



Enhancing Transparency and Credibility of
CSR Practices through Establishment of
CSR Performance Assessment and Monitoring
Systems in New EU Member States

CSR Self-Assessment Handbook for Companies

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2010

ACKNOWLEDGEMENT

The main part of the present handbook, the self-assessment questionnaire was developed by ACONA Ltd experts Mr. Peter de Graaf and Dr. Christian Toennesen (UK). The team of national experts including Ms. Elitsa Barakova (Bulgaria), Ms. Reka Matolay (Hungary), Ms. Audronė Alijošiutė (Lithuania), Mr. Jacek Dymowski (Poland) and Mr. Michal Kissa (Slovakia) conducted a pilot testing of a self-assessment tool during August 2010 and have contributed substantially to the development of the practical tips for users (user guide) for this publication.

The handbook development was coordinated by Ms. Audronė Alijošiutė.

The project team also wishes to acknowledge in particular the contribution of the companies that have participated in the testing exercise of the questionnaire and have provided examples of good practices.

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Glossary of acronyms

CEE	Central and Eastern European
CSR	Corporate Social Responsibility
EU	European Union
FSC	Forest Stewardship Council
GHG	Green House Gas
NGO	Non-governmental organisation
SAM	Sustainability Assessment Matrix
SD	Sustainable development
SME	Small and Medium-sized Enterprise
UNDP	United Nations Development Programme
KPI	Key Performance Indicator
HR	Human Recourses
PR	Public Relations
H&S	Health and Safety

INTRODUCTION

1.

According to the EU, the promotion of CSR reflects the need to defend common values and increase the sense of solidarity and cohesion in Europe. This handbook aims to help realise that vision in practical ways.

The European Commission defines Corporate Social Responsibility (CSR) as a concept whereby companies integrate social and environmental concerns in their business operations and in their interactions with stakeholders on a voluntary basis (Brussels, 22.3.2006 COM (2006) 136 final). CSR is an important tool for the private sector to actively contribute to sustainable development, which is a long-term goal of the EU.

The handbook is developed as a result of the project “Enhancing Transparency and Credibility of CSR Practices through Establishment of CSR Performance Assessment and Monitoring Systems in New EU Member States”, that aims to enhance the transparency and credibility of CSR practices and lay a basis for country level CSR measurement and monitoring systems in selected EU member states: Bulgaria, Hungary, Lithuania, Poland and Slovak Republic.

The overall aim of this handbook is to be of assistance to companies, as they plan to review their CSR policy and reporting. It might also be used by civil society and other stakeholder groups looking for background to benchmark a company’s performance or auditors and other advisers of companies on CSR issues.

This handbook contains the self-assessment CSR performance tool for companies that aim at measuring the performance of individual companies, small and large. It may be a mechanism for companies to measure and compare their own performance over time and against peers. Companies should tailor their approach to verification to suit the corporate culture, the context and objectives and content of their CSR strategy and commitments.

Reflections of tested companies on self assessment tool

“What I have learned is that there is an abundance of policies in the company. Now reading them for the self-assessment makes me think that there is a need to streamline our policies and map the potential white spots. I am going to draw the attention of the relevant colleagues to this”, reveals a large company representative from Hungary.

“We already had some vague idea on how to connect CSR responsibilities to job descriptions and performance appraisals. Now – filling in the self-assessment tool – we have finally decided to initiate to make this connection real and evident in the case of the board members. For six managers their annual bonus is going to be dependent on their CSR performance, among others”, concluded a representative from another large company in Hungary.

“If you are a small company and even do not precisely know the term “CSR”, you may take this tool and realize how much you are doing already to make the world a better place and how many steps you can take in more wise way during future operation”, said a representative of a small company in Lithuania.

BEFORE YOU START TO USE THE SELF ASSESSMENT TOOL: QUICK TIPS

2.

Read the questions carefully. Prior to filling out the questionnaire, make sure to read carefully the whole question and the description of the questions.

Rely on your colleagues. Much of the information that you need will come from different parts of the company. The person responsible for the questionnaire should meet with the representatives of other departments to clarify the information needed. We recommend not to do the self-assessment on your own, or rely exclusively on your own knowledge or corporate documentation. HR, communication, controlling and audit departments or management colleagues should be involved. This tool aims to connect different CSR-related activities and personnel within the company.

Collect knowledge about CSR. If this is the first time you meet the topic of CSR, and still you are the one who needs to deal with this CSR self-assessment tool in the company, then either consult a colleague or educate yourself on CSR through extra reading or courses. This self assessment tool is not meant to be alternative to CSR education.

Be honest. Since this is a self-assessment tool, the evaluator should avoid aiming to give the highest score for the company's performance if it does not fulfill the criteria or if there is no written evidence for it. Companies should not focus on the best possible results but rather evaluate its situation truthfully – otherwise the tool would not be of any use and would not be suitable for comparison. If it is done dishonestly, you will not get the maximum benefits from the tool. If you do it thoroughly, you can have a realistic picture, what is a good take-off point for further CSR activities.

Interpret the questions to yourself. To follow the questions literally may not help if the procedures, policies, committees, etc. have a different name at your company. Keep in mind the logic of your organization when you think about the answers. However, this should not result in a reinterpretation that contradicts the intentions of the questions!

Do not be afraid of having low(er) scores! You probably will have at least one category where you perform (relatively) well. You can be proud of that and then try to catch up in other categories. Do not get worried by the length of the tool. It is not that long and the explanations are helpful, right to the point and accompanied by short texts.

Take your time. Depending on your personal experience and the level of CSR in your company it might take 1 or 2 whole workdays to collect all necessary information. In one case, a company used this tool to conduct a thorough company analysis and took two weeks to collect all the information.

Beware self-assessment. Evaluating ourselves – the company we work for – has always inherent risks to any self-assessment tool. These risks are basically related to honesty. Being the evaluator and the evaluated subject at the very same time it is difficult to avoid some attractive but, all in all, harmful tendencies. Self-assessment tools vary in their abilities to prevent honesty problems and provide a setting where all participating companies approach

self-assessment in a similar way. This tool aims at depicting a rather complex issue (CSR) in a fairly simple way (25 questions with mostly yes-partly-no options). The latter may tempt user to see the CSR Self-assessment tool as *a quick ticking exercise*. Thus, it may seem that the user should provide answers rapidly without studying the questions in the tool and the performance of the company in details.

Another harmful tendency is *to provide good – better than the real – results* in order to please the boss, shareholder etc. or have a fancy comparison with competitors.

Even if one can resist these temptations, user may have *solid blind folders*. This means, that a view on the company is more advantageous than what the performance of the company in reality is. Loyalty to the company and ignorance of the real processes are only two of the potential sources for blind folders.

The temptation to avoid meaningful self-assessment is bigger *when there is no time, energy, will* etc. to explore the real status of CSR in the company and/ or *openness to face* whatever the result of the self-assessment will be.

User should be aware of these characteristics in the company and do not let to be trapped by them. Actually, the evaluator has also a great role in overcoming the limitations of the tool stemming from its self-assessing nature.

Benchmarking. When finishing the self-assessment, the final amount of points is calculated for each company. This single outcome easily invites the comparison of companies (e.g. of similar size, industry, etc.). Comparisons of companies and performances of the given company at different times are objectives of the CSR self-assessment tool. However, it cannot be applied for benchmarking that easily, since the deepness of self-inspection and the honesty of responding companies may vary. Companies may look at the final CSR results of others, but do not engage in a race for higher number of points with no or little development in their performance! The more points the better! That is a valid interpretation of the tool. The ultimate goal of the tool is to help companies to learn about their CSR and lay the foundations for further developments.

THE SELF ASSESSMENT TOOL: QUESTIONNAIRE AND GUIDELINES FOR USES

3.

The main component of the tool is a tailored questionnaire, consisting of 25 questions. The questions are grouped under five overall categories: Governance, Environment, Labour Relations, Community Relations, and Business Environment.

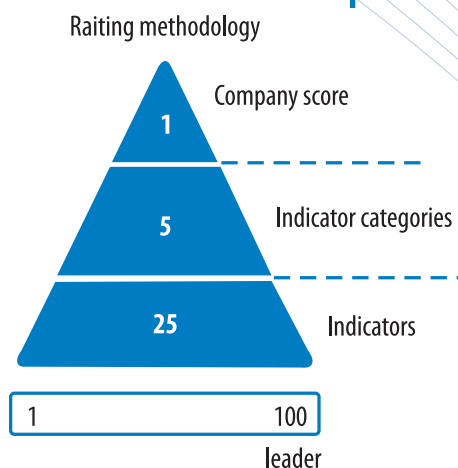
Each indicator is formulated in a form of a question. It has the definition, scoring supplemented with additional explanations on: criteria, documentation, methodology, relevance and practical tips for the users (user guide).

The structure of the self assessment toolkit is as follows:


1. The indicator question and scoring.
2. Definition of the indicator.
3. Relevance – practical value and importance of indicator.
4. Criteria – based on what scoring decision should be made.
5. Documentation – where the information could be found.
6. Methodology or suggested steps for improvement of CSR performance on certain indicator.
7. Practical tips – user guide, elaborated based on tool testing experience.

The total available score is 100 points.

All categories are equally important for sustainability, therefore it is suggested to use this type of distribution of the points:



Governance	SUBTOTAL	/20
Environment	SUBTOTAL	/20
Labour Relations	SUBTOTAL	/20
Community Relations	SUBTOTAL	/20
Business Environment	SUBTOTAL	/20
	TOTAL	/100



Each category of the toolkit includes a number of **good practice** disclosures that provides examples on a good CSR performance. Good practice examples refer to the cases of specific CSR related activities on categories, presented in the handbook, and were identified by the companies that tested the self-assessment toolkit. Most of the selected good practice examples are provided by companies who have rather well developed CSR performance and there some examples fit to more than one category. Notably, that the good practice presented in one category should not be viewed as an overall perfect CSR performance disclosure.

Both, large and small companies can use this handbook. It is hoped that reader first of all gets acquainted with the tool and then starts collecting the documentation and allocating the scores.

At the end of this handbook frequently asked questions are presented.

The appendix contains a spreadsheet where the scoring is being summarised and user can start elaborating the future steps for CSR performance improvement, based on the [suggested steps for improvement of CSR performance on certain indicator](#).

1. GOVERNANCE

Indicator 1. Does the company identify its main economic, social and environmental impacts?

Definition

'Economic impact' (Profit) means money, wealth e.g. taxes paid and the value added to society throughout the supply chain.

'Social impact' (People) means organisations, communities, staff e.g. how the local community benefits from the company's presence or how the services/products make a positive difference.

'Environmental impact' (Planet) means nature, e.g. water usage and waste production.

Relevance

The first step to developing an effective CSR programme is making sure the company has defined its social, environmental and economic impact factors. From there, the company can develop a CSR strategy.

SMEs should undertake this process as well; it should help make the CSR process more efficient.



Criteria

Companies should map their impacts, positive and negative, on the basis of the:

- ◆ Nature of business
- ◆ Product/service life cycle
- ◆ Supply chain
- ◆ Stakeholders
- ◆ Environment

Companies will get full points for fulfilling this indicator completely, 2 points for partial fulfillment and no points if they fail to map any of the 3 elements (Profit, People and Planet).

» Key «

Total score available: 4 pts

Yes 4 pts

Yes, but only partially 2 pts

No 0 pts

Documentation

Written document with impact indicators and impact management tool, Company's financial information, annual reports contracts, stated obligations utility bills, etc.

For SMEs, this documentation does not need to be as thorough.



Practical tips

This indicator may provide a starting point for revision of existing or development of a new reasoned CSR strategy. It also may be used for developing CSR report and assist in creation of a good framework for CSR activities.

Depending on the sector, impacts may be differently distributed (e.g. sometimes majority of that would be stressed on environment; in other case environment impact will be marginal). However, it should be aimed at the analyzing all three factors mentioned in the definition of the indicator.

For the evaluation of impacts companies might use instruments and methodologies developed for measuring corporate sustainability performance (i.e. good practice G1). It can be also particular country related instrument. For instance in Slovakia companies are using on line instrument www.darca.sk.

This indicator asks about availability of impacts, while following indicators (no. 6, 11, 16) intend to analyse further use of impacts identified for the elaboration of the action programs.

The standards ISO14001, SA8000 analyse impacts (both direct and indirect) therefore the companies that have introduced the standards, may use them as a background material.

Indirect impacts in some sectors (e.g. financial sector) might have significant effect to society. Direct environmental impact of the offices in such sector usually is rather small (paper, energy & fuel usage), but indirect ones, resulting from their credit policy are more than crucial in case of an industry. A bank may strongly influence the technology they use or not due to taking into account ecological risks; the same with social risks – some banks are very demanding in regards to dialog with local community, technological aspects, etc. and stimulate industry behaviours.

IMPORTANT! Both direct and indirect impacts have to be taken into account.

See good practices on this indicator at Dreher Breweries, Hungary (G1, G3) and Barlinek SA, Poland (G4) also Waterworks of Budapest (E6).

Methodology

- 1. Review the company's financial records to assess strengths and weaknesses.*
- 2. Review the company's contracts and obligations and assess whether they are being upheld.*
- 3. Review the company's energy use, water use, and waste disposal practices to determine in what ways it is impacting the environment.*
- 4. Determine the scale of each impact.*
- 5. Based on this analysis, rank the impacts according to the scale of the impact.*

Indicator 2. Does the company have a CSR strategy that defines its commitments to CSR?

Definition

A company is considered to have a CSR strategy if it is written down and the content includes:

Structure:

- Policies
- Goals
- Responsibilities/ Key Performance Indicators (KPIs)

Content

- Environmental policy
- Labour policy
- Community relations policy
- Business environment policy

Relevance

In order for a company to practice CSR, it needs to have discussed what CSR means for the organisation. This process can best happen through development of a CSR policy, which encourages the company to think about how it will approach CSR and if a company is accounting for CSR at a senior level – it is important for CSR to be taken seriously at the senior level in order for implementation to occur throughout the company and bring tangible results.

This indicator is doable for SMEs as well and is a good start to an SME CSR programme.



Criteria

To obtain 4 points, the policies should cover all aspects of the CSR strategy. 2 points will be given to those companies covering some but not all of the content. No points if there is no strategy in place at all.

Documentation

Written strategy covering the above areas with the necessary content (as defined in the definition), management meeting agendas, notes on discussions that led to the formation of the CSR policy, written evidence of periodic reviews of the policy.

The strategy can consist of one or several separate documents and it can be published externally or simply be internal.

Practical tips

The practice indicates that if CSR is not embedded into business strategies, CSR activities often result in fragmented and uncoordinated philanthropic activities, disconnected from company's strategy.

» Key «

Total score available:	4 pts
Yes	4 pts
Yes, but only partially	2 pts
No	0 pts

The strategy should not be a long document, but needs to include the main fields of operation and interests of the company and express commitments, describe desired objectives and provide basis for the measurement of outcomes.

Goals and KPIs have to be developed at the same level in each of the categories.

Though the indicator is about having written document in place it is important to note that strategy has to be comprehensive and understandable, relevant and easy to follow the progress.

IMPORTANT! The CSR strategy should not be seen as just a document – it has to be live document that serves as a basis for planning and executing CSR practices.

Methodology

- 1. Align with the business strategy and company culture.*
- 2. Distribute for consultations throughout the organisation.*
- 3. Receive approval by senior management.*
- 4. Assess and revise at regular intervals.*

Indicator 3. Does the company have a designated senior personnel with a clear responsibility for CSR?

Definition

'Senior' means someone who has the authority to take a timely decision and action on CSR without having to consult more than one other source for permission. This will typically be a director.

'Clear responsibility' means that CSR must be part of his/her job function, although this does not have to be full time.

Relevance

Just as people are far more likely to implement CSR if they have clear job functions (see below), they are far more likely to act on their CSR objectives if they have a person in authority to consult and provide guidance on CSR practice.

Conversely, if people in position of authority have oversight of CSR activities, they have a broad understanding and knowledge of the business and can know best how to enact CSR from a practical perspective.

This indicator is important in establishing that someone with a position of authority has clear obligations to implement CSR.

Criteria

At least one person at director level must implement and oversee the company's CSR objectives. It is good if a number of people have CSR components to their jobs, but there should be one person with overall responsibility. This person needs not have CSR as a sole job function for the company to receive points under this indicator, but a dedicated senior-level staff member with full CSR responsibility will receive the highest points.

Documentation

Organisation charts with CSR roles drawn in, CSR roles written into job descriptions.

Practical tips

In most cases companies of the project scope, with advanced CSR practice have indicated that there is a designated person in the company who is formally responsible for CSR (full or part time) and officially titled (e.g. "Head of CSR", "CSR coordinator", etc), however, it is mainly located close to PR or communication function. That might create potential risk that CSR would be focused on communication and brand actions only. However, it is evolving process and companies should keep aiming at CSR coordinators are more and more independent from communication. The CSR responsibility is an umbrella type function and it should be close to the corporate level management. Assigning CSR issues to the Management Board safeguards that CSR issues will be managed at a strategic level.

» Key «

Total available score: 4 pts

Senior staff member with full-time responsibility for CSR 4 pts

Senior staff member with part-time responsibility for CSR 2 pts

No senior staff member with any responsibility for CSR 0 pts

The criteria of this indicator might be understood more broadly. For instance, if there is no single senior personnel with clear CSR responsibility, but CSR responsibility is included in the job description/task of all board members one can consider that the clear responsibility for and decision-making capability on CSR does exist. Notably, assigning CSR responsibilities to some top managers ensures that the CSR initiative will receive attention at the management level. The role of the board and its participation is emphasised herewith. For example, a sitting board member could be tasked with the broad responsibility for overseeing CSR activities; or a new board member with specific CSR expertise could be appointed; or CSR responsibilities could then be added to the work of existing board committees; or the entire board could be involved in CSR decisions.

IMPORTANT! CSR responsibilities have to be enforced at senior management level if the company is aiming to integrate CSR into long-term business planning process.

Good practice example at Dreher Breweries, Hungary (G2) illustrates successful designation of CSR responsibilities.

Methodology

- 1. Determine staff CSR responsibilities – these need not be full-time positions.*
- 2. Ensure a senior level employee implements and oversees the company's CSR programme.*
- 3. Ensure company-wide engagement of employees.*
- 4. Work with local communities, governments and workers to ensure that the CSR job functions encompass all material, social and environmental impacts of the company.*

Indicator 4. Does the company link corporate responsibility issues to people's performance reviews/appraisals across the company?

Definition

Where relevant, this means that social and environmental issues are actively considered as part of the appraisal process across the company. For example, if employees fail to deliver on CSR issues, their performance reviews should reflect negatively on that.

Relevance

People are far more likely to enact CSR goals if the goals are built into their job descriptions and if they are therefore evaluated on those descriptions and job functions.

This indicator is also relevant for SMEs because CSR job functions can be undertaken by SMEs although the tasks and functions might differ from those at larger enterprises.



Criteria

The company must uphold business incentives for workers to ensure that good CSR performance is considered important.

Senior managers must offer support for their staff in determining ways to practice CSR when they have difficulty reconciling business incentives and CSR incentives. So, aligning CSR incentives strongly with business incentives will get companies the highest score under this indicator.

Documentation

Key Performance indicators (KPIs), statistics reflecting performance on the CSR indicators, employee reviews reflecting evaluations on CSR KPIs, documentation on problems that arise for workers trying to reconcile business and ethical incentives.

Practical tips

Documented information reflecting performance on the CSR indicators and linked to people's performance is highly important for execution of CSR in a company. Lack of such solutions in companies reflects relatively shallow implementation of CSR philosophy and quite poor management on CSR.

The large number of KPI's will not improve CSR performance but selected right ones, related to organisations mission and goals might provide a basis for the change in the organisation and move it into a new direction.

It is worth to start with some CSR related KPIs exclusively for CSR related personnel (environmental manager, HR manager, communication manager) and later on to expand to all employees.

For example, underlying a commitment to address climate change by managing its energy consumption and reducing its GHG release, the company might set a goal to reduce its CO2 emissions by xx per cent by year nn. Quarterly targets set to be monitored and evaluated to track progress. A

» Key «

Total score available:	4 pts
Yes	4 pts
Yes, but only partially	2 pts
No	0 pts

key performance indicator is its electricity consumption; the measurement method – recording the kilowatts of electricity used each month. A regular review of the commitments, objectives, indicators and measurement methods may lead a company to modify its CSR objectives. For instance the company may finally conclude that in order to achieve the CO2 emissions target though reduction in energy consumption, all employees need to be aware of the goal and be given an opportunity to become involved. Thus, an additional target of staff awareness of the company's commitment to address climate change must be added.

IMPORTANT! Performance reviews and appraisals cannot be only a performance management tool. It also can give everyone in the organisation a clear picture of what is important, of what they need to make happen.

Methodology

- 1. Ensure that CSR performance indicators are included in employees' KPIs and that they are made aware of this.*
- 2. Ensure that employees are evaluated on CSR indicators in their job reviews.*
- 3. Ensure that CSR performance indicators are weighted heavily enough in the review to be taken seriously by both managers and employees.*

Indicator 5. Does the company define key CSR priorities and communicate them throughout the organisation?

Definition

This indicator is concerned with ensuring that everyone, not just the senior staff, has clear CSR responsibilities and understands the 'bigger picture'. 'Key CSR priorities' means those responsibilities that make CSR a strategic element of the company's business. 'Communication' means effectively disseminating an understanding of CSR responsibilities and functions.

Relevance

Again, unless people understand that CSR is a part of their job responsibilities and how to fulfill these responsibilities, it is unlikely that they will be able to fulfil their CSR role within the company.

Making people understand the broader picture will also embed CSR beyond senior management levels and enable them to converse confidently outside their work.

Criteria

Key CSR priorities and their business context must be clearly stated in a written document, be it a CSR policy/strategy or some other relevant document.

The company must make an effort to convey the CSR expectations to both staff with direct CSR responsibilities and those without specific CSR responsibilities (it could well be, for instance, that someone without a direct CSR role has a job function that enables someone with a CSR role to carry out his/her CSR job function).

Therefore, communication by a CSR body within the organisation when CSR decisions are taken and at the point of hire will receive the highest score under this indicator.

Documentation

Job descriptions, sign in sheets for company or departmental meetings to communicate the CSR strategy, sign in sheets for CSR trainings, CSR information materials.

Practical tips

Internal communication on CSR usually exists in all companies that are concerned about this issue, however the scope might be different (e.g. strong stress on environment only) and frequency too, depending on company specifics.

Small and medium size companies should look for appropriate communication tools for their environment and informal communication

» Key «

Total available score: 4 pts

There is a mechanism in place to communicate CSR priorities and news regularly, as well as during introductions for new hires **4 pts**

The company communicates CSR priorities and expectations to all employees on an annual basis **2 pts**

There is no communication of CSR priorities to employees **0 pts**

won't be sufficient in effective dissemination an understanding of CSR responsibilities and functions.

Employees should fully accept and be enthusiastic about implementing a company's CSR initiatives. This will happen when they believe that senior management is serious about CSR and acts in a manner that reflects the spirit of the commitments.

Internal communication means such as intranet, internal magazines, and Annual report on CSR might be used.

IMPORTANT! If not properly engaged, employees can be a source of problems for all concerned and on the contrary properly informed and engaged people can add value for the company.

A good example of internal communication practise and involvement can be "Ecometer" introduced by TEO Lt, AB large telecommunication company in Lithuania. TEO Lt, AB aiming to decrease resource consumption have developed an attractive resource saving program by providing information about the level of consumption, its change and impact to the nature. "Ecometer" allows updating information on environmental impacts on the monthly basis, to compare data, to present the information on the Intranet in a simple and clear format and to encourage employees' participation. All departments are involved in a data collection process, all suppliers are informed about this activity and provide relevant information to TEO Lt, AB.

Good practice examples are presented also by Denso Manufacturing, Hungary (E7) and Budimex SA Poland (L12).

Methodology

- 1. Ensure that key CSR responsibilities are defined in the CSR policy/strategy.*
- 2. Ensure that the CSR policy/strategy is communicated regularly to staff; this can be through postings in the workplace, through talks and training sessions, or through CSR committees, among other means.*
- 3. Ensure that employees receive communication about their CSR responsibilities relevant to their job functions.*

GOVERNANCE: GOOD PRACTICE EXAMPLES

SUSTAINABILITY ASSESSMENT MATRIX (SAM)

G1

Aims and goals

Performance measurement aiming at continuous improvements and as a framework to integrate sustainable development into the business plan CSR strategy development.

Dreher Breweries, Hungarian subsidiary of SABMiller group, large company, operating in the food and beverages sector has continuously adapted the parent company's global standards, Sustainable Development (SD) principles and CSR governance, management systems

and tools, and created its own local practices, programs.

Dreher does not only measure direct impacts but also indirect ones, and its philosophy is based on input-output-outcome-impact levels, which forces the company to respond to real problems and challenges.

The corporate SD Framework is used with a comprehensive value chain orientation in order to prioritize, measure, continuously improve, and benchmark CSR/SD activities within the SABMiller group. 10 categories/priorities have been developed accordingly to which all subsidiaries are measured. Besides providing internal benchmarking in SABMiller group, target points for further improvement are also based on SAM. At Dreher Ltd. officials of the related areas are collecting and providing data for the SAM, thus it is a responsibility of several members of the organization. The makes possible to focus on the main impacts priorities.

At the same time the company has to deal with all SD issues and is not allowed only to deal with favourite ones.

Benefits for organisation

New fields and programmes of SD and CSR evolve. Structures SD and CSR priorities.

CSR AND SD RESPONSIBILITIES

G2

Aims and goals

Integration of CSR and SD into all levels and segments of the organization.

Dreher Breweries, Hungarian subsidiary of SABMiller group aims:

- ◆ to provide a clear structure of CSR/SD responsibilities that is embedded in all functional areas of the organization and captures all/ the most possible organizational levels;
- ◆ to highlight that CSR and SD shall be included and embedded to every segment of the organization, or to put it in the other way: everybody is responsible.

Company has the following CSR/SD responsibilities:

1. On the top level, Managing Director of Dreher Ltd. is responsible for SD and CSR as SAM results are integrated into the business plan.
2. On the level of board of directors there is again one director with full and comprehensive responsibility for SD/CSR at Dreher Zrt. He does not work on these issues exclusively, but – again – his responsibilities are clearly defined. Responsibility for CSR is assigned to all other board members too. They focus on the CSR aspect of their field.
3. On the level of senior management there is a similar structure: one person is dedicated to SD/CSR in the whole organisation; others are dealing with CSR in the given functional field.
4. From 2010 there is a new element in the structure: Sustainable Development Manager. It is a full time person with the major tasks regarding strategy, reporting and measurement. This position also aims at coordinating CSR/SD responsibilities and activities in the company both horizontally and vertically.

In order to sustain results issues CSR and SD issues are involved in all kinds of trainings.

Benefits for organisation

CSR is becoming an integral part of procedures, activities, strategy.

G3

MEASURING AND EVALUATING INDIRECT IMPACTS

Aims and goals

To measure direct and indirect economic, regional and social impacts.

On behalf of Dreher Breweries/SABMiller the study on economic, regional and social impacts of the local breweries of SABMiller – both direct and indirect – in 9 EU 2009 countries and Russia was prepared by Ernst & Young and Regioplan Policy research. The study classified following impacts:

1. In the supply chain (suppliers, service providers, retailers, catering industry). Examples of the impacts:

- ◆ Besides their own employees, Dreher Ltd., has an impact on another 4 400 jobs within suppliers, and 7 600 in catering plus 600 in the retail sector.
84% of the turnover originated from suppliers (3/4 of it from local suppliers), 16% was the added value of Dreher Ltd.
- ◆ On state incomes (taxes (VAT, environmental, etc.), social security contributions), that amounted to EUR 183 million in 2009.
- ◆ Regional impacts: Since malt is produced in Western-Hungary by approx 1 000 persons, there is a regional impact of the Budapest-based brewery.

There is a clear picture about the real weight of the company in the economy and society

Benefits for organisation

A basis for further stakeholder engagement has been established.

The analysis was prepared by an independent 3rd party and that makes it more credible.

COMPLEX STRATEGIC APPROACH TO ENVIRONMENT

G4

Aims and goals

To minimize impact on environment
To attract customers who cares on ecology.

Barlinek SA is one of the biggest producers of natural wood floors in the world with subsidiaries (factories) located in and outside of Poland (Ukraine, Russia, Romania).

Barlinek' business is strongly related with the forest and the valuable raw material which is timber. The conviction of responsible management of this valuable resource can be found at every stage of production: timber, both domestic and exotic, used to come only from well managed forests (FSC). In the production process nothing is wasted ("Zero waste production"). Also, in promoting its products, the accent falls on the forest and the trees. For each package of the floor they sold, they promise to plant a tree (cause related marketing called "Principle 1 for 1"). Today, when many companies plant trees, "Principle 1 for 1" does not seem to be nothing exceptional, but it must be borne in mind that these actions Barlinek has realized for many years, and the resulting forest has nearly 6.3 million trees (creating about 50 thousand litters of oxygen daily and absorbing 75 thousand tonnes of CO₂ annually).

Impact and results:

- ◆ Real minimization of companies own negative impact on environment ("zero waste", renewable energy, etc)
- ◆ Forestation (600 ha, with 6.3 million trees)(new because FSC means that all trees cut for the companies purpose are replaced; this 6.3 million trees is "above" this number, which means that the number of trees is increasing in effect of company's activities) (creating about 50 thousand litters of oxygen daily)
- ◆ Falcons population increase
- ◆ Decrease of additional CO₂ emission in other parties due to pellet promotion (i.e. burning pellet instead of coal).
- ◆ A comprehensive approach to the environment not only helps to improve image of the company. Environmental aspects are key elements of a competitive advantage. The company also receives additional income from the sale of new products (bark, pellet). Revenues from the sale of pellets formed in 2009, approximately 12% of the total income of the company. Due to special care for environment company has been allowed to enter the western markets, including Scandinavian markets (33% of sales in 2009), which are very demanding in terms of ecology and achieve success there. Today the company exports up to 69% of its production and is the 5th largest producer in this category in the world. It would not be possible without the ecological approach, which was a condition of the entry to these markets.

Benefits for organisation

Competitive advantage obtained.

Additional income from the sale of new products.

2. ENVIRONMENT

Indicator 6. Does the company have action plans and programmes to lower its environmental impacts?

Definition

Action plan means:

Structure

- Goals/targets for improvement
- Actions necessary to meet targets
- Responsibilities for each action
- Priorities of actions
- Time lines
- Monitoring and evaluation
- Communication of progress

Content

- Carbon reduction
- Resource usage: energy, water, paper, etc.
- Recycling practices

Relevance

A company could have a number of environmental impacts and concerns. In order to begin addressing them, the company needs to prioritise and develop a strategy on how to tackle these issues. This element was accounted for in indicator 1 of the Governance section.

What follows from determining the issues is how to fix them. That's where an action plan comes in. It is important that it doesn't just tell people what to fix, but also it lays out specific goals and actions that need to be taken regarding how to prevent problems and to fix them.

SMEs also have an environmental impact. While they might not have the same level of resources to address environmental concerns, often good planning and strategy can offset any financial constraints they face.



Criteria

The environmental action plan must contain actions that the company will take to fix problems. Stating problems is not enough.

The plan should provide deadlines by which it intends to accomplish its stated actions, making it possible to assess if the company is achieving its goals.

The plan must create provisions for evaluating progress. A plan without an evaluation mechanism is not useful.

Finally, the company must act on the findings of its evaluation. Findings without action are not helpful either. These actions must lead to reduced environmental impact; otherwise, the company cannot get full points for this indicator.

» Key «

Total available score: 4 pts

The company's environmental action plan includes all of the mentioned components and includes an evaluation of progress against KPIs 4 pts

The company's environmental action plan does not include all of the mentioned components and includes an evaluation of progress against KPIs 2 pts

The company does not have an environmental action plan 0 pts

Documentation

Documented environmental policy, environmental performance action plans.

Practical tips

Environmental responsibility is especially the case for those companies that either have a major impact on the environment, due to the nature of their production activities or the products and services that they produce and/or rely on natural resources and a healthy environment.

Notably, the companies with limited influence on environment might score themselves with less points, however, they may not perform poorer than colleagues from more “polluting” sectors. On the other hand, some companies limit their “environmental impact” only to direct impact, which means that they make a mistake at the beginning of CSR strategy planning not taking into account indirect impacts.

For instance, financial and professional services companies, especially in banking, insurance, fund management, auditing and accounting, and information technology and media companies, have a crucial influence on promoting more sustainable production and consumption patterns. There are sound business arguments for companies to be proactively engaged in debate and action on environmental management and protection. These include the potential for cost savings, more efficient production processes, product and service innovation, access to new markets, improved risk management, better stakeholder relations and other issues.

IMPORTANT! A plan without an evaluation mechanism is not useful.

Methodology

- 1. Meet with senior staff to establish targets for improving environmental performance.*
- 2. Maintain statistics on environmental performance reflecting agreed targets and metrics.*
- 3. Based on the statistical analysis, create an action plan for improving environmental performance.*
- 4. Use the elements of the action plan to demonstrate that the company has lowered its environmental impact.*

Indicator 7. Does the company maintain a monitoring system, measuring the main environmental impacts, especially resource usage and carbon emissions?

Definition

“Measuring and monitoring system” is a tool that can be used to determine how much of an environmental resources, be it energy, water or paper, a company is using and the impact this use is having on the environment. This tool is different from an action plan in that it is geared toward measuring specific elements within the action plan. The system is necessary for the action plan to be carried out but is not enough in and of itself to drive change.

Relevance

Systems are important because they ensure a way of handling a process in a long run, for instance, if a person in charge decides to leave.

They also, if designed well, create a clear process that people can follow to either obtain information or complete a task efficiently, rather than having to reinvent the wheel each time they need to perform the same task.

With regard to the current indicator, a company might not know how to improve without a means of assessing its environmental use and impact. A good system is the best way to conduct this assessment.

Criteria

The emphasis here is on the existence of a system to evaluate the scale on which a company is using natural resources and the scale on which the use of these resources has an impact on the environment. The company will get points if any such system exists and no points if no such system exists.

Documentation

Utility bills, certificates from external entities processing the company's waste, be it recycling, regular waste or toxic waste, government evaluations or reports.

Practical tips

It might be that some monitoring measures are mandatory to comply with national laws – in this case evaluator should be cautious – CSR typically includes “beyond law” commitments and activities!

This indicator is emphasizing carbon emissions, whereas the climate change and application of mitigation measures are of high importance for any kind of company despite its size and sector. The companies are advised to set a measurable and realistic goal – for instance to reduce its CO2 emissions by “nn” percent by “xx” year. Quarterly targets might be helpful in order to be monitored and evaluated to track progress. A key performance indicator could be an electricity consumption; the measurement method could be recording the kilowatts of electricity used each month.

» Key «

Total available score:	4 pts
Yes	4 pts
No	0 pts

Small and medium size companies should not eliminate this indicator – even small steps on improving and measuring company's performance might have a global impact.

IMPORTANT! A regular review of commitments, objectives, indicators and measurement methods may lead a company to modify its CSR objectives annually.

See good practice at Postbank, Bulgaria (E8).

Methodology

- 1. Ensure that a person or department within the company compiles and maintains utility bills and information on environmental use or impact issued by the government or an independent contractor.*
- 2. Organise this information so that it can be compared year on year.*
- 3. Undertake an annual assessment of whether the documentation is reflecting progress or not on environmental indicators, such as carbon emissions, water use, energy use, air emissions, amount of waste disposed of to landfill and any other environmental information relevant to the individual company.*

Indicator 8. Does the company have a training programme in place to help employees implement its environmental policy and action plan?

Definition

‘Training programme’ means a way of equipping employees with the knowledge and skills to act on their environmental responsibilities. This programme can be formal or informal but should be carried out on a regular basis, both to reflect changes in priorities and to keep employees’ skills up to date.

Relevance

It is good if there is a policy and action plan, but if employees do not know how to implement these strategies, CSR practice will not occur – this indicator is designed to ensure that CSR happens in practice, not just on paper.

SMEs can train staff as well – it might be more rudimentary than training at larger organisations, but it can still happen.



Criteria

This type of training should happen on at least an annual basis, but preferably more often. The company will receive full points under this indicator if it both conducts the training and can document its occurrence.

It can be a part of broader CSR training, but there must be at least a specific component on environment.

The training must be specific enough that employees will know how to encompass the elements of the action plan relevant for them in the way they perform their jobs.

Documentation

Training documents pertaining to CSR by job category, notes from meetings with workers about the development of CSR training.

Practical tips

Content and length of the training might be very diverse among companies. In some places it is only a short, general introduction to environmental issues, others in extended, comprehensive exercise – it depends on sector the company operates in and its impacts.

IMPORTANT! All company’s employees should be aware that they use natural resources in their production process.

Therefore the general awareness on global environmental problems and their relation to local production, sustainable production and consumption, green procurement, product life cycle are necessary in order to fulfill the principles of responsible business code.

» Key «

Total available score: 4 pts

The company has a training programme that it gives annually, as well as to new hires, and all attendees have signed attendance sheets for the training 4 pts

The company has a documented training programme 2 pts

The company has no training programme 0 pts

For instance, at Dreher Breweries, Hungary there is a 3-day long Environmental, health and safety annual training for all employees plus the employees of the certain functional field receive specific environmental training closely related to their field of work.

The training might comprise e-learning or other e-forms of training. This might be very close to "internal communication", however, it has to be a part of company's CSR strategy and conducted not occasionally, but in a planned manner.

Methodology

- 1. Have senior staff develop training consistent with international CSR standards and the company's own CSR policy/strategy.*
- 2. Include worker input into training content and needs for effective implementation of standards.*
- 3. Ensure that appropriate trainings are developed and provided for each job category.*

Indicator 9. Can the company show a quantifiable reduction in carbon emissions from the previous years?

Definition

"Quantifiable reduction" means a numeric drop in the amount of carbon emissions generated by a given company.

Relevance

While it is important to have policies, strategies and action plans, and to take action, the true test of an action is if it works.

This indicator is geared towards demonstrating that the action a company is taking to reduce its environmental impact is actually working.

Criteria

This drop can be any amount for the time being. Clearly, the bigger the reduction that can be shown the better. However, the focus for the moment is just on getting the emission levels going in the right direction. Although reductions are accepted both in absolute and normalised terms, it is a requirement that the lower level reflects a genuine drop in the carbon intensity, i.e. a drop caused simply by a drop in output will not do.

Documentation

Any document proving that steps are being taken to manage carbon emissions, e.g. a series of energy bills showing a reduction in energy use, records on energy consumption showing a lowering use of fossil fuel-based energy sources and a higher use of renewable energy (however, there should still be an overall reduction in energy use).

Practical tips

Most of the companies are taking measures to address climate change by managing energy consumption and looking for more energy efficient ways to halve its GHG emissions.

The companies should be interested in a real reduction (per product or revenue unit), not in lowering emissions resulting only from the drop of output.

The companies should address internal emissions through key impact areas and then the goals can be extended to the reduction of carbon emissions externally (for instance to include car pooling and office waste reduction through recycling and reuse).

Use, supply or generation of renewable energy should be taken into account whenever it is possible.

An example of taking into consideration indirect impacts could be experience of Barlinek SA in Poland that indicated the decrease of its indirect influence on emission by production of pellet from wood dusts that resulted in a lower demand for coal or other fossil fuel and emanating from that less impact on carbon emissions.

» Key «

Total available score: 4 pts

The company can show a quantifiable reduction in its environmental impact based on a rolling 3-year average, as evidenced by the documentation mentioned 4 pts

The company can show no increase in its environmental impact based on a rolling 3-year average, as evidenced by the documentation mentioned 2 pts

The company cannot demonstrate either a reduction or no increase in its environmental impact based on a rolling 3-year average 0 pts

IMPORTANT! Direct and indirect impacts on climate change should be considered.

Methodology

- 1. Compile the relevant energy, water, packaging and emissions bills and statistics.*
- 2. Arrange the data into a form that shows comparative information year on year.*
- 3. From one year to the next, present numbers from the relevant information sources showing a reduction in environmental impact. (a rolling 3-year average.) (For businesses just starting, they get points for 1 year.)*

Indicator 10. Does the company have a recycling programme?

Definition

A 'recycling programme' means not just segregation of recyclable materials; recyclable materials must be given to a specialised company that undertakes recycling.

Recycling means not disposing of a product but treating it so that it can be re-used in some form in the future. It pertains to a number of different processes, including paper, plastic, water, batteries, etc.

Relevance

Recycling is a key way to reduce environmental impact.

Criteria

In order to receive points for this indicator, a company must demonstrate that it actually undertakes a recycling process and does not just collect recyclable materials for later disposal by standard waste disposal methods.

Documentation

Recycling bins or areas, contracts with well-regarded recycling companies.

Use guide

If the company collects waste and uses it for energy generation, of course, it is a more responsible way of waste handling than just dumping the waste in landfill; however, the term "recycling" has a different meaning. When assessing the company's performance according to this indicator it is advised to read carefully the definition of indicator: recycling is about reuse of a waste.

Of course the company's choice depends very much on availability of credible companies for recycling; however, this should not limit the company to look for innovative solutions and revise the impacts and aim at "zero waste" production processes.

IMPORTANT! Ultimate goal of a company should be "zero waste" processes.

Methodology

1. Identify what can and what cannot be recycled and an area to store recyclable materials.
2. Identify a contract with a credible recycling company.

» Key «

Total available score: 4 pts

The company collects recyclable materials and hands it over to a specialised, credible company for recycling 4 pts

The company collects recyclable materials and leaves it for collection by an unknown party 2 pts

The company makes no effort to recycle 0 pts

ENVIRONMENT. GOOD PRACTICE EXAMPLES

E5

ECO-TOWN – RESPONSIBLE INVESTMENT

Aims and goals

Commercial investment focused on sustainability promotion.

TUP S.A. is a small investment company in Poland that acquires or establishes companies with great growth potential, supporting them with their capital and managerial know-how. They are focused on supporting companies that invest in sustainable development. The idea behind TUP is to operate in compliance with principles of sustainable development and social responsibility. Apart from the fact that TUP is a small company (15 employees) it is responsible for operating large funds, which results in very high revenues and profits (especially in comparison to the number of employees). TUP's operations have been highly profitable. It is a mother company leading a bit wider capital group, which includes such companies as TUP Property, Roda, X-press Couriers. In 2009 they earned a net profit of PLN 2.2 million, and in 2008 PLN 7.7 million. Being a small company TUP is not very active in CSR environment; however, CSR elements are deeply implemented in company's strategy and day-to-day activities.

This cultural – commercial project is going to be realised by its subsidiary Chmielowskie Sp. z o.o on developing the first eco-town on 120 h area next to Przeczycko-Siewierz Lake in Silesia region that is one of the most industrialized and it's environment is strongly polluted region in Poland. This good practice example shows how sustainability may be a crucial element of competitive advantage.

The project is realized in cooperation with a number of stakeholders including local, municipal authorities, planners, architects etc. It is planned that it would be the first investment like that in Poland. It is realized with the support of New Broad Street - the creator of the famous American cities Baldwin Park and Celebration (their concept was based on the principles of sustainable development and as a result, both projects have had a spectacular success).

Implementation of the entire project is scheduled for 25 years. In the first stage of investment, in an area of approximately 44 ha, will rise up to 1,000 flats and houses, a motel and hotel with the largest convention complex in Silesia, market place and marina. It will create a low impact, ecological and healthy place for living. It will give a chance for sustainability promotion and new demand on such ecological way of living. More info: http://www.tup.com.pl/animacja_siewierz.php

Benefits for organisation

Leading eco- innovations to create chances for new competitive advantages.

Aims and goals

Fully enumerate and evaluate environmental impacts.

The most recent CSR history of Waterworks, Budapest Private Company Ltd., the company that is over 140 years old, covers a series of new policies, activities and communication.

The company pledges a special focus on the environment since its own existence and products are rooted in nature fundamentally. This also makes the company committed to the local communities in the water resource areas. In 2006 the local environmental group of Waterworks started to develop a systematic environmental impact assessment, which has resulted in several improvements and the acknowledgement of the major parent company (Suez Environnement S.A.) since then.

In a year – long process environmental factor-impact lists for all organizational units where significant environmental impacts occur or may occur have been created. Waterworks clearly pledged efforts to this work since the number of employees at the environmental group has increased from 3 to 5 people.

Extensive measurement of the impacts, interviewing of colleagues and community members were also a part of this work. Waterworks has explored not just the impacts the operation of the company may have, but also the sources of potential environmental impacts in the background area of the water resources. E.g. petrol station 300 m close to a water resource was mapped as well.

The final list contains all environmental impacts of the given organizational units, highlighting major impacts and emergency situations.

Based on the measurement and assessment a meaningful set of environmental goals and programs for all major environmental impacts was created.

In order to sustain results, not just the data in the impact assessment is updated continuously but also the list of potential impacts is modified according to new technologies, sites or other needs.

Benefits for organisation

Improved operation and its acknowledgement.

Aims and goals

Based on employee experience to remodel the pipes and chimney of the moulding furnace in order to increase security and reduce unwanted heating from the pipes winding on the ceiling of the erecting shop.

DENSO Manufacturing Hungary Ltd. proudly states the firm applies „pioneering environmental management tools“ that support the improvement of their environmental performance. Three-four innovative changes, green investments have been introduced each year in order to decrease environmental emissions, energy and resource consumption. The idea was developed by the employees of the given erecting shop in close cooperation with the facility management department. The new installation was constructed and installed by the facility management during June–November 2007.

The existing system of long pipes was closed down. It is still in the erecting shop serving as a back-up system. A new, much shorter pipe and chimney has been built in much closer to the moulding furnace. By this change heated smoke leaves the erecting shop much quicker, there is only a minimum level of loss of heat before the smoke leaves the erecting shop.

This small but important project has encouraged employees to develop and share energy saving ideas. The safety of pipes and chimney has been improved, there is a much less opportunity to have leaks in the pipes, thus, there is a decrease in costs and time of maintenance.

EUR 4,000 saving per year – this was the cost of cooling when winding smoke pipes heated erecting shops. Even though EUR 10,300 was invested to construct the new pipes and chimney, these costs were cleared by the savings in 2.6 years.

Since then an Energy Committee aiming at similar energy efficiency ideas has been set up, where all operating unit is represented. Approximately 100 employees are members of the committee. Based on the workplaces members are organized into smaller groups. Each group takes care of at least one energy efficiency project per year. There is a constant and continuous search for possibilities to improve energy and environmental performance by employees and senior staff.

More information

www.densoreport.net

Benefits for organisation

Economic benefit.

Employee involvement.

Environmental performance improvement.

Aims and goals

To identify and introduce measures to limit the consumption of bank resources with a view to improving Postbank's overall environmental performance.

To establish platform for employee driven changes in the environmental policy of the bank.

Postbank in Bulgaria, a part of Eurobank EFG Group – large international organisation with a clear vision on the importance of responsible corporate citizenship and commitment to social contribution. The internal campaign *Green start with Postbank* aims to improve the ecological performance of the bank and of its employees. It combines top-down approach, i.e. management

decisions to amend the bank's internal procedures and practices so as to align them with the goal of environmental protection and bottom-up tactics by the means of establishing platform for employees to lobby for positive ecological actions.

With regards to its environmental initiatives, Postbank works in partnership with one of the most prominent environmental initiatives in the country – Gorichka. Green Board of volunteer employees has been established to oversee the attainment of environmental objectives and to promote practices that would contribute to the optimization of the bank's environmental performance.

So far, the bank has achieved:

- ◆ Exclusive use of FSC paper from sustainably managed forests.
- ◆ Use of energy-saving lightening.
- ◆ Donations of used and written off computer equipment.
- ◆ Limiting the use of disposable plastic cups.
- ◆ Introduction of electronic credit card statements.
- ◆ Regular distribution of ecological tips and advice to staff members.
- ◆ Construction of bicycle parking next to the Head Office building.

Furthermore, the analysis of the key environmental indicators confirmed that there has been a noteworthy decrease in the bank's resource consumption since the launch of the Green Start with Postbank programme.

In a year electricity consumption per area unit resulted in 7.4% reduction. Electricity consumption per person – 8.1% decrease from the previous year's levels. Water consumption per employee was reduced by the impressive 20%, and water consumption by area unit, which went down with 34%.

Besides, embedding the care for the environment into the bank's institutional culture is favourable from an internal communications perspective, as it instils all colleagues in the bank with a set of shared values in the field of environmental protection.

Key environmental performance indicators will be consistently measured and analysed to ensure the improvement of the ecological footprint of the organisation. Quantitative targets for reduction of consumption are to be set and followed.

Benefits for organisation

Involves employees in CSR activities

Decreased resource consumption, economic savings, greening companies performance.

3. LABOUR RELATIONS

Indicator 11. Does the company have an action plan regarding labour/human resources and evaluate it on a regular basis?

Definition

A labour/human resources action includes:

Structure

- Goals/targets for improvement
- Actions necessary for improvement
- Responsibilities for each action
- Priorities of actions
- Time lines
- Monitoring and evaluation
- Communication of progress

Content

- Practices on engagement with employee representatives in a fair way for both parties
- Practices on assurance of non-discrimination and gender equality
- Health and safety preventive actions
- Practices on mitigation of job losses
- Practices on establishment of remuneration levels and how people can earn more
- Practices on establishment of fair conditions of work, beyond what is legally required
- Benefits in addition to those stipulated by law provided to workers of all contract types (eg. full-time, part-time, contract, seasonal, etc.)
- Practices on grievance procedures and disciplinary action

Relevance

Again, this indicator is geared towards ensuring that companies collect information regarding their social obligations and act on them, rather than just having them nicely written down on a piece of paper. If a company has documented its performance, this means it is:

- (1) acting in some way on its social commitments;
- (2) monitoring its actions.

Criteria

This plan must cover labour and human rights practices that go beyond the law. In order to receive full points under this indicator, the company must not only have an action plan but must evaluate the plan.

Documentation

An action plan covering labour issues and human resources issues not covered by law.

» Key «

Total available score: 4 pts

The company has an action plan and evaluates its progress based on the plan 4 pts

The company has an action plan 2 pts

The company has no action plan 0 pts

Practical tips

Generally companies have documents such as HR, H&S policies or Code of Conduct and alike, which covers issues mentioned under this indicator. Most of the programmes aim at increasing the welfare of the employees and measure their satisfaction through diverse techniques.

In most EU countries it might look as an easy indicator as the labour relations are well reflected in legal systems, however, attention should be paid to such issues as mobbing prevention, equal opportunities etc. that are not covered by legal framework.

IMPORTANT! Ensuring that companies evaluate their performance regarding social obligations and act on them, rather than just having them nicely written down on a piece of paper.

Good practice application is presented by Anasoft, Slovakia (L10).

Methodology

- 1. Incorporate input from senior management and employees in determining whether the plan covers the needs of employees.*
- 2. Designate a senior staff member to oversee the collection of input, review the process and report findings on a regular basis to all employees.*
- 3. Based on the findings of the review, decide on ways to implement the labour/human resources programme more effectively.*

Indicator 12. Do the employees have official representation in the company?

Definition

'Representation' means that employees are heard at the senior level by any of the following means: trade unions, employee council, input into their terms and conditions of work, regular documented feedback sessions, or some other formalised process of feedback.

Relevance

Employee representation is a multi-stakeholder approach to negotiating working conditions. The over-arching idea of this indicator is that it is a proxy for the power balance between employers and employees and for the level of stakeholder engagement that happens in setting workplace conditions.

This process takes place very differently in different countries, and different laws facilitate or obstruct its practice in different ways.

Employee engagement can happen in both large companies and SMEs – getting employees involved in the way their workplace operates can be helpful in companies of all sizes.

Criteria

Employees must be given a voice at the management level. Management cannot merely accept input from employees and then do nothing about it but must incorporate it into the way company operates. In order to receive full points under this indicator, the company must show evidence of employee feedback.

Documentation

Collective bargaining agreements, trade union membership, existence of an employee council, any evidence of employee comments being included in terms of work.

User guide

Management philosophy suggests that even if the bottom up initiative is not existing, it is worth to have an official representation; therefore, by a top-down initiative a group of employees might be formed that would have regular meetings with the members of the top management in order to discuss questions, feedbacks, requests of the employees.

See good practice example of Swedbank, Lithuania (L9).

Employees' representation might exist in the SMEs also, where there are "ambassadors of employees" who regularly report to and negotiate with the management.

IMPORTANT! Formalised processes of feedback from employees should be established in the company.

◀ SMEs

» Key «

Total available score: 4 pts

There are trade union meetings, EC meetings, and/or some other type of employee representation in the company 4 pts

There is no official employee representation in the company 0 pts

Methodology

- 1. Identify a group or body that represents the interests of workers in the company.*
- 2. Identify a process for engaging with this group or body on a regular basis (i.e., at least once a year).*
- 3. Present evidence of at least one instance in which input from this body, or directly from workers, has been included in company operations.*

Indicator 13. Does the company have processes to prevent recurring problems regarding health and safety issues?

Definition

"Processes to prevent" means that a company has evaluated the health and safety (H&S) information required by law and has determined areas in which it can implement systems to further reduce similar and additional health and safety problems from occurring in the future.

Relevance

This indicator aligns in particular with the country level indicator on fatal accidents. In order to prevent such accidents it is important for a company to assess the conditions and frequency of the accidents so that the company can learn from things that go wrong, pick up on trends and rectify problems before they cause serious or fatal injuries.

SMEs should also undertake this process. It could be particularly beneficial for them because if they take such a preventative approach to accidents and injuries, they could save themselves a lot of money down the line from being sued if something goes wrong: better safe than sorry.

Criteria

This indicator goes beyond the law to assess whether companies actually use the information from the required logs to make improvements and to put in place preventative H&S measures. Both training and a process for prevention of injury are important components of this indicator. Both must be in place in order for a company to receive full points.

Documentation

Accident and injury log, accident and injury template, completed accident and injury forms, a document to outline safety processes, sign in sheets from health and safety training.

Practical tips

Importance of H&S issues depends on sector of a business entity. All companies are obligated by the law to train staff on H&S issues on regular bases. Lack of valid trainings means serious sanctions for employer. The same regards injury logs, forms and statistics – e.g. they should be reported to respective Statistical Offices on dedicated forms.

However, preventive measures in addition to those, prescribed by law, might be elaborated. For example, repetitive strain injuries by providing employees well-being with a possibility to visit fitness centres and swimming pools for free, paid preventive medical checks. Some companies also provide safety training for drivers.

Companies with a very low number of accidents might not have any processes developed to prevent recurring accidents and injuries, because they did not have recurrent accidents and injuries. However it might be reasonable to take into account precautionary principle.

◀ SMEs

» Key «

Total available score: 4 pts

The company has processes to prevent recurring accidents and injuries 4 pts

The company trains its staff on H&S issues on a regular basis 2 pts

Neither of the above criteria has been fulfilled 0 pts

IMPORTANT! This indicator is valid for all types of companies and especially for typical production company (factory) where recurrent accidents and injuries might occur.

Methodology

- 1. Demonstrate a written process to prevent health and safety concerns.*
- 2. Demonstrate training materials covering health and safety issues.*
- 3. Provide additional training documents covering particular concerns arising from the injury and accident documentation.*

Indicator 14. Does the company have plans in place to mitigate the adverse impacts of job reductions?

Definition

'Mitigate adverse impacts' means taking steps to alleviate the burden on people when job losses occur. This indicator does not suggest that companies should go bankrupt trying to help workers they have to let go. It merely recognises that there are actions a company can take, beyond those prescribed in law, that can help reduce the difficulty workers face when they lose their jobs.

Relevance

Part of a company's responsibility as an employer is to plan and manage staff turnover, including redundancy or job reductions. While there are usually laws in this area, companies can also undertake activities such as re-training and helping workers they have let go find work elsewhere.

It might be too costly for SMEs to have a large programme to implement provisions under this indicator, but they can still take measures to reduce the impacts on workers and communities if they have to let people go.

Criteria

The company must show it has taken steps beyond those prescribed in law to assist employees if job losses occur. The actions that are geared towards keeping workers in jobs receive higher scores than efforts merely meant to bridge the gap between employments.

Documentation

Financial statements, overhead costs, any justifications for dismissing workers, payroll records.

Practical tips

This indicator is very relevant in a situation when economy is downsizing. However, it can be taken into account as a risk management measure (the program to mitigate job losses) and taken into account developing CSR strategy.

The necessity to have a plan of actions during reductions might be confirmed to be legally mandatory – in this case company should analyse those activities that are not covered by law.

IMPORTANT! Plans on the mitigation of the adverse impacts of job reductions can be used as risk management tool.

◀ SMEs

» Key «

Total available score: 4 pts

The company helps workers to find new job 1 pts

The company uses alternative solutions to keep workers employed 1 pts

The company provides any severance pay above the legal requirements 1 pts

The company provides job re-training 1 pts

Methodology

- 1. Work with government officials and workers to establish fair terms of dismissal and programmes or techniques for ensuring that the burden on dismissed workers and their families is as light as possible.*
- 2. Identify a written document outlining plans in the event of job reductions.*
- 3. Evaluate the plans to see if they go beyond legal compliance in providing support for employees who lose their jobs.*
- 4. Determine if the plans incorporate job retraining, helping workers to find a new job, or alternative solutions to keep workers employed in times of economic downturns.*

Indicator 15. Does the company have an effective grievance procedure?

Definition

A 'grievance procedure' means a process by which employees can tape their concerns and complaints known to the company. It can take a number of forms, from a suggestion box, to a formal process run by human resources, or a 'whistleblowing' hotline provided by a third party organisation.

Relevance

This indicator is one of the most important in the labour section. Workers need the opportunity to air concerns and complaints about their employers. Without an effective grievance process, a company can experience workers unrest, dissatisfaction amongst its workforce, a loss of productivity and other undesirable impacts on the workplace environment.

This can be tricky for SMEs because it is easier to make anonymous complaints in a larger organisation, but staff disturbances potentially have a larger impact at smaller companies because each single individual within the company is more prominent.



Criteria

The company must offer some vehicle for employees to voice their concerns anonymously and to have them addressed. It is not enough to get points for this indicator if the company does not process and address the grievances. Companies also get higher points for anonymous systems as this element is critical for an effective process.

Documentation

Documented grievance procedure, grievance procedure content, notes or minutes from grievance procedure meetings and trainings, signed attendance sheets of workers at the trainings, examples of grievances submitted, examples of resolutions achieved through the grievance procedure.

Practical tips

The effectiveness of grievance procedure might be a dilemma. It can be stated that it is "an effective grievance procedure" if there is no whistleblowing, negative feedback, grievance cases via the official channels. However, it might show deficiency: it is not working because there is no trust in it.

For example, Orlen Lietuva, large oil refinery from Lithuania has developed an effective anonymous grievance procedure via intranet. It is widely used, because there is a consistent feedback via company's newsletter to anonymous grievances. "Guidance on Dispute resolution" is issued by the HR department and that makes the procedure trusted.

Regardless of the method chosen, companies must ensure that these mechanisms are designed well to deal with problems and that they are not the option of last resort.

» Key «

Total available score: 4 pts

The company treats grievances anonymously and the grievances are dealt externally or by human resources 4 pts

The company deals with grievances internally and does not do so anonymously 2 pts

The company does not have a grievance procedure 0 pts

IMPORTANT! Companies should analyse in depth main reasons what prevents “whistleblowing” or other types of grievance procedures if they are not in use should be reconsidered.

Methodology

- 1. Meet with senior staff to develop a grievance procedure compliant with legal standards and best practice guidelines.*
- 2. Consult workers on the content and delivery of the grievance procedure training.*
- 3. Develop grievance procedure training to ensure that all workers know and understand how to use the proper channels of reporting grievances in order to achieve a satisfactory resolution to the grievance.*

LABOUR RELATIONS: GOOD PRACTICE EXAMPLES

"LABOUR COUNCIL" AS AN EFFECTIVE INVOLVEMENT TOOL

L9

Aims and goals
Effective involvement
of employees in company
management.

"Swedbank", AB – a foreign capital large company operating in banking and financial services sector in Lithuania. Swedbank have been developing an instrument, called "Labour Council" for effective involvement of employees in company's management since

2007 and now, it has proved to be an effective measure to involve employees in company's decision making. At the beginning it aimed at assistance in developing the Collective Agreement conditions that would be acceptable for both sides: employees and employer.

The Labour Council was established with the right to control the labour standards and take legal measures defending the employees' rights in the company. Among the rights of the Labour Council is the right to develop proposals on labour organisation issues, as well as many others, such as to receive information on bank contracts/agreements that might have significant impact on social – economical conditions of employees.

The Labour Council is a unique practice in the banking sector as well as in the general Lithuanian business environment. The Labour Council consists of 15 members elected by the majority of bank employees. The term of office for the Labour council is 3 years.

The Labour Council leaded negotiations during the development of the Collective Agreement and the consensus was reached on such issues such as prolonged holidays, pay period depending on previous experience, individual working hours, substitution pay and others.

The Labour Council together with employee representatives regularly discusses financial results of the bank. Employees can address the Council regarding various work-related issues. A representative of the Labour Council of Swedbank Lithuania is also a member of Swedbank Group Labour Council.

The Labour Council protects employee interests in case of lay-offs and supervises if a Collective Agreement is being followed.

Benefits for organisation
An effective tool developed
for the involvement of
employees in decision
making.

Aims and goals

Improvement of employees' life quality: friendly working atmosphere and good relations.

Anasoft APR, Medium Slovak IT sector company with a long experience of investing in the community in a way that reflects its core business activities, winner of 2009 Via Bona Award for Long-Term Positive Corporate Impact on society and the surrounding community. From early beginnings of the company, Anasoft APR has a rich social programme, from the year 2006 company has a new system of evaluation of employees.

Anasoft philosophy is based on respectfulness towards employees. One of the main principles in the company – informedness of employees: special meetings are organised for new hires on the company's vision and strategy. The employees every year undertake an evaluation interview with their direct superior, on the basis of which career development and trainings are planned. The management is building a nice and friendly atmosphere at work, as they believe it motivates the personnel. The result is strong loyalty and a small number of the employee fluctuation.

Supporting young families for Anasoft is not only the declaration: the employees have a flexible working hours, home-office days, smooth passing to/from a maternity leave, special working arrangements. There is a number of traditional events for the team where everybody can participate.

As a result, company has qualified and job-oriented personnel. It has received a number of awards, such as IT Company of the Year 2009 – Award and by weekly magazine TREND.

The company will continue to sustain and develop its social programme, evaluation and training of employees as these became a part of regular company policies.

Benefits for organisation

High employee satisfaction, motivation and loyalty.

Aims and goals

To ensure equal opportunities of employees.

Bakos Wood Industry Sole Proprietor in cooperation with Kézenfogva Foundation promoted an initiative for companies on employment of impaired people. Previously Bakos had completely excluded this option, saying carpentry is too dangerous for the mentally and/or physically impaired. However the solution was found: Bakos decided to employ mentally impaired persons for testing. Their tasks were as follows:

- ◆ To chop leftover wood in a safe disintegrator. Factory is heated exclusively by this wood, that is HUF 3 million saving per month.
- ◆ To wrap up nails, screws, etc. to packages of 10, 20, 50 pieces.

These activities had been pursued by part-time employee's which made them less productive. Since wrapping took place when the customer bought the nails, business processes in the shops were slowed down from time to time.

As a result two mentally challenged workers are employed in a company with long term contracts.

Benefits for organisation

Increased work efficiency.
Increased customers satisfaction.

INNOVATORS CONTEST AT BUDIMEX SA

L12

Aims and goals

To promote creativity and innovation of employees.
To encourage employees' involvement.

Budimex – one of the largest construction companies in Poland has announced annual "Innovators Contest" that is targeted to all employees who have ideas how to improve company's performance and who want to have a real impact on its development. It aimed to promote creativity and innovation of employees and provide them

with possibility of real impact on improving business, widespread sharing of knowledge and best practices throughout the company and to raise the importance of teamwork.

Each employee (or group of employees) may submit an idea in one of two categories: technical, technological/material solutions and processes improvement/optimization. Each idea is evaluated by the Contest Commission. In the final stage Jury (Management Board) is choosing the best ideas. Solutions' authors are awarded (i.e. exotic holidays which are worth 15,000 PLN (~4,000 EUR). New ideas are implemented into business. The best of the projects awarded in 2009 is being implemented. Improvement of corporate culture is making people a team which is working together and is targeted on continuous improvement and development. Such solution is worth to be mentioned, because it may be copied and implemented in other company easily. It does not depend on country or industry sector.

Benefits for organisation

Chance for new innovations and solutions coming from people who know the company's business and may see how to improve it, but are afraid to show them (invitation for taking ideas from the bottom of the organization).

4. COMMUNITY RELATIONS

Indicator 16. Does the company have a community engagement action plan?

Definition

A “community engagement action plan” means a plan that includes the following:

Structure

- Goals/targets for improvement
- Actions necessary for meeting targets
- Responsibilities for each action
- Priorities of actions
- Time lines
- Monitoring and evaluation
- Communication on progress

Content

- Stakeholder engagement
- Participation in CSR industry groups
- Volunteering schemes
- Apprenticeship schemes
- Consultation with the local community prior to acquiring property/starting business
- Notification of surrounding communities about potential emergencies with minimal delays

Relevance

A part of company’s social responsibility is to act as a corporate citizen. In other words, a company has a responsibility toward the community or communities in which it operates. Therefore, to meet this responsibility, firstly it must establish a plan for community engagement.

Criteria

This indicator is based on the goal to develop trust and communication between the company and community. Companies will not get points merely for having an action plan. They must show that they evaluate the plan in a meaningful way that adequately accounts for the needs of the community in company decision-making.

Documentation

Documented community engagement process, notes and/or minutes from meetings with community stakeholders, action plans for resolving any disputes and reflecting constructive guidelines for engagement.

Practical tips

Community engagement is one of the strongest assets of the companies that are engaged in CSR in Project scope countries.

» Key «

Total available score: 4 pts

The company has an action plan and evaluates its progress 4 pts

The company has an action plan 2 pts

The company has no action plan 0 pts

In most of project scope countries CSR started from charity and philanthropy, and still usually treated by mistake a synonym for the corporate philanthropy.

IMPORTANT! Community engagement plan should not be identified with CSR strategy document. It can be a part of the CSR strategy.

Community engagement comprises the formal and informal ways of staying connected to the parties who have an actual or potential interest in or effect on the business.

An interesting practice was explored at Waterworks (Hungary). The company has a long-lasting relationship with the municipalities of those background areas where the water resources are. Traditionally compensation is paid to municipalities for being limited in some actions in order not to endanger water resources. Possible limitations are: no use of chemicals in agriculture, territories where building (houses, roads, industrial parks, etc.) is forbidden. The way and amount of compensation have been rather ad hoc until recently. From now on this relationship and its financial part become foreseeable and predictable, plus an extra environmentally focused element is under negotiation with the local governments. Compensation is going to be calculated according to water consumption. After each cubic meter of water HUF 1 is returned to municipality, that amounts to HUF 10–50 million (cca EUR 35,000–180,000) per settlement annually. However, the Waterworks would like to avoid development and expansion that results in environmental risks (e.g. building industrial park). For environmental reasons it is promoting organic agriculture, light tourism, ship and boat transport.

Companies in Slovakia e.g. may use on-line evaluation tool (www.darca.sk) to monitor and evaluate its impact to communities.

Methodology

- 1. Meet with senior staff and community stakeholders to determine a community engagement plan.*
- 2. Determine material indicators for all interest groups in establishing an equitable, mutually beneficial means of engaging in future projects and interactions.*
- 3. Based on the results of these discussions, determine a system for the company to use in engaging with communities on material issues, including when to invoke the plan, staff members responsible for the engagement, and how to resolve disputes.*

Indicator 17. Does the company engage in regular dialogue with its stakeholders?

Definition

Stakeholder means, for example,

- government
- NGOs
- trade unions
- community-based organisations
- local citizen groups
- investors

“Regular dialogue” means consulting company stakeholders at least when the company takes a decision that impacts the surrounding community. It also means communicating regularly on the company’s CSR commitments, e.g. releasing a CSR report or putting details of CSR practices on the company website.

Relevance

Transparency is a cornerstone of good CSR practice. Regular dialogue with stakeholders is important to ensure the long term ‘license to operate’ and may reduce or prevent problems with ‘neighbours’. The challenges set by stakeholders may even feed positively into the development of products.

Criteria

CSR communication can take on a range of formats, e.g. public talks and presentations, newsletters, reports, online reporting and via the company’s products/packaging. The communication should provide information on current CSR performance and goals going forward.

One-way communication with stakeholders is not enough, though. The engagement must be meaningful; in other words, both sides should acknowledge and operate in recognition of the other’s point of view and needs. Companies will get extra points for initiating an engagement with stakeholders to head off any adverse effects of the company’s practices.

Documentation

Notes and/or minutes from meetings with community stakeholders pertaining to the company’s property acquisitions, any agreements reached or problems or remediation plans determined as a result of the engagement process, annual reports, websites.

Practical tips

Companies undertaking a CSR initiative must be ready to communicate externally what they have realised and what they still hope to achieve. It is the company that has to define its key stakeholders. Depending on the issue, the size of the company and other factors, companies have to define what ‘regular dialogue’ means to them.

In most of companies a dialogue, in general, is taking place but it is not always at the same level in relation to different key stakeholders, i.e. it may be

» Key «

Total available score: 4 pts

The company initiates regular engagement with stakeholders 4 pts

The company engages with stakeholders when stakeholders approach the company with specific concerns they have about company operations 3 pts

The company communicates its CSR performance on a regular basis 2 pts

The company does not engage with stakeholders 0 pts

very regular and formal with employees (trade unions), but much less regular with vendors. It may result due to the fact that dialogue is “undeveloped”, or some stakeholders are less important for the company (which is rational - e.g. project of AA1000 ESE standard assumes that the form of dialogue depends on the importance of stakeholder).

For example, engagement might already exist under the auspices of the current management approach that a company is already conducting, such as ISO 9000 and ISO 14000.

IMPORTANT! The dialogue means two parties conversing.

Methodology

- 1. Identify key stakeholders.*
- 2. Determine how often and under what conditions to engage a dialogue.*
- 3. Establish terms for how and when to incorporate community feedback into the company's decision-making process.*

Indicator 18. Does the company actively participate in CSR associations and forums and/or engage with any local NGOs?

Definition

'CSR associations and forums' means industry groups such as the Electronics Industry Code of Conduct (EICC), CSR forums, such as Business in the Community or local branches of the UN Global Compact/CSR Europe network, or similarly oriented local/regional initiatives.

"Engagement with local NGOs" means working with local NGOs to ensure a mutually-beneficial development agenda in the community.

Relevance

Participation in CSR associations and forums is a good way for companies to stay in touch with their social obligations. This is true both in terms of receiving feedback and using other members as a resource for creative and innovation solutions to social and environmental challenges.

If SMEs can participate in these groups, it can be helpful to get ideas for their businesses, but the resource constraints might prevent them from doing so. However, they can still engage with local NGOs even if they cannot participate in CSR associations or forums.



Criteria

It is not enough for companies to be members of such forums to receive full points under this indicator: They must show active participation, such as contributing to a certain number of organisation initiatives a year.

Documentation

Receipts from payments to forums or associations, evidence of participation in initiatives and/or pilot projects run by the relevant organisation.

Practical tips

This indicator should analyse if the company actively participate in CSR associations, forums and/or initiatives of local NGOs that foster specific CSR values like promotion and education, wider engagement, etc.

Methodology

1. Meet with senior staff to determine whether the material CSR issues facing the company could best be met by CSR associations and forums.
2. Participate in associations and forums that would contribute to the effective implementation of the company's CSR programme.

» Key «

Total available score: 4 pts

The company participates in the activities of a CSR-related organisation or local NGO between

2 and 5 times a year 4 pts

The company is a member of a CSR-related organisation or local

NGO but is not active

in this group 2 pts

The company does not engage with CSR-related organisations or local NGOs

0 pts

Indicator 19. Does the company offer volunteering time, invest in or support any local community initiatives?

Definition

Community investment can happen in two main ways, either as it relates to core business activity or as it relates to non-core business activity.

Examples of community investment include

- pro-bono support
- partnerships with educational institutions
- supporting research
- training, skill and capacity building
- legal, management, consultancy
- In-kind donations

Relevance

This indicator is also geared toward establishing a sense of trust between the company and the community. It enables employees to develop extra skills that they can bring back to the company.

The same goes for SMEs, and can be very helpful if SMEs are short on resources to spend on employee development programmes.

Criteria

Innovative, carefully built and targeted activities qualify as core business activities, so a company would gain points here if it could link the support to its own initiatives in terms of driving innovative products and services.

Non-core business activity would qualify for points if it contributes to the community, such as building a park or holding a fair to raise money for an organisation or good cause.

Documentation

Documentation pertaining to relevant partnerships with community organisations, including project plans, minutes and/or notes from meetings, communications between the parties, formal agreements between the parties, sheer financial, material support, documentation pertaining to the relevant partnership, including project plans, minutes and/or notes from meetings, communications between the relevant parties.

Practical tips

The distinction of core and non-core business refers to the way/type of volunteering. Core business means the fundamental activities of the company, volunteering in this case is closely connected with this activity and the capabilities of the employees stemming from this activity.

A good example comes from a small Bulgarian company 'Strategies consulting'. Employees of 'Strategies consulting' give pro bono professional services to clients from the marginal groups, seeking to activate social inclusion and promote entrepreneurship of persons with disabilities. In a



» Key «

Total available score: 4 pts

The company invests in the community in a way that reflects its core business activity 4 pts

The company invests in the community in a way that reflects non-core business activity 2 pts

The company makes no community investments 0 pts

year they have provided more than 130 free consultations in the field of legal issues, accountancy, project design and management, bank representation.

Non-core business volunteering happens when the work provided is not related in any aspect to the fundamental activity of the company (e.g. employees of a consultancy firm paint the walls of a school).

For instance, the large telecommunication companies in Poland and Lithuania have launched similar programmes that provide mechanisms for gathering input from employees and give them choices on how they might contribute to the society. Companies allow their employees to identify specific social projects for corporate participation: it might be both – reflecting core and non core business activities: from teaching about internet safety in public schools or Santa Claus visits in orphanage and cleaning the forest from trash in remote places.

IMPORTANT! It helps to breach the gaps with the volunteer work in numerous areas that are still underfinanced or understaffed, which constitutes a great added value for society.

Methodology

- 1. Identify company policies on volunteering in the community.*
- 2. Identify any volunteering agreements or public commitments to volunteer.*
- 3. Post any photos or case studies of the volunteering experience on the company website.*

Indicator 20. Does the company offer apprenticeship schemes to facilitate skills development within the local community?

Definition

"Apprenticeship" means a fixed-term position within a company in order to foster skills development for the apprentice. Programmes can last from a couple of weeks to a couple of years.

Relevance

This indicator is good both from the perspective of developing a sense of trust and appreciation within the community and with regard to promoting social development. If companies have good apprenticeship schemes and can contribute to skills development in the community, they benefit from operating in a more stable business environment and from having more options of a workforce.

SMEs can benefit from apprentices as while apprentices can develop skills. SMEs can benefit from extra labour, often at a lower cost, thus boosting their human capital resources without spending more on overhead.

Criteria

The key is whether the scheme equips apprentices with new skills that can secure employment in the future. A company would not gain many points here for taking on a student for 2 weeks whose sole job was to make coffee, instead of also getting to type memos or learn some more substantive office skills.

Documentation

Documented policy on engaging apprentices, apprenticeship contracts.

Practical tips

Companies offer different forms of apprenticeships for students from local university or secondary school. Most of them have students in companies to learn new skills – but they look at it from different points of view – some employs students as part-time employees, some might have a 'Trainee program' for graduates. Some – cooperate with local high schools to train its possible future employees.

In some countries this indicator might have a slight interpretation, for instance in Hungary, law declares a minimal wage paid to trainees. Although this regulation aims at protecting trainees, companies would not like to engage in apprenticeship if there is an obligatory cost burden. Therefore, many companies – even backed by universities – suggest that student voluntarily give up their wage. This is an abuse of power asymmetry – which may result in 2 pts according to the self-assessment tool.

IMPORTANT! Evaluators should honestly score this indicator, depending on specifics of the country.



» Key «

Total available score: 4 pts

The company offers a paid apprenticeship scheme that enables apprentices to come out with a certification of their skill level

4 pts

The company offers an unpaid apprenticeship scheme that provides for skills development but no certification

2 pts

The company does not offer an apprenticeship scheme

0 pts



Methodology

- 1. Meet with senior staff to determine whether the company would benefit from and would be able to contribute to an apprenticeship programme consistent with legal standards of employing apprentices.*
- 2. If so, develop a scheme that optimises the use of the apprentice for the company's operations and the skills development of the apprentice.*
- 3. Have the apprentice complete an evaluation form at the end of the apprenticeship to determine whether the programme is mutually beneficial and how to improve it going forward.*

COMMUNITY RELATIONS: GOOD PRACTICE EXAMPLES

M-TEL GRANT

C13

Aims and goals

To support local NGO projects
To communicate the respective
issues to large segments of society
To engage communities in actions
and changing mentality and
behaviour.

Mobilitel EAD, a large telecommunication company in Bulgaria is recognised as the biggest corporate donor in recent years. The company has developed an annual grants competition for projects in different social areas. M-Tel Grant programme is a part of the long term sustainable policy of M-Tel in supporting solutions of issues in the fields of social

activities, education, environment and culture in Bulgaria.

The company enabled non-government organizations to apply for projects. A special body – M-Tel Grant Committee has been established to support M-Tel in taking all key decisions in the programme. The Committee consists of experts, media representatives and other external to M-Tel publicly known individuals. Since 2008, every year company invests BGN 100,000 in different projects.

Every year the competition is dedicated to a certain topic: integration of socially-disadvantaged children and adults in 2008, supporting environmental preservation in 2009. In 2010 the programme focused on education, literacy and preservation of the Bulgarian language.

The best-implemented project received additional support after its completion. As a result 300,000 BGN have been awarded to 18 important NGO projects. Projects have tackled important issues and had serious achievements in the respective field such as:

- ◆ In Shoumen the project “Me, granny and grandpa” allowed pensioners with low income to provide local abandoned children with care, which was an opportunity to connect them to an adult and receive granny-like emotional support.
- ◆ In Stara Zagora, the local Wildlife Rehabilitation and Breeding Centre has built the necessary equipment for saving species under extinction and reintroduced Lesser Kestrel, the specie that has disappeared from the Bulgarian territory some 60 years ago.

Benefits for organisation

- Raised companies public profile
- A model of mutually beneficial partnership of corporate and civil organisations created

Aims and goals

inclusion of disabled to the society due to innovative, responsible technical solutions.

Telekomunikacja Polska SA, is the 2nd largest company in Poland. TP Group, which includes Orange mobile operator, is the largest telecommunications group in Poland and even in Central Europe, operating in all segments of the Polish telephony and communications industry. It was the first Polish company which published sustainability report based on GRI, the first and the only company from Poland asked to share its experience on UN Leaders Summit in Geneva in 2007, it is a leader in corporate philanthropy, active player in information society building.

The TP Group has created a programme that makes it possible for the physically disabled people to use a computer, only by blinking their eyes. The programme is free and user-friendly. For people disabled by disease or accident it may be a chance for contact with the world. "b-Link" will be available based on Open Source, which will enable its further development through the Internet community around the world.

The initiative aims at inclusion of disabled not only thanks to a revolutionary idea of a new product but also by Open Source nature of product. TP R&D along with a Technical University of Lodz developed it. The b-Link is a proof of how successful can be cooperation between University that worked on the project, NGOs that were consulted in the development phase and that tested it and Business that actually successfully designed and developed the product.

Using a computer by means of b-Link does not require technical skills or complicated equipment – all that is needed is a computer and a web camera. Assistance of a healthy person is necessary to connect and set up the camera, as well as to install the b-Link programme. However, later the disabled person may use the programme without assistance.

After detecting the face of the user and establishing the positioning of eyes the properly set up camera follows them and detects control blinks. In this way, only through blinking eyes, one may browse through web sites, use such programmes as Word Pad, MS Word or MS Outlook, switch the sound on and off and turn off the computer.

Numerous free uploads around the world of the b-Link, numerous thank you e-mails for the TP R&D and CSR departments from disabled, their families and people interested.

All the programme source materials can be found at the following address: <http://sourceforge.net/>

b-Link may be downloaded for free from the web sites of TP and Orange on: www.tp.pl

http://www.tp.pl/prt/pl/o_nas/edukacja/687688/

www.orange.pl

http://www.orange.pl/portal/map/map/discover?category=DISCOVER_4&stamp=1264438237283&articleId=4109429

It is worth to be mentioned as a good practice, because it shows

Benefits for organisation

Being seen as a company that cares about social inclusion.

how company's resources, other than money, may solve social problems. Innovation should be a crucial element of sustainability.

IT SOLUTIONS FOR "SAFE NEIGHBOURHOOD" PROJECT

C15

Aims and goals

To satisfy clients needs with additional free of charge service and at the same time to improve safety in the city.

Mikrovisatos TV (MVTV) is a small typical Lithuanian local capital company that has lot of non written rules on responsible business behaviour. Most of its principles come from the business owners perspectives. MVTV operates in telecommunication sector.

Safety is an important issue in Kaunas, were the company is situated and it reflects directly on life quality of citizens. The police reaction is rather quick to alarms, however it is important that citizens would have an opportunity to monitor unsafe places. MVTV together with other partners from IT sector and local authorities, communities, police officers, citizens and security companies have designed a system that is an additional service for MVTV clients and it is free of charge.

Safer Neighbourhoods is a local policing style: local people work with local police and partners to identify and tackle issues of concerns in their neighbourhood. These issues are most likely quality-of-life issues, such as anti-social behaviour, criminal damage, abandoned cars and graffiti.

In Kaunas city the telecommunication and security companies are gradually equipping unsafe districts with CCTV network, which enables transmission of video records of cameras directly to inhabitants. Video cameras transmitted images, with computer or TV support, can be directly observed by inhabitants of the house, whose yard is monitored by video. The high-resolution video surveillance cameras assembled with night vision system provides a great opportunity to observe poorly lighted or dark courtyards. Mikrovisatos TV enables its users to watch the video on a separate television channel or via their computers. This service is free of charge for Mikrovisatos TV clients. Investment in the community reflected the core business activities.

Benefits for organisation

Local acceptance, beter image, improved services for clients, new partnerships built.

ESTABLISHMENT OF THE INSTITUTE OF PRIVATE FINANCE IN LITHUANIA

Aims and goals

To increase knowledge of personal finance among the public.
Regular communication in the media regarding personal finance matters.

“Swedbank”, AB, a foreign capital large company operating in banking and financial services sector in Lithuania has established the Institute of Private Finance an independent division of Swedbank. For decades it has closely observed issues relating to private finance and strived to educate the Swedish public in matters of personal finance. In 2009 the Institute’s branches began their activities in Lithuania, Latvia and Estonia.

The Institute of Private Finance covers all areas that influence personal finance. From the findings of its own analysis, it publishes independent and objective advice from an individual’s perspective. It aims to make it easier for private individuals to improve their finances through greater insight into their conditions and choices.

The Institute of Private Finance was started in its present form at the beginning of the 1960s in Sweden. The Institute cooperates with governmental and non-governmental institutions, consumer protection organizations, media and other education organizations.

Benefits for organisation

Increases customer satisfaction and strengthens long-term relationships between customers and the bank. Greater knowledge and insight – on the part of both customers and bank staff.

5. BUSINESS ENVIRONMENT

Indicator 21. Does the company assess significant suppliers and contractors on:

- ◆ human rights
- ◆ health and safety
- ◆ anti-corruption
- ◆ environmental practices?

Definition

"Assess significant suppliers" means checking to see if suppliers are upholding adequate social and environmental standards, in compliance with the law, international standards and best CSR practice. Some companies have robust social auditing programmes for which they hire external social auditing companies to assess their suppliers. Other companies with fewer resources issue self-assessments to suppliers to do a cursory evaluation of the labour standards at the supplying facility.

Relevance

Supply chain concerns have become prominent in recent years and particularly for larger companies that outsource their goods and services. This can be a big reputational concern (and growing legal concern in some contexts). It is important for companies to understand the risk to their businesses from contracting parties who do not uphold an adequate level of the mentioned practices.

SMEs are sometimes these aforementioned suppliers and contractors, but they also use subcontractors and might have this concern themselves.



Criteria

The company can get points with this indicator for a mere assessment of first tier suppliers, but it will get additional points for showing that it monitors its entire supply chain, works with suppliers to improve standards and makes sourcing decisions based on its evaluations of supplier social and environmental practices.

Documentation

Documented policy on engagement with supply chain business partners or codes of conduct for suppliers, assessment tools reflecting analysis of underlying causes of violations, metrics on human rights and anti-corruption practices at business partners, corrective action plans, evidence of remediation, evidence of using the collected information to inform an improved supply chain management policy, sourcing contracts.

Practical tips

Supply chain assessment, for example, might already exist under the auspices of the current management approach that a company is already conducting, such as ISO 9000 and ISO 14000 or FSC certification.

» Key «

Total available score: 4 pts

The company assesses its supply chain and makes sourcing decisions based on the assessments, including engaging with non-compliant suppliers to support improvement of their ethical standards 4 pts

The company conducts assessments of its first tier suppliers 2 pts

The company conducts no assessments of its suppliers 0 pts

Smaller companies have closer ties and longer relationship with their suppliers, so it is easier for them to complete assessment, however often there is a lack of documentation in SMEs.

Due to the complexity of international supply chains and the corresponding CSR issues which can arise this indicator might be seen as too difficult. However companies should use existing tools for the assessment of contractors where possible.

Examples on suppliers being refused indicate the importance of this issue. For instance, contract might be terminated due to:

- ◆ embezzlement – based on Code of Conduct that is an integral part of the contract;
- ◆ accidents on corporate site – these accidents of contractors on corporate sites are formally reported, after couple of problems and accident the contract was terminated;
- ◆ refusal of corporate Code of Conduct – the supplier company did not sign the corporate Code of Conduct as an integral part of the contract saying the supplier's own code is what they do follow. The telecommunication company – one of the best practice CSR firms in Hungary – was then refused and another supplier has been chosen.

IMPORTANT! Developing a brand and good reputation which is seen as socially and environmentally responsible is highly beneficial for businesses, either large or SMEs, in a global and competitive world.

Good practise example is provided by Embraco Slovakia, see B20.

Methodology

- 1. Meet with senior staff and relevant staff members to determine the risk of human rights abuses and corruption in the supply chain and/or among business partners.*
- 2. If there is deemed to be a risk, determine the most efficient way of assessing human rights and corruption practices at business partners (i.e. through social and environmental audits, through participation in industry groups on labour and environmental practices, through a country risk analysis, etc.).*
- 3. Determine the best way to reduce the risk given the company's resources, size, and feedback from supplier and contractor assessments.*
- 4. Determine at which point to further engage with suppliers to help improve their social and environmental practices and at which point to either cut the contract or refuse to engage in a contract based on poor social and environmental practices.*

Indicator 22. Does the company engage in green procurement practices?

Definition

"Green procurement practices" means making decisions on where to source goods and services based on the environmental performance of the supplier, e.g. relating to the use of FSC certified timber or organic produce.

Relevance

This indicator is particularly important as a means of embedding green business practices in the way a company operates. It correlates to the country level indicator on green procurement as well.

Criteria

Some countries have legal requirements surrounding green procurement as a result of EU law. In order to get full points for this indicator, the company will have to show that it has gone beyond the legal green procurement requirements in making green business decisions.

Documentation

Green procurement policy, sourcing contracts that include green requirements.

Practical tips

Most of the companies make a great show of zeal that they apply green procurement practices where possible. However sourcing contracts in best cases includes requirements on "green" paper only.

The companies might also look at the materials and chemicals that they buy to make their products and services. This supply chain approach should look beyond the company's "gates" and into the operations of their suppliers, in an ongoing effort to reduce costs and risk. The companies might use the tools like life-cycle assessment and life-cycle costing tools or just eco labels to identify the materials in their products that may pose significant environmental, health and safety risks.

The green procurement might be a powerful instrument if suppliers would get strong message from companies that they are ready "to buy green" because in many cases it is not even possible to choose the supplier since there is only one "green" in the market.

In the time of crisis often the price is the main decision-making reason. Thus, it is observed that the previous procurement involving a wide range of small, local, greener suppliers has been changed to a more cost-efficient central supplier. However the "green products" might have longer life cycle and it is advised to start from the audit of the purchasing system and evaluate all aspects of green products. Long term economic benefit should be calculated.

» Key «

Total available score: 4 pts

The company makes sourcing decisions based on the green practices of all suppliers in the supply chain, including engaging with non-compliant suppliers to support improvement of their environmental standards

4 pts

The company tries to incorporate green considerations into its procurement practices where possible

2 pts

The company undertakes no green procurement

0 pts

IMPORTANT! Green Procurement will pay off in a long term. Eco labelled products will pose less significant environmental, health and safety risks to company.

Waterworks of Budapest experience is presented as a good practice on green procurement (B19).

Methodology

- 1. Identify a green procurement policy that acknowledges the legal standard but exceeds legal requirements.*
- 2. Identify sourcing contracts with green procurement requirements.*
- 3. Identify a company practice of favouring suppliers with strong green credentials.*

Indicator 23. Does the company have rules and procedures to analyse and counter bribery and corruption practices?

Definition

"Analyse and counter" means being able to determine whether an incident should be considered bribery or corruption and then being able to take steps to stop the illegal or unethical act.

Relevance

This is an example of where there are often laws, but the laws sometimes do not get enforced well. It can be very difficult for companies to behave ethically where the larger business environment does not encourage good business ethics. It is critical for companies to have plans and courses of action to address corrupt practices.

This indicator pertains to SMEs as well as larger companies, especially since SMEs might have less economic power and be more susceptible to heavy influence by corrupt parties.

Criteria

A company will get points here for having a strategy addressing this indicator, but in order to get full points, it must demonstrate transparency in its behaviour and a commitment to ensuring a business environment in which bribery and corruption are not only unacceptable, but are actively discouraged.

Documentation

Anti-corruption policy, signed statements from workers stating that they understand the policy and promise to uphold anti-corruption standards established in the policy.

Practical tips

Transparency International's definition of corruption is "the abuse of entrusted power for private gain". This can mean not only financial gain but also nonfinancial advantages.

Bribery and corruption mean different things for the SME and the large companies. In the SME's it might be understood as private work of the employees, i.e. the carpenter channels clients' orders to his own workshop diverting it from the SME to his private business. This personalized view on bribery is reflected on and forbidden by the job description or the suppliers' contract in small companies.

Large companies might have anti-bribery and anti-corruption policies included in their Codes of Conduct or even special rules regarding gifts. It might be an external person appointed to deal with supplier/client complaints in case of possible bribery/corruption.

Questions regarding antibribery and anticorruption might be not well welcomed by some respondents, even if most of the companies have



» Key «

Total available score: 4 pts

The company has rules and procedures to analyse and counter bribery and corruption practices 4 pts

The company has no rules and procedures to analyse and counter bribery and corruption practices 0 pts

transparency rules, code of ethics etc. That is rather emotional then real, as nobody is accusing on cooption. This is just a self- assessment result that might be used to develop preventive procedures.

IMPORTANT! Establishment of the procedures to report on bribery and corruption could be a good starting point to counter with bribery and corruption practises.

Waterworks of Budapest provided a recent example on this type company procedure (B18).

Methodology

- 1. Meet with senior staff to determine the areas of the business susceptible to corrupt practices*
- 2. Develop an anti-corruption policy based on accepted international standards, such as the OECD Guidelines*
- 3. Consult with workers on the content of the policy and the most effective way to convey the policy and implement its standards in the workplace*

Indicator 24. Does the company have a policy and procedure for making its lobbying efforts transparent?

Definition

"Lobbying" is standard practice in politics and can be done legally and ethically. However, it is quite easy to cross the line into unethical lobbying. Therefore, for this indicator, "making lobbying efforts transparent" means that a company should disclose the amount of money and resources it spends in trying to promote its agenda on the political stage.

Relevance

This indicator relates to the above bribery and corruption indicators. Basically, when companies lobby politicians or organisations of power, they are exerting influence for policy decisions in their favour, potentially without consideration of stakeholders with less power.

In order to counteract undue power and influence, companies should disclose their lobbying practices in order to make themselves accountable to society and other stakeholders, and in order not to wield excessive power.

Criteria

Given that there is often a fine line between ethical and unethical practices for this indicator, the emphasis is on transparency. For the company to have a policy stating that it lobbies according to the law or ethically will not be good enough for full points. It needs to produce clear evidence that it fully discloses its lobbying efforts, preferably with evidence of this disclosure.

Documentation

Documented lobbying policy, including content on disclosure of lobbying practices and resources spent on it, annual report or CSR report with lobbying disclosure information.

Practical tips

At first glance this indicator might be assessed as irrelevant, because of the lack of legislation, as for instance in Bulgaria, however, most of the companies came independently with the presumption that their membership and involvement with branch industry association is actually providing them with the framework to protect their business interests transparently.

In some countries "lobbying" might have a sense of something unethical, which is very close to corruption and means something which has nothing in common with transparency. On the other hand it results in the very strong declarations of companies on transparency, lobbying only by professional organizations / branch associations (or official licensed lobbyists). They are afraid that someone may treat their behaviour as "unethical lobbying".

One important step in making lobbying transparent is not to do it on corporate level but enrol in an industry interest group, an official association, which – by definition – is a lobbying agent.

» Key «

Total available score: 4 pts

The company has a policy and procedure for making its lobbying efforts transparent 4 pts

The company has no policy and procedure for making its lobbying efforts transparent 0 pts

IMPORTANT! Companies should disclose lobbying practises.

Methodology

- 1. Meet with senior staff to determine whether the company should engage with political entities.*
- 2. If it is determined to be beneficial to do so, develop a policy that ensure engagement in an ethical, transparent way (e.g., issue public statements on levels of contributions and means of interacting with political entities).*

Indicator 25. Does the company train its staff on ethical supply chain measures and anti-bribery and anti-corruption measures?

Definition

"Training" in this context means educating employees on how to perform their jobs in an ethical manner. For instance, educating buyers on how to engage with suppliers in a way that conveys the company's standard of adhering to ethical business practices in sourcing its goods and services would be a good example. Another example would be training employees on how to uphold the company's code of practice, including when it is acceptable to receive a gift, and other standards of ethical conduct.

Relevance

As mentioned above, it is important for companies to have a plan and policy in this area, but in order to put these tools into action, employees have to know how to do their part.

SMEs, again, could be particularly susceptible to problems from bribery and corruption because they might not have the financial resources to absorb corrupt practices, which could be a severe threat to the existence of their businesses.

Criteria

To gain points for this indicator, companies will need to show that they conduct trainings in these areas for all new employees, as well as regular trainings for existing staff.

Documentation

Documentation of anti-corruption trainings, including training content, attendance lists with worker signatures.

Practical tips

Most companies have a Code of Conduct that is presented to all new hires. In this way every employee is informed about anti-corruption and anti-bribery measures. Also additional information might come through company website, internal communication and e-learning. Ethical supply chain measures are mainly presented to procurement departments.

IMPORTANT! Company should provide guidance to employees about how they should conduct themselves.

Methodology

1. Meet with senior staff to determine the content of the ethical supply chain and anti-corruption training.
2. Consult with workers on necessary components of the training.



» Key «

Total available score: 4 pts

The company has a training programme that it gives annually, as well as to new hires, and all attendees have signed attendance sheets for the trainings


4 pts

The company has a documented training program

2 pts

The company has no training programme in this area

0 pts



3. Administer trainings in regular intervals, requiring a signed attendance at training sessions.

4. Collect feedback from workers attending the sessions to assess comprehension of the policy and how to implement it, as well as how to improve the trainings.

BUSINESS ENVIRONMENT: GOOD PRACTICE EXAMPLES

CONFLICT OF INTEREST MANAGEMENT POLICY

B17

Aims and goals

Fair, transparent and equal treatment of clients.

BRE Bank is one of the top Polish providers of comprehensive corporate banking service. BRE Bank is a very active player as regards to CSR approach. Company is one of the leaders in non-finance reporting.

Conflict of interest management system was developed in structure of BRE Bank. Compliance Bureau is analysing cases of potential conflict of interest on an on-going basis according to queries and descriptions of events reported to Compliance Bureau by units of the Bank.

Policy relates to:

- ◆ possibility of simultaneously providing services to clients related to financing of an acquisition of another business and financing the activity of competitive businesses;
- ◆ access to confidential information by an employee given a notice of termination;
- ◆ possibility of purchasing advertising materials from a Bank employee;
- ◆ reporting relationship between spouses;
- ◆ supervisory activities of Bank employees concerning their own relationship with the Bank (e.g., in the process of reviewing credit applications);
- ◆ evaluation of potential conflicts of interest between business responsibilities in BRE Bank and own professional activity or business of an employee outside the Bank;
- ◆ rules for employee competitions preventing conflicts of interest;
- ◆ bank employees accepting powers of attorney from clients.

Implementation of the policy gives clear indication to the employees to in which areas the conflict of interest may appear. It helps to identify potential risks and to take steps to prevent these kinds of situations to take place.

Employees receive support due to the regular internal communication related to this policy.

Benefits for organisation

Compliance Bureau carried out 23 checks which were fully or partly devoted to analysis of management of conflicts of interest in the Bank. It resulted in implementation of necessary improvements.

Aims and goals

To create procedure to counter bribery, corruption, misuse of recourses and fraud.

Large, drinking water supply company Waterworks of Budapest Private Company Ltd. covers a series of new policies, activities and communication on CSR issues.

The procedure has been initiated internally when an extensive survey on employees' experiences has been conducted. Based on the findings of the survey the procedure was elaborated with the involvement of external experts and consultants. There was an extensive, top-to-bottom training on it: first the managers learned about it; second a train-the-trainers process has taken place, and, finally, the managers provided the details to the employees in one-day training. The procedure prescribes a fraud-expert, appointed by the CEO. Fraud expert is dedicated to provide professional support in revealing internal fraud, coordinate communication activities regarding fraud, managing fraud committee, which is a project group set up when needed. Potential fraud situations, the process and potential channels of notification are defined. The protection of notification is also elaborated.

The procedure is the most recent development. All employees have received training on it.

Benefits for organisation

An instrument to explore and prevent misuse of resources.

Aims and goals

To enforce environmental and safety considerations minimum to clean drinking water supply on the suppliers' and subcontractors' side.

Waterworks of Budapest Private Company Ltd. Have introduced the elements of green procurement since 2007. For the company to ensure environmental and safety considerations in providing clean and healthy drinking water requires:

- ◆ Un obligatory environmental appendix to all suppliers' contracts;
- ◆ A statement of each suppliers in its endeavour to utilize the least polluting materials;
- ◆ A contact person for each contract at Waterworks, whose duty is to achieve the best possible environmental option. The argument on clean water and safety of water resources provides a good take-off for his/her arguments and monitoring activity.

As a result of the comprehensive corporate environmental impact assessment developed and launched in 2006 the following steps have been introduced:

- ◆ centralized procurement instead of the earlier fragmented uncontrolled, autonomous buying of different operations, department, etc.
- ◆ registry of licensed/permitted chemicals. The list has been created with the close cooperation of 3 fields in the corporation: environmental protection,

work safety, fire safety. Now there are cca 300 chemicals inherent to water-cleaning technological processes in the registry that have a lower negative environmental impact. The final buying transaction is based on other environmental considerations (distance, environmental emissions of transport) and other aspects (e.g. time, price) at the same time.

- ◆ Database on suppliers and subcontractors, that – as a result of the continuous monitoring activities – provides updated information at any time on whether the suppliers have fulfilled all the environmental requirements of Waterworks.

These most recent developments have been supported by the management of the Waterworks and embedded both in the procedures and daily decision-making.

Benefits for organisation

Rules and register provides effective and powerful assistance to employees, based on which they have the rights and tools to enforce environmental considerations at external parties.

SUPPLIERS' SELF-ASSESSMENT

B20

Aims and goals

To involve suppliers in the activities of social responsibility and sustainable development, highlight its importance and benefits that the company (supplier) and the community can get.

Embraco Slovakia s.r.o. is one of the largest employers in the Spišská Nová Ves region. It focuses on the production of compressors and condensing units with a focus on commercial refrigeration.

The development of suppliers' awareness about sustainability and social responsibility started in 2008 when Embraco Suppliers' Code of Conduct was distributed to all suppliers. Next, the Self-assessment questionnaire was sent to all suppliers.

In cooperation with Legal and Procurement department and with a support from the parent corporation, Embraco Suppliers' Code of Conduct was prepared. This document was sent to all Embraco suppliers, presenting the main criteria:

Laws and regulations, Child Labour, Forced Labour, Harassment, Working hours, Health and Safety, Non-discrimination, Women's rights, Environment etc.

By signing this document, supplier undertakes to respect and comply with all the above mentioned criteria. All of suppliers signed the Code of Conduct and respect the criteria. The fulfilment of the criteria was proved by several audits. Subsequently there was a questionnaire prepared for self-assessment to help determine how suppliers operate in accordance with this code.

So far, the company has not seen a violation of the Code of Conduct by suppliers. After the signature of the code, many suppliers began to be more competent with the concept of sustainable development and reviewed their practices.

Benefits for organisation

Positive image of company
Sharing good practices between company and suppliers.

FREQUENTLY ASKED QUESTIONS

4.

As it was mentioned in the beginning of the handbook, the self-assessment tool was tested in 5 countries in a variety of companies. Using the experience of experts, several commonly raised questions are presented in this chapter.

GENERAL QUESTIONS

1. Who will do the CSR self-assessment?

It is not going to be a single person. Most probably a small group of people from different departments and organizational levels of the company will engage in it. Most of the information needed for the self-assessment might be available in one hand if there is a competent person, who is a kind of CSR officer. She/he will coordinate the self-assessment and collect the relevant information from others.

2. Why is it worth doing a CSR self-assessment?

Companies that tested the self-assessment tool reported clear, down-to-earth, utilizable outcomes. Besides having insights to their own CSR status through special lenses combining external (the logic of the tool) and internal (it is a self-assessment anyway) view there were specific fields where they could define further steps and actions they had not in mind before. Streamlining policies, connecting CSR responsibilities to board members annual bonuses are just two of these outcomes.

3. What does “Methodology” stands for?

These are suggested rather than expected steps. Since the tool is made for both SMEs and larger companies, we need to allow certain flexibility in order for individual companies to engage with it meaningfully. This is more of an awareness raising, thinking tool than a scientific assessment.

4. What if the point I think I should give is not included (e.g. 3 points would be optimal when the possibility is 0 or 4)?

You are not allowed to change the scale. The company has to be assessed by the preset scores. If you are hesitant and cannot overcome it, choose the smaller score.

5. What does it mean if the company finally receives “x” points?

There is no data to compare then against yet – that would allow us to compare companies agree, though we wish to preserve the anonymity of those companies who prefer this. The real advantage, however, is in companies tracking their own performance year by year.

6. What if the company is a local subsidiary of a multinational corporation?

Focus on the local company. The scores should reflect the CSR performance of the subsidiary, the parent company is irrelevant in this sense. Procedures, programmes that are initiated by the parent company and embedded in the local firm shall obviously be taken into account. Others shall not be included.

7. Why should I use this particular toolkit, I have already CSR strategy in place?

Firstly, using this toolkit companies will identify what works well, in what areas the company met CSR goals or not. Secondly, the factors might be identified within or outside the company that help or confuse the company in meeting its goals. It will also indicate what areas are perfect and what problematic, what obstacles and difficulties are. Based on the findings it may be easier to define what the CSR priorities are for the upcoming year and are there new CSR objectives.

CONTENT QUESTIONS

1. Is it enough to have policies? Do they ensure that things will really happen?

There is a general fear that policies are for drawers: those are principles just to generate more bureaucracy. Goals and KPI-s in the 'Structure' actually help clarify. In some CEE countries there might be observed distrust in written policies and strategies. The positive expectation/belief in this case has to be ensured.

2. Is it necessary for a company to have designated senior personnel with clear responsibility for CSR?

To have clear CSR responsibility is important, but why is it important to do it full time? If the responsibility is formulated clearly and straightforwardly, then the decision maker can delegate CSR activities, coordinate bottom up CSR initiatives etc. It is better to have one personnel instead of sharing this responsibility by many (possibly all) members of the organization.

3. Does the company link corporate responsibility issues to people's performance reviews/appraisals across the company?

KPI-s in general are said to be rare in workers' job description in tested countries. On the other hand some CSR related KPI-s exists but exclusively for CSR related personnel (environmental manager, HR manager, and communication manager) that is only a handful of people.

An indirect link was depicted in the following example. Expectations and requirements of the parent company (in environmental and CSR aspects as well) are so strong that all employees try to fulfill them. Otherwise more visits and audits may come, i.e. something unwanted, negative happens to the organization, and extra work, stress to its employees.

4. "Do I really have to create one more staff position just to work on CSR? We're in efficiency mode."

Most typically, CSR gets directed to senior public affairs, communications or marketing staff. Sometimes it is placed in the human resources, government affairs, environment, health and safety or legal departments. This is a good start, but in most cases this approach becomes unsustainable unless there is a strong senior management support, and resources are allocated accordingly. If business conditions were to become worse, people would default to their core responsibilities and CSR would likely drop off the radar screen.

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APPENDIX. TESTING SPREADSHEET EXAMPLE

After reading the questionnaire, evaluator should fill in the testing spreadsheet and sum up the scores.

The remarks on documentation, existing status and suggested actions for future improvements are optional.

Category & Indicator	Score	Remarks	Suggested actions
Governance			
1			
2			
3			
4			
5			
SUBTOTAL			
Environment			
6			
7			
8			
9			
10			
SUBTOTAL			
Labour issues			
11			
12			
13			
14			
15			
SUBTOTAL			
Community Relations			
16			
17			
18			
19			
20			
SUBTOTAL			
Business Environment			
21			
22			
23			
24			
25			
SUBTOTAL			
TOTAL			



CSR Self-Assessment Handbook for Companies

Order No. 12 188. 1 000 copies.

Published by UAB “Baltijos kopija”
Kareivių st. 13B, LT-09109 Vilnius, Lithuania

The Handbook development was financed by the European Commission. The views expressed in this study reflect the authors' opinion and do not necessarily represent the position of the European Union or the United Nations Development Programme.

