the UN Global Compact, the Ethical Trading Initiative and the Global Sullivan Principles), while others are subject to external oversight either informally (as with the public monitoring of the WHO/UNICEF code by NGOs) or formally (as with the system of National Contact Points which try to resolve cases where breaches of the OECD guidelines are brought to their attention.)
- **Guidelines for management systems and certification schemes** – Audit-able guidelines for implementing, reviewing and external certification compliance to the standard. Some instruments of this type are organisation based (such as EMAS), some are site based (such as SA8000) and some are product based (Such as the FSC criteria). These instruments enable business to enhance its internal processes for CSR-related activities as well as establishing credibility with consumers or other user groups through certification or verification.
- **Rating indices typically used by socially responsible investment agencies** – Sets of criteria used by ratings indices and social investment funds to identify companies considered acceptable for 'socially responsible investment'. Individual funds have their own screens, and individual investors are able to choose the fund whose screens cover their own concerns. However, a recent development has been the independent social investment indices developed by the FTSE and Dow Jones companies.
- **Accountability and reporting frameworks.** – Process guidelines which cover reporting and accountability mechanisms (such as AA1000S and GRI). These instruments do not specify substantive levels of performance which must be met, but provide a framework for communicating and responding to stakeholder concerns in relation to social, environmental and economic performance.

In addition, CSR instruments exist within a framework of national regulation and a backdrop of international agreements, in particular the ILO conventions and the Universal Declaration of Human Rights. Although these agreements do not fall within the scope of CSR instruments covered within this publication, since they are not directly addressed at individual companies, they are nevertheless important. In some cases companies have directly drawn from them in order to develop their own internal guidelines, they have also been used as the underlying basis for many of the broader CSR instruments which the subject of this publication, such as the ETI.

The Origins of CSR Instruments

CSR instruments have a wide variety of organisational homes and governance structures. These range from existing institutions initiating new instruments (e.g. the Commission and the EU Eco-label) to new institutions and multi-sector alliances being set up to develop CSR instruments and codes of practice. Such alliances bring together individuals and organisations from across public, private and voluntary sectors to negotiate, implement, monitor and review emerging instruments

Existing instruments setting organisations often have the advantage of an established membership or a widely accepted model which means that they are more readily adopted by their constituency. They have the advantage of an established infrastructure and in many cases procedures for consultation both with their membership and with wider stakeholders, such as ISO. Broader alliances bring together individuals and organisations from across public, private and voluntary sectors to negotiate, implement, monitor and review emerging instruments, such as GRI and AA1000S. Many argue that since CSR entails reassessing how businesses operate and for what purpose, it demands new blends of legitimacy, expertise and organisational culture. Therefore new institutions have been formed (e.g. the Ethical Trading Initiative), bringing together a broad range of actors both in governance and operationalising instruments. Such alliances can stabilise areas of innovation and enable learning to take place between the wide range of different actors, perspectives and areas of expertise necessary for sustainable business practise.

It is notable that the different operational modes of instruments do not correspond to single kinds of institutions. Governments, business groupings and civil society organisations are involved in development of all different types of instruments. Their involvement can range from providing an institutional home, to a formal role in governance of the instrument, to membership and support to contributing their views to review and consultation processes.

The table below outlines the organisational homes and governance structures of CSR instruments. New organisations formed are divided into 'new instruments bodies' (i.e. new organisations which are set up specifically to oversee the instrument and which often follow many of the conventions laid down by the international instruments movement) and 'multi-sector partnerships' which are new organisations with a broader purpose than instruments development, but which have developed a CSR instrument as part of its entry conditions for participating organisations.

TABLE 2: ORGANISATIONS INVOLVED

INSTRUMENT	Organisations Involved						
	Existing organisations					New organisations formed	
	Government/ Multilateral Body	Busi- nesses/ business grouping	Technical Instruments organisa- tion	NGO/ NGO grouping	Commercial Ratings Body	New instru- ments body	Multi- sector partnership
Aspirational Principles and Codes of Practice							
<i>UN GC</i>	☰	✓✓					☰
<i>Amnesty</i>				☰			
<i>ETI</i>	✓✓	✓✓✓		✓✓✓			☰
<i>Sullivan</i>		✓✓		✓✓✓		☰	
<i>OECD</i>	☰	✓	✓	✓			
<i>WHO / UNICEF</i>	☰	✓		✓			
<i>ECCRI/ICCR</i>				☰			
Management Systems and Certification Schemes							
<i>SA8000</i>	✓✓	✓✓✓		✓✓✓		☰	
<i>ISO</i>	✓	✓	☰	✓			
<i>EMAS</i>	☰						
<i>EU Eco-label</i>	☰						
<i>FSC</i>		✓✓✓		✓✓✓		☰	
Rating Indices							
<i>DJGSI</i>		✓		✓	☰		
<i>FTSE4Good</i>		✓		✓	☰		
<i>ASPI</i>		✓		✓	☰		
Accountability and Reporting Frameworks							
<i>GRI</i>	✓✓	✓	✓	✓✓✓	✓	☰	
<i>AA1000S</i>	✓	✓✓✓	✓	✓✓✓	✓	☰	

SYMBOL	MEANING
☰	Institutional home
✓✓✓	Involved at governance level
✓✓	Involved as member or supporter
✓	Included in consultation
	No involvement

3. INSTRUMENTS AND THE TRIPLE BOTTOM LINE OF SUSTAINABLE DEVELOPMENT

The ultimate aim of CSR is to reduce social 'bads' such as poverty, human rights abuse and environmental degradation and to increase social 'goods' such as sustainable livelihoods, education and biodiversity. The success or failure of instruments and other approaches to CSR depends on the extent to which they contribute to this aim.

Most CSR-related instruments tend to address only one of the three pillars of sustainable development (social, environmental or economic). Many, such as SA8000 which concentrates on labour issues, are topic specific within a particular area. With the exception of the GRI, those that do address all aspects of the triple bottom line tend to privilege one area depending on their overarching aim to address either social or environmental issues, with other areas receiving less coverage.

The table below outlines the dimensions of coverage of CSR instruments in terms of the triple bottom line. Aspirational principles and codes of practice refer to the social aspect more than the economic and environmental. Management systems and certifications systems are more developed in the environmental area whilst rating indices and accountability and reporting frameworks refer to all three.

TABLE 3: TRIPLE BOTTOM LINE

INSTRUMENT	ASPECT		
	Economic	Social	Environmental
Aspirational Principles and Codes of Practice			
<i>UN Global Compact</i>	✓	✓	✓
<i>Amnesty International Guidelines</i>		✓✓	
<i>ETI</i>		✓✓✓	
<i>Sullivan Principles</i>		✓✓	
<i>OECD Guidelines for MNEs</i>	✓	✓	
<i>WHO / UNICEF Breastmilk</i>		✓✓	
<i>ECCR/ICCR</i>		✓	
Management Systems and Certification Schemes			
<i>SA8000</i>		✓✓	
<i>ISO9000 / ISO14001</i>			✓✓
<i>EMAS</i>			✓✓✓
<i>EU Eco-label</i>		✓	✓✓
<i>FSC</i>		✓	✓✓
Rating Indices			
<i>DJGSI</i>	✓	✓✓	✓✓
<i>FTSE4Good</i>	✓	✓✓	✓✓
<i>ASPI</i>	✓	✓✓	✓✓
Accountability and Reporting Frameworks			
<i>GRI</i>	✓✓✓	✓✓✓	✓✓✓
<i>AA1000S</i>	✓	✓✓✓	✓

SYMBOL	MEANING
✓✓✓	Inclusion, with extensive coverage
✓✓	Inclusion, with some coverage
✓	Inclusion, with minimum reference
	No inclusion

4. DIMENSIONS OF CSR IN INSTRUMENTS

As definitions of CSR become more refined and organisational practice of CSR applies to an increasing number of activities, aspects subject to standardization are growing. Many instruments focus upon a single issue, stakeholder or industry. Narrow instruments are unable to capture the net impact of a company's overall activities or help to understand high-level trade-offs and crosscutting issues. Therefore there are also a number of broader CSR instruments which combine a number of issues, such as GRI.

With regard to issues such as human rights, employee relations, labour issues, and corporate community investment, there are a number of specialised instruments which cover individual issues, other instruments combine a limited number of issues in a single instrument. Some instruments, such as the GRI, the UN Global Compact and AA1000S, give some coverage to all these issues.

The tables below outline the different dimensions of coverage that each instrument takes in terms of: issues covered, companies and sectors covered, the scope of their operations considered and the area of the 'triple bottom line' on which they concentrated.

The table below outlines the extent to which each CSR instrument covers specific economic, social and environmental issues. Overall, aspirational principles and codes of practice tend to refer to social issues such as employee relations and human rights. Management systems and certification schemes tend to relate to environmental issues such as biodiversity. Rating indices and accountability and reporting frameworks cover all three.

TABLE 4: COVERAGE OF CSR ISSUES

INSTRUMENT	ISSUE										
	Financial	Economic Development	Consumer Affairs	Human Rights	Employee Relations	Community Investment	Bribery and Corruption	Bio diversity	Air quality and noise pollution	Energy and water	Waste and raw materials
Aspirational Principles and Codes of Practice											
UN GC	✓	✓✓	✓	✓✓✓	✓✓✓	✓✓	✓	✓✓	✓	✓	✓
Amnesty		✓		✓✓✓	✓✓		✓✓				
ETI		✓		✓✓✓	✓✓		✓				
Sullivan		✓		✓✓✓	✓						
OECD	✓✓	✓		✓			✓✓				
WHO / UNICEF			✓✓	✓✓							
ECCR/ICCR			✓	✓	✓	✓					
Management Systems and Certification Schemes											
SA8000				✓✓✓	✓✓✓		✓				
ISO9000 / ISO14001											
EMAS								✓✓✓	✓✓✓	✓✓✓	✓✓✓
EU Eco-label			✓✓✓					✓✓✓	✓	✓✓✓	✓✓✓
FSC								✓✓✓			✓✓✓
Rating Indices											
DJGSI	✓			✓	✓	✓		✓			✓
FTSE4Good	✓			✓	✓	✓		✓			✓
ASPI	✓		✓	✓	✓	✓		✓			✓
Accountability and Reporting Frameworks											
GRI	✓✓	✓✓✓	✓✓✓	✓✓✓	✓✓✓	✓✓✓	✓✓✓	✓✓✓	✓✓✓	✓✓✓	✓✓✓
AA1000S		✓✓	✓✓✓	✓✓✓	✓✓✓	✓✓✓	✓✓✓	✓	✓	✓	✓

SYMBOL	MEANING
✓✓✓	Inclusion, with extensive coverage
✓✓	Inclusion, with some coverage
✓	Inclusion, with minimum reference
	No inclusion

The table below outlines the dimensions of coverage each instrument takes in terms of its geographic coverage, sector, stakeholder and business process scope. Most instruments have a global coverage, with stakeholder and sector focus being directly related to the objective of the instrument. For example, ETI focuses on staff in their supply chains.

TABLE 5: GEOGRAPHIC, SECTOR, STAKEHOLDER AND BUSINESS PROCESS SCOPE

INSTRUMENT	Companies eligible		Scope of operational coverage			
	Companies covered	Sectors covered	Stakeholder focus	Business process	Operations coverage	Main areas of take up so far
Aspirational Principles and Codes of Practice						
<i>UN Global Compact</i>	Global	All	broad	All	Global	NI
<i>Amnesty</i>	Global	All	local communities, staff	Personnel, security	Global	NI
<i>ETI</i>	Companies selling to UK markets	Manufacturing	Staff in supply chains	sourcing	Global supply chains	UK clothing and food retailers
<i>Sullivan Principles</i>	Global (includes non-profit and public bodies)	All	staff, local communities	Employment, community investment	Global	US organisations
<i>OECD Guidelines for MNEs</i>	OECD based multi-national companies	All	broad	All	Global	n/a
<i>WHO / UNICEF Breastmilk</i>	Global	Food, healthcare	customers	Marketing	Global	n/a
<i>ECCRI/ICCR</i>	Global	All	Communities (national and local), employees; customers, suppliers and contractors; governance; and the environment	All	Global	n/a
Management Systems and Certification Schemes						
<i>SA8000</i>	Global	Manufacturing	Staff	Employment	Site based	Clothing and toy manufacturers in China.
<i>ISO9000 / ISO14001</i>	Global (includes non-profit and public bodies)	All	Customers, staff and suppliers (ISO 9000)	Quality/ environmental Management	Global	UK & Australia
<i>EMAS</i>	European (includes non-profit and public bodies)	Industrial focus	n/a	Manufacturing	Global	NI
<i>EU Eco-label</i>	Companies selling to European markets	Limited range of consumer products	n/a	Product, design, manufacture and disposal	product based	NI
<i>FSC</i>	Global	Forestry and wood products	Local communities, staff and the environment	Forest management	product based	NI
Rating Indices						
<i>DJGSI</i>	Dow Jones quoted companies	All – with some exclusions	Staff, staff in supply chains, local communities	All	Global	n/a
<i>FTSE4Good</i>	FTSE quoted companies	All – with some exclusions	Staff, staff in supply chains, local communities	All	Global	n/a
<i>ASPI</i>	European quoted companies	All	Community, customers, suppliers, and shareholders	All	Global	n/a
Accountability and Reporting Frameworks						
<i>GRI</i>	Global	All	broad	Reporting	Global	n/a
<i>AA1000S</i>	Global (includes non-profit and public bodies)	All	broad	Stakeholder engagement	Global	n/a

n/a Not applicable

Current attempts to achieve instruments that cover a broad range of issues and industries have taken two complementary approaches.

One approach is to focus on process elements rather than specifying substantive levels of performance to be reached.

Examples: The ISO14000 series, AA1000 standard, and the Global Reporting Initiative Guidelines

The other is to develop a instrument separately addressing key issues by drawing on other instruments.

Example: the criteria for inclusion in the FTSE4Good Index combine substantive indicators (10% of managers are women) with process indicators (publishing accident statistics) and adherence or endorsement to other instruments including EMAS, ISO14000, ILO Core Labour Instruments and the International Code on Marketing Breastmilk Substitutes.

5. HARMONISATION OF CSR INSTRUMENTS

There are significant synergies between CSR-related Instruments as many of the actors involved in drawing up, governing and implementing instruments are involved in more than one initiative. They bring with them learning and alliances which tie together different instruments into an informal network of relationships. In some cases this goes further and instruments are linked in formal relationships or in direct competition. Examples of the ways in which CSR-related instruments support each other are listed below.

- **Providing underlying principles.** Instruments can define explicit and implicit benchmarks to which other instruments are measured.

Example: The UN Global Compact draws together the Universal declaration of Human Rights, the ILO Declaration on Fundamental Principles at Work, Agenda 21 and the Rio Declaration as background for its 9 Principles.

- **Providing operational models.** A number of CSR-related instruments have developed by applying existing operational models to new issues.

Example: SA8000's monitoring and verification system is modelled after the established ISO9000 and ISO14000 instruments for quality management and environmental management system.

- **Complimentary approaches** A number of instruments or guidelines which operate at different functional levels within companies, or which cover separate issues can be complimentary in their approach.

Example: the GRI addresses social and environmental issues through the process of reporting, while AA1000 addresses the same issues through stakeholder engagement. The GRI guidelines focus on the 'what' of reporting, laying out a standard format and set of issues and indicators that should be included in annual corporate responsibility reports. AA1000S answers the 'how' of reporting by providing principles for systems for accounting, auditing and reporting and relating this process to corporate values, objectives and targets. In this case both organisations have worked closely in drawing up and developing their instruments so that they work together.

- **Formal Links.** Some instruments with complimentary approaches have gone further in drawing up a formal framework to link instruments and enable companies to implement the programmes more efficiently by exploiting areas of synergy.

Example: the Global Compact has agreed that companies may use their GRI reporting to fulfil Global Compact participation expectations.

The EMAS standard has been reviewed so that it fits together for specific businesses as a progression from ISO14001.

- The FTSE4Good index takes into account compliance with elements of ISO 14000, EMAS, the WHO/UNICEF International Code on Marketing of Breastmilk Substitutes, ILO Core Labour Instruments, the UN Global Compact, the Global Sullivan Principles, SA8000, Ethical Trading Initiative, and Voluntary Principles on Security and Human Rights as evidence of meeting its criteria.

6. BEYOND MINIMUM LEVELS OF PERFORMANCE

Instruments by which organisations can be measured are vitally important in order to compare and contrast levels of performance. Initially, the function of instruments is to establish minimum levels of performance. But they also help organisations to manage the quality of their processes or systems designed to manage impacts and processes. Over the course of time, the use of instruments encourages, facilitates and mandates best practice.

Arguments as to the degree to which instruments encourage the lowest common denominator in performance are usually centred around compliance based systems. This is because some companies subscribe to such systems only to comply, where as those at the vanguard of performance get no greater recognition.

Example: Social Accountability 8000 (SA8000) is a voluntary standard for workplace conditions and a system for independently verifying factories' compliance. The standard SA8000 and its verification system draw from established business strategies for ensuring quality (such as those used by the International Organization for Standardization, ISO 9000) and add several elements that international human rights experts have identified as essential to social auditing. The company shall comply with national and other applicable law, other requirements to which the company subscribes, and this standard. Failure to do so shall result in the company losing its certification. However, defendants of such instruments would argue that the systems of external verification and auditing act as a mechanism for spotting and arresting lapses in performance, but also act as a platform for continuously improving performance.

CSR-related instruments also encourage enhanced levels of performance as they can:

- *set de facto rules in the absence of global regulation.*

Global Sullivan Principles. Objectives are to support economic, social and political justice by companies where they do business; to support human rights and to encourage equal opportunity at all levels of employment, including racial and gender diversity on decision making committees and boards; to train and advance disadvantaged workers for technical, supervisory and management opportunities; and to assist with greater tolerance and understanding among peoples; thereby, helping to improve the quality of life for communities, workers and children with dignity and equality. The principles are now global and were recently 'globalised' through the United Nations in 1999. Companies that become signatories to the Principles agree to provide annual information on the performance of their companies in respecting them.

- *offer detailed frameworks to interpret and apply universal instruments (e.g. human rights) to company behaviour*

Amnesty International's Human Rights Guidelines for Companies. The international human rights organisation Amnesty International has developed a set of guidelines for companies wishing to integrate human rights policies into their management systems. These are based on international protocols founded on the Universal Declaration of Human Rights. The Guidelines' scope enshrined in the UDHR covers all aspects of a companies' performance as it relates or potentially impacts on human rights. The company must implement policy in the following key areas: security, community engagement, freedom from discrimination, freedom from slavery, and health and safety.

- *reduce the 'entry costs' of CSR by providing ready-made templates and management systems thus broadening the impact of CSR beyond leadership companies*

AccountAbility 1000 Series (AA1000S). The AA1000 framework focuses on securing the quality of social and ethical accounting, auditing and reporting. It is a foundation standard, and as such can be used in two ways: as a common currency to underpin the quality of specialised accountability instruments, existing and emergent; or as a stand alone system and process for managing and communicating social and ethical accountability performance.

- *help to eliminate confusion and conflicting claims and demands*

The **Global Reporting Initiative (GRI)** is a long-term multi-stakeholders, international undertaking whose mission is to develop and disseminate globally applicable sustainability reporting guidelines for voluntary use by organisations reporting on the economic, environmental, and social dimensions of their activities, products and services. The guidelines cover the three main areas of reporting of sustainability. There are then five key reporting principles: 1) Underlying GRI principles (clear definition of the boundaries of the organisation reported on); 2) Qualitative Characteristics (relevance, reliability, timeliness); 3) Classification (Category - social, economic, environmental; aspects - information related to categories such as greenhouse emissions; Indicators - e.g. tonnes of emissions); 4) Ratio Indicators; 5) Disclosure of Reporting.

- *help to improve the strategic management of CSR by introducing robust performance indicators which can be linked to financial performance*

The **Dow Jones Sustainability Group Index (DJSI)** is operated by SAM Indexes GmbH. DJSI focus on meeting the financial market's demands for rational and investable indexes to benchmark the performance of investments in sustainability companies and funds. DJSI also provide independent indexes as a basis for derivatives and funds focused on sustainability companies.

- *introduce greater legitimacy to the process of deciding what is acceptable corporate behaviour beyond rapid reactions to high-profile media outrage stories*

The OECD Guidelines for Multinational Enterprises (the Guidelines) are recommendations addressed by governments to multinational enterprises. They provide voluntary principles and instruments for responsible business conduct consistent with applicable laws. The Guidelines aim to ensure that the operations of these enterprises are in harmony with government policies, to strengthen relations between enterprises and relevant societies, to help improve the foreign investment climate and to enhance their contribution to sustainable development. The Guidelines are part of the OECD Declaration on International Investment and Multinational Enterprises the other elements of which relate to national treatment, conflicting requirements on enterprises, and international investment incentives and disincentives. They cover the following areas: General (e.g. enterprises should take fully into account established policies in the countries in which they operate, and consider the views of other stakeholders); Disclosure; Employment and Industrial Relations; Environment; Combating Bribery; Consumer Interests; Science and Technology; Competition; and Taxation.

- *provide a basis for productive engagement between companies and other stakeholders and for inter-company learning and cooperation*

IFOAM Basic Instruments. IFOAM is a membership organisation representing private national level organic certification bodies and other members of the organic movement. It was set up in 1972 and began to develop its first set of basic instruments in 1978. The "IFOAM Basic Instruments of Organic Agriculture and Food Processing" provide international guidance and coherence on all aspects of organic food production, processing, labelling and marketing. In 1992 the IFOAM Accreditation Programme was set up to ensure equivalency of certification programmes worldwide

- *be more open to experimentation, innovation, learning and continuous improvement than mandatory regulation*

SIGMA Guidelines. SIGMA stands for: Sustainability, Integrated Guidelines for Management. In mathematics, the sigma symbol - Σ - represents the sum of several parts, which is appropriate for a project that's all about integration. The SIGMA Project is a partnership between the British Instruments Institution, Accountability and Forum for the Future. SIGMA aims to increase the social, economic and environmental performance of organisations - irrespective of size or sector - to develop an integrated approach to managing sustainability. It has developed a set of guidelines based upon a set of principles and management framework that brings together the following instruments: Balanced Scorecard; AA1000S; the Global Reporting Initiatives; and the Natural Step.

7. STRATEGIC MAPPING OF INSTRUMENTS

In seeking to understand the relationship between CSR-related instruments and their applicability to various aspects of business performance, instruments can be catalogued as to the degree to which they:

- are 'end of pipe' instruments;
- achieve a 'twin' in tying together business and social performance;
- enable business to enhance its internal processes for CSR-related activities;
- establish credibility with consumers or other user groups through certification or verification.

An end of pipe solution is the Global Reporting Initiative which applies to the reporting aspect of an organisation's social performance. 'The pipe' in this case refers to the process of identifying areas of corporate responsibility and then accounting for social performance. Reporting on social performance, whilst critically important is both a static and finite element.

Twins refers to a win-win situation where a company upgrades its social performance and gains a business benefit or profile. Socially Responsible Investment indices like FTSE4Good and the Dow Jones Sustainability Group Index are examples of potential motivating factors for companies to embrace CSR. The desire to achieve a good rating and be recognised for good social performance can encourage companies to improve their performance to come into line with the guidelines.

A further way of using instruments is to recognise which ones are enablers of organisational learning. A few of the CSR-related instruments seek to provide systematic and underpinning principles for establishing systems for organizational accountability. AA1000S for example, has stakeholder engagement as its fundamental premise, which it argues is the fundamental platform for demonstrating all facets of corporate responsibility, including environmental stewardship. Rather than establish prescriptive rules, this standard empowers people in organisations to understand why business should be accountable and how to maintain momentum once the organisation has started a corporate responsibility initiative.

Many organisations aspire to use logos, prizes and awards as a visible signal to the marketplace as to their performance. Several instruments, such as SA8000 and ISO14001 are complemented by external certification procedures that result in a kitemark of approval awarded by the certification body. Although such instruments are often criticised because they seem rather bureaucratic in practice, and the regular audits to assess compliance are rather tedious, the brand value that is attached to such a recognition is generally held to be considerable and desirable. The certification logo acts as a proxy indicator as to performance.

The table below outlines the different types of CSR instruments and how they are implemented. One key difference highlighted in this table is between those instruments that are specific and detailed enough to be auditable and those which are simpler statements of principle. Most of the auditable instruments adopt a compliance based approach to certification and apply to any company in any sector. Two of the instruments take a 'best practice' approach in which certification is only awarded to a limited number of applicants in each sector who are at the top of the field.

TABLE 6: TYPES OF INSTRUMENT AND IMPLEMENTATION TOOLS

INSTRUMENT	Type of Instrument			Implementation Tools				
	Substantive guidelines	Process guidelines	Auditable?	Formal Sign up	External audit/ verification standard	Professional auditor accreditation	Campaigning and External benchmarking	Monitored via national governments
Aspirational Principles and Codes of Practice								
<i>UN GC</i>	✓			✓				
<i>Amnesty</i>	✓	✓						
<i>ETI</i>	✓		✓	✓				
<i>Sullivan</i>	✓			✓				
<i>OECD</i>	✓		✓					✓
<i>WHO / UNICEF</i>	✓		✓				✓	✓
<i>ECCRI/ICCR</i>	✓	✓	✓				✓	
Management Systems and Certification Schemes								
<i>SA8000</i>	✓	✓	✓	✓	✓	✓		
<i>ISO</i>		✓	✓	✓	✓	✓		
<i>EMAS</i>	✓	✓	✓	✓	✓	✓		
<i>EU Eco-label</i>	✓	✓	✓*	✓	✓	✓		
<i>FSC</i>	✓	✓	✓	✓	✓	✓		
Rating Indices								
<i>DJGSI</i>	✓	✓	✓*		✓		✓	
<i>FTSE4Good</i>	✓	✓	✓		✓		✓	
<i>ASPI</i>	✓	✓	✓		✓		✓	
Accountability and Reporting Frameworks								
<i>GRI</i>		✓	✓	✓	✓	✓		
<i>AA1000S</i>		✓	✓	✓	✓	✓		

In this table the * symbol is used to indicate a instrument which is not awarded on a pass/fail basis, but to a limited number of top performers according to its criteria.

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