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9. Appendix A: Driving Forces for Business Sustainability

9.1 International Standards and Guidelines

9.1.1 United Nations' Global Compact

Kofi Annan, Secretary-General of the United Nations, first proposed the United Nations' Global Compact at the World Economic Forum in Davos in 1999. The reasoning being that business should work in a spirit of enlightened self-interest, to make globalisation more inclusive to the world's poor populations by embracing and acting upon nine universal principles [A1]. These nine principles of the Global Compact (see Table 9-1) deal with three areas of concern, namely human rights, environmental protection and labour practices. The principles have been derived from:

- The Universal Declaration of Human Rights
- The International Labour Organisation's Declaration on Fundamental Principles and Rights at Work; and
- The Rio Declaration on Environment and Development (Outcome of the 1992 Earth Summit held in Rio) [A2].

Table 9-1: Nine Principles of the UN Global Compact [A2]

<p><i>Human Rights:</i></p> <p><u>Principle 1:</u> Businesses should support and respect the protection of international human rights within their sphere of influence; and</p> <p><u>Principle 2:</u> make sure their own corporations are not complicit in human rights abuses.</p>
<p><i>Labour:</i></p> <p><u>Principle 3:</u> Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining,</p> <p><u>Principle 4:</u> the elimination of all forms of forced and compulsory labour;</p> <p><u>Principle 5:</u> the effective abolition of child labour; and</p> <p><u>Principle 6:</u> the elimination of discrimination in respect of employment and occupation.</p>
<p><i>Environment:</i></p> <p><u>Principle 7:</u> Businesses should support a precautionary approach to environmental challenges;</p> <p><u>Principle 8:</u> undertake initiatives to promote greater environmental responsibility; and</p> <p><u>Principle 9:</u> encourage the development and diffusion of environmental friendly technologies.</p>

The mission of the Global Compact is “to contribute to more sustainable and inclusive global markets by embedding them in shared values” [A1] and all relevant actors are involved namely: governments, companies, labour forces, civil-society organisations (NGO's) as well as the United Nations. The Global Compact aims to foster a network-based approach at local, national, regional and local level. In order to do so the Global Compact makes use of four engagement mechanisms, namely:

- leadership – initiating change through the commitment of CEO's (and preferably the whole board of directors) to the principles;
- dialogue – creating a platform where all actors can engage to identify problems and find solutions in order to influence policy-making and stakeholder behaviour;
- learning – reinforcing dialogue through examples of good corporate practices that works; and
- outreach and networks- providing frameworks for action at national, regional or local level [A3].

The operational phase was launched in July 2000 [A2] and the heart of the network is the Global Compact Office in New York together with five core United Nations agencies, namely: Office of the High Commissioner for Human Rights, International Labour Organisation, United Nations Environmental Programme, United Nations Development Programme and United Nations Industrial Development Organisation [A1].

It is believed that there is no one way to incorporate the Global Compact principles into business activities [A2] but companies, signing up to the Global Compact, make the following commitments:

- The company will issue a clear statement of support for the Global Compact and its principles and will engage in public advocacy for the Compact.
- Once a year a concrete example of progress made or lessons learned in implementing the principles will be posted on the Global Compact website.
- The company will engage in partnerships with UN organisations by either undertake activities to promote the implementation of the principles or to enter strategic partnerships in support of wider UN goals [A4].
- The company must publish in its annual report or a similar corporate report a description of the ways in which the company supports the Global Compact and its nine principles [A2].

The Global Compact is a purely voluntary initiative and in December 2003 1884 participants have signed the Global Compact, of which 7 are based in South Africa [A2]. A key strength of the Global Compact is its emphasis on partnership and stakeholder engagement [A4]. The Global Compact is however not a performance or assessment tool nor does it provide a seal of approval. Nevertheless, in March 2004 the United Nations undertook an in-depth study to determine whether the initiative is having any measurable impact on businesses, i.e. whether the Compact is adding value to the sustainability debate that has been characterised more by anecdotal evidence than hard fact [A5]. However, a study by McKinsey & Co in 2004 concluded that the Global Compact has “*primarily accelerated policy change in companies, while catalyzing a proliferation of ‘partnership projects’, development-oriented activities that companies undertake with UN agencies and other partners*” [A6]. The Global Compact thus has had a noticeable, incremental impact on society and overall it has been a noteworthy force of positive change.

9.1.2 Global Sullivan Principles

Reverend Leon H. Sullivan developed the *Sullivan Principles* in 1977 as a code of conduct concerned with human rights and equal opportunity for companies operating in South Africa. This effort of Reverend Sullivan is acknowledged to have been one of the most effective attempts to end discrimination in the workplace in the pre 1994 South Africa [A7]. In 1997 together with a few multinational companies Reverend Sullivan revised the principles and in 1999 the Global Sullivan Principles of Social Responsibility was released [A8]. The principles are shown in Table 9-2. It consist of eight broad directives focusing on labour, business ethics and environmental practices. The concept of sustainable development is specifically mentioned in directive number five [A9].

Table 9-2: Global Sullivan Principles [A9]

As a company, which endorses the Global Sullivan Principles, we will respect the law, and as a responsible member of society we will apply these Principles with integrity consistent with the legitimate role of business. We will develop and implement company policies, procedures, training and internal reporting structures to ensure commitment to these Principles throughout our organization. We believe the application of these Principles will achieve greater tolerance and better understanding among peoples, and advance the culture of peace.

Accordingly, we will:

- 1. Express our support for universal human rights and, particularly, those of our employees, the communities within which we operate, and parties with whom we do business.*
- 2. Promote equal opportunity for our employees at all levels of the company with respect to issues such as color, race, gender, age, ethnicity or religious beliefs, and operate without unacceptable worker treatment such as the exploitation of children, physical punishment, female abuse, involuntary servitude, or other forms of abuse.*
- 3. Respect our employees' voluntary freedom of association.*
- 4. Compensate our employees to enable them to meet at least their basic needs and provide the opportunity to improve their skill and capability in order to raise their social and economic opportunities.*
- 5. Provide a safe and healthy workplace; protect human health and the environment; and promote sustainable development.*
- 6. Promote fair competition including respect for intellectual and other property rights, and not offer, pay or accept bribes.*
- 7. Work with governments and communities in which we do business to improve the quality of life in those communities-- their educational, cultural, economic and social well being--and seek to provide training and opportunities for workers from disadvantaged backgrounds.*
- 8. Promote the application of these Principles by those with whom we do business.*

We will be transparent in our implementation of these Principles and provide information which demonstrates publicly our commitment to them.

The Global Sullivan Principles have the following objectives:

- to support economic, social and political justice by companies in the societies in which they operate;
- to support human rights;
- to encourage equal opportunities at all levels of employment including gender and racial diversity on board and decision-making mechanisms in the company;
- to train and advance disadvantaged workers for technical, supervisory and managerial positions; and
- to assist with greater tolerance and understanding among people [A10].

These objectives help to achieve the principles’ ultimate goal, which is to improve the quality of life for all with dignity and equality [A10]. The principles provide a framework to align social responsible companies and any company can endorse the principles by publicly committing to incorporate the principles into procedures, operations and internal policies and to implement training and reporting structures [A11]. However, any organisation or association can also endorse the principles, but endorsing companies and organisations must participate in an annual reporting process. All reports are reviewed to measure the efforts and to highlight efforts of note and to ensure the sharing of best practices [A11]. On the 9th of October 2002 293 organisations have endorsed the Global Sullivan Principles [A12], the nature of these organisations are shown in Figure 9-1.

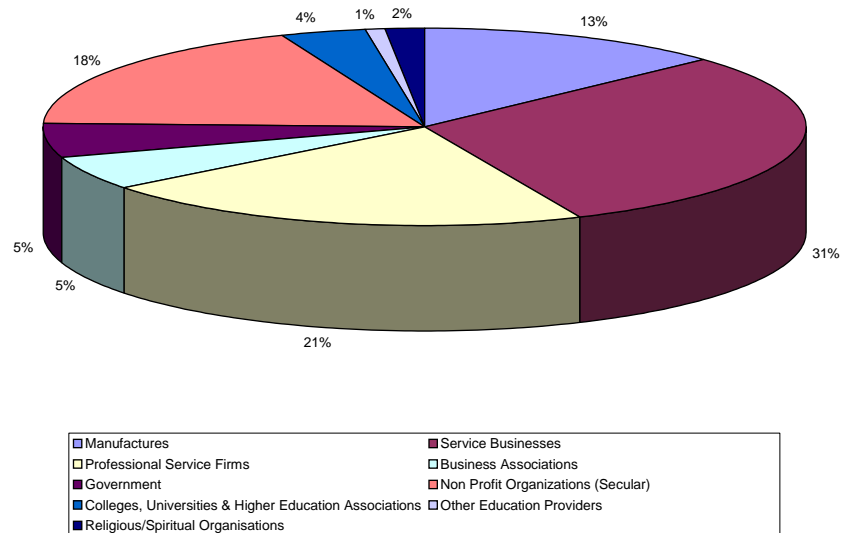


Figure 9-1: Distribution of the 293 endorsing organisations of the Global Sullivan Principles

The Global Sullivan Principles can be seen as a code of conduct for any organisation, although there is a level of reporting on progress and performance with implementation, the principles do not list

specific indicators to measure the performance with regards to the principles, i.e. performance with regards to labour, business ethics and environmental practices [A4].

9.1.3 OECD Guidelines for Multinational Companies

The Organisation for Economic Co-Operation and Development (OECD) published their revised guidelines for multinational companies in June 2000. These guidelines are recommendations of business conduct, which are addressed to multinational companies by participating governments. It offers voluntary principles and standards for responsible business conduct consistent with the applicable country's laws. The aims of these guidelines are to:

- ensure that the operations of a business are in harmony with government policies;
- strengthen the basis of mutual confidence between the business and the societies in which it operates;
- improve the foreign investment climate in a country; and
- enhance the contribution to sustainable development made by the multinational company [A13].

Although many multinational companies have developed their own codes of conduct, the OECD guidelines remains the only multilaterally endorsed and comprehensive code that governments are committed to promote [A13]. Businesses' adherence to the guidelines is purely voluntary, but governments who want to participate in implementing the guidelines sign a binding decision to promote their observance to companies operating in or from their country [A8]. In December 2003 38 governments have endorsed the OECD Guidelines for Multinational companies [A14]. The common aim of the governments adhering to the Guidelines is to encourage the positive contributions that multinational companies can make to sustainable development progress (i.e. economic, environmental and social progress) as well as minimising the negative impacts the business operations may have.

The OECD Guidelines cover nine areas of business conduct, namely:

- General Policies
- Disclosure
- Employment and Industrial Relations
- Environment
- Combating Bribery
- Consumer Interests
- Science and Technology
- Competition
- Taxation

For each of the nine areas standards and principles of good practice are listed. The guidelines further provide implementation guidelines for governments, but not specific processes for companies to follow. The guidelines can be seen as a mere general code of conduct, which businesses can use to

guide them in their conduct or in developing a company specific code of conduct [A4]. Although the national contact point, which each adhering government should establish, must annually report to the OECD on the progress made with implementation efforts, businesses do not formally report to the OECD on performance relative to the principles. Businesses are nevertheless encouraged to engage in triple bottom line reporting (Business Conduct area 2: Disclosure).

9.1.4 Caux Round Table Principles for Business

In 1986 Frederik Philips, former president of Philips Electronics and Olivier Giscard d'Estaing, Vice-Chairman of INSEAD founded the Caux Round Table (CRT). The aim of the organisation was to reduce escalating trade tensions and to promote the role of business and industry as a vital force for innovative global change. Members include business leaders of Europe, Japan and the United States [A15]. Since 1986 the CRT has grown into an international network of principled business leaders all working to promote moral capitalism [A16].

In 1994 through an extensive and collaborative process the CRT published an inspirational set of recommendations or principles for corporate business behaviour known as the CRT Principles for Business. The CRT regards the principles as a vision for ethical and responsible corporate behaviour that can serve as a foundation for action for business leaders worldwide [A17]. The principles are rooted in two ethical ideals namely:

- human dignity – meaning the sacredness or value of each person as an end and not as a mean to an end; and
- kyosei – a Japanese concept meaning “living and working together for the common good, enabling cooperation and mutual prosperity to coexist with healthy and fair competition” [A15].

The principles consist of three sections namely a preamble, general principles and stakeholder principles. The preamble describes the current globalisation trend and its problems and motivates business's role as a powerful agent of positive social change. The general principle section aims to clarify the spirit of the two ethical ideals and lists seven general principles with discussions of each. The seven general principles are:

- The Responsibilities of Business: Beyond Shareholders towards Stakeholders
- The Economic and Social Impact of Business: Toward Innovation, Justice and World Community
- Business Behaviour: Beyond the Letter of the Law toward a Spirit of Trust
- Respect for Rules
- Support for Multilateral Trade
- Respect for the Environment
- Avoidance of Illicit Operations

Section three is concerned with the practical application of these seven principles with regards to stakeholders. The section is structured around various stakeholders and states the responsibility of

business towards each of these stakeholders. The stakeholders mentioned are: Customers, Employees, Owners/Investors, Suppliers, Competitors and Communities [A15].

The CRT Principles for Business nevertheless remains a set of principles, and the real value of any set of principles lies in its use and implementation in everyday business activities. There are, however, no formal mechanism for corporate commitment to these principles [A8] and neither a set of indicators or method to measure performance with regards to the principles.

9.1.5 Social Accountability 8000

Social Accountability International (SAI), previously known as the Council of Economic Priorities Accreditation Agency (CEPAA), is a United States of America based non-profit organisation. In 1996 SAI convened an international multi-stakeholder advisory board to develop Social Accountability 8000 (SA 8000), an international standard, which aims to improve working conditions globally. The SA 8000 standard was issued in 1998 and reviewed once since then [A18].

The SA 8000 standard is a voluntary monitoring and certification standard for assessing labour conditions [A8]. It is based on the principles of eleven Conventions of the International Labour Organisation (ILO), the United Nations Convention on the Rights of the Child, and the Universal Declaration of Human Rights [A19]. The standard is modelled after the environmental and quality auditing processes developed by the International Standards Organisation (ISO 9000 and ISO 14000 standards) [A8]. The goal of the standard is to define requirements, which will enable a company to:

- develop, maintain and enforce policies and procedures in order to manage issues with regards to employment practices and working conditions which it can control or influence; and
- demonstrate to interested parties that policies, procedures and practices are in conformity with the standard [A4].

The standard cover nine areas of concern namely:

- Child labour
- Forced labour
- Health and safety
- Freedom of association and collective bargaining
- Discrimination
- Disciplinary practices
- Working hours
- Compensation
- Management systems [A20].

For each area of concern SAI lists the SA8000 requirements, the intent of SA8000, a sample checklist and examples of objective evidence that can be used to determine if the requirements are met [A19]. The standard encourages companies to work with their suppliers to implement a social accountability policy that can improve workplace conditions through technical assistance and increased awareness. The standard is thus concerned with two stakeholder groups, namely employees and suppliers. Companies can implement SA8000 in two ways, namely:

- Certification to SA8000: Operating facilities’ performance are audited against SA8000 criteria and facilities are certified as SA8000 compliant or not; and
- SA8000 Corporate Involvement Program: Companies first evaluate SA8000 as an ethical sourcing tool and then implement it over time in some or all of the supply chain, while regularly reporting publicly on the implementation progress [A20]. Organisations can also be granted accreditation by SAI, which enables them to perform SA8000 certification audits on their supply chain for example.

On the 31st of October 2003, 310 facilities have been certified as SA8000 compliant, which represented 36 industries and 38 countries worldwide. However, in South Africa only one facility has been certified as SA8000 compliant, namely Fairview Estate, a wine production estate in the Paarl [A21].

9.1.6 AA 1000 framework

AccountAbility, the Institute of social and ethical accountability launched the AccountAbility 1000 (AA1000) framework in November 1999. AA1000 is an accountability standard, which is focused on “securing the quality of social and ethical accounting, auditing and reporting” [A22]. It has been designed to improve accountability and performance with the focus on learning through stakeholder engagement. Furthermore, it addresses the need to incorporate stakeholder engagement practices into daily business activities [A23]. The AA1000 framework (see Figure 9-2) consists of principles and a set of process standards covering five stages [A24].

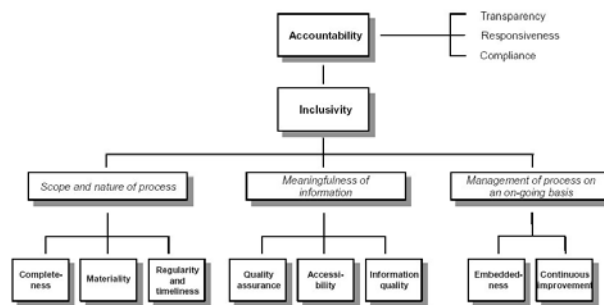


Figure 9-2: Principles of the AA1000 framework [A24].

The AA1000 process standards are focused around the organisation’s engagement with stakeholders, the fifth stage, and thus the process model only covers four stages as shown in Table 9-3.

Table 9-3: Process Model of the AA1000 framework [A22].

Stage	Processes
Planning	P1: Establish commitment and governance procedures. P2: Identify Stakeholders. P3: Define and review objectives, values and policies.
Accounting	P4: Identify issues upon which performance is assessed. P5: Determine scope of process. P6: Identify indicators of performance. P7: Collect information. P8: Analyse information, set targets and develop improvement plan.
Auditing & Reporting	P9: Prepare report(s) P10: Audit report(s). P11: Communicate results and obtain feedback
Embedding	P12: Establish and embed systems for continuous improvement

The framework covers all main stakeholders of a company and can be used in a variety of ways. Some of these uses are:

- Measurement tool
- Quality management tool
- Tool for recruitment and retention of employees
- Tool for external stakeholder engagement
- In partnerships with other organisations
- Risk management tool
- Assist in governance
- Tool for training [A4].

The AA1000 framework is also in the early stages of development and is currently trying to define the relationship between the standard and other standards, e.g. SA 8000, ISO 14000, ETI, etc. To the knowledge of AccountAbility, 77 organisations worldwide have used the AA1000 framework in one-way or another [A25].

On the 25th of March 2003 AccountAbility launched the AA1000 Assurance standard. The standard covers:

- the principles that define a robust and credible assurance process;
- the essential elements of a public assurance statement; and
- the independence, impartiality and competency requirements for assurance providers [A26].

9.1.7 Investors in People

Investors in People is a national quality standard of the United Kingdom, which establishes a level of good practice for improving any organisation's performance through its people. The specific focus of the standard is thus the training and development of staff in line with management and organisational objectives [A4] and it provides a national framework to improve business performance by following a planned approach to set and communicate organisational objectives. The standard was developed in 1990 by the United Kingdom's National Training Task force in partnership with leading businesses, personnel and employment organisation. Initially it was administrated by the Department of Education and Employment, but in 1993 a non-departmental public body, Investors in People UK was formed to take national ownership of the standard [A27]. The four principles and indicators of the standard are shown in Table 9-4.

Table 9-4: Principles and Indicators of Investment in People Standard [A28]

Principles	Indicators
Commitment An Investor in People is fully committed to developing its people in order to achieve its aims and objectives	1 The organisation is committed to supporting the development of its people
	2 People are encouraged to improve their own and other people's performance
	3 People believe their contribution to the organisation is recognised
	4 The organisation is committed to ensuring equality of opportunity in the development of its people
Planning An Investor in People is clear about its aims and its objectives and what its people need to do to achieve them	5 The organisation has a plan with clear aims and objectives which are understood by everyone
	6 The development of people is in line with the organisation's aims and objectives
	7 People understand how they contribute to achieving the organisation's aims and objectives
Action An Investor in People develops its people effectively in order to improve its performance	8 Managers are effective in supporting the development of people
	9 People learn and develop effectively
Evaluation An Investor in People understands the impact of its investment in people on its performance	10 The development of people improves the performance of the organisation, teams and individuals
	11 People understand the impact of the development of people on the performance of the organisation, teams and individuals
	12 The organisation gets better at developing its people

The Standard also list activities, which can be evidence of good performance or ways to measure the indicators. Organisations who want to become Investors in People apply for the standard and are then assessed by an external assessor who judges performance against the standard and subsequently awards

(or not) Investors in People. An Investor in People is subjected to regular reviews, which will at most be three years apart. The standard can be implemented in a wide range of companies and currently more than 32000 organisations are recognised as Investors in People [A27]

However, the indicators can be interpreted as prescriptive and, if this is the only form of consultation involving staff, the standard might be counter-productive if the staff sees no results, i.e. change in management practices [A4].

9.1.8 Ethical Trading Initiative

The Ethical Trading Initiative (ETI) is an alliance of companies, NGO's and trade union organisations committed to cooperate to identify and promote ethical trade. Ethical trade is defined as *“good practice in the implementation of a code of conduct for good labour standards, including the monitoring and independent verification of the observance of ethics code provisions as standards for ethical sourcing”* [A29]. The ETI developed a base code, which all members are expected to sign up to. The code concerns two stakeholders, namely: employees and suppliers and has nine elements with sub-elements.

The nine elements are:

- Employment is freely chosen
- Freedom of association and the right to collective bargaining are respected
- Working conditions are safe and hygienic
- Child labour shall not be used
- Living wages are paid
- Working hours are not excessive
- No discrimination is practised
- Regular employment is provided
- No harsh or inhumane treatment is allowed [A4].

One of the key strengths of the ETI base code is that, similar to SA8000, it is based on widely acknowledged ILO and UN standards. Although companies, NGO's and trade unions pay annual membership fees, it is not easy to become part of the ETI. An organisation, which wants to be considered for membership must do the following:

- indicate acceptance of the ETI's principles and purposes as well as commit to monitoring and independent verification; and
- indicate the willingness to participate in pilot projects and other ETI activities [A29].

In December 2003 ETI consisted of 55 organisations of which 34 were companies, 4 trade unions and 17 NGO's [A29]. This multi-constituency gives the initiative considerable credibility. However, the initiative is still in the early stages of existence and it is very involved in processes for development and improvement [A4].

9.1.9 The Natural Step Framework

Dr. Karl-Henrik Robèrt founded the Natural Step organisation in Sweden in 1989. Since then it has grown into an international organisation with a vision of the socially and ecologically sustainable society [A30]. The organisation has offices in 10 countries worldwide including South Africa [A31]. The organisation promotes a framework known as *The Natural Step Framework*, which can be used to orient public and corporate decision-making towards socio-ecological sustainability [A32]. The framework is based on four core principles also referred to as the four systems conditions for sustainability (See Table 9-5), which have been developed by an international network of scientists.

Table 9-5: Core Principles of the Natural Step Framework [A30].

<p><i>“In a sustainable society, nature is not subject to systematically increasing...</i></p> <ol style="list-style-type: none"> 1. <i>...concentrations of substances extracted from the Earth’s crust;</i> 2. <i>...concentration of substances produced by society;</i> 3. <i>...degradation of physical means;</i> <p style="text-align: center;"><i>and that in that society...</i></p> <ol style="list-style-type: none"> 4. <i>...human needs are met worldwide.”</i>

Some view the Natural Step Framework as a non-certified global standard that has no specific stakeholder focus [A4], while others see it as a methodology for all environmental planning [A30]. The framework has nevertheless been applied for strategic planning purposes in 60 Swedish corporations and municipal authorities [A32]. Nevertheless, the Natural Step framework is not prescriptive and it does not judge [A4]. With regards to social sustainability issues the Natural Step have started to work on the dimension and it is in a development phase [A33].

9.1.10 International Environmental Management Standards

The development of extensive environmental regulations, the constant growth in environmental awareness together with the increase in the cost of environmental protection as well as legal liabilities caused industry to rethink the role of environmental management in business practices. Engineers and technical people no longer possessed all the competencies needed to manage environmental issues and a more pro-active approach was needed. This resulted in the specialised field of environmental management. An integrated Environmental Management System (EMS) can assist a company to manage, measure and improve the environmental aspects of its operations [A34]. Various standards were and are being developed in an effort to standardize procedures in environmental management. The three major standards are ISO 14000, BS 7750 and the European Union’s EMAS. Table 9-6 compares the three standards [A35, A36, A37].

Table 9-6: Comparison between EMAS, BS 7750 and ISO 14000 [A35, A36, A37]

	BS 7750	EMAS	ISO 14000
Focus Area	Whole organization, can be applied to any sector or activity	Specific sites an/or industrial activities	Whole organization, covers all activities, products and services
Frequency of Audits	Not specified	Maximum audit frequency at three years	Not specified can be negotiated
Focus on Environmental Performance	Audit is not concerned with environmental performance	Auditing is concerned only with environmental performance and compliance with relevant environmental legislation.	It is a process standard; this implies that the standards does not tell companies what environmental performance they must achieve but it offers building blocks for an environmental management system that will assist companies in achieving their own performance goals
Information that must be publicly available	Environmental policy programme and management system	Environmental Policy	Environmental Policy
Countries	UK and a few other	European Union	Internationally
Application	Open to non-industrial activities ¹	Non-Industrial Activities included on experimental basis	Applicable to non-industrial activities
Date of Acceptance of Standard	1992	1993	1996
Criticized Aspects of standard	<ol style="list-style-type: none"> 1. Standard can be obtained by <i>promising</i> to improve. 2. Small companies find cost a problem. 	<ol style="list-style-type: none"> 1. Auditing Criteria are too vague. 2. It costs too much. 3. It badly disrupts activities of organizations. 4. It may generate hostility from the public and workforce. 	<ol style="list-style-type: none"> 1. Standard does not require sufficient public disclosure of company's environmental impacts. 2. Standard does not guarantee environmental performance or compliance with applicable national environmental legislation.

In South Africa ISO 14000 is the standard most often used for environmental management (see section 9.1.11 for a detail discussion), while BS 7750 has mostly been replaced by EMAS in the United Kingdom. The focus of these standards is nevertheless on the environmental dimension of sustainable development and social aspects are not generally included.

¹ Non-Industrial activities are activities like transport, local government, etc.

9.1.11 ISO Family of Standards

In 1946, delegates from 25 countries gathered in London and created a new international organisation to facilitate the international coordination and unification of industrial standards, the International Organisation for Standardisation (ISO). Currently, ISO is a network of national standards institutions of 148 countries (one member institution per country) with a Central Secretariat that coordinates the system based in Geneva, Switzerland [A38]. ISO has published more than 14000 international standards, the vast majority of these standards are highly specific standards focused on a particular product, process or material. Industries communicate the need for standards to ISO's national members and if ISO decides to develop the particular standard, the task to develop the standard is assigned to an ISO technical committee [A38].

The two most well known ISO standards are the ISO 9000- and ISO 14000 standards. ISO estimates that 610 000 organisations in 160 countries worldwide have implemented either one or both of these standards [A39]. These two standards are generic management system standards and not product standards. ISO 9000 was issued in 1987 and is primarily concerned with quality management and the focus is on what an organisation does to:

- fulfil customers' quality requirements;
- fulfil applicable regulatory requirements;
- enhance customer satisfaction; and
- achieve continuous improvement with regards to the pursuit of the three objectives [A40].

The ISO 9000 family of standards are shown in Table 9-7 [A41]

Table 9-7: ISO 9000 Family of standards [A41]

<i>Standard & Guidelines</i>	<i>Purpose</i>
<i>ISO 9000:2000, Quality management systems - Fundamentals and vocabulary</i>	<i>Establishes a starting point for understanding the standards and defines the fundamental terms and definitions used in the ISO 9000 family which you need to avoid misunderstandings in their use.</i>
<i>ISO 9001:2000, Quality management systems - Requirements</i>	<i>This is the requirement standard you use to assess your ability to meet customer and applicable regulatory requirements and thereby address customer satisfaction. It is now the only standard in the ISO 9000 family against which third-party certification can be carried.</i>

Table 9-7: ISO 9000 Family of standards [A41] (continues)

<i>ISO 9004:2000, Quality management systems - Guidelines for performance improvements</i>	<i>This guideline standard provides guidance for continual improvement of your quality management system to benefit all parties through sustained customer satisfaction.</i>
<i>ISO 19011, Guidelines on Quality and/or Environmental Management Systems Auditing (currently under development)</i>	<i>Provides you with guidelines for verifying the system's ability to achieve defined quality objectives. You can use this standard internally or for auditing your suppliers.</i>
<i>ISO 10005:1995, Quality management - Guidelines for quality plans</i>	<i>Provides guidelines to assist in the preparation, review, acceptance and revision of quality plans.</i>
<i>ISO 10006:1997, Quality management - Guidelines to quality in project management</i>	<i>Guidelines to help you ensure the quality of both the project processes and the project products.</i>
<i>ISO 10007:1995, Quality management - Guidelines for configuration management</i>	<i>Gives you guidelines to ensure that a complex product continues to function when components are changed individually</i>
<i>ISO/DIS 10012, Quality assurance requirements for measuring equipment - Part 1: Metrological confirmation system for measuring equipment</i>	<i>Give you guidelines on the main features of a calibration system to ensure that measurements are made with the intended accuracy</i>
<i>ISO 10012-2:1997, Quality assurance for measuring equipment - Part 2: Guidelines for control of measurement of processes</i>	<i>Provides supplementary guidance on the application of statistical process control when this is appropriate for achieving the objectives of Part 1.</i>
<i>ISO 10013:1995, Guidelines for developing quality manuals</i>	<i>Provides guidelines for the development, and maintenance of quality manuals, tailored to your specific needs.</i>
<i>ISO/TR 10014:1998, Guidelines for managing the economics of quality</i>	<i>Provides guidance on how to achieve economic benefits from the application of quality management.</i>
<i>ISO 10015:1999, Quality management - Guidelines for training</i>	<i>Provides guidance on the development, implementation, maintenance and improvement of strategies and systems for training that affects the quality of products.</i>
<i>ISO/TS 16949:1999, Quality systems - Automotive suppliers - Particular requirements for the application of ISO 9001:1994</i>	<i>Sector specific guidance to the application of ISO 9001 in the automotive industry.</i>

ISO 14000 was first issued in 1996 [A42], and focuses on environmental management and more specifically what an organisation does to:

- minimise harmful environmental effects caused by its activities; and
- achieve continual improvement with regards to its environmental performance

The ISO 14000 family of standards (see Figure 9-3) clearly distinguish between environmental management systems and environmental management tools. The standards take the view that the implementation of an EMS is of central importance in determining an environmental policy, objectives and targets for a company. The recommended environmental tools can assist a company in realizing these targets and objectives [A43].

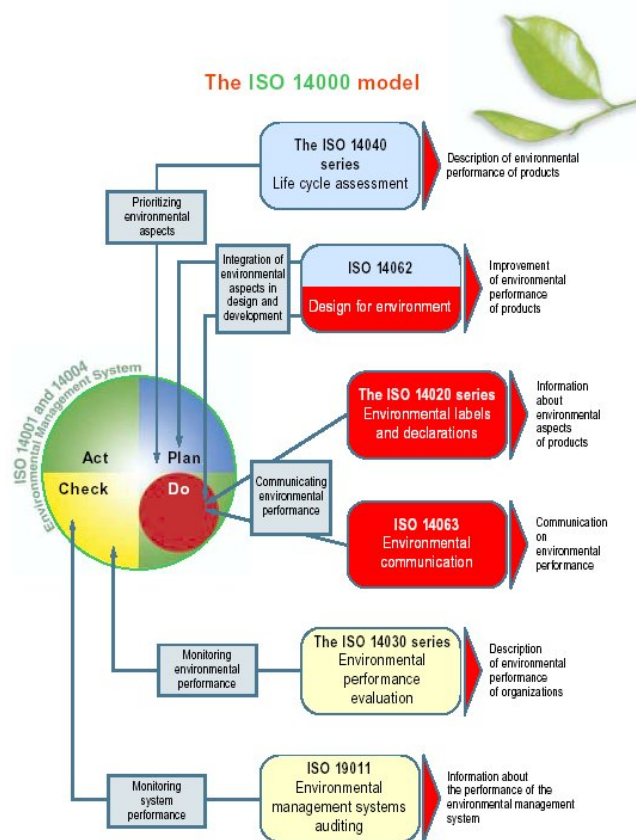


Figure 9-3: ISO 14000 family of standards

The ISO 9000 quality standard addresses one stakeholder group namely the customer, while ISO 14000 focuses on the environmental dimension of sustainability and thus on the environment as a stakeholder. Nevertheless, the focus of ISO 9000 and ISO 14000 is on the way in which an organisation do certain things and not on the results of the activities [A44].

9.1.12 Quality & Excellence Models

The Sigma Project regards the European Foundation Quality Model – Excellence Model as a standard or guideline relevant to sustainable development. In light of this the model together with two other Quality or Excellence Models have been chosen to analyse in more detail. The other two models are the Malcolm Baldrige National Quality Model and the South African Excellence Model.

9.1.12.1 European Foundation for Quality Management – Excellence Model

In 1988 14 Presidents of major European companies founded the European Foundation for Quality Management (EFQM). The European Commission endorsed the effort. The organisation was founded in order to develop a European framework for quality improvement along the lines of the Malcolm Baldrige Model in the USA. At the beginning of 1992 the European Model for Business Excellence, also known as the EFQM – Excellence Model, was published [A45]. The model can be used as a tool to develop a management system, which enables an organisation to be successful [A4]. The model is shown in Figure 9-4.

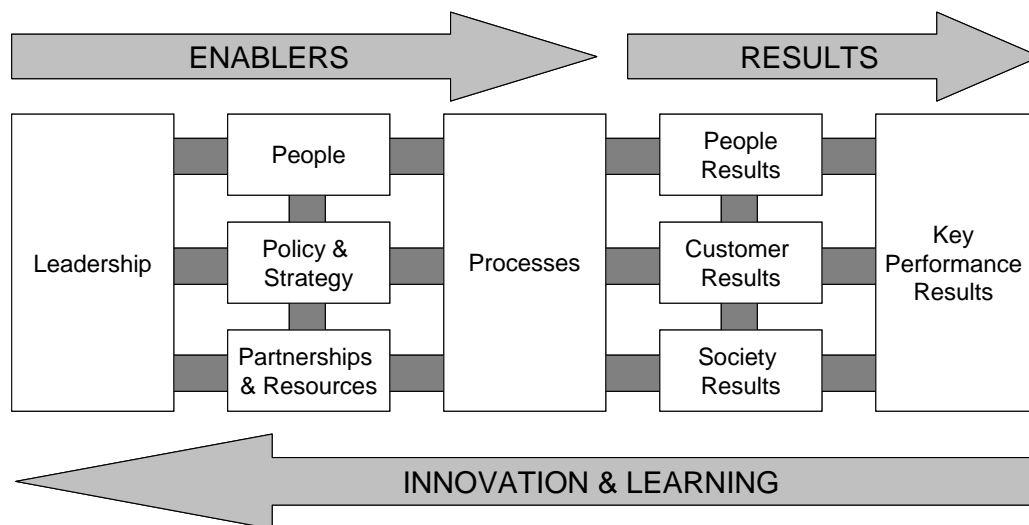


Figure 9-4: European Model for Business Excellence

The model consists of nine criteria of which five are enabler criteria and the other four results criteria. Enabler criteria cover the activities of the organisation i.e. what it does, while the results criteria cover what the organisation achieves. As can be seen in Figure 9-4 the enablers cause the results, while feedback from the results will help the organisation to learn, innovate and improve the enablers. The model is based on the premise that:

“Excellent results with respect to Performance, Customers, People and Society are achieved through Leadership driving Policy and Strategy, that is delivered through People Partnerships and Resources , and processes” [A46].

Although the model is a general model for managing performance it addresses the following stakeholder groups:

- employees – People Enabler Criteria & People Results Criteria;
- customers – Customer Results Criteria;
- society – Society Results Criteria; and
- suppliers – Partnerships and Resources Enabler Criteria.

The EFQM model recognizes that there are many approaches to achieve sustainable excellence and thus it offers a non-prescriptive framework with some fundamental concepts. The fundamental concepts are summarised in Table 9-8.

Table 9-8: Fundamental Concepts of EFQM Excellence Model [A46]

<p>Results Orientation Excellence is achieving results that delight all the organisation’s stakeholders.</p>
<p>Customer Focus Excellence is creating sustainable customer value.</p>
<p>Leadership & Constancy of Purpose Excellence is visionary and inspirational leadership, coupled with constancy of purpose.</p>
<p>Management by Processes & Facts Excellence is managing the organisation through a set of interdependent and interrelated systems, processes and facts.</p>
<p>People Development & Involvement Excellence is maximising the contribution of employees through their development and involvement.</p>
<p>Continuous Learning, Innovation & Improvement Excellence is challenging the status quo and effecting change by using learning to create innovation and improvement opportunities.</p>
<p>Partnership Development Excellence is developing and maintaining value-adding partnerships.</p>
<p>Corporate Social Responsibility Excellence is exceeding the minimum regulatory framework in which the organisation operates and to strive to understand and respond to the expectations of their stakeholders in society.</p>

The Excellence Model is also the basis for judging entrants to the European Quality award, which has been awarded annually since 1992 [A45].

9.1.12.2 Malcolm Baldrige National Quality Program

On the 20th of August 1987 the United States Congress signed into law Public Law 100-107, which created the Malcolm Baldrige National Quality Award and Program. The goal of this was to enhance the competitiveness of the United States of America. Since 1988 the Malcolm Baldrige National Quality Award has been awarded annually [A47]. Currently, there are eight categories of awards namely: Manufacturing, Service, Small Business, Education: Not-for-profit, Education: For-profit with more than 500 faculty or staff members, Education: For-profit with less than 500 faculty or staff members, Healthcare with more than 500 staff members and Healthcare with less than 500 staff members.

Companies submit award applications to the Program. Up till 2003, there have been 939 applicants for the Malcolm Baldrige National Quality Award. Each applicant has received vigorous evaluations by the Board of Examiners using the Criteria for Performance Excellence developed by the Malcolm Baldrige National Quality Program. The criteria are divided into seven categories and can be viewed from a systems perspective (see Figure 9-5) [A48].

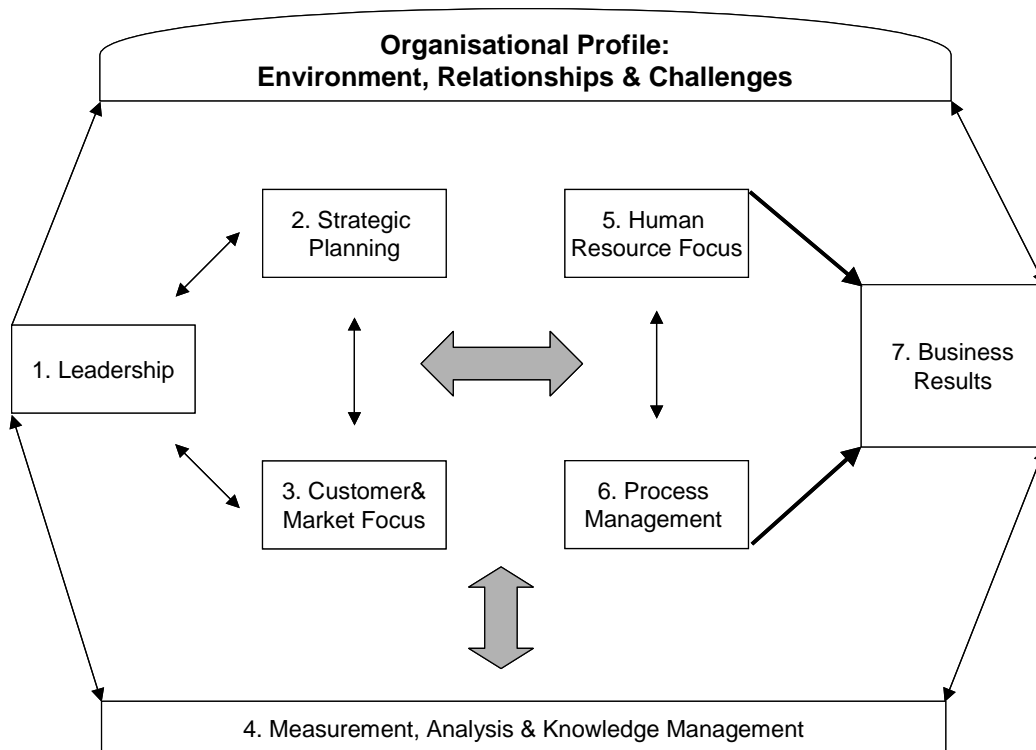


Figure 9-5: Malcolm Baldrige Criteria for Performance Excellence: A systems perspective [A48]

Each category consists of various items (19 in total), which, in turn, each consists of areas to address. Organisations must address their responses to the requirements of each area of concern, which are listed in the Baldrige documentation. The criteria assessment adds to 1000 points (see Table 9-9)[A48].

Any organisation can use the Baldrige framework of criteria to improve its overall performance since the framework can also be used for self-assessment (scoring guidelines are provided), which is highly recommended by the program. The Baldrige criteria address four types of performance, namely:

- customer-focused performance;
- product and service performance;
- financial and marketplace performance; and
- operational performance

The criteria is also build on a set of core concepts, these are: Visionary leadership, Customer-driven excellence, Organizational and personal learning, Valuing employees and partners, Agility, Focus on the future, Managing for innovation, Management by fact, Social responsibility, Focus on results and creating value and a Systems perspective.

Table 9-9: Baldrige Criteria Categories & Items [A48]

Criteria	Points
1. Leadership	120
1.1 Organisational Leadership	70
1.2 Social Responsibility	50
2. Strategic Planning	85
2.1 Strategy Development	40
2.2 Strategy Deployment	45
3. Customer & Market Focus	85
3.1 Customer & Market Knowledge	40
3.2 Customer Relationships & Satisfaction	45
4. Measurement, Analysis & Knowledge Management	90
4.1 Measurement and Analysis of Organizational Performance	45
4.2 Information & Knowledge Management	45
5. Human Resource Focus	85
5.1 Work Systems	35
5.2 Employee Learning & Motivation	25
5.3 Employee Well-being & Satisfaction	25
6. Process Management	85
6.1 Value Creation Processes	50
6.2 Support Processes	35

Table 9-9: Baldrige Criteria Categories & Items [A48] (continues)

7. Business Results	450
7.1 Customer-Focused Results	75
7.2 Product and Service Results	75
7.3 Financial and Market Results	75
7.4 Human Resource Results	75
7.5 Organizational Effectiveness Results	75
7.6 Governance and Social Responsibility Results	75
TOTAL	1000

The Baldrige Framework of criteria addresses the same stakeholder groups as the EFQM Excellence Model. The Baldrige Framework and the EFQM Excellence model differ in their approach to excellence and quality, but the content of the two models is very similar [A49]

9.1.12.3 South African Excellence Model

In August 1997 the South African Excellence Foundation was established. The foundation’s main purpose is to “manage and promote continuous improvement through the use of the South African Excellence Model (SAEM)” [A50]. The SAEM combines the best of the Baldrige National Quality Program in the USA and the EFQM Excellence Model [A50]. The process also relies on self-assessment to enable organisations to determine their level of performance excellence. An Awards programme offers recognition to companies. The Model consists of enabler and result criteria (see Figure 9-6) and the self-assessment again adds up to 1000 points [A51].

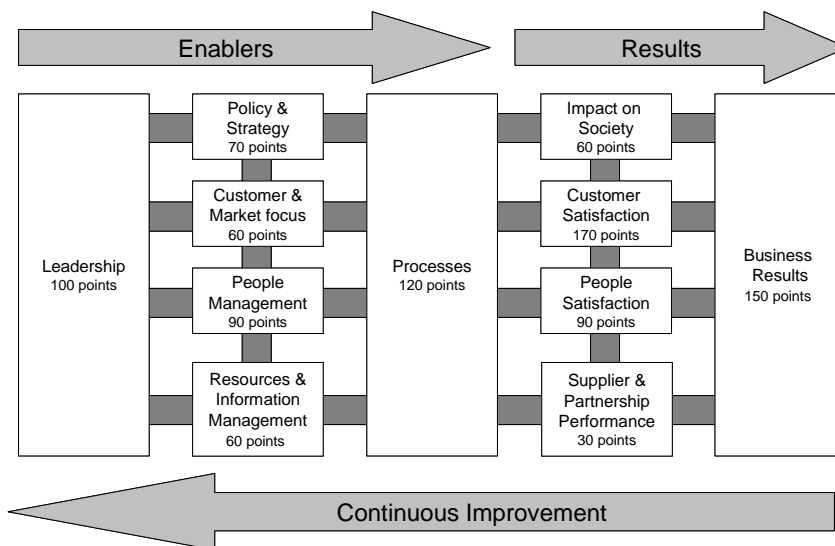


Figure 9-6: South African Excellence Model [A51]

In December 2003 the South African Excellence Foundation had 95 registered members [A52]. The foundation is also a member of the Global Network of Excellence Award Administrators and is recognised by the South African Department of Trade and Industry. Furthermore, the SADC Council of Ministers has in principle approved the use of the SAEM as a basis for the SADC Quality Award, which will be awarded in the near future [A50].

Criterion 7, namely impact on society, is very relevant to social business sustainability. The criteria looks at what the organisation is achieving in satisfying the needs and expectations of the local, national and international community at large. It consists of two sub-criteria namely:

- society’s perception of the organisation – 15 points (25% of the total points); and
- additional measurements of the organisation’s impact on society – 45 points (75% of the total points).

9.1.13 Conclusion & Comparison

The popularity and percentage of use of the various standards and guidelines differ dramatically, also between regions. The World Bank Group’s CSR Practice conducted a series of in-depth interviews with executives of 107 multinational enterprises (average annual revenues of US\$ 15.5 billion) in the extractive, agribusiness, and manufacturing sectors between December 2002 and March 2003 [A53]. One of the aspects discussed has been the influence of different standards or guidelines on the businesses. Figure 9-7 shows those standards identified by the most respondents as influencing their business (this excludes any industry specific standards).

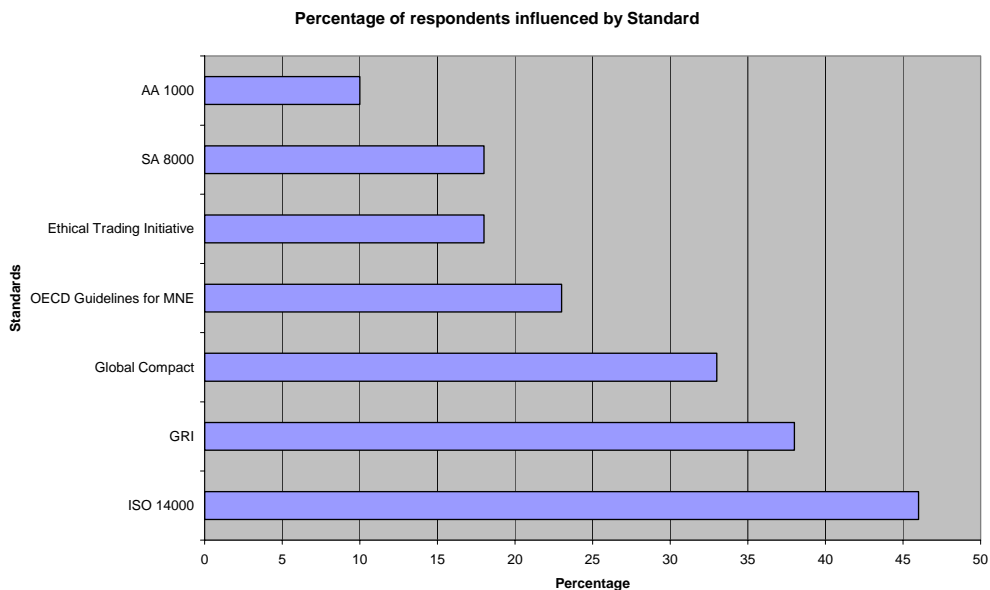


Figure 9-7: Influence of International Standards or Guidelines on Businesses [A53]

However, the study also looked at the number of years that a specific standard has influenced the business (see Figure 9-8). It is evident from this study that the influence of standards has increased in recent years, especially over the last 5 years. In addition it is interesting to note that environmental standards (e.g. ISO 14000) have influenced companies for far longer than more traditional social standards (e.g. SA 8000). Furthermore integrated sustainable development standards or guidelines (e.g. GRI) have only started to influence companies in the last 3 years.

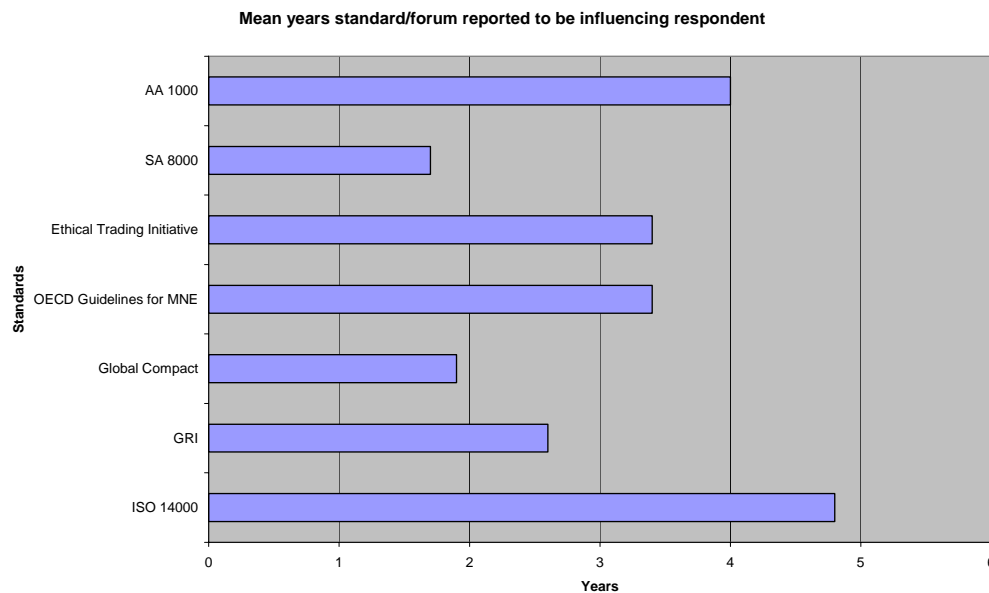


Figure 9-8: Mean years standard reported to be influencing respondent

It is concluded that the international guidelines and standards are definitely supporting the drive to force business to align their activities with the principles of sustainable development. Furthermore these guidelines and standards offer valuable information and processes to help businesses achieving the goal. However, no single guideline or standard are specifically aimed at projects. Furthermore although some provide criteria and in some instances indicators to measure progress none contains a clear framework that addresses all aspects of sustainable development. There is thus a distinct difference between sustainable development frameworks, and international guidelines or standards that may be directly or indirectly focused on sustainable development.

In addition, although most of the guidelines and standards included specific aspects of the social dimension of sustainable development, the primary focus of these aspects is mostly on the internal social dimension (i.e. workforce) and on stakeholder engagement. The impact of the business on the external society is thus not really addressed by these guidelines and standards. Therefore it is concluded that although the international guidelines and standards are definitely drivers of business sustainability, it does not address all aspects of the social dimension of sustainable development.

9.2 Frameworks to assess or measure Sustainable Development

Frameworks to assess Sustainable Development can be viewed as a support driver for business sustainability. The origin of these frameworks can be traced back to the outcomes of the 1992 Earth Summit since chapter 40 of Agenda 21 calls on governments (at national level) and non-governmental organizations to develop indicators of sustainable development that can provide a solid basis for decision-making at all levels [A54]. Agenda 21 goes one step further to specifically call for the harmonization of indicator development efforts at the regional, national and global levels. The incorporation of these indicators into widely accessible reports and databases is also suggested.

Numerous efforts to develop sustainable development indicator frameworks have thus been undertaken. Most of these attempts have a strong community, regional or national focus [A55]. A few frameworks with a specific industry focus have also been proposed, although not all dimensions of sustainable development is addressed by these initiatives. Table 9-10 provides an overview of the initiatives to measure sustainability or aspects thereof.

Table 9-10: Overview of current practice in sustainable development measurement [A56]

	Economic Performance	Environmental Performance	Social Performance	Integrated sustainability
Number of initiatives	Accounting standards	Many	Few	Handful
Developmental stages	Mature	Moving towards standardisation	Infancy	Embryonic
Business penetration	Mainstream	Moving towards mainstream	Limited (niche)	Very limited
Public reporting	Mandatory	Mandatory and voluntary	Mostly voluntary	Voluntary
Linkages to other sustainability dimensions	None	Eco-efficiency	None	Multiple
Utility of information outside companies	Universal	Multiple	Narrow	Potentially large
Current focus	Company	Company, facility, product	Company, project	Company, product

These indicator frameworks are acting as support drivers to help businesses to align their practices with the principles of sustainable development. Five proposed frameworks are chosen as a representation of frameworks available for business and are reviewed in more detail.

The five frameworks are:

- United Nation's Commission on Sustainable Development's Indicator Framework
- Global Reporting Initiative (GRI)
- Sustainability Metrics of the Institution of Chemical Engineers
- Wuppertal Sustainability Indicators
- Azapagic & Perdan's Sustainable Development Indicators for Industry

9.2.1 United Nation's Commission on Sustainable Development's Indicators of Sustainable Development

The United Nation's Commission on Sustainable Development (CSD) started with a Work Programme on Indicators of Sustainable Development in 1995 [A57]. In 2000 a final report was published that describes the approach as well as the main themes and sub-themes together with suggested indicators. The indicators suggested by the commission have been tested in 22 countries covering all regions of the world.

The final framework has been derived from a driving force-state-response and all the indicators are organized under the four primary dimensions of sustainable development as defined by Agenda 21: social, environmental, economic and institutional. These four dimensions are dealt with by means of 15 themes and 38 sub-themes. Core indicators are suggested for the sub-themes and a methodology sheet for each indicator has been developed that provides the unit of measurement, policy relevance, methodological description, guidelines on assessment of data as well as the names of agencies involved with the development of the indicator. The main themes are shown in Figure 9-9.

The theme framework addresses the following considerations: future risks, correlation between themes, sustainability goals and basic societal needs. It is believed that the framework can be a proactive tool to assist decision-making [A58]. The framework has been used as a basis by numerous nations [A59]. The aspects addressed by the framework are not all relevant to the business community, and definitely not on an operational and project level. However, the framework provides insight into what sustainability entails on a national level, and clearly shows in which areas business can consider making a contribution.

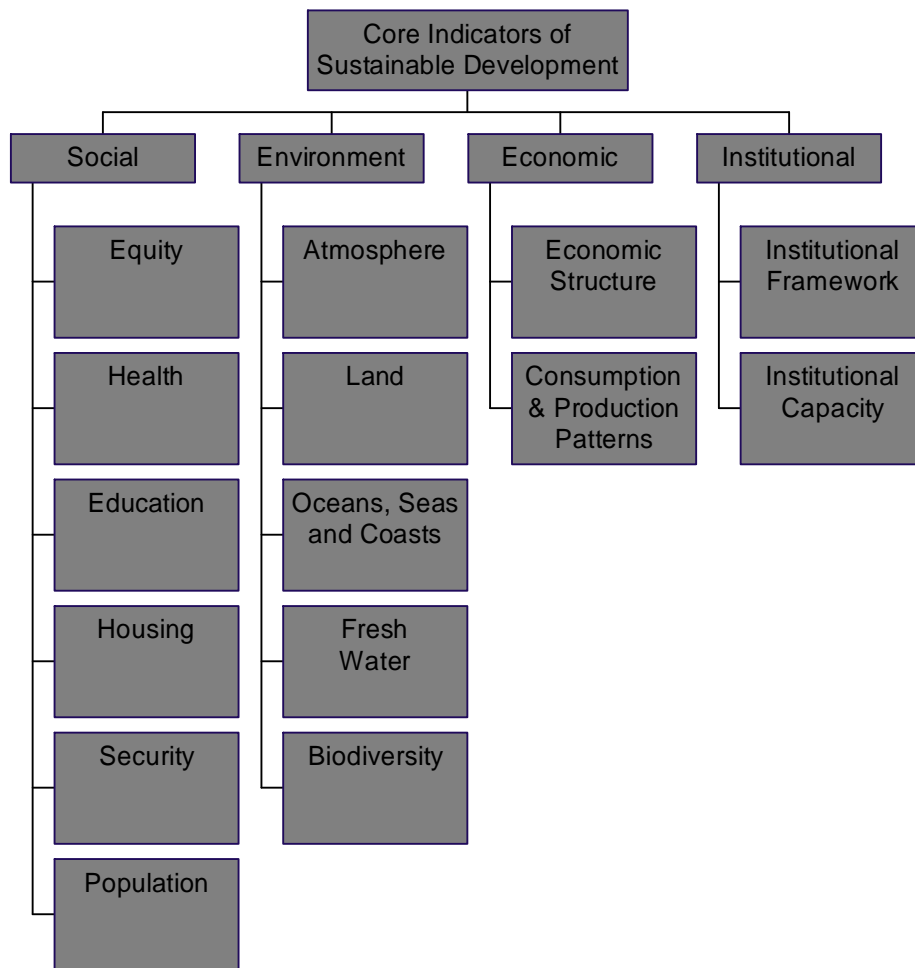


Figure 9-9: The United Nations CSD theme indicator framework

9.2.2 Global Reporting Initiative

In 1997 the Coalition for Environmentally Responsible Economies (CERES) (a United States of America NGO) and the United Nations Environment Programme launched the Global Reporting Initiative (GRI) with the goal of enhancing the quality, rigor and utility of sustainability reporting. The goal of the GRI is to develop a set of reporting guidelines with the aim of achieving worldwide consensus. These reporting guidelines consist of reporting principles, a generic content of a sustainability report and performance indicators. The performance indicators are structured according to a hierarchy of category, aspect and indicators and address the social, environmental and economic performance of a company (see Table 9.11). There are six categories in total, one for economic aspects, one for environmental aspects and four for social aspects. The GRI proposes both qualitative and quantitative indicators [A60].

Table 9-11: The Structure of the Global Reporting Initiative (GRI) Indicator Framework [A60]

	Category	Aspect
Economic	Direct Economic Impacts	Customers Suppliers Employees Providers of Capital Public Sector
Environmental	Environmental	Materials Energy Water Biodiversity Emissions, effluents, and waste Suppliers Products and services Compliance Transport Overall
Social	Labour Practices and Decent Work	Employment Labour/Management relations Health & Safety Training & Education Diversity & Opportunity
	Human Rights	Strategy & Management Non-discrimination Freedom of association & collective bargaining Child Labour Forced & Compulsary labour Disciplinary Practices Security Practices Indigenous Rights
	Society	Community Bribery & Corruption Political Contributions Competition & Pricing
	Product Responsibility	Customer Health& Safety Products & Services Advertising Respect for Privacy

The guideline contains more than 100 indicators. However, not all the indicators are easy to evaluate and no guidance is given on how to choose between the indicators or how to calculate some of the suggested indicators [A61]. Other disadvantages of the framework are:

- Since no clear and operative definition of sustainability is provided, it lacks a direction in which business should be moving [A62].
- The guidelines are extremely time-consuming since it requires extensive descriptive information.
- The focus of the GRI guidelines has been multinational companies and therefore the needs and capabilities of small and medium-sized companies and companies in developing countries are excluded [A61].
- The strong focus on reporting can steer companies away from the real issue of performance [A4]
- The weakness on social indicators [A4], since most are qualitative or descriptive information required and are thus not measuring performance.

The guideline does, however, indicate what should be considered at a lower level, i.e. operational or project level within the company, especially if the company reports on sustainability using the GRI principles. Furthermore, the GRI guidelines provides a common framework for companies to report their sustainability performance and thus makes it easier to compare sustainability reports as well as performance and enables external benchmarking [A61]. The GRI initiative held a series of roundtable across the globe during 2004 to discuss the guidelines and the future development thereof. Currently 366 companies in 32 countries worldwide use the GRI for sustainability reporting [A63]. In South Africa there are 19 companies that follow the GRI guidelines of which four are in the mining industry, six in the financial service industry and three in the process industry. Other companies are in food and beverage, energy supply, construction or water supply industries, or conglomerates [A64].

9.2.3 Azapagic & Perdan's Indicator Framework

Azapagic and Perdan [A65] proposed a general sustainable development framework for industry (see Table 9-12). The framework has a specific business focus and is based on sustainable development being defined as "*satisfying social, environmental and economic goals*" [A65]. It thus does not acknowledge the fourth dimension of sustainable development (i.e. institutional dimension) as defined by the United Nations CSD. The criteria that are proposed are very general and not all the indicators will be appropriate to all companies. Furthermore, specific indicators for different sectors or different business operations (e.g. projects) will have to be defined separately. The indicator framework does however provide definitions for all the proposed indicators and guidelines how to determine the indicator values.

The indicator framework has been used as a basis for the indicator framework developed by the IChem^E (see section 9.2.4) [A66].

Table 9-12: Indicators of Sustainable Development for Industry: a general framework [A65]

ENVIRONMENTAL INDICATORS	ECONOMIC INDICATORS	SOCIAL INDICATORS
<p><i>Environmental Impacts</i></p> <ul style="list-style-type: none"> • Resource Use • Global Warming • Ozone Depletion • Acidification • Eutrophication • Photochemical smog • Human Toxicity • Ecotoxicity • Solid Waste <p><i>Environmental Efficiency</i></p> <ul style="list-style-type: none"> • Material and energy intensity • Material Recyclability • Product Durability • Service Intensity <p><i>Voluntary Actions</i></p> <ul style="list-style-type: none"> • Environmental Management Systems (EMS) • Environmental improvements above the compliance levels • Assessment of suppliers 	<p><i>Financial Indicators</i></p> <ul style="list-style-type: none"> • Value Added • Contribution to GDP • Expenditure on environmental protection • Environmental Liabilities • Ethical Investments <p><i>Human-capital indicators</i></p> <ul style="list-style-type: none"> • Employment contribution • Staff turnover • Expenditure on health and safety • Investment in staff development 	<p><i>Ethics Indicators</i></p> <ul style="list-style-type: none"> • Preservation of cultural values <ul style="list-style-type: none"> ○ Stakeholder inclusion ○ Involvement in Community Projects • International standards of conduct <ul style="list-style-type: none"> ○ Business dealings ○ Child labour ○ Fair prices ○ Collaboration with corrupt regimes • Intergenerational equity <p><i>Welfare Indicators</i></p> <ul style="list-style-type: none"> • Income distribution • Work Satisfaction • Satisfaction of social needs

9.2.4 IChem^E Sustainability Metrics for the Process Industries

The Sustainable Development Workgroup of the Institution of Chemical Engineers (IChem^E) has developed sustainability metrics that can be used by the process industry to measure the sustainability performance of an operating unit. The triple bottom line approach is followed and it is recommended that companies use the metrics to set targets in order to monitor annual progress and to develop internal benchmarking standards [A67]. Sub-themes with indicators are proposed for economic, environmental as well as social impacts (see Figure 9-10). Standard evaluation forms and conversion tables are provided. The framework does not address the institutional dimension of sustainable development.

Interestingly, the economic indicators that address the internal economic stability and health of the company have a strong internal focus. This framework is less complex and impact oriented. However, the framework strongly favours environmental aspects, as well as quantifiable indicators that may not be practical in all operational practices, e.g. in the early phases of a project's life cycle. Statistics on the use of the framework is not available.

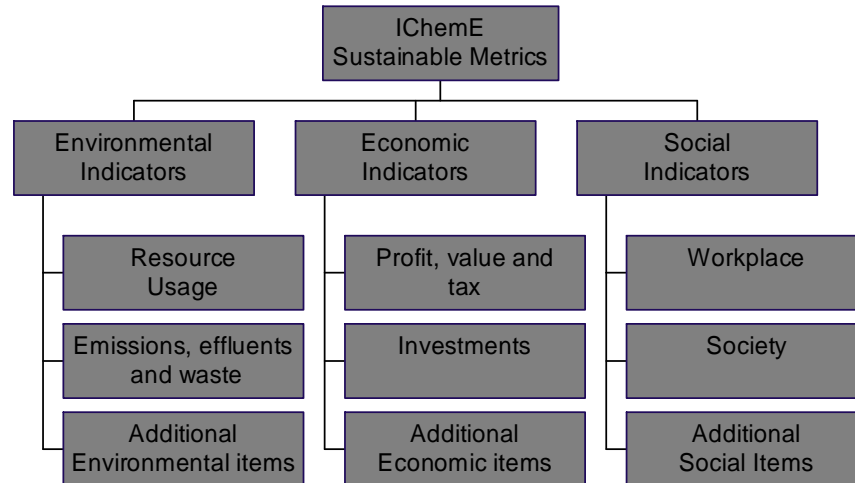


Figure 9-10: IChem^E sustainability metrics

9.2.5 Wuppertal Institute's Indicators of Sustainable Development

In 1998 the Wuppertal Institute published a working paper in which it discusses an approach to sustainable development indicators [A68]. The Wuppertal approach acknowledges the four dimensions of sustainable development as defined by the United Nations CSD. The approach also recognizes the importance of the interlinkages between these four dimensions and states that focusing exclusively on the four dimensions would carry the risk of losing the coherence of the approach [A68]. The goal of the Wuppertal approach is not to compromise between the different goals of the four dimensions of sustainable development but rather to search for integrated approaches and 'win-win' situations. The Wuppertal approach is graphically illustrated in Figure 9-11.

The indicator framework proposed is applicable both on a macro (national) and micro (business) level. The approach used for business social sustainability deserved more discussion. The United Nations Development Programme (UNDP) Human Development Index (HDI) has been adapted to form a Corporate Human Development Index (CHDI) that can be used to measure or assess social sustainable development aspects. The Corporate Human Development Index consists of three main components:

- Quality of Industrial Relations and Labour Conditions;
- Education: Input and Maintenance of Human Capital; and
- Income Level and Distribution.

It is proposed that, similar to the HDI, the CHDI can have various adjusted versions, amendments and refinements, e.g. a gender-adjusted CHDI [A69].

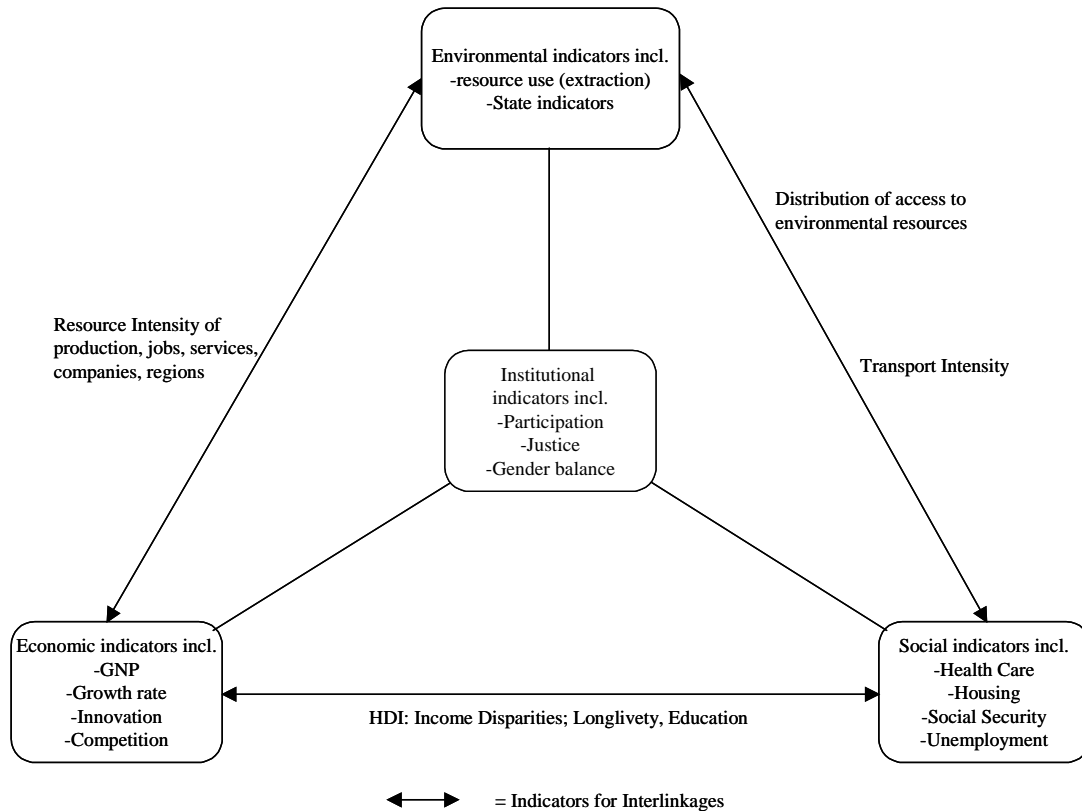


Figure 9-11: Sectoral and Interlinkage indicators as proposed by the Wuppertal Institute [A68]

At the time of the analysis the indicator framework has not been implemented in a business environment yet, although the European Aluminium Industry took parts of it for a CSR reporting scheme, which is under development [A70].

9.2.6 European Union's Conceptual Framework of Social Indicators

The new priority given to social reporting activities forced the European Union to look at the standards of social reporting within its boundaries. The Union realised in order to enhance European integration and cohesion to create a "Social Europe", appropriate knowledge and systematic information on the social conditions within and across European societies will be of crucial importance. It set out to develop a conceptual framework of social indicators. The approach to develop the framework focuses on:

- identify and specify the goal dimensions of the welfare development in Europe;
- based on the goal dimensions define measurement dimensions; and
- develop indicators for each measurement dimension [A71].

Six goal dimensions have been structured around three welfare concepts, namely:

- Quality of Life;

- Social Cohesion; and
- Sustainability [A71].

The six goal dimensions are:

- Improvement of Objective Living Conditions;
- Enhancement of Subjective Well-Being;
- Reduction of Disparities – Equal Opportunities – Social Exclusion;
- Strengthening Social Connections and Ties – Social Capital;
- Enhancement/Preservation of Human Capital; and
- Enhancement/Preservation of Natural Capital [A71].

Measurement dimensions have been defined around fourteen life domains. For each life domains the relevant goal dimensions have been listed and possible measurements to assess the goal dimension in the specific life domain are suggested. The fourteen life domains are:

- Population;
- Households and Families;
- Housing;
- Transport;
- Leisure, Media and Culture;
- Social and Political Participation and Integration;
- Education and Vocational Training;
- Labour Market and Working Conditions;
- Income, Standard of Living and Consumption Patterns;
- Health;
- Environment;
- Social Security;
- Public Safety and Crime; and
- Total Life Situation [A71].

Twenty European countries are participating and the results will be combined into results for the European Union which will be compared with indicators of highly industrial countries such as the United States of America and Japan [A71].

9.2.7 General comments on the frameworks

Although a framework to organise the indicators is essential, it must be realised that a framework by itself is not able to express the complexities and interrelationships encompassed by sustainable development. Furthermore, the needs and priorities of the users will to a large degree influence the choice of a framework and core set of indicators [A58]. It is evident that although the five frameworks

that have been discussed provide a basis to work from, not one of the frameworks can directly be applied to projects. In addition the four frameworks applicable to industry clearly support the view that far less work has been done on the social dimension of business sustainability [A33].

9.3 Corporate Social Responsibility: Indicators, Measurements, Standards and Models.

9.3.1 Ethos Corporate Social Responsibility Indicators

The Ethos Institute for Business and Social Responsibility launched the first edition of the Ethos Corporate Social Responsibility Indicators in 2000 (the second edition of the indicators was launched in June 2001). The indicators can be used as a tool to support the monitoring and management of social responsibility practices of a company. The institute views social responsibility as more than only social actions developed by the company in a community, and states that stakeholder dialogue and stakeholder interaction are core elements of corporate social responsibility. [A72].

The Ethos Indicators are divided into 7 themes, namely: Values & Transparency, Workplace, Environment, Suppliers, Consumers or Customers, Community and Government and society. Each theme is divided into sub-themes (see Figure 9-12) and questions are asked to determine the performance or progress made with the specific aspect. The questionnaire methods that are used to determine indicator values for each sub-theme are: binary responses (yes/no); Numerical responses (percentage values, etc.) and evaluation scales. Companies can voluntarily complete the indicator questionnaire and send it back to the institute, which will then send personalized reports of the analysis of the results. In April 2001, 71 companies have completed the questionnaire of which most have more than 500 employees and are trading in Brasilia [A72].

The framework addresses two dimensions of sustainability, namely the social and environmental dimension from a business perspective. It thus view business environmental sustainable performance as a corporate responsibility. Furthermore the framework acknowledges that the social dimension has an internal (workplace) as well as external (broader society) focus. The idea of taking responsibility further into the supply chain is promoted by having suppliers as a main theme. Nevertheless, due to the specific use thereof, the framework cannot be classified as an international framework yet.

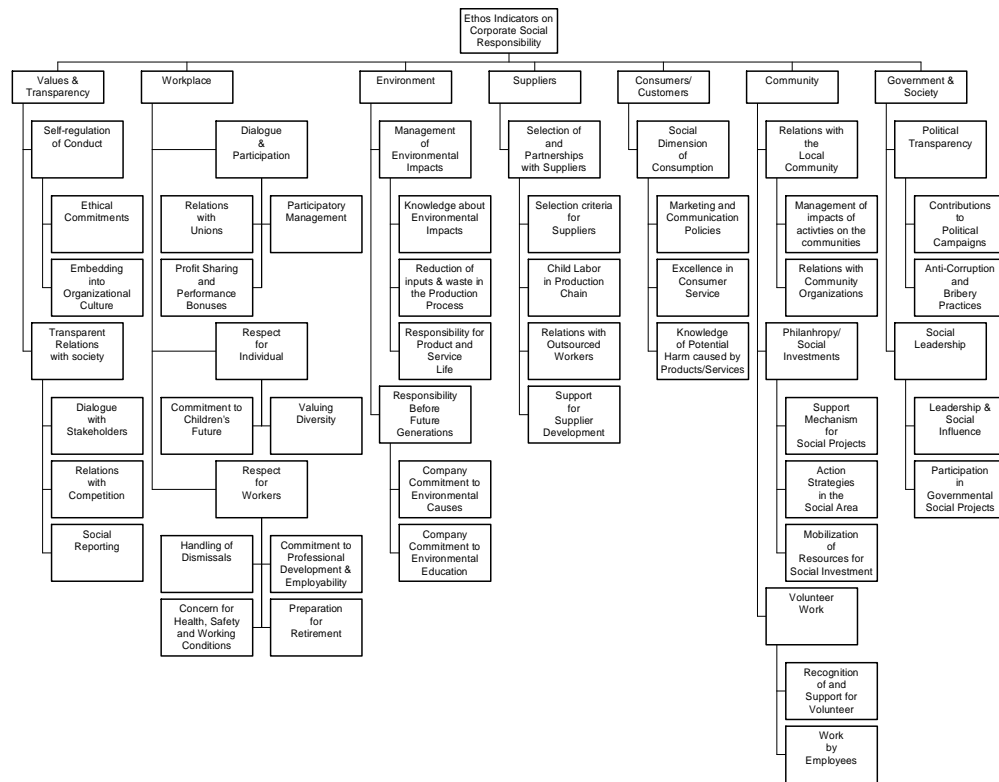


Figure 9-12: Ethos Corporate Social Responsibility Indicator Framework

9.3.2 Standards of Corporate Social Responsibility of the Social Venture Network

In 1987 a group of business and social entrepreneurs created *Social Venture Networks*, since they shared the belief that business can be a potent force for solving social problems. Social Venture Networks has become a forum where members debate, demonstrate and evaluate the practices, rationales and consequences of corporate social responsibility. The group started working on a set of standards for corporate social responsibility in 1995 since it is believed that social responsibility is a dynamic process concerned with good behaviour, which is the result of making decisions balancing the interests of all affected people. Furthermore, it is stated that there is not a generic prescription to be socially responsible since there is no such thing as a generic company [A73]. In 1999 a set of nine standards were published, the nine standards are:

- Ethics
- Accountability
- Governance
- Financial Returns
- Employment Practices
- Business Relationships
- Products and Services

-
- Community Involvement
 - Environmental Protection

For each standard the following information is provided:

- Principle – a brief value statement.
- Practices – examples of how a company can improve performance relative to the standard.
- Measures – examples of qualitative, quantitative and monetary indicators that can be used to measure performance relative to the standard.
- Resources – a list of potential sources of additional information, tools, techniques or organisations that can assist a company in improving performance relative to the standard [A73].

The standards acknowledge six stakeholder groups, namely: investors, employees, business partners, customers, community and the environment. It thus addresses three dimensions of sustainable development, i.e. economic, social and environmental. Furthermore, it supports concepts such as product stewardship and greening the supply chain, while emphasising the importance of stakeholder dialogue. The standards act as a guideline document which companies can use to measure and improve their corporate social responsibility.

9.3.3 The Danish Ministry of Social Affairs' Social Index

In 2000 the Danish Ministry of Social Affairs published the *Social Index*, a tool, which can be used to determine the degree to which a company lives up to its social responsibilities. The tool was developed in collaboration with KPMG and the Socialforskningsinstituttet and it has been tested by a large group of public and private companies. The Social Index has four applications:

- Management tool – assist in formulating and evaluating social objectives and measures.
- Communication tool – inform stakeholders of social actions.
- Training tool - creating social awareness in the workforce by using the tool.
- Comparison tool – can compare results to previous results or use tool to benchmark company against other companies [A74].

The outcome of the tool is a social index value between 0 and 100 and the value can be interpreted on a scale provided. The social index is determined by evaluating the worksheets, which the company must complete. The worksheets consist of three sections, which each consist out of a set of statements, twenty-four statements in total. Each statement is evaluated by listing actions, which must be evaluated against a scale ranging from “not at all” to “nearly always” and then determining an average score for the statement. The statements have weights assigned to them and a weighted score is determined for each section. The sections also have weights assigned to them, which is then used to determine the social index [A74]. The sections and statements together with their weights are listed in Table 9-13.

Table 9-13: Social Index dimensions and statements [A74]

Description	Weighting
What we want	0.20
1. Top Management is committed to the company assuming social responsibility	0.30
2. Top Management sets aside resources for implementing social responsibility	0.30
3. The company is committed to demonstrating its social responsibility to the outside world	0.20
4. The company has an overview of the possibilities for assuming social responsibility both internally and externally	0.20
What we do	0.50
5. The company assumes social responsibility when recruiting	0.10
6. The company takes social account of the family and leisure interests of its workforce	0.10
7. The company takes social aspects into account in changes and fluctuations in demand	0.05
8. The company takes social consideration into account in dismissals	0.05
9. The company holds on to workers at risk of exclusion from the labour market	0.10
10. The company takes social considerations into account when workers are sick	0.10
11. The company takes social considerations into account when workers retire from the labour market	0.05
12. The company prevents work-related injuries, poor health and resulting subsequent social exclusion from the labour market	0.10
13. The company trains and develops its workers to prevent later social exclusion from the labour market	0.10
14. The company participates in local social partnerships	0.05
15. The company is open to society	0.05
16. The company is open to society (B)	0.05
17. The company requires its subsidiaries, suppliers and clients to assume social responsibility	0.10
What we get	0.30
18. Quantitative indicators show that the company's efforts yield desired results	0.20
19. Qualitative indicators show that the company's efforts yield desired results	0.20
20. Social responsibility is integrated throughout the company	0.20
21. Workers are satisfied with the company's handling of social responsibility	0.10
22. The local community is satisfied with the company's handling of social responsibility	0.10
23. Customers and suppliers are satisfied with the company's handling of social responsibility	0.10
24. In general, the company handle its social responsibility well	0.10

9.3.4 Corporate Social Performance Model

Corporate Social Performance is concerned with a company's performance with regards to its responsibility towards society. Wood [A75] defined corporate social performance as “*a business organisation's configuration of principles of social responsibility, processes of social responsiveness, and policies, programmes and observable outcomes as they relate to the firm's societal relationships*”. Wartick and Cochran first proposed a model for Corporate Social Performance in 1985 [A76]. The model was adapted by Wood in 1991 [A75] and refined by Wood and Wartick in 1998 [A77]. The refined model is shown in Figure 9-13. The model consists three elements namely:

- Principles of Corporate Social Responsibility
- Processes of Corporate Social Responsiveness
- Outcomes of Corporate Behaviour

The principles state the basic values that motivate companies to respond to social pressures, i.e. why should a company be socially responsive? The processes show what companies are to do in order to be socially responsive, while the outcomes show the result of the actions of social responsiveness. The model thus shows companies why they should take action with regards to corporate social responsibility, what they should do, and what the outcomes of their actions must be.

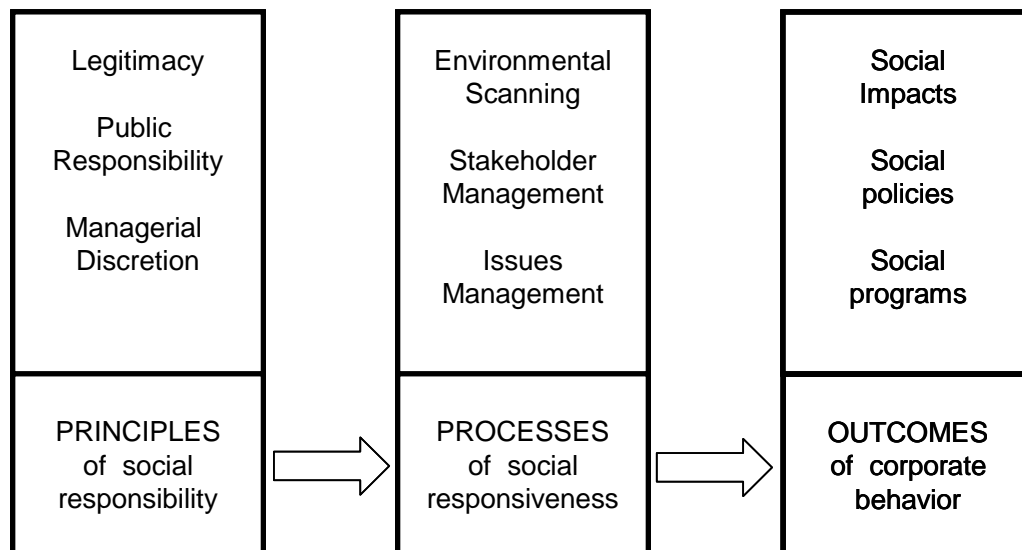


Figure 9-13: Corporate Social Performance (CSP) Model [A77]

The CSP Model mainly addresses the social dimension of sustainability, although the environmental dimension is mentioned in the process block. The model does not include any indicators or measurements to measure progress with regards to social performance, but merely aims to improve the understanding of corporate social performance by stating what the necessary processes and outcomes for it is. Hopkins [A78] identified this shortcoming of the model and defined indicators and ways to

measure the indicators for all aspects of each element. In order to so, the outcomes have been refined as internal stakeholder effects and external stakeholder effects (see Table 9-14).

Table 9-14: Indicators and Measures for the CSP Model [A78]

Elements of CSP Model	Indicator	
Level 1: Principles of Social Responsibility		
Legitimacy	<ul style="list-style-type: none"> - Code of Ethics Published - Code of Ethics distributed to employees 	
Public Responsibility	<ul style="list-style-type: none"> - Litigation involving corporate lawbreaking - Fines resulting from illegal activities - Contribution to innovation - Job creation 	
Managerial Discretion	<ul style="list-style-type: none"> - Training in Code of Ethics to managers and employees - Managers convicted or illegal activities 	
Level 2: Processes of Social Responsiveness		
Environmental Scanning	<ul style="list-style-type: none"> - Mechanism to review social issues relevant to firm 	
Stakeholder Management	<ul style="list-style-type: none"> - Existence of an analytical body for social issues as integral part of policy making - Existence of Social audits - Existence of Ethical accounting statements 	
Issue Management	<ul style="list-style-type: none"> - Policies made on basis of analysis of social issues 	
Level 3: Outcomes of Corporate Behaviour		
	Stakeholder Groups	Indicator
Internal Stakeholder Effects	Owners	<ul style="list-style-type: none"> - Profitability/value - Corporate irresponsibility or illegal activity - Community welfare - Corporate philanthropy - Code of Ethics
	Managers	<ul style="list-style-type: none"> - Code of Ethics
	Employees	<ul style="list-style-type: none"> - Union/staff relations - Safety Issues - Pay, Pensions and benefits - Layoffs - Employee ownership - Women and minority policies
External Stakeholder Effects	Customers/Consumers	<ul style="list-style-type: none"> - Product Recalls - Litigation - Public product or service controversy - False advertising

Table 9-14: Indicators and Measures for the CSP Model [A78] (continues)

	Natural Environment	<ul style="list-style-type: none"> - Toxic Waste - Recycling and use of recycled products - Use of eco-label on products
	Community	<ul style="list-style-type: none"> - Corporate giving to community programmes - Direct involvement in community programmes - Community controversy or litigation
	Suppliers	<ul style="list-style-type: none"> - Firm's code of ethics - Supplier's code of ethics - Litigation/fines - Public controversy

9.4 Socially Responsible Investment

Socially Responsible Investment (SRI) started as a fringe interest for small investors with strong views on the environment and human rights [A79]. However, SRI has come a long way in the past 20 years and has especially grown in popularity in the last decade, specifically in countries in Europe, Australia and South Africa, while the uptake in the United States has been considerably less [A80]. For example, in the United Kingdom SRI already accounts for 5% of all funds invested [A81]. Nevertheless, an exact definition of Socially Responsible Investment, recently also referred to as “sustainable investment”, does not exist [A79]. The main difference between SRI and normal investment is that in SRI companies must meet specific social and environmental criteria prior to investment. These criteria differ between investors and investment firms. For example, some investors want to avoid companies manufacturing weapons, tobacco or alcohol, while others want to avoid companies that excessively damage the environment. The more radical approach is to search for companies that are breaking new ground in social and environmental performance and to invest in those [A79]. Social investors (i.e. investors that support SRI) use three basic tools to assist them, namely: social and environmental screening, shareholder advocacy and community investing [A82].

A European survey carried out at the end of 2001 revealed a high degree of confidence in SRI. The survey covered nine European states and involved 197 fund managers and 195 financial analysts. The respondents were asked what the issues are that are taken into account when recommending or selecting investments for a social investor or socially responsible fund [A83]. The top seven criteria are shown in Figure 9-14.

Criteria	Percentage of respondents who consider criteria
Respect for Human Rights	86%
Good corporate governance	85%
Communications and transparency on social practices	85%
Environmental Policy	85%
Quality of consumer relations	76%
Work conditions and atmosphere	73%
Trading policy/policy for employees' employability	68%

Figure 9-14: Criteria considered by SRI fund managers and analysts [A83]

There are currently three indexes in the world that measures only SRI companies, these are:

- Dow Jones Sustainability Index
- FTSE4Good Index
- JSE SRI Index [A84].

The requirements of these three indexes together with the requirements of the the *Domini 400 Social Index*SM are discussed in more detail.

9.4.1 Dow Jones Sustainability Indexes

The Dow Jones Indexes and SAM Sustainability group launched the Dow Jones Sustainability Group Index (DJSI) in September 1999. This was the first global sustainability equity index. The DJSI consists of the top 10% of companies with regards to sustainability performance in each of the 64 industry groups in the Dow Jones Global Index. The DJSI has grown into a family of regional and specialized indexes. The regional indexes are: DJSI World Index, DJSI Europe index, DJSI North America index, DJSI Asia Pacific Index, DJSI USA Index. The specialized indexes are: DJSI excluding Alcohol indexes, DJSI excluding gambling indexes, DJSI excluding Tobacco indexes, DJSI excluding Alcohol, Gambling and Tobacco indexes. The regional indexes are subsets of the DJSI World Index, while the specialized indexes are derived from the relevant regional index and are thus subsets of the regional indexes [A85].

The sustainability performances of companies are determined by using the Corporate Sustainability Assessment methodology of SAM research, which is based on the application of general - and industry specific criteria to assess opportunities and risks deriving from economic, environmental and social dimensions. The criteria quantify the sustainability performance of a company by assigning a corporate sustainability score to the performance. The criteria and the relevant weights of each are shown in Table 9-15 [A86].

Table 9-15: SAM Corporate Sustainability Assessment Criteria [A86]

Dimension	Criteria	Weighting (%)
Economic	Codes of Conduct / Compliance / Corruption & Bribery	3
	Corporate Governance	5.4
	Customer Relationship Management	3
	Financial Robustness *	3.6
	Investor Relations	2.4
	Risk & Crisis Management	3.6
	Scorecards / Measurement Systems	4.2
	Strategic Planning	5.4
	Industry Specific Criteria	Depends on industry
Environment	Environmental Policy / Management	3
	Environmental Performance	4.2
	Environmental Reporting *	1.8
	Industry Specific Criteria	Depends on industry
Social	Corporate Citizenship / Philanthropy	2.4
	Stakeholder Engagement	4.2
	Labour Practice Indicators	3
	Human Capital Development	1.8
	Knowledge Management / Organisational Learning	3
	Social Reporting *	1.8
	Talent Attraction & Retention	2.4
	Standards for Suppliers	1.8
	Industry Specific Criteria	Depends on industry
Industry Specific Criteria		40

* Criteria assessed based on publicly available information only

The following sources of information are used to determine criteria values:

- Questionnaires completed by the company;
- Company Documents;
- Internet/ Other publicly available information;
- Media and Stakeholder analysis; and
- Personal contact with the companies [A86].

The questionnaire changes regularly and consists of three dimensions: Environmental, Economic and Social. The 2003 general questionnaire consisted of 73 questions of which 28 addressed the economic

dimension, 18 the environmental dimension and 27 the social dimension. The social dimension has been further analysed (see Table 9-16) [A87].

Table 9-16: Analysis of Social Dimension of 2003 SAM Questionnaire [A87]

Section	Number of Questions
1. Labour Practice Indicators	3
2. Human Capital Development	5
3. Talent Attraction & Retention	10
4. Knowledge Management/ Organisational Learning	3
5. Standards for Suppliers	1
6. Stakeholder Engagement	2
7. Corporate Citizenship / Philanthropy	3

The credibility of the assessment method has been criticised due to the fact that mostly qualitative information provided by the companies are used for rating purposes [A88]. Furthermore the assessment criteria do not make use of quantitative data on the generation of emissions or consumption of resources and lacks a life cycle perspective [A89]. Although it has been claimed that the DJSGI has outperformed the DJGI, research has found evidence that suggests that there are other factors, unrelated to sustainability, that could have caused this superior market performance [A88]. Nevertheless, the DJSGI remains an important tool to illuminate world-wide sustainability driven processes.

9.4.2 FTSE4Good Index

The FTSE4Good Index was officially launched in July 2001 with the following three key objectives:

- to provide a tool for socially responsible investors to identify and invest in companies that meet globally recognised corporate responsibility standards;
- to provide asset managers with a socially responsible investment benchmark and a tool for socially responsible investment products; and
- to contribute to the development of responsible business practices around the world [A90].

There are currently four FTSE4Good Indexes namely: FTSE4Good Global, FTSE4Good UK, FTSE4Good Europe and FTSE4Good US. In order for a company to qualify for a FTSE4Good Index it must first of all be in either the FTSE-All Share Index (UK) or the FTSE All-World Developed Index (Global). The company must further meet criteria requirements with regards to the following three areas: Environmental Sustainability, Social Sustainability and Stakeholder Relationships and lastly Human Rights (See Figure 9-15 for more detail on the sub criteria).

The evaluation of the environmental criteria distinguishes between three types of industry sectors: high impact, medium impact and low impact sectors. Companies are assigned a weighting based on their

industry sector. There are also currently three sets of Human Rights criteria, the first for the global resource sector, the second for companies operating in countries of concern and the third for all other companies. The list of countries of concern is updated regularly. FTSE is planning to add a fourth criterion, namely labour standards in the supply chain, and are refining the human rights criteria and indicators [A90].

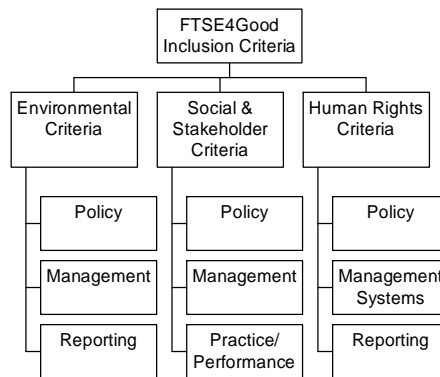


Figure 9-15: Criteria and Sub-Criteria of the FTSE4Good Evaluation Process

Companies with business interests in the following industries are excluded from the FTSE4Good Index:

- Tobacco Producers
- Companies manufacturing either parts or whole nuclear weapon systems
- Companies manufacturing whole weapon systems
- Owners or operators of nuclear power stations
- Companies involved in the extraction or processing of uranium [A90].

9.4.3 JSE SRI Index

The JSE will be launching its SRI Index in early 2004. The JSE together with FTSE have formed a FTSE/JSE SRI Advisory Committee with the task of developing a SRI Index for South Africa [A91]. The JSE SRI Index will comprise of companies listed on the FTSE/JSE All Share Index that choose to participate and that meet the selection criteria as set out in the final SRI Index Philosophy and Criteria documentation [A92].

The main intentions with the SRI Index are to:

- identify best practice in CSR;
- highlight companies with good CSR;
- measure these companies' share performance; and
- assist in meeting the complex needs of SRI [A91].

The criteria document is based primarily upon the FTSE4Good Criteria but has been updated to reflect the complex social problems facing South Africa. A draft version of the document was published in October 2003 followed by extensive stakeholder consultation [A93]. The criteria are based on three core principles, namely:

- Environmental Sustainability;
- Positive relationships with stakeholders; and
- Upholding and supporting universal human rights [A91].

Specific indicators have been developed for four main aspects namely: Corporate Governance, Environment, Economy and Society. The environmental criteria also distinguish between high impact, medium impact and low impact industries, similar to the FTSE4Good Criteria [A94]. For the first round of the SRI index, companies, that want to be considered, will have to complete questionnaires, which will then be analysed. The questionnaires will address the three pillars of sustainability namely: environmental, social and economic sustainability. Companies that meet the minimum score for each pillar will be considered and listed companies will be reviewed annually [A92]. The questionnaire is analysed in Table 9-17 [A95].

Table 9-17: Analysis of JSE SRI Questionnaire [A95]

Section	Number of Questions
Economic Questions	37
<i>1 Policies</i>	<i>6</i>
<i>2 Governance & Management</i>	<i>3</i>
<i>3 Ownership of the Company</i>	<i>3</i>
<i>4. Salaries and Remuneration</i>	<i>2</i>
<i>5. Knowledge Management</i>	<i>1</i>
<i>6. Human Resources</i>	<i>1</i>
<i>7. Contractors</i>	<i>1</i>
<i>8. Reporting, Auditing and Accounting</i>	<i>9</i>
<i>9. Insurance and Contingency Plans</i>	<i>2</i>
<i>10. Customers and Products</i>	<i>5</i>
<i>11. Compliance</i>	<i>4</i>

Table 9-17: Analysis of JSE SRI Questionnaire [A95] (continues)

Environmental Questions	65
<i>1. Policy</i>	5
<i>2. Management & Governance</i>	3
<i>3. Impact Assessments</i>	2
<i>4. Environmental Management Systems</i>	9
<i>5. Biodiversity, Natural Resources & GMOs</i>	10
<i>6. Emissions and Discharges</i>	3
<i>7. Energy</i>	3
<i>8. Waste</i>	4
<i>9. Water</i>	7
<i>10. Accidents and Incidents</i>	1
<i>11. Auditing, Accounting and Reporting</i>	6
<i>12. Human Resources</i>	2
<i>13. Contractors</i>	3
<i>14. Compliance</i>	4
<i>15. Standards and Certification</i>	2
<i>16. Awards</i>	1
Social Questions	59
<i>1. Policies</i>	6
<i>2. Management & Governance</i>	3
<i>3. Human Resources</i>	14
<i>4. Black Economic Empowerment</i>	4
<i>5. Health & Safety</i>	6
<i>6. HIV/AIDS and other chronic occupational diseases</i>	3
<i>7. Human Rights</i>	3
<i>8. Contractors</i>	3
<i>9. Auditing, Accounting and Reporting</i>	7
<i>10. Community Relations</i>	4
<i>11. Corporate Social Investment</i>	5
<i>12. Awards</i>	1

The main difference between the JSE SRI and the FTSE4Good and other SRI indexes or funds is that it does not automatically exclude companies in industries that some investors consider as unethical (e.g. tobacco or gambling) [A84].

9.4.4 Domini 400 Social Index SM

In 1989 Amy Domini, Peter Kinder and Steve Lydenberg started to develop the *Domini 400 Social Index* SM, which is an index of 400 primarily large-capitalisation United States corporations selected based on a wide range of social and environmental criteria. The index was officially launched in 1990, the first index of its kind and in 1991 the *Domini Social Equity Fund* SM was launched to provide a fund which can track the index. After 10 years this fund has proven that screening firms based on environmental and social criteria do not limit investment performance, to the contrary it may lead to higher returns on investment [A82]. The *Domini 400 Social Index* SM has been created to for the following four reasons

- to answer the question whether social screening carries an inherent financial “cost”;
- to provide a socially screened equity benchmark;
- to communicate the standards of mainstream social investors to corporations and the general public in a viable form; and
- to provide the basis for a screened, indexed investment vehicle for investors.

The Index excludes any company that meets any of the following requirements:

- derives two percent or more of its profit of the sales from military weapons systems;
- derives any revenue from the manufacture of alcoholic or tobacco products;
- derives any revenue from the providing of gambling products or services; and/or
- owns interests in nuclear power plants or derives electricity from nuclear power plants in which it has an interest.

Until November 1993 any company that held equity interests in South Africa was also excluded by the index [A96]. Companies are evaluated according to performance in a set of areas of concern. These areas and important aspects in each area (criteria and sub criteria) are shown in Figure 9-16 [A97]. Once a company is included in the index it can be removed if it is involved in a controversy in one of the areas of concern and it is evident that it is a long-term concern or of major proportions. Historically no more than two companies have been removed for social reasons per year. The policy is not to add the company back to the index for at least two years. The Index is maintained at 400 companies at all times, and a company only gets added if another company is removed [A96].

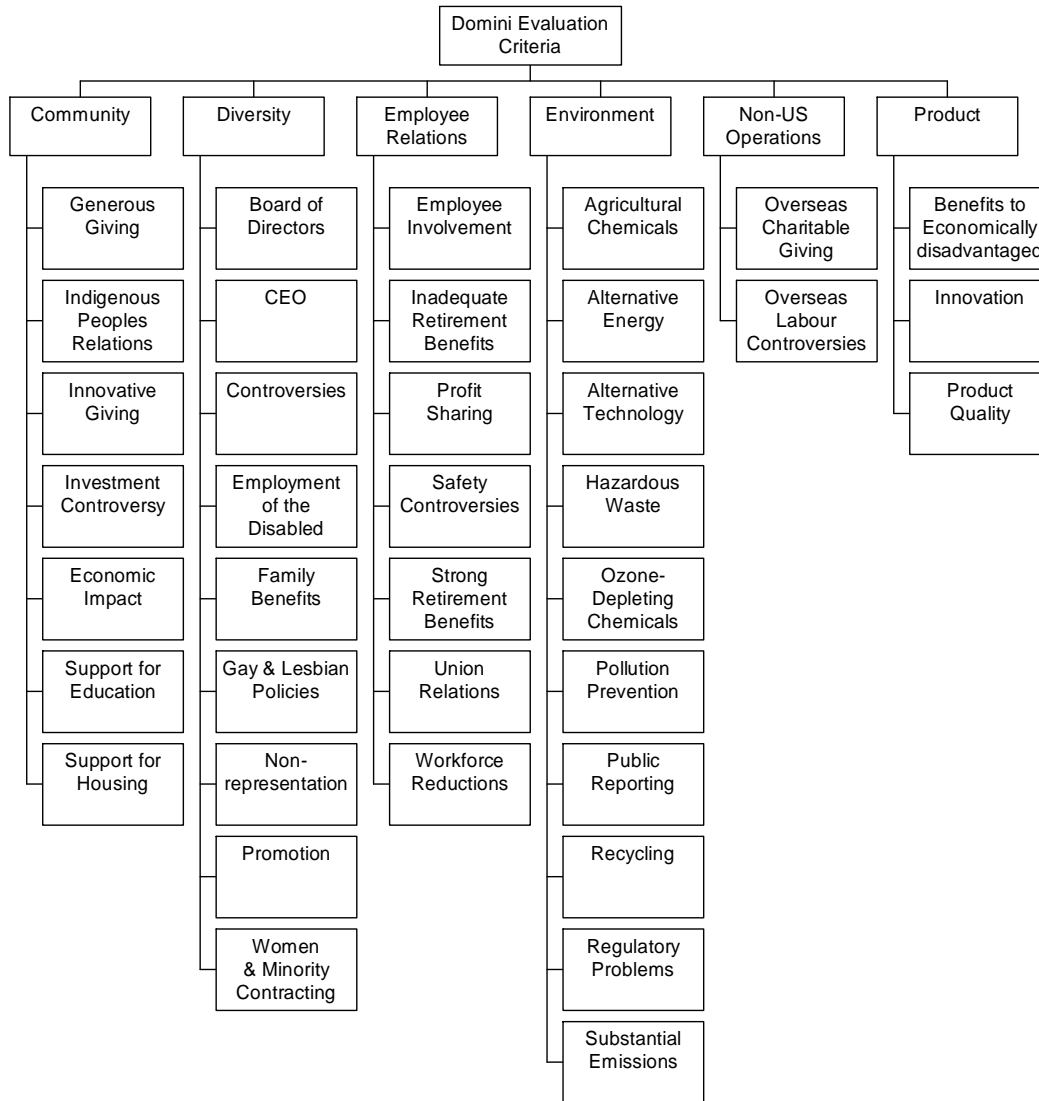


Figure 9-16: Criteria and Sub-Criteria of the Domini Index Screening Process

9.5 International Financing Corporations

The Equator Principles and Guidelines of the World Bank are discussed.

9.5.1 The Equator Principles

The International Finance Corporation (IFC), which is the private sector arm of the World Bank Group, convened a meeting of banks in London in October 2002 to discuss environmental and social issues in project finance [A98]. At this meeting the banks realised the significant opportunities their role as financiers offered them to promote responsible environmental stewardship and socially responsible development. It was decided to develop a banking industry framework that could address all environmental and social risks in project financing, this led to the Equator Principles.

The Equator Principles consist of five parts, namely: a preamble, statement of principles, Exhibit I: Environmental and Social Screening Process, Exhibit II: Safeguard Policies and Exhibit III: World Bank and IFC Specific Guidelines [A99]. The principles only apply to projects that cost US\$50 million or more and banks can adopt these principles, which means that an individual bank declares that its internal policies and processes are consistent with the Equator Principles. In 2002 there were 20 banks that have adopted the principles. These banks represent 74% of the 2002 project loan market and operate in over 100 countries [A100]. In 2005 the number of banks have increased to 28 [A101]. This means that these banks will use common terminology in categorizing projects into high, medium and low environmental and social risks. It is believed that the Equator Principles together with all the policies and guidelines (Exhibit II and III) will provide safeguards for investors and communities and that it will protect the project sponsors (any bank or international financing company) as well as the IFC from unnecessary financial and reputational risks [A102]. Adopting the Equator Principles has certain advantages for banks as well as for their customers, these are summarised in Table 9-18.

Table 9-18: Advantages of Adopting the Equator Principles [A100]

Advantages for Customers	Advantages for Banks
<ul style="list-style-type: none"> • Commonality of approach among banks saves sponsors the burden of producing different environmental assessments for different banks and from trying to meet different standards among banks • Implementing transactions more quickly by getting it right the first time • Having more certainty in project implementation • Having a more secure, long-term investment • Gaining reputational advantage 	<ul style="list-style-type: none"> • Using common terminology in assessing environmental and social issues • Using a common framework for implementation and documentation • Increasing productivity through reduced transaction time (getting it right the first time) • Having more certainty in closing project financings • Having a safer project loan • Gaining reputational advantage

In 2003 the IFC published a framework that can be used for the analysis of environmental, social and corporate governance performance of individual projects sponsored. The framework consists of 8 factors, categorised into three broad areas. These are:

- Management Commitment and Governance
 - Factor 1: Environmental Management, social development commitment and capacity
 - Factor 2: Corporate Governance
 - Factor 3: Accountability and transparency
- Environment
 - Factor 4: Eco-efficiency and environmental footprint
 - Factor 5: Environmental performance of products and services

- Socioeconomic Development
 - Factor 6: Local economic growth and partnerships
 - Factor 7: Community Development
 - Factor 8: Health, safety and welfare of the labour force [A102].

The framework measures performance not by binary yes or no answers but by using an evaluation scale that consists of four performance levels, these are:

- Level 1: Compliance with IFC's required standards where they exist
- Level 2: Indication of the creation of local or global environmental, social or corporate governance value
- Level 3: Signifies that a project's positive impact influences the behaviour of other companies and thus creates a farther-reaching demonstration impact
- Level 4: Describes a leadership position in which a project or company has a wide influence in driving best practices in industry and even beyond [A102].

Thus in order to get financing for projects or new developments, companies will be forced by the financing agents to adhere to a minimum set of sustainable development standards. In addition the IFC has also published guidelines to assist with public consultation [A103], community development [A104], resettlement [A105] and other sustainable development related issues.

9.5.2 World Bank

The World Bank has been institutionalizing some type of social analysis in its investment operations since 1984. Currently about 50% of bank operations undergo one or other form of social analysis [A106]. For investment projects two types of social analyses are performed namely:

- Project Social Analysis: The bank undertakes this sociological appraisal study to determine opportunities, constraints and likely impacts of the proposed project in order to examine whether the project's likely social development outcomes have been clearly identified and to ensure that the project is socially sustainable. It is thus a study to determine whether the support of the World Bank is justified. This can consist of an upstream social analysis and a sociological appraisal as part of the project process.
- Social Assessment: The borrower undertakes this study in order to
 - Identify the social dimensions of the project and possible social investment projects;
 - Provide spaces to incorporate stakeholders' views into project design; and
 - Establish a participatory process for implementation, monitoring and evaluation [A106].

More details on these two approaches together with information on the Bank's project supervision role is shown in Table 9-19.

The World Bank uses a common framework for social analysis based on five entry points:

- Social Diversity and gender;
- Institutions, rules and behaviour;
- Stakeholders;
- Participation; and
- Social Risk [A107]

These entry points are dimensions of inquiry to structure work and it helps project planners to understand how the pieces of the social puzzle fit together.

Table 9-19: Approaches to Social Analysis in World Bank Operations [107]

Instrument	Description	Context	Uses	Role
Upstream social analysis	Country-wide, sector-wide or issue-based analytical work.	Either as stand-alone ESW or integrated PA, CEA, COA or sectoral ESW	Input into CAS, PRSP, or sector-wide programs.	Bank
Sociological appraisal as part of the project appraisal process	Appraisal of social dimensions of projects.	Draws on information available from upstream social analysis and related ESW, prior project documentation, external data and studies and social assessments undertaken for the project.	To examine opportunities, constraints and likely impacts to determine whether the project is socially sustainable so as to justify Bank support for the project.	Bank. If information from prior studies is insufficient or if the project is contentious, the Bank may be recommend that the Borrower undertake a social assessment.
Project Supervision	Supervision of social aspects of the project.	Supervision missions, review of project reports and ongoing stakeholder consultations.	Feedback and adaptation during implementation.	Bank

Table 9-19: Approaches to Social Analysis in World Bank Operations [107] (continues)

Social Assessment	A method that uses a mix of qualitative and quantitative tools to determine the likely social impacts of a project on stakeholders – and the likely effect of stakeholders on the project.	As participatory research during project preparation, and as an on-going process to enable involvement of beneficiaries and affected persons during implementation.	To take account of the views and preferences of affected people and other stakeholders so as to improve design of a project, and to establish a participatory process for project implementation and monitoring.	Borrower. The Bank clears the terms of reference and reviews the findings of any social assessment carried out during preparation.
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10. Appendix B: Universe as a Tripartite World

10.1 The Universe as a Tripartite World

The developed Cosmic Interdependence model, which is based on the holistic-reductionist-holistic approach, describes the universe in terms of four different cosmos: Economic Cosmos, Social Cosmos, Biotic Cosmos and Abiotic Cosmos [B1]. The four cosmos are interdependent (see Figure 10-1) and in the intersection areas of the four cosmos there are millions of combinations of conflict and harmony between the natural (abiotic and biotic) and human (social and economic) universe.

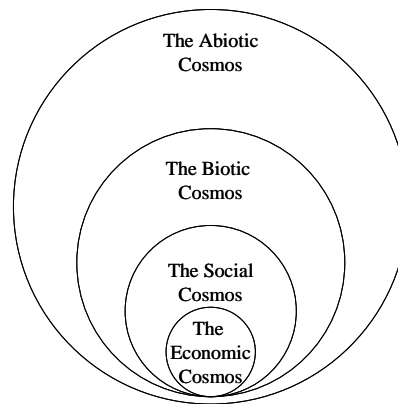


Figure 10-1: The Cosmic Interdependence [B1]

The human universe is often described as a “tripartite world” consisting of three pillars namely: business, civil society and government [B2]. The tripartite model is a novel perception of the human world. Up until the early 1990’s the human universe was mostly perceived as bipolar, consisting of two parts: government and non-government [B2]. The Institutional-Ideological Model depicts the way in which human activity is organized (see Figure 10-2) according to a tripartite approach. It places ecology (i.e. the natural universe) and technology in the centre since it represents the foundations of opportunities available to business-, government- and public institutions [B3]. The model distinguishes between the institutional and ideological component of each of the pillars of the tripartite world. The ideological component thus entails all ideas, values and beliefs that underlie collective activities while groups and organisations, i.e. the setting for these activities, are categorized under the institutional component. The range of the ideological component of each pillar is depicted in Figure 10-3.

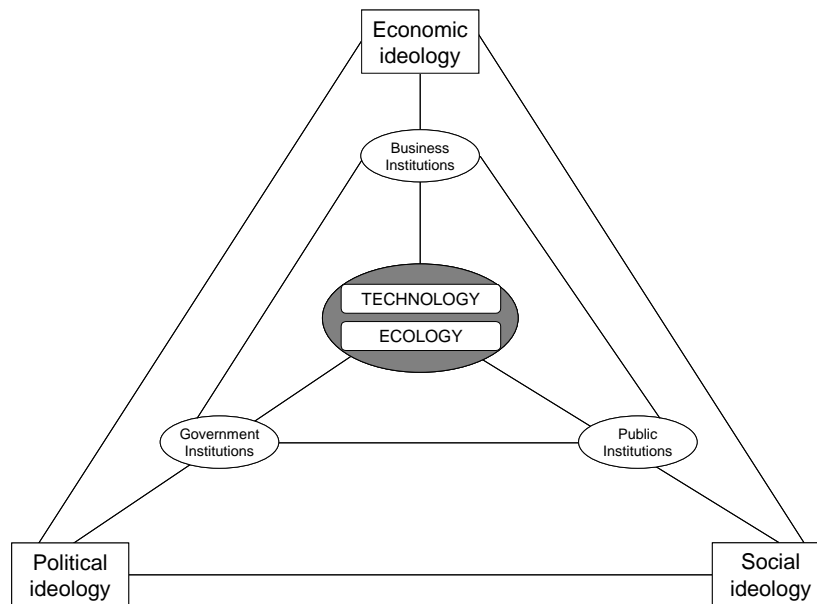


Figure 10-2: The Institutional-Ideological Model [B3]

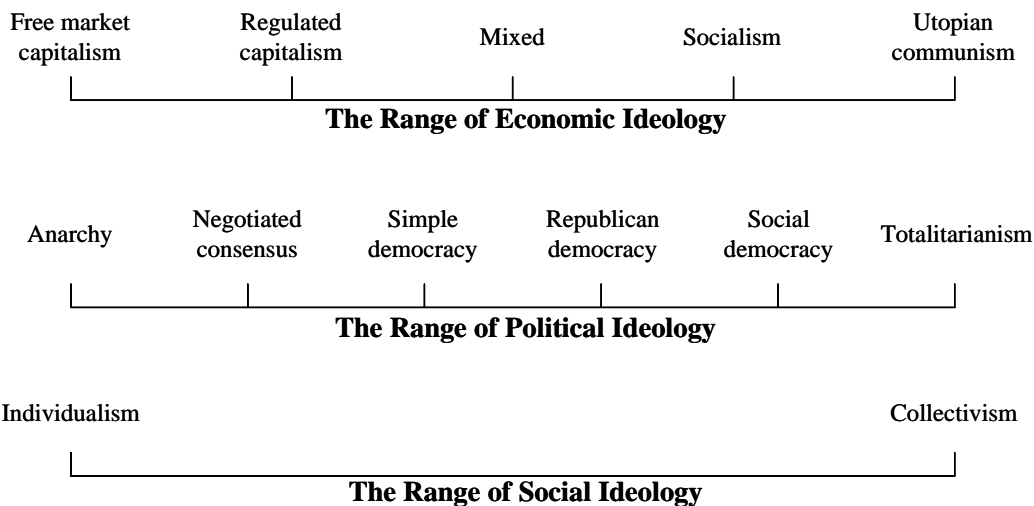


Figure 10-3: Range of Ideology [B3]

The major shortcoming of any tripartite-based model is the fact that it views business separate from civil society while civil society provides all the opportunities, innovation, wealth of progress and, most importantly, business’s licenses to exist, operate and sell [B2]. The interdependency and interrelations between the three pillars (i.e. business, civil society and government) and the strong reliance of all three pillars on the natural universe for existence [B4] is therefore underemphasized.

10.2 Business and its surrounding Environments

From the perspective of business, it operates in and interacts with an external environment. The business’s external environment can be defined as all surrounding conditions and forces that affect the business’s development and growth, but are typically beyond its control [B5]. The external environment of business has been analysed and classified in numerous ways.

Wilson [B6] views business as embedded in an environment consisting of four different sectors namely: social environment, economic environment, political environment and technological environment. However, Wilson’s model ignores the natural environmental aspects of the external environment. Since the 1987 Brundtland report and the 1992 Earth Summit the influence of ecology on business and of business on the natural universe has grown in importance [B7]. Wood [B8] thus adapted Wilson’s model by introducing an additional sector namely ecology or natural environment. The adapted model is often referred to as the SEPTEmber-model (see Figure 10-4) and classifies unique aspects of the external environment as separate sectors. The model also distinguishes between the business environment and the global business environment.

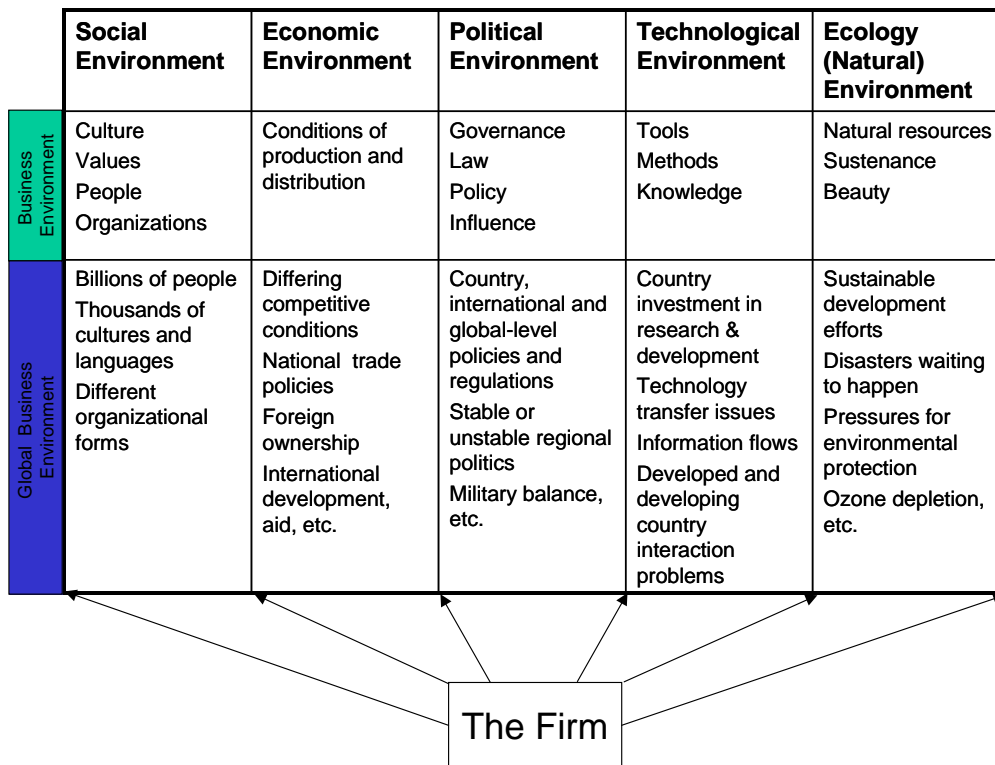


Figure 10-4: SEPTEmber model of the business environment [B8]

Nevertheless, the business and its external environment are intricately interconnected, i.e. events in one sector will have consequences for events and conditions in every other sector [B3]. Therefore, another

method of describing the external environment is to divide all external forces and role players into three interrelated subcategories based on the spatial scale of interaction between the business and the specific force or role player. These subcategories are Macro Environment, TASK environment and Industry [B5, B9]². These subcategories are illustrated in Figure 10-5. Business first of all operates in its own *internal* environment that can consist of different functional areas such as: marketing, finance, production, management, computer information systems, human resources, etc. It then forms part of a specific industry together with its competitors and the industry then competes in a more extended TASK environment, which includes the, suppliers, customers and other organizations with which the business directly interacts. The TASK environment is closer and more immediate than the macro environment, which describes the external environment at a more general level. The macro environment is often defined as the Political, Economical, Social and Technological Forces (PEST) [B9]. Nevertheless, events listed in the SEPTEmber model manifest at the TASK and Industry levels as well.

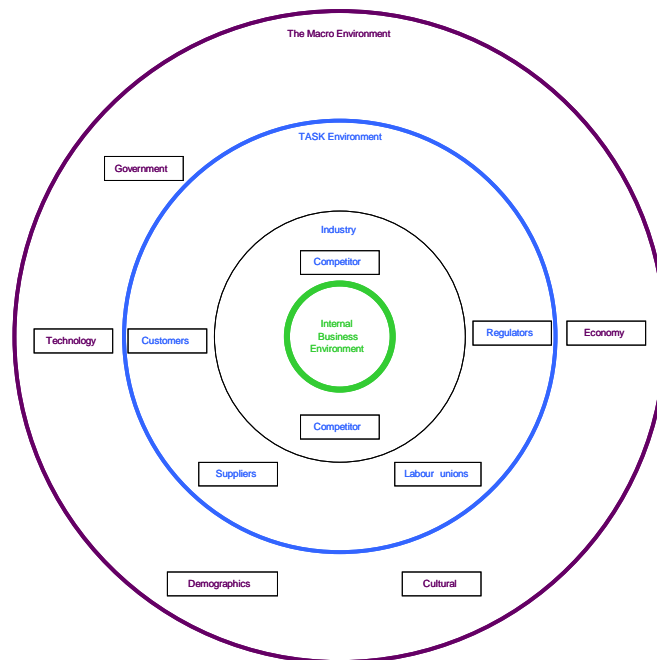


Figure 10-5: Business and the three spheres of the external environment (adapted from [B9])

These different models show the same forces or role players in the external environment from various perspectives (see Table 10-1) and do not contradict each other. The conclusion from the models is that business is not operating in a vacuum, but is rather part of an interdependent and interrelated universe. The traditional idea of business's isolation and independence thus does not hold true any longer [B3].

² Other terminology can also be used to refer to the subcategories for example the macro environment can be referred to as the remote environment and the TASK environment as the operating environment.

Business is not only influenced by its external environment but also influences and impacts on the external environment and must take responsibility for its actions [B10].

Table 10-1: Comparison of Models

Role player/ Force	Cosmos	IIM	SEPTEmber Model	Subcategory
Company	Economic and Social	Business Institution	Social Environment	Internal
Competitor	Economic	Business Institution	Social Environment	Industry
Customer	Social	Society – Public Institution	Social Environment	TASK
Supplier	Economic	Business Institution	Social Environment	TASK
Labour Unions	Economic and Social	Public Institution operates in Business Ideology	Social Environment	TASK
Regulators	Economic	Government Institution	Political Environment	TASK
Government	Social and Economic	Political Ideology	Political Environment	Macro
Technology	Economic and Social	Technology – Core of Model	Technological Environment	Macro
Economy	Economic	Economic Ideology	Economic Environment	Macro
Demographics	Social	Characteristic of Social Ideology	Social Environment	Macro
Cultural	Social	Characteristic of Social Ideology	Social Environment	Macro

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11. Appendix C: Corporate Response to Changing Expectations

11.1 Corporate Social Responsibility to Corporate Responsibility

Corporate Social Responsibility (CSR) is not a new concept to business, since business through the ages has demonstrated varying degrees of responsibility to society [C1]. The concept has been evolving for decades and as early as 1930 courses have been offered to educate the businessman in a new sense of social responsibility [C2]. However, the concept first generated broader interest in the 1960's in the United States [C3] as well as in the United Kingdom [C4] and then spread to Europe in the 1970's. Nevertheless, hardly any attention was paid to the concept for the next 15 years and it only re-emerged in the mid-1990's [C5]. Different driving forces behind the re-emerging of Corporate Social Responsibility has been identified [C6, C7] and are discussed in Table 11-1.

Table 11-1: Driving forces behind the re-emerging of CSR [C6, C7]

<p>1. Shrinking role of government:</p> <p>Due to shrinking government resources and a distrust of regulations, voluntary and non-regulatory initiatives have been explored. Furthermore, communities are looking at business to help solve problems governments used to address.</p>
<p>2. Personal ethics of individual entrepreneurs:</p> <p>The personal ethics of one individual within a company can drive the re-emerging of a CSR agenda, although this will not ensure sustainable operational commitment.</p>
<p>3. Supply chain pressures from Northern trading partners:</p> <p>International financing requirements and head offices (for reputation management purposes) are pressurising companies to adopt voluntary codes of conduct. Northern companies are also starting to pressure companies within their supply chains to adopt these voluntary codes of conducts (e.g. ETI, SA 8000).</p>
<p>4. Laws and regulations:</p> <p>Effectively enforced laws can drive companies to responsible behaviour, e.g. environmental laws that have resulted in drastic improvement of businesses' environmental performances.</p>
<p>5. Public relations and reputation assurance:</p> <p>Companies start viewing CSR as a strategic tool for promotion of reputation and brand value and thus the issue starts receiving more attention.</p>
<p>6. Shareholder activism and investor relations:</p> <p>Investors are increasingly demanding greater disclosure with regards to environmental and social issues. The growth in socially responsible investment is also pressurising companies to address CSR.</p>
<p>7. Social license to operate:</p> <p>The need to secure a "social license to operate" from society has become increasingly important. A prerequisite for business survival is society's approval of the way in which business conducts its operations. CSR definitely influence the way in which society regards business and must therefore be addressed.</p>

Table 11-1: Driving forces behind the re-emerging of CSR [C6, C7] (continues)

<p>8. Increased customer interest in social aspects</p> <p>Increased customer interest started with a “Green Consumer” outlook, which is now embracing social issues as well. It has been found that the ethical conduct of business exerts a growing influence on the purchasing decisions of customers.</p>
<p>9. Competitive Labour Market:</p> <p>Employees are increasingly looking beyond their salaries and benefits, and are seeking employers with whose operating practices and philosophies they can associate to. CSR are thus becoming an important prerequisite for ensuring that a company become or remains an employer of choice.</p>

Although the term “Corporate Social Responsibility” has been in use for more than forty years, there exist no universally accepted definition for the term [C1, C8, C9]. Table 11-2 contains various definitions for the term and in summary the following lists various views as to what the core meaning of social responsibility is:

- Profit making only [C10]
- Going beyond profit making (Davis as cited in [C11])
- Going beyond economic and legal requirements (McGuire as cited in [C2])
- Economic, legal and voluntary activities ([C1]; Mann as cited in [C2])
- Responsibility in a number of social problem areas ([C12]; [C9]; Eilbert & Parket, 1973 as cited in [C13]; [C14])
- Giving way to social responsiveness [C6, C15]

Table 11-2 Definitions of Corporate Social Responsibility

Corporate Social Responsibility is a broad strategic view of business’s vital roles and responsibilities in every society and in the global environment [C12]
The social responsibility of business is to increase its profits [C10]
Corporate Social Responsibility is the ethical behaviour of a company towards society, in particular this means the management acting responsibly in its relationships with all stakeholders who have a legitimate interest in the business [C1]
Corporate Social Responsibility supposes that the corporation has not only economic and legal obligations, but also certain responsibilities to society which extend beyond those obligations (McGuire as cited in [C2])
Corporate Social Responsibility is the commitment of business to contribute to sustainable economic development, working with employees, their families, the local community and society at large to improve their quality of life [C9]
Corporate Social Responsibility is the firm’s consideration of, and response to, issues beyond the narrow economic, technical and legal requirements of the firm to accomplish social benefits along with the traditional economic gains which the firm seeks [Davis as cited in C11]

Table 11-2 Definitions of Corporate Social Responsibility (continues)

Corporate Social Responsibility refers to the commitment by business to an active role in the solution of broad social problems such as racial discrimination, pollution, transport and urban decay (Eilbert & Parket, 1973 as cited in [C13])
Corporate Social Responsibility is concerned with treating the stakeholders of a firm ethically or in a socially responsible manner [C14].
Corporate Social Responsibility implies bringing corporate behaviour up to a level where it is in congruence with currently, prevailing social norms, values and performance expectations [C15]
Corporate Social Responsibility is the concept that an enterprise is accountable for its impact on all relevant stakeholders. It is the continuing commitment by business to behave fairly and responsibly and contribute to economic development while improving the quality of life of the work force and their families as well as of the local community and society at large [C6]

It is concluded that the two main questions with regards to Corporate Social Responsibility are:

- What aspects or social concerns should business take responsibility for?
- Who are the stakeholders business are responsible to or what are the boundaries of corporate social responsibility?

Carroll [C16] attempted to answer the first question by suggesting that corporate social responsibility can be divided into four categories of responsibility and that these four categories should be depicted as a pyramid (see Figure 11-1).

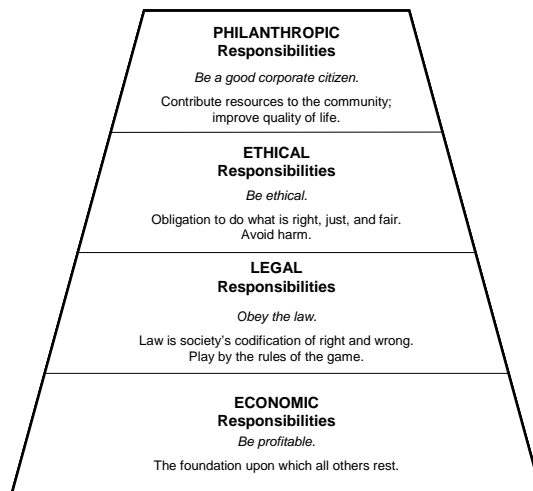


Figure 11-1: Pyramid of Corporate Social Responsibility [C16]

Although corporate social responsibility is often interpreted as philanthropy [C17], it is evident that it actually entails far more than just philanthropic contributions. For example, core business activities have a greater social impact than the philanthropic side of any business will ever have [C18]. The

Prince of Wales Institute [C19] acknowledges this fact when it states that corporate social responsibility should aim to make a positive contribution in the following three areas of influence:

- Core Business Activities by ensuring a responsible implementation thereof.
- Poverty-focused social investment and philanthropy programmes.
- Institution Building and public policy dialogues by getting involved.

However, companies normally progress through three stages when engaging with the concept of corporate social responsibility. These stages are:

- Stage 1: Pure Philanthropy: The company donates money or “in-kind” contributions to charities or civil society groups. In South Africa, this stage is referred to as ‘Corporate Social Investment’. The stage is associated with paternalistic behaviour by companies, i.e. companies think they know for what money is needed and start projects in communities without prior consultation with these communities.
- Stage 2: Corporate Social Responsibility: This stage still involves “donor-style” support to society, but businesses in this stage will engage in partnerships with society and would thus manage their corporate social investment as a business activity. Projects that are sponsored would thus be monitored and evaluated continuously and the long-term sustainability thereof when company support ends will be studied before hand.
- Stage 3: Corporate Citizenship: In this stage companies contribute to all three areas of influence by acknowledging the social and environmental dimensions of the full range of business functions and activities in the strategic management of the company and by continuing partnerships in the community [C6].

An organisation in stage 3 actually progressed from corporate social responsibility to corporate responsibility, which can be defined as “*the voluntary commitment by business to manage its activities in a responsible manner*” [C20]. Corporate Responsibility thus constitutes three different aspects, namely: corporate social responsibility, corporate financial responsibility and corporate environmental responsibility [C1].

In an attempt to determine the boundaries of corporate responsibility Amnesty International and the Prince of Wales Business Leader Forum depict the boundaries as nested circles of responsibility or spheres of influence (see Figure 11-2) [C21]. This approach takes the degree of corporate control over the sphere into consideration.

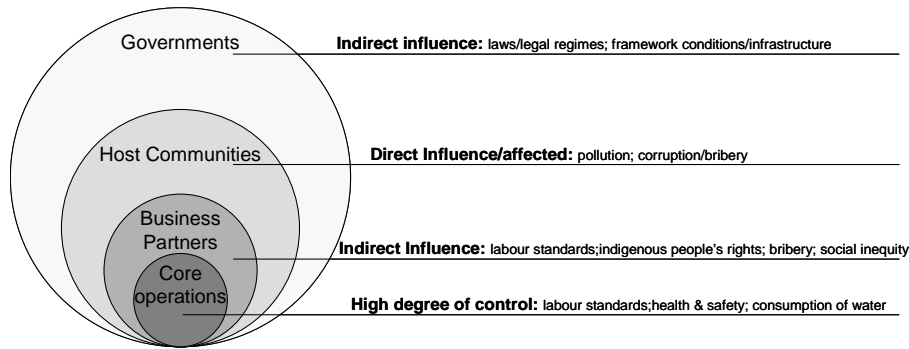


Figure 11-2: Spheres of Influence [adapted from C21]

The World Business Council for Sustainable Development states that in determining the boundaries of corporate responsibility the social issues or dilemmas along the value chain or product’s life cycle should be mapped to guide the company [C9]. Figure 11-3 shows an example of such a map.

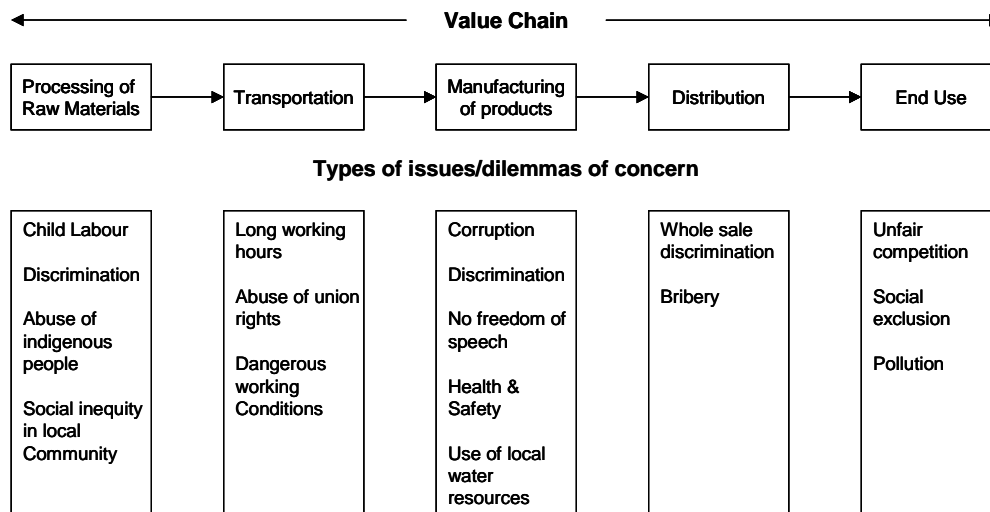


Figure 11-3: Social Issues in the Product’s life cycle [C9]

In conclusion the essence of corporate social responsibility is that business and society are interwoven and not distinct entities [C11] and business can only contribute fully to society if it is efficient, profitable and conduct its activities in a responsible manner, i.e. by taking the impacts and effects on the society and the environment into consideration (Sieff as cited in [C22]).

11.1.1 From Corporate Responsibility to Corporate Sustainability

Corporate Social Responsibility is accepted as an integral part of sustainable development, but exactly how the two terms fit together is debated vigorously [C1]. Hopkins [C23] views CSR and corporate

sustainability as two sides of the same coin, since CSR defines the social responsibilities of a business, which, if implemented, will lead to the business being sustainable. A business being sustainable and a business incorporating business sustainability is however not necessarily the same thing. A more accurate statement is that the acceptance of Corporate Social responsibility is a prerequisite for implementing the concept of business sustainability [C8], but it goes beyond corporate social responsibility. A company must first accept its corporate responsibility (Stage 3 of CSR, see section 11.1) before it can align itself with the principles of business sustainability, since business sustainability focuses on environmental, social and economic aspects. The company thus acknowledge corporate citizenship i.e. it is accountable to a wider group of stakeholders [C24] and should ask itself whether it is part of the solution to social and environmental problems or part of the problem [C25]. Corporate Citizenship is thus seen as the acceptance by business of its role in society and in the challenge of sustainable development and has three main focus areas namely:

- Basic business practices, values and policies
- Management of environmental and social issues within the product life cycle or value chain
- Voluntary contributions to community development [C24].

In conclusion the acceptance of Corporate Responsibility, i.e. up taking of corporate citizenship, is viewed as the first step of business sustainability. The principles of CSR, which are embedded in a broader corporate responsibility view, will thus manifest in and offers support to a business sustainability strategy.

11.2 Corporate or Business Sustainability

11.2.1 Sustainable Development as a concept

Humankind embraced the concept of sustainable development as the only path to future existence, mainly due to the fact that:

- the increased resource and energy demands of industrial activity lead to environmental decay; and in addition
- the population pressures and the division of resources resulted in sectors of the global population being deprived of basic human needs and security (e.g. food, shelter, health, education and family planning). This phenomenon is referred to as cycles of poverty [C26].

Business is also concerned with these two problems, due to the fact that declining ecosystems and failing societies will cause the failure of business in the twenty-first century [C27]. Furthermore, since the official conception of the term 'sustainable development' in 1987, the concept has shaped the political, economic and social environment in which all businesses operate [C28]. However, the concept of sustainable development is inherently vague [C29] and although it is understood intuitively it remains difficult to express in concrete, operational terms [C30]. In 1992 there were already more than 70 definitions for sustainable development [C31], but most agree that the concept comprises social, environmental and economic dimensions with equal importance [C32]. The World Bank [C33]

states that sustainable development can only be achieved when social, environmental and economic objectives or needs are balanced in decision-making. Figure 11-4 shows some of the aspects of each dimension.

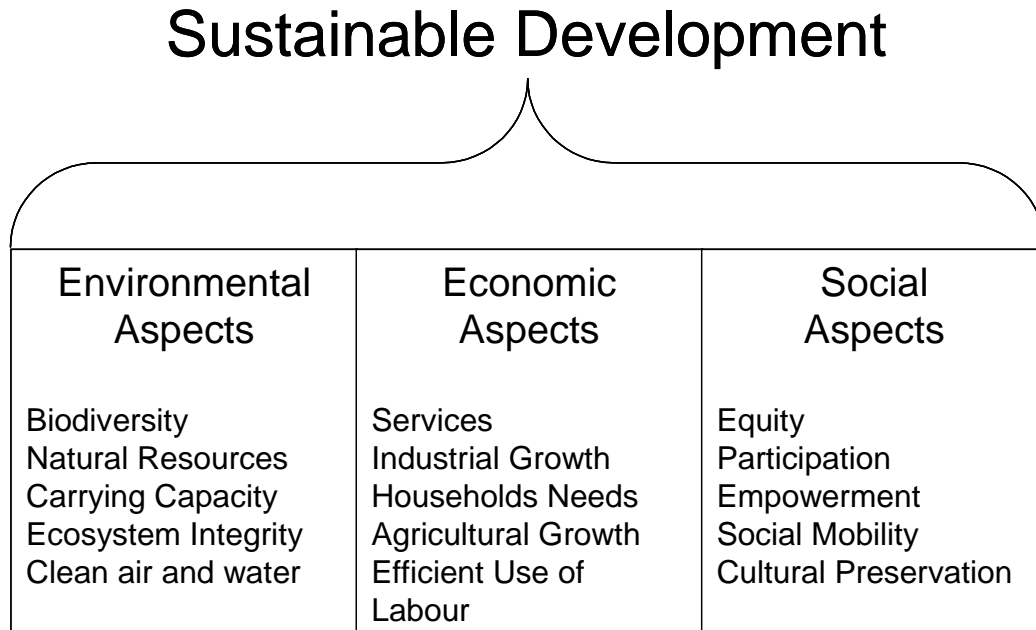


Figure 11-4: Sustainable Development Issues [C33]

Gardner [C34] identified eight principles for Sustainable Development and divided the principles into two categories: substantive and process-oriented (see Table 11-3).

Table 11-3: Principles of Sustainable Development [C34]

Substantive Principles	Process-Oriented Principles
a) Satisfaction of human needs.	a) Approaches to sustainable development should be goal seeking.
b) Maintenance of Ecological Integrity.	b) Analytical aspects of the approaches must be relational and systems-oriented.
c) Achievement of equity and social justice.	c) Strategies for sustainable development must be adaptive.
d) Provision for self-determination and cultural diversity	d) Organization for sustainable development should be interactive.

It is evident that there is consensus on the objectives and basic principles of sustainable development, but the details of how to achieve sustainable development or maintain sustainability are difficult to generalize as *“perceptions of and necessary actions for achieving sustainable development differ*

between social-cultural and political contexts and change over time”[C30]. This is especially true from the business perspective.

11.2.2 Business Sustainability

The focus of sustainable development implementation has recently shifted strongly towards business. Most managers have accepted that corporate or business sustainability is a prerequisite for staying in business [C5] and that business will have to play a more central role in efforts to achieve the goals of sustainable development [C35]

The International Institute for Sustainable Development (IISD) realised that the concept of sustainable development should be defined in terms that are familiar to the business community. This resulted in sustainable development for business (i.e. business sustainability) being defined as “*adopting business strategies and activities that meet the needs of the enterprise and its stakeholders today, while protecting, sustaining and enhancing the human and natural resources that will be needed in the future*” [C36].

Knoepfel [C37] identified five key principles for corporate sustainability, namely:

- Innovation: Investing in innovations that will lead to a more efficient, effective and economic use of financial, social and natural resources over the long term.
- Governance: Establishing high standards of corporate governance, which include management quality and responsibility, organizational capability and corporate culture.
- Shareholders: Ensuring sound financial returns, long-term economic growth and productivity improvements and global competitiveness, which will meet the demands of shareholders.
- Leadership: Developing standards for best practice by which the industry can be lead to sustainability.
- Society: Securing a long-term license to operate by establishing long lasting social well being in local and global communities.

Businesses follow different strategic approaches to incorporate these principles of business sustainability. It is possible to distinguish between five strategic approaches, referred to as introverts, extroverts, bottom-liners, top-liners and transformers [C38]. Table 11-4 shows the differences between the five strategic approaches.

Table 11-4: A Range of Strategic Approaches to Sustainable Development [C38]

	Introverts	Extroverts	Bottom-Liners	Top-Liners	Transformers
Thrust	Stay with the pack	Take the high road	Cost leadership	Differentiation	Growth
Questions	Should I do anything?	How can I better align with stakeholders?	How can I get cost advantage?	How can I capitalize on sustainable development?	How can I leverage sustainable development to transform the organization?
Actions	Wait and see: track the issues	Strengthen communities and environmental protection	Improve eco-efficiency of processes	Create products and services with unique characteristics	Leverage sustainable development to better learn, innovate and manage for the future

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12. Appendix D: Analysis of Sustainable Development Reporting

12.1 Status of Sustainable Development Reporting

Since the early 1990's companies have been targeted to show their commitment to environmental (and later sustainability) issues and to furthermore, report on their proactive activities as well the damaging impacts of their operational activities on the environment as well as society [D1]. The idea of sustainable development reporting is based on the simple proposition that economic actors have a local as well as global environmental and social impact and that it is their responsibility to disclose those impacts to all their stakeholders [D2]. Although there are historical examples of social reporting in the early 1970's it lost momentum in the 1980's [D2] and only in the first decade of the 21st century the trend in corporate reporting starting shifting from being solely environmental to incorporate both environmental and social aspects [D1]. Thus, together with the annual financial reporting, companies now try to report on all dimensions of sustainable development. This marks the emergence of a new era in corporate accountability [D3]. The evolution in sustainable development reporting have been analysed and it is believed that companies progress through five different stages, which meet variable stakeholder needs [D4]. The five-stage evolution process is shown in

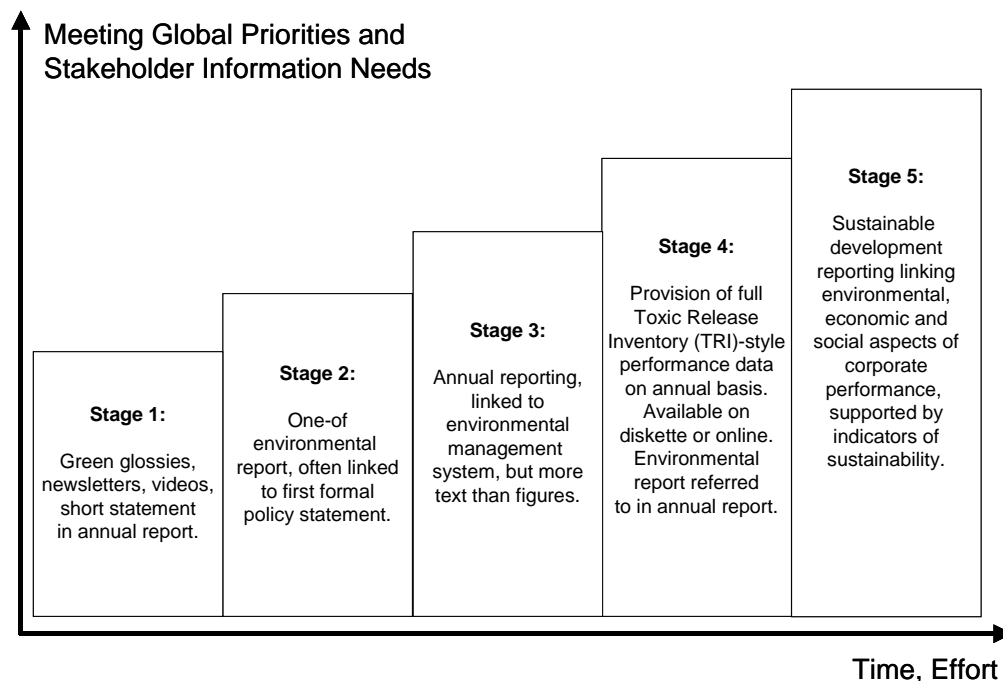


Figure 12-1: The evolution process for sustainable development reporting [D4]

Nevertheless, corporate sustainable development reporting is still viewed by many as mere window dressing, due to pressure from governments and society, which is likely to stop the moment these

pressures recede [D1]. A survey amongst NGOs revealed that on average only 44% of sustainability reports are “believable” according to the NGO’s [D5] and experts at the European Accounting Federation has warned that unless companies have their reports independently verified it is “*little more than advertising*” [D6].

In spite of this the quantity and quality of sustainability reporting initiatives continue to grow as more and more companies start issuing reports [D7]. The 2001 Benchmark Survey of the State of Global Environmental and Social reporting revealed that in 2001 50% of the top 100 global companies were producing environmental and social reports [D2]. In addition, the 2002 KPMG International Survey of Corporate Sustainability Reporting revealed that 45% of the Global Fortune Top 250 companies are reporting on sustainability issues, an increase of 10% from the 1999 survey. Nevertheless, only 29% of these companies had their report verified by an independent third party [D8]. Furthermore, the style of reporting is not standardized and the following ways for structuring sustainability reports have been identified:

- according to stakeholders, e.g. the Body Shop;
- according to sections of the business;
- according to environmental and social issues; and/or
- according to guidelines such as the Global Reporting Initiative or the Public Environmental Reporting Initiative [D2].

Companies do not always report on all three dimensions of sustainable development in the same document, but rather issue separate financial, social and environmental, health and safety reports. Social reporting is also not as well developed as environmental reporting yet and the use of truly “societal” external indicators is rather infrequent [D1]. Adding to the complexity of social sustainability reporting is the fact that the impact of a business on society can be measured on three different levels, which are not mutually exclusive. These levels are:

- measuring performance against stated objectives in vision, mission and value statements by interviewing stakeholder groups;
- measuring whether the company meet stakeholder expectations by first surveying what stakeholders think the company should be doing and then determining to what degree it is doing it; and
- measuring stakeholders’ actual experience of how the company is performing, thus the true social impact of the activities by using indicators developed by taking stakeholders’ expectations into consideration [D9].

An analysis of the sustainable development reports of the Global Fortune Top 250 companies revealed that, with regards to societal aspects the focus so far are more on expression of concerns, intentions and policies, than on indicators measuring actual impacts [D1].

In South Africa, the King II report on Corporate Governance promoted integrated-sustainability reporting or triple-bottom-line reporting and recommended that the practice take force from March 2002. Nevertheless few companies have instituted the process by February 2003 [D10]. The KPMG 2001 survey of Sustainability Reporting in South Africa revealed that reporting on sustainability issues remained at a fairly superficial level. Also, of the seventeen standalone-reports on sustainability issues reviewed, only one report had sufficient information on all three dimensions of sustainable development to be viewed as a sustainability report. The other reports were classified as, either Health, Safety and Environmental Reports, or Social Reports [D11].

12.2 Analysis of Sustainable Development Reports

Eight sustainable development reports have been analysed to determine the scope of issues reported on. Four South African companies were chosen as well as four international companies with business operations in South Africa. The Financial Mail's Top Companies 2002 report has been used to choose the South African companies. The four top companies based on turnover (excluding financial institutions) have been chosen. These companies are: Billiton, Anglo American, Sasol and Sappi [D12]. The 2003 Fortune list of most admired companies were used to choose the international companies. Due to the process industry focus of this document two companies in the chemical division and two companies in petroleum refining division have been chosen. These companies are: Dow Chemical, Bayer, BP and the Royal Dutch/Shell Group [D13].

All of the companies except SAPPI have published sustainability or environmental, health, and safety reports or societal reports. The seven reports that have been analysed are:

- BP Environmental and Social Review - 2002 [D14]
- The Dow Global Public Report – 2002 [D15]
- The Shell Report: Meeting the energy challenge – 2002 [D16,D17]
- Anglo American Report to Society: Towards Sustainable Development – 2002 [D18]
- BHP Billiton Health Safety Environment and Community Report: Policy into Practice – 2002 [D19]
- Sasol Sustainable Development Report: Share it with Sasol – 2002 [D20]
- Bayer Sustainable Development Report – 2001 [D21].

All reports were issued in 2002 except the Bayer report, which was issued in 2001. This was the most recent report released by Bayer at the time of the analysis. An analysis of the seven reports is summarised in Table 12-1.

Table 12-1: Analysis of Sustainable Development Reports

ANALYSIS OF SUSTAINABLE DEVELOPMENT REPORTS								
Question Number	Name of Company	BP	Dow	Shell	Anglo American	Billiton	SASOL	Bayer
1	Annual Turnover (\$ Million)	180186	27609	236598	15,145	17778	5996	27101 *
2	Number of Employees	115250	50725	116000	127000	51000	31100	116900
3	Does the company report on sustainability using:							
	a) Web	x	x	x	x	x		x
	b) Printed report	x		x	x	x	x	x
	c) Section in Annual report		x	x	x		x	
4	Does this reporting cover the following dimension of sustainable development							
	a) Environmental	x	x	x	x	x	x	x
	b) Economic		x	x	x		x	
	c) Social - only CSR							
	d) Social - CSR & Employee well-being							x
	e) Social - CSR, Employees and impact on society	x	x	x	x	x	x	
5	Is the report structured according to:							
	a) Different stakeholders							
	b) Section of the business	x				x		
	c) Three dimensions of sustainability		x	x	x	x	x	x
	d) Social and Environmental issues	x			x	x		x
	e) Specific Guidelines e.g. GRI							
6	Does the company issue separate reports for every division or country in which it operates?							
		Yes	No	In some instances	Yes	Yes	No but performance per section is listed	No
7	Does the report contain the following:							
	a) Statement by CEO	x	x	x	x	x	x	x
	b) Mentioning of GRI guideline compliance	x	x	x	x	x	x	x
	c) Mentioning of performance on a SRI index or SRI evaluation		x	x		x	x	x
	d) Performance Indicators	x	x	x	x	x	x	x
	e) Goals		x	x	x	x	x	x
	f) Assurance Statement or Third Party Review Statement	x	x	x	x	x	x	x
8	Are Health and Safety of employees discussed as:							
	a) an environmental aspect		x					
	b) a social aspect			x			x	
	c) Separate issue	x			x	x		x
9	Are social performance indicators used?							
		Yes	Yes	Yes	Yes	Yes	Yes	Yes
10	If yes, what of the following types of indicators are used (even if used for another dimension of sustainability)							
	Employees							
	-Number of Employees	x	x		x	x	x	
	-Diversity Profile of workforce by gender and nationality	x	x	x	x	x		
	-Non discrimination facts e.g. percentage of previous disadvantaged people in management			x	x		x	
	-Number of Fires, explosions and releases						x	x
	-Number of Leaks, breaks and spills						x	x
	-Indicators with regards to Health & Safety e.g. fatal accident rate; number of fatalities; lost time injury frequency, recordable case rate	x	x **	x	x	x	x	x
	-Indicators with regards to Wages			x		x		
	-Indicators with regards to Child labour			x		x		
	-Indicators with regards to Contracting and Procurement			x				
	-Indicators with regards to worker training e.g. training hours or training expenses		x		x			
	-Indicators with regards to dismissals or staff turnover and reasons why	x			x			
	-Indicators with regards to ethics e.g. number of ethic workshops	x	x					
	-Indicators with regards to Union and staff - membership, involvement and forums and grievance procedures			x				
	-Indicators with regards to worker empowerment and internal complaints		x				x	
	Society							
	-Indicators with regards to community outreach forums						x	
	-CSI Investment/Community Spending	x	x	x	x	x		
	-Public Favorability Scores							
	-Transportation Incidents							x
	-Number of External Complaints					x	x	
	-Indicators with regards to economic distribution to regions, or taxes or by type				x	x		
	- Political payments, competition cases and bribery cases			x				

* Turnover is equal to €30275, the average \$/€ exchange rate for 2001 was used to do a conversion (\$1 = €1.1171) [178]

** The key performance indicators were listed under the environmental dimension of the report.

It can be concluded from the analysis that social reporting still has a very strong internal focus and that the strongest external social performance indicator remains Corporate Social Investment or CSR investments. It is thus be concluded that the use of truly “societal” external indicators (i.e. indicators that assess the true impact of the business operations on society) is rather infrequent. However, there is a definite move towards reporting on societal aspects since most reports expressed concerns and

mentioned intentions, policies and actual CSR projects, which were sometimes discussed as case studies.

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13. Appendix E: Minimum Wages

Comparison of minimum wages between different countries

Country	Minimum wage		
	Pounds sterling (£)	Euros	US dollars (\$)
European Union			
Luxembourg ¹	6.04	9.67	8.59
Netherlands ²	4.54	7.35	6.64
Belgium ³	4.27	6.85	6.21
France ⁴	4.17	6.67	6.03
UK ⁵	4.10	6.57	5.96
Ireland	3.96	6.43	5.76
Italy	3.95	6.41	5.71
Greece	1.65	2.65	2.40
Portugal	1.30	2.09	1.89
Spain	1.13	1.80	1.64
Eastern Europe			
Poland	0.77	1.22	1.12
Hungary	0.76	1.21	1.10
Czech Republic ⁶	0.54	0.88	0.79
Turkey ⁷	0.48	0.77	0.70
Romania	0.20	0.32	0.29
Bulgaria	0.17	0.27	0.24
Slovenia	0.12	0.20	0.18
Ukraine	0.09	0.15	0.14
Russia	0.04	0.07	0.06
South America			
Argentina	0.86	1.38	1.25
Chile	0.64	1.03	0.94
Peru	0.50	0.80	0.74
Colombia	0.48	0.77	0.70
Brazil	0.25	0.40	0.37
North America			
USA ⁸	3.55	5.68	5.15
Asia Pacific			
Australia	3.82	6.11	5.54
Japan	3.48	5.57	5.05
New Zealand ⁹	2.28	3.64	3.31
Taiwan	1.97	3.15	2.87
South Korea	0.99	1.59	1.45
Vietnam	0.13	0.22	0.20

¹ In Luxembourg, there is a minimum wage for skilled workers (shown in the table) and another for unskilled workers and young persons under the age of 18 (equivalent of £5.04; EUR 8.06; and US\$ 7.16).

² For an employee over age 21.

³ This amount applies to workers aged over 21. Lower rates are set for workers under the ages of 20, 19, 18 and 17.

⁴ A different minimum income is set for young workers under the age of 18.

⁵ In the UK, lower rates apply to employees between 18 and 21, or over 21 for the first six months on a new job

⁶ Lower rates apply to workers on a first employment contract (90%), to employees between 18 and 21 (90%), to teenagers (80%), and to people entitled to a partial or full disability pension (75% and 50%, respectively).

⁷ For workers above age 18.

⁸ This is the US federal minimum wage. Some states have set a minimum wage that is slightly higher than the federal minimum wage.

⁹ This amount is for persons over 20. A lower rate applies to young employees between ages 16 and 19

Exchange rates of 3 September 2001 had been used

Source: The Irish Jobs Column, *New research reveals wide variations in employment conditions and benefits worldwide*, <http://www.exp.ie/advice/mercero.html> visited on 2 February 2004

14. Appendix F: Case Study Protocol for the verification of the sustainability assessment framework

14.1 Overview of the first set of case studies

The main goal of the first set of case studies is to verify that the social aspects that are relevant to the life cycle of an operational initiative are included within the social sustainability framework. The case studies will be divided into three distinct parts, each focussing on one specific life cycle phase.

The main research question for each of these parts is:

- What are the social aspects that become problematic or must be addressed in the construction/operation/decommissioning phase of the operational initiative?

The research question links directly to the second main research question, “*What social business sustainability impacts or aspects should be considered in the project life cycle?*”. The objective with these case studies is descriptive in nature and thus the general analytic strategy is to describe the social aspects in relation with the proposed framework and to identify any social aspects that cannot be classified into the framework.

14.2 Framework Verification Part 1: Construction Phase

The unit of analysis for this part is the construction project of a new operational initiative. The project progresses through the normal project life cycle phases and is concluded when the operational initiative complies with the set standards of production and is handed over to a business unit. Four different construction projects are investigated.

14.2.1 Field Procedures

The case study relies on three sources of information, namely: documents, archival records and interviews. Interviews are conducted personally or telephonically and take approximately 20 to 30 minutes. Interviews are not only conducted with company personnel but also with relevant community members or members of NGO’s where applicable.

The following preparations are required:

- Identification of relevant people to interview or to obtain information from
- Gathering of contact details for the relevant company personnel
- Letter of introduction to relevant company personnel
- Acquire permission to obtain documentation
- Schedule interview or meeting times

14.2.2 Case Study Questions

The following questions will be addressed:

- What social issues had to be addressed in the project?
 - Check against the framework
- Why were these social issues addressed?
- Were these issues addressed proactively or reactively? Why? How?
- At what stage in the project were these aspects detected or addressed for the first time?
- At what stage in the project has reliable information with regards to these aspects been available?
(This question must be asked for the whole framework)
- How were these social issues documented?
- Has any social issue become problematic?
 - If so, why?
 - And how was it handled?
- How much time and money (of the project budget) had been allocated to deal with social issues?
- Have social issues influenced a decision at any of the decision gates?
- For the second project only:
 - Was it a social issue that stopped the project?
 - If so, what issue and why?
 - How could things have been handled differently?
 - Would it have changed the outcome of the project?

14.3 Framework Verification Part 2: Operational Phase

The unit of analysis for this part is the operational plant that is manufacturing products. The record of complaints of companies is investigated. The aim is to investigate records of complaints for at least the last 2 years of four different chemical facilities. Two of the facilities operate in developed countries, namely United States and Germany, and the other two in the same developing country, namely South Africa. The age of the facilities are summarised in Table 14-1.

Table 14-1: Age of chemical facilities

Chemical Facility	Time in Operation
United States	± 45 years
Germany	± 80 years
South Africa A	± 55 years
South Africa B	± 25 years

14.3.1 Field Procedures

The case study will rely on two sources of information, namely: archival records and interviews. Interviews will be conducted personally or telephonically and will take approximately 20 to 30 minutes.

The following preparations are required:

- Identification of relevant people to interview or to obtain information from
- Gathering of contact details for the relevant company personnel
- Letter of introduction to relevant company personnel and other
- Acquire permission to obtain documentation
- Schedule interview or meeting times

14.3.2 Case Study Questions

The case study will be based on an archival analysis and interviews with the persons responsible for the record of complaints. Stakeholders such as community members and members of NGO's will be interviewed where applicable. The main source of information is the archival records.

The archival records will be analysed by using the following classification systems for each complaint:

Classification System 1: Origin of Complaint

- Internal Complaint
- External Complaint

Classification System 2: Nature of External Complaint (A)

- Economic
- Social
- Environmental³
- Other – If other specify

Classification System 3: Nature of External Complaint (B) (If Social)

- Employment Stability
- Employment Practices
- Health & Safety (of employees)
- Capacity Development
- Human Capital

³ External environmental complaints with regards to pollution or noise will be viewed as Social complaints and specifically Community Capital in nature. This is also relevant to the decommissioning and construction phases.

- Productive Capital
- Community Capital
- Socio-Economic Performance
- Socio-Environmental Performance
- Information Provision
- Stakeholder Influence
- Other – If other specify

Classification System 4: Action taken with regards to External complaint

- Ignored
- Investigation and report
- Changes made to address problem (Specify)

Classification System 5: Nature of Internal Complaints (A)

- Environmental Incidents (e.g. spilling of chemicals, road accidents, etc).
- Social Incidents (e.g. health related or work related complaints)
- Other (e.g. production process problems that should be documented)

Classification System 6: Nature of External Complaint (B) (If Social)

- Use Classification System 3.

14.3.2.1 Interviews with responsible persons of record of complaints:

The following questions will be addressed in the interviews:

- What is the normal process to handle complaints?
- Are all complaints captured in the record of complaints?
- What is the average feedback time on complaints?
- Can complaints be made anonymously?
- What mechanisms are in place to allow stakeholders to complain?
- Are complaints with regards to social issues common?
- Are these complaints handled differently?
- Is there a difference in the way in which internal and external complaints are handled?

14.3.2.2 Interviews with stakeholders:

The following questions will be addressed in the interviews:

- Is the process of complaints known to stakeholders? Are stakeholder complaints reported back to stakeholders/communities?
- How does the company react towards complaints from stakeholders?
- What is the general feeling with regards to the company's stakeholder engagement approaches?

- Has the company add value to the community in which it operates?

14.4 Framework Verification Part 3: Decommissioning Phase

The unit of analysis for this part is the decommissioning and rehabilitation of an operational initiative.

Three decommissioning projects or sites are studied, namely:

- a cyanide plant;
- a fibres plant; and
- a mine.

14.4.1 Field Procedures

The case study will rely on three sources of information, namely: documents, archival records and interviews. Interviews will be conducted personally or telephonically and will take approximately 20 to 30 minutes. Interviews will not only be conducted with company personnel but also with relevant community members or members of NGO's where applicable.

The following preparations are required:

- Identification of relevant people to interview or to obtain information from
- Gathering of contact details for the relevant company personnel
- Letter of introduction to relevant company personnel
- Acquire permission to obtain documentation
- Schedule interview or meeting times

14.4.2 Case Study Questions

The following questions will be addressed:

- What social issues had to be addressed in the project?
 - Check against the framework
- Why were these social issues addressed?
- Were these issues addressed proactively or reactively? Why? How?
- At what stage in the project were these aspects detected or addressed for the first time?
- At what stage in the project has reliable information with regards to these aspects been available?
(This question must be asked for the whole framework)
- Has social information been gathered or projected during the construction project of the operational initiative?
- If so, what is the accuracy of that information?
- How were these social issues documented?
- Has any social issue become problematic?
- If so, why?
- And how was it handled?

- How much time and money (of the project budget) had been allocated to deal with social issues?
- Have social issues influenced a decision at any of the decision gates?

14.5 Summary

In summary the research design for each set of case studies are summarised using components identified by Yin [1] and are shown in Table 14-2.

Table 14-2: Summary of Research Designs

Phase	Study Question	Unit of Analysis	Data Analysis Technique	Case Structure	Description
Construction	What are the social aspects that become problematic or had to be addressed in the project?	Construction project of a new operational initiative	Evidence must be placed into the proposed social sustainability framework.	a) Background Information b) Case Approach (if applicable) c) Social Issues manifesting in project	Study (if applicable) Issues in project
Operation	What are the social aspects become problematic to community members?	An operational facility	Data are analysed following the classification system described in section 14.3.2.	a) Background Information b) Complaint Process c) Analysis of Complaints	
Decommissioning	What are the social aspects that become problematic or had to be addressed in the project?	Decommissioning and rehabilitation project of an operational facility.	Evidence must be placed into the proposed social sustainability framework.	a) Background Information b) Reasons for Decommissioning c) Social Issues manifesting in project	

Yin [1] proposes four tests to judge the quality of the research design namely: Internal and external validity, reliability and construct validity. In order to address these aspects the following tactics are proposed for case study execution:

- Multiple data sources will be used as far as possible. If not available, data obtained should be verified by interviews with various project members and stakeholders.
- Key informants will be requested to review draft case study reports.
- The case study protocol will be applied during all executions.

14.6 References

[1] Yin, R.K., *Case Study Research: Design and Methods*, 2nd Edition, SAGE Publications, London, 1994.

15. Appendix G: Survey Questionnaire

15.1 Survey Design

The survey was designed to determine whether the specific criteria are relevant to business. A criterion is relevant to business when it is a social aspect which business should address or consider in its activities or when it is a social aspect for which business should take responsibility. The survey consists of three sections. Section 1 gathers general information to determine the knowledge level of participants with regards to sustainable development as well as the expertise of the participants. Section 2 addresses the main criteria of the three dimensions of sustainable development and Section 3 addresses the lower levels of social criteria. Two aspects thereof are evaluated, namely:

- the relevance thereof in terms of a three point scale – High, Medium and Low; and
- the appropriateness of the level within the framework using a binary response – Yes/No.

The survey was designed to be completed electronically and distributed using e-mail. Respondents had the option to respond either via e-mail or to fax it to the research institution.

The survey address the second research question: *What social business sustainability impacts or aspects should be considered in the project life cycle?* Although the survey address business relevance, it specifically relates to the first sub-question, namely, *What are the social aspects relevant to project management within the process industry?* since criteria can only be relevant to company projects if it is relevant to business.

15.2 Example of Survey Questionnaire

15.2.1 Information Page

AIM OF THIS SURVEY:

- Evaluate the relevance of suggested criteria to measure sustainable development from a process industry perspective.
- Determine whether the criteria (especially social criteria) address all aspects of sustainable development from a company perspective.

GUIDELINES ON COMPLETING THE SURVEY

- The survey can be completed electronically. Please save the file when done and mail it back to Jurie Steyn or directly to Carin Labuschagne (carin.labuschagne@up.ac.za)
- The survey has been set up in Word using forms. Please use the “TAB” or “Page Up”/“Page Down” keys to move between questions. Boxes can be marked or unmarked by clicking on the “Space bar” when on the box.
- If preferred the survey can be faxed to (012) 362 5307 to maintain confidentiality.
- Thank you very much for your time.

15.2.2 General Questions

GENERAL QUESTIONS:

Job Description:

Do you regularly work with or are you regularly involved with any of the following activities or business models:

Business Development and Implementation (BD&I) Model

Environmental Impact Assessment Studies

CSR Projects

Project Management (Gate Reviews etc)

In what way?

Please indicate your awareness on the following issues:

Does your company have a sustainable development strategy?

Yes No Don't know

If yes, how familiar are you with the strategy? Choose one of the following

Do you think Corporate Social Responsibility Projects contribute towards the overall sustainability of a company?

Yes No Don't know

Do you think social and environmental aspects and impacts of a project should be taken into consideration during GATE REVIEW meetings?

Yes, environmental only

Yes, social and environmental

Yes, social only

No

Please motivate your answer in question 4 briefly

15.2.3 Main criteria

Sustainable Development Criteria for Business

The 2002 World Summit on Sustainable Development highlighted that the concept of sustainability is increasingly recognized by governments and businesses worldwide. There are currently more than 100 definitions for sustainable development. For the business environment the International Institute for Sustainable Development's definition is proposed: "For the business enterprise, sustainable development means adopting business strategies and activities that meet the needs of the enterprise and its stakeholders today, while protecting, sustaining and enhancing the human and natural resources that will be needed in the future". A prerequisite for sustainable development is, however, the construction of sustainability indicators. On national and community level progress have been made; nevertheless the concept of business sustainability indicators is still in an infancy stage. This survey proposes a set of sustainability criteria, which address all three general accepted objectives of sustainability, i.e. to measure the sustainability of new or current business initiatives. The aim of the survey is to evaluate the relevance and appropriateness of the proposed criteria.

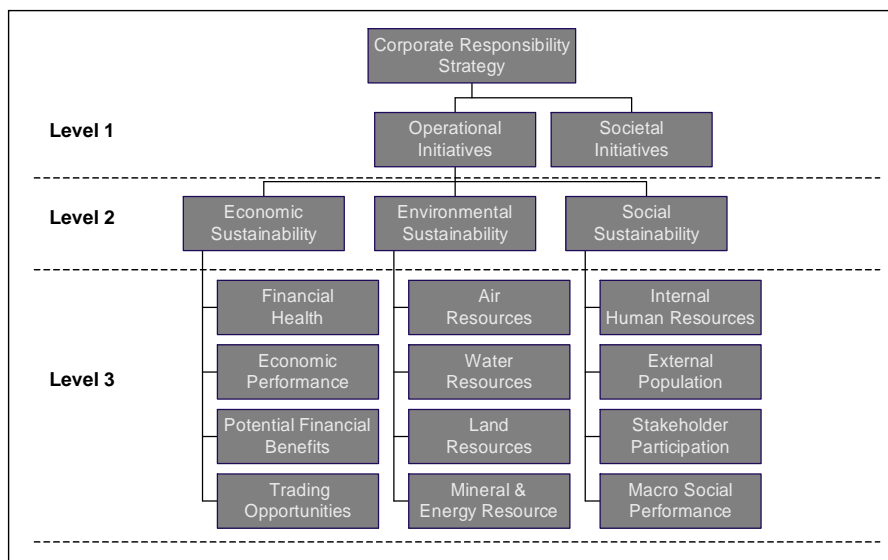


Figure 15-1: Framework to assess sustainability

A prerequisite for the introduction of sustainable measures in a company is a corporate strategy that acknowledges the company's responsibilities towards society and the support of local, national and/or international sustainable development initiatives. The proposed framework therefore focuses on business sustainability from a strategic perspective and consists of different levels. The corporate strategy is supported by two main company focus areas namely operational and societal initiatives (Level 1). Operational Initiatives include all core business activities, projects, day-to-day functioning of the business etc., which should all support the sustainability strategy. Societal initiatives refers to all company activities that influence the sustainability of the business, but does not form part of its core business activities, e.g. philanthropic projects such as Sasol support for wildlife literature. Level 2 lists the three main sustainability categories against which business initiatives are evaluated while the sub-criteria of the social criterion are listed at 4 (Figure 2). Definitions for the Level 2 categories and Level 3 criteria are provided in the following table.

Table 1: Definitions of Categories

Category/Criteria	Definition
<i>Economic Sustainability</i>	<i>The economic dimension concerns the economic health and viability of the business. It has an internal focus that evaluates the organization's short and long-term financial stability and survival capabilities.</i>
Financial Health	Financial Health entails those aspects assessing the internal financial stability of a company and includes traditional measures such as profitability, liquidity and solvability.
Economic Performance	Economic Performance assesses the company's value as perceived by shareholders, top management and government and includes measures such as share profitability, contribution to Gross Domestic Product as well as market share indicators.
Potential Financial Benefits	Potential Financial Benefits assess financial benefits other than profits e.g. national and/or international subsidies based on the environmental, social and/or technological improvements due to company activities.
Trading Opportunities	Trading opportunities assess the vulnerability of the organization's trade network as well as the risks it is exposed to by the network it is embedded in, by considering the number of national and/or international organizations in the trade network.
<i>Environmental Sustainability</i>	<i>The environmental dimension concerns an organization's impacts on the environment. It has an external focus and addresses impacts on air, water, land and mineral and energy resources.</i>
Air Resources	Air resources assess an organization's contribution to regional air quality effects (e.g. visibility, smell, noise levels, etc.) as well as to global effects such as global warming and stratospheric ozone depletion.
Water Resources	Water resources assess the availability of clean and safe water by focusing on an organization's impacts on the quantity and quality of water.
Land Resources	Land resources assess an organization's impacts on the quantity and quality of land resources, including aspects such as biodiversity, erosion, transformation and rehabilitation ability, etc.
Mineral and Energy Resources	Mineral and energy resources assess an organization's contribution to the depletion of non-renewable mineral and energy resources.
<i>Social Sustainability</i>	<i>The social dimension concerns the organization's impact on the social systems in which it operates, as well as the organization's relationships with its various stakeholders.</i>
Internal Human Resources	Internal Human Resources focuses on the social responsibility of the company towards its workforce and includes all aspects of employment (e.g. employment practices, work conditions, workforce development etc.)
External Population	External population focuses on the impact of the company's operational initiatives on a society, e.g. impact on availability of services; community cohesion, economic welfare, etc.
Stakeholder Participation	Stakeholder participation focuses on the relationships between the company and ALL its stakeholders (internally and externally) by assessing the standard of information sharing and the degree of stakeholder influence on decision-making.
Macro Social Performance	Macro Social Performance focuses on the contribution of an organization to the environmental and financial performance of a region or nation (e.g. contribution to exports)

Criteria Evaluation						
Please rate whether you think the specific criteria is relevant to business sustainability evaluation i.e. does it contribute towards overall sustainability of a business.						
ECONOMIC SUSTAINABILITY:LEVEL 3 CRITERIA						
Criteria	Relevance			Appropriate Level		
	High	Medium	Low	Yes	No	If no, what level is appropriate for the criteria?
Financial Health	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Economic Performance	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Potential Financial Benefits	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Trading Opportunities	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
ENVIRONMENTAL SUSTAINABILITY:LEVEL 3 CRITERIA						
Criteria	Relevance			Appropriate Level		
	High	Medium	Low	Yes	No	If no, what level is appropriate for the criteria?
Water Resources	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Air Resources	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Land Resources	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Mineral & Energy Resources	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
SOCIAL SUSTAINABILITY:LEVEL 3 CRITERIA						
Criteria	Relevance			Appropriate Level		
	High	Medium	Low	Yes	No	If no, what level is appropriate for the criteria?
Internal Human Resources	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
External Population	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Stakeholder Participation	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Macro Social Performance	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	

15.2.4 Social Criteria

LEVEL 4: Social Criteria Evaluation

Please rate whether you think the specific criteria is relevant to social business sustainability evaluation i.e. does it contribute towards overall social sustainability of a business.

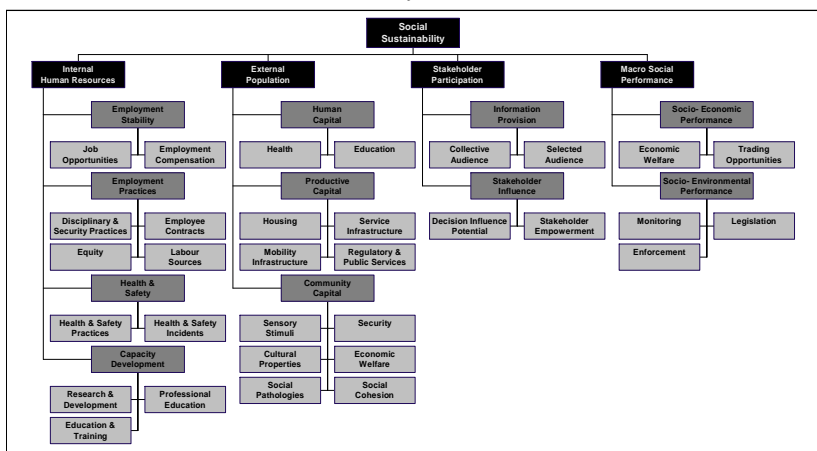


Figure 2: Social Sustainability Framework

SOCIAL SUSTAINABILITY: LEVEL 4 CRITERIA (See Figure 2 and Table 2 for clarity on Level 4 Criteria)						
Criteria	Relevance			Appropriate Level		
	High	Medium	Low	Yes	No	If no, what level is appropriate for the criteria?
Employment Stability	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Employment Practices	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Health and Safety	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Capacity Development	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Human Capital	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Productive Capital	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Community Capital	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Information Provision	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Stakeholder Influence	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Socio-Economic Performance	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Socio-Environmental Performance	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	

Table 2: Definitions of Level 4 Social Criteria

Criteria	Definition
Employment Stability	The criterion addresses a business initiative's impact on work opportunities within the company, the stability thereof as well as evaluating the fairness of compensation.
Employment Practices	Disciplinary and Secrecy Practices as well as employee contracts are addresses under this criterion. These are evaluated to ensure that it complies with the laws of the country, international human rights declarations as well as other human rights and fair employment practice standards. The gender and racial equity inside the company is also addressed under this criterion as well as the legitimacy of labour sourcing practices, e.g. child labour, etc.
Health and Safety	The criterion focuses on the health and safety of the workforce and evaluates preventive measures as well as the occurrence and handling of health and/or safety incidents.
Capacity Development	The criterion addresses two different aspects namely research and development and career development.
Human Capital	Human Capital refers to an individual's ability to work in order to generate an income and encompasses aspects such as health, psychological wellbeing, education, training and skills levels. The criterion addresses Health and Education separately. Health focuses on any illnesses caused by, or due to, the operational initiative as well as additional strain on medical facilities. Education considers the impact on education facilities and the effect of possible training opportunities and the sharing of information on the community's level of education
Productive Capital	Productive capital entails the assets and infrastructure an individual needs in order to maintain a productive life. The criterion measures the strain placed on these assets and infrastructure availability by the business initiative.
Community Capital	This criterion takes into account the effect of an operational initiative on the social and institutional relationships and networks of trust, reciprocity and support as well as typical characteristics of the community.
Information Provision	The quantity and quality of information shared with stakeholders are measured. Information can either be shared openly with all stakeholders (Collective Audience) or shared with targeted, specific groups of stakeholders (Selected Audience).
Stakeholder Influence	The degree to which the company actually listens to the stakeholders' opinion should also be evaluated. Two separate groups are included: Decision Influence Potential and Stakeholder Empowerment.
Socio-Economic Performance	This criterion addresses the external economic impact of the company's business initiatives. Economic welfare (contribution to GDP, taxes, etc.) as well as trading opportunities (contribution to foreign currency savings etc) are addressed separately.
Socio-Environmental Performance	This criterion considers the contributions of an operational initiative to the improvement of the environment for society on a community, regional and national level. The extension of the environmental monitoring abilities of society, as well as the enhancement of legislation and the enforcement thereof, are included in this criterion.

16. Appendix H: Additional Survey Results

16.1 Participants perception of Sustainable Development

The survey included some general questions on Sustainable Development. The first of these dealt with the sustainable development strategy of the company and the second tested the participants' knowledge of these strategies. The results of these two questions are summarised in

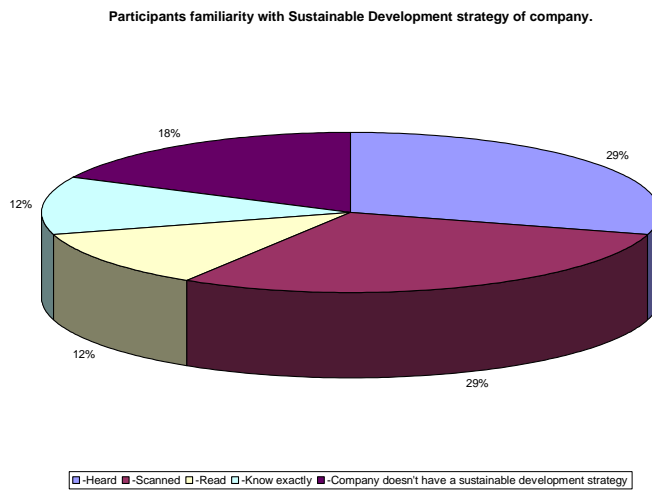


Figure 16-1: Respondents familiarity with Sustainable Development Strategy of Company

The third question assessed whether the respondents thought Corporate Social Responsibility projects contributed to the overall sustainability of the company. Ninety-six (96%) percent of all respondents thought it did. The last question dealt with project decision-making and asked whether social and environmental aspects should be taken into consideration during the decision making process. Results are shown in Figure 16-2.

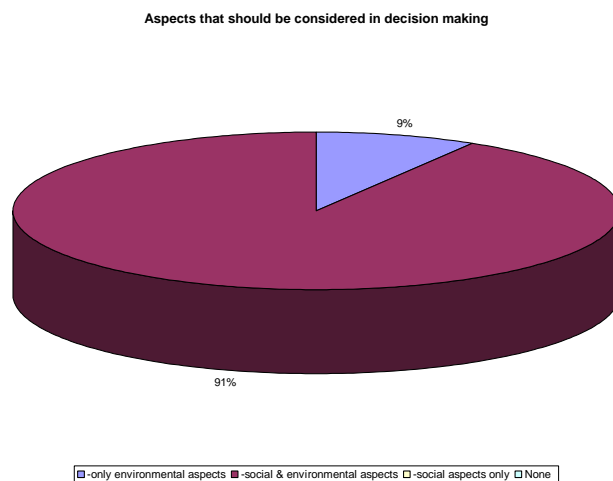


Figure 16-2: Aspects that should be considered in decision making.

16.2 95% Confidence Intervals of true proportions

The following figures (Figure 16-3 to Figure 16-7) depict the 95% confidence intervals of true proportions, which is also summarised in Table 16-1. The following abbreviations are used on the specific figures:

- Main Social Criteria
 - IHR: Internal Human Resources
 - EP: External Population
 - MSP: Macro Social Performance
 - SP: Stakeholder Participation
- Internal Human Resources
 - ES: Employment Stability
 - EP: Employment Practices
 - HS: Health and Safety
 - CD: Career Development
- External Population
 - HC: Human Capital
 - PC: Productive Capital
 - CC: Community Capital
- Macro Social Performance
 - EC: Socio-Economic Performance
 - ENV: Socio-Environmental Performance
- Stakeholder Participation
 - IP: Information Provision
 - SI: Stakeholder Influence

The H, M and L refer to the specific rating given.

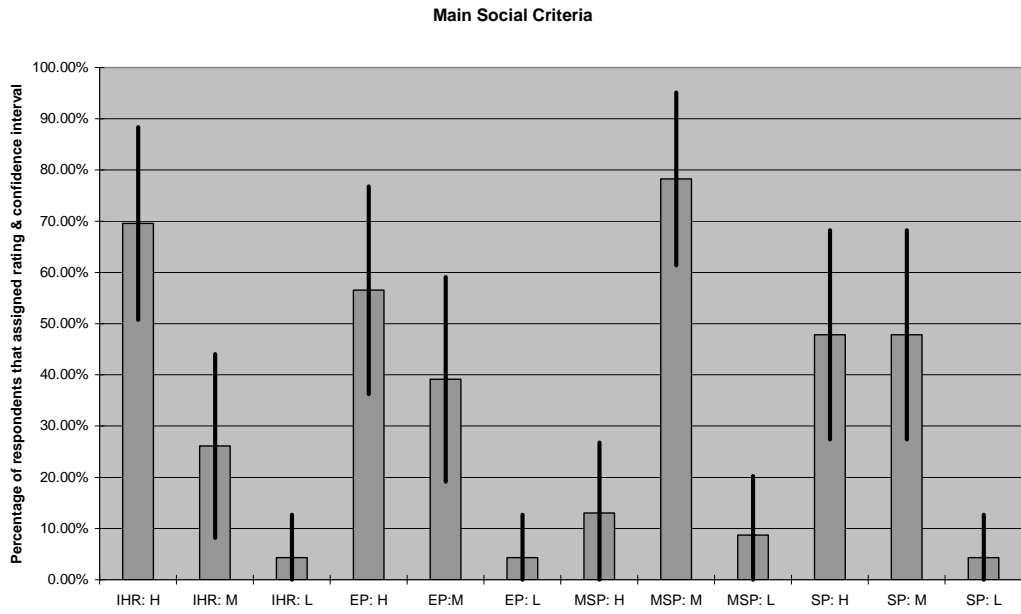


Figure 16-3: Main Social Criteria

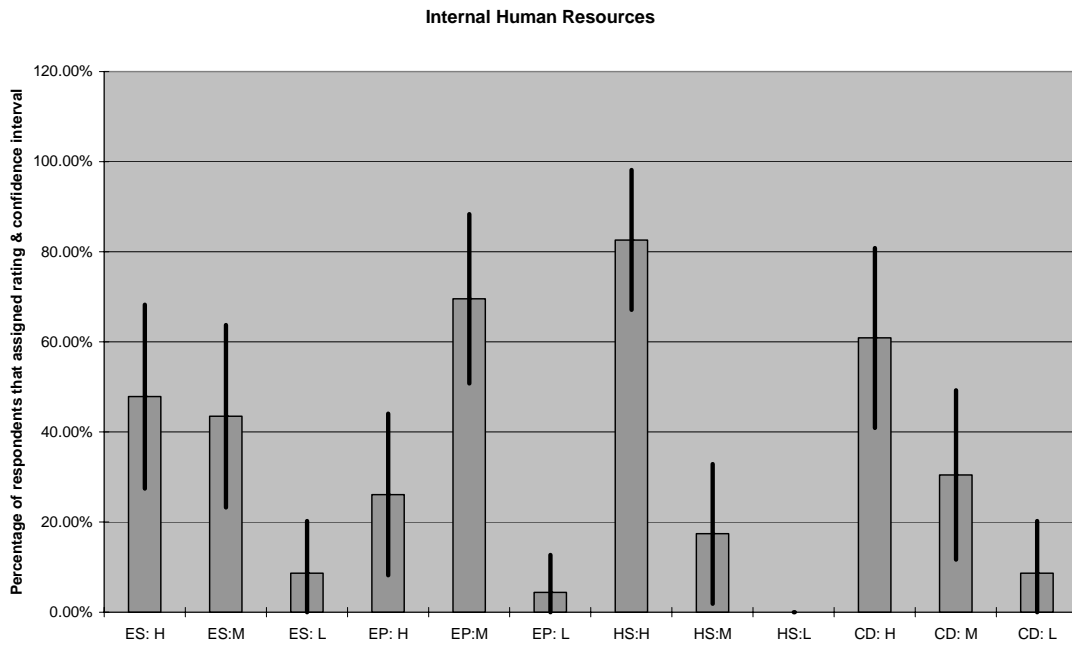


Figure 16-4: Internal Human Resources

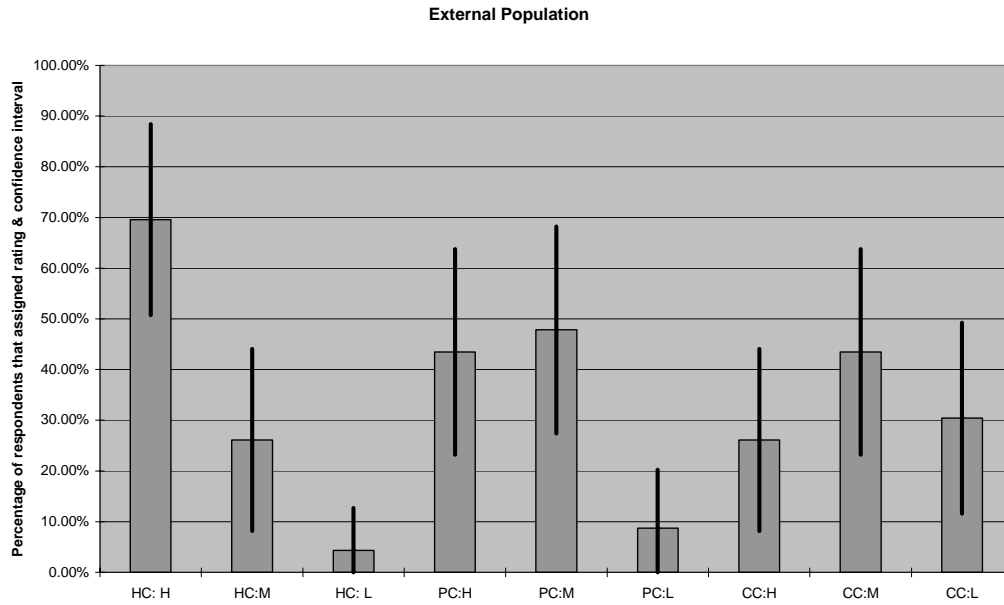


Figure 16-5: External Population

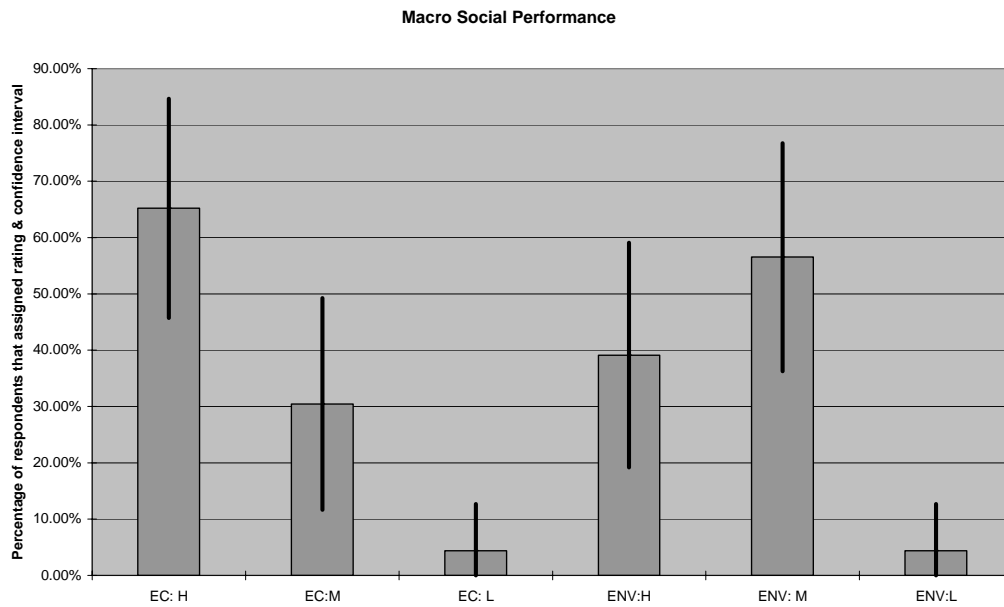


Figure 16-6: Macro Social Performance

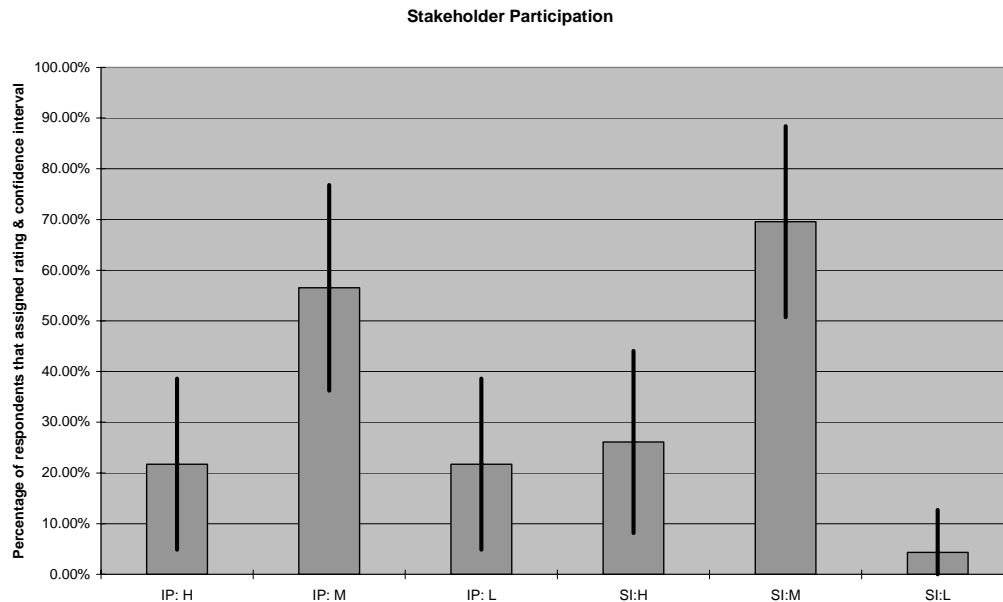


Figure 16-7: Stakeholder Participation

Table 16-1: Summary of 95% confidence levels of true proportions

Criterion	Relevance: High		Relevance: Medium		Relevance: Low	
	Response	Confidence Interval	Response	Confidence Interval	Response	Confidence Interval
Internal Human Resources	69.57%	50.76 < p < 88.37	26.09%	8.14 < p < 44.03	4.35%	0 < p < 12.68
External Population	56.52%	36.26 < p < 76.78	39.13%	19.18 < p < 59.07	4.35%	0 < p < 12.68
Stakeholder Participation	47.83%	27.41 < p < 68.24	47.83%	27.41 < p < 68.24	4.35%	0 < p < 12.68
Macro Social Performance	13.04%	0.00 < p < 26.81	78.26%	61.40 < p < 95.12	8.70%	0 < p < 20.21
Employment Stability	47.83%	27.41 < p < 68.24	43.48%	23.21 < p < 63.74	8.70%	0 < p < 20.21
Employment Practices	26.09%	8.14 < p < 44.03	69.57%	50.76 < p < 88.37	4.35%	0 < p < 12.68
Health & Safety	82.61%	67.12 < p < 98.10	17.39%	1.9 < p < 32.88	0.00%	N/A
Capacity Development	60.87%	40.92 < p < 80.81	30.43%	11.63 < p < 49.24	8.70%	0 < p < 20.21
Human Capital	69.57%	50.76 < p < 88.37	26.09%	26.09 < p < 44.04	4.35%	0 < p < 12.68
Productive Capital	43.48%	23.21 < p < 63.74	47.83%	27.41 < p < 68.24	8.70%	0 < p < 20.21
Community Capital	26.09%	8.14 < p < 44.03	43.48%	23.21 < p < 63.74	30.43%	11.63 < p < 49.23
Information Provision	21.74%	4.88 < p < 38.59	56.52%	36.26 < p < 76.78	21.74%	4.88 < p < 38.60
Stakeholder Influence	26.09%	8.14 < p < 44.03	69.57%	50.76 < p < 88.37	4.35%	0 < p < 12.68
Socio-Economic Performance	65.22%	45.75 < p < 84.68	30.43%	11.63 < p < 49.24	4.35%	0 < p < 12.68
Socio-Environmental Performance	39.13%	19.18 < p < 59.07	56.52%	36.26 < p < 76.78	4.35%	0 < p < 12.68

17. Appendix I: Indicators per criteria for each asset life cycle phase

The indicators listed are classified by the types of indicators. Based on the literature review of indicators, the classification framework (of Figure 17-1) is proposed for indicators and will be used to classify the indicators.

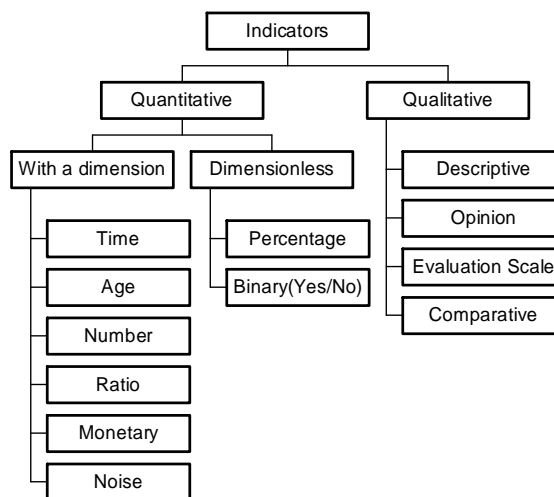


Figure 17-1: Classification System for Indicators

Unfortunately, all types of indicators cannot be used with the same ease and one of the major shortcomings of current indicator frameworks is the lack of clear and detailed guidance for indicator use, specifically on how to apply these indicators [IO]. Currently, quantitative indicators are preferred above qualitative indicators, since it is believed that it is easier to gather the necessary data for an impact assessment. However, the use of only quantitative indicators can turn out to be just another accounting exercise [IO]. The development of indicators should thus also look at the practicality thereof as well as at data availability to facilitate comparison. Criteria should never be excluded due to problems with indicator measurement or data availability. A more optimal approach is to find an indicator type that can easily be measured for the specific criteria and to

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continuously strive to measure indicators in more detail, for example by moving from a binary indicator to a quantitative indicator with dimension or a qualitative indicator. The following table lists the criteria and associated indicators, the characteristic types of the indicators, and the life cycle phase where the indicators are applicable.

Criteria & Indicators	References	Type of Indicator	Design	C ⁴	Operation	D ⁵
1. Internal Human Resources						
Reputation of company as a desirable employer as measured by national surveys, employee surveys and job applicant feedback	[I1, I2]	Qualitative: Opinion			X	
Level of employee satisfaction relative to industry norms	[I1, I3, I4]	Quantitative or Qualitative		X	X	X
SA8000 certification	[I9]	Quantitative: Binary			X	
Does the company measure and control the long-term success of its human resource policies in a formal/standardised way?	[I4]	Quantitative: Binary			X	
1.1 Employment Stability						
Average duration of a contract	[I5]	Quantitative: Time		X	X	X
Average duration of employment	[I5]	Quantitative: Time		X	X	X
Retirement Age	[I6]	Quantitative: Age			X	
1.1.1 Employment Opportunities						
a) Breakdown of workforce by:						
• Status (employee/non-employee)	[I7]	Quantitative: Nr or Percentage		X	X	X

⁴ C= Construction

⁵ D= Decommissioning

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Criterion & Indicators	References	Type of Indicator	Design	C	Operation	D
• Type (full time/part time)	[I1,I7]	Quantitative: Number or Percentage		X	X	X
• Contract (indefinite/permanent/fixed term/temporary)	[I7]	Quantitative: Number or percentage		X	X	X
• Location	[I1,I7]	Quantitative: Number		X	X	X
• Salary Level	[I1,I7]	Quantitative: Number		X	X	X
b) New employees appointed:						
• Net employment creation	[I1, I7, I8, I9,I10]	Quantitative: Number		X	X	X
• Percentage of employees hired based on a validated selection test	[I4]	Quantitative: Percentage		X	X	
• New appointments as a percentage of number of direct employees	[I8]	Quantitative: Percentage			X	
c) Employees leaving the company:						
• Number of employees who have resigned or have been made redundant per year	[I8]	Quantitative: Number			X	X
• Total number of dismissals	[I9]	Quantitative: Number			X	X

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Criterion & Indicators	References	Type of Indicator	Design	C	Operation	D
<ul style="list-style-type: none"> Percentage of dismissals over 45 years of age compared to total number of dismissals 	[I9]	Quantitative: Percentage			X	X
<ul style="list-style-type: none"> Percentage of skilled employees that left the company in the course of the past year relative to the total average number of skilled employees 	[I4]	Quantitative: Percentage			X	X
<ul style="list-style-type: none"> Percentage of workforce that is systematically outplaced or re-assigned because of weak performance of the employee relative to the total average number of total workforce 	[I4]	Quantitative: Percentage			X	X
<ul style="list-style-type: none"> Does your company have policies covering redundancies? 	[I11]	Quantitative: Binary			X	
d) Other:						
Number of employees; can be expressed as full-time equivalents	[I8, I9, I12, I13, I14]	Quantitative: Number		X	X	X
Employee turnover (resigned + redundant/number employed) (can be compared to sector norms)	[I1, I3, I7, I8]	Quantitative: Percentage		X	X	X
What is the company's policy or preferences with regards to labour intensive processes versus technology intensive processes?		Qualitative: Descriptive	X	X	X	X

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Criterion & Indicators	References	Type of Indicator	Design	C	Operation	D
<p>Rate the following statements as: Not at all; to a small extent, to some extent, to a great extent, nearly always:</p> <ul style="list-style-type: none"> • The company takes social considerations into account when dismissals are necessary, for example: <ul style="list-style-type: none"> ○ longer period of notice ○ compensation payments ○ redeployment ○ retaining of workers whose dismissal would have the worst consequences (e.g. single parents, persons with difficulty in finding new employment, etc.) ○ helping dismissed workers find new employment (putting them in contact with the employment service, advertising in the daily press or other forms of job placement, etc.). • The company takes special account of workers who for one reason or another are not fully able to cope with their jobs (e.g. by offering retraining, further training or redeployment in a different type of job). • The company organises work so that a number of jobs are reserved for workers who become chronically sick or disabled. • The company's efforts to retain disabled workers cover the main categories of the workforce. 	[I3]	Qualitative: Evaluation Scale			X	

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Criterion & Indicators	References	Type of Indicator	Design	C	Operation	D
Rate the following statements as: Not at all; to a small extent, to some extent, to a great extent, nearly always: <ul style="list-style-type: none"> • The company seeks to do all it can to ensure that older workers can continue as long as they want. For example by providing: <ul style="list-style-type: none"> ○ opportunities for working shorter hours ○ transfer to other tasks and responsibilities ○ further training. \ • The company offers work experience placements (e.g. for school pupils, apprentices, students, persons with disabilities, etc.). 	[I3]	Qualitative: Evaluation Scale			X	
1.1.2 <u>Employment Remuneration</u>						
Total Payroll Expenses, can subdivide into total wage expenses and total benefit expenses	[I8]	Quantitative: Monetary		X	X	X
Average Disability Pensions	[I6]	Quantitative: Monetary			X	X
a) Salaries/Wages:						
<ul style="list-style-type: none"> • Indicative wage and benefit package for highest-paid 10% and lowest-paid 10% of employees 	[I8]	Quantitative: Monetary		X	X	X
<ul style="list-style-type: none"> • Lowest wage paid per month in comparison with statutory minimum in country 	[I1, I2, I5, I9, I15]	Quantitative: Ratio		X	X	X
<ul style="list-style-type: none"> • Income + benefit ratio comparison between top 10% and bottom 10% or highest and lowest salary. 	[I5, I8, I9]	Quantitative: Ratio		X	X	X

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Criterion & Indicators	References	Type of Indicator	Design	C	Operation	D
• Does your company have policies covering wages? If yes, does it also address living wage? If yes, does it also address cash profit sharing?	[I11]	Quantitative: Binary		X	X	X
• What percentage of your company's employees is covered by these policies?	[I11]	Qualitative: Percentage		X	X	X
• How are these policies communicated (languages, availability etc.)?	[I11]	Qualitative: Descriptive		X	X	X
b) Employment Benefits:						
• Employment benefits beyond those legally mandated	[I4, I6]	Qualitative: Descriptive		X	X	X
• Benefits as percentage of payroll expense	[I8]	Qualitative: Percentage		X	X	X
• Percentage of company shares held by employees	[I9]	Qualitative: Percentage			X	
• Percentage of employees included in profit sharing programme	[I1, I4, I9]	Qualitative: Percentage			X	
• Percentage of employees included in Bonuses programme	[I4, I9]	Qualitative: Percentage			X	
• Does the company offer a:	[I9]	Quantitative: Binary		X	X	X
○ A family health plan						
○ Support for children's education						
○ Financing for purchasing of housing						

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Criterion & Indicators	References	Type of Indicator	Design	C	Operation	D
<ul style="list-style-type: none"> Percentage of employees with medical insurance, paid leave and other benefits 	[I1]	Qualitative: Percentage		X	X	X
<ul style="list-style-type: none"> Comparison of benefits and hourly wages between full-time and part-time employees 	[I1]	Qualitative: Descriptive/ Quantitative: Ratio		X	X	X
1.2 Employment Practices						
Does your company publicly support the United Nations Universal Declaration on Human Rights?	[I4, I11]	Quantitative: Binary		X	X	X
Does your company publicly support any ILO conventions? If yes, please specify which ILO conventions.	[I4, I11]	Quantitative: Binary		X	X	X
Does your company have a management system covering human and labour rights? If yes, what percentage of employees is covered by this system?	[I11]	Quantitative: Binary and Percentage			X	
SA8000/ BS 8800 certification	[I9]	Quantitative: Binary			X	
Does your company conduct audits of human and labour rights activities? If yes:	[I11]	Quantitative: Binary		X	X	X
<ul style="list-style-type: none"> what percentage of your operations is audited? 	[I11]	Quantitative: Percentage		X	X	X
<ul style="list-style-type: none"> are these audit performed on a regular basis? 	[I11]	Quantitative: Binary		X	X	X
<ul style="list-style-type: none"> are these audits verified by a third party? 	[I11]	Quantitative: Binary		X	X	X

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Criterion & Indicators	References	Type of Indicator	Design	C	Operation	D
a) Work-Life:						
Does the company	[I9]	Quantitative: Binary			X	
<ul style="list-style-type: none"> • Offer a program of prevention and treatment of drug and alcohol addiction? • Encourage workout during working hours? 						
Existence of work-life programs such as flexitime, job sharing, telecommuting, child care, sabbaticals, and training; and percentage of employees participating in these programs relative to sector norms	[I1]	Quantitative: Binary and Percentage			X	
Other: Rate the following statements as: Not at all; to a small extent, to some extent, to a great extent, nearly always:	[I3]	Qualitative: Evaluation Scale				
<ul style="list-style-type: none"> • The company has surveyed the requirements and possibilities for preventing persons outside the company from being excluded from the labour market (introducing jobs with flexible hours, work placements, supporting activities for young people in the local community, etc.). • Workers have a strong influence on working time. • Workers have a strong influence on the daily scheduling of working time. 					X	
Workers are able to work reduced hours or obtain leave in special situations (e.g. serious illness of close relatives).						

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Criterion & Indicators	References	Type of Indicator	Design	C	Operation	D
Rate the following statements as: Not at all; to a small extent, to some extent, to a great extent, nearly always:	[I3]	Qualitative: Evaluation Scale			X	
<ul style="list-style-type: none"> Workers have the company's support in taking up various leave opportunities. Workers have the company's support in taking up public office (e.g. local politics). Workers are able to pursue time consuming leisure interests (e.g. competitive sport). 						
<u>1.2.1 Disciplinary & Security Practices</u>						
Description of appeal practices	[I7]	Qualitative: Descriptive		X	X	X
Description of non-retaliation policy and effective confidential employee grievance system	[I7]	Qualitative: Descriptive		X	X	X
<u>Security Personnel statistics:</u>						
<ul style="list-style-type: none"> Use of security personnel as required by law 	[I15]	Quantitative: Binary and Qualitative: Descriptive			X	
<ul style="list-style-type: none"> Number of armed company security, armed contractor security and armed government forces 	[I15]	Quantitative: Number				

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Criterion & Indicators	References	Type of Indicator	Design	C	Operation	D
Human rights training for security personnel	[I7]	Quantitative: Binary and Qualitative: Descriptive		X	X	X
1.2.2 Employee Contracts						
Clarity of contractual terms	[I16]	Qualitative: Opinion		X	X	X
a) Working Hours & Overtime:						
• Average working hours	[I13]	Quantitative: Time		X	X	X
• Average of overtime worked per employee per year	[I9]	Quantitative: Time		X	X	X
• Does the company have a compensation and overtime policy for managers and executives?	[I9]	Quantitative: Binary		X	X	X
b) Freedom of Association and Collective Bargaining:						
• Percentage of employees represented by independent trade union organisations or other bona fide employee representatives	[I7, I15]	Quantitative: Percentage		X	X	X
• Percentage of employees covered by collective bargaining agreements broken down by region/country	[I7, I15]	Quantitative: Percentage		X	X	X
• Description of freedom of association policy and extent to which this policy is universally applied independent of local laws, as well as description of procedures/programmes to address this issue	[I7, I16]	Qualitative: Descriptive		X	X	X

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Criterion & Indicators	References	Type of Indicator	Design	C	Operation	D
<ul style="list-style-type: none"> Does your company have policies that cover Freedom of association and collective bargaining? Please also indicate the percentage of your company's employees covered by these policies. 	[I11]	Quantitative: Binary and Percentage				
<u>1.2.3 Equity & Diversity</u>						
a) Equity:						
<ul style="list-style-type: none"> Ratio of average female wage to average male wage 	[I17]	Quantitative: Ratio		X	X	X
<ul style="list-style-type: none"> Description of equal opportunity policies or programmes as well as monitoring systems to ensure compliance and results of monitoring 	[I7]	Qualitative: Descriptive		X	X	X
<ul style="list-style-type: none"> Description of global policy and procedures/programmes preventing all forms of discrimination in operations, including monitoring systems and results of monitoring 	[I7]	Qualitative: Descriptive		X	X	X
<ul style="list-style-type: none"> Number of plants with equal opportunity policies 	[I15]	Quantitative: Number			X	
<ul style="list-style-type: none"> Does your company have policies that cover the Discrimination? Please also indicate the percentage of your company's employees covered by these policies. 	[I11]	Quantitative: Binary and Percentage		X	X	X

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Criterion & Indicators	References	Type of Indicator	Design	C	Operation	D
Does the company: <ul style="list-style-type: none"> • support community projects that aim to improve the competitiveness of groups which commonly encounter discrimination in the labour market? • have a special program for hiring physically and mentally disabled people? • offer work opportunities for former prison inmates? • have a policy of giving preference in hiring processes to individuals over 45 years of age or those who have been unemployed for over 2 years? • have effective guidelines and processes to combat sexual harassment? 	[I9]	Quantitative: Binary			X	
Rate the following statements as: Not at all; to a small extent, to some extent, to a great extent, nearly always: <ul style="list-style-type: none"> • The company has surveyed the requirements and possibilities for helping persons <i>outside</i> the company enter the labour market (recruiting persons with disabilities, other ethnic backgrounds, etc.). • The company endeavours to ensure a broad mix of workers in terms of e.g. gender, age, ethnic background etc. when recruiting. 	[I3]	Qualitative: Evaluation Scale			X	

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Criterion & Indicators	References	Type of Indicator	Design	C	Operation	D
Rate the following statements as: Not at all; to a small extent, to some extent, to a great extent, nearly always: <ul style="list-style-type: none"> The company considers whether vacancies or new tasks can be filled by persons with disabilities. The company is in constant contact with the employment service and the local authority with a view to whether the company can offer employment to disadvantaged persons. Personnel composition (e.g. training, age, gender, seniority) corresponds to the company's objectives 	[I3]	Qualitative: Evaluation Scale			X	
b) Diversity:						
<ul style="list-style-type: none"> Composition of senior management and corporate governance bodies (including the board of directors): female/male ratio and other indicators of diversity as culturally appropriate 	[I7]	Quantitative: Ratio			X	
<ul style="list-style-type: none"> <i>Gender diversity:</i> Percentage women in supervisory/professional positions, management positions, senior leadership positions; all of the above by race or percentage of workforce by gender type. 	[I9, I11, I12, I13, I15]	Quantitative: Percentage		X	X	X
<ul style="list-style-type: none"> <i>Minority Groups:</i> Numbers, percentage, and lengths of service of women and minorities: in senior management and on the board; interviewed, employed, and promoted by job category; earning above industry and/or local averages; and completing special training programs 	[I1]	Quantitative: Number, percentage and time		X	X	X

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Criterion & Indicators	References	Type of Indicator	Design	C	Operation	D
<ul style="list-style-type: none"> • <i>Regional diversity</i>: Percentage of country chair positions for which suitably qualified local nationals exist or percentage of senior leadership staff (management staff) by nationality 	[I12, I15]	Quantitative: Percentage			X	
<ul style="list-style-type: none"> • <i>Age</i>: Percentage of employees over 45 years of age out of the total number of employees or percentage of employees by age groups 	[I9, I12]	Quantitative: Percentage		X	X	X
<ul style="list-style-type: none"> • <i>Disadvantaged Groups</i>: Percentage of previously disadvantaged groups in management and workforce 	[I14]	Quantitative: Percentage		X	X	X
<ul style="list-style-type: none"> • Does your company have policies covering workforce diversity? 	[I11]	Quantitative: Binary		X	X	X
<u>1.2.4 Labour Sources</u>						
a) Child Labour						
<ul style="list-style-type: none"> • Description of policy excluding child labour as defined by the ILO Convention 138 and extent to which this policy is visibly stated and applied, as well as description of procedures/ programmes to address this issue, including monitoring systems and results of monitoring 	[I7, I9, I13, I15]	Qualitative: Descriptive	X	X	X	X
<ul style="list-style-type: none"> • How these policies are pushed in the supply chain. 	[I9, I15]	Qualitative: Descriptive		X	X	X
<ul style="list-style-type: none"> • Number of assessment filed by the Labour Ministry for using child labour in the period 	[I9]	Quantitative: Number		X	X	

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Criterion & Indicators	References	Type of Indicator	Design	C	Operation	D
<ul style="list-style-type: none"> Does your company have policies that cover child labour? Please also indicate the percentage of your company's employees covered by these policies. 	[I11]	Quantitative: Binary and Percentage	X	X	X	X
b) Forced Labour:						
<ul style="list-style-type: none"> Description of policy to prevent forced and compulsory labour and extent to which this policy is visibly stated and applied as well as description of procedures/programmes to address this issue, including monitoring systems and results of monitoring 	[I7]	Qualitative: Descriptive	X	X	X	X
<ul style="list-style-type: none"> Does your company have policies that cover forced labour? Please also indicate the percentage of your company's employees covered by these policies. 	[I11]	Quantitative: Binary and Percentage	X	X	X	X
c) Other:						
<ul style="list-style-type: none"> What are the major human and labour rights challenges in your industry? 	[I11]	Qualitative: Descriptive		X	X	X
<ul style="list-style-type: none"> Does your company have policies that cover indigenous people's rights? Please also indicate the percentage of your company's employees covered by these policies. 	[I11]	Quantitative: Binary and Percentage	X	X	X	X
<ul style="list-style-type: none"> Percentage of employees sourced from local communities relative to the total number of employees. 	[I2]	Quantitative: Percentage		X	X	X

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Criterion & Indicators		References	Type of Indicator	Design	C	Operation	D
1.3	<u>Health & Safety</u>						
	Fines, penalties and settlements: number thereof and amount spent	[I14]	Quantitative: Number and Monetary			X	
1.3.1	<u>Health & Safety Practices</u>						
	a) Procedures, practices and systems						
	<ul style="list-style-type: none"> Practices on recording and notification of occupational accidents and diseases, and how they relate to the ILO Code of Practice on Recording and Notification of Occupational Accidents and Diseases 	[I7]	Qualitative: Descriptive		X	X	X
	<ul style="list-style-type: none"> Evidence of substantial compliance with the ILO <i>Guidelines for Occupational Health Management Systems</i>. 	[I7]	Qualitative: Descriptive		X	X	X
	<ul style="list-style-type: none"> Description of formal joint health and safety committees comprising management and worker representatives and proportion of workforce covered by any such committees 	[I7]	Qualitative: Descriptive		X	X	X
	<ul style="list-style-type: none"> Exposure of employees to hazardous and potentially hazardous substances and conditions 	[I1]	Qualitative: Descriptive		X	X	X
	<ul style="list-style-type: none"> Number of Certifications held e.g. ISO 14000, OHSAS 18001, Rating on NOSA 5 star system 	[I14]	Quantitative: Number			X	

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Criterion & Indicators	References	Type of Indicator	Design	C	Operation	D
<ul style="list-style-type: none"> Does your company have a written OHS policy? If yes, how is this policy communicated to employees (e.g. is it communicated in local languages, how it is made available)? 	[I11]	Quantitative: Binary and Qualitative: Descriptive			X	
<ul style="list-style-type: none"> Does your company have a management system covering OHS? If yes, is this system in accordance with the ILO Guidelines for Occupational Health Management Systems and what percentage of your employees is covered by this system? 	[I11]	Quantitative: Binary and Qualitative: Descriptive and Quantitative: Percentage			X	
b) Agreements, audits, training, prevention actions and disaster preparedness						
<ul style="list-style-type: none"> Description of formal agreements with trade unions or other bona fide employee representatives covering health and safety at work and the proportion of the workforce covered by any such agreements 	[I7]	Qualitative: Descriptive and Percentage		X	X	X
<ul style="list-style-type: none"> Does your company conduct audits of its OHS activities? If yes: <ul style="list-style-type: none"> what percentage of your operations is audited? are these audits performed on a regular basis? are these audits verified by a third party? 	[I11]	Quantitative: Binary & Percentage		X	X	X

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Criterion & Indicators	References	Type of Indicator	Design	C	Operation	D
• Results of third party audits	[I16]	Qualitative: Descriptive		X	X	X
• Number and percentage of employees attending safety education classes	[I1]	Quantitative: Number and Percentage		X	X	X
• How is OHS training given to employees (e.g. frequency, topics, number of employees covered)?	[I11]	Qualitative: Descriptive and Quantitative: Number		X	X	X
• Percentage of the hours of training regarding health and safety relative to the total number of hours worked	[I2]	Quantitative: Percentage		X	X	X
• Description of policies or programmes (for the workplace and beyond) on HIV/AIDS	[I7]	Qualitative: Descriptive		X	X	X
• Expenditure on illness and accident prevention as a percentage of payroll expense	[I8]	Quantitative: Monetary and Percentage		X	X	X
• Disaster Preparedness:	[I18]	Quantitative: Percentage, and		X	X	X
○ Share of employees trained in First Aid						
○ Expenditures for disaster prevention						
○ Frequency of risk assessments and contingency plans in business		Monetary, and Number.				

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Criterion & Indicators	References	Type of Indicator	Design	C	Operation	D
<ul style="list-style-type: none"> Adequacy of disaster planning/response 	[I16]	Qualitative: Opinion			X	
<p>c) Other: Rate the following statements as: Not at all; to a small extent, to some extent, to a great extent, nearly always:</p> <ul style="list-style-type: none"> The company has surveyed the requirements and possibilities for preventing workers in the company from being excluded from the labour market (prevention of sickness, poor health, etc.). The company has surveyed the requirements and possibilities for helping workers likely to be excluded from the labour market. The company provides active assistance when workers become seriously ill, suffer a personal crisis or similar. The company provides rehabilitation facilities, gradual reintegration, etc. The company offers to pay treatment at private clinics or provide other forms of financial support. The company provides all workers with full pay when sick. The company cooperates with the local authority with regards to workers registered as long-term incapacitated. 	[I3]	Qualitative: Evaluation Scale			X	

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Criterion & Indicators	References	Type of Indicator	Design	C	Operation	D
<u>1.3.2 Health & Safety Incidents</u>						
a) Lost days/ Absenteeism:						
• Lost days rate	[I7]	Quantitative: Ratio		X	X	X
• Absentee rate	[I7]	Quantitative: Ratio		X	X	X
• Level of absenteeism relative to industry norms	[I1,I3]	Quantitative: Ratio		X	X	X
• Working hours lost through absence (can express as Percentage of total working hours)	[I5,I8]	Quantitative: Time or Percentage		X	X	X
• Lost time accident frequency (number per million hours worked)	[I8]	Quantitative: Ratio		X	X	X
• Lost time injury frequency (Injury hours per million exposure hours)	[I1, I11, I15, I19]	Quantitative: Ratio		X	X	X
Percentage of accidents that resulted in:	[I9]	Quantitative: Percentage		X	X	X
• Temporary leave of absence of employee(s)/ service provider(s)						
• Injury or other physical damages to employee(s)/ service provider(s)						
• Permanent disability leave (including repetitive strain injuries)						
b) Cases and Accidents:						
• Injury and Illness rate (can be expressed per x number of working hours)	[I7,I12]	Quantitative: Ratio		X	X	X

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Criterion & Indicators	References	Type of Indicator	Design	C	Operation	D
• Total reportable occupational illness frequency (per x number of working hours)	[I14,I15]	Quantitative: Ratio		X	X	X
• Total reportable case frequency (Injury hours per million exposure hours)	[I15]	Quantitative: Ratio		X	X	X
• Average annual number of work accidents per employee	[I9]	Quantitative: Ratio			X	
• Number of accidents by type	[I1,I16]	Quantitative: Number		X	X	X
• Transportation incidents	[I12,I14]	Quantitative: Number or ratio		X	X	X
• Process Safety: Number of fires, explosions and releases; leaks, breaks and spills	[I14]	Quantitative: Number		X	X	X
c) Fatalities:						
• Percentage of accidents that resulted in death of employee(s)/ service provider(s)	[I9]	Quantitative: Percentage		X	X	X
• Number of work-related fatalities (including subcontracted workers)	[I7, I12,I14, I15,I19]	Quantitative: Number		X	X	X
• Fatal accident rate (number of fatalities per x million exposure hours)	[I15,I19]	Quantitative: Ratio		X	X	X
• Fatality rate (number of fatalities per number of employees per year)	[I11]	Quantitative: Ratio		X	X	X

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Criterion & Indicators	References	Type of Indicator	Design	C	Operation	D
d) Compensation:						
• Number of compensated occupational diseases	[I2]	Quantitative: Number		X	X	X
• Expenditure on workers compensation relative to sector	[I1]	Quantitative: Monetary		X	X	X
1.4 Capacity Development						
Is formal organizational learning/knowledge management systems in place in the company and what percentage of employees are involved in them?	[I4]	Quantitative: Binary			X	
1.4.1 Research & Development						
• Expenditure on Research and Development as a percentage of GDP ⁶	[I17]	Quantitative: Percentage		X	X	
• R & D expenditure as percentage of sales	[I8]	Quantitative: Percentage			X	
• Percentage of research expenditure for sustainability	[I18]	Quantitative: Percentage		X	X	
• Percentage of GDP spent on environment and development policies ⁶	[I18]	Quantitative: Percentage			X	
• Description of R&D process to develop ideas into sustainable business opportunities.		Qualitative: Descriptive	X		X	

⁶Note indicator has been developed for a nation; it can be adapted for business by using turnover instead of GDP.

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Criterion & Indicators	References	Type of Indicator	Design	C	Operation	D
1.4.2 Career Development						
a) Training:						
• Average hours of training per year per employee by category of employee	[I1, I5, I7, I9, I12]	Quantitative: Time or Ratio			X	
• Total training expenses	[I8]	Quantitative: Monetary		X	X	X
• Training expenses as percentage of payroll expenses	[I8]	Quantitative: Percentage		X	X	X
• Training and career planning cost per employee	[I1]	Quantitative: Monetary Ratio			X	
• Training costs per hour	[I12]	Quantitative: Monetary Ratio		X	X	X
• Number of employees participating in training	[I1]	Quantitative: Number		X	X	X
• Percentage of employees for whom there is a company training program, specific to their job category which must be taken before or within a definite time period after taking their position	[I4]	Quantitative: Percentage			X	
• Frequency of training	[I16]	Quantitative: Ratio		X	X	X
b) Human Rights Training:						
• Employee training on policies and practices concerning all aspects of human rights relevant to operations	[I7]	Qualitative: Descriptive		X	X	X

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Criterion & Indicators	References	Type of Indicator	Design	C	Operation	D
<ul style="list-style-type: none"> • Does your company provide information/training concerning human rights and labour rights to your employees? If yes: <ul style="list-style-type: none"> ○ what percentage of your employees receives such information/training? ○ in which languages is this information/training given? ○ what is the nature of this information/training? 	[I11]	Quantitative: Binary & Percentage Qualitative: Descriptive		X	X	X
c) Employability & Career Planning:						
<ul style="list-style-type: none"> • Description of programmes to support the continued employability of employees and to manage career endings 	[I7]	Qualitative: Descriptive		X	X	X
<ul style="list-style-type: none"> • Specific policies and programmes for skills management or for lifelong learning 	[I7]	Qualitative: Descriptive		X	X	
<ul style="list-style-type: none"> • Percentage of total revenue spent on professional development and education 	[I9]	Quantitative: Percentage			X	
<ul style="list-style-type: none"> • Percentage of employee development goals achieved 	[I1, I3]	Quantitative: Percentage			X	
<ul style="list-style-type: none"> • Does your company have policies covering employee career plans? 	[I11]	Quantitative: Binary			X	
<ul style="list-style-type: none"> • Does the company <ul style="list-style-type: none"> ○ maintain a program for eliminating illiteracy for its employees, with established goals and resources? ○ maintain a program of basic or continuing education? 	[I9]	Quantitative: Binary			X	

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<p>d) Other:</p> <p>Rate the following statements as: Not at all; to a small extent, to some extent, to a great extent, nearly always:</p> <ul style="list-style-type: none"> • The company provides alternative employment or further training for workers in connection with readjustments occasioned by new technology, organisational changes, etc. • The company endeavours to retain workers through fluctuations in the company's level of activity (e.g. by making use of slack periods to train workers). • The company plans the development and training of workers to ensure they remain employable on the labour market. • The company trains its supervisors, worker representatives and personnel staff so that they can promote the development of workers/colleagues. • The company coordinates workers' training and development needs with company plans so that workers always have the right qualifications for remaining in the company 	[I3]	Qualitative: Evaluation Scale			X	X

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Criterion & Indicators	References	Type of Indicator	Design	C	Operation	D
e) Promotions & Appraisals:						
• Number of direct employees promoted	[I8]	Quantitative: Number			X	
• Promotion rate (the number of promotions as a percentage of the number employed)	[I8]	Quantitative: Ratio			X	
• Percentage of promotions that are internal	[I1]	Quantitative: Percentage			X	
• Number of promotions by type of job and salary level	[I1]	Quantitative: Number			X	
• Percentage of skilled employees and executives receiving a regular (e.g. a least once per year) formal evaluation of their performance (performance appraisal)	[I4]	Quantitative: Percentage			X	
• Describe how senior/middle management is appraised	[I4]	Qualitative: Descriptive		X	X	X
f) Level of knowledge within company:						
• Percentage of employees with post school qualification	[I8]	Quantitative: Percentage		X	X	X
• Average duration of school, university or other educational enrolment amongst employees	[I5]	Quantitative: Number		X	X	X
• Number of employees that are financially sponsored by the company for further education	[I2]	Quantitative: Number			X	

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Criterion & Indicators	References	Type of Indicator	Design	C	Operation	D
<ul style="list-style-type: none"> Does the company have a medium-term workforce and skills plan comparing current employees and their skills with the future number, type and skills of employees required to execute the business plan? 	[I4]	Quantitative: Binary			X	
2. External Population						
<ul style="list-style-type: none"> Social and recreational benefits provided to community 	[I1]	Qualitative: Descriptive		X	X	X
<ul style="list-style-type: none"> Hours of community relationship-building training and number of employees trained 	[I1]	Quantitative: Time and Number		X	X	X
<ul style="list-style-type: none"> Number and percentage of employees, including top management, who participate in company-sponsored volunteer activities on their own and company time 	[I1]	Quantitative: Number and Percentage		X	X	X
<ul style="list-style-type: none"> Number and type of community activities held on company property 	[I1]	Quantitative: Number and Qualitative: Descriptive		X	X	X
<ul style="list-style-type: none"> Community awards, accolades received, and assessment of impact of charitable contributions 	[I1]	Qualitative: Descriptive		X	X	X
<ul style="list-style-type: none"> Number of proposed developments that require resettlement of communities 	[I2]	Quantitative: Number		X	X	X

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Criterion & Indicators	References	Type of Indicator	Design	C	Operation	D
<ul style="list-style-type: none"> Amount of money spend and percentage of profits and/or in-kind resources donated to improve the quality of life in community 	[I1]	Quantitative: Monetary and Percentage			X	
<ul style="list-style-type: none"> Does your company evaluate its impacts on the local communities in which it operates? If yes, which topics are included in this evaluation and which stakeholder groups are involved? 	[I11]	Quantitative: Binary and Qualitative: Descriptive		X	X	X
<p>Rate the following statements as: Not at all; to a small extent, to some extent, to a great extent, nearly always:</p> <ul style="list-style-type: none"> The company is in constant contact with others in the local community regarding persons with disabilities or tenuous links with the labour market The company cooperates with training institutions (labour market training providers, vocational colleges and schools). The company participates in networks/exchanges of experience with other companies. The company offers persons specially adapted jobs (on-the-job training, flexible jobs, sheltered work, under the social chapter, etc.). The company supports activities in the (local) community (e.g. leisure activities, sport, culture, etc.). 	[I3]	Qualitative: Evaluation Scale		X	X	X

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Criterion & Indicators	References	Type of Indicator	Design	C	Operation	D
2.1 Human Capital						
2.1.1 Health						
a) Children						
• Nutritional Status of Children = Percentage of children under 5 with acceptable weight/height for age	[I17]	Quantitative: Percentage				
• Mortality rate under 5 years old or Infant mortality rate	[I17, I20, I21]	Quantitative: Ratio				
• Immunization against infectious childhood diseases	[I17]	Quantitative: Binary of Percentage				
• Percentage of malnourished children	[I20,I21]	Quantitative: Percentage			All indicators can be assessed in the different phases, but the indicators assess conditions in the community and does not directly measure the company's contribution or influence on the condition.	
• Life Expectancy at birth and in general	[I6, I17, I21]	Quantitative: Age				
b) Primary Health Care & Availability of Facilities						
• Percentage of population with access to primary health care	[I17]	Quantitative: Percentage				
• Number of hospital and health care centres, doctors and nurses (Can be expressed per 100 inhabitants)	[I6, I18, I22]	Quantitative: Number or Ratio				
• Number of clinics per population	[I22, I23]	Quantitative: Number or Ratio				

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Criterion & Indicators	References	Type of Indicator	Design	C	Operation	D
c) Other:						
• Total health spending per area	[I6, I23]	Quantitative: Monetary	Does not assess company's impact or contribution			
• HIV Infection rates	[I23]	Quantitative: Ratio				
• Total number of health and safety complaint from local communities to the company or Indicators of health conditions or illnesses due to pollutions	[I2, I23]	Quantitative: Number or Qualitative: Descriptive		X	X	X
2.1.2 Education						
a) Children						
• Children reaching Grade 5 of Primary Education	[I17, I20]	Quantitative: Nr or Percentage				
• Public education expenditure	[I6]	Quantitative: Monetary	All indicators can be assessed in the different phases, but the indicators assess conditions in the community and does not directly measure the company's contribution or influence on the condition.			
• Enrolment rate for primary, secondary and tertiary education institutions (if applicable)	[I20, I23]	Quantitative: Ratio				
• Pupil-teacher ratio	[I23]	Quantitative: Ratio				
• Number of schools per 1000 people	[I22, I23]	Quantitative: Number or Ratio				
• Percentage of matriculates successful per year	[I23]	Quantitative: Percentage				

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Criterion & Indicators	References	Type of Indicator	Design	C	Operation	D
• Number of children in primary, secondary and tertiary education institutions as percentage of school age population	[I23]	Quantitative: percentage				
• Gender equality in education for all the relevant indicators	[I20]	Quantitative: Percentage or Qualitative: Comparative				
• Age children leave school	[I22]	Quantitative: Age				
b) Adults & Community Indexes						
• Adult secondary Education Achievement Level	[I17]	Qualitative: Descriptive				
• Adult Literacy Rate	[I17, I20, I23]	Quantitative: Ratio				
• Percentage of literacy and related indexes	[I21]	Quantitative: Percentage				
• Percentage of 25-64 year olds with a vocational or higher education qualification	[I6]	Quantitative: Percentage				
• Opportunities for training for community residents	[I1]	Qualitative: Descriptive		X	X	X
• Support for community education programmes: level of investment in either monetary terms or time	[I16]	Quantitative: Monetary and/or Time			X	

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Criterion & Indicators		References	Type of Indicator	Design	C	Operation	D
2.2	Productive Capital						
2.2.1	<u>Housing</u>						
	• Floor area per person or per capita	[I17, I23]	Quantitative: Ratio				
	• Area of urban zones	[I6]	Quantitative: Number or square kilometres				
	• Expansion of urban edge	[I23]	Quantitative: Kilometres				
	• Average household size	[I23]	Quantitative: Number				
	• Percentage of population with adequate housing	[I23]	Quantitative: Percentage				
	• Nature of home occupancy – rent, own, etc.	[I22]	Qualitative: Comparative				
	• Availability of rental accommodation	[I22]	Qualitative: Descriptive or Quantitative: Number				
2.2.2	<u>Service Infrastructure</u>						
	• Percentage of population with adequate sewage disposal	[I17, I20, I23]	Quantitative: Percentage				

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Criterion & Indicators	References	Type of Indicator	Design	C	Operation	D
<ul style="list-style-type: none"> Percentage of population with access to safe drinking water or with public taps, piped water at dwelling, piped on site 	[I17, I20, I23]	Quantitative: Percentage				
<ul style="list-style-type: none"> Percentage of households without electricity 	[I21]	Quantitative: Percentage				
<ul style="list-style-type: none"> Company strategy with regards to the use of community service infrastructure 		Qualitative: Descriptive	X	X	X	X
<ul style="list-style-type: none"> Percentage of the population with access to electricity, gas, candles, wood 	[I23]	Quantitative: Percentage				
<ul style="list-style-type: none"> Trends in: energy consumption, water consumption and waste amounts in dwellings/households 	[I6]	Qualitative: Comparative				
<ul style="list-style-type: none"> Infrastructure expenditure per capita 	[I6]	Quantitative: Ratio				
<ul style="list-style-type: none"> Telephones: <ul style="list-style-type: none"> Main telephone lines per 1000 inhabitants 	[I17]	Quantitative: Number or Ratio				
<ul style="list-style-type: none"> Telephones: <ul style="list-style-type: none"> Telephones per 1000 inhabitants 	[I21]	Quantitative: Number or Ratio				
<p>All indicators can be assessed in the different phases, but the indicators assess conditions in the community and does not directly measure the company's contribution or influence on the condition. It is possible to assess indicator before and after construction for example but one would still not necessarily be able to isolate the company's contribution or impact.</p>						
<p>2.2.3 <i>Mobility Infrastructure</i></p> <p>a) Journeys & Distances:</p>						
<ul style="list-style-type: none"> Average journey length by purpose 	[I6]	Quantitative: Time				
<ul style="list-style-type: none"> Distance travelled relative to income 	[I6]	Quantitative: Ratio				

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Criterion & Indicators	References	Type of Indicator	Design	C	Operation	D
• Average distance per capita to key amenities and facilities	[I23]	Quantitative: Ratio				
• Annual change in average trip time	[I23]	Quantitative: Time				
b) Traffic Status:						
• Traffic congestion	[I6]	Qualitative: Descriptive				
• Vehicles per 1000 population	[I23]	Quantitative: Ratio				
• Mode of travel to/from work	[I23]	Qualitative: Descriptive				
c) Public Transport:						
• Annual income derived from public transport services	[I23]	Quantitative: Monetary				
• Public transport seats (number of seats per 1000 inhabitants)	[I23]	Quantitative: Number or Ratio				
d) Cargo:						
• Total tonnage of cargo moved per annum	[I23]	Quantitative: Ratio				
• Numbers of containers moved as a proportions of capacity	[I23]	Quantitative: Ratio				
• Company policy with regards to the use of public roads or public transport systems for cargo transport		Qualitative: Descriptive	X	X	X	X

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Criterion & Indicators	References	Type of Indicator	Design	C	Operation	D
2.2.4 Regulatory & Public Services						
a) Politics:						
• Percentage of households registered to vote	[I21]	Quantitative:				
		Percentage				
• Percentage of population voting in elections	[I21]	Quantitative:				
		Percentage				
• Number of active political parties	[I23]	Quantitative: Nr				
• Membership numbers of political parties	[I23]	Quantitative: Nr & Qualitative: Comparative				
b) Information Availability:						
• Access to info e.g. library loans, internet users etc	[I6]	Qualitative:				
		Descriptive				
• Number of Public libraries and users	[I6, I22]	Quantitative:				
		Number				
• Number of Post Offices	[I22]	Quantitative:				
		Number				
c) Other:						
• Number of Banks	[I22]	Quantitative:				
		Number				
• Number of Community centres/Halls	[I22]	Quantitative:				
		Number				

All indicators can be assessed in the different phases, but the indicators assess conditions in the community and does not directly measure the company's contribution or influence on the condition. It is possible to assess indicator before and after construction for example but one would still not necessarily be able to isolate the company's contribution or impact.

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Criterion & Indicators	References	Type of Indicator	Design	C	Operation	D
<ul style="list-style-type: none"> Number of Youth Centres/Child care centres and Family Day care programs Number of swimming pools 	[I22] [I22]	Quantitative: Number Quantitative: Number	Indicator does not access company's impact. It is possible to assess indicator before and after construction for example but one would still not necessarily be able to isolate the company's contribution or impact.			
d) Company:						
<ul style="list-style-type: none"> Did the company have its name cited in the press as being suspected of participating in an incident involving the offer of bribes and corruption of public officials? Does your company disclose its contributions to political organisations? Reported cases of bribery – offered by or accepted by company or intermediaries Number of political payments 	[I9] [I11] [I15] [I9, I15]	Quantitative: Binary Quantitative: Binary Quantitative: Number Quantitative: Number		X X X X	X X X X	X X X X
2.3 Community Capital						
Quality of Life	[I6]	Qualitative: Opinion or Descriptive	All indicators can be assessed in the different phases, but the indicators assess conditions in the community and does not directly measure the company's contribution or influence on the condition.			
2.3.1 Sensory Stimuli						
<ul style="list-style-type: none"> Noise level 	[I6]	Quantitative: Decibel				

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Criterion & Indicators	References	Type of Indicator	Design	C	Operation	D
• Carbon dioxide emissions per capita	[I20]	Quantitative: Ratio	Does not assess the company's contribution			
• Has the company received complaints and expressions of concern (petitions, formal requests, protests) made by the community because of:	[I9]	Quantitative: Binary		X	X	X
○ excessive garbage, emission of foul odours and other forms of pollution?				X	X	X
○ excessive vehicular traffic, causing noise and annoyance?				X	X	X
○ interference in communications systems?				X	X	X
<u>2.3.2 Security</u>						
• Number of recorded crimes per 100 000 inhabitants	[I17, I23]	Quantitative: Ratio				
• Level of crime and Fear of crime	[I6]	Quantitative: Ratio and Qualitative: Opinion				
• Incidents of violent crime, property related crime and social fabric crime	[I23]	Quantitative: Nr				
• Number of security personnel per 10 000 of population	[I23]	Quantitative: Ratio				
• Number of convictions as a percentage of total number of arrests	[I23]	Quantitative: Percentage				
• Number of Police Officers in community	[I22]	Quantitative: Number				
			All indicators can be assessed in the different phases, but the indicators assess conditions in the community and does not directly measure the company's contribution or influence on the condition. It is possible to assess indicator before and after construction for example but one would still not necessarily be able to isolate the company's contribution or impact.			

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Criterion & Indicators	References	Type of Indicator	Design	C	Operation	D
2.3.3 Cultural Properties						
• Description of policies, guidelines and procedures to address the needs of indigenous people	[I7]	Qualitative: Descriptive		X	X	X
• Cultural heritage: meadows and pastures; visits to museums; age structure of buildings	[I6]	Quantitative: Nr or Qualitative: Descriptive	Assess existence and not company's impact.			
2.3.4 Economic Welfare						
a) Community Characteristics:						
• Percentage of Population living below Poverty Line	[I17, I20, I21, I23]	Quantitative: Percentage				
• Unemployment Rate	[I17, I22, I23]	Quantitative: Ratio				
• Average income per household per area per race	[I22, I23]	Quantitative: Monetary Ratio				
• Total income per area based on average earned per household by population group	[I23]	Quantitative: Monetary				
• Motor vehicle ownership	[I22]	Quantitative: Number				
• Distribution of Wealth	[I22]	Qualitative: Descriptive or Quantitative: Percentages				
			All indicators can be assessed in the different phases, but the indicators assess conditions in the community and does not directly measure the company's contribution or influence on the condition. It is possible to assess indicator before and after construction for example but one would still not necessarily be able to isolate the company's contribution or impact.			

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Criterion & Indicators	References	Type of Indicator	Design	C	Operation	D
b) Company Impacts:						
• Share of operating revenues from the area of operations that are redistributed to local communities	[I7]	Quantitative: Percentage			X	
• Ratio of indirect jobs per number of direct employees	[I8]	Quantitative: Ratio		X	X	X
• Indirect community benefit per unit value added	[I8]	Quantitative: Monetary Ratio		X	X	X
• Contracting an procurement in local communities, Comparison between \$000 million spend outside country; inside the country: international contractors and suppliers; local contractors (in community)	[I15]	Qualitative: Comparative		X	X	X
• Percentage of the companies local suppliers relative to the total number of suppliers	[I2]	Quantitative: Percentage		X	X	X
• Nature and magnitude of public/private partnerships	[I1]	Qualitative: Descriptive		X	X	X
• Long-term commitment to community investment	[I16]	Qualitative: Descriptive			X	
c) Changes in Economic Opportunities:						
• Change in economic opportunities: number of newly registered businesses, vulnerability index, dependency ratio	[I23]	Quantitative: Nr or Qualitative: Comparative	All indicators can be assessed in the different phases, but the indicators assess conditions in the community and does not directly measure the company's contribution or influence..			

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Criterion & Indicators	References	Type of Indicator	Design	C	Operation	D
<ul style="list-style-type: none"> Net gain/loss in local jobs, income and/or business opportunities over time Increase in local retail sales and savings Presence of business incubators, business enterprise centres, Co-operatives, Skills Centres, regional economic development contracts 	[I1] [I10] [I22]	Quantitative: or Monetary Monetary Quantitative: Binary Qualitative: Descriptive	Nr or or			All indicators can be assessed in the different phases, but the indicators assess conditions in the community and does not directly measure the company's contribution or influence on the condition. It is possible to assess indicator before and after construction for example but one would still not necessarily be able to isolate the company's contribution or impact.
<p>2.3.5 Social Pathologies</p> <ul style="list-style-type: none"> Daily smokers & Obesity Alcohol and drug related illnesses HIV Infections Suicides Teenage pregnancy: number of pregnancies of 15 and 15-19 year old girls Child Abuse 	[I6] [I6, I22] [I6, I20] [I6] [I20] [I22]	Quantitative: Number or Qualitative: Comparative Quantitative: Qualitative: Descriptive or Comparative	or or or			All indicators can be assessed in the different phases, but the indicators assess conditions in the community and does not directly measure the company's contribution or influence on the condition. It is possible to assess indicator before and after construction for example but one would still not necessarily be able to isolate the company's contribution or impact.

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Criterion & Indicators	References	Type of Indicator	Design	C	Operation	D
• Domestic Violence	[I22]					
• Separation and Divorce Rates	[I22]	Quantitative: Ratio				
2.3.6 Social Cohesion						
a) Population Characteristics						
• Population growth rate (can be per annum)	[I17, I23]	Quantitative: Ratio				
• Population of urban formal and informal settlements	[I17, I22, I23]	Quantitative: Number				
• Population: density and growth rate	[I21, I22]	Quantitative: Ratio				
• Urban/rural population distribution	[I21, I23]	Quantitative: Number or Qualitative: Comparative				
b) Changes or Migration:						
• Annual population change	[I6]	Quantitative: Number				
• Internal migration	[I6]	Quantitative: Number				
• Net migration rate	[I22, I23]	Quantitative: Ratio				
• Change in demographic structure of population: age, gender, racial grouping, cultural diversity	[I23]	Qualitative: Comparative				
• Percentage of sites (in the company) with “fly-in, fly-out” operations relative to the total number of sites	[I2]	Quantitative: Percentage		X	X	X

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Criterion & Indicators	References	Type of Indicator	Design	C	Operation	D
• Presence of seasonal workers	[I22]	Quantitative: Binary and/or Number		X	X	X
• Presence of Active social/professional/trade/volunteer organizations	[I22]	Quantitative: Binary		X	X	X
• Community Opinion	[I24]	Qualitative: Opinion		X	X	X
3. Macro Social Performance						
3.1 Socio-Economic Performance						
3.1.1 Economic Welfare						
• Contracting an procurement in local communities, Comparison between \$000 million spent outside country and inside the country: international contractors and suppliers; local contractors (national)	[I15]	Qualitative: Comparative		X	X	X
• Shareholders: dividends per change in net worth	[I9]	Quantitative: Ratio			X	
• Taxes paid to governments in total and by region	[I9, I12, I13, I19]	Quantitative: Monetary		X	X	X
• Total Purchases: Percentages by region	[I12]	Quantitative: Percentage		X	X	X
• Shareholders by region	[I19]	Quantitative: Number			X	

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Criterion & Indicators	References	Type of Indicator	Design	C	Operation	D
<ul style="list-style-type: none"> Distribution of benefits arising from economic activity: suppliers, employees, dividends, taxes and interest 	[I19]	Quantitative: Percentage		X	X	X
3.1.2 Trading Opportunities						
<ul style="list-style-type: none"> Joint ventures/Contract divested due to operations incompatible with business principles 	[I15]	Qualitative: Descriptive		X	X	X
<ul style="list-style-type: none"> Competition cases 	[I15]	Quantitative: Nr or Qualitative: Descriptive			X	
<ul style="list-style-type: none"> Has the company already been charged or sued for unfair competition practices? 	[I9]	Quantitative: Binary			X	
3.2 Socio-Environmental Performance						
3.2.1 Monitoring						
<ul style="list-style-type: none"> Number of company monitoring stations that provide information to the government 		Quantitative: Nr			X	
<ul style="list-style-type: none"> What contribution does the company make to the environmental monitoring capabilities (i.e. systems or techniques or experts) of the country or region? 		Qualitative: Descriptive		X	X	X
<ul style="list-style-type: none"> Are company resources (e.g. people, time, equipment, money) made available to assist with national or regional monitoring? What are the company's strategy with regards to assisting government with monitoring? 		Quantitative: Binary or Qualitative: Descriptive	X	X	X	X

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Criterion & Indicators	References	Type of Indicator	Design	C	Operation	D
<u>3.2.2</u> Legislation						
<ul style="list-style-type: none"> Are company resources (e.g. people, time, equipment, money) made available to participate in the legislation development or adaptation processes of government? 		Quantitative: Binary or Qualitative: Descriptive		X	X	X
<u>3.2.3</u> Enforcement						
<ul style="list-style-type: none"> Number of suppliers with ISO 14000 accreditation 		Quantitative: Nr		X	X	X
<ul style="list-style-type: none"> Number of suppliers who are regularly audited to ensure environmental stewardship 		Quantitative: Nr		X	X	X
<ul style="list-style-type: none"> Description of initiatives to enforce environmental sustainability within the supply chain 		Qualitative: Descriptive		X	X	X
4. Stakeholder Participation						
<u>4.1</u> Information Provisioning						
Clarity and accessibility of information disclosed (as from stakeholder group perspective)	[I16]	Qualitative: Opinion and Descriptive		X	X	X
<u>4.1.1</u> Collective Audience						
<ul style="list-style-type: none"> Number of meeting with external stakeholders concerning company operations per year 	[I8]	Quantitative: Number		X	X	X
<ul style="list-style-type: none"> Number of stakeholder meetings per unit value added in currency value 	[I8]	Quantitative: Ratio		X	X	X

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Criterion & Indicators	References	Type of Indicator	Design	C	Operation	D
<ul style="list-style-type: none"> Results of stakeholder surveys regarding satisfaction with disclosures and responses to their informational needs 	[I1]	Qualitative: Opinion and Descriptive		X	X	X
<ul style="list-style-type: none"> Quantity and Quality of required and voluntary disclosures 	[I1]	Qualitative: Descriptive and Quantitative: Number or Ratio or Percentage		X	X	X
<p>Rate the following statements as: Not at all; to a small extent, to some extent, to a great extent, nearly always:</p> <ul style="list-style-type: none"> The company is committed to assuming social responsibility, for example through agreements with the employment service, social administration, etc. For large companies, this may for example also take the following forms: Informing the public of their social efforts (for example, in annual accounts, separate social accounts, company newsletter, etc.). Publishing concrete targets for social responsibility (for example in social or ethical accounts). The company welcomes visits, offers tours and holds lectures and presentations on the company 	[I3]	Qualitative: Evaluation Scale			X	

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Criterion & Indicators	References	Type of Indicator	Design	C	Operation	D
4.1.2 Selected Audience						
a) Employees						
<ul style="list-style-type: none"> Policy and procedures involving information, consultation and negotiation with employees over changes in the reporting of the organisation's operations (e.g. restructuring) 	[I7]	Qualitative: Descriptive		X	X	X
<ul style="list-style-type: none"> Does your company have a management system covering its labour relations? If yes, what percentage of your employees is covered by this system? 	[I11]	Quantitative: Binary and Percentage			X	
<ul style="list-style-type: none"> Does your company conduct audits of its labour relations activities? If yes: <ul style="list-style-type: none"> o what percentage of your operations is audited? o are these audits performed on a regular basis? o are these audits verified by a third party? 	[I11]	Quantitative: Binary and Percentage		X	X	X
<ul style="list-style-type: none"> How does company management consult and negotiate with employees? 	[I11]	Qualitative: Descriptive		X	X	X
<ul style="list-style-type: none"> How is employee satisfaction measured? 	[I11]	Qualitative: Descriptive		X	X	X

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Criterion & Indicators	References	Type of Indicator	Design	C	Operation	D
b) Customers or Consumers						
• Does the company have a Customer Service Department (CSD)?	[I9]	Quantitative: Binary			X	
• Total number of calls attended by customer service department .	[I9]	Quantitative: Number			X	
• Percentage of complaints in terms of the total number of calls attended by CSD.	[I9]	Quantitative: Percentage			X	
• Percentage of complaints unattended by CSD	[I9]	Quantitative: Percentage			X	
• Average waiting time on the telephone before being attended by CSD	[I9]	Quantitative: Time			X	
• Does the company provide ongoing training for its customer service staff?	[I9]	Quantitative: Binary			X	
• Is the company's board of directors directly involved in customer/consumer service programs?	[I9]	Quantitative: Binary			X	
c) Community						
• Description of jointly managed community grievance mechanisms/authority	[I7]	Qualitative: Descriptive		X	X	X
• Number of community outreach forums	[I13, I14]	Quantitative: Number		X	X	X
• Summary of the policy for liaison with local communities	[I2]	Qualitative: Descriptive		X	X	X

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Criterion & Indicators	References	Type of Indicator	Design	C	Operation	D
<ul style="list-style-type: none"> • Relations with community organizations: <ul style="list-style-type: none"> ○ Does the company actively participate, with other companies, in the discussion of community problems and proposes solutions? ○ Does the company carry out educational or other campaigns of public interest in the community? 	[I9]	Quantitative: Binary			X	
d) General						
<ul style="list-style-type: none"> • Does the company enable its public relations department to provide a quick and transparent response in the event of a crisis? 	[I9]	Quantitative: Binary		X	X	X
<ul style="list-style-type: none"> • Number and nature of meetings held with stakeholders 	[I1]	Quantitative: Number and Qualitative: Descriptive		X	X	X
<ul style="list-style-type: none"> • Does the company regularly track the satisfaction and/or complaints of the following stakeholders: Governments, interest groups, local communities, media, NGO's, shareholders, suppliers/service providers, trade unions 	[I4]	Quantitative: Number		X	X	X

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Criterion & Indicators	References	Type of Indicator	Design	C	Operation	D
Please indicate how the company engages with external stakeholders:	[I4]	Qualitative: Descriptive		X	X	X
<ul style="list-style-type: none"> • Identification, prioritising and mapping key stakeholders for input into corporate strategy • Regular briefings/meetings in form of stakeholder dialogue • Feedback from stakeholders to boards/supervisory boards and/or senior directors • Ongoing project teams/partnerships • Not applicable • Does the company have an Ombudsman? 	[I4, I9]	Quantitative: Binary			X	
<u>4.2 Stakeholder Influence</u>						
<u>4.2.1 Decision Influence Potential</u>						
<ul style="list-style-type: none"> • Provision for formal worker representation in decision-making or management, including corporate governance 	[I7]	Qualitative: Descriptive or Quantitative: Binary		X	X	X
<ul style="list-style-type: none"> • Union involvement: % of countries which acknowledge unions in discussions; % of countries which involve unions in negotiations 	[I15]	Quantitative: Percentage		X	X	X

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Criterion & Indicators	References	Type of Indicator	Design	C	Operation	D
• Number of innovations implemented based on suggestions from Ombudsman and/or CSD	[I9]	Quantitative: Number			X	
• Does the customer/consumer service staff participate in the decision-making processes of the company?	[I9]	Quantitative: Binary			X	
• Number of board resolutions generated by stakeholders/investors and responses by board	[I1]	Quantitative: Nr & Qualitative: Descriptive			X	
• Summary of the policy on stakeholder involvement including the mechanisms by which stakeholders can participate in decision-making on issues that concern them	[I2]	Qualitative: Descriptive		X	X	X
4.2.2 Stakeholder Empowerment						
a) Staff: Grievances & Complaints						
• Staff forums and grievance procedures: % of countries with staff forums; % of countries with grievance procedures; % of staff with access to staff forum, grievance procedure or support system	[I15]	Quantitative: Percentage		X	X	X
• Is a system in place to collect and handle employee grievances and complaint?	[I4]	Quantitative: Binary		X	X	X
• Number of strikes and work stoppages in company	[I9]	Quantitative: Number		X	X	X

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Criterion & Indicators	References	Type of Indicator	Design	C	Operation	D
<ul style="list-style-type: none"> Progress towards empowerment measured by differences in responses by employees to “Global Employee Opinion and Action Survey” percentages 	[I12]	Qualitative: Relative or Quantitative: Percentage		X	X	X
<ul style="list-style-type: none"> Relationship with union; record and outcomes of complaints, frequency of job actions and legal proceedings 	[I1]	Qualitative: Descriptive or Quantitative: Ratio		X	X	X
<ul style="list-style-type: none"> Number of times grievance procedure used 	[I15]	Quantitative: Number		X	X	X
b) Complaints and Legal Actions:						
<ul style="list-style-type: none"> Number of complaints registered from members of the public concerning the process or products 	[I8]	Quantitative: Number		X	X	X
<ul style="list-style-type: none"> Number of internal and external complaints 	[I14]	Quantitative: Number		X	X	X
<ul style="list-style-type: none"> Number of complaints per unit of value added 	[I8]	Quantitative: Ratio		X	X	X
<ul style="list-style-type: none"> Number of successful legal actions taken against company or employees for work-related incidents or practices 	[I8]	Quantitative: Number		X	X	X
<ul style="list-style-type: none"> Number of legal actions per unit of value added 	[I8]	Quantitative: Ratio		X	X	X

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Criterion & Indicators	References	Type of Indicator	Design	C	Operation	D
e) General:						
<ul style="list-style-type: none"> Number and nature of communications from stakeholders (e.g. complaints, suggestions) 	[I1]	Quantitative: Number and Qualitative: Descriptive		X	X	X
<ul style="list-style-type: none"> Does the company identify and analyse the expectations and demands from the various groups affected by its activities? 	[I9]	Quantitative: Binary		X	X	X
<ul style="list-style-type: none"> Is the nature of the company's processes, products and services criticized or opposed by any interested group or party? 	[I9]	Quantitative: Binary		X	X	X

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18. Appendix J: Social Aspects in asset life cycle

The design phase of the asset life cycle (see Figure 2.4) is not included in the discussion since the few social aspects that are relevant to the design phase are all addressed in strategies or guiding principles which are or should be considered during the phase. The only criterion addressed as a process is Research and Development, and often the Research & Development life cycle activities coincides with the design phase.

18.1 Internal Human Resources criteria through the asset life cycle phases

Criteria	Construction	Operation	Decommissioning
Employment Opportunities⁷ <i>a) Definition:</i>	The criterion assesses the number and types of employment opportunities that exist within the business. These might change annually and employee turnover also occurs. In decommissioning employment opportunities will be destroyed. Employees might be relocated or re-assigned between business units or within the industry sector.		
<i>b) Ways to address the criterion:</i>	<ul style="list-style-type: none"> • Employee procurement process and policies • Communication with Stakeholders (link to Information Provisioning criteria) • Measurement of outcomes after construction 	<ul style="list-style-type: none"> • Employee procurement process and policies. • Report situation in sustainable development reports (measurement of outcomes). 	<ul style="list-style-type: none"> • Employee procurement process and policies. • Communication with Stakeholders (link to Information Provisioning criteria) • Report in Sustainable development report (measurement of outcomes)
Employment Remuneration <i>a) Definition:</i>	Employment Remuneration is a criterion that assesses the existence and quality of business practices. The remuneration received by employees influence the value of employment opportunities created. In most countries employment remuneration are strongly influenced and governed by legislation determining minimum wages.		

⁷ The criterion Employment Opportunities has a direct linkage to the Community Capital criterion Economic Welfare.

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<p><i>b) Ways to address the criterion:</i></p>	<ul style="list-style-type: none"> • Strategic decision of business to follow country legislation or to over more. • Remuneration policies • Address as part of selection criteria in contractor selection process or contractor codes of conduct. • Measurement of outcomes after construction 	<ul style="list-style-type: none"> • Strategic decision of business to follow country legislation or to over more. • Remuneration policies • An aspect of SA 8000 accreditation • Reports on situation in sustainable development report (measurement of outcomes). 	<ul style="list-style-type: none"> • Strategic decision of business to follow country legislation or to over more. • Remuneration policies • Address as part of selection criteria in contractor selection process or contractor codes of conduct. • Measurement of outcomes after decommissioning.
<p><i>Disciplinary & Security Practices</i> <i>a) Definition:</i></p>	<p>Disciplinary and Security Practices is a criterion, which assesses the existence and quality of the business process to deal with disciplinary hearings, etc. In certain cases the criterion also describes the situation with regards to security personnel within the company. It thus assesses conditions or processes and not direct impacts.</p>		
<p><i>b) Ways to address the criterion:</i></p>	<ul style="list-style-type: none"> • Business policies • Address as part of selection criteria in contractor selection process or contractor codes of conduct. • Measurement of outcomes after construction 	<ul style="list-style-type: none"> • Business policies • An aspects of SA 8000 accreditation • Reports on situation in sustainable development report (measurement of outcomes) 	<ul style="list-style-type: none"> • Business policies • Address as part of selection criteria in contractor selection process or contractor codes of conduct. • Measurement of outcomes after decommissioning.
<p><i>Employee Contracts</i> <i>a) Definition:</i></p>	<p>Employee Contracts is a criterion that assesses the existence and quality of business practices and a specific business process. In most countries legislation can dictate what should be included in an employee contract. The criterion thus measures whether the company practices/policies adheres to legislation and international standards with regards to their employee contracts.</p>		

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<p><i>b) Ways to address the criterion:</i></p>	<ul style="list-style-type: none"> • Business policies • Address as part of selection criteria in contractor selection process or contractor codes of conduct. • Measurement of outcomes after construction 	<ul style="list-style-type: none"> • Business policies • An aspect of SA 8000 accreditation. • Reports on situation in sustainable development report (measurement of outcomes) 	<ul style="list-style-type: none"> • Business policies • Address as part of selection criteria in contractor selection process or contractor codes of conduct. • Measurement of outcomes after decommissioning.
<p>Equity & Diversity <i>a) Definition:</i></p>	<p>Equity and Diversity is a criterion that describes the situation within the company with regards to gender, race, age, region and minority or disadvantaged equity and diversity. The indicators can also assess certain practices or adherence to national initiatives or laws such as affirmative action policies in South Africa.</p>		
<p><i>b) Ways to address the criterion:</i></p>	<ul style="list-style-type: none"> • Business policies • Address as part of selection criteria in contractor selection process or contractor codes of conduct. • Measurement of outcomes after construction 	<ul style="list-style-type: none"> • Business policies • An aspect of SA 8000 accreditation • Reports on situation in sustainable development report (measurement of outcomes) 	<ul style="list-style-type: none"> • Business policies • Address as part of selection criteria in contractor selection process or contractor codes of conduct. • Measurement of outcomes after decommissioning.
<p>Labour Sources <i>a) Definition:</i></p>	<p>The Labour Sources criterion describes the situation within the company with regards to child and forced labour as well as the use of local labour sources. In addition business policies and procedures to ensure that no child or forced labour are used are also assessed.</p>		

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<p><i>b) Ways to address the criterion:</i></p>	<ul style="list-style-type: none"> • Business policies, which can state preference for local labour. • Address as part of selection criteria in contractor selection process or contractor codes of conduct. • Measurement of outcomes after construction 	<ul style="list-style-type: none"> • Business policies, which can state preference for local labour. • An aspect of SA 8000 accreditation • Reports on situation in sustainable development report (measurement of outcomes) 	<ul style="list-style-type: none"> • Business policies, which can state preference for local labour. • Address as part of selection criteria in contractor selection process or contractor codes of conduct. • Measurement of outcomes after decommissioning.
<p>Health & Safety Practices <i>a) Definition:</i></p>		<p>The criterion Health and Safety Practices assesses the quality of all health and safety related business practices. In addition, it also describes the current situation within the business with regards to health and safety training and disaster preparedness. It does not measure any direct impacts on employees.</p>	
<p><i>b) Ways to address the criterion:</i></p>	<ul style="list-style-type: none"> • Business policies • Address as part of selection criteria in contractor selection process or contractor codes of conduct. • Measurement of outcomes after construction 	<ul style="list-style-type: none"> • Business policies with regards to training • An aspect of SA 8000 accreditation • NOSA/ISO certification • Reports on situation in sustainable development report (measurement of outcomes) 	<ul style="list-style-type: none"> • Business policies • Address as part of selection criteria in contractor selection process or contractor codes of conduct. • Measurement of outcomes after decommissioning.
<p>Health & Safety Incidents <i>a) Definition:</i></p>		<p>The Health and Safety Incidents criterion measures the direct actual or predicted impacts on employees due to health and safety incidents.</p>	
<p><i>b) Ways to address the criterion:</i></p>	<ul style="list-style-type: none"> • Response/Emergency processes • Predict the possible incidents • Measurement of outcomes after construction. 	<ul style="list-style-type: none"> • Reports on situation in sustainable development report (measurement of outcomes) • Response/Emergency processes 	<ul style="list-style-type: none"> • Response/Emergency processes • Predict the possible incidents • Measurement of outcomes after decommissioning.

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Research & Development <i>a) Definition:</i>	The construction of a new plant can imply the implementation of R&D ideas or proposals.	Research and Development activities that support the goals of sustainable development have a positive social sustainability impact, which contribute to total business sustainability.	Research and Development can be used to find new usages for the existing plant and/or technology.
<i>b) Ways to address the criterion:</i>	<ul style="list-style-type: none"> • Business policies with regards to the involvement of Research and Development team on an as needed basis. 	<ul style="list-style-type: none"> • Business strategy with regards to R&D. • Business policies with regards to the management and funding of R&D. • Reports on situation in sustainable development report (measurement of outcomes) 	<ul style="list-style-type: none"> • Business policies with regards to the involvement of Research and Development team on an as needed basis.
Career Development <i>a) Definition:</i>	The Career Development criterion assesses the quality of business practices and procedures with regards to the development of individual employees. It also describes the current situation with regards to employee development.		
<i>b) Ways to address the criterion:</i>	<ul style="list-style-type: none"> • Business policies • Development Programmes/process to ensure future employability of temporary workers for example. • Measurement of outcomes after construction. 	<ul style="list-style-type: none"> • Business policies • Development Programmes • Reports on situation in sustainable development report (measurement of outcomes) • Human Resource Structures 	<ul style="list-style-type: none"> • Business policies • Development Programmes to ensure future employability of workers. • Measurement of outcomes after decommissioning.

18.2 External Population criteria through the asset life cycle phases

Criteria	Construction	Operation	Decommissioning
Health	The criterion, Health, describes the health situation in the community with regards to the availability of services and the increase or decreases in certain illnesses. With regards to the availability of medical services the business can have an indirect impact due to the people it attracted to the area or a direct impact by making its facilities available to the community. The increases or decreases in diseases can be a result of migratory effect in the local community or through first-order environmental impacts (precautionary principle).		
<i>a) Impact</i>			
<i>b) Ways to address the criterion:</i>	<ul style="list-style-type: none"> • Measurement of outcomes after construction, comparison between before, during and after. 	<ul style="list-style-type: none"> • CSR projects can focus on the Health dimension. • Sustainable development reports can address external health complaints and report on the number of people served by the business's facilities. (measurement of outcomes) 	<ul style="list-style-type: none"> • Measurement of outcomes after decommissioning, comparison between before, during and after.
Education	The criterion, Education, describes the education situation in the community with regards to the availability of schools, etc. and the level of education. The business can have an indirect impact on education availability as a result of the migration of people in the area because of the business's operations. The business can also directly influence the level of education within a community by means of CSR projects.		
<i>a) Impact</i>			
<i>b) Ways to address the criterion:</i>	<ul style="list-style-type: none"> • Measurement of outcomes after construction, comparison between before, during and after. 	<ul style="list-style-type: none"> • CSR projects that focus on the Education dimension • Sustainable development reports can address educational initiatives in the local community. 	<ul style="list-style-type: none"> • Measurement of outcomes after decommissioning, comparison between before, during and after

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<p>Housing a) <i>Definition:</i></p>	<p>The criterion, Housing, describes the housing situation within the community with regards to the cost of housing, the availability of housing and the average size of households. The business can influence this situation either directly by building houses or buying houses, or indirectly due to the migration of people in the area since the business is operating there or through a change in prices due to the location of property relative to business operations.</p>		
<p>b) <i>Ways to address the criterion:</i></p>	<ul style="list-style-type: none"> • Measurement/prediction of outcomes after construction, comparison between before, during and after. • Housing can be part of Employee Remuneration (See criterion under Internal Human Resources). • Business policy with regards to company housing or accommodation. • The building of adequate housing can be included into construction project thus if company decides on the policy as a strategy. 	<ul style="list-style-type: none"> • Housing can be part of Employee Remuneration (See criterion under Internal Human Resources). • Business policy with regards to company housing or accommodation. 	<ul style="list-style-type: none"> • Measurement/prediction of outcomes after construction, comparison between before, during and after. • Business policy with regards to company housing or accommodation. • Housing can be part of Employee Remuneration (See criterion under Internal Human Resources).
<p>Service Infrastructure a) <i>Definition:</i></p>	<p>Service Infrastructure is a descriptive criterion of the community situation. Business can directly influence the “load” on this infrastructure, which can influence the availability. Furthermore, social secondary indirect impacts due to first order environmental impacts can influence the quality of the service infrastructure. The influx of people due to the existence of the business can also indirectly influence the “load” on the infrastructure.</p>		

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<p><i>b) Ways to address the criterion:</i></p>	<ul style="list-style-type: none"> • Measurement/prediction of outcomes after construction, comparison between before, during and after. • Communicate with authorities if necessary. (Information Provisioning policies) 	<ul style="list-style-type: none"> • Report on usage in sustainable development report (measurement of outcomes). • CSR projects can focus on this area. 	<ul style="list-style-type: none"> • Measurement/prediction of outcomes after decommissioning comparison between before, during and after. • Communicate with authorities if necessary. (Information Provisioning policies)
<p>Mobility Infrastructure <i>a) Definition:</i></p>	<p>The Mobility Infrastructure criterion describes the current situation in the community with regards to public transport and transport networks. The business can directly and indirectly influence the load on transport networks and indirectly the load on public transport. Indirect impacts are due to influx of people and direct impacts are due to logistic activities of the company.</p>		
<p><i>b) Ways to address the criterion:</i></p>	<ul style="list-style-type: none"> • Measurement/prediction of outcomes after construction, comparison between before, during and after. • Communicate with authorities if necessary. (Information Provisioning policies) • Construction can include the building of infrastructure. 	<ul style="list-style-type: none"> • Report on usage in sustainable development report (measurement of outcomes). 	<ul style="list-style-type: none"> • Measurement/prediction of outcomes after decommissioning, comparison between before, during and after. • Communicate with authorities if necessary. (Information Provisioning policies)
<p>Regulatory & Public Services <i>a) Definition:</i></p>	<p>The criterion Regulatory and Public Services assesses the current situation in the community with regards to access to public services and the functioning of regulatory services. The company can indirectly influence the status due to the influx of people or directly by either contributing funds/time to enhance the quality or quantity of public services or by making contributions to the regulatory services.</p>		

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<p><i>b) Ways to address the criterion:</i></p>	<ul style="list-style-type: none"> • Company strategy with regards to briberies, etc. • Measurement/prediction of outcomes after construction, comparison between before, during and after. 	<ul style="list-style-type: none"> • Company strategy with regards to briberies, etc. • Report on situation with regards to political party payment and/or briberies in sustainable development report (measurement of outcomes). • CSR projects 	<ul style="list-style-type: none"> • Measurement/prediction of outcomes after decommissioning, comparison between before, during and after. • Company strategy with regards to briberies, etc.
<p>Sensory Stimuli <i>a) Definition:</i></p>	<p>The Sensory Stimuli criterion describes the current situation within the community. It is usually assessed qualitatively. The business has indirect impacts on this criterion, first because of secondary indirect social impacts due to first order environmental impacts and second due to influx of people.</p>		
<p><i>b) Ways to address the criterion:</i></p>	<ul style="list-style-type: none"> • Measurement/prediction of impacts after construction, comparison between before, during and after • Investigate mitigation options for possible sensory stimuli impacts. • Communicate with community (Information Provisioning policies) 	<ul style="list-style-type: none"> • Report on external complaints in sustainable development report (measurement of outcomes). 	<ul style="list-style-type: none"> • Measurement/prediction of impacts after decommissioning, comparison between before, during and after • Investigate mitigation options for possible sensory stimuli impacts. • Communicate with community (Information Provisioning policies)
<p>Security <i>a) Definition:</i></p>	<p>The Security criterion describes the situation in the community with regards to crime. The business can have an indirect impact on the criterion due to the influx of people.</p>		

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<i>b) Ways to address the criterion:</i>	<ul style="list-style-type: none"> • Measurement/prediction of outcomes after construction, comparison between before, during and after. 	<ul style="list-style-type: none"> • Measurement/prediction of outcomes from specific operational activities such as major maintenance projects, comparison between before, during and after. 	<ul style="list-style-type: none"> • Measurement/prediction of outcomes after decommissioning, comparison between before, during and after.
<p>Cultural Properties <i>a) Definition:</i> The Cultural Properties criterion assesses the impact of the business on cultural properties such as graveyards or heritage sites. It measures the direct impact and might not always be applicable.</p>			
<i>b) Ways to address the criterion:</i>	<ul style="list-style-type: none"> • Determine predicted impact if any • Business policies to handle if cultural properties are endangered. 	<ul style="list-style-type: none"> • Business policies 	<ul style="list-style-type: none"> • Determine predicted impact if any • Business policies to handle if cultural properties are endangered.
<p>Economic Welfare <i>a) Definition:</i> The Economic Welfare criterion describes the economic situation within the community. The business can directly influence the welfare due to employment opportunities created (link to employment opportunities) combined with a policy that prefers local labour and indirectly because of indirect job spin-offs or influx of people.</p>			
<i>b) Ways to address the criterion:</i>	<ul style="list-style-type: none"> • Business policies to buy locally. • Measurement/prediction of outcomes after construction, comparison between before, during and after. 	<ul style="list-style-type: none"> • Business policies to buy locally • Report on local purchases etc in sustainable development report (measurement of outcomes). 	<ul style="list-style-type: none"> • Business policies to buy locally • Measurement/prediction of outcomes after decommissioning, comparison between before, during and after.
<p>Social Pathologies <i>a) Definition:</i> The Social Pathologies criterion describes the situation in the community with regards to social pathologies such as alcoholism, HIV infections, etc. The business can have an indirect impact on the criterion due to influx of people or loss of employment opportunities. The company can also offer programs to assist workers suffering from social pathologies.</p>			

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<i>b) Ways to address the criterion:</i>	<ul style="list-style-type: none"> • Policies to address Social Pathologies under employees. • Measurement/prediction of outcomes after construction, comparison between before, during and after. 	<ul style="list-style-type: none"> • Policies to address Social Pathologies under employees. • Company can offer drug and alcohol or other counseling to employees. • CSR projects that focus on Social Pathologies (e.g. AIDS programs) 	<ul style="list-style-type: none"> • Policies to address Social Pathologies under employees. • Measurement/prediction of outcomes after decommissioning, comparison between before, during and after.
<p>Social Cohesion</p> <p><i>a) Definition:</i></p>	<p>The Social Cohesion criterion is a descriptive criterion (thus qualitative) assessing the sense of place of the community. Aspects such as the togetherness and the degree to which people feel part of the community are assessed by this criterion. The business can indirectly influence this criterion due to influx of people and the impact on the criterion can become direct if any business operations involve resettlement of communities.</p>		
<i>b) Ways to address the criterion:</i>	<ul style="list-style-type: none"> • Resettlement Policies if applicable. • Measurement/prediction of outcomes after construction, comparison between before, during and after. 	<ul style="list-style-type: none"> • CSR projects which focuses on community cohesion. 	<ul style="list-style-type: none"> • Resettlement policies if applicable. • Measurement/prediction of outcomes after decommissioning, comparison between before, during and after.

18.3 Macro Social Performance criteria through the asset life cycle phases

Criteria	Construction	Operation	Decommissioning
<p>Economic Welfare</p> <p><i>a) Definition:</i></p>	<p>The criterion Economic Welfare measures the contribution of the company to the economic welfare of the region or nation, and thus measures a direct impact.</p>		
<i>b) Ways to address the criterion:</i>	<ul style="list-style-type: none"> • Measurement/prediction of outcomes after construction, comparison between before, during and after. 	<ul style="list-style-type: none"> • Address in sustainable development report (measurement of outcomes) 	<ul style="list-style-type: none"> • Measurement/prediction of outcomes after decommissioning, comparison between before, during and after.

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<p>Trading Opportunities a) <i>Definition:</i></p>	<p>The criterion, Trading Opportunities, measures the indirect contribution (positive or negative) that is made by the company to the economy through trading initiatives.</p>		
<p>b) <i>Ways to address the criterion:</i></p>	<ul style="list-style-type: none"> • Measurement/prediction of outcomes after construction, comparison between before, during and after. 	<ul style="list-style-type: none"> • Address in sustainable development report (measurement of outcomes) 	<ul style="list-style-type: none"> • Measurement/prediction of outcomes after decommissioning, comparison between before, during and after.
<p>Monitoring a) <i>Definition:</i></p>	<p>The Monitoring criterion assesses the existence of company practices and/or monitoring stations to assist government with monitoring environmental impacts.</p>		
<p>b) <i>Ways to address the criterion:</i></p>	<ul style="list-style-type: none"> • Monitoring Stations can be build as part of the construction. • Business Processes to gather data and to share with government. (Information Provisioning policies) 	<ul style="list-style-type: none"> • Business Processes to gather data and to share with government. (Information Provisioning policies) • Report in sustainable development report (measurement of outcomes) 	<ul style="list-style-type: none"> • Monitoring stations can be lost due to decommissioning
<p>Legislation a) <i>Definition:</i></p>	<p>The Legislation criterion assesses the existence of company policies to participate in legislation development processes.</p>		
<p>b) <i>Ways to address the criterion:</i></p>	<ul style="list-style-type: none"> • Business policies • Measurement/prediction of outcomes after construction. 	<ul style="list-style-type: none"> • Business policies • Address in sustainable development report (measurement of outcomes) 	<ul style="list-style-type: none"> • Business policies • Measurement/prediction of outcomes after decommissioning.
<p>Enforcement a) <i>Definition:</i></p>	<p>The Enforcement criterion assesses the existence of company practices to enforce environmental standards on to their suppliers.</p>		

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<p><i>b) Ways to address the criterion:</i></p>	<ul style="list-style-type: none"> • Business process/policies • Address as part of selection criteria in contractor selection process or contractor codes of conduct. • Address as part of selection criteria in Supplier Selection Process or Supplier codes of conduct. • Measurement/prediction of outcomes after construction. 	<ul style="list-style-type: none"> • Business process/policies • Address as part of selection criteria in contractor selection process or contractor codes of conduct. • Address as part of selection criteria in Supplier Selection Process or Supplier codes of conduct. • Address in sustainable development report (measurement of outcomes) 	<ul style="list-style-type: none"> • Business process/policies • Address as part of selection criteria in contractor selection process or contractor codes of conduct. • Address as part of selection criteria in Supplier Selection Process or Supplier codes of conduct. • Measurement/prediction of outcomes after decommissioning.
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18.4 Stakeholder Participation criteria through the asset life cycle phases

Criteria	Construction	Operation	Decommissioning
<p><i>Collective Audience</i> a) Definition:</p>	<p>The Collective Audience criterion describes the information provisioning practices and policies within the company and also assesses these practices and policies.</p>		

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<p><i>b) Ways to address the criterion:</i></p>	<ul style="list-style-type: none"> • Business Strategy with regards to stakeholders. • Business policies • Stakeholder meetings • Webpage • Stakeholder surveys • Media releases • Measurement/prediction of outcomes after construction. 	<ul style="list-style-type: none"> • Business Strategy with regards to stakeholders. • Business policies • Stakeholder meetings • Webpage • Stakeholder surveys • Media releases • Sustainable development reports • Address in sustainable development report (measurement of outcomes) 	<ul style="list-style-type: none"> • Business Strategy with regards to stakeholders. • Business policies • Stakeholder meetings • Webpage • Stakeholder surveys • Media releases • Measurement/prediction of outcomes after decommissioning.
<p><i>Selected Audience</i> <i>a) Definition:</i></p>	<p>The Selected Audience criterion describes and assesses the information provisioning practices and policies of the company towards specific stakeholders.</p>		
<p><i>b) Ways to address the criterion:</i></p>	<ul style="list-style-type: none"> • Business strategy with regards to stakeholders. • Business policies • Contact centres • Measurement/prediction of outcomes after construction. 	<ul style="list-style-type: none"> • Business strategy with regards to stakeholders. • Business policies • Contact centres • Address in sustainable development report (measurement of outcomes) 	<ul style="list-style-type: none"> • Business strategy with regards to stakeholders. • Business policies • Contact centres • Measurement/prediction of outcomes after decommissioning.
<p><i>Decision-Influence Potential</i> <i>a) Definition:</i></p>	<p>The criterion addresses the degree to which the company actually incorporates the stakeholders’ opinions into operational decision-making.</p>		
<p><i>b) Ways to address the criterion:</i></p>	<ul style="list-style-type: none"> • Measurement/prediction of outcomes after construction. • Business process to communicate 	<ul style="list-style-type: none"> • Address in sustainable development report (measurement of outcomes) • Business process to communicate 	<ul style="list-style-type: none"> • Measurement/prediction of outcomes after decommissioning. • Business process to communicate

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	stakeholders' view to decision-makers.	stakeholders' view to decision-makers.	stakeholders' view to decision-makers.
Stakeholder Empowerment	The criterion addresses the quality and quantity of structures to ensure that stakeholders can express their views and that it is known throughout the company.		
<i>a) Definition:</i>			
<i>b) Ways to address the criterion:</i>	<ul style="list-style-type: none"> • Staff/Community Forums • Measurement/prediction of outcomes after construction. • Business processes to ensure the stakeholders' views are known. 	<ul style="list-style-type: none"> • Staff/Community Forums • Address in sustainable development report (measurement of outcomes) • Business processes to ensure the stakeholders' views are known. 	<ul style="list-style-type: none"> • Staff/Community Forums • Measurement/prediction of outcomes after decommissioning. • Business processes to ensure the stakeholders' views are known.