

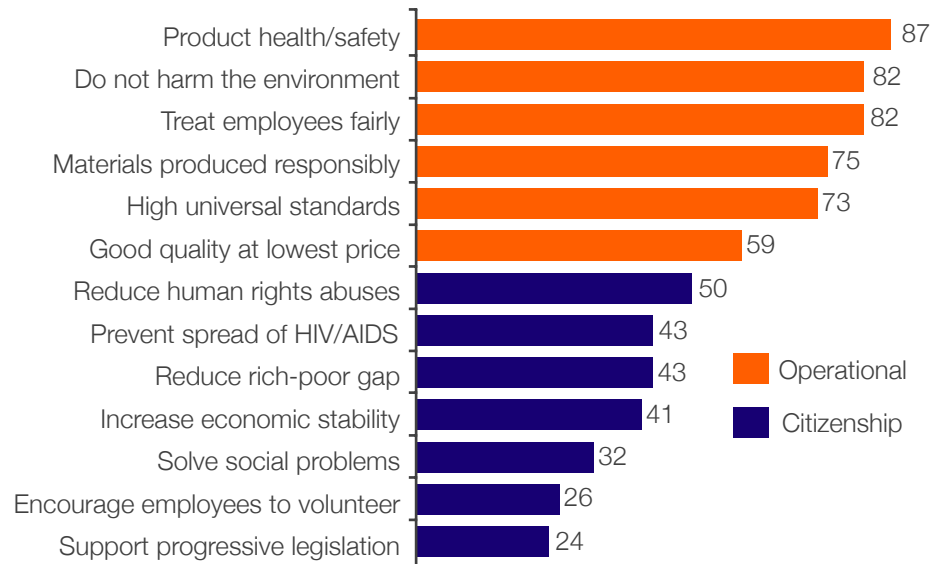
## Section 2

# Synthesis of CSR-related issues about regulatory practices, compliance, reporting

“First, make sure you do no harm. Pay workers fairly for the wealth they help you accumulate, and don’t create and contribute to enormous environmental messes.” This sentiment was expressed by a reader of the Chronicle of Philanthropy reacting to the billions of philanthropic giving by businesses. It summarizes the point that compliance with agreed standards is the basic expectation by the public of a responsible business. The BCCC’s global scan shows this same expectation by the countries surveyed. In 2005, more companies were held responsible for the operational aspects of the business than expressions of corporate citizenship.<sup>22</sup>

Table 2:  
Companies Held  
Responsible for 2005

Companies Held Responsible for 2005



To clarify, mere compliance with government regulations does not equate to CSR, for many practitioners. CSR emphasizes a voluntary commitment to go above and beyond the minimum standards set by government regulations to make sure that the harm it brings to stakeholders is minimized and the advantages maximized. “Beyond monitoring”, Business for Social Responsibility (BSR) and its member companies have developed a project to “create

<sup>22</sup> Bradley Googins, Managing and Integrating the Challenges of Corporate Citizenship, Presentation at the Conference of the League of Corporate Foundations, July 2007, Manila, Philippines.

systemic change in supply chains and materially improve the well-being of workers and communities globally....Its goal is to collaborate on multi-stakeholder initiatives that tackle the root causes of non-compliance with company codes of conduct and regulations at supplier facilities.”<sup>23</sup>

Philippine Business for Social Progress (PBSP) and Indonesia Business Links have also campaigned among their member companies to use the “benchmarking corporate citizenship” tools to improve compliance with standards and to improve CSR practices as well. The tool was originally developed by PBSP with the support of the Prince of Wales Business Leaders Forum.<sup>24</sup>

Over time, CSR has developed its own set of measurement mechanisms, such as AccountAbility’s AA1000 standard, Social Accountability International’s SA8000, and the ISO 14000 environmental management standard. A comprehensive “comparison of selected standards for CSR-related issues” was drawn up by BSR, and cited in the Global Civil Society Report (2002)<sup>25</sup>. It includes among the major CSR-related issues the following:

- Accountability
- Environment
- Business Conduct
- Human rights
- Community Involvement
- Marketplace/Consumers
- Corporate Governance
- Workplace/Employees

The selected standards include the UN Global Compact, Global Reporting Initiative, SA8000, OECD Guidelines for Multinational Enterprises, APEC Business Code of Conduct, and others.

In 2009, ISO 26000 (International Standards for Social Responsibility) is expected to be published as a set of voluntary guidelines for industry, government, labor, consumers, non-government organizations (NGOs) and others. It will not include requirements, and thus will not be a certification standard. The Working Group on Social Responsibility is led by the Swedish Standards Institute and the Brazilian Association of Technical Standards.<sup>26</sup>

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<sup>23</sup> [www.bsr.org/CSRResources/WGO/BeMo/index.cfm](http://www.bsr.org/CSRResources/WGO/BeMo/index.cfm)

<sup>24</sup> Benchmarking Corporate Citizenship, Philippine Business for Social Progress, 2002

<sup>25</sup> Global Civil Society 2002, Centre for Civil Society and Centre for the Study of Global Governance, London School of Economics, pp.95-97

<sup>26</sup> <http://isotc.iso.org/livelink/livelink/fetch/2000/2122/830949/3934883/3935096/home.html?nodeid=4451259&vernum=0>

## Case Study

China: In a globalised world where businesses may operate in new locations such as China, there is heightened concern to show social responsibility through compliance with laws protecting human rights, for example, workers' health and safety. China has been pictured as representing "all that is problematic about globalisation. Its vast supply of cheap labour, lax enforcement of regulations, and suppression of labour and human rights make it a magnet for socially irresponsible multinationals and a troubling model for developing countries seeking to attract foreign investors..."<sup>27</sup>

In recent years, a range of stakeholders have come together to work out systems of monitoring and corporate accountability, involving local participation in identifying and resolving problems inside China's factories. Among these stakeholders were Asia Monitor Resource Center, Chinese Working Women Network, Hong Kong Christian Industrial Committee, Hong Kong Confederation of Trade Unions, and representatives of Adidas, Nike, Reebok, and Taiwanese contract factories.

Another impetus for CSR development in China may come from the philanthropic side, energized by the country's increasing pool of wealthy individuals. "From 2003 to 2006, mainland China's five most-generous individuals gave at least \$640-million to charitable causes, says the Hurun Report, an Asian personal-finance magazine that creates an annual list of the country's biggest donors...Perhaps the best-known philanthropist is East Asia's wealthiest man, Li Ka-shing who lives in Hong Kong."<sup>28</sup>

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<sup>27</sup> Ibid, p. 100

<sup>28</sup> "Philanthropy's New Frontier" by Ian Wilhelm, The Chronicle of Philanthropy, <http://philanthropy.com/premium/articles/v19/i123/23001601.htm> .