



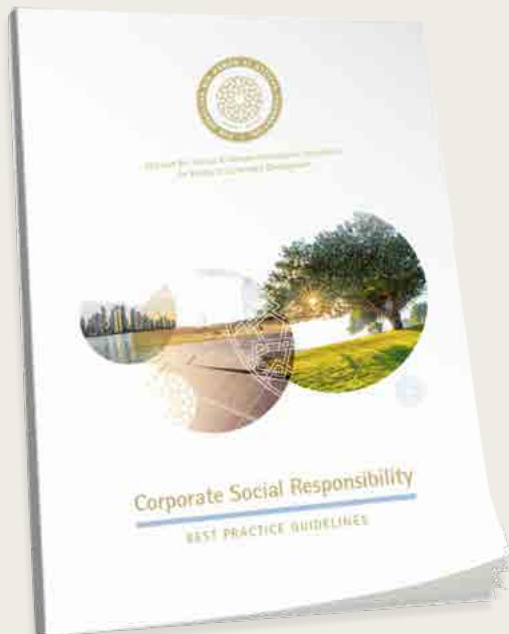
# Al-Attiyah Foundation Monthly Sustainability Digest

Expert sustainability opinion and insight

## Best Practice Guidelines for Corporate Social Responsibility (CSR)

Insights and Summary of the New Al Attiyah Foundation Publication.

The book – **Best Practice Guidelines for Corporate Social Responsibility** – is based on the premise that the United Nations Sustainable Development Goals (SDGs) serve as a good blueprint for framing corporate social responsibility (CSR) of companies and organisations. It looks at how the sustainable development paradigm shift is helping to shape CSR practices. It is expected to serve as a useful guide for companies wishing to capitalise on their positive benefits to society, while mitigating, in a meaningful way, any adverse impacts of their activities. It builds on the Foundation's 2017 publication, on Sustainable Development Goals and Energy Nexus.



### Executive Summary

In line with the United Nations (UN) Sustainable Development Goal (SDG) 1, the world is challenged to eradicate extreme poverty by 2030 in a manner that is not harmful to the environment.

Achieving sustainable development is undoubtedly one of the biggest challenges the world faces today. To put things into context:

- We live in a world where more than 800 million people live in extreme poverty.
- One out of nine people are starving.
- 2.5 billion people are without access to clean water.
- 1.3 billion people have no access to modern electricity.
- Unemployment continues to pose a great challenge for governments.
- Many countries, particularly developing countries, have large populations of youths and women in need of quality education.

As governments all over the world are striving to meet their developmental goals set by the 2030 Agenda for Sustainable Development, enshrined in the 17 UN Sustainable Development Goals (SDGs), they have to find trusted and reliable partners that they can work with. This provides opportunities for private companies, operating especially in developing countries, to present themselves as a 'partner of choice' for governments. CSR is proving to be a very effective vehicle for companies to do that.

### ACCESS TO BASIC NEEDS VARIES FROM COUNTRY TO COUNTRY



## ACCESS TO BASIC NEEDS CAN ALSO VARY GREATLY WITHIN A COUNTRY



Today, there is a plethora of CSR activities ranging from philanthropy, pet projects, public propaganda or public relations to environmental and sustainability initiatives. The problem with many of these types of CSR activities is that they focus narrowly on only one group of benefits – benefits to business, society, or environment – and not all three simultaneously. A philanthropy initiative, for example, often confers most benefits on society, with little or no tangible benefits to business or the environment. A public propaganda or public relation initiative, on the other hand, focuses purely on building the reputation of the organisation, with little or no real benefits to the environment or society.

Pet projects that reflect specific interests of individual senior executives or board members, often do not offer benefits to society, the business, nor the environment. Some of these pet projects end up becoming unsustainable ‘white elephant’ projects when the senior executive has left the organisation or the interest has shifted. CSR activities comprising only environmental initiatives are often driven purely by the need to meet minimum regulatory requirements.

CSR best practice embodies an approach that realises the opportunities for shared value creation with multifaceted benefits. Many companies are increasingly pursuing the challenging approach of integrating their business strategies, community development, social upliftment, and environmental management goals. It is in this context that a company will do well by adopting a definition of CSR that reflects the multidimensional objectives of benefit to business, society and the environment.

The main objective of this Al-Attiyah Foundation publication is to serve as a reference tool on best practices in corporate social responsibility (CSR) for industry practitioners, policy makers, academia, and any stakeholders who have an interest in socio-economic development and the wider global sustainability agenda.

It presents a concise overview of key international standards and guidelines that are commonly used for framing CSR. The key elements that are considered essential for best practice are highlighted, analysed and discussed. Some case studies illustrating cutting-edge CSR initiatives of companies in Qatar, are presented.

## Summary of key international standards and guidelines for framing CSR

The concept of CSR, which is now common practice for many corporations, has progressed since the early 1970s. Many industry or business associations, such as, the International Petroleum Industry Environmental Conservation Association (IPIECA); International Council on Mining & Metals (ICMM); and World Business Council for Sustainable Development (WBCSD), have established guidelines or principles covering different aspects of CSR. In addition, several standards and guidelines related to CSR have emerged through UN or other multilateral agreements. These standards and guidelines represent the expectations of the international society for responsible business conduct. While such international standards and guidelines cannot replace or override applicable national regulations and laws, they nevertheless, serve as useful benchmarks for best practice. Some of the international standards are summarized in the book.



**EQUATOR  
PRINCIPLES**

### 1. The Equator Principles

The Equator Principles (EP) are a set of principles adopted by a group of Financial Institutions, collectively known as the ‘Equator Principles Financial Institutions (EPFIs)’. EPFIs first developed the EP in 2003, and review it from time-to-time based on implementation experience, to reflect ongoing learning and emerging good practice. The EP has been revised in 2006, 2011 and 2012. The number of EPFIs has now grown from the initial 14 in 2003 to 95 in 2017.

The EPFIs adopted the EP to ensure that the projects they finance and advise on are developed in a manner that is socially responsible and reflects sound environmental management practices. They commit to implementing the EP in their internal environmental and social policies, procedures and standards for financing projects. The EPFIs will not provide project finance or project-related corporate loans to projects where the client will not, or is unable to, comply with the EP.



**IFC**

### 2. International Finance Corporation (IFC) Performance Standards

The IFC Performance Standards on Environmental and Social Sustainability is a set of guidelines that forms an integral part of the IFC Sustainability Framework, which also includes; the IFC Policy on Environmental and Social Sustainability, and the IFC’s Access to Information Policy.

The Performance Standards are directed towards clients, providing guidance on how to identify risks and impacts, and are designed to help avoid, mitigate, and manage risks and

impacts as a way of doing business in a sustainable way, including stakeholder engagement and disclosure obligations of the client in relation to project- level activities.

There are eight Performance Standards that establish standards that the client is to meet throughout the life of an investment by IFC:

1. Assessment and Management of Environmental and Social
2. Labour and Working Conditions
3. Resource Efficiency and Pollution Prevention
4. Community Health
5. Safety, and Security
6. Land Acquisition and Involuntary Resettlement
7. Biodiversity Conservation and Sustainable Management of Indigenous Peoples
8. Cultural Heritage



### 3. IPIECA Guidance on Sustainability Reporting

This guidance addresses a range of sustainability issues relevant to the oil and gas industry, based on industry consensus and sustainability reporting. It is applicable across a wide spectrum of activities, from extraction and transformation of natural resources, to supply of energy and other essential products to customers globally.

The guidance provides direction based on the content of a typical industry report by covering 12 sustainability issues and 34 indicator categories. These sustainability issues and indicators address environmental issues, health & safety issues and social and economic issues, and assist companies in determining how and what to report. The issues and indicators were selected based on industry consensus, together with significant insights and suggestions from an independent panel of stakeholders with expertise in the oil and gas sector and sustainability reporting.



### 4. ISO 26000 Guidance on Social Responsibility

ISO 26000, an initiative of the International Organisation for Standardisation (ISO), provides guidance on how businesses and organisations can operate in a socially responsible way.

The standard was launched in 2010 following five years of negotiations between many different stakeholders across the world.

Representatives from government, NGOs, industry, consumer groups and labour organisations around the world were involved in its development. It therefore, represents an international consensus on how organisations in both the public and private sectors, should act in an ethical and transparent way that contributes to the health and welfare of society.

Unlike other well-known ISO standards, ISO 26000 provides guidance rather than requirements, so it cannot be used for certification. Instead, it helps clarify what social responsibility is, helps businesses and organisations translate principles into effective actions and shares best practices relating to social responsibility, globally.

ISO 26000 is aimed at all types of organisations, including national programs, regardless of their activity, size or location. It provides guidance on how a socially responsible business or organisation can and should work with implementation, stakeholder involvement, due diligence and communication on its CSR performance.



### 5. Organisation for Economic Co-operation and Development (OECD) Guidelines for Multinational Enterprises

OECD guidelines for multinational enterprises comprise a number of recommendations for responsible business conduct, prepared and adopted by the OECD member countries. The guidelines include principles for responsible business conduct in a global context according to applicable law and internationally acknowledged standards.

They address the CSR areas relating to disclosure, human rights, employment and industrial relations, environment, combating bribery, bribe solicitation and extortion, consumer interests, science and technology, competition and taxation. Organisations are expected, as best practice, to carry out due diligence within these CSR areas, where appropriate. The OECD guidelines include clear requirements for the establishment of a concrete complaints-handling mechanism.



### 6. UN Global Compact Principles

The UN Global Compact is a global policy initiative for organisations, including ten general principles for corporate work with social responsibility. Announced by the then UN Secretary-General, Kofi Annan, in an address to the World Economic Forum in 1999, the Compact was officially launched at UN Headquarters in New York in 2000. As of August 2018, a total of 13,176 organisations have signed on to the Global Compact.

The ten principles of the UN Global Compact, build on internationally acknowledged conventions within four areas:

- Human rights
- Labour
- The environment
- Anti-corruption.

Organisations may use the ten principles as a guide, and can in addition, choose to join the UN Global Compact formally. Based on the premise that corporate sustainability starts with a company's value system and a principles-based approach to doing business, responsible businesses enact the same values and principles wherever they have a presence, and know that good practices in one area do not offset harm in another. The UN Global Compact believes that by incorporating the ten principles into strategies, policies and procedures, and establishing a culture of integrity, companies are not only upholding their basic responsibilities to people and the planet, but also setting the stage for long-term success.

### CSR Best Practice Insights

As can be seen, there is a plethora of CSR programs, with different organisations adopting different approaches for attaining CSR goals. The many available guidelines highlighted above, show that adopting CSR best practice is driven by multiple factors such as:

- Regulatory requirements
- Economic imperatives
- Competitiveness
- Environmental considerations
- Political imperatives
- Consumer pressure
- Pressure from communities, stakeholders, and non-governmental organisations



It is clear that CSR has become a part of the DNA of many companies, although there is still lots of room to improve on the effectiveness of the programs. long-term success.

### Different types of CSR Initiatives

In the book, the many different types of CSR initiatives are discussed under four main clusters of characteristics.



#### 1. CSR initiative as an integral part of core business.

The key message here is that companies striving to remain at the forefront of promoting responsible and ethically sound business approaches, need to see CSR as part of their core business and not as an add-on. With an increasing spotlight on the impacts of business operations on communities, it is important that companies continually demonstrate that CSR considerations are an integral and indivisible part of their business. This will give companies greater credibility. Such CSR initiatives are characterized by: good policy framework; top management commitment; dedicated accountability in senior management; active involvement of employees; corporate CSR reporting; and sustainable funding model.

#### 2. CSR initiative that is well aligned with government developmental agenda.

The key message here is that the primary objective of social responsibility is to contribute to sustainable development. Companies should continue to ensure that their contributions to the development of the countries where they operate are tangible and complementary to the efforts of the respective governments. Companies therefore need to ensure that their interests are aligned and consistent with the priorities set by the countries, in their 2030 development agendas. Such CSR initiatives are characterized by: partnership with government; legislative compliance; dedicated funding; and knowledge sharing.

#### 3. CSR initiative that serves as a tool for addressing social needs.

The key message here is there is no doubt that times are changing rapidly and companies are facing increasing pressure to demonstrate commitment to be good neighbours. For a long time, companies have accepted that compliance with stringent government legislation, is a necessary imperative to operate a profitable business.



The concept of a social license to operate, is also now beginning to gain more prominence. There is increasing demand by communities, for companies to demonstrate their bona fide right to be part of the society in which they operate. Even when not required by law, companies are now finding it necessary to conduct Social Impact Assessments (SIAs) for their operations. A credible SIA process should involve the following aspects: constructive, non-adversarial community engagement process; clearly identified socio-economic issues that are important to the communities; and a social plan for ensuring lasting benefits to society.

#### **4. CSR initiative that serves as a tool for responsible environmental management.**

The key message here is that is need for companies to continuously deploy and advance best practices and innovative approaches to protect and contribute to the conservation of the environment. Environmental stewardship is not an option for private companies.

It has long been recognized and accepted as a necessity. Companies must ensure that they are proactive in addressing environmental concerns, as a necessary and integral part of their core business. A CSR approach that serves as a tool for responsible environmental management should embody the following aspects: a good environmental impact assessment, carried out by competent professionals; a process of structured engagement with stakeholders and all interested and affected parties; periodic environmental performance audits, including regular reporting; and adequate financial provision for the management of the environmental impacts throughout the life of the project, including project closure and decommissioning.

### **Conclusion**

The world is getting better in terms of access to basic human needs. While it is true that within some countries, the gaps between the haves and the have-nots are still very wide, substantial progress is being made at the global level.

### **Link:**

[An electronic copy of the book. Please click](#)

### **References:**

- [www.ifc.org](http://www.ifc.org)
- [www.worldbank.org](http://www.worldbank.org)
- [www.ipieca.org](http://www.ipieca.org)
- [www.iso.org](http://www.iso.org)
- [www.oecd.org](http://www.oecd.org)
- [www.unglobalcompact.org](http://www.unglobalcompact.org)

The progress over the past 50 years in the areas of poverty eradication, health and education, for example, shows that the SDGs are having a visible impact on development in many countries. The impact of CSR at ground level, is a major contribution to this progress.

While there is still a lot of work ahead, many countries are recording substantial progress in achieving their sustainable development goals, and governments are finding the private sector to be committed and reliable partners.

The hard book examines some key international standards, guidelines and principles, related to CSR, that have emerged through UN or other multilateral processes, or established by industry or business associations. These standards and guidelines represent the expectations of the international society for responsible business conduct. Concise overview of the standards and guidelines are present in the book and the key elements that are considered essential for best practice are highlighted and discussed. Some case studies illustrating the contributions, through CSR initiatives, by companies based in Qatar to Qatar National Vision 2030, are presented.

