



CBI
Ministry of Foreign Affairs

Social responsibility at CBI

The Hague, January 28, 2014



Agenda of the morning

1. Introduction
2. Social responsibility and CBI
3. Integrating Social Responsibility in CBI programme management
 - Social Responsibility Risks
 - Auditing
4. Wrapping up: back to the bigger picture



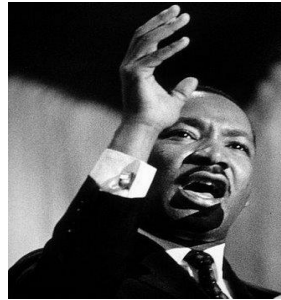
Who's here?

Promoting corporate social responsibility - whom would your table choose as a consultant?

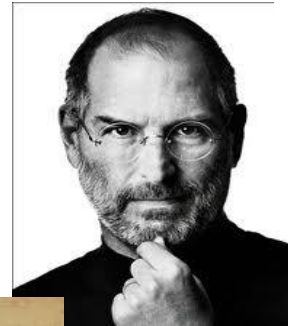
Mother
Teresa



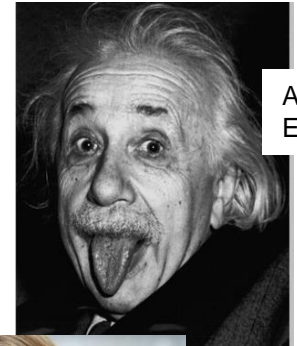
Martin Luther
King Jr.



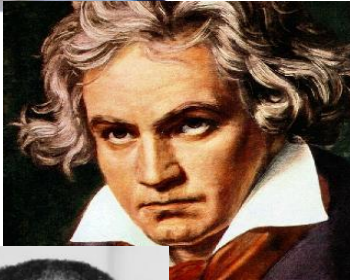
Steve
Jobs



Albert
Einstein



Ludwig van
Beethoven



Nelson
Rolihlahla
Mandela



Genghis
Kahn

Jane
Goodall



Ayrton
Senna



J.K.
Rowling



Marilyn
Monroe





Social responsibility is a guiding principle for all CBI activities.

CBI promotes sustainable economic development by strengthening exports from developing countries.



“Participation in the CBI programme also made Sri Lanka’s tuna fishermen more aware of the necessity of investing in sustainability”

“Eco Benin is becoming a model for sustainable tourism”

*Art ‘n Nature owner Venus said:
“Value created for the company should also create value for the communities and environment”*



Exercise

Think of a project you have been involved in, and mention at least one concrete **example** that **illustrates CBI's (potential) role in supporting sustainable economic development**. Think about both **social** and **environmental** impact. What worked, and what could be improved?

Base your answer on your own observations, thoughts, ideas. Be as specific as possible.



Why?

CBI aims at improving not only the **quantity** of exporting, but also the **quality**; from increasing exports to increasing sustained and sustainable exports.

CBI wants to:

- be a frontrunner in the integration of SR in private sector development initiatives
- exclude value chains with very high SR risks
- select mainstream value chains with SR potential rather than focusing on niche social responsibility chains
- support value chains to increase SR performance
- report on social responsibility performance



Definition

Responsibility of an organisation for the impacts of its decisions and activities on society and the environment, through transparent and ethical behaviour that:

- Contributes to **sustainable development**, including health and the welfare of society;
- Takes into account the expectations of **stakeholders**;
- Is in compliance with applicable law and consistent with **international norms of behaviour**;
- Is **integrated** throughout the organisation and practiced in its relationships.



OECD Guidelines for Multinational Enterprises

2011 EDITION



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CBI's vision on International Corporate Social Responsibility

ICSR is a guiding principle for all CBI activities. CBI promotes sustainable economic development by strengthening exports from developing countries. CBI helps small and medium sized enterprises (SMEs) and business support organisations in developing countries with information, training and coaching to improve their market opportunities. CBI uses an integrated programmatic approach to contribute to the improvement of the business climate in these countries. Different types of interventions are combined in one program that serves all target groups. CBI advises exporters on how to create and sell their products and services in a sustainable manner on the international market. CBI does not provide financial resources to companies, but it supports SMEs in developing countries by building the knowledge and skills needed for exporting.

CBI's ICSR policy framework is based on the OECD Guidelines for Multinational Enterprises. CBI uses the ISO 26000 standard as an instrument for implementation. This international standard deals with a wide range of ICSR topics and is consistent with the [OECD guidelines](#). In all activities, CBI pays specific attention to four ICSR core topics, which comprise a starting point for developing programs and selecting SMEs:

- Environment ("VI. Environment" in the OECD guidelines)
- Human Rights ("IV. Human rights" in the OECD guidelines)
- Labour rights ("V. Employment and industrial relations" in the OECD guidelines)
- Fair operating practices ("6.6 Fair operating practices" in ISO 26000)

Program development

ICSR issues are taken into account at an early phase of the development of CBI programs. The programs basically consist of four steps: (1) the country / value chain selection, (2) the value chain analysis, the setting of a results chain and a business case, (3) the implementation of the program, and (4) the final audit and evaluation.

CBI does not use specific ICSR criteria to select value chains (step 1). However, it does use a list of excluded products and activities. The reason is that it aims to make supply chains sustainable and thus does

Manager

[contact me](#)

Bart Slob

+31(0)88602432
ue.ibc@bolsb

CBI publications

**Annual report'12.**
Available in [English](#).**CBI Business Case.**
[Flipbook](#), [PDF](#).**Corporate brochure.**
Available in [English](#),
[Spanish](#) and [French](#).**Brochure CBI Expert in Export.** Available in [English](#).**Corporate sourcing brochure.** Available in [Dutch](#), [English](#) and [French](#).**Market Intelligence Brochure.** Available in [English](#).



Health and safety



Child labour



Caste discrimination

Human rights violations



A black and white photograph showing three children in a mining area. A young girl in the foreground is looking down at a large wooden tray filled with rocks and minerals. Two other children, a boy and a girl, stand behind her, also looking at the minerals. The background shows a hilly, rocky landscape under a cloudy sky. A semi-transparent blue banner with the text "Conflict minerals" is overlaid across the middle of the image.

Conflict minerals



OECD Guidelines – The need for due diligence

The process through which enterprises can **identify, prevent, mitigate** and **account** for how they address their actual and potential adverse *impacts*

- **Identification:** Do social responsibility risks exist in the value chain?
- **Prevention:** How can adverse impacts be prevented?
- **Mitigation:** Are there improvement opportunities to reduce adverse impacts?
- **Accounting:** How to report on social responsibility decisions made?



Why do we need to assess risks?

- Obtain insight in social responsibility issues, raise awareness for social responsibility issues
- Know the (social and environmental) context in which CBI operates
- Make well considered choices for CBI programmes
- Contribute to the reduction of Social Responsibility risks – help companies improve their performance
- Be able to communicate on Social Responsibility

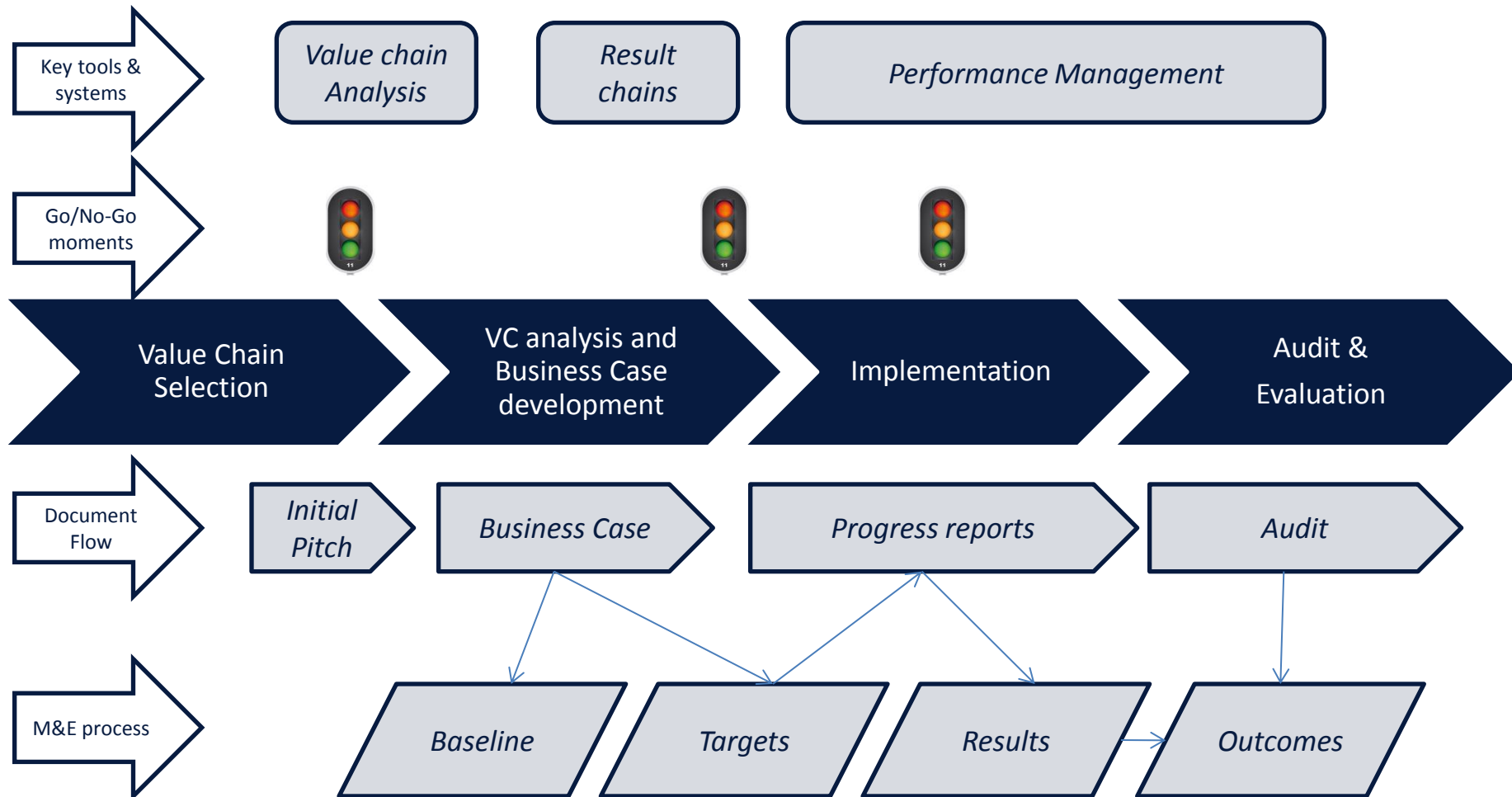


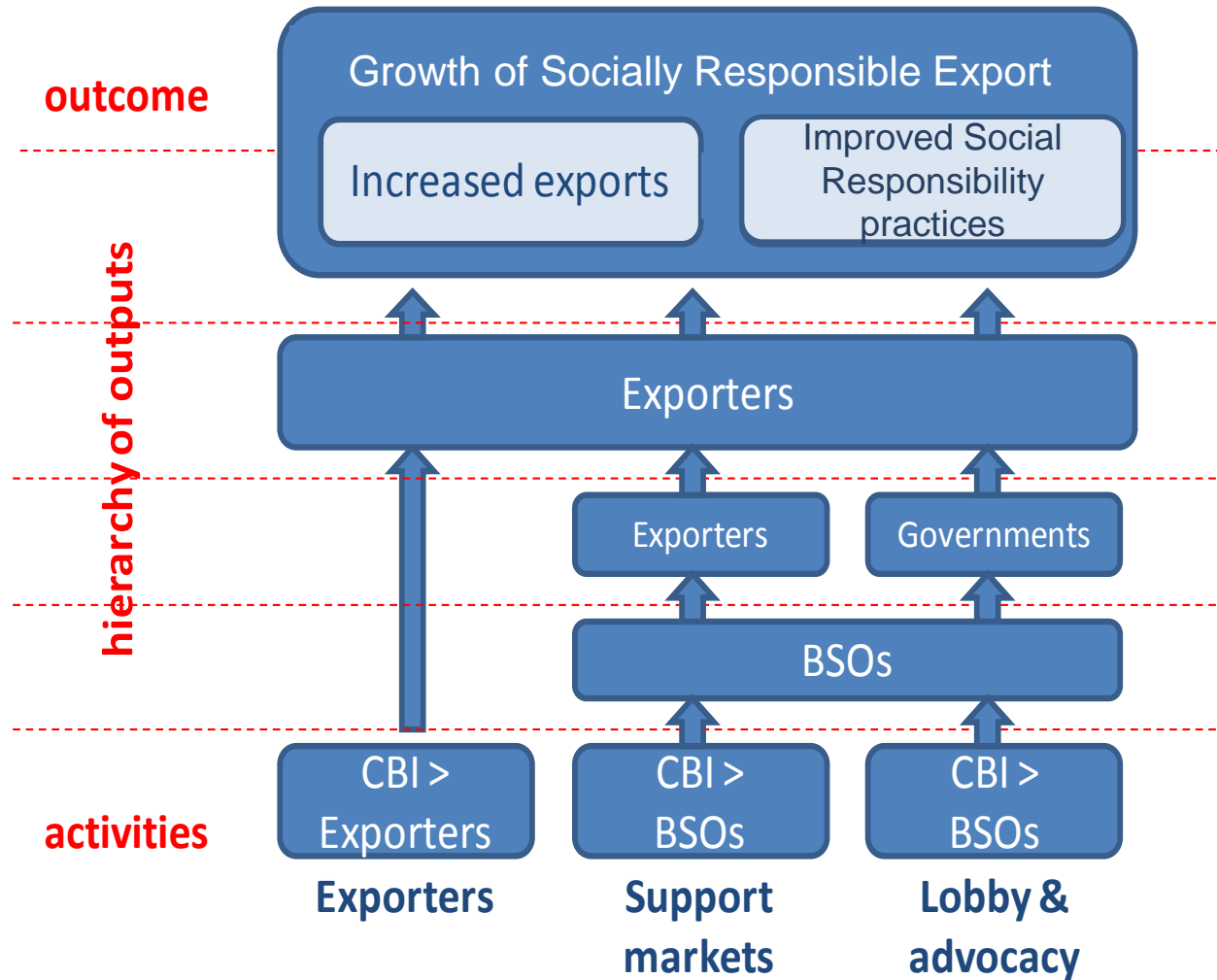
Due Diligence
(OECD Guidelines requirement)

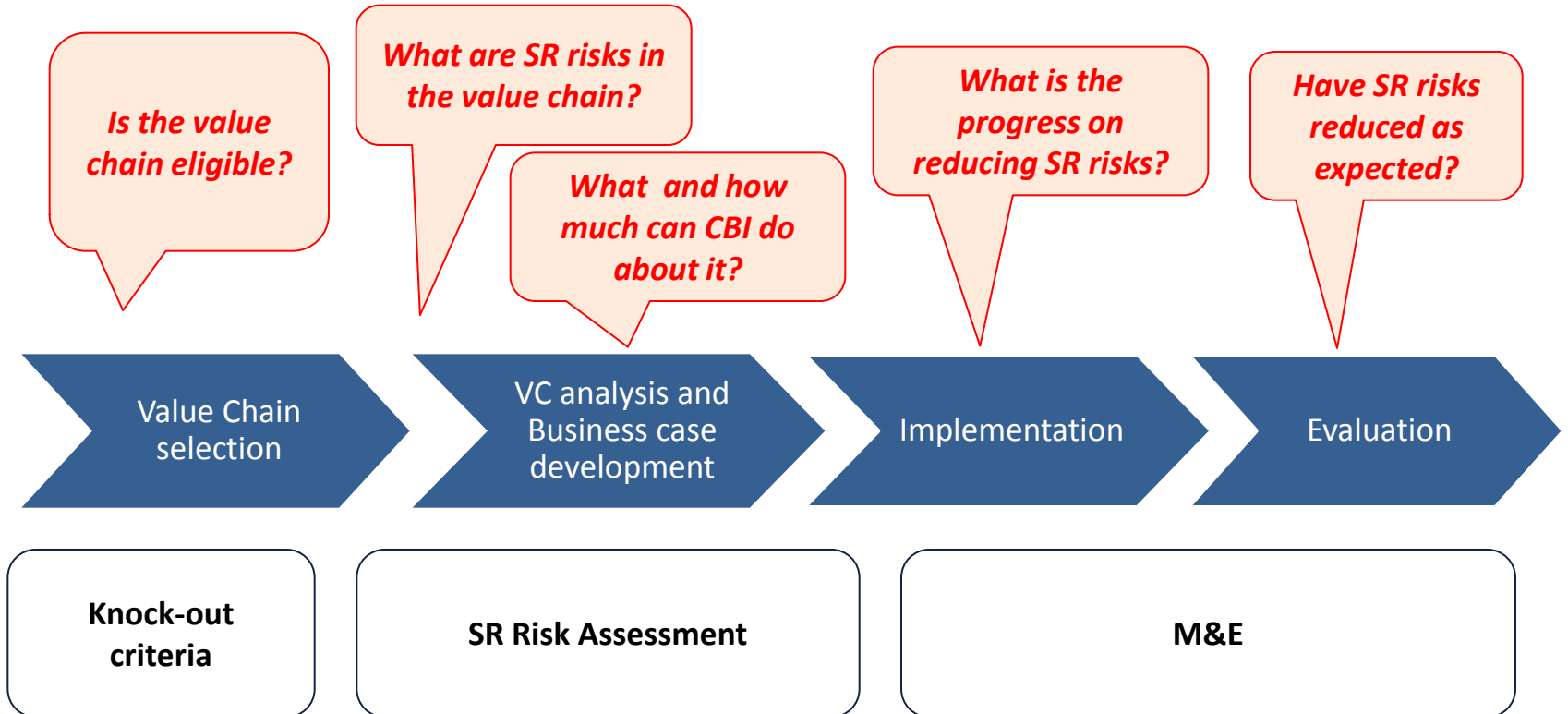


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What are the changes in programme management?





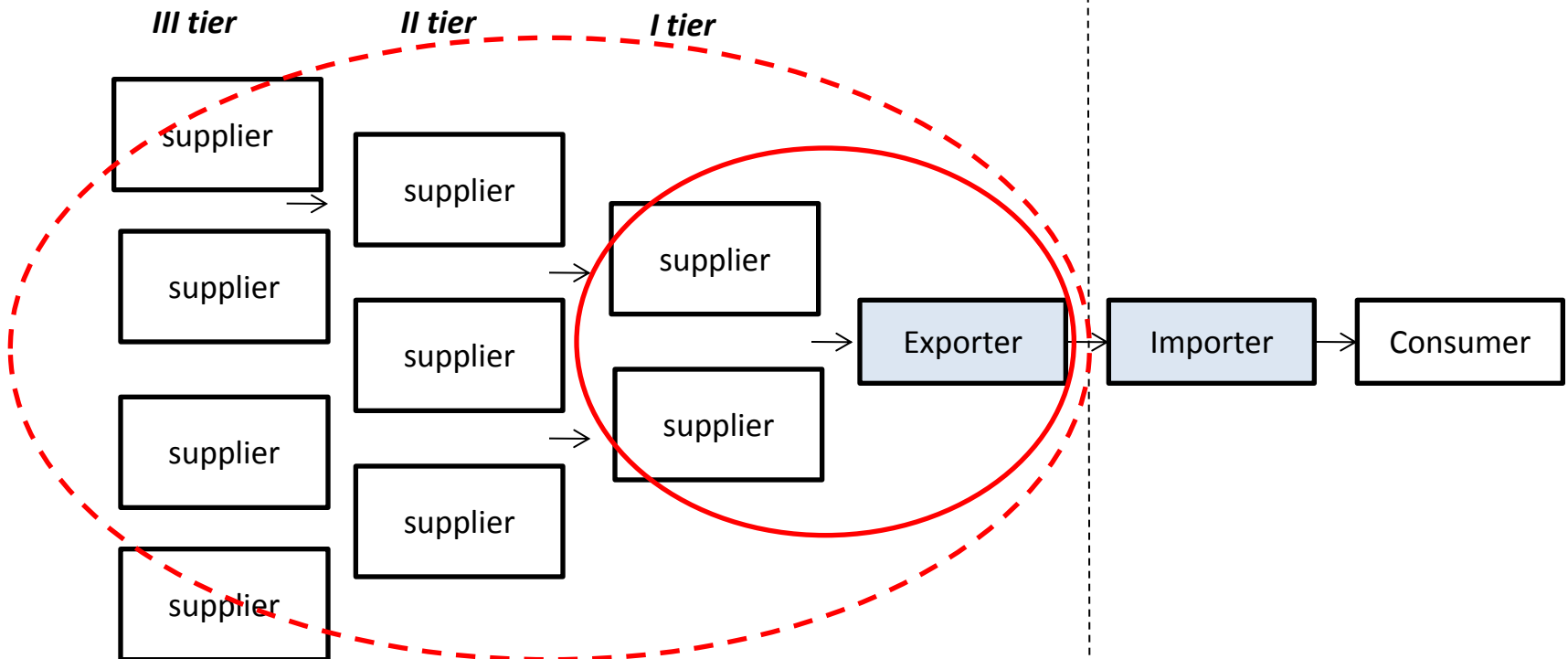




Chain influencer

Policy makers

Chain actors



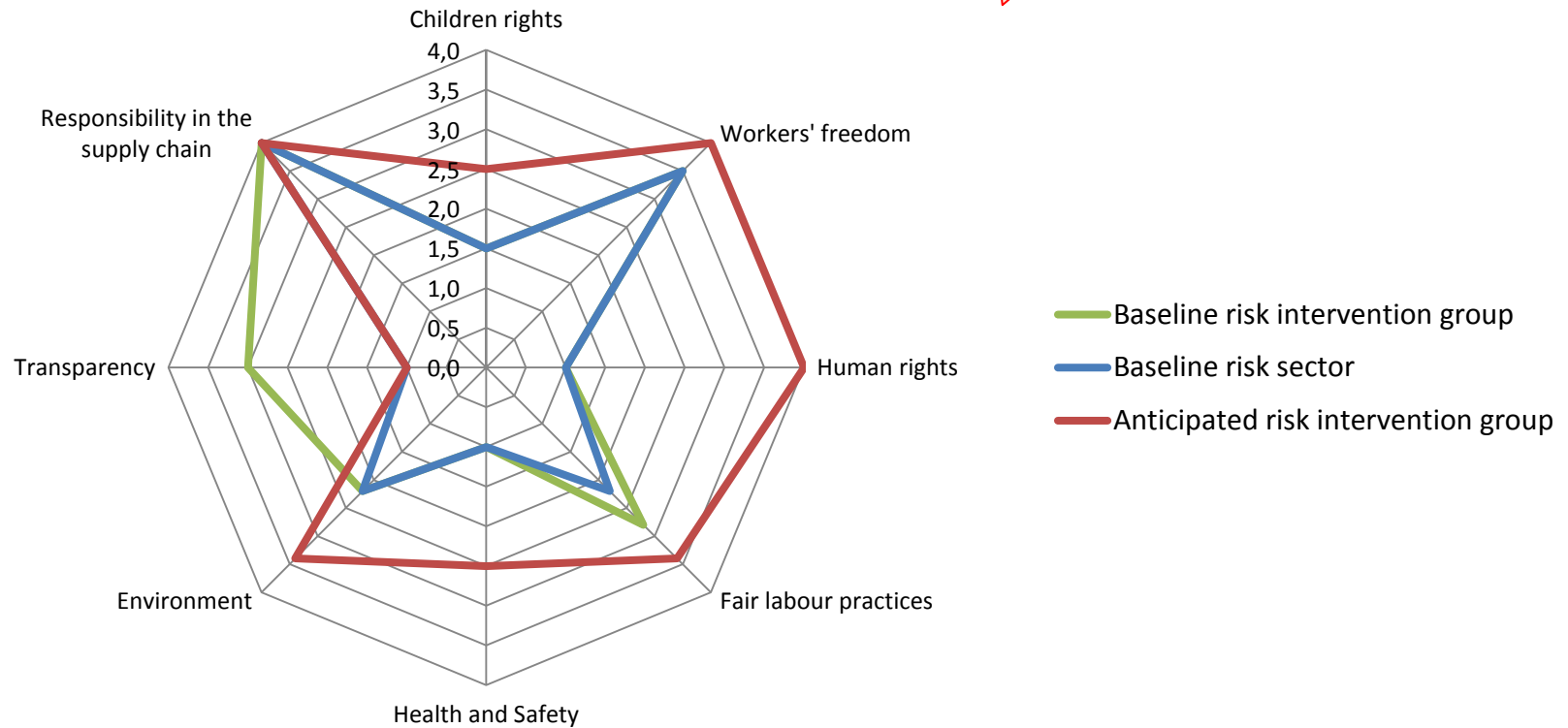
Chain supporter

BSO



What is happening in the value chain?

Social Responsibility Risk



1=high risk, 4=low risk



This will lead to:

- Compliance with Ministry requirements
- Creating awareness on Social Responsibility (risks) among CBI staff / experts
- Exclude working in value chains with extremely high SR risks
- Support value chains improving SR
- Monitoring and internal SR reporting
- At a later stage: external reporting on Social Responsibility



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Social responsibility risks



Identify the SR risks in the pictures on the following slides









Child labour

	The minimum age at which children can start working	Possible exceptions for developing countries
Hazardous work Any work which is likely to jeopardize children's physical, mental or moral health, safety or morals should not be done by anyone under the age of 18.	18 (16, under strict conditions)	18 (16, under strict conditions)
Basic minimum age The minimum age for work should not be below the age for finishing compulsory schooling, which is generally 15.	15	14
Light work Children between the ages of 13 and 15 years old may do light work, as long as it does not threaten their health and safety, or hinder their education or vocational orientation and training.	13-15	12-14















What is an audit? (ISO 19011)

An *audit* is an evidence gathering process. Audit evidence is used to evaluate how well audit criteria are being met. Audits must be objective, impartial, and independent, and the audit process must be both systematic and documented.

Why do an audit?

- *Verify* whether the management system *complies* with the requirements
- *Verify* whether the system is *effective* in reaching the set objectives
- *Initiate opportunities* for improvements in the management system
- Comply with *regulation*
- *Certify and/or register* management systems



Examples

- ISO 9001 – Quality management system
- ISO 14001 – Environmental management system
- ISO/TS – Prevention and reduction of waste
- ISO 22000 - Food safety management system
- BRC Global standard – Food safety and quality certification
- HACCP – Food safety and allergenic, chemical, and biological hazards
- OHSAS 18001 – Occupational health and safety management system
- SA 8000 – Social management system

CBI CSR Export Audit



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CBI's audit tool



CSR audit

The objective of the CSR audit is to:

- Understand the company's **current performance** on CSR-related issues
- Set **performance goals**
- **Monitor the improvements** in the course of the ECP

This part of the audit also considers social and environmental issues at the suppliers of the company.



CSR cluster in the audit

- Child labour
- Forced labour
- Human rights
- Health and safety
- Environment
- Corruption
- Supply chain responsibility
- Compliance with EU buyer requirements



CSR audit

The objective of the CSR audit is to:

- Understand the company's **current performance** on CSR-related issues
- Set **performance goals**
- **Monitor the improvements** in the course of the ECP

This part of the audit also considers social and environmental issues at the suppliers of the company.



Document checks, interviews with the management and workers and visual inspection as **verification methods**.

The CSR audit is based on verification documents. Other parts of the audit are based on the auditor's views of the situation.

Two scoring scales:

1 – 4	1 or 3
1 = Not aware / no written policy / no measures implemented 2 = Measures implemented, but no written policy / no specific person responsible 3 = Written policy and internally monitored 4 = Policy/management system certified by third party	1 = Not compliant with minimum requirement 3 = Compliant with minimum requirement
	1 = No 3 = Yes



What to look for?

- Fair Employment Arrangements
 - Safe and Healthy Working Conditions
 - Respect for the environment
 - Management system in place
 - Compliance with laws and legislation
 - Focus on first tier suppliers and contractors
-
- **Attention!** Certificates do not necessarily mean procedures and policies are in place as they may have been bought



Major Non-conformances

- Absence or breakdown in system to meet requirement
- Degree of risk as determined by auditor is high
- Degree of control exerted by management to ensure compliance is low and ineffective
- Company may not be certified unless the Major NCR is closed out

Minor Non-conformances

- Oversight or non-systemic problem, often an oversight
- A “one off” to a requirement as determined by the auditor
- A Minor non conformity will not prevent certification

Observations

- Non binding and aimed at value added



Do's

- Create a good atmosphere
- Fact gathering: is it right, does it work, can it be better
- Focus on the process
- Look for improvement opportunities
- Agree on follow up actions

Don'ts

- Criticise or blame
- Search for errors



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Exercise



Draw a supply chain from the top of your head and identify the main CSR risks in every step of the chain.



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Wrap up



More information



Postal address

P.O. Box 93144, 2509 AC The Hague
the Netherlands



Visiting address

Prinses Beatrixlaan 2
2595 AL The Hague



+31 (0)88 60 24 300



+31 (0)88 60 24 301



bslob@cbi.eu



www.cbi.eu

