Editorial

Dear Reader

“I have fought against White domination, and I have fought against Black domination. I have cherished the ideal of a democratic and free society in which all persons live together in harmony and equal opportunities. It is an ideal which I hope to live for and to see realised. But my Lord, if needs be, it is an ideal for which I am prepared to die.” Nelson Mandela at the Rivonia Trial, South Africa, 1963.

One of the weekend newspapers carried an article about business’ decision to close in South Africa, in honour of Nelson Mandela on Sunday the 15th December as Madiba (Mandela’s clan name) or Tata (a Xhosa reference to Father) was being laid to rest at his place of birth in Qunu, in the Eastern Cape Province of South Africa. This meant that business would lose about R300 Million (US$30 Million). I tweeted that this is nothing compared to what Mandela did for us as a people, for South African business and for humanity.

How does one value what Madiba has done for the South African private sector, for South Africa and his contribution to Corporate Social Responsibility across the world? How does one value his demonstration of what ‘Ubuntu’ (the concept of ‘you are because I am’, “human-ness”, “the interconnectedness of humanity” and his display of the same in dealing with all people) is to the world? All kinds of tributes have been paid to Madiba, by the people of the world, including over 100 leaders of State who attended his Memorial Service at the FNB Stadium in Soweto and a huge percentage also attended his funeral in Qunu. I am privileged to have met Madiba for no more than 15 minutes, a meeting arranged for me by Rochelle Mtirara, one of his granddaughters over 10 years ago, and my children were even more fortunate to have gone to his home and to spend time with him over an extended period.

As everyone who has met him will tell you, the time you spent with him, you cherish for the rest of your life for it is ‘special’ in every way imaginable. So, on Thursday midday, I made a decision to invite a few friends via Twitter and WhatsApp App to join me and my professional team, Team Abantu, for a Saturday cycle ride, the day before the funeral, from Madiba’s Houghton home to his previous home in Soweto, the famous Vilakazi Street (that was also Archbishop Tutu’s home), now called the Nelson Mandela Museum, some 53kms away on a round trip. What happened over a day and a half demonstrates how special Madiba was in integrating people and getting people of very different backgrounds together, for which he believed strongly that sport was a great vehicle. We ended up with approximately 200 cyclists, comprised of business Chairpersons, CEOs, Executive Directors of businesses as well as members of NGOs, academics, students, journalists, you name it! We had Think Bike Marshalls taking care of our safety and had an amazing ride that was covered on one of the South African Broadcasting Corporation channels. All the cyclists as they paddled to Soweto, in unison about their feelings for Madiba. His “Madiba Magic” that brought South Africa a win in 1994 at the Rugby World Cup, a win in soccer at the African Cup of Nations in the same year, the awarding of the Soccer World Cup to South Africa a win in 1994 at the Rugby World Cup, a win in soccer at the African Cup of Nations in the same year, the awarding of the Soccer World Cup to South Africa in 1994, a win in the 1999 Cricket World Cup and a win for South Africa in the 2007 Rugby World Cup, all bring to mind the ability of his leadership to inspire his people to excellence.

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As everyone who has met him will tell you, the time you spent with him, you cherish for the rest of your life for it is ‘special’ in every way imaginable. So, on Thursday midday, I made a decision to invite a few friends via Twitter and WhatsApp App to join me and my professional team, Team Abantu, for a Saturday cycle ride, the day before the funeral, from Madiba’s Houghton home to his previous home in Soweto, the famous Vilakazi Street (that was also Archbishop Tutu’s home), now called the Nelson Mandela Museum, some 53kms away on a round trip. What happened over a day and a half demonstrates how special Madiba was in integrating people and getting people of very different backgrounds together, for which he believed strongly that sport was a great vehicle. We ended up with approximately 200 cyclists, comprised of business Chairpersons, CEOs, Executive Directors of businesses as well as members of NGOs, academics, students, journalists, you name it! We had Think Bike Marshalls taking care of our safety and had an amazing ride that was covered on one of the South African Broadcasting Corporation channels. All the cyclists as they paddled to Soweto, in unison about their feelings for Madiba. His “Madiba Magic” that brought South Africa a win in 1994 at the Rugby World Cup, a win in soccer at the African Cup of Nations in the same year, the awarding of the Soccer World Cup to South Africa, held in 2010, his humanity, his humility, his sacrifices in terms of family life, his forgiveness for his jailors, his raising funds for all sorts of causes as part of CSR (and the inability by all to say ‘no’ to him), is unprecedented and may never again be experienced on such a scale. These were views held by a cross section of the South African population, not only in terms of race, ethnicity, gender, but also at different levels of society and classes. All people love him the same for different reasons!

So how does one quantify this in monetary terms for the private sector, for the South African economy? You cannot!
What he has done for this country just in curiosity visits alone to meet him and discover the beauty of South Africa is unquantifiable: including visits from Bill Clinton, Oprah Winfrey, Tiger Woods, and Richard Branson. (Not many remember that when an old health and fitness group called the Health&Racquet went into liquidation, it was Madiba who picked up the phone and called Richard Branson to come to their rescue). The Virgin Active gyms franchise in most South African cities (sometimes up to 10 gyms in one city) has become an integral part of South African business and society).

What he has done by way of attracting Foreign Direct Investment and consequently the creation of enterprises and the creation of jobs is equally unparalleled. It was on his watch that Trevor Manuel was appointed the Minister of Finance, never having been in this field before, and even though the steadiest uninterrupted years of growth South Africa has ever experienced was during the Thabo Mbeki term (six uninterrupted years of growth at about 5-6 per cent year on year), that foundation was laid by Madiba.

South Africa is credited with being the only country in the world that has had a bloodless coup. It was Mandela, representing the ANC, who led this coup in the most strategic and unusual way, that when it most did not know was that when it most did not know is that when it most did not know that he had this to say at his Memorial service held at the Wits University (Mandela’s alma mater), “Mandela saved South Africa from a Civil War. Fanatics create wars and he was not a fanatic, but a reconciliator.”

From a reconciliation point of view, he is/was second to none, George Bizos who was one of Mandela’s closest friends and who led the team that saved Mandela, Kathanada (Mandela’s second closest friend) and the other Rivonia trialists from being hanged, and who insisted on adding the words”...if needs be” to Mandela’s words quoted at the beginning of this article, had this to say at his Memorial service held at the Wits University (Mandela’s alma mater), “Mandela saved South Africa from a Civil War. Fanatics create wars and he was not a fanatic, but a reconciliator.”

Today, the principle of Ubuntu is world renowned, not because it was coined by Madiba, but because he popularised it by living it. It is since 1994 that Ubuntu came to be known outside Southern Africa and it is in 1999 that Archbishop Tutu introduced it to an international audience.

Ubuntuism and/or Humanist philosophy constitutes the bedrock for CSR which many know is found in the Black Economic Empowerment Laws that were introduced in 2003 as part of redressing historical socio-economic imbalances. CSI or CSR in South Africa, as practiced in most parts of the world, is Ubuntu in action and the private sector plays a driving role in this. It is fitting therefore that we devote this edition of the CSR Newsletter, to Nelson Rholihlahla Mandela. Joel Netshitenze an ANC member writing in the Sunday Independent ascribed Madiba’s great leadership qualities to the fact that he was a great follower. His passing provides us with an opportunity to have a fresh discourse as a human race, according to the Deputy President of the constitutional court, Dikgang Moseneke who was also in prison with him on Robben Island. He went further to note at his Memorial Service, that, “…Nelson Mandela, more than anyone else understood that power and influence in society is used not in its usual form, but in its deconstructed form.

Those who hold formal power may not change much and it is up to us to change the world and ensure that it is a prosperous place to live”...and this starts with the creation of jobs, job rich growth of economies, allowing us to engage fully in CSR.

Mthunzi Mdwaba, member of the Employers’ Group of the ILO Governing Body
Legal affairs committee of the European Parliament adopts report on the commission’s proposal on disclosure of non-financial information

The EP Legal affairs committee on 17 December adopted its report on the commission’s proposal on disclosure of non-financial information by a large majority. The details of the amended report are the following:

Threshold and scope – large undertakings with over 500 employees. This means undertakings which exceed at least two of the three following criteria: (a) balance sheet total: EUR 20 m; (b) net turnover: EUR 40 m; (c) average number of employees during the financial year: 500. A new recital 11 states that when adopting criteria at national level determining which bodies are covered by the requirements, different countries may require a different average number of employees. Therefore when selecting the criteria more emphasis should be put on the balance sheet and net turnover amounts. The requirements on diversity reporting would apply to large listed undertakings.

Obligation to include a non-financial statement in the annual review, containing a description of the policies pursued and results of these regarding the impact of the undertaking’s activities relating to -

- as a minimum environmental, social and employee matters, including social dialogue, and respect for human rights and the fight against corruption and bribery. (new elements: ‘as a minimum’, ‘including social dialogue’)
- implemented due diligence policies, in particular with regard to supply and subcontracting chains (all new)
- the ‘significant incidents’ that occurred in the reporting period in relation to these matters (all new)
- the principal risks related to these matters linked to the undertaking’s activities, operations, products, services or business relationships which are likely to cause adverse impacts in these areas and the way in which the undertaking manages those risks. (new elements: “principal”, “linked to the undertaking’s ……areas’)
- To the extent necessary for an understanding of the undertaking’s development, performance or position, the statement will also include a description of the undertaking’s commercial strategy and its business model.

Comply or explain – obligation to provide a clear and duly justified explanation where the company does not pursue policies in relation to one or more of the matters. (new element: ‘clear and duly justified’)  

Auditng – Since the non-financial statement is to be included in the annual review, the auditing obligation would apply. An amendment was adopted which states that the persons conducting the audit will only check whether the information to be included in the non-financial statement has been given. However our understanding is that this only applies to subsidiary companies which are consolidated in the financial statements and annual report of another company. Therefore it does not apply across the board.

Safe harbour clause - companies are not obliged to publish information on upcoming developments and negotiations if disclosure would “be seriously prejudicial to their commercial position”. The conditions for using this clause are the following: have a reasonable and duly justified opinion of the members of the administrative, management, and supervisory bodies; the non-disclosure of this information would not be likely to mislead the public; provide a duly justified statement. (all new)

Diversity reporting – obligation for large listed companies to publish information on the objectives and results of their diversity policy for their administrative, management and supervisory bodies, regarding gender and other aspects such as age, disability, ethnic origin and educational and professional background. If the company has no such policy, the statement has to contain an explanation as to why this is the case. (new elements: gender is given more importance, addition of disability and ethnic origin, deletion of geographical diversity, move from a ‘clear and reasoned explanation’ to an ‘explanation’)  

International frameworks – obligation to rely on the following international frameworks as a minimum: UN Guiding Principles on Business and Human Rights, UN Global Compact, OECD Guidelines for Multinational Enterprises and the ILO Tripartite Declaration of principles concerning multinational enterprises and social policy. The option of relying on other national, EU-wide or international frameworks. (new element: obligation rather than option to rely on certain international frameworks)

Commission guidelines - the Commission will publish guidelines, developed in cooperation with stakeholders, on how to use international standards, including sectoral non-financial key performance indicators. (all new)

Country-by-country reporting on profits, taxes and subsidies received by companies where they operate – the Commission will consider introducing such an obligation for large companies when reviewing the Accounting Directive in 2018. (all new)

Next steps, the committee gave the rapporteur a mandate to start negotiations with the European Council. Thus, discussions can now start between the European Parliament and the Council. The timetable for this is not yet clear. The plenary vote in the European Parliament is scheduled for 10 March.

Rebekah Smith, BUSINESSEUROPE
IOE participated in the 2nd UN Forum on Business and Human Rights

The IOE participated in the second annual UN Forum on Business and Human Rights from 2-4 December 2013 in Geneva. The Forum attracted some 2,000 representatives from all relevant stakeholder groups, sectors and disciplines to consider various aspects of the UN Guiding Principles on Business and Human Rights, which were endorsed by the Human Rights Council in 2011.

The wide range of training and discussion topics covered, among others: the implications of the Principles for multinational enterprises, as well as their implementation from regional and national perspectives, and from across different economic sectors, such as the financial, extractive, agribusiness and recruitment industries.

IOE Secretary-General Brent Wilton spoke in the plenary panel on “Overcoming barriers to effective judicial remedies, arguing that access to judicial remedy needed to be ensured at the local level, where any eventual adverse impact on human rights occurs: “Extraterritorial jurisdiction is no alternative to an effective judicial system at national level, since the aim must be to ensure access to remedy for any adverse impacts caused by the operations of all companies, both local and multinational, and to improve law enforcement in general not only regarding human rights, but also commercial law and property rights.”

The IOE also joined forces with ICC, Global Compact, GBI and BSR to organise a pre-meeting on 2 December 2013, which provided more than 150 business participants with a platform for the exchange of experiences. Dan Bross of Microsoft introduced the challenges being faced by companies, such as communicating externally and internally on human rights issues; Vale’s Liesel Filgueiras looked at how companies are engaging with civil society to implement the Principles, and Procter & Gamble’s Clifford Henry considered the expectations of companies with regard to the help offered by host and home governments to progress companies’ human rights responsibilities. Mr Henry also invited the business group to think about how governments might enable more companies to advance the corporate responsibility to respect human rights.

The pre-meeting re-affirmed the strong support of the global business community for the Guiding Principles, showcasing that companies are very active in implementing the Principles, although the activities are often not visible to the public because they relate to internal company measures. Business also called on governments to better implement their duty to protect human rights, in order to create the environment necessary for companies to discharge their duty to respect such rights.

Informed by the preceding three days’ discussions, the Chair of the UN Working Group on Business and Human Rights, Alexandra Guáqueta, concluded with a strong call to governments for action plans to implement the Guiding Principles, and to include them in the post-2015 Sustainable Development Goals (SDGs). Dr Guáqueta went on to urge their use by international institutions such as the World Bank.

In terms of the focus of the Working Group for the near future, she highlighted the needs of indigenous people and access to remedy, sectoral implementation of the Principles, and cooperation with regional institutions

Speeches and statements can be found by clicking on the following link:

Matthias Thorns, IOE

Company Survey on the Implementation of UN Guiding Principles prolonged!

IOE, ICC and GBI are conducting in collaboration with the UN Working Group on Business and Human Rights a company survey on the implementation of the UN Guiding Principles. The deadline for the survey has been extended to 31 January 2014.

A high level of participation is crucial in order to ensure that the business message reaches the UN Working Group and informs its activities. The IOE therefore invites companies to fill in the survey under the following link: https://udenver.qualtrics.com/SE/?SID=SV_cIrRzG5SSsPYawYOV.

The survey takes approximately 15 minutes to complete.

New CSR law in India

In August 2013 a new Companies Act was signed in India containing (Art. 135) provisions with regards to CSR. The CSR Clause applies to any company, during any fiscal year, with (1) a net worth of 500 crore rupees (approximately 90 million US dollars) or more; (2) a turnover of 1,000 crore rupees (approximately 180 million US dollars) or more; or (3) a net profit of 5 crore rupees (approximately 900,000 US dollars) or more.
The two main points are contained in the law are:

- Companies must spend at least 2 per cent of their average net profits on CSR activities each financial year.
- The Board of a company has the responsibility to approve and disclose the CSR Policy in the annual Directors’ Report and on the company website.

Details:

The law stipulates that companies shall constitute a Corporate Social Responsibility Committee of the Board consisting of three or more directors, out of which at least one director should be independent.

The Corporate Social Responsibility Committee shall—
(a) formulate and recommend to the Board, a Corporate Social Responsibility Policy, which shall describe the activities to be undertaken by the company;
(b) recommend the amount of expenditure to be incurred on the activities referred to in clause (a); and
(c) monitor the Corporate Social Responsibility Policy of the company from time to time.

The Board of every company shall—
(a) after taking into account the recommendations made by the Corporate Social Responsibility Committee, approve the company’s Corporate Social Responsibility Policy and disclose contents of this Policy in its report and also place it on the company’s website (if any) or in such a manner as may be prescribed; and
(b) ensure that the activities as included in the Corporate Social Responsibility Policy of the company are undertaken by the company.

Moreover, the Board of every company shall ensure that the company spends, in every financial year, at least two per cent of the average net profits of the company made during the three immediately preceding financial years, in pursuance of its Corporate Social Responsibility Policy.

If the company fails to spend this amount, the Board shall, in its report specify the reasons for not spending the amount.

Matthias Thorns, IOE

European Parliament resolution on transnational company agreements (TCAs)

The European Parliament adopted on 12 September 2013 the own-initiative report by MEP Thomas Händel (GUE/NGL Group of the European United Left/Nordic Green Left) on cross-border collective bargaining and transnational social dialogue. The report raises the question of whether an optional legal framework for transnational company agreements (TCAs) should be introduced in Europe. The adopted report merely proposes that the European Commission might consider whether an optional European legal framework for TCAs would be necessary and appropriate. BDA had already argued in a consultation in 2012 that there is no need for an EU policy on TCAs, since a statutory framework is neither desirable nor feasible. A possible initiative by the Commission would be disproportionate since only approximately 180 multinational enterprises (MNEs) headquartered in Europe have decided to conclude a TCA whereas more than 53,000 MNEs have not. A significant increase in recent years cannot be detected. Furthermore, there are differences between countries and sectors. What is more, Europe as a region is not the right level for regulation since TCAs have often a global scope.

Overall, the adopted report is less harmful than the drafts originally under discussion. For instance, calls for a right to enforcement of transnational collective measures and the establishment of a European labour jurisdiction have not been included. A positive element is that the autonomy of the social partners is emphasised several times and it is clarified that the European Commission should work on the assumption of a voluntary use by social partners and companies when examining an optional legal framework. In this context, the resolution calls on the Commission and EU Member States to ensure support for cross-border partnership between social partners in the future. Calls for inclusion of a most favourable clause and the introduction of alternative dispute resolution mechanisms as well as requirements on contracting parties to TCAs have to be assessed critically.

Viviane Reding, Vice-President of the European Commission and Commissioner responsible for Justice, Fundamental Rights and Citizenship, has only announced that the European Commission will now examine whether an optional European legal framework is necessary. Furthermore, she has announced further development of the Commission’s database on TCAs.

Paul Noll, Confederation of German Employers’ Associations (BDA)
Human rights reporting – the CBI perspective

Business recognises its role in ensuring and promoting respect for human rights throughout the world. It is critical that companies have effective human rights policies in place and ensure the successful implementation of these policies. In terms of reporting on respect for human rights, there has been significant movement over the last few years to help promote the highest standards of corporate behaviour.

In the UK, new reporting requirements have just come into force, making it mandatory for all listed companies to produce a strategic report containing information about certain non-financial information. This strategic report must include information about environmental matters (including the impact of the company’s business on the environment), the company’s employees, and social, community and human rights issues. In this context, companies must also disclose information about any company policies related to those matters, as well as the effectiveness of those policies.

At the EU level, the European Commission is proposing that companies prepare a non-financial statement containing information which relates, at minimum, to environmental matters, social and employee-related matters, respect for human rights, anti-corruption and bribery matters, in order to enhance the consistency and comparability of non-financial information disclosed throughout the European Union. Such a statement should also include a description of the policies, outcomes, and risks related to those matters. Quite sensibly, the proposal demonstrates awareness of global initiatives and allows companies to rely on international standards when complying with EU reporting requirements.

These international standards are numerous, including the UN Global Compact, the Guiding Principles on Business and Human Rights implementing the UN “Protect, Respect and Remedy” Framework, the OECD Guidelines for Multinational Enterprises, ISO 26000, the ILO Tripartite Declaration of principles concerning multinational enterprises and social policy, and the Global Reporting Initiative.

A further example of efforts on human rights reporting is the framework that has recently been published by the International Integrated Reporting Council (IIRC). The framework intends to advise companies on the best ways to integrate information about non-financial matters, including on human rights, into their reports. The principles of this framework require organisations to explain their business model and how they create value over the short, medium and long term. While doing so, they should embed environmental, social and governance matters and related risks in a coherent narrative to help put the financial information into context. However, there is no standard format for an Integrated Report since it is principles-based.

These developments should all lead to progress in promoting effective reporting about human rights and should encourage companies to reassess their policies on human rights if necessary. But when discussing a company’s respect for human rights, its policy on ensuring respect for human rights throughout its supply chain, and reporting on respect for human rights, it is important to make some clear distinctions.

It is essential that every company respects human rights and has effective policies on human rights in place to guide it in its operations. However, it must be acknowledged that global and often very complex supply chains present challenges to companies. Even if companies have well designed policies on human rights in place and make great efforts to implement these policies, their control over the behaviour of their business partners diminishes as we move further down the supply chain. Companies will still be able to influence the behaviour of others, but influence is not control. To a degree, companies must trust their suppliers and rely on them to give a true and fair representation of their respective policies on respect for human rights and the implementation of these policies – seeking formal assurance wherever necessary. This has implications for human rights reporting. For example, companies may not be able to verify the information provided by a third party and will have to trust that it fairly represents how the third party operates, which presents problems for a company in reporting that information. The information could, for example, be misleading, giving the impression that the company producing the report is fully accountable for the implementation of the policies of others, or can guarantee its veracity. All parties involved in human rights reporting – including preparers and users of corporate reports, as well as policymakers – need to bear these thoughts in mind when discussing where policy may turn next.

Building on the new UK narrative reporting requirements, the UK recently launched its action plan on business and human rights, titled ‘Good Business: Implementing the UN Guiding Principles on Business and Human Rights’, thus becoming the first country to set out specific guidance for companies on integrating human rights into their operations. In this action plan, the Government clearly commits to protecting human rights and sets out clear expectations for British business in this area. The action plan is the UK’s response to the UN Guiding Principles which outline the roles of states and businesses in protecting human rights in business situations. Business looks forward to working with Government to take the plan forward.

Lara Thomassen, CBI

The III Global Conference on Child Labour, Brazil, 8-10 October 2013

193 countries were invited to the III Global Conference on Child Labour in Brazil with an estimated attendance of 1’300 participants composed of four member delegations: a government representative, a worker’s representative, an employer’s representative and a representative of social movements.
The Conference provided opportunities to evaluate progress made since the adoption of the Hague Roadmap in 2010, facilitate exchange of good practices, identify challenges and propose measures to accelerate action against the worst forms of child labour.

The Brazilian President, Dilma Roussef, and ILO Director-General, Guy Ryder, inaugurated the event by focusing on integration of policies and actions from all delegations and to step up global efforts against child labour—especially its worst forms.

In alignment with this starting point for discussion, the Employers reiterated their commitment to reinforce international dialogue and cooperation, to further assess progress and challenges and to intensify joint and targeted action towards the effective elimination of child labour in the world, and in particular its worst forms by 2016. In particular, the Employers made a policy call for education and learning programmes, social protection, income and employment generation measures, legislation and regulation of the informal economy.

The Conference endorsed the Brasilia Declaration, a text previously negotiated on a tripartite basis at the ILO, which captures the consensus and commitment of the participants and presents main policy priorities for future action.

A follow up to the III Global Conference on Child Labour is envisaged to become an item of discussion at the ILO for the GB session of November 2014.

Amelia Espejo, IOE

**Implementing the SA8000 certification standard – an innovative project for Polish enterprises**

Research commissioned by the Employers of Poland from 2010 to 2011 shows that the key area for corporate responsibility and ethics is in the workplace. The lack of appropriate solutions, skills, and tools that should be provided by the company leads to problematic situations and unethical behaviour. This causes additional costs, lowers efficiency and employee involvement. Other survey results show that over 91% of employees expect management to take action on ethics related issues in the workplace.

These are the challenges which motivated the Employers of Poland to launch the ‘New HR management solutions – the key to make Polish enterprises more adaptive’ project. The aim of this project is to develop solutions and create tools that will facilitate the construction of an ethical culture in Polish companies. The project is based on the Social Accountability 8000 certification guidelines. It is aimed at managers, HR departments, and internal auditors. The project was launched in August 2012 and is planned to last until July 2014.

SA 8000 certification is modelled on quality management standard ISO 9001 and environmental management standard ISO 14001. It is also based on the principles of human rights and workers’ rights. Certification criteria are measurable, transparent, and verifiable. ‘A guide to SA 8000 certification’ describes how to apply SA 8000 compliance criteria. The certification is designed for enterprises across all industrial sectors in any part of the world, hence its universal character and basic certification requirements that include human rights and workers’ rights (the latter may differ from country to country). Implementing those requirements guarantees that an enterprise is socially responsible—a company that has a SA 8000 certificate is perceived as reliable and ethical. This strengthens its market position and allows it to build a competitive advantage.

‘New HR management solutions – the key to make Polish enterprises more adaptive’ is a comprehensive project that aims to popularise SA 8000 certification in the Polish market. The goal is to implement and sustain ethical processes in HR management. The first stage of the project involves qualitative and quantitative research, which aims to identify the needs regarding HR management and ethics in the workplace as perceived by managers and workers’ representatives. The results of this research will provide the Employers of Poland an insight into what they already know and what they expect. This will help us adjust the certification to the specific conditions in Poland.

The project will provide people involved in HR management with knowledge of SA 8000, and will also prepare companies to implement it. Enterprises will receive a tool to assess the current state of social compliance and identify areas of action. The Employers of Poland selected fifteen companies to prepare for the certification process. Independent, accredited entities will verify how well they have implemented the principles of SA 8000. This will enable us to assess how effectively the certification has been adjusted to the conditions of the Polish market. The results of the pilot project will provide valuable information to other Polish companies interested in implementing SA 8000. Representatives of Polish companies will take part in seminars on how the certification has been adjusted and how to implement it. Some of them will also participate in training courses provided by Social Accountability International and become internal SA 8000 auditors.

Companies can benefit from the project in multiple ways. It will allow them to:

- ensure that they do business and manage human resources in compliance with ethical rules;
- seize the opportunity to build socio-economic value that will make them stand out from their competitors;
- minimise the risk of HR management crisis;
- build trust among stakeholders and create a positive image of a reliable company;
- reduce the risk of conflict in the workplace and the cost connected with it;
- strengthen the culture of employer-employee dialogue.

Katarzyna Różicka, Employers of Poland; Project Coordinator
The UN Global Compact Initiative in Latvia and the CSR Platform of the Employers’ Confederation of Latvia (LDDK)

On 7 November 2013, a conference on Corporate Social Responsibility for Competitive Entrepreneurship was jointly organised by the Employers’ Confederation of Latvia (LDDK), the Ministry of Foreign Affairs of the Republic of Latvia, the Institute of Corporate Sustainability, as well as with enterprises JSC “Latvenergo”, JSC “Latvijas elektriskie tīkli”, JSC “Latvian Railway”, and Lattelecom Ltd. Conference participants had the opportunity to acquaint themselves with international policy positions, actions taken by the UN Global Compact, the implementation of principles of corporate social responsibility in the business strategy of enterprises, and more.

In 2002, JSC “Aldaris” and JSC “Grindex” were the first Latvian companies to join the UN Global Compact initiative.

In 2005, LDDK became a coordinator for the UN Global Compact initiative, taking the responsibility for this initiative from the United Nations Development Programme in Latvia, and attracted new enterprises.

LDDK has organised regular events to facilitate responsible entrepreneurship and corporate social responsibility since 2005. Here are some examples:

- In February 2006, LDDK organised the international conference “Business, Profit and Responsibility” in partnership with the World Bank and Turība University.
- From 29-30 September 2008, a conference on “Social Dialogue at European and National Level” was organised in cooperation with the Confederation of German Employers (BDA).
- Since 2007, LDDK has organised a yearly Conference on Good Governance in collaboration with the State Chancellery.
- Every year since 2008, LDDK assigns the Best Employer Award to socially responsible enterprises from all regions in Latvia.
- On 10 February 2010, LDDK along with 22 organisations and institutions representing the public, private and non-governmental sector, prepared and signed a CSR memorandum. The memorandum explains the definition of corporate social responsibility and its principles, describes enterprises’ largest impact audience, and determines the future challenges of CSR for Latvian society.
- In 2011 LDDK organised the campaign “Against the Shadow Economy for Fair Competition” with the help of supporters.
- Seminars on corporate social responsibility were held in all regions in Latvia in 2010 – 2012 within the context of the project “Strengthening administrative capacity of LDDK in Regions of Latvia”.

During the conference on 7 November 2013, Liga Mengelseone, Director General of the Employers’ Confederation of Latvia (LDDK), stressed the importance of providing support to small and medium-sized enterprises in their desire and capacity to embrace corporate social responsibilities in their business development and action strategy. “Corporate social responsibility is the voluntary action philosophy and is the evidence of business value for society. It includes the sustainable development and conservation of resources for future generations. As the European Commission declares, the complexity of this process depends on various factors such as the size of the enterprise and its activities. As a result, for most small and medium-sized enterprises, a corporate social responsibility process will likely remain informal and intuitive”.

The LDDK Corporate Social Responsibility platform ensures the implementation of corporate social responsibility policy at the local, regional, national and international level.

However, we have identified opportunities and needs for further development in this area such as the need:

- To implement a good governance practice, which includes consultation with government when elaborating a management concept of the public enterprise, and related legislation;
- To increase the number of member organisations that signed memorandums on corporate social responsibility principles in Latvia;
- To increase the number of participants of national and municipal enterprises in the Sustainability Index;
- To give comments, in collaboration with partners, for the elaboration of a national strategy on corporate social responsibility support policy, as well as for recommendations for the public sector, and educational institutions;
- To introduce supportive measures for corporate social responsibility for business support in Latvia, such as subsidy benefits, tax allowance and other benefits.

At the opening of the conference, Vitalijs Gavrilovs, President of the Employers’ Confederation of Latvia (LDDK), stated that “corporate social responsibility going hand-in-hand with social dialogue is the best way to ensure business competitiveness, economic growth and the welfare of society”.

Dr Inese Stepiņa, LDDK
Meeting of the IOE Policy Working Group on CSR and Human Rights

The IOE Policy Working Group on CSR and Human Rights met under the new Chair Adam Greene, Vice President for Labour Affairs / Corporate Responsibility & Governance – USCIB, for the first time on 26 September 2013 in Geneva. Participants from around the world were able to join the meeting through video-conferencing and Skype facilities.

Margaret Jungk from the UN Working Group on Business and Human Rights was an external guest speaker at the meeting, and spoke about the various activities of the UN Working Group. Caroline Rees from Shift also participated as an external guest speaker and discussed the Shift and Mazars initiative on the development of public, global standards for reporting and assuring company alignment with the UN Guiding Principles.

Participants at the meeting raised concerns about the Shift/Mazars initiative, stressing that tools on human rights reporting, such as GRI, already existed on the market and that there is an issue of legitimacy because Mazars is not only a private but also a commercial entity. By developing a certifiable assurance standard, the UN Guiding Principles would become more of a normative framework and lose their original character upon which the support of business was based.

Additional meeting topics were: the developments taking place with regards to the UN Global Compact, ISO 26000 and its systematic review, as well as the Global Community of Practice Initiative. The meeting also looked at the EU CSR/sustainability reporting legislation, the provisions on mandatory CSR in the Indian Companies Act, the outcomes of the Regional Human Rights Forum in Medellín, Colombia as well as the CSRforAll project in Southeast Europe. Of key concern were also developments with regards to supply chain issues in Bangladesh and Uzbekistan.

Matthias Thorns, IOE

The UN Global Compact – Experiences from Uganda

Owing to Globalisation but also competitiveness, Employers organisations all over the world are playing an increasing role in matters that affect or are likely to impact business interests in any way.

In Uganda, Federation of Uganda Employers (FUE) is the sole employer’s organisation that started creating awareness and promoting CSR implementation by companies in Uganda. Our motivation to engage in CSR, Sustainability and the UNGC included the following.

Firstly, it was one form of engaging with and adding value to our members using the UNGC ten principles in the four thematic areas of Human Rights (two principles), Labour (four principles), Environment (three principles) and Anti-corruption (one principle) as the guide.

Secondly, as Labour issues are our core business & since these constitute four of the ten UNGC principles, it was very easy to work with the other six principles to complete the whole picture.

Thirdly, the Labour Unions feature quite prominently in UNGC matters, and that a number of EOs also hosts the UNGC networks worldwide more than any other category of business associations and the fact that IOE sits on the UNGC board.

Fourthly, ILO is the custodian of the UNGC Labour principles. EOs are ILO constituents who are expected to work with, guide and advise businesses in implementing Labour standards, but EOs are also expected to create awareness and guide businesses in implementing and upholding other Sustainability initiatives for instance now the UN Guiding principles on Business and Human Rights, due to the fact that in some instances there exists a thin line between Human Rights & Labour.

The Value of Participation

As business interests increasingly overlap with societal interests and development objectives, responsible business practices and cross-sector partnerships play a more important role than ever before. To foster a more inclusive and stable global market, the active engagement of businesses is critical. Responsible business practices not only contribute to the well-being of stakeholders, they have increasingly become a long-term value proposition for business itself. In particular, for a local company, participating in the UN Global Compact initiative shall provide an opportunity to:

- Improve organisational integration of environmental, social and governance issues
- Access the experiences and good practices of peers
- Improve corporate reputation and brand image
- Engage in a proactive and constructive dialogue with government, civil society and other stakeholders on matters of corporate sustainability
- To take a leadership role on critical issues

To date, there are about 12 indigenous companies and well over 40 multinational companies that are signed up to the UN Global Compact in Uganda, but there are many more companies that engage in the local network activities though not formally signed up.
This indicates that there is huge potential for more Ugandan businesses to sign up to the compact and belong to this global family of like-minded businesses on sustainability issues.

The role and contribution of SMEs in Uganda, whether for better or for worse, in this respect should not be underestimated and therefore deliberate strategies are being designed to bring this important section on board so that their engagement too can be scaled up.

Sustainability issues such as human rights abuses, poor labour standards, climate change and corruption occur globally but solutions for them are local. The small “negative” or “positive” actions we take contribute “for better” or “for worse” to creating global sustainability challenges or solutions. Therefore our active participation and engagement in initiatives such as the UNGC at the local level, can contribute to making our world a better place.

The Local Network Uganda

Hosted by the Federation of Uganda Employers (FUE), the UN Global Compact Local Network Uganda was established and officially launched in Kampala in July 2010 by the Minister of Finance Planning and Economic Development. The role of FUE as network secretariat is to facilitate local engagement, but the activities of the network are guided by an elected steering committee that serves for a period of two years. On 5 September 2013, the Network Uganda held its annual governance meeting that elected and ushered in a new steering committee Chaired by Eng. Martin Kasekende, former FUE Chairperson and Director of M&E Associates, and Ag. Chief Executive Officer of Uganda Clays Limited. Other committee members from business include Kakira Sugar Limited, Nile Breweries Limited, Standard Chartered Bank, AAR Health Services Uganda and Mukwano Group. Non-business members are Human Rights Network Uganda and Doctors on call.

Manafa Shaffi Masai, FUE

Editor’s Remarks

IOE members are invited to propose articles on CSR developments in their countries, to share information on conferences and publications within the global business community, as well as to use the newsletter to exchange worldwide experience and best practice. Please contact Matthias Thorns (thorns@ioe-emp.org) with your proposals.