

ANNEX A

CSR-PS Diagnostic Framework (Version 1.0)

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Economic

Corporate Social Responsibility (CSR) Activities - Options		Public Sector Responsibilities and Policy												Business Level of CSR Attainment R – resulting (legal) L – compliance (corporate) C – compliance (corporate) I – innovation in CSR			Public Sector Roles in Strengthening Corporate Social Responsibility (CSR) - Options				
Categories	Sub-Categories	Trade & Foreign Investment	Fiscal and Monetary Policy	Private Sector Development and Industrial Policy	Infrastructure Development	Decentralisation and local government	Employment and Manpower	National Institutions and Reform	Health Care Services	Education and Youth Development	Poverty Reduction	Environmental Protection and Rehabilitation	Food security	Political Stability	Foreign Controlled Corporate Enterprises	Domestic Corporations and principal Contractors	Domestic SMEs	Mandating (laws and regulations)	Facilitating (incentives, guidance and deterrents)	Partnering (with business and/or civil society)	Endorsing (political support, awards, leading by example)
Monetary Flows to the Public Sector	<ul style="list-style-type: none"> ▪ Disclosure of government subsidies (tax breaks, grants etc.) ▪ Disclosure of all payments to government officials and third-parties, including: signatory payments, commission fees, other major set-up costs, advances against profits, retainers and other consultancy fees, corporate donations, special discounts, surcharges, agents fees, extra-contractual payments, royalty and corporate taxes, consultancy fees etc. ▪ Disclosure corporate tax and royalty payments ▪ No seeking or accepting exemptions not contemplated in the statutory or regulatory framework relating to taxation and financial incentives 																	<p>Establish a legal or regulatory framework for the public disclosure of payments by companies.</p> <p>Within the framework of securities law establish linkage between the disclosure of payments and the requirements for publicly listed companies on stock exchanges (See EXAMPLE 1)</p> <p>Establish legislation and regulatory controls setting out a framework for distribution of resource rents and taxes from national to sub-national and local levels, including, where appropriate a focus on the regions of production, for example:</p> <ul style="list-style-type: none"> • a minimum percentage of company retained profits (eg 1%) to be paid into a local community development trust or endowment fund (or similar arrangement), with requirements for community-management and credible regulation • a minimum percentage of government revenues from company profits (eg 20 – 50%) to be directed to local governments in the regions of operations <p>Augment the regulatory framework for statutory corporate taxation to balance the burden on business of complying with applicable tax laws with the need for tax authorities to have complete, timely and accurate information to enable the law to be enforced.</p>	<p>Make publicly available a register of payments by companies, or an annual publication, with effective promotion of the register internationally to strengthen the confidence of investors and buyers</p> <p>Instigate a transparent system of tax concessions for companies actively promoting the diffusion of investment-friendly CSR activities to local contractors, such as SME development or technology transfer</p>	<p>Participate in international discussions on private sector disclosure of public sector payments, with a view to identifying and implementing supportive public sector policies</p> <p>Convene in-country multi-stakeholder forums to develop principles for the management and redistribution of tax revenues</p> <p>Integration of discussions on revenue distribution from sensitive industrial sectors (eg those in the extractive industries) with overall policy planning for nation and regional security, with the aim of preventing the escalation into violence of community-company disputes in production regions</p> <p>Local governments and communities jointly management of local community development trust or endowment funds (or similar arrangement) financed through the distribution of tax revenues or other rents</p>	<p>Public statements from government (eg disseminated through investment promotion channels) of support for disclosure of payments by foreign investors</p>

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Employment and Human Resource Development	<ul style="list-style-type: none"> Level of wages consistent with industry average and livelihood needs of employees and their families Reasonable employee benefits: eg health and accident insurance and/or facilities access; pensions; meals or food allowance; housing; travel allowance; performance bonuses etc. Encouragement of human capital formation through employment opportunities, on-the-job training and life-long learning Within legal and international constraints, preference to employing local personnel and incorporation of such terms into procurement and supplier contracts Fair and adequate redundancy terms, including compensation management (For worker and labour rights see Labour Standards category) 																	Within company or labour law establish nationally appropriate minimum wage levels (or formula) and worker benefits, eg health insurance or facilities; pensions; redundancy pay	Within legal and international constraints, when negotiating investment, development or management agreements with investors, operators and contractors, require agreement on performance targets for local content (employment and supplier preferences). Prepare guidelines or 'models' for incorporating criteria and procedures for local employment content and skills development into competitive tendering and contract design Work with investors and buyers to build understanding of linkages between national employment policies and companies' own employment policies Build incentives for companies to go 'beyond compliance' on employment and skills transfer initiatives – eg through tax rewards, public policy statements in appropriate international forums, etc	Relevant government-sponsored educational and training institutions to partner with companies that have in-house training activities, with the aim of examining potential for synergies (whilst retaining and exploiting links to private sector 'philanthropic' education activities)	In cases of redundancy and retrenchment development of multi-stakeholder partnering agreements between business Human Resources Departments, trade unions, government manpower and employment agencies and civil society groups working on livelihood income and enterprise development, eg Placer Dome retrenchment programme in South Africa (http://www.southdeep.co.za) Endorse, through award schemes, companies that show innovation in skills development and skills transfer, eg those who transform conventional training programmes for upgrading semi-skilled workers to more formal certified apprenticeship training programmes (with consideration of future market demands) and linked to nationally or internationally recognized standards of excellence Lead-by-example – incorporate criteria and procedures for local employment and skills development into competitive tendering and contract design on government contracts

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Procurement and Supply Chain Management	<ul style="list-style-type: none"> Development of databases on local business capabilities and business development and support/facilitation service requirements Within legal and international constraints, incorporation of a proportion of national content in procurement and supplier contracts Adoption of fair competition practices for purchase and service contracts, eg transparent competitive tendering and transparency in call-down contractor lists Contracts paid in accordance with agreed terms and legal requirements Facilitation of access to working capital and credit for local suppliers, contractors and licensees Provision of information on quality standards (technical, environmental etc.) for suppliers and contractors, and proactive training where this is in the business interest, eg for reliability or speed of suppliers Purchase of equipment for use by resource-poor suppliers, contractors and licensees, and provision of associated training in equipment operation, maintenance and safety, and consideration of arrangements for eventual transfer of ownership Horizontal strategic business alliances between domestic goods and service contractors and suppliers to reduce operating and investment costs and improve the efficient transfer of technology Promotion of social and environmental codes and standards through the total value chain, accompanied by training and other support and facilitation necessary to prevent standards becoming a barrier to market entry (see Social and Environment categories below) 																	<p>Establish maximum payment periods in respect of invoices properly issued by small enterprises</p> <p>Establish mandatory framework for 'local content' in public procurement/tendering on contracts above a certain value, backed by penalties for abuse</p>	<p>Prepare guidelines or 'models' for incorporating criteria and procedures for local content and local business development into competitive tendering and contract design</p> <p>Establish simplified, accessible procedures for small claims for breach of contract</p> <p>Facilitate linkages between large and small companies (non-competitors) to build tendering capacity in smaller companies – eg through cross-sectoral training sessions, perhaps hosted by public sector agencies.</p> <p>Grant schemes or subsidies for places on ISO 9000/14000 training courses for SMEs</p> <p>Promote professionalisation of purchasing and supply practice through advocacy for skills sharing/international exchanges etc with international agencies and investors</p> <p>Incorporation of references to environmental/social issues in investment promotion literature making clear government preference for 'pro-CSR' investment and opportunities for showcasing the performance of domestic contractors in meeting these standards.</p> <p>Brokerage of skills transfer through staff secondment from large-to-small business in areas of key enterprise development need – eg in relation to bookkeeping and financial accounting skills.</p>	<p>Promote uptake of ISO 9000 and ISO 14000 certification by funding/hosting training or skills centers that showcase companies already certified and promote business-to-business fertilisation.</p> <p>Convene and contribute to local enterprise development partnerships designed to build local SME capacity to act as contractors and suppliers. Partnerships may involve:</p> <ul style="list-style-type: none"> companies – procurement departments, quality inspectors and contract managers local government - vocational training agencies, extension services and micro-credit agencies; NGOs with business management training capacity, market research and regulatory navigation expertise Banks and development agencies – working capital and business development expertise <p>Partner with local trade associations and business-development NGOs to build data-base and promote awareness among potential buyers and procuring businesses of local enterprise capacities in different regions and industrial sectors</p> <p>Work with exporters/trade associations and buyers in export markets to build early-warning awareness of new requirements (eg on environmental issues) likely to affect contracts for supply of goods and services in key sectors</p>	<p>Lead by example through public procurement practices that facilitate effective access for small/start-up enterprises – eg through review of tender requirements on accounts such as meeting certain environmental standards (see EXAMPLE 2).</p>

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Technology Transfer and Intellectual Property Rights	<ul style="list-style-type: none"> Operational and R&D activities compatible with public policies and plans for science and technology Practices that permit the transfer and rapid diffusion of technologies and know-how, with due regard to the protection of intellectual property rights Operational technology, products and services that address local market needs Employment of host country personnel in a science and technology capacity In granting licences for the use of intellectual property rights or when transferring technology, application of reasonable terms and conditions and in a manner that contributes to the long-term development prospects of the host country Development of links and collaborative research projects between local universities and other public research institutions, and local industry, industry associations and/or the R&D facilities of domestic and foreign corporations 																	<p>Compulsory licensing of key products and technologies (within limits allowed by international law) that are in the public interest</p> <p>Legal protection for intellectual property rights</p> <p>Legal or regulatory framework for companies licensing or selling technologies to ensure that terms and conditions are reasonable and allow for on-going technology diffusion and adaptation to local market opportunities</p>	<p>Prepare guidelines for incorporating criteria and procedures for promoting technology and skills transfer into competitive tendering and contracts</p> <p>Facilitate investor access on fair terms to locally developed technologies and work to build local capacity to conclude mutually beneficial contracts that do not exploit the innovating party</p> <p>Fund or seek international donor support for development of negotiation skills for technology transfer/licensing and awareness of legal aspects</p> <p>Undertake 'mapping' exercises to aid potential investors identify commercial opportunities for technology transfer at national/local level, eg environmentally clean technologies</p>	<p>Seek business input in the development of public policy in key areas of industrial policy with the explicit intention of promoting 'leapfrogging' to new (eg environmentally cleaner) technologies</p> <p>Joint business/public sector (university) partnerships to fund scholarships in areas of key industrial importance to the nation with respect to technology transfer, and incorporate secondment of students to the sponsoring companies</p> <p>Joint industry-government development of guiding principles and clauses for technology licensing and purchase contracts</p> <p>Public sector support (eg through export credits with bi-lateral donors) to assist companies/investors in supplying critical 'hard' technologies necessary to develop domestic industries and markets</p> <p>Joint industry-business forums to agree public policy in relation to intellectual property rights (eg pharmaceuticals) and to negotiate preferential licenses to meet public policy goals such as poverty reduction</p>	<p>Political endorsement of company best practice – eg voluntary licensing or transfer of key technologies to local businesses, universities or health centres</p>

Environment

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		<p>Environmentally Safe Production, Products and Services</p> <ul style="list-style-type: none"> Development of policy and guidelines for promoting end-user health and safety during production and/or during use of products and services pursuant to domestic laws and regulations and international obligations. including monitoring system (eg customer satisfaction) and performance disclosure Adoption of product (environmental) life-cycle analysis into product and service research and development, eg ISO 14040-49, and ISO 14062 (R&D) Development of voluntary codes for product labelling, eg ISO 14021 Optimal use of operational wastes (processed and unprocessed) from internal and external sources and including both consumer and industrial wastes Optimal use of renewable energy sources Optimal use of energy-intensive materials Promotion of levels of awareness among customers and end-users of the environmental implications and risks of products and services Compliance with all relevant domestic legislation and international obligations pertaining to environmental hazards management, for production, transportation, import and export and disposal of materials and wastes Incorporation into risk assessments, analysis of environmental risks at each stage of the production process or each stage of a project life-cycle, including both isolated and cumulative risks, eg application of risk matrices Education and training of employees in environmental health and safety, including handling of hazardous materials and the prevention of environmental accidents and risk realisation Implementation and monitoring the effectiveness of environmental risk mitigation plans and preparation of risk/accident contingency plans, including contingency fund for uninsured environmental risks Consultation with potentially affected parties to enhance risk mitigation and contingency measures Disclosure in a timely manner information on environmental risks to key stakeholders Development of effective procedures for redressing injuries caused to customers, others persons or property from use of products or services Development of effective procedures for redressing damage to environmental resources 	<p>Legal framework for environmentally safe production, products and services:</p> <ul style="list-style-type: none"> incorporate environmental considerations into existing production, product and service quality standards, including 'polluter pays' principles require fair and quick remediation for redressing injuries caused to buyers, customers and others persons or property or other acts of non-compliance redress for damage to valued environmental resources, eg for affected communities legal protection for 'whistle blowers' <p>Improved enforcement of existing regulatory system for production, products and services:</p> <ul style="list-style-type: none"> capacity-building for health and safety and environmental regulators in preparing ToRs for site visits, reviewing reports and monitoring effectiveness of environmental risk management and contingency plans more stringent remediation for production or product non-compliance and incidents, eg raise penalties for unauthorized release or disposal of pollutants or lack of contingency planning regulatory requirements based on use of 'best available techniques', or 'best practicable environmental option' to support continuous innovation in industry, eg in energy-intensive production, low pollutant emitting technologies and recycling regulatory product quality and labeling criteria in accordance with standards of potential buyers and investors inspectors reports to include steps company is taking to move beyond compliance, and credit/endorse accordingly (aim is to link voluntary improvements in environmental risk management with legal framework) <p>Establishment of mandatory performance bonds in relation to environmental and/or social issues in key sectors or key developments, eg as a clause in Development Agreements</p> <p>Race to the top – adopt best corporate practice and/or best international codes into law, and create culture of ratcheting up environmental standards for production, products and services and related risks</p>	<p>Develop business outreach awareness programmes on importance for international market access of incorporating certification for production and products, eg environmental management (ISO 14001); product labelling (eg ISO 14021); product life-cycle analysis (eg ISO 14040-49); product research and design (R&D), eg ISO 14062</p> <p>Establish national certification scheme, with subsidies for participating companies to contract auditors</p> <p>Conduct overseas diplomatic and trade missions promote exports of 'green goods' and services in markets with significant numbers of ethical buyers and consumers</p> <p>Provide tax incentives for that proportion of operating costs or profits re-invested in setting up environmental management systems</p> <p>Develop environmental management cooperation agreements with key industry players' (see EXAMPLE 4)</p> <p>Convene standards setting fora to promote uptake of international environmental production, products and service standards:</p> <ul style="list-style-type: none"> domestic industry based consensus; and/or multi-stakeholder based forum <p>Establish a resource centre for representatives of employees (eg trade unions) and employer/trade associations to inform effective labour-company agreements on conditions</p>	<p>Convene government-industry-civil society forums to develop 'home grown' codes and labeling for key local products, coupled with development of marketing strategies for these goods in other markets, including exports (See EXAMPLE 5 and see EXAMPLE 6)</p> <p>Collaborate with research institutions and company R&D departments to explore both market-based and regulatory methods for incentivising recycling and the development of recycling technologies, both in production and products & services</p> <p>Joint government-industry awareness raising among customers and end-users of the environmental risks of production technologies, products and services with aim of building consumer confidence in the market place for goods produced domestically</p> <p>Joint government-business-civil society training programmes involving company outreach and quality control managers, and civil society groups working with small-scale suppliers, with the aim of reducing the unintentional consequence of the environmental requirements of buyers acting as a barrier to market access for local SMEs</p> <p>Incorporate teaching of production, products and service environmental safety and related management systems into university and MBA curricula.</p>	<p>Promote 'green/ethical consumerism' at national level, eg publicity for locally produced goods and services that meet 'fair trade' or other relevant criteria (see EXAMPLE 3)</p> <p>Endorse companies (eg through awards schemes) with environmental production, product and service codes and practices that go beyond legal compliance</p>															

Social

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Health and Safety of Employees	<ul style="list-style-type: none"> Development of policies and guidelines for health and safety pursuant to the framework of domestic laws and regulations and international obligations (such as ILO 176), and that includes management and employee training, a monitoring system and performance/results disclosure, Effective management structure for promoting health and safety at all levels of the organisation Disclosure to employees and other relevant third-parties parties of occupational accidents and diseases and any associated risks Joint health and safety committees comprising management and workers Formal agreements with trade unions or other employee representatives covering health and safety Specific policies for HIV/AIDS and STDs and where applicable integration with government programmes Life-long training in health and safety standards, with particular emphasis on new employees, job transfer, hazardous jobs, and the introduction or modification of equipment and procedures 																	<p>Minimum legal requirements on health and safety in the workplace, including, inter alia:</p> <ul style="list-style-type: none"> maximum permitted exposure levels of specific substances clear establishment of general duties on employers for provision of a safe working environment prohibition on employer 'contracting out' <p>Mandatory insurance for workers in the event of occupational injury, with effective anti-avoidance provisions (eg to deal with subcontracted labour)</p> <p>Mandatory disclosure requirements in respect of reportable incidents/injuries</p> <p>Rights of access to worker information on health records held about them</p> <p>Whistle-blower protection from recrimination for workers reporting health and safety breaches to regulators and/or others (eg NGOs)</p> <p>Effective access to remedies, including meaningful compensation for injured workers</p> <p>Effective legal underpinning for collective bargaining and freedom of association in respect of health and safety issues</p>	<p>Establish appropriate legal incentives for continuous improvement in workplace health and safety practice, eg mandatory business contributions to employers' compensation funds can be graduated in line with the number/frequency of reported incidents, so that 'best practice' companies are rewarded through lower premiums</p> <p>Build capacity among local doctors to identify key occupational diseases and hazards</p>	<p>Work in partnership with businesses and civil society based organizations – eg led through national medical research agencies - to establish workplace policies on HIV/AIDS that are integrated with public policy goals and public sector experience of 'best practice' on public health and disease prevention, taking account of local cultural norms</p> <p>Joint government-industry training programmes in occupational health and safety, and health and safety risk assessment</p> <p>Business health monitoring equipment shared with health safety inspectors and local hospitals with a view to facilitating attainment of public sector health goals and enhancing overall workforce productivity</p> <p>Leadership companies work with government and trade unions to build awareness and best practice in health and safety and associated management systems, including the design of training packs/resources for local SMEs</p>	<p>Political endorsement/ action seeking redress for victims of industrial accidents</p> <p>Political endorsement/recognition for best performing companies- eg through an annual 'health and safety awareness' week endorsed by senior political figures</p>

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Corruption and Bribery	<ul style="list-style-type: none"> Development of policies and guidelines on anti-corruption and bribery pursuant to the framework of domestic laws and regulations and international obligations, and that takes into account established public policies; and that includes management and employee training, a monitoring system and performance disclosure. Refrain from offering bribes or other undue advantage to public officials and regulators or the employees of business partners to obtain or retain business Refrain from yielding to demands or extortion Procurement/contracting free from facilitation payments Refrain from using sub-contracts, purchase orders or consulting agreements as a means of channelling payments to public officials or employees of business partners Maintain a list of agents employed in connection with the negotiation or execution of transactions with public bodies and state-owned enterprises Disclose the company policy on funding political parties or individual elected representatives or candidates for public office and party lobbying Full transparency in relation to payments to candidates for public office, eg disclosed and updated registry of payments Foster openness and dialogue with the public and government so as to promote awareness and co-operation in the fight against corruption Adopt financial and tax accounting and auditing practices that prevent the establishment of 'off-the-books' or secret accounts or the creation of documents that which do not properly and fairly record the transactions to which they relate (see also CSR category on Monetary Contributions to the Public Sector) 																	Establish minimum legal requirements to criminalise corrupt payments . Consider the boundaries of such legislation, and whether there is a case for covering payments between private sector actors, backed by whistle blower protection. Establish legislation and appropriate penalties on party and political finance , with particular reference to corporate contributions. (See EXAMPLE 9) Develop clear legislation on the proportion of revenues paid by businesses to central government that should be allocated to the local level Require mandatory disclosure of business payments to government/public sector officials (see CSR category: <i>Monetary Contributions to the Public Sector</i>)	Establish clear corruption complaints mechanism with independent governance and a power of inquiry and referral to prosecutors (eg in the form of a Corruption Commission) Disseminate information regarding access to company-run hotlines for reporting instances of corruption Provide anti-corruption training for public officials, including, for example, the provisions of the OECD Convention on Bribery (Table B1), and incorporating international case studies from 'best practice' businesses (with aim of reducing the 'demand side' of bribery) Maintain publicly available information on duties of different public sector departments and their reporting/accountability lines. Provide clarity, eg public statements, on scope of discretionary powers held by authorities empowered to grant licences/award contracts and intervene with day to day business activities Establishment of a free and independent judiciary including transparent appointment processes for judges and training in key areas of law identified as relevant to bribery and corruption	Joint government-business-civil society forum to negotiate consensus on principles for anti-corruption, including identification and diagnosis of institutional weaknesses, ie 'hot spots', and With regard to extractive industries, develop multi-stakeholder dialogue to agree voluntary compensation frameworks for communities and individuals affected by extractive industry activities	Political endorsement of enforcement against corrupt officials , and whistle-blowing by individuals. Political endorsement of press freedom Political endorsement of cross-sectoral multi-stakeholder partnerships between business and civil society to combat corruption through greater transparency and trust. Lead by example – government departments maintain published registry of all payments to and from contractors working on government projects, In state owned enterprises, discourage employee reward and incentive schemes that facilitate dishonesty and malpractice by creating an unreasonable pressure to achieve targets

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	<ul style="list-style-type: none"> Development of policies and guidelines to deal with human right violations (and abetting) pursuant to the framework of domestic laws and regulations and international obligations, and that takes into account established public policies; and that includes management and employee training, a monitoring system and performance disclosure Company security policy and practices take into account the risks of complicity or abetting human rights violations and abuse (eg harassment, denial or freedom of assembly, arbitrary arrest and detention, hostage taking, disappearances, torture, extra-judicial killing) Where involuntary resettlement/displacement (forced relocation) is unavoidable, all relevant laws (eg for compensation) stringently applied and consideration given to international best practice for achieving full livelihood restoration Compliance with indigenous peoples' (legal) rights Respect for broader human rights of individuals in accordance with the United Nations Declaration of Human Rights, eg extent to which procurement practices and use of natural resources Procurement screening of suppliers for human rights compliance (see also CSR category: <i>Labour Standards</i>) 																	<p>Establishment or strengthening of a free and independent judiciary including transparent appointment processes for judges and training in key areas of law relevant to human rights</p> <p>Human rights training for members of the judiciary and other key public sector actors such as security forces</p> <p>Publicly available registers of court hearings and judgments relating to human rights violation cases</p> <p>Public rights of access to information and direct participation in decision-making connected to new developments and other investment decisions</p> <p>Clear public policy statements on operational arrangements in relation to provision of security around sensitive business facilities</p> <p>Inclusion of human rights education in national curricula</p> <p>Effective legal assistance for human rights cases, including through legal endorsement of appropriate charging structures for lawyers (eg on a 'no-win-no-fee' basis)</p> <p>Support for establishment of independent human rights commissions at national level, with a mandate sufficiently broad to allow consideration of private sector roles and responsibilities</p>	<p>Joint government-industry training and policy development on human rights issues involving key public sector personnel (eg security forces) and leadership businesses in potentially sensitive sectors, eg extractive industries</p> <p>Company/state co-funding for human rights education in school curricula</p>	<p>Political commitment to respond to relevant findings of national human rights commissions</p> <p>Clear political denouncement of human rights violations</p> <p>Promotion of the relevance of the Universal Declaration of Human Rights to 'all organs of society' including businesses</p> <p>Inclusion of 'star performers' in the private sector in nominations for human rights awards</p>	
Human Rights																					

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Categories	Sub-Categories	Trade & Foreign Investment	Fiscal and Monetary Policy	Private Sector Development and Industrial Policy	Infrastructure Development	Decentralisation and local government	Employment and Manpower	National Institutions and Reform	Health Care Services	Education and Youth	Poverty Reduction	Environmental Protection and Rehabilitation	Food security	Political Stability	Foreign Controlled Corporate Enterprises	Domestic Corporations and principal Contractors	Domestic SMEs	Mandating (laws and regulations)	Facilitating (incentives, guidance and deterrents)	Partnering (with business and/or civil society)	Endorsing (political support, awards, leading by example)
Conflict and Violence	<ul style="list-style-type: none"> Development of policies and guidelines to deal with conflict that take into account established public policies, and that include management and employee training, a monitoring system and performance disclosure assessment of non-commercial risks of conflict and violence on operational performance assessment of risks that operational activities might fuel or trigger conflict and violence training for employees and contractors working in conflict zones (security and conflict prevention/management) good stakeholder and community engagement acting to prevent conflict and/or act as a 'social fence' for the operation partnerships with government agencies and civil society on community development projects to open channels of communication of value in preventing disputes escalating into, or fuelling, violence and conflict 																	A clear, accessible and equitable land rights framework , including provisions for mandatory consultation and adequate compensation for compulsory acquisition of land and accessible and independent dispute settlement fora	Clear 'conflict minimising' guidelines and policies for security personnel working around sensitive business operations, including clear divisions of roles between state and company security forces Establishment of a free and independent judiciary including transparent appointment processes for judges and training in key areas of law identified as relevant to conflict prevention (eg land rights; freedom from workplace discrimination, etc)	Where <i>appropriate in the light of the sources of conflict or violence</i> : Establishment of enterprise development promotion initiatives in conflict zones to provide a credible 'alternative' to the economic advantages gained from violence. Dialogues on the local impacts of security measures around security sensitive investments Joint government-company conflict prevention training for new public sector recruits to conflict zones focusing on the detailed local context and sensitivities Partnerships with local businesses in post-conflict situations to ensure freedom from discrimination in recruiting new staff and in employment benefits	Political endorsement for the principle of legal action by victims for redress in cases of human rights violations

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<p>Social Impact Assessment and Management</p> <ul style="list-style-type: none"> Development of policies and guidelines for social assessment and management pursuant to the framework of domestic laws and regulations and international obligations, and that takes into account established public policies; and that includes management and employee training, a monitoring system and performance/results disclosure Independent preparation of assessment studies, free from 'conflicts of interest' eg 'streamed' contracts Impact assessed over supply chain and distribution networks Preparation, implementation and monitoring of Social Management Plans incorporating, where applicable, sub-plans to manage continuous Stakeholder Engagement and Information Disclosure, Resettlement and Displacement, impacts on Indigenous Peoples, and Community Development opportunities. Social Management Plans developed either free-standing or integrated with Environmental Management and Mitigation Plans. Key issues for social assessment and mitigation include: <ul style="list-style-type: none"> relocation, resettlement and displacement indigenous rights and cultural sensitivity; livelihood security; impacts on vulnerable groups; demographic changes; socio-economic impacts (direct/indirect employment, purchasing power, wage levels, revenues and associated public spending, boom town effects); community health (epidemiology; capacity of community facilities; risk of and vulnerability to disease (infectious/non-infectious); vulnerability to and risks of exposure and pollution; alcohol, drugs and STD related illness; role of indigenous medicine); effects upon, and from, migrants (workers and settlers); effects on capacity of social infrastructure (transport, roads, educational and medical facilities, power supply); impacts on livelihood-relevant natural resources; impacts on lifestyle and quality of life; impacts on cultural property (archaeological, historical, religious, spiritual, cultural, recreational, aesthetic); social equity of impacts (access to employment etc.) optimising community development opportunities - employment, local business development, community infrastructure, human resource development etc Development of standards and procedures for ensuring adequate and fair compensation for loss of land, assets and disturbance, and that delivers livelihood security and opportunities commensurate with the prior situation. 	<ul style="list-style-type: none"> Augmentation of legal framework for environmental impact assessment to explicitly encompass social and socio-economic factors, including: health impacts, resettlement, indigenous peoples issues, community development, stakeholder engagement. Improved enforcement of existing regulatory system for environmental impact assessment to include social and socio-economic factors (as above), in particular: <ul style="list-style-type: none"> capacity building for environmental regulators in: preparing ToRs for social impact assessment studies; negotiating fair compensation; reviewing social impact statements and management plans; and monitoring effectiveness of mitigation/management plans over time Require independent preparation of social impact assessment studies, free from 'conflicts of interest' eg 'streamed' contracts or commercial or family links between EIA contractors and contracting company EIA reports and statements to include steps company is taking to move beyond compliance with current social requirements (such as consulting only at time of final draft report), and credit/endorse accordingly (aim is to link voluntary improvements in social management with legal framework) Development of a regulatory framework and enforcement capability for identifying and resolving disputes between companies and communities, eg over compensation for compulsory land acquisition, resettlement and displacement claims, access to employment opportunities or SME contracting Development of a legal framework for negotiation of social responsibility agreements (see EXAMPLE 10) 																				
																		<p>Develop best practice guidance to assist national, regional and district planning authorities to develop planning frameworks that manage the impact of business operations, their facilities, supply chains and distribution networks across the life time of the investment in relation to:</p> <ul style="list-style-type: none"> mitigating and managing adverse social and socio-economic impacts, and capturing the social and economic benefits, eg tax revenue distribution, skills development, enterprise development, social and public infrastructure, employment opportunities, chronic poverty reduction etc. <p>Best practice guidance notes (either generalised for industry specific) aimed at EIA contractors to help them recruit consultants who can focus on social, socio-economic and health impacts.</p> <p>Developed through broad consultation, clear statements of economic and social development policy in relation to sector-specific industrial/enterprise development priorities in different parts of the country/region.</p> <p>Clear public policy statements for different industrial sectors on expectations in relation to how private sector investments will facilitate local enterprise development and the infrastructure (the aim is to define from the outset the boundaries between public and private sectors in contributing to public goods)</p> <p>Establishment of accessible, independent and effective courts, and ombudsmen, tribunal or arbitration services staffed by experts in (new) social assessment regulations and related laws (eg compensation and displacement), and skilled in alternative dispute resolution (ADR)</p>	<p>Develop best practice guidance to assist national, regional and district planning authorities to develop planning frameworks that manage the impact of business operations, their facilities, supply chains and distribution networks across the life time of the investment in relation to:</p> <ul style="list-style-type: none"> mitigating and managing adverse social and socio-economic impacts, and capturing the social and economic benefits, eg tax revenue distribution, skills development, enterprise development, social and public infrastructure, employment opportunities, chronic poverty reduction etc. <p>Best practice guidance notes (either generalised for industry specific) aimed at EIA contractors to help them recruit consultants who can focus on social, socio-economic and health impacts.</p> <p>Developed through broad consultation, clear statements of economic and social development policy in relation to sector-specific industrial/enterprise development priorities in different parts of the country/region.</p> <p>Clear public policy statements for different industrial sectors on expectations in relation to how private sector investments will facilitate local enterprise development and the infrastructure (the aim is to define from the outset the boundaries between public and private sectors in contributing to public goods)</p> <p>Establishment of accessible, independent and effective courts, and ombudsmen, tribunal or arbitration services staffed by experts in (new) social assessment regulations and related laws (eg compensation and displacement), and skilled in alternative dispute resolution (ADR)</p>	<p>Convene multi-stakeholder forums to cross-fertilise best practices in social impact assessment (either generalized guidance or industry-specific) involving: inter alia: environmental and health regulators; Ministries for Rural/Local Development and Employment; leadership companies; the principal contractors in the country; and civil society groups</p> <p>Undertake joint research with companies and civil society groups to tailor international and corporate best practices in social impact assessment to the local conditions and public/community expectations</p>	<p>Endorse (eg through awards schemes) companies applying best practice social impact assessment standards, in particular: explicit consideration of health impacts, resettlement, indigenous peoples issues, community development opportunities, and stakeholder engagement throughout life of investment</p> <p>Government to lead-by-example and incorporate best practice social impact assessment and management requirements into relevant government contracts, competitive tendering procedures, Development, Management or Concession agreements, and new investment in state-owned enterprises</p>

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Community and Stakeholder Engagement (non-commercial)	<ul style="list-style-type: none"> Development of policies and guidelines for community engagement and non-commercial stakeholders (community groups, NGOs, non-shareholding government authorities, universities etc) pursuant to the framework of domestic laws and regulations and international obligations and including management and employee training, monitoring system and performance disclosure Disclosure of information about project operations and potentially adverse environmental and social impacts sufficiently early in planning of each stage of new operations (conceptual design, feasibility studies, construction, operations and decommissioning) to allow engagement with stakeholders on weighing the trade-offs and contributing to design and impact mitigation measures Provision of meaningful information that stakeholders to make informed choices, ie information in readily understandable formats tailored to the needs of different stakeholder groups Provision of information that is accessible to those stakeholder most affected by business operations Identification and informing of all relevant stakeholders, with sufficient time (and where necessary facilitation) the interpretation of the information Continually engage with and 'track' stakeholder engagement, within emphasis on measuring company performance (ie stakeholder satisfaction) and 'bundling' of different activities that stakeholder would wish to address collectively, eg compensation negotiations, employment opportunities and mitigation of adverse socio-economic impacts Company to maintain oversight of the outcomes of stakeholder engagement undertaken in the name of the company by others, eg cases where engagement is undertaken by government (eg for asset loss compensation) or contractors (eg during Environmental Impact Assessment studies) Involvement of government agencies and legitimate community groups, NGOs etc. in engagement activities to build trust and mutual understanding Provision of accessible and safe mechanism for stakeholders to raise and resolve grievances with the company Special recognition of the need to secure informed consent on decisions affecting indigenous peoples and their domain areas Involvement of community, local government and NGOs in environmental and social monitoring, eg of ESIA-related management plans and on-going social management systems 																	<p>Adopt best corporate practice and/or best international codes on aspects of stakeholder consultation, engagement and information disclosure into the following provisions:</p> <ul style="list-style-type: none"> granting of environmental permits for large projects or projects in environmentally sensitive locations (eg through use of EIA instruments) national poverty reduction planning and implementation sectoral reform programmes regional development planning district development planning privatisation programmes large-scale or potentially controversial investment and development decisions <p>Harmonise standards for stakeholder engagement across different industries to streamline regulatory enforcement and avoid duplication</p> <p>Require informed consent of local government authorities (relevant village, district and regional levels):</p> <ul style="list-style-type: none"> prior to exploration or site investigation; and/or prior to reaching a decision on a development, management or concession agreement 	<p>Establish a clear property rights framework to reduce potential for disputes</p> <p>Provide access to information on consultants or individuals from civil society groups, to advise on locally appropriate stakeholder consultation processes and ways to maximize engagement</p> <p>Support development of professional associations seeking to enhance their capacity in stakeholder consultation and engagement</p> <p>Develop best practice guidance notes (either generalised for industry specific) aimed at EIA contractors to help them adjust to a greater emphasis on stakeholder engagement and consultation.</p> <p>Establishment of accessible, independent and effective courts, ombudsman, tribunal or arbitration services, staffed by experts in environmental and social performance regulations and related laws (eg compensation), and skilled in alternative dispute resolution (ADR) and consensus building</p>	<p>Joint development of 'best practice' guidelines on stakeholder engagement in environmental and social impact assessment</p> <p>Convene multi-stakeholder forums to cross-fertilise best practices in stakeholder engagement and consultation (either generalized guidance or industry-specific) involving: inter alia: environmental and health regulators; Ministries for Rural/Local Development and Employment; leadership companies; the principal contractors in the country; and civil society groups</p>	<p>Government to lead-by-example and incorporate best practice stakeholder engagement and consultation into relevant government contracts, competitive tendering procedures, Development Management or Concession agreements, and new investment in state-owned enterprises</p>

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Charitable Giving	<ul style="list-style-type: none"> ▪ Making of donations, grants and scholarships, either directly or through foundations and trust ▪ Provision of sponsorship for events and organisations ▪ Establishment of issue-specific philanthropic trusts and endowments ▪ Facilitation of employee giving, eg through company payroll ▪ Facilitation of employee volunteering either in or out of work time, including secondments ▪ Making in-kind gifts such as product, equipment, vehicles etc. ▪ Offering in-kind loans such as premises, equipment etc 																		<p>Tax incentives for corporate donations, eg donations as tax deductions (see EXAMPLE 11)</p> <p>Enabling legislation or regulations to encourage corporate sponsorship of education and vocational training establishments, eg those specializing in skills critical to the development of a particular industrial sector</p> <p>Enabling legislation to protect companies that establish charitable trust funds or endowment funds from liabilities</p>	<p>Government-industry joint identification of strategic opportunities for employee volunteering and placement to assist government deliver public policy goals and public goods, eg local business development</p> <p>Joint funding schemes where government agrees to match corporate resources donated to selected charitable causes, eg industry related scholarships or research</p> <p>Government-industry placement trading, with aim of cross-fertilising best practices and knowledge</p>	<p>Public praise and awards for companies or CEOs who have demonstrably contributed to charitable causes</p>

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	<ul style="list-style-type: none"> Implementation of community development projects (eg health clinic, school construction, water supply and sanitation, credit facilities etc.) Deployment of market research, distribution networks and retail channels to support community-based enterprises Provision of emergency assistance (eg for natural disasters) Increased use of cause-related marketing Development of employment policies that secure local labour supply, ie that favour local low-income communities Development of procurement practices that place local businesses on call-down lists, and provide appropriate levels of support to enable them to meet procurement quality standards Facilitating local access to working capital and vocational training for local businesses to secure supplier reliability Development and marketing of products and services for low-income consumers Pooling health care resources with local authorities to improve productivity of workforce (including HIV and STD management) Sharing capital expenditure costs of operational infrastructure with local authorities (power, water, sanitation, transport, telecommunications) Engaging principal contractors to act as delivery agents for social investment projects down the supply chain, eg through contracts and performance incentives 																	<p>Mandate in law a minimum percentage of company retained profits (eg 1%) to be paid into a local community development trust or endowment fund (or similar arrangement), with requirements for community-management and credible regulation</p> <p>Mandate in law a minimum percentage of government revenues from company profits (eg 20 – 50%) to be directed to local governments in the regions of operations</p>	<p>Develop clear statements of policy on willingness to engage in various forms of public private partnership relevant to CSR – eg in relation to provision of infrastructure incidental to new developments</p> <p>Tax incentives for companies providing priority community infrastructure and clear statements of principles on respective roles and responsibilities.</p> <p>Clear public policy statements for different industrial sectors on expectations in relation to how investments will facilitate local enterprise development and the development of social infrastructure (aim is to define from the outset the boundaries between public and private sectors in contributing to public goods)</p> <p>Support and fund domestic research institutions that collaborate with the R&D departments of companies (either in country or overseas) to develop commercially viable products and services for low income consumers, with aim of developing a dynamic innovation culture in the host country that expands commercial opportunities for domestic or foreign investors</p>	<p>Convene and contribute to multi-stakeholder partnerships that 'roll-out the operational infrastructure of business operations in alignment with the public sector strategic infrastructure plans of regional and district level government. Such partnerships can be built around any type of investment where permanent or temporary infrastructure (water supply, sanitation, telecommunications, transportation, and power generation and/or distribution, waste disposal, health facilities) is a feature of the development or operational phases. Partnerships may involve:</p> <ul style="list-style-type: none"> companies – engineering and design, procurement of contractors, project management, construction materials; local government – regulatory authorities, infrastructure development planning, public works departments NGOs - with expertise in appropriate infrastructure technology and design and management of cost-recovery systems for low income user, development agencies – low cost finance and/or risk guarantees <p>Convene and contribute to multi-stakeholder business development partnerships designed to build local SME capacity to act as contractors and suppliers. Partnerships may involve:</p> <ul style="list-style-type: none"> companies – procurement departments, quality inspectors and contract managers local government – vocational training agencies, extension services and micro-credit agencies; NGOs - with business management training capacity, market research and regulatory navigation expertise Banks and development agencies – working capital and business development expertise 	<p>Publicise (eg through award schemes) companies showing innovation in social investment, in particular those investments that combine a strong community development benefit with achieving strategic business objectives</p>

Corporate Governance

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	<ul style="list-style-type: none"> Basic shareholder rights upheld: <ul style="list-style-type: none"> a secure method of ownership/shareholder registration the right to convey or transfer of shares right to obtain information on the corporation on a timely and regular basis right to participate and vote in general shareholder meetings elect board members onto the Supervisory and Executive management Boards Shareholders informed and able to participate in decisions concerning fundamental corporate changes Disclosure of arrangements enabling certain shareholders to obtain a degree of control disproportionate to their equity ownership Disclosure of the rules and procedures governing the acquisition or sale of corporate control (through the capital markets, mergers, sale of major assets etc.) Shareholders (including institutional investors) consider the costs and benefits of exercising their voting rights All shareholders of the same class receive equal treatment with regard to voting rights No insider trading or abusive self-dealing 																																			
Rights and Treatment of Shareholders																		<p>Assuming that basic shareholder rights (see <i>CSR column</i>) are captured in company and securities law, consider specific amendments or changes in the regulatory and securities systems to:</p> <ul style="list-style-type: none"> allow shareholder approval of auditors establish maximum terms for external auditors and protection against conflicts-of-interest allow direct nomination of board members afford and ability to pledge shares afford rights to approve the distribution of profits prevent insider dealing prevent use of anti-takeover devices prevent tactical impediments to shareholders exercising their rights, eg charging fees to voting, requiring personal attendance at AGMs, or sending proxy materials to close to the time of voting etc. shareholder/creditor involvement in insolvency proceedings <p>Establishment of laws to protect 'whistle-blowers' exposing corporate wrongdoing</p> <p>Develop a legal system that strikes the right balance between allowing investors and shareholder to seek remedies for infringement of ownership rights, but avoiding excessive, drawn-out, litigation</p>																		
																		<p>Promote multi-country exchange of private sector best practice through advocacy; eg by promoting the idea of best practice exchanges with donors, visiting trade missions, commercial law firms or bar associations</p> <p>Preferential trading of shares by companies that voluntarily undertake to abide by key corporate governance practices and disclosure requirements beyond those in legislation, eg allowing pension funds to invest a higher percentage of assets in domestic equities (see EXAMPLE 12)</p> <p>As an alternative to a legal system of shareholder redress for corporate infringement of ownership rights, establish alternative adjudication procedures such as administrative hearings or arbitration procedures organized by securities regulators or others.</p> <p>Develop best practice guidance or codes on employee participation as shareholders (and lead by example in state-owned enterprises), including:</p> <ul style="list-style-type: none"> employee representation on the board employee stock ownership and other types of profit sharing 																		
																		<p>Initiate dialogue with concerned trade associations and enterprises to discuss options for strengthening implementation and enforcement of securities regulations eg by using commercial levers such as exploring the potential for enhanced synergies with public policy goals and relevant professional associations for the banking, finance, legal and accountancy sectors</p>																		

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Information Disclosure and Reporting	<ul style="list-style-type: none"> Disclosure of ownership profile, eg state, foreign investors, domestic institutional investors, retail investors, important families, holding companies etc. Provision of timely, regular and reliable information to shareholders, employees and key stakeholders on: <ul style="list-style-type: none"> operational activities proposed activities financial and operating results of company company objectives major share ownership and voting rights members of Supervisory Board and Executive Management material foreseeable risks material issues regarding employees and stakeholders, eg HIV/AIDS, risk of accidents governance structure and policies environmental and social performance Information internally verified by Supervisory Board and externally audited by independent experts Establishment of channels for information dissemination fair, timely, cost-efficient and meaningful to shareholders, employees and key stakeholders Disclosure of other information, including: value statements (business principles, governance policies, environmental and social policies, others); management systems for managing risks and complying with laws; and information on relationships with employees and stakeholders Annual financial performance reporting based on reliable sources of information, and describing operating profit, dividends paid, loan preferences, asset sales, interest paid on debt and borrowings etc. Annual environmental performance reporting based on reliable sources of information and as far as practicable aggregated, quantified, data across companies measured against pre-set targets Annual social performance reporting based on reliable information and as based on information reflecting a balanced view of performance rather than selected highlights For all annual reporting, internal verification both by the Management Board and Supervisory (non-executive) Board members For all annual reporting, expert external verification of information and reporting, free from conflicts of interest 																					
																		<p>Within company and/or securities law establish minimum legal requirements for disclosure in annual financial accounts, and for auditing and verification</p> <p>Establish minimum legal requirements for corporate disclosure of environmental or social information attached to environment, health and safety and/or labour legislation and consider provisions on public access</p> <p>Legal and regulatory provision for citizens to access information in government possession on company governance, financial, social and environmental performance for which there is not a valid and publicly stated reason for non-disclosure</p>	<p>Give political support to development of independent professional bodies in the financial/accounting sector who can develop 'best practice' standards on an ongoing basis and effectively contribute to development of international accounting standards</p> <p>Facilitate participation by professionals within local (non foreign controlled) businesses in the development of standards - eg through advocacy and encouraging 'partnering' arrangements between multinationals and local companies.</p> <p>Establish a resource center providing a single point of access for citizens to information in government possession on company governance, financial, social and environmental performance.</p> <p>Promote linkages between company targets on social and environmental issues and relevant public sector policies and goals – eg through discussion forums, leaflets, etc – to facilitate voluntary private sector action in areas of synergy</p>	<p>Take part in multi-stakeholder process to develop standards on environmental/social reporting that reflect the variety of local contexts (eg Global Reporting Initiative)</p> <p>Convene multi-stakeholder fora to build understanding on most appropriate balance between public sector regulation and professional self-regulation in relation to reporting and auditing</p>	<p>Endorsing (political support, awards, leading by example)</p>	

Annex C

Selected Examples of Public Sector Roles in Strengthening CSR

Table C1 Selected Examples of Public Sector Roles in Strengthening CSR

CSR Themes	Examples of Public Sector Roles
ECONOMIC	<p>Example 1 Publish What You Pay</p> <p>A coalition of NGOs and civil society organisations is calling on governments to take leadership in promoting transparency over resource revenues worldwide. A recent move by the UK government calls for voluntary disclosure of revenues paid to developing country governments by extractive industries. The aim is to encourage the transparency and accountability of the national authorities receiving these payments. However, the coalition argues that regulation linking disclosure to stock exchange listing requirements is required to prevent companies flouting a voluntary agreement. Source: www.publishwhatyoupay.org</p> <p style="text-align: right;">(→ go back to framework)</p>
ECONOMIC	<p>Example 2 Public Procurement, Taiwan</p> <p>The Taiwan Environmental Protection Administration (EPA) has run an ecolabelling scheme (Green Mark) since 1992. In 1998 a Government Procurement Act was introduced which included a clause to promote the scheme. This stipulates that products bearing the Green Mark or with comparable characteristics should be given priority in government procurement bids and benefit from a price advantage of 10%. The EPA and the Public Construction Commission have since drawn up Regulations for the Priority Procurement of Eco-Products by Government Organisations. The EPA provides training and guides in green procurement for government procurement staff. By November 2000, the Green Mark programme had drawn up 67 product criteria and awarded the logo to 906 products manufactured by 225 companies, with a combined product value equivalent to the annual turnover of the Taiwanese clothing industry. Source: www.epa.gov.tw</p> <p style="text-align: right;">(→ go back to framework)</p>
ENVIRONMENT	<p>Example 3 Proudly South African</p> <p>Proudly South African is a non-profit company set up by the government-led NEDLAC. It involves a campaign to promote South African companies, products and services in order to support job creation and economic growth, but crucially also requires companies to demonstrate their commitment to social responsibility. A logo signifies to consumers that the company satisfies criteria on local content, quality, commitment to fair labour standards and sound environmental practices. By June 2002 two hundred members had been granted membership, and the campaign expects to have around 400 members by the end of 2002. Negotiations are under way to recognise membership status as a factor in government procurement decisions, with the Department for Education so far having committed itself to giving preference to members in awarding tenders. Future plans for the campaign also include international promotions and publicity, and export advice. Source: www.proudlysa.co.za</p> <p style="text-align: right;">(→ go back to framework)</p>
ENVIRONMENT	<p>Example 4 Environmental Management Cooperation Agreements, South Africa</p> <p>A key outcome of post-1994 environmental policy debates in South Africa has been a statutory recognition of voluntary agreements or 'Environmental Management Co-operation Agreements' (EMCAs) in section 35 of the National Environmental Management Act (NEMA). Influenced by the Dutch experience with environmental covenants, EMCAs are conceived of as a type of <i>administrative agreement</i> between public authorities and 'any other person – or community' for the purpose of compliance with NEMA (Acutt, 2002). Work within the Department of Environmental Affairs and Tourism to implement EMCAs has met with resistance from some South African NGOs, who argue that the minimum conditions for these kinds of tools to be effective instruments for environmental protection are not present in South Africa. Sources: Acutt, N. (2002), <i>Corporate Environmental Responsibility: The South African Experience with Voluntary Initiatives</i>, paper presented to CEMSA conference, Johannesburg, August 2002 Albertyn, C. and G. Watkins (2002) <i>Partners in Pollution: Voluntary agreements and corporate greenwash</i>, Groundwork and FoE International</p> <p style="text-align: right;">(→ go back to framework)</p>
ENVIRONMENT	<p>Example 5 Green Markets Program, Colombia</p> <p>The Ministry of the Environment created the Green Markets Program in order to develop instruments and mechanisms that induce the production of "green" goods and services that may be competitive in both national and international markets. The Program will be supported by a voluntary National Ecolabelling Program. The Green Markets Program is in charge of coordinating various related government initiatives, including:</p> <ul style="list-style-type: none"> • <i>Organic Agricultural Program (Ministry of Agriculture and Rural Development)</i>: promoting the production and consumption of organic food in Colombia. • <i>Clean Development Mechanism (Ministry of the Environment)</i>: promoting and approving projects oriented to the reduction of Greenhouse Gases. • <i>Industrial Eco-products and Environmental Services Initiative (Ministry of the Environment)</i>: promoting the production of environmental friendly goods and services. • <i>Bio-commerce Initiative (developed by the Alexander Von Humboldt Institute)</i>: promotes projects and companies that are aware of the ecosystems surrounding them and use them in a sustainable way. <p>Source: www.minambiente.gov.co/mercadosverdes/</p> <p style="text-align: right;">(→ go back to framework)</p>
ENVIRONMENT	<p>Example 6 Kaleen Label, India</p> <p>The Rugmark programme was initiated by civil society groups in response to European consumer awareness of child labour in the South Asian carpet industry. In response to pressure from some carpet exporters, who perceived Rugmark as overly stringent and "unnecessary foreign intervention in Indian commercial affairs" (Hilowitz, 1997), the Indian government introduced its own carpet labelling initiative, Kaleen. This is based on an industry-wide, self-regulated code of conduct administered by the quasi-governmental Carpets Export Promotion Council and a national monitoring committee chaired by a government representative. Source: www.india-carpets.com</p> <p style="text-align: right;">(→ go back to framework)</p>

CSR Themes	Examples of Public Sector Roles
ENVIRONMENT	<p>Example 7 Mandatory sustainability reporting, France</p> <p>In 2001, the French Parliament passed a law requiring mandatory disclosure of social and environmental issues in companies' annual reports and accounts. It requires all French corporations listed on the "premier marché" (those with the largest market capitalisations) to report against a template of social and environmental indicators, including those related to human resources, community issues and engagement, labour standards and key health, <i>safety and environment issues</i>.</p> <p>Source: www.occes.asso.fr/fr/comm/nre.html.</p> <p style="text-align: right;">(→ go back to framework)</p>
ENVIRONMENT	<p>Example 8 Capacity building on CSR standards, India</p> <p>The Indian Textiles Committee, part of the Ministry of Textiles, has taken up a national campaign to sensitize the textile and clothing industry, particularly in the "decentralised SME sector", to the emerging challenges resulting from the forthcoming liberalisation of the Indian textile and clothing industry. The Committee is working with the Ministry of Commerce, State Governments and local industry & trade associations on the campaign. Approximately 7500 company representatives will have taken part in 25 workshops, titled "Quality and Compliances: Route to Global Competitiveness for Indian Textile & Clothing Industry." The aim is to disseminate information on various standards and compliance mechanisms including ISO 9000 QMS, ISO 14000 EMS and Social Accountability (SA 8000) standards, offering technical assistance to encourage implementation.</p> <p>Source: http://textilescommittee.nic.in/ncompain.htm</p> <p style="text-align: right;">(→ go back to framework)</p>
SOCIAL	<p>Example 9 Reforming political financing, Thailand</p> <p>The 1997 Thai Constitution introduced new party, political finance, and election laws, under the Organic Law on Political Parties and the Organic Law on Elections, and empowered an independent Election Commission of Thailand (ECT) with oversight authority. These laws strictly regulate party operations and accounting practices in order to enhance transparency and accountability within the party system. A key objective of the new legislation is also to strengthen parties as ideological bodies and broaden their membership bases, with the aim of reducing the prevalence of patronage and vote buying.</p> <p>Source: NDI/CALD (2002)</p> <p style="text-align: right;">(→ go back to framework)</p>
SOCIAL	<p>Example 10 Social Responsibility Agreements, Ghana</p> <p>One outcome of the overhaul of forest policy in Ghana in the 1990s was a new regulation stipulating that companies tendering for timber cutting permits would be assessed in terms of their respect for the social and environmental values of local residents. Under the new law, which came into operation in 1998, logging companies are required to secure a 'Social Responsibility Agreement' with the customary owners of the land. This agreement follows a standard pattern, to include a code of conduct for a company's operations – guiding environmental, employment and cultural practices – and a statement of social obligations, which is a pledge of specific contributions to local development.</p> <p>Each agreement must be fully negotiated with the local community. There is a strict procedure for developing an Agreement with local representatives and the district forest office before submission to a central evaluation committee. While these agreements are still in their infancy, the policy itself already provides useful lessons for other countries where high-value timber is logged in community areas, in how to implement a fairly simple, cost-effective, accountable system to support sustainable and socially responsible logging.</p> <p>Source: Mayers, J. and S. Vermeulen (2002), <i>Company-community forestry partnerships: From raw deals to mutual gains?</i> IIED, London</p> <p style="text-align: right;">(→ go back to framework)</p>
SOCIAL	<p>Example 11 Tax incentives for corporate donations - Law of Donations, Chile</p> <p>The Chilean government offers a variety of tax credits to corporations for charitable donations. Most are oriented to support for educational activities, such as schools, universities and vocational institutions. Donations may attract tax deductions or be deducted as an expense, thus reducing tax liability.</p> <p>Source: CONAMA (2000)</p> <p style="text-align: right;">(→ go back to framework)</p>
CORPORATE GOVERNANCE	<p>Example 12 Sao Paolo's Novo Mercado</p> <p>The Novo Mercado is a listing segment of the Sao Paolo stock exchange designed for the trading of shares issued by companies that voluntarily undertake to abide by key corporate governance practices and disclosure requirements beyond those already required by Brazilian legislation. The national government is supporting the new exchange with a directive that allows pension funds to invest a higher percentage of assets in domestic equities, as long as they are listed on the Novo Mercado.</p> <p>Source: www.bovespa.com.br</p> <p style="text-align: right;">(→ go back to framework – Rights and Treatment of Shareholders) (→ go back to framework – Responsibilities of the Board)</p>

