



financial returns employment practices
products and services environmental protections
ethics **accountability** **governance**
business relationships community involvement

**standards
of
corporate
social
responsibility**

financial returns employment practice
accountability
products and services governance

Social Venture Network

Standards of Corporate Social Responsibility

Edward Goodell, Editor

SVN Standards of Corporate Social Responsibility is an initiative of Social Venture Network. The SVN Standards will be updated periodically and SVN welcomes inquiries from individuals and organizations who wish to contribute material and information for future editions.

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introduction

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There is a growing consensus that companies and organizations have a social obligation to operate in ethically, socially, and environmentally responsible ways. Many business leaders are recognizing that these issues, which may previously have been considered extraneous, can have serious financial consequences. Some are finding competitive advantages in understanding their various stakeholders, values and aligning their strategies accordingly. As a result, business leaders are seeking tools to improve both the social and financial performance of their organizations.

While the good intentions of senior managers are a prerequisite for improving corporate social performance, they are not enough. To paraphrase one writer addressing the challenge of doing well while doing good – a business can fail as a force for social change and succeed as a business, but it cannot fail as a business and succeed as a force for social change.¹

Many Social Venture Network (SVN) members have built successful, socially responsive businesses and thought it worthwhile to share that experience with others. The result is this document.

A key issue is the considerable task of selling the idea within the organization. To make persuasive arguments and rational choices, managers need a comprehensible framework in which to evaluate their risks and opportunities. The SVN Standards provide such a framework by synthesizing the cumulative wisdom of an extensive array of companies and organizations and putting that experience into a useable format.

Background

Social Venture Network was created in 1987 to foster a network of business and social entrepreneurs dedicated to the proposition that business can be a potent force for solving social problems. Since its inception, SVN has been a forum for members to debate, demonstrate, and evaluate the rationales, practices, and consequences of corporate social responsibility.

¹ *Gottesman, Eric. "Letters to the Editor: Profitable Social Responsibility," The Wall Street Journal, August 8, 1996, p. A11*



Starting in late 1995, SVN devoted staff and resources to developing a written set of standards for business responsibility. They began soliciting criteria from individuals and interest groups both within and outside the Network. Most of the leading thinkers and practitioners in the social responsibility arena were included among the more than 220 who contributed over 650 individual criteria and hundreds of pages of insightful commentary.

These materials offered a window into a vast and valuable body of knowledge from many of the pioneers in corporate ethical, social, and environmental responsibility. When the combined SVN U.S. and SVN European membership reviewed the resulting principles, they wanted two things: simplification and tools for implementation. The members were most concerned with how to translate the principles into day-to-day management and investment decisions. The document presented here reflects these concerns.

What the Standards are, and what they are not

The words “corporate” and “company” are used throughout the Standards document. Most people associate these terms with commercial enterprises, and indeed, business practices are at the center of most social responsibility issues. However, the terms are used here in their literal sense – i.e., a group of people – including for-profits, non-profits, the new hybrid “for-benefits,” and governments.

It is important to remember from the outset that there is no such entity as a generic company and no such thing as a generic prescription for social responsibility. Furthermore, social responsibility is a vast field encompassing many overlapping and disparate disciplines. It follows that any comprehensive standard developed for all companies and organizations, regardless of sector, size, governance, and geographic extent, would be too general to be effective.

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In addition, social responsibility is a dynamic process. It is about good behavior that is the result of making decisions balancing the interests of all affected parties. Those decisions must be based on an ongoing conversation among the stakeholders and must take into account the unique and evolving circumstances of each organization. This requires a level of awareness, information, concern, and competent execution that can only exist if it is an integral part of the corporate culture.

In light of this, the SVN Standards are presented as a compendium – a short but complete summary – of strategies and techniques for improving organizational performance. The Standards are not a static prescription. Rather, the intention is to define the landscape of corporate social responsibility and provide tools for companies and organizations to make continuous improvements that are in concert with their overall strategy.

The SVN Standards suggest behavior, but they do not set a level of performance that is considered good enough. It should go without saying that not all SVN member companies subscribe to everything included in these standards; no real company would or should. The assumption is that companies who wish to improve their social performance will employ the pieces they find most useful.

It is also worth noting that the Standards are not an implementation model or an organizational change process per se. They describe the important dimensions of corporate social responsibility, they suggest practices and measures that other companies have used in their quest for social responsibility, and they highlight useful resources for additional information. We believe each Principle has universal applicability and could be adopted (or adapted) by any company. However, the individual company must formulate a strategy that best fits its circumstances.

The SVN Standards project began as way for SVN to reach a common definition of what it means to be a socially responsible company. Over time, however, it came to focus less on defining and more on doing. The last section, Implementation, offers advice and encouragement to those moving into action.



Organization and Content

The major categories of the SVN Standards are defined in terms of nine interrelated topics. There are three general topics – Ethics, Accountability, and Governance, – and six topics related to each stakeholder group – investors, employees, business partners, customers, community, and environment. Taken together, these nine Standards combine key, overarching issues with a more detailed stakeholder analysis.

The SVN Standards begin with Ethics because of the central role ethics play in corporate social responsibility. Embracing this Principle requires a comprehensive, corporate-wide commitment to fundamental issues of honesty and human rights in dealings with all stakeholders. At its core, corporate social responsibility is an ethical choice, and the other Principles can be viewed as variations on this theme.

The Accountability Principle acknowledges that companies operate by virtue of a social contract that involves a number of conditions, responsibilities, and limitations. Companies must demonstrate this accountability by disclosing the information stakeholders need to protect their personal and economic interests. This Standard recognizes that systematic and specific disclosure motivates companies to serve the broader interests of all stakeholders.

Broadly defined, Governance concerns the structure and mechanisms by which a company is managed, the means by which management is held accountable, and the procedures for incorporating stakeholder interests into the company's decision-making. Given that companies vary widely, there is no single model of good corporate governance. Rather, this Principle creates the management conditions and the corporate culture that enable continuous improvements in social performance.

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The remaining six Standards relate to the major stakeholder groups. Stakeholders are individuals or groups on whom the company has an impact, and who therefore have an interest in the company's products, services, processes, and activities. This includes employees, investors, customers and ultimate consumers, distributors, suppliers, the larger community, and the environment.

The stakeholder-related standards are ordered concentrically, from those inside the company (the investors and employees) to those outside the company but directly involved (the company's agents and customers) to those that are more indirectly affected by the company's activities (the surrounding community and environment).

Within each Standard, the information is organized into Principles, Practices, Measures, and Resources.

1. **Principle** – A brief value statement.
2. **Practices** – Examples of the means by which an organization might improve performance relative to the standard.
3. **Measures** – Tangible indicators of performance that can be observed and measured in qualitative, quantitative, or monetary terms.
4. **Resources** – Potential sources of the additional information, tools, and techniques a company may need to implement a customized approach.

The Practices help to define the Principle in terms of concrete, programmatic steps a company can take to achieve its objectives. No company should expect to pursue all Practices simultaneously, but any company would most likely pursue a variation on one or more of these Practices. Similarly, we expect that every company could use one or more of the Measures to monitor performance. In addition, companies can use the Measures as a starting point for formulating specific indicators that are more appropriate to their special objectives and circumstances.

The best way to access the individual Resources is through the accompanying Internet URL. Since World Wide Web addresses change frequently, we have also attempted to give the current telephone number and mailing address for the organization offering the Resource. In some cases, the organization does not have a phone number or the resource exists solely as a Web address.

Next Steps

The SVN Standards are intended to be a living document. Any universal set of standards encompassing all contingencies is necessarily abstract, and this one is no exception. It is in the process of implementation that the standards becomes less abstract. To that end, we have included an Implementation chapter at the end of this document. Once organizations begin applying the Standards, a dialogue can ensue about tools and techniques, successes and failures. For its part, SVN will strive to facilitate and support this dialogue through its conferences, publications, and Web site. Your active participation is invited.

acknowledgments



The SVN Standards of Corporate Social Responsibility grew out of the ongoing dialogue among SVN members about the meaning and practice of corporate social responsibility and have benefited greatly from previous and parallel efforts of other organizations. The SVN Standards represent the generous and thoughtful contributions of a vast array of people and organizations – approximately 200 individual contributors since this effort began in late 1995.

Each known contributor of funds and content is listed in the following pages, along with the organizational affiliation on record at the time of the latest contribution. This listing does not do justice to the many extraordinary efforts to contribute material, expertise, and financial support to the project. To adequately acknowledge each one would exceed the content of the rest of the document. However, special thanks must be given to those who were closest to the project, nurturing it through various stages as it slowly evolved into its current state.

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principles

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1. **Ethics**

The company develops and implements ethical standards and practices in dealings with all company stakeholders. The company's commitment to ethical behavior is widely communicated in an explicit statement and is rigorously upheld.

2. **Accountability**

The company acknowledges that many constituents have legitimate interests in its activities and discloses information in a timely manner so that stakeholders can make informed decisions. Stakeholder need-to-know takes precedence over inconvenience and cost to the corporation.

3. **Governance**

The company balances the interests of employees, customers, investors, lenders, suppliers, affected communities, and other stakeholders in strategic objectives as well as day-to-day management and investment decisions. The company manages its resources conscientiously and effectively, seeking to enhance both financial and human capital.

4. **Financial Returns**

The company compensates providers of capital with an attractive and competitive rate of return while protecting company assets and sustainability of these returns. Company policies and practices are established to enhance long-term growth and shareholder value.

5. **Employment Practices**

The company engages in human resource management practices that promote personal and professional employee development, diversity at all levels, and empowerment. The company regards employees as valued partners in the business, respecting their right to fair labor practices, competitive wages and benefits, and a safe, harassment-free, family-friendly work environment.

6. Business Relationships

The company is fair and honest with business partners, including suppliers, distributors, licensees, and agents. The company promotes and monitors the corporate social responsibility of business partners.

7. Products and Services

The company identifies and responds to the needs, desires, and rights of its customers and ultimate consumers. It strives to provide the highest levels of product and service value, including a strong commitment to integrity, customer satisfaction, and safety.

8. Community Involvement

The company fosters an open relationship with the community in which it operates that is sensitive to the community's culture and needs. The company plays a proactive, cooperative, and where appropriate, collaborative role in making the community a better place to live and conduct business.

9. Environmental Protection

The company strives to protect and restore the environment and promote sustainable development with products, processes, services, and other activities. It is committed to minimizing the use of energy and natural resources and decreasing waste and harmful emissions. The company integrates these considerations into day-to-day management decisions.

ethics



PRINCIPLE

The company develops and implements ethical standards and practices in dealings with all company stakeholders.

The company's commitment to ethical behavior is widely communicated in an explicit statement and is rigorously upheld.

PRACTICES

1. The company creates an accessible ethics statement that articulates the behavior expected of all employees, agents, and business partners.
2. The company establishes an Ethics Committee, including a mix of stakeholders (e.g., directors, senior managers, hourly workers, union representatives, community activists) to develop, communicate, and monitor compliance with the ethics statement.
3. The company undertakes a benchmarking effort to compare its ethical performance against that of comparable organizations.
4. The company rewards exemplary performance and penalizes acts contrary to the ethics statement even when in the pursuit of financial objectives.
5. The company periodically reviews its policies to ensure that financial incentives do not create pressure for employees to commit misdeeds or unethical behavior. "Scorecards" and cash-bonus programs designed solely to encourage employees to meet short-term financial targets are either eliminated or balanced with ethical or other non-financial factors.
6. The company provides ethics education that demonstrates how ethical values apply to the daily work environment and how ethical dilemmas may be resolved. It integrates ethics-based decision-making into all training.

7. The company provides a mechanism that allows employees to discuss ethical dilemmas and report offenses without suffering negative consequences (e.g., an ethics officer of high executive rank or a confidential help line).
8. The company has well-documented and effective systems for monitoring, evaluating, and reporting compliance with its ethics statement and provides reports to its stakeholders.
9. The company honors recognized human rights principles, such as the Universal Declaration of Human Rights and related covenants.
10. The company establishes a system to monitor compliance of suppliers, distributors, and business partners, particularly those operating in countries that consistently violate the UN Charter of Human Rights.
11. When children are employed, the company supports internationally recognized local educational and vocational training for them.
12. The company protects the privacy of its stakeholders.
13. The company demands honesty in all its oral and written statements, reports, and marketing materials and upholds all corporate statements, terms of agreements, and payment schedules.
14. The company eliminates or limits the cost or type of gifts employees or company agents may receive from outside vendors or business associates.
15. The company has clear policies regarding the improper use of the property and information of the company, its business partners, and competitors.
16. The company treats animals humanely and, if animal tests must be undertaken to comply with regulatory requirements, supports the elimination of animal testing and research into alternatives.

MEASURES

1. Active efforts to improve ethical performance, including a corporate code of conduct and management systems to encourage, monitor, and reward ethical performance
2. Statistics documenting ethics training and stakeholder involvement in ethics initiatives; and the effectiveness of such activities
3. Stakeholder perceptions of ethical behavior as determined in audits and surveys
4. Examples demonstrating that the ethics statement has influenced behavior
5. Active and documented system of recognition for employees who make difficult ethical decisions; and punishment for those who disregard code of conduct
6. Number and type of ethics violations reported by third parties
7. Number of prosecutions and amount of fines for ethical violation

RESOURCES

<p>1. Amnesty International has developed <i>Human Rights Principles for Companies</i> based on international standards.</p>	<p>Amnesty International Secretariat 1 Easton Street London, WC1X 8DJ, UK 44 tel: (44) 171 413-5500</p>	<p>www.amnesty.org/ailib/aipub/1998/ACT/A7000198.htm</p>
<p>2. The Better Business Bureau publishes useful tips about how to establish an ethical business.</p>	<p>Council of Better Business Bureaus 4200 Wilson Boulevard, Suite 800 Arlington, VA 22203-1804 tel: (703) 276-0100</p>	<p>www.bbb.org/library/ethical.html</p>
<p>3. Business Ethics Bureau of Investigation publishes a code of conduct and awards certification seals.</p>	<p>Business Ethics Bureau, 160 Southwest Twelfth Ave., #103A Deerfield Beach, FL 33442-3102 tel: (954) 571-7118</p>	<p>www.bebi.org/standards.htm</p>
<p>4. <i>Business Ethics Magazine</i> covers socially responsible investing, business news, and issues related to socially responsible business.</p>	<p>Business Ethics Magazine 52 S. Tenth Street #110 Minneapolis, MN 55403 tel: (651) 962-4700</p>	<p>www.depaul.edu/ethics/bizethics.html</p>
<p>5. <i>The Business Integrity Assessment</i> assesses ethical culture and measures effectiveness as perceived by employees.</p>	<p>Walker Information 939 Priority Way South Drive PO Box 40972 Indianapolis, IN 46240-0972 tel: (800) 334-3939</p>	<p>www.walkernet.com</p>
<p>6. Center for Business Ethics provides specialized ethics training and research.</p>	<p>Center for Business Ethics 175 Forrest Street Waltham, MA 02452 tel: (781) 891-2981</p>	<p>www.bentley.edu/resource/cbe</p>
<p>7. Council for Ethics in Economics offers online ethics case studies and other services to strengthen the ethical performance of businesses.</p>	<p>Council for Ethics in Economics 125 East Broad Street Columbus, OH 43215-3605 tel: (614) 221-8661</p>	<p>www.businessethics.org</p>
<p>8. DePaul University's Institute for Business & Professional Ethics has an extensive Web site devoted to ethics practice, including a list of links to a variety of ethics codes.</p>	<p>Institute for Business & Professional Ethics 1 E. Jackson Boulevard, Suite 7003 Chicago, IL 60604 tel: (312) 362-6199</p>	<p>www.depaul.edu/ethics/codes.html</p>

<p>9. <i>Eighty Exemplary Ethics Statements</i>, edited by Patrick Murphy, surveys codes of conduct at some leading corporations and suggests seven principles to follow in developing such statements.</p>	<p>Notre Dame Press 310 Flanner Hall Notre Dame, IN 46556 tel: (219) 631-6346</p>	<p>www.undpress.nd.edu</p>
<p>10. <i>The Ethics Effectiveness Quick Test</i> includes questions in twelve ethics management areas and can help identify what is working well and where improvement is needed.</p>	<p>Ethics Resource Center 1747 Pennsylvania Avenue NW Suite 400 Washington, DC 20006 tel: (202) 737-2258</p>	<p>www.ethics.org</p>
<p>11. Ethics Officer Association is a professional association for managers of corporate ethics and compliance programs.</p>	<p>Ethics Officer Association 30 Church Street, Suite 331 Belmont, MA 02478 tel: (617) 484-9400</p>	<p>www.eoa.org</p>
<p>12. The <i>GreenMoney Journal</i> covers socially and environmentally responsible business, investing, and consumer resources.</p>	<p>Simple Living Network Inc. PO Box 233 Trout Lake, WA 98650 tel: (800) 318-5725</p>	<p>www.sl-net.com/cip/gmj/default.htm</p>
<p>13. Human Rights Watch monitors and promotes human rights in over 70 countries and publishes the annual <i>Human Rights Report</i>.</p>	<p>Human Rights Watch 350 Fifth Avenue, 34th Floor New York, NY 10118-3299 tel: (212) 290-4700</p>	<p>www.hrw.org</p>
<p>14. <i>Inc. Magazine's Ethics Column</i> and Ethics Bulletin Board profile ethical dilemmas faced in the workplace.</p>	<p><i>Inc. Magazine</i> Editorial Office, 38 Commercial Wharf Boston, MA 02110 tel: (617) 248-8000</p>	<p>www.inc.com/extra/columns/ethics</p>
<p>15. The Institute of Business Ethics publishes <i>Twelve Steps for Implementing a Code of Business Ethics</i>, taken from its longer publication, <i>Company Use of Business Codes of Conduct</i>.</p>	<p>Institute of Business Ethics 12 Palace Street London, SW1E 5JA, UK tel: (44) 171 931-0495</p>	<p>www.ibe.org.uk/code.htm</p>
<p>16. <i>International Code of Advertising Practice</i> of the International Chamber of Commerce promotes international trade, investment, and rules that govern the conduct of business across borders.</p>	<p>International Chamber of Commerce 38 Cours Albert 1er 75008 Paris, France tel: (33) 49 532-828</p>	<p>www.iccwbo.org/Marketing/advercod.htm</p>

<p>17. The Markkula Center for Applied Ethics at Santa Clara University provides excellent links to other ethics resources.</p>	<p>The Markkula Center for Applied Ethics, 500 El Commino, Santa Clara, CA 95053-0633 tel: (408) 554-5319</p>	<p>www.scu.edu/Ethics/homepage.shtml</p>
<p>18. Netcheck Commerce Bureau provides ethics information about companies involved in electronic commerce.</p>	<p>Netcheck Commerce Bureau 776 South Canyon Road Springville, UT 84663 tel: (801) 491-8185</p>	<p>www.netcheck.com</p>
<p>19. Transparency International is dedicated to increasing government accountability and curbing both international and national corruption.</p>	<p>Transparency International Otto-Suhr-Allee 97/99,10585 Berlin, Germany tel: (49) 343-8200</p>	<p>www.transparency.de</p>
<p>20. The United Nations maintains online briefing papers including the <i>Universal Declaration of Human Rights</i> and related covenants.</p>	<p>United Nations Publications Room DC2-853 New York, NY 10017 tel: (800) 253-9646</p>	<p>www.un.org/rights/HRToday</p>

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PRINCIPLE

The company acknowledges that many constituents have legitimate interests in its activities and discloses information in a timely manner so that stakeholders can make informed decisions. Stakeholder need-to-know takes precedence over inconvenience and cost to the corporation.

PRACTICES

1. The company respects the right to know of stakeholders and balances it with the company's need to protect intellectual capital.
2. The company broadly identifies the interests of its stakeholders and regularly assesses their informational needs.
3. The company provides timely information in clear and accessible language to allow informed decisions by stakeholders.
4. The company regularly assesses its corporate citizenship, providing measurable and independently verified evidence to support any claims regarding achievement of its ethical, social, and environmental objectives.
5. The company encourages communication through face-to-face relationships with stakeholders, such as volunteering with community advisory panels, neighborhood associations, and advocacy groups, as well as standard communication vehicles such as Web site and online forums, newsletters, and hotlines.

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6. The company informs employees and other key stakeholders about any significant violation of corporate policies, adverse decisions by regulators or courts, and the results of other analyses of corporate activity.
7. The company provides adequate, accurate information on labels, packages, and operation manuals and responds to other information requests related to workplace safety, lawsuits, environmental emissions, pay equity, etc.
8. The company endeavors to meet the information needs of all its stakeholders as effectively as it meets those of its investors.
9. The company's top management is accessible to stakeholders.

MEASURES

1. Results of stakeholder surveys regarding satisfaction with disclosures and response to their informational needs
2. Evaluation of assessments by external stakeholders and third-party organizations
3. Quality and quantity of required and voluntary disclosures
4. Lawsuits and violations for inadequate disclosure related to such items as finance, product labeling, and environmental performance
5. Number and nature of meetings held with stakeholders
6. Number and nature of communications from stakeholders (e.g., complaint letters, suggestions, accolades)

RESOURCES

<p>1. Business for Social Responsibility has a starter list of Implementation Steps in the Social Audits and Accountability section of its Global Business Responsibility Resource Center.</p>	<p>Business for Social Responsibility 609 Mission Street, 2nd Floor San Francisco, CA 94105-3506 tel: (415) 537-0888</p>	<p>www.bsr.org/resourcecenter/</p>
<p>2. The Centre for Social & Environmental Research publishes the <i>Social and Environmental Accounting Newsletter</i> and maintains a frequently updated Online Directory to social and environmental accounting resources.</p>	<p>Centre for Social & Environmental Research University of Dundee Dundee DD1 4HN, UK tel: (44) 13 8234-4789</p>	<p>www.dundee.ac.uk/accountancy/csear/</p>
<p>3. The Institute for Ethical and Social Accountability promotes best-practice social and ethical accounting and auditing and the development of professional standards and accreditation procedures.</p>	<p>Secretariat, Institute for Social and Ethical Accountability Thrale House Southwark 44-46 London SE1 1UN, UK tel: (44) 171 407-7370</p>	<p>www.accountability.org.uk</p>
<p>4. The New Economics Foundation offers numerous sustainability resources including <i>Making Values Count: Contemporary Experiences in Social and Ethical Accounting, Auditing and Reporting</i>, which it published with the Association of Chartered Certified Accountants.</p>	<p>New Economics Foundation Cinnamon House 6-8 Cole Street London SE1 4YH, UK tel: (44) 171 407-7447</p>	<p>www.neweconomics.org</p>
<p>5. The Sunshine Standards for Corporate Reporting of the Stakeholder Alliance provide direction for corporate reporting to stakeholders. These are intended to supersede the “generally accepted accounting principles” that currently guide such reporting.</p>	<p>Stakeholder Alliance 1735 S Street NW Washington, DC 20009 tel: (202) 797-0606</p>	<p>www.essential.org/capp/sunstds.html</p>
<p>6. The <i>Social Reporting Report</i> by SustainAbility gives a good overview of the types of social audits and the crucial considerations in their undertaking.</p>	<p>SustainAbility Limited 49-53 Kensington High Street London W8 5ED, UK tel: (44) 171 937-9996</p>	<p>www.sustainability.co.uk</p>

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PRINCIPLE

The company balances the interests of stakeholders in strategic objectives as well as day-to-day management and investment decisions. The company manages its resources conscientiously and effectively, seeking to enhance both financial and human capital.

PRACTICES

1. The company formally integrates stakeholder management into its governing philosophy.
2. The company adopts an explicit mission statement and governance code, along with effective implementation strategies and performance metrics emphasizing fair process and accountability to stakeholders.
3. The board and management embrace a role of “stakeholder trustee,” while protecting long-term shareholder value.
4. The company incorporates and balances stakeholder expectations and concerns into its objectives and strategic planning.
5. The company makes stakeholder impact a component of performance evaluation throughout the organization.
6. The company’s governing body takes responsibility for assessing, managing, and reporting the overall solvency, stability, and prospects of the organization.
7. The company’s governing body ensures that it is fully informed about the impact of the company’s products, services, and activities on its stakeholders and strives for continuous improvement.

8. The company provides mechanisms and opportunities for regular consultation and communications among board, management, employees, and other stakeholders (e.g., hotline, email, newsletters, open meetings, personal appointments, and other formal and informal interactions with stakeholder leaders and groups).
9. Senior executives are accessible to employees and other stakeholders.
10. The governing body evaluates CEO and senior-management performance against the achievement of social, non-financial, and financial performance factors, and compensation is based on these performance measures.
11. The governing body and senior managers expressly recognize their responsibility to place the interests of stakeholders as a whole above the exclusive interests of management and the board.
12. The governing body recognizes the importance of fair process in making decisions and communicating them throughout the organization.

MEASURES

1. Corporate governance code that meet or exceed industry standards
2. Board of directors and management assessment of stakeholder impacts and approaches to improve performance
3. Independent board members such as external directors and active board members such as a lead director
4. Number of board resolutions generated by stakeholders/investors and responses by board
5. Results of stakeholder satisfaction surveys
6. Compensation of CEO and senior management based on social performance factors
7. Tangible incentives for employees to consider stakeholder interests and impacts in their daily decisions and analysis of the extent to which stakeholder interests are considered

RESOURCES

<p>1. The Balanced Scorecard Collaborative facilitates the use, enhancement, and integrity of the balanced scorecard as a value-added management process.</p>	<p>Balanced Scorecard Collaborative 55 Old Bedford Road Lincoln, MA 01773 tel: (781) 259-3737</p>	<p>www.bscol.com</p>
<p>2. The Balance Scorecard Institute is a clearinghouse for non-profit and government managers to build strategic management systems, but it contains many resources of interest to for-profit enterprises as well.</p>	<p>Balance Scorecard Institute 6902 Breezewood Terrace Rockville, MD 20852</p>	<p>www.balancedscorecard.org</p>
<p>3. The California Public Employees' Retirement System (CalPERS) maintains a Web site devoted to governance issues, including suggested principles and links to other board-related resources.</p>	<p>CalPERS Lincoln Plaza, 400 P Street Sacramento, CA 95814 tel: (916) 326-3000</p>	<p>www.calpers-governance.org</p>
<p>4. The Conference Board's Global Corporate Governance Research Center produces conferences, seminars, and publications on corporate governance topics.</p>	<p>Conference Board 845 Third Avenue New York, NY10022-6679 tel: (212) 759-0900</p>	<p>www.conference-board.org/</p>
<p>5. The Caux Roundtable is a group of business leaders that have developed stakeholder principles to improve their company practices.</p>	<p>Caux Roundtable 4626 France Ave. South Minneapolis, MN 55410 tel: (651) 310-0162</p>	<p>www.cauxroundtable.org</p>
<p>6. The European Bahai Business Forum focuses on moral and ethical principles for business success.</p>	<p>Secretariat European Bahai Business Forum 35 Avenue Jean Jaurès 73000 Chambéry, France tel: (33) 79 962-272</p>	<p>www.ebbf.org</p>
<p>7. Interfaith Center for Corporate Responsibility has published a 1998 edition of its comprehensive <i>Principles for Global Corporate Responsibility: Benchmarks for Measuring Business Performance.</i></p>	<p>Interfaith Center for Corporate Responsibility 475 Riverside Drive, Suite 550 New York, NY 10115 tel: (212) 870-2295</p>	<p>E-mail: info@iccr.org</p>
		<p style="text-align: right;">29</p>

<p>8. Internal Control – Integrated Framework outlines broad criteria for establishing, evaluating, and monitoring internal controls. The Institute of Internal Auditors publishes related tools for evaluating the reliability of internal control systems and related risks to achieving company objectives.</p>	<p>The Institute of Internal Auditors 249 Maitland Avenue Altamonte Springs, FL 32701-4201 tel: (407) 830-7600</p>	<p>www.theiia.org</p>
<p>9. Director’s Alert covers boardroom trends with links to current articles on a variety of issues.</p>	<p>Tower Media Inc. 211 East 43rd Street, 20th Floor New York, NY 10017 tel: (212) 949-4288</p>	<p>www.directorsalert.com</p>
<p>10. The Corporate Governance Web site highlights issues and discussions to facilitate shareholder involvement in corporate governance issues, as well as linking to other sites.</p>		<p>www.corpgov.net</p>
<p>11. The Institute of Directors has published Good Practice for Directors – Standards for the Board to enhance professionalism on boards of directors.</p>	<p>Institute of Directors 116 Pall Mall London, SW1Y 5ED. T, UK tel: (44) 171 839-1233</p>	<p>www.iod.co.uk/home.html</p>
<p>12. The National Association of Corporate Directors promotes corporate leadership and conscientious corporate governance through its publications and services.</p>	<p>National Association of Corporate Directors 1707 L Street NW, Suite 560 Washington, DC 20036 tel: (202) 775-0509</p>	<p>www.nacdonline.org</p>
<p>13. The National Law Journal publishes papers on corporate practice including Formulating Corporate Governance.</p>	<p>American Lawyer Media’s Law News Network 105 Madison Avenue, 8th Floor New York, NY 10016 tel: (800) 903-9872</p>	<p>www.ljx.com/practice/corporate/0622governance.html</p>
<p>14. The Organization for Economic Cooperation and Development recently drafted the OECD Corporate Governance Guidelines, targeting public companies.</p>	<p>The Organization for Economic Cooperation and Development OECD Paris Centre 2, Rue André Pascal 75775 Paris Cedex 16 France tel: (33)14 524-8200</p>	<p>www.oecd.org/daf/governance/principles.htm</p>

<p>15. Redefining the Corporation has published a thoughtful set of six principles of stakeholder management and accompanying commentary.</p>	<p>Clarkson Centre for Business Ethics, University of Toronto 105 St. George Street Toronto, Ontario M5S 3E6, Canada tel: (416) 978-4930</p>	<p>mgmt.utoronto.ca/~stake/Principles.htm</p>
<p>16. Walker Information helps companies measure and manage stakeholder relationships. Its Web site offers some free publications on stakeholder measurement, business ethics, and balanced scorecards.</p>	<p>Walker Information 3939 Priority Way, South Drive PO Box 40972 Indianapolis, IN 46240-0972 tel: (800) 231-4904</p>	<p>www.walkerinfo.com</p>
<p>17. Walker Information is also sponsoring the opening of a non-commercial Web site, Stakeholders.com, to serve as a clearinghouse for stakeholder management information.</p>		<p>www.stakeholders.com</p>

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PRINCIPLE

The company compensates providers of capital with an attractive and competitive rate of return while protecting company assets and sustainability of these returns. Company policies and practices are established to enhance long-term growth and shareholder value.

PRACTICES

1. The company provides its investors, including lenders, with fair and attractive financial returns and recognizes the importance of increasing shareholder value.
2. The company aligns financial and non-financial objectives and does not allow profit-seeking to undermine a commitment to balancing the interest of all stakeholders.
3. The company reports to investors and other stakeholders regularly on progress achieved against its financial, non-financial, and social performance targets. These reports communicate both successes achieved and shortfalls remaining, and provide an overview of board and management strategies for improvement.
4. The company provides investors with disclosures of historical and forward-looking information and easy access to the organization commensurate with the need to protect proprietary information.
5. The company provides stakeholders with opportunities to invest in the company.
6. The company promptly responds to investor requests, suggestions, complaints, and formal resolutions.
7. The company's own external investments, if any, are made consistent with its mission and ethical statement.

MEASURES

1. Revenue growth
2. Economic value added
3. Growth in shareholder value
4. Return on equity
5. Debt-to-equity ratios
6. Coverage ratio of debt service
7. After-tax income
8. Growth in net income
9. Earnings per share
10. Operating profitability and margins
11. Healthy cash flow generation
12. Increased market share and return on equity
13. Return on capital employed
14. Quality of financial disclosures
15. Asset utilization
16. Liquidity ratios

RESOURCES

<p>1. Colorado State University's Economics Department publishes <i>Communications for a Sustainable Future</i>, a longstanding and interesting collection of online discussions loosely arranged around sustainability issues.</p>	<p>Department of Economics, University of Colorado Boulder, CO 80309-0256 tel: (303) 492-7466</p>	<p>cfs.colorado.edu</p>
<p>2. The mission of the Financial Accounting Standards Board (FASB) is to establish and improve standards of financial accounting and reporting for the guidance and education of the public, including issuers, auditors, and users of financial information.</p>	<p>Financial Accounting Standards Board 401 Merritt 7, PO Box 5116 Norwalk, CT 06856-5116 tel: (203) 847-0700</p>	<p>www.rutgers.edu/ Accounting/raw/fasb/ index.html</p>
<p>3. The International Society for Ecological Economics is a non-profit organization that encourages the integration of economics and ecology toward developing a sustainable world.</p>	<p>ISEE Secretariat PO Box 1589 Solomons, MD 20688 tel: (410) 326-7414</p>	<p>isee.aibs.org</p>
<p>4. Stern Stewart is the consulting firm that pioneered the Economic Value Added framework for measuring financial performance and creating incentive compensation systems.</p>	<p>Stern Stewart 1345 Avenue of the Americas New York, NY 10105 tel: (212) 261-0600</p>	<p>www.sternstewart.com</p>

employment practices



PRINCIPLE

The company engages in human resource management practices that promote personal and professional employee development, diversity at all levels, and empowerment. The company regards employees as valued partners in the business, respecting their right to fair labor practices, competitive wages and benefits, and a safe, harassment-free, family-friendly work environment.

PRACTICES

1. The company has written policies containing measurable objectives to promote diversity and empowerment in the work force. Performance against those measures is monitored and reported regularly to the board of directors and senior management.
2. The company places special emphasis on maintaining the health and safety of its employees. A written statement is provided to all employees that details the procedures for risk reduction and monitoring.
3. The company does not tolerate discrimination in the hiring, salary, promotion, training, advancement opportunities, or termination of any employee on the basis of gender, race, age, ethnicity, physical disability, sexual orientation, political affiliation, or religion. The company pays comparable pay for comparable work.
4. The company meets or exceeds all internationally recognized labor standards and conventions, including those concerning freedom of association, right to engage in collective bargaining, discrimination, minimum age, and living wages.
5. The company maximizes the participation of employees in corporate governance and enlists employees help in improving the work environment.

6. The company determines the livable wage for each community in which it operates and sets that wage as the goal for compensating its lowest-paid employees. It annually measures progress toward that goal and reports progress to employees.
7. The company solicits employee advice in designing benefit plans that are flexible and portable. Benefits that can be used by low-wage workers are included, such as referral services, employee assistance plans, flextime, and tuition assistance.
8. The company provides commensurate treatment for part-time employees regarding pay, benefits, training, and opportunities for promotion.
9. The company offers performance bonuses and profit-sharing programs to employees; monthly and quarterly bonuses are instituted to decrease the interval between performance and feedback. Open-book management is practiced, and employees are provided assistance in understanding financial statements.
10. The company offers tuition reimbursement, internal training, and career-development opportunities to all employees and encourages promotion from within the organization wherever possible. Mentoring relationships are encouraged.
11. Training opportunities transcend the purely technical or professional to include life skills. The company attends to the financial well being of employees with seminars on topics such as debt relief, retirement planning, tax assistance, eldercare, and life management.
12. The company takes a dynamic and integrated approach to addressing employees' economic, social, psychological, and spiritual needs.

13. The company develops and communicates work-life policies and programs, such as flextime and daycare, that support balanced work and personal lives.
14. The company conducts regular employee and work-life surveys.
15. The company seeks to achieve a participatory, fair process in all situations affecting employees' job security. In job-threatening situations, employees are fully briefed and solicited for input and cooperation in such practices as voluntary pay cuts and leave without pay.
16. The company offers outplacement services, re-training, and severance benefits if layoffs occur.
17. The company monitors the employment practices of its suppliers, distributors, and business partners to encourage alignment with its own employment policies.

MEASURES

1. Number of jobs provided and new jobs created, by type, location, and salary level
2. Promotions, by type of job and salary level; percentage of promotions that are internal; increases in salary and wage levels
3. Reputation of company as a desirable employer as measured by national surveys, employee surveys, and job applicant feedback
4. Level of employee satisfaction, absenteeism, and employee turnover relative to sector norms
5. Percentage of work force with medical insurance, paid leave, and other benefits
6. Comparison of benefits and hourly wages between full-time and part-time employees
7. Existence of work-life programs such as flextime, job sharing, telecommuting, child care, sabbaticals, and training; and percentage of employees participating in these programs relative to sector norms
8. 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
9. Number and type of employees with gain-sharing, profit-sharing, or other incentive plans

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10. Dollars spent for training and career planning per employee, number of hours, and number of employees participating, by type of employee per year
12. Percentage of employee-development goals achieved
13. Number of accidents, by type; ratio of lost time to total employee hours
14. Exposure of employees to hazardous and potentially hazardous substances and conditions
15. Dollars paid in workers compensation relative to sector
16. Number and percentage of employees attending safety education classes
17. Relationship with union; record and outcomes of complaints, frequency of job actions and legal proceedings

RESOURCES

<p>1. The Alliance of Work-Life Professionals keeps its members up-to-date in the work-life field.</p>	<p>Alliance of Work-Life Professionals 515 King Street, Suite 420 Alexandria, VA 22314 tel: (800) 874-9383</p>	<p>www.awlp.org</p>
<p>2. The Boston College Center for Work and Family is a research organization dedicated to increasing the quality of life for working families through research, partnerships, and information services.</p>	<p>Boston College, Main Campus 140 Commonwealth Avenue St. Clement's Hall 128 Chestnut Hill, MA 021467-3862 tel: (617) 552-4545</p>	<p>www.bc.edu/bc_org/avp/csom/executive/cwf/frames.html</p>
<p>3. The Families and Work Institute develops research-based strategies that foster connections among workplaces, families, and communities.</p>	<p>Families and Work Institute 330 Seventh Avenue, 14th Floor New York, NY 10001 tel: (212) 465-2044</p>	<p>www.familiesandworkinst.org</p>
<p>4. The Job Accommodation Network provides information about job accommodations and the employability of people with disabilities, including a Points of Interest Web page containing over 250 links.</p>	<p>Job Accommodation Network West Virginia University PO Box 6080 Morgantown, WV 26506-6080 tel: (800) 526-7234</p>	<p>janweb.icdi.wvu.edu/links</p>
<p>5. The Midwest Center for Labor Research Web site provides short news and in-depth forums on organized labor and the world of work.</p>	<p>Midwest Center for Labor Research 3411 W. Diversey Avenue, Suite 10 Chicago, IL 60647 tel: (312) 278-5418</p>	<p>www.mclr.com</p>
<p>6. The President's Committee on Employment of People with Disabilities provides information, training, and technical assistance to enhance the employment of people with disabilities.</p>	<p>President's Committee on Employment of People with Disabilities 1331 F Street, NW, Suite 300 Washington, DC 20004-1107 tel: (202) 376-6200</p>	<p>www50.pcepd.gov/pcepd/</p>
<p>7. Students for Responsible Business has chapters in leading business schools and places MBA students in summer internships.</p>	<p>Students for Responsible Business 609 Mission Street, Third Floor San Francisco, CA 94105 tel: (415) 778-8366</p>	<p>www.srb.org</p>

<p>8. Sweatshop Watch provides a living-wage formula and other resources.</p>	<p>Sweatshop Watch 310 Eighth Street, Suite 309 Oakland, CA 94607 tel: (510) 834-8990</p>	<p>www.sweatshopwatch.org</p>
<p>9. Whirlwind Wheelchair International is developing a worldwide network of wheelchair designers, users, and manufacturers to address the need for wheelchairs in developing nations.</p>	<p>Whirlwind Wheelchair International San Francisco State University School of Engineering 1600 Holloway Avenue San Francisco, CA 94132 tel: (415) 338-6277</p>	<p>whirlwind.sfsu.edu</p>
<p>10. <i>Organizations that assist companies in matching employees or business owners with mentors include:</i></p>		
<p>a) Center to Develop Entrepreneurs</p>	<p>College of Business, San Jose State University, One Washington Square San Jose, CA 95192-0065 tel: (408) 924-3433</p>	<p>www.cob.sjsu.edu/dept/cdwe</p>
<p>b) Initiative for a Competitive Inner City</p>	<p>Initiative for a Competitive Inner City 727 Atlantic Avenue, Suite 600 Boston, MA 02111 tel: (617) 292-2363</p>	<p>www.icic.org</p>
<p>c) National Association of Women Business Owners</p>	<p>NAWBO Headquarters 1100 Wayne Avenue, Suite 830 Silver Spring, MD 20910 tel: (301) 608-2590</p>	<p>www.nawbo.org</p>
<p>d) Service Corps of Retired Executives Association</p>	<p>SCORE Association 409 Third Street, SW, Sixth Floor Washington DC 20024 tel: (800) 634-0245</p>	<p>www.score.org</p>
<p>e) Small Business Development Centers</p>	<p>SBDC National Information Clearinghouse, 1222 N. Main St., #712 San Antonio, TX 78212 tel: (800) 689-1912</p>	<p>www.asbdc-us.org</p>

business relationships

PRINCIPLE

The company is fair and honest with business partners, including suppliers, distributors, licensees, and agents. The company promotes and monitors the corporate social responsibility of business partners.

PRACTICES

1. The company selects its business partners in consideration not only of price and quality, but also of social, ethical, and environmental performance.
2. The company leverages its purchasing power to encourage business partners to pursue improvement of their own social, ethical, and environmental practices.
3. The company shows loyalty to suppliers that are consistently innovative and offer quality products and services at a fair price.
4. The company cross-markets with valued business partners.
5. The company pays promptly, using negotiation and mutual agreement for longer payment cycles.
6. The company sets specific targets for utilizing indigenous, disadvantaged, and minority-owned businesses as joint-venture suppliers and partners.
7. The company supports organizations that practice and promote the concept of "fair trade."

MEASURES

1. Instances of technical assistance to business partners
2. Percentage of suppliers audited and results as to compliance with SVN Standards
3. Percentage of volume with fair-trading partners
4. Percentage of overall budget set aside for partnerships with co-operatives/non-profits
5. Percentage of volume of business with female- and minority-owned businesses
6. Prompt payment terms and conditions
7. Terms and conditions of agreements are readily honored and upheld
8. Third-party mediation is used to settle disputes

RESOURCES

<p>1. Conservation International works with businesses and cooperatives to supply products and enterprises that sustainably use natural resources.</p>	<p>Conservation International 2501 M Street, NW, Suite 200 Washington, DC 20037 tel: (202) 429-5660</p>	<p>www.conservation.org</p>
<p>2. Coop America publishes the online Green Pages directory of socially and environmentally responsible businesses, products, and services and serves as a clearinghouse of information for organizations seeking to end sweatshop labor.</p>	<p>Coop America 1612 K Street NW, Suite 600 Washington, DC 20006 tel: (800) 584-7336</p>	<p>www.coopamerica.org</p>
<p>3. The Council for Economic Priorities Accreditation Agency has developed the Social Accountability 8000 management standard for companies seeking to assure equitable and safe workplaces.</p>	<p>Council for Economic Priorities Accreditation Agency 30 Irving Place New York, NY 10003 tel: (212) 358-7697</p>	<p>www.cepaa.org</p>
<p>4. Equal Exchange creates new approaches to trade that include informed consumers, honest and fair trade relationships, and cooperative principles.</p>	<p>Equal Exchange 251 Revere Street Canton, MA 02021 tel: (781) 830-0303</p>	<p>www.equalexchange.com</p>
<p>5. The Fair Trade Federation acts as a clearinghouse linking low-income producers with consumer markets.</p>	<p>Fair Trade Federation PO. Box 698 Kirkville, MI 63501 tel: (717) 334-5583</p>	<p>www.fairtradefederation.com</p>
<p>6. Verité offers inspection and verification of labor practices, consultant services, and in-house training to companies and organizations addressing child labor and sweatshop issues.</p>	<p>Verité 49 South Pleasant Street 3rd Floor Amherst, MA 01002 tel: (413) 253-9227</p>	<p>www.verite.org</p>

7. *There are a number of organizations promoting partnering with minority- and women-owned enterprises, including:*

a) Office of Enterprise Development	General Services Administration Eighteenth and F Street NW Room 6029 Washington, DC 20405	www.gsa.gov/oed
b) National Minority Supplier Development Council	National Minority Supplier Development Council 1040 Avenue of the Americas 2nd Fl. New York, NY 10018 tel: (212) 944-2430	www.nmsdcus.org
c) Office of Marketing & Customer Service	Small Business Administration 409 Third Street SW, Suite 7600 Washington, DC 20416 tel: (202) 205-6744	www.sba.gov
d) Office of Small and Disadvantaged Business Utilization	U.S. Department of Commerce, Fourteenth and Constitution Ave. NW Room 6411, Herbert C. Hoover Bld. Washington, DC 20230 tel: (202) 366-1930	www.doc.gov/osdbu
e) Urban Enterprise Initiative	Social Venture Network PO Box 29221 San Francisco, CA 94129-0221 tel: (415) 561-6501	www.svn.org
f) Women's Business Enterprise National Council	Women's Business Enterprise National Council 1451 Dolley Madison Blvd, Suite 300 McLean, VA 22101-3847 tel: (703) 556-9662	orgs.womenconnect.com/wbenc

8. *In addition to the above offices, the U.S. government maintains databases to make it easier to contract with minority and women-owned businesses, including:*

a) CBD Net is a searchable electronic version of <i>Commerce Business Daily</i> , listing all federal contract opportunities.		cbdnet.access.gpo.gov
b) Pro-Net is a searchable database of more than 171,000 small, disadvantaged, and women-owned businesses.		pro-net.sba.gov

products and services



PRINCIPLE

The company identifies and responds to the needs, desires, and rights of its customers and ultimate consumers. It strives to provide the highest levels of product and service value, including a strong commitment to integrity, customer satisfaction, and safety.

PRACTICES

1. The company creates programs to assess the impacts of its products and services on its stakeholders. It is committed to continuous improvement of these impacts at each phase of product development, design, production, and delivery.
2. The company strives for increased customer satisfaction by regularly assessing customer needs, developing innovative products and services, and monitoring quality.
3. The company advertises honestly, within industry and regulatory codes of practice, and abides by explicit standards of advertising and marketing.
4. The company adopts policies to promptly and conscientiously honor warranties and guarantees and address consumer complaints, privacy, and solicitation.
5. The company's products and services meet or exceed the standards for product safety wherever the products or services are offered.

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6. The company takes immediate action to recall products if health and safety risks occur.
7. The company's packaging contains accurate and understandable product and company information and serves other purposes, such as a communications tool for raising awareness or as a utilitarian recycled container.
8. Employee compensation and bonuses are based on non-financial factors such as customer satisfaction.

MEASURES

1. Value of products and services, including social value, as measured by consumer surveys and recognition received
2. Percentage of new product sales as an indicator of innovation
3. Customer satisfaction ratings such as customer retention, new customers, market share, and brand loyalty
4. Quality assessment scores, service incidence rates, number and costs of product recalls, by type
5. Product availability and back order, on-time delivery rates, and condition of product on delivery
6. Number and nature of customer complaints on issues of product quality, value, safety, or satisfaction and challenges to marketing or pricing practices
7. Percentage of complaints closed within targeted time periods, average time needed to close complaints, number of references to authorities
8. Average life-cycle costs of products

RESOURCES

<p>1. The Council of Better Business Bureaus provides a variety of services to protect consumers and ethical companies, including marketing and advertising codes and the BBOnline seal.</p>	<p>Council of Better Business Bureaus 1012 Fourteenth Street NW, 9th Floor Washington, DC 20005-3410 tel: (202) 393-8000</p>	<p>www.bbb.org</p>
<p>2. Since 1975, the Council on Economic Priorities has provided consumers with ratings of companies on environmental performance and other social indices.</p>	<p>Council on Economic Priorities 30 Irving Place New York, NY 10003 tel: (212) 420-1133</p>	<p>www.cepnyc.org/index.htm</p>
<p>3. The International Chamber of Commerce has developed several marketing and advertising codes.</p>	<p>International Chamber of Commerce 38, Cours Albert 1er Paris, France tel: (33) 14 953-2828</p>	<p>www.iccwbo.org</p>
<p>4. The International Standards Organization quality management standards (ISO 9000) describe a system for consistently producing products that conform to customers' expectations.</p>	<p>International Standards Organization 1, rue de Varembé, Case Postale 56 CH-1211 Geneve 20 Switzerland tel: (41) 22 749-0111</p>	<p>www.iso.ch</p>
<p>5. WorldWise Inc. manufactures and distributes sustainable consumer products according to a set of guiding principles.</p>	<p>WorldWise Inc. 55 Shaver Street, Suite 240 San Rafael, CA 94901 tel: (415) 721-7400</p>	<p>www.worldwise.com</p>

community involvement



PRINCIPLE

The company fosters an open relationship with the community in which it operates that is sensitive to the community's culture and needs. The company plays a proactive, cooperative, and where appropriate, collaborative role in making the community a better place to live and conduct business.

PRACTICES

1. The company establishes formal mechanisms to maximize and promote two-way communication with the local communities in which it operates. Where appropriate, the company collaborates with community members to promote improvements in community health, education, workplace safety, diversity, and economic development.
2. The community is seen as an important stakeholder in company operations, is considered in decision-making, and kept informed of the company's operations and plans, and of the impacts of the company's products, services, and activities.
3. The company uses its procurement and investment practices to improve local economic and social development. Where possible, it locates operations and investments in under-served communities to generate employment and training opportunities.
4. The company contributes to the local community through corporate policies and programs that explicitly encourage corporate charitable giving, employee volunteerism, and in-kind contributions of goods and services to local organizations.
5. The company focuses on at least one critical community issue and uses its financial and political weight to create change.

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6. The company's employees and managers serve on the boards of local organizations and institutions with a willingness to be involved over time and to leverage their positions in the company to provide creative in-kind or monetary contributions.
7. The company engages its employees and customers in choosing charitable causes.
8. The company makes a special effort to train and employ marginalized, minority, and underemployed members of the local community.
9. The company enters joint marketing partnerships with community groups to promote socially progressive causes.

MEASURES

1. Net gain/loss in local jobs, income, and/or business opportunities over time
2. Social and recreational benefits provided to community
3. Training for employees and opportunities for training and/or employment for community residents
4. Hours of community relationship-building training and number of employees trained
5. Number and percentage of employees, including top management, who participate in company-sponsored volunteer activities on their own and company time
6. Dollar amount and percentage of profits and/or in-kind resources donated to improve the quality of life in the community
7. Number and type of community activities held on company property
8. Community awards, accolades received, and assessment of impact of charitable contributions
9. Nature and magnitude of public/private partnerships

RESOURCES

<p>1. Asian Neighborhood Design provides architectural, planning, and development services for revitalizing neighborhoods.</p>	<p>Asian Neighborhood Design 461 Bush Street, Suite 400 San Francisco, CA 94108 tel: (415) 982-2959</p>	<p>www.andnet.org</p>
<p>2. <i>Community Relations: Unleashing the Power of Corporate Community Relations</i> identifies innovations, best practices, and key trends in corporate community relations.</p>	<p>Boston College 140 Commonwealth Ave. Chestnut Hill, MA 02467-3835 tel: (617) 552-4545</p>	<p>infoeagle.bc.edu/bc_org/avp/csom/cccr/unleashingstudy.html</p>
<p>3. <i>Principles of Corporate Community Investment</i> is a framework for assessing and improving a company's community programs.</p>	<p>Business in the Community 44 Baker Street London W1M 1DH, UK tel: (44) 171 224-1600</p>	<p>www.bitc.org.uk</p>
<p>4. Community Wealth is creating an online resource for practitioners and organizations promoting social change through profitable enterprise.</p>	<p>Community Wealth 733 15th St. NW, Suite 640 Washington D.C. 20005 tel: (202) 478-6548</p>	<p>www.communitywealth.org</p>
<p>5. The Corporation for Enterprise Development creates and implements strategies for building financial, human, social, and environmental assets, especially in low-income communities across the US</p>	<p>Corp. for Enterprise Development 777 North Capitol Street NE Suite 410 Washington, DC 20002 tel: (202) 408-9788</p>	<p>www.cfed.org</p>
<p>6. The London Benchmarking Group conducts an annual benchmarking exercise and has developed a corporate community involvement measurement tool, Getting the Measure.</p>	<p>The Corporate Citizenship Company, Europoint, 5/11 Lavington Street London SE1 0NZ, UK tel: (44) 171 945-6130</p>	<p>www.ccinet.org/benchmarking/getmeasure.html</p>
		<p style="text-align: right;">53</p>

<p>7. The National Foundation for Teaching Entrepreneurship has programs to introduce low-income teens to the world of business and entrepreneurship by teaching them how to develop and operate their own small businesses.</p>	<p>National Foundation for Teaching Entrepreneurship 120 Wall Street, 29th Floor New York, NY 10005 tel: (212) 232-3333</p>	<p>www.nfte.com</p>
<p>8. Share Our Strength works with corporations and businesses to meet philanthropic goals and business objectives, including cause-related marketing partnerships, licensing agreements, and other enterprises to produce community wealth.</p>	<p>Share Our Strength 733 Fifteenth Street NW Suite 640 Washington, DC 20005 tel: (800) 969-4767</p>	<p>www.strength.org</p>
<p>9. The Women's Self Employment Project provides business loans and technical assistance to women who desire to be self-employed.</p>	<p>Women's Self Employment Project 4550 Montgomery Avenue Suite 100 North Bethesda, MD 20814 tel: (800) 368-2748</p>	<p>www.calvertgroup.com/foundation/WSEP.htm</p>



environmental protection

PRINCIPLE

The company strives to protect and restore the environment and promote sustainable development with products, processes, services, and other activities. It is committed to minimizing the use of energy and natural resources and decreasing waste and harmful emissions. The company integrates these considerations into day-to-day management decisions.

PRACTICES

1. The company mission includes and promotes the pursuit of “sustainable development,” defined by the UN World Commission on Environment and Development as “development which meets the needs of the present without compromising the ability of future generations to meet their own needs.”
2. The company strives for continuous improvement in the efficiency with which it uses all forms of energy and materials; in reducing its consumption of water and other natural resources; and in its emissions of hazardous substances.
3. The company creates explicit programs and mechanisms for monitoring its energy, water, and materials use and corresponding emissions into the environment, and communicates to its stakeholders about its progress and strategies for improvement.
4. The company develops a company-wide Environmental Management System that translates its environmental mission and policy statements into an action plan, with objectives and procedures for evaluating progress.
5. The company includes environmental factors and audits in its performance evaluation systems for individuals and business units.

6. The company adverse designs products, services, processes, and facilities to minimize adverse environmental impacts.
7. Wherever possible, the company quantifies the environmental impacts of its products and services and makes continuous improvement in reducing or eliminating any adverse impacts throughout their entire life cycle.
8. The company is committed to using and producing recycled and recyclable materials, increasing the durability of products, and minimizing packaging.
9. The company gives preference to purchasing environmentally superior products and office materials.
10. The company tries to transfer successful environmental techniques and technologies to all its divisions and locations.
11. The company seeks out suppliers, distributors, and business partners that meet equivalent environmental and social standards as the company sets for its own products and services.
12. The company shares the savings from environmental impact reductions with employees.
13. The company offsets carbon emissions with equivalent carbon-fixing, such as tree-planting.

MEASURES

1. Independently verified environmental disclosure report
2. Progress towards zero emissions
3. Reductions in waste
4. Process changes adopted to reduce waste, emissions, and energy consumption; and costs or savings associated with those changes
5. Level of emissions, expenditures for pollution prevention, amounts of materials that are recycled and/or diverted from the waste stream, and amounts of energy consumed and conserved, by major type
6. Funds committed for research and development on more effective pollution prevention and control and energy conservation
7. Number of complaints, suits, and final judgments for environmental infractions
8. Evidence of effective environmental site-selection criteria for facilities
9. Number and percentage of facilities which are certified to ISO 14001 and continuous improvement of environmental performance
10. Degree of integration of environmental impacts into daily management decisions

RESOURCES

<p>1. The Business and the Environment Program of Business for Social Responsibility provides organizations with access to practical information and technical assistance for improving environmental performance.</p>	<p>Business for Social Responsibility 609 Mission Street, 2nd Floor San Francisco, CA 94105-3506 tel: (415) 537-0888</p>	<p>www.bsr.org</p>
<p>2. Guide to Resource Efficient Building Elements offers information on obtaining and building with recycled and other resource-efficient materials.</p>	<p>Center for Resourceful Building Technology PO Box 100 Missoula, MT 59806</p>	<p>www.montana.com/crbt</p>
<p>3. Since 1989, the Coalition for Environmentally Responsible Economies has promoted standardized corporate environmental reporting through its CERES Principles. Currently, it is shepherding the Global Reporting Initiative, which seeks to add social and financial factors to enterprise "sustainability reports."</p>	<p>Coalition for Environmentally Responsible Economies 11 Arlington Street, 6th Floor Boston, MA 02116-3411 tel: (617) 247-0700</p>	<p>www.ceres.org</p>
<p>4. Co-op America offers a variety of services for companies integrating environmental principles into their operations. One example is the <i>Woodwise Consumer</i>, a guide to forest-friendly practices related to paper and wood use.</p>	<p>Co-op America 1612 K Street NW, Suite 600 Washington, DC 20006 tel: (800) 584-7336</p>	<p>www.coopamerica.org</p>
<p>5. Earth Share helps corporations and government employers set up workplace-giving campaigns to environmental and conservation causes.</p>	<p>Earth Share 3400 International Drive NW Suite 2K Washington, DC tel: (202) 537-7100</p>	<p>www.earthshare.org</p>
<p>6. The Environmentally Conscious Decision Support System, developed by Vanderbilt University, is a cost-risk tool for life-cycle assessment.</p>	<p>U.S.-Japan Center for Technology Management Vanderbilt University 326 Jacobs Hall, Box 131 Station B Nashville, TN 37235 tel: (615) 322-0697</p>	<p>shogun.vuse.vanderbilt.edu/usjapan/ecodstxt.htm</p>
<p>7. EcoMarket International is an online reference for design, certification, manufacturing, and purchase of green products.</p>		<p>www.ecomarket.net</p>

<p>8. Inform's <i>Joining Forces: Case Studies in Business and Environmental Integration</i> describes three manufacturing plants that integrate business functions, such as design and manufacturing, with pollution prevention.</p>	<p>Inform 120 Wall Street, 15th Floor New York, NY 10005-4001 tel: (212) 361-2400</p>	<p>www.informinc.org</p>
<p>9. The research and networking activities of the International Institute for Sustainable Development focus on corporate reporting, international standard-setting, voluntary initiatives, employment strategies, and online information.</p>	<p>International Institute for Sustainable Development 161 Portage Avenue East, 6th Floor Winnipeg Manitoba, Canada, R3BoY4 tel: (204) 958-7700</p>	<p>iisd.ca</p>
<p>10. The International Standards Organization's 14000 series of environmental management standards focus on minimizing the harmful environmental effects of an organization's operations.</p>	<p>International Standard Organization 1, rue de Varembe, Case postale 56, CH-1211 Geneve 20 Switzerland tel: (41) 22 749-011</p>	<p>www.iso.ch</p>
<p>11. Michael Kane of the U.S. Environmental Protection Agency has developed a voluminous directory, <i>Resources for Promoting Global Business Principles and Best Practice: People, Organizations and Websites</i>.</p>	<p>Michael J. Kane, Office of Policy Development, U.S. Environmental Protection Agency Washington, DC 20460 tel: (202) 260-8663</p>	<p>E-mail: kane.michael@epa.org</p>
<p>12. The National Recycling Coalition promotes recycling, source reduction, and markets for recovered materials and recycled-content products.</p>	<p>National Recycling Coalition 1727 King Street, Suite 105 Alexandria, VA 22314-2720 tel: (703) 683-9025</p>	<p>www.nrc-recycle.org</p>
<p>13. The Natural Step helps enterprises align their operations with principles of sustainability.</p>	<p>Natural Step Thoreau Center for Sustainability PO Box 29372 San Francisco, CA 94129-0372 tel: (415) 561-3344</p>	<p>www.naturalstep.org</p>

<p>14. O2 Network is a non-profit group of industrial designers, marketing experts, and environmental consultants who meet informally.</p>	<p>O2 Network The Netherlands Design Institute Keizersgracht 609 1017 DS Amsterdam tel: (31) 20 551-6500</p>	<p>www.o2.org</p>
<p>15. The President's Council for Sustainable Development leads policy discussions and national town meetings on sustainable development.</p>	<p>President's Council for Sustainable Development 730 Jackson Place NW Washington, DC 20503 tel: (202) 408-5296</p>	<p>www.whitehouse.gov/PCSD/</p>
<p>16. The Public Environmental Reporting Initiative, an online resource, was developed in 1992-93 by companies from different industry sectors, with input from various stakeholders.</p>		<p>www.ibm.com/ibm/environment/initiatives/peri.phtml</p>
<p>17. Recycler's World was established as a worldwide trading site for secondary or recyclable commodities, by-products, and surplus materials.</p>	<p>RecycleNet Corporation PO Box 1910 Richfield Springs, NY 13439 tel: (519) 767-2913</p>	<p>www.recycle.net</p>
<p>18. The Rocky Mountain Institute helps corporations gain competitive advantage by integrating energy-efficient and environmentally-responsive design into their projects.</p>	<p>Rocky Mountain Institute 1739 Snowmass Creek Road Snowmass, CO 81654-9199 tel: (970) 927-3851</p>	<p>www.rmi.org</p>
<p>19. The online Sustainable Business Network promotes tools and information for sustainable business on its extensive Web site.</p>		<p>sbn.envirolink.org</p>
<p>20. The Energy Efficiency and Renewable Energy Network develops cost-effective energy - efficiency and renewable-energy technologies that protect the environment, and support the nation's economic competitiveness.</p>	<p>Office of Energy Efficiency and Renewable Energy Department of Energy PO Box 3048 Merrifield, VA 22116 tel: (800) 363-3732</p>	<p>www.eren.doe.gov</p>

21. *The U.S. Environmental Protection Agency offers numerous programs to help organizations improve environmental performance, including:*

<p>a) WasteWise, helping organizations reduce solid waste.</p>	<p>WasteWise Program (5306W) U.S. Environmental Protection Agency 401 M Street SW Washington, DC 20460 tel: (800) 372-9473</p>	<p>www.epa.gov/wastewise</p>
<p>b) Design for the Environment, for incorporating environmental considerations into the design and redesign of products, processes, and technical and management systems.</p>	<p>Office of Pollution Prevention and Toxics U.S. Environmental Protection Agency 401 M Street SW Washington, DC 20024 tel: (202) 260-1023</p>	<p>www.epa.gov/opptintr/dfe/index.html</p>
<p>22. The U.S. Green Building Council's Leadership in Energy and Environmental Design green-building rating system is a voluntary, consensus-based rating system for commercial buildings.</p>	<p>U.S. Green Building Council's 110 Sutter Street, Suite 410 San Francisco, CA 94104 tel: (415) 445-9500</p>	<p>www.usgbc.org</p>
<p>23. The West Michigan Sustainable Business Forum publishes a self-assessment tool designed to be used by representatives from key areas of an organization to identify and prioritize opportunities for greater environmental sustainability.</p>	<p>West Michigan Environmental Action Council 1432 Wealthy Street SE Grand Rapids, MI 49506 tel: (616) 451-3051</p>	<p>www.sustainable-busforum.org/guide.html</p>

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How to Use This Document to Improve Your Performance

These standards are not a prescription. They do not define some ideal state of affairs and there is no seal of approval associated with them. Rather, they represent a system of values based on our understanding of the points of contact between business and society. The values cover a wide range of contemporary social issues. What turns them into a system is the belief that business is an integral part of something greater than itself, an institution of society that performs an increasingly vital role in assuring the well-being of society's members. Different companies fulfill this mission in different ways. Thus, standards are standards only in the original sense of the word – flags or banners under which you can gather your forces and rally your troops to achieve your objectives.

In short, this document is a beginning, not an end. It will be used mainly by companies that are already doing a reasonably good job in meeting society's changing expectations. Most will have already done the obvious things to comply with laws and regulations; some will have gone a lot further.

The challenge is to institutionalize new attitudes and integrate new policies and practices into routine operations. We hope this document will be helpful in stimulating discussions about your own agenda and comparing it with the experience of others.

Changing corporate culture may be the most difficult of all management tasks. It is not merely a matter of stipulating, for example, that the organization will implement ways to reduce waste at the source. That, of course, is a desirable outcome. But achieving it is likely to call into question more basic questions, such as:

- *Are we too focused on short-term results? If so, how can we get people to think in a longer time frame?*
- *Are our decision-making processes too self-contained? If so, how can we represent other stakeholder interests without getting bogged down?*
- *Is our organizational structure too hierarchical (or too decentralized) to deal meaningfully with the operational changes we may need to implement? If so, how can we best reorganize, and how can we prepare our people for their new responsibilities?*

Readers will recognize these questions as the basic business issues companies confront today in many contexts. The question of social responsibility simply makes them stand out in bold relief. Corporate social responsibility is an integral element of business policy and strategy. It merits and requires the same systematic care and involvement as anything else that influences corporate success. On the basis of our members' experience, we have divided the overall task of improving social performance into four sequential sets of activities: laying the groundwork, engaging the stakeholders, making progress, and assessment.

The Groundwork

The first step in any development process is to create a rough sketch of what the final product will look like. The standards discussed in this report provide a generic but comprehensive overview. An organization should be able to determine fairly quickly the relevance of any one of these ideas and suggestions to its own circumstances. From such an analysis, it can begin to define a statement of corporate values. A great deal of value flows from this preliminary work. But it is best not to agonize over it. You can expect a lot to change as you move forward.

Once you have an idea of where you're going, you need to define who your stakeholders are and how they affect and are affected by the organization. In essence, a stakeholder is a constituent, someone with a legitimate interest in your decisions.

In assessing a company's impact on various stakeholders, the only way to get meaningful answers is to ask them. However, anyone who has ever done a survey knows you are likely to get the answers people think you expect, especially when the questioner is in a position of power. Many of us have used focus groups and related techniques to probe more deeply into people's feelings. But these are not techniques for amateurs. If you are considering this approach, hire an experienced outside professional.

The final preparatory step is the consideration of what you're going to ask people within and outside the organization to do, and how you can gain acceptance and institutionalize change. This process is never easy. But in the case of corporate citizenship, you are beginning with the natural desire of most people to do the right thing. In our experience, successful implementation comes almost exclusively from engagement.

Engagement

The outcome of this phase of the project should be a more or less final statement of values, goals, policies, procedures, and measurements. But if it is to work, the development process must engage everyone affected. We use the word engagement to imply more than a passive commitment. Engagement implies ownership; it will never be achieved by imposition. Thus, you must find ways to guarantee the process will be both top down and bottom up.

In every company we know, cultural change has been initiated from the top because senior management undergoes some sort of conversion experience. Translating that experience into action is a test of true leadership. Like flying a kite, it requires releasing the basic idea on the thinnest of tethers, keeping it aloft as it is buffeted by dialogue, and welcoming change while maintaining

focus. Conviction helps. If it is clear that management is fully committed to both the goals and the process, you can do almost anything. Absent conviction, you are probably wasting your time.

There is no cookie-cutter solution to the challenge of engagement. Most SVN companies were founded and built by entrepreneurs who began with a deep personal commitment. That is an advantage, but even it is no guarantee of success. We believe most companies are well advised to establish priorities. Persuade people that you're not setting out to change the world overnight. Focus on areas that are close to your business mission. Make sure people understand that nothing is being cast in bronze. You may find it useful to think about your mission and ask for input in two areas:

- *Business-sensitive issues, comprising values closely related to your own industry, and*
- *Global issues, comprising values central to the economic goals of society that you would expect to be shared by your suppliers and customers and, pretty much, everybody else. These include, for example, the provision of a living wage and the promotion of equal opportunity.*

Making Progress

As anyone who follows competitive sports knows, one big win or a string of small ones is the surest route to ultimate success. The same principle applies here. To illustrate using a hypothetical example, “Good Company” was long known as a good place to work and a good neighbor in its communities. But ten years ago, it was also a large contributor to air, land, and water pollution. It instituted a program called “Pollution Doesn’t Pay,” in which all line managers were given incentives to reduce pollution by a minimum of 5% a year, with the goal of zero emissions within the decade. Such steps were not, of course, efficient for every operation. Moreover, the ultimate goal was widely seen as unrealistic. But 5% a year looked feasible, and when that turned out to be true, success in achieving it created the momentum that almost netted the overall company the zero net emissions goal. Equally important, the lessons gleaned from the experience greatly shortened the learning curve for other initiatives.

Assessment

If the principles of social responsibility define our goals, then we need milestones to tell us how far along we’ve gotten in achieving them. Without measurement, the whole process becomes fuzzy, and success is impossible. From the outset, then, everyone needs to agree on what you want to measure and how you want to measure it. The process will undoubtedly produce a great deal of data. So, again from the beginning, you need to know what you’re going to do with it. Some of it may not be terribly flattering, but that is precisely what you want to find out.

You will note that one of the “best practices” highlighted in this report is an independent annual social audit, corresponding roughly to the financial audit undertaken by public companies. This practice was pioneered by, among others, Ben & Jerry’s, which has adopted a policy of publishing and publicizing everything, the bad with the good. This will not suit every company, but it is surely a powerful way of focusing attention both inside the company and in the communities it serves.

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Agent

An agent is an individual or corporate entity that is sanctioned to represent the company (often under contract), such as a broker, franchisee, or authorized dealer.

Balanced Scorecard

Balanced scorecards provide a means of reporting and thus managing an organization's overall performance by integrating financial measures with other non-financial performance indicators. Since initial publication in the *Harvard Business Review* in January of 1993, the concept of the balanced scorecard has been variously interpreted – from a simple set of financial and non-financial indicators to, more broadly, a way of linking strategic objectives (i.e., corporate social responsibility) with financial performance.

Community

Community is the wider circle of people who are affected by a company's operations, but who may not have any direct relationship to the company – for instance, the people who live near a plant or who might be affected by a company product, even though they did not buy it.

Company/Organization

These terms are used to describe all manner of enterprises organized for commercial or non-commercial purposes.

Competitive Pay

Competitive pay refers to prevailing pay scales for equivalent jobs in an industry or market. It is often based on market surveys.

Ethics Statements

Written ethics statements come in several forms, including:

- Value statements or guiding principles derived from the organizational mission,
- Corporate credos that serve as a general guide to behavior by establishing the organization's ethical responsibilities to stakeholders, and
- Codes of ethics or more detailed guides to behavior that attempt to encompass general principles and also provide specific guidance.

Ethics Training

Ethics training includes educational materials, exercises, and courses that demonstrate how ethical values apply to daily work, define situations that demand ethical choices, and provide clear procedural frameworks for resolving ethical dilemmas.

External Director, Lead Director

An external, or outside, director is an advisory or governing board member who is not an investor or employee of the company. A lead director is typically an outside director with special responsibilities, such as presiding over key committees or serving as a liaison to the CEO.

Fair Compensation and Equal Pay

Equal pay, or comparable pay, usually refers to equivalent compensation for similar but not identical jobs within an organization, without regard to the gender, race, age, sexual orientation, religion, or physical ability of the worker.

Fair Process

Fair process recognizes that while outcomes are important, so is the process that produces them. The elements of fair process include:

- Opportunity for input by individuals who will be affected by a decision,
- Explanation of why decisions are made and how they relate to the overall interests of the enterprise, and
- Clarity about the expectations and conditions that affect decision-making.

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Fair Trade

A growing number of companies have aligned themselves in “fair-trade” networks which buy products and commodities directly from growers or craftspeople, rather than through wholesalers and brokers, attempting to ensure that those who create goods are paid a living wage for their efforts.

Freedom of Association and Collective Bargaining

The International Labor Organization's *Freedom of Association and Protection of the Right to Organize Convention* states, “Workers and employers, without distinction whatsoever, shall have the right to establish and, subject only to the rules of the organization concerned, to join organizations of their own choosing without previous authorization.”

Fiduciary Duty

Fiduciary duty describes the relationship of someone who has agreed to act as “caretaker” of another’s rights, assets, and/or well-being. The fiduciary must carry out the responsibilities with the utmost good faith, honesty, integrity, loyalty, and undivided service to the beneficiary’s interest. Good faith has been interpreted to mean avoiding negligence in handling those interests and placing the beneficiary’s interests above anyone else’s, including those of the trustee. Further, if the agent should find him or herself in a position of conflicting interests, the agent must disclose it.

Gain-Sharing

Gain-sharing is the term applied to productivity incentives which link employees, and units, bonuses to performance improvements. For a gain-sharing plan to succeed, employees must see the connection between their performance and their pay. To aid in demonstrating that linkage, the company’s production and financial results are periodically shared with affected employees. (See also: Open-book management.)

Governing Body

The governing body of an organization is the ultimate decision-making authority for the organization. The form and composition of governing bodies vary as widely as do the types of organizations in which they are found, from sole proprietorships to elected or appointed boards with outside directors.

Human Rights

The United Nations enumerates the following human rights as essential for the achievement of global peace, development, and democracy:

- Freedom of political choice and association, of opinion and expression, and of culture;
- Freedom from fear and from all forms of discrimination and prejudice; and
- Freedom from want and the right to employment, well-being, and, collectively, to development.

Life-cycle Assessment

Life-cycle costs include the full impacts of a product, process, or service from inception through disposal. A variety of methodologies and approaches are used to determine overhead and environmental costs in greater or less detail.

Livable, or Living, Wages

A livable wage is the level of income necessary to support a household in an economically sustainable and socially healthy manner. A typical methodology defines the livable take-home wage as the average family's basic needs (housing, nutrition, clothing, energy, water, education, childcare, and savings) in a certain location divided by the number of adult wage-earners in the family.

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Open-book Management

Definitions of open-book management vary, but it is generally accepted to include:

- sharing financial and other reports (e.g., productivity, plant utilization, and quality data) with employees,
- training employees to understand and use the reports in their daily work, and
- often, sharing the financial results through a gain-sharing program.

Right-to-know

The principle of right-to-know obligates a company to make crucial, life-affecting information readily available to stakeholders. It is frequently invoked in chemical-exposure circumstances but can be applied to a wide range of information that has the potential to affect stakeholders.

Social Audit

A social audit identifies and measures the ethical, social, and environmental impacts of an organization. The impacts can be assessed in qualitative, quantitative, or monetary terms. Social audits are often externally verified and reported, but can be used for strictly internal purposes.

Stakeholders

Stakeholders are those upon whom the company has an impact, and who therefore have an interest in the company's products, services, processes, and activities. This includes employees, investors, customers and ultimate consumers, distributors, suppliers, communities, and the environment.

Sustainable Development

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 needed in the future.

