

THE A TO Z

3 Rs

→ Recycling, Waste management

AA 1000 SERIES OF STANDARDS ON ACCOUNTABILITY

→ Accountability

🌐 www.accountability21.net

The AA 1000 Series are principles-based standards offering a non-proprietary, open-source series of standards applicable to all organisations, covering the full range of an organisation's → sustainability performance and → reporting. The AA 1000 Series is comprised of:

- AA 1000 Purpose and Principles
- AA 1000 Framework for Integration
- AA 1000 Assurance Standard
- AA 1000 Stakeholder Engagement Standard

In 1999 the London-based AccountAbility published the first document in the series, the AA 1000 Framework. This included sections on purpose and principles, framework for integration, → assurance and → stakeholder engagement. After its publication the decision was made to publish revisions of these sections as individual standards. These

four standards now make up the AA 1000 Series. As each standard in the Series is published, it replaces the information in the original Framework on that topic. When all four standards have been developed, the Framework will be withdrawn.

AA 1000 Framework – the AA 1000 Framework was developed to help organisations build their → social responsibility and → accountability through high quality accounting, → auditing and reporting. It is driven by inclusivity and requires organisations to integrate stakeholder engagement processes into their core management activities.

The Framework provides guidance on how to establish a systematic stakeholder engagement process that generates the indicators, targets, and reporting systems needed to ensure greater → transparency, effective responsiveness to → stakeholders and improved overall organisational performance.

AA 1000 Assurance Standard (AA 1000AS) – following an extensive international consultation process and drawing on the practical experience and perspectives of the business, public and civil society sectors, the AA 1000AS was launched in 2003. It is the first assurance standard that covers the full range of an organisation’s sustainability performance. It has been designed to complement the → Global Reporting Initiative’s Sustainability Reporting Guidelines and other standardised approaches.

The standard addresses the need for an approach that effectively deals with the qualitative as well as quantitative data that reflects sustainability performance together with the systems and competencies that underpin reported data and organisational performance.

The AA 1000AS is based on assessment of reports against three principles:

- **Materiality** – does the sustainability report provide an account covering all the areas of performance that stakeholders need to judge the organisation’s sustainability performance?
- **Completeness** – is the information complete and accurate enough to assess and understand the organisation’s performance in all these areas?
- **Responsiveness** – has the organisation responded coherently and consistently to stakeholders’ concerns and interests?

In addition to the above principles, AA 1000AS covers the essential elements of a public assurance statement, and the independence, impartiality and competency requirements for assurance providers.

AA 1000 Stakeholder Engagement Standard (AA 1000SES) – the stakeholder engagement standard, launched in 2003 as an exposure draft, is a generally applicable framework

for improving the quality of the design, implementation, assessment, communication and assurance of stakeholder engagement. It is based on the same three principles as AA 1000AS.

The AA 1000SES is applicable to the full range of engagements, including functional (e.g. customer care), issue-based (e.g. → human rights), and organisation-wide engagements (e.g. reporting and assurance).

The AA 1000SES is designed for all those initiating, participating in, observing, assessing, assuring or otherwise communicating about stakeholder engagement. It aims to enable, among other things:

- Organisations to design and implement stakeholder engagement in accordance with clear principles and criteria and inform stakeholders of their approach.
- Stakeholders to identify, assess and comment on the quality of an engagement using clear principles and associated criteria.
- Assurance practitioners to assess and comment on the quality of stakeholder engagement, both in its own right and as a means of assessing an organisation's determination of what is material, how it manages and understands material issues, and how it responds to stakeholder expectations.

The AA 1000SES complements AA 1000AS, and is also intended to complement other standards in which stakeholder engagement is an important element, such as those covering reporting, assurance and governance, as well as issue-specific standards on, for example, → labour issues, human rights and → corruption (e.g. Global Reporting Initiative Sustainability Reporting Guidelines, → ISO standards, → SA 8000, IAASB standards and → ISEAL member standards).

AA 1000PP Purpose and Principles – this standard addresses the need for a systematic, legitimate approach to accountability and the role for standards. It explains Accountability's principles-based approach and defines the principles of inclusivity, materiality, completeness and responsiveness as they apply to the Series as a whole.

AA 1000FI Framework for Integration – this standard addresses the need for organisations to integrate their non-financial accountability practices into their core management processes. It provides guidance on systems and processes and links the AA 1000 Series to other key standards.

ACCESS TO MEDICINE INDEX

→ Health and safety, Pharmaceutical sector

🌐 www.atmindex.org

Preventable and treatable diseases such as → HIV/AIDS, malaria and tuberculosis continue to claim millions of lives every year. About two billion people cannot afford the drugs or vaccines that they need. Hundreds of millions are afflicted with neglected diseases for which no affordable remedies have been developed or for which treatments fail to reach patients.

According to World Health Organisation estimates, improving access to medicines could save 10 million lives each year. Governments, → non-governmental organisations and the private sector all have to play a part.

The Access to Medicine Index highlights one part of the solution: the efforts of the world's largest → pharmaceutical companies to help solve this global crisis. The Index also encourages companies, as well as all other stakeholders, to do even more.

The Access to Medicine Index serves three major goals:

- Supply investors, governments, academics, non-governmental organisations and the general public with independent, impartial and reliable information on individual pharmaceutical companies' efforts to improve global access to medicines;
- Provide pharmaceutical companies themselves with a transparent means by which to assess, monitor and improve their own performance and their public and investment profiles.
- Provide a platform on which all → stakeholders can continuously discuss best practices and lessons learned in the area of global access to medicines.

The Access to Medicine Index is created and maintained by the Access to Medicine Foundation, which is based in Haarlem, The Netherlands.

ACCOUNTABILITY

→ AA 1000 Series of Standards on Accountability

Accountability is a concept in ethics with several meanings, often used synonymously with such concepts as answerability, responsibility, liability and other terms associated with the expectation of account-giving. AccountAbility has defined the term as having

three dimensions: first, ‘compliance’, which implies the compliance with rules, norms, regulations etc. agreed or applicable between the agent to whom certain responsibilities or power have been assigned; second, → ‘transparency’, which implies account-giving by the agent to the applicable principal(s); and third, ‘responsiveness’, which implies the agent’s willingness and ability to respond to legitimate expectations and rights of the principal(s).

As an aspect of governance, accountability, or its lack, has, especially during the last two decades, risen to be one of the central debating points in the political, civil society and corporate arenas.

Concerning corporations, the classic text exploring accountability was written by A. Beale and G. Means in 1933. Their article ‘Traditional Theory and the New Concept of the Corporation’ is one of the first explorations of corporations as a dominant institution of our modern world and how the depersonalisation of corporate ownership and the emergence of professional management should affect our thinking and practices on who is accountable to whom, on what and how. Beale and Means, as well as many others who followed suit, were deeply concerned about how the emerging powerful corporate machines of their day could be controlled as societal players – in essence they saw accountability as a tool for civilising power, whether political or corporate. Their thinking has fundamentally influenced our notions, codes and laws concerning → corporate governance. However, now these prevailing notions of corporate governance and the related accountabilities they assign to corporate directors as stewards of their shareholders’ capital interests are seen as seriously wanting in the eyes of many – especially in the eyes of those wishing to revitalise our democratic processes, those advocating → sustainable development and those calling for increased → corporate social responsibility.

Focusing mostly on the attack on traditional notions of accountability by corporate social responsibility and sustainable development advocates, we can outline two inter-related arguments why new definitions, or innovations, of accountability are needed.

First, the power and influence of today’s business is such that it appears increasingly challenging to hold large corporates to account even on their currently defined legal and fiduciary responsibilities. Witness the recent spectacular corporate governance scandals from the Enrons in the US, to the Parlamats in → Europe and Hyundais of Korea, among many others, and the repulsion felt internationally (especially by those pension fund members that many of these scandals have left with an impoverished old

age) following the realisation that very few corporate officials have been held to account for blatant failures in basic compliance or stewardship responsibilities.

→ Globalisation has tremendously amplified corporate power – shrinking the state and making the global corporation arguably the most powerful of our modern institutions (according to the World Bank, 95 of the world's 150 largest economic entities are corporations) and increasing its sway in public policy and law making. Businesses now have a profound impact on elected governments, but are accountable, beyond being obliged to comply with the laws of the countries in which they operate, only to their shareholders. This, according to critics, is intolerable and has been one of the key causes leading to the birth of the corporate social responsibility movement holding big business to account in the courts of public opinion, seeking to put pressure and shame on those perceived not to behave according to agreed norms of lawfulness or basic tenets of governance and accountability.

The second concern about the current state of accountability goes beyond the one discussed above in that its advocates don't see the solution lying in 'more compliance' with existing rules, but call for a reinvention and renegotiation of existing accountability boundaries. This faction sees our world full of accountability gaps – issues of global, national and local challenges and concern that no one appears to be responsible for and therefore no one can be held to account for their proper management or otherwise. Some of the arguments here are based on the familiar notion of → 'externalities' – the inability of the market system to account for vast areas of corporate impact and behaviour on society and the planet. Other arguments emphasise the factually different nature of our global order compared to the pre-globalised world where sovereign states still had the power to control pre-globalised businesses. In the new reality corporate power is not only greater, but is exercised differently across national, legislative and sectoral boundaries. The barriers between the old Newtonian societal 'atoms' – independent and autonomous – have disappeared and the boundaries between what is public, private or societal are becoming increasingly blurred. As power is being exercised differently, the argument goes, our understanding of accountability needs to be redefined.

Both would call for an expanded basis on which companies are held to account – from a shareholder to a pluralistic stakeholder model that would vastly expand directors' duties from being solely the stewards of the capital interests of owners.

As one of the solutions, both of these groups have vigorously argued for expanded corporate transparency, arguing that the current corporate obligation to render an

account only on its financial performance and only to the owners of capital is vastly inadequate and so the concept and practice of CSR and sustainability reporting (→ non-financial reporting) was born.

Another key demand advanced by both is the call for greater inclusivity in corporate decision-making – the right of those affected by corporate impacts and behaviour to be heard and the related obligation of business to respond to legitimate concerns. The concept of stakeholder engagement surfaced in the mid-1990s as a proposed process for greater inclusivity. The early advocates of stakeholder engagement first struggled to get their messages across, but the practice has now spawned a veritable industry with its consultants, think-tanks, manuals etc. Try Google and you get just under 4 million ‘hits’ on stakeholder engagement.

Going further, the calls for inclusivity have more recently translated into calls for business not only to accept expanded accountabilities for their own, micro-level behaviour and impacts but also to proactively play its part in finding positive solutions to pressing global issues such as → poverty, → climate change, → health, female → empowerment etc. This has caused cries of protest in some corporate and political quarters wishing to hark back to the Friedmannian world of the ‘business of business being business’, but on the other hand has successfully been embraced by some pioneering companies as a new source of → competitive advantage and societal legitimacy – a space for ‘win-win’ outcomes and a contributor to a more sustainable future where a company can also better ensure its own longevity.

Accountability as a performance driver

What we are witnessing is a shift from static notions of accountability as a function of compliance with institutionalised norms, standards and laws (including those that define common sets of financial performance indicators for companies to render an account on) agreed somewhere ‘outside’ corporate entities to a more dynamic understanding of accountability as a phenomenon that requires constant renegotiation between societal actors as well as businesses and their stakeholders – in effect, a social contract that is constantly being rewritten as new issues and challenges appear on our societal or stakeholder radars. In this world, the assessment of how accountable any given company is will be based on stakeholder perceptions first on the company’s openness to the renegotiation process itself and second on the quality of their response to the concerns and expectations raised.

A small but growing number of companies have accepted this and would now see accountability – and the processes of discovering new societal accountability expectations – as a driver of performance, not as a necessary evil to be complied with and costed in as governance expenditure. The discovery process is bringing in new ways of corporate → learning, mostly via → stakeholder engagement, and leading to unexpected new sources of innovation. These companies seek to belong to new ecosystems, forcing cross-sectoral → partnerships and multi-stakeholder initiatives that are co-creating new tools and definitions of accountability and in that process finding new ways of creating value.

New tools for the trade

Our corporate accountability definitions and practices are gradually changing to reflect the new realities. During the last 10 years or so, we have witnessed a veritable maelstrom of new standards, codes and guidelines being proposed as new islands of clarity in the murky waters of accountability. They seek to propose new ways of operationalising expanded stakeholder rights and/or company obligations.

Perhaps not surprisingly, considering that one of the cornerstones of accountability has always involved the expectation of ‘account-giving’ as a way of discharging accountability, one of the first significant innovations emerging from the ‘new wave’ accountability movement has focused on reporting. The → Global Reporting Initiative has sought to become the hub for sustainability reporting (non-financial reporting) and its design process (to which some 1,000 companies subscribe at the last count) is based on multi-stakeholder dialogue, a collaboratively governed conversation between representatives from business, accountancy, investment, environmental, → human rights, → research and → labour organisations from around the world to produce the ‘sustainability reporting guidelines’. The third generation guidelines were introduced in October 2006 and welcomed as the definitive set of globally applicable measures relevant to the majority of companies.

Sustainability reporting – driven by voluntary initiatives – has leaders and laggards. Companies such as Nike, McDonald’s, Gap, Novo Nordisk and Shell, all of which have felt both the pain of external attacks as well as the inspiration of visionary → leadership, have forged ahead in making their business practices transparent and responsive to their stakeholders. But this, by no means, applies across the corporate spectrum, leaving good quality sustainability reporting still a playground for the few. Many have

concluded from this that voluntary initiatives will never deliver the goods of increased corporate transparency – it needs to be mandated and enforced by governments. If the Global Reporting Initiative is the trailblazing tip of the CSR and sustainability standards iceberg, then the → AA 1000 Series of Standards is perhaps the definitive standard designed to sort out what lies beneath the surface – the management systems, processes and competencies required for accountable and inclusive organisational management and credible reporting. AccountAbility’s AA 1000 Series with its current standards modules on sustainability → assurance (AA 1000AS) and stakeholder engagement (AA 1000SES) has been in development since 1999 and currently offers the only internationally applicable open-source, non-proprietary standards for assuring the quality and accuracy of sustainability reports and for engaging with stakeholders to determine what really is important, or material, to an organisation’s stakeholders about the company’s sustainability performance and where it wishes to draw its accountability boundaries. Like the Global Reporting Initiative, the design process behind the Series is based on multi-stakeholder dialogue.

Trading accountability

Advancing responsible practices and adopting wider accountabilities does not come easy to individual leaders regardless of their wish to adopt and comply with new forms of what might be called → ‘civil regulation’. Fickle consumers and investors obsessed with quarterly returns and their own incentive schemes often fail to reward, and have the power to penalise, companies for doing the right thing. As AccountAbility’s → ‘responsible competitiveness’ work has highlighted, markets and free riders can undermine responsible first movers, requiring systemic innovations and public policy interventions to advance market-based, social and environmental and long-term financial accountability. Standards matter, but on their own are only a part of the solution – without public policy support from governments, which enables responsible behaviour and penalises the reverse, the playing field will never be level.

Innovating accountability

Beyond the standards discussed above there is a myriad of diverse initiatives working to advance new forms of corporate accountability or, indeed, shaming those whose accountability practices are perceived wanting. However, what tends to characterise these initiatives of the nascent accountability movement, in a similar way as we have seen

in the sustainability movement of the last 30 years or so, is its tendency to focus on narrowly compartmentalised issues or targets. AccountAbility's conference in 2005 on 'reinventing accountability for the 21st century' concluded that the accountability innovations that we so desperately need not only to ensure our survival but to advance our progress are unlikely to come from those institutions that moulded and stewarded today's approaches to accountability, whether in and for government, business or individual citizens, but will be rooted in today's experimentation in collaborative governance, peer-to-peer networks and new forms of civil regulation crossing sovereign, cultural and sectoral boundaries. Cross-fertilisation of ideas is urgently needed – and some of the lessons for how to go about this come from the winning multi-stakeholder initiatives and partnerships now operating under the banner of CSR and sustainability.

Maria Sillanpää

ACCOUNTABILITY

→ AA 1000 Series of Standards on Accountability

ACCOUNTING

→ Social and environmental accounting

ACCREDITATION

→ Certification

ACTIVISM

→ Anti-globalisation, Non-governmental organisations (NGOs), Shareholder activism, Stakeholder theory

The term activism is often used to describe political activities outside the regular political system. These activities address controversial political or social issues and attempt to bring about political or social change by creating public awareness and political pressure to change conditions. Activism establishes a new form of sub-politics, often driven by social movements, civil society groups or non-governmental organisations, outside the official political system. There are various forms of activism such as civil disobedience, strikes, protest marches, political campaigning, → lobbying, media and internet

activism, boycotts and disinvestments. Activism often addresses actors and institutions within the official political system (e.g., politicians, nation state governments, international governmental organisations) in order to make use of the political steering capacity of official institutions to bring about social change. The activists, e.g., lobby for the passing of new laws or stricter regulations or demand official action to address → human rights abuses, social miseries, or environmental problems. Today, activism also targets the economic system and its main protagonists directly, i.e., the corporations and their managers. Both activists and corporate managers have become aware that even powerful companies will be very vulnerable if activists successfully communicate their case to a wider public or the relevant consumers (see, e.g., the famous Brent Spar case of Royal Dutch Shell). As a consequence, many companies have started to directly communicate with stakeholder groups in order to address issues of public concern before anti-corporate activism emerges.

Andreas Georg Scherer

ADVERTISING

→ Marketing ethics

AFFIRMATIVE ACTION

→ Diversity

AFRICA

→ African Institute for Corporate Citizenship (AICC)

Companies have a long history of being deeply involved in the lives of African communities, dating back to the early days of the Dutch East India Company and other colonial era companies. Business impacts have been both positive and negative. For example, the massive mining industries that spawned the city of Johannesburg illustrate both the economic benefits of business investment and the social and environmental costs, while the role of companies operating under dictatorships or regimes such as apartheid raise many ethical dilemmas.

The governance role of business in Africa is also highly contested in the CSR debate. For example, historically, many companies in the extractive, forestry and agricultural industries in Africa have taken on the roles of government, such as provision of health

services, → water, sanitation, roads, → telecommunications, power supply and housing. On the one hand, these can be seen as examples of good corporate social investment, but there are clearly issues of dependence when towns in Africa become *de facto* company towns.

In addition to community investment, key CSR issues in Africa include:

- Working conditions – in many countries, new legislation has improved the working conditions of employees and the role of the International Labour Organisation has been paramount in these efforts.
- → Human rights – issues around → child labour, especially on farms, remain a concern, as do dilemmas involving child-headed households in countries with a high incidence of HIV and AIDS.
- → Health and safety – in sectors such as mining, there are still high numbers of fatalities and incidences of lung infections. → HIV/AIDS and malaria are also a top priority for companies due to their devastating human and economic cost.

Other CSR issues which are important but often get less attention are:

- Community poverty;
- Lack of trust in companies;
- Environmental impacts, → conservation and land rehabilitation;
- Corrupt business practices;
- Water usage and impacts on scarcity; and
- → Climate change and → biodiversity impacts.

In the face of these issues, African CSR practices have been influenced by various factors:

- The Western CSR and ethical consumerism movements that have promoted a → business case for CSR in Africa.
- The work of the United Nations, including the World Summit on Sustainable Development and the → UN Global Compact, which have been an important catalyst for many initiatives in Africa.
- The African Union, which provides for a focus on → corporate governance and CSR through the New Partnership for Africa's Development (NEPAD) African Peer Review Mechanism.

- The growing importance of foreign direct investment and the CSR policies of multinational companies, as well as global principles like the OECD Guidelines for Multinationals.
- The rise of the international NGO movement focusing on the ethical practices of companies in Africa, including ongoing challenges to companies on → human rights, → corruption, governance and environmental impacts.
- The increase in multilateral interest in social and environmental impacts, including by the World Bank and International Finance Corporation.
- The growing importance of indigenous CSR-related initiatives such as Black Economic Empowerment (→ empowerment) or affirmative action.
- The supply chain → codes of conduct, → fairtrade initiatives and related instruments such as the SA 8000, driven largely by concerned Western consumers.
- And the small but growing driver of → socially responsible investment (SRI) funds.

Despite this increasing attention paid to CSR in Africa, it has still had a limited impact on the marketplace. The types of products and services that could help solve Africa's → sustainable development challenges are seldom given a high priority. Nevertheless, a few examples highlight the potential for the market to be an important driver for CSR, including: the accessible pricing of medicines for diseases such as HIV/AIDS, malaria and drug-resistant TB; the massive uptake of mobile telephony and the positive impact it can have on the → digital divide; and innovative → banking products for the poor. It is critical that these and other kinds of CSR opportunities are taken up, in collaboration with the government and NGO sectors, to promote effective solutions to Africa's social, ethical and environmental challenges.

Paul Kapelus

AFRICAN INSTITUTE FOR CORPORATE CITIZENSHIP (AICC)

→ Africa

🌐 www.aiccafrica.org

The African Institute for Corporate Citizenship (AICC) is a non-governmental organisation committed to being a centre of excellence in promoting the role of business in building sustainable communities in → Africa.

AICC was established in 2001 to define the role of → corporate citizenship in Africa's → development and to enhance African governments' and organisations' engagement at the international level. The AICC endeavours to unite business, government and civil society in the promotion of economic development initiatives that encompass social and environmental performance and the development of social enterprises in Africa.

The AICC believes development requires the evolution of responsible business practices and that solutions to Africa's complex challenges can be achieved with the active involvement of the private sector through the promotion of corporate citizenship in encouraging businesses to engage with society in a more substantial manner.

With offices in South Africa and Malawi, the organisation is involved with projects in a number of African countries working with partners and networks. The AICC is developing a collaboration platform to promote Pan-African dialogue on the role of business in society.

Paul Kapelus

AGENDA 21

→ Rio Declaration on Environment and Development, Sustainable development

🌐 www.unep.org

Agenda 21 is the programme of commitments on → sustainable development adopted by almost all of the world's nation states at the United Nations Conference on Environment & Development in Rio de Janeiro in 1992. According to UNEP, Agenda 21 represents a 'global consensus and political commitment at the highest level on → development and environment cooperation.' Its successful implementation is first and foremost the responsibility of governments, through the adoption of national strategies, plans, policies and processes. However, international co-operation, public participation, and involvement of NGOs and other international, regional and sub-regional organisations are also encouraged. Virtually all aspects of Agenda 21 are likely to impact on business and to be relevant to CSR practice. There are, however, also specific chapters in Agenda 21 on strengthening the role of workers, their trade unions, business, industry, the scientific and technological community, and farmers.

The programme areas that constitute Agenda 21 are described in terms of the basis for action, objectives, activities and means of implementation, and include the following: combating poverty; changing consumption patterns; demographic dynamics

and sustainability; protection and promotion of human health; promoting sustainable human settlement development; integrating environment and development in decision-making; protection of the atmosphere; an integrated approach to the planning and management of land resources; combating deforestation, desertification and drought; sustainable mountain development; promoting sustainable agriculture and rural development; → conservation of biological diversity; environmentally sound management of → biotechnology; protection of the oceans and the rational use and development of their living resources; protection of the quality and supply of freshwater resources; environmentally sound management of → waste; global action for women towards sustainable and equitable development; children and youth in sustainable development; recognising and strengthening the role of → indigenous people, their communities and non-governmental organisations; local authorities' initiatives in support of Agenda 21 (also called Local Agenda 21); strengthening the role of workers, their trade unions, business, industry, the scientific and technological community, and farmers; financial resources and mechanisms; transfer of environmentally sound → technology, cooperation and capacity-building; science for sustainable development; promoting education, public awareness and training; national mechanisms and international cooperation for capacity-building; international institutional arrangements; international legal instruments and mechanisms; and information for decision-making.

AGRICULTURAL SECTOR

→ Food and beverage sector

AIDS

→ HIV/AIDS

AIR POLLUTION

→ Pollution

ALLIANCE2015

→ Pollution

🌐 www.alliance2015.org

Alliance2015 is a partnership of seven like-minded → non-governmental organisations working in the field of → development cooperation. The Alliance members are CESVI

from Italy, Concern Worldwide from Ireland, Welthungerhilfe from Germany, Hivos from the Netherlands, IBIS from Denmark, People in Need from the Czech Republic and ACTED from France, who became a full member in June 2009.

Since its founding in 2000, Alliance2015 has worked to consolidate this → partnership by developing new ways of working together, which reflect the range of talent and experience in its ranks. At the same time, its goal is not to become a monolithic block, but to respect and benefit from the diversity of member organisations. By joining forces, organisations can have access to a larger infrastructure without giving up individual philosophies, approaches or brands.

The purpose of the Alliance is to fight → poverty more effectively by cooperating on various levels, working together in → developing countries as well as on campaigns to influence public and political opinion in Europe. By joining forces, members can meet the challenges and changing demands of donors. Alliance2015 works towards reaching the → Millennium Development Goals.

ANIMAL RIGHTS

→ Animal welfare

ANIMAL TESTING

→ Animal welfare

ANIMAL WELFARE

→ Personal and household goods sector, Pharmaceutical sector

Animal welfare is concerned with minimising or avoiding suffering for animals while being subject to human care. There are various religious, philosophical or cultural ways of justifying a concern for animal welfare. An influential voice in the debate is the philosopher Peter Singer who considers an animal's capacity for experiencing suffering as the starting point of the debate and subsequently suggests a human responsibility to reduce and at best avoid causing suffering to animals on similar grounds as one would argue to avoid suffering of human beings. Animal welfare is a particular issue for the agricultural and → food industry, where concerns about the production, raising, transport and slaughter of animals are considered increasingly as CSR issues. Similarly, the cosmetics and pharmaceutical industries have faced questions about their use of animals

for product development, most notably the legitimacy of the suffering this inflicts on animals. There are a number of activist groups concerned with animal welfare and in some countries, such as the UK, animal welfare is part of the legal framework for corporations.

Dirk Matten

ANTI-CAPITALISM

→ Anti-globalisation

ANTI-COMPETITIVE BEHAVIOUR

→ Business ethics

Anti-competitive behaviour or practices comprise actions by market players that aim at preventing or reducing competition in a given market and/or produce such an effect, e.g. by foreclosing a market or at least raising its entry barriers. Such practices employed by companies may be either of collusive or unilateral nature.

Collusive practices involve two or more companies and usually consist of agreements not to compete or only in a limited way (often called cartels), e.g. by fixing prices for goods or services offered in a given market or for instance by separating markets geographically. Unilateral practices on the other hand are employed by only one company which holds a strong enough market position (dominant position) to act independently without suffering restraints, e.g. by companies holding a monopoly. Such practices can include predatory pricing, resale price maintenance, refusal to supply or tying of products or services.

Most free markets (but recently also states with traditionally more regulated markets such as China and India) recognise such practices as harmful for their economy and its consumers, as the companies involved do not compete on the merits and thus, with less competitive pressure, are able to maintain uncompetitive prices and/or feel less incentive to innovate their products. As a consequence, most states have competition rules and competition authorities to monitor such behaviour such as the US Federal Trade Commission (FTC) or in the case of the European Union, the European Commission (in particular its Directorate General for Competition).

While companies may be more inclined to respect competition rules because of the threat of substantial sanctions (see e.g. the European Commission's €1 billion fine

against Intel in May 2009 or the possibility of criminal sanctions against individuals, including imprisonment, in the US), compliance with competition rules may also often be pursued in order to avoid reputational or ethical damage.

Satish Sule

ANTI-GLOBALISATION

→ Globalisation

Globalisation can be understood as the growing economic and social dependency and interconnectedness of regions. This process is the result of multi-lateral deliberate political decisions in the GATT and → World Trade Organisation (WTO) to break down trade barriers and to establish a free trade regime world-wide. These decisions are supported by economic theory and its assumption that under conditions of free trade and economic exchange on perfect markets social welfare can be enhanced. Consequently, in this view, market forces have to be set free while bureaucratic and regulative restrictions set by the state have to be limited. Thus the → globalisation process is accompanied by deregulation and liberalisation policies in many industries (e.g., telecommunication, public transport, public supply etc.) and is further intensified by lower costs in transportation and technological achievements in communication technologies.

Anti-globalisation, by contrast, is the rhetoric of the critics of globalisation and emphasises the negative consequences of the globalisation process, such as unequal access to resources and public goods, the unjust distribution of globalisation gains, → externalities, → human rights abuses, social miseries, and environmental disasters. Anti-globalisation → activism can be observed in different forms, reaching from violent protests (such as at the WTO meetings in Seattle 1999 or the G8 summit in Genoa 1999), over spontaneous peaceful initiatives by activist groups (e.g., internet and media campaigning) to institutionalised forms such as NGOs (e.g. Human Rights Watch, Greenpeace) or political parties (e.g., the green parties in many countries) that try to push their concerns into the official political agenda in nation state or international governance. International organisations such as the UN, the ILO or the WTO have begun to create discourse arenas for dialogue with critics in order to focus on problems of public concern, to develop appropriate solutions, and to avoid the explosion of violent actions.

Next to official political institutions, multinational companies have been targeted by anti-globalisation critics as well. For example, human rights groups argue that working conditions in the supplier factories in the emergent and → developing countries are like those of → sweatshops and that there are repeated cases of → child labour in the third world. Regular reports are published on the internet by various human rights organisations, for example Clean Clothes Campaign, Global Exchange, and Human Rights Watch. These organisations demand that the multinational companies ensure adherence to human rights and the labour and social standards of the International Labour Organisation (ILO) in their own factories and in those of their suppliers. Other NGOs point to the environmental problems of globalisation and the threats for the earth's ecosystem. They pressure multinational companies to comply with available environmental standards, to use resources in a sustainable way, and to stop destroying the natural environment.

On the theoretical and intellectual level there is a wide and intensive interdisciplinary discourse on the achievements and problems of globalisation. The contributions range from more popular writings (e.g., Klein's *No Logo*) to scholarly elaborations on the consequences of globalisation (e.g., Beck's *What is Globalisation?*, Stiglitz's *Globalisation and its Discontents*) and the possibility of new forms of governance (e.g., Habermas's *The Post-National Constellation*). From these discussions a critical position on globalisation has evolved which holds that rejuvenating political regimes would reduce the negative consequences of globalisation. Critics of globalisation believe that the market can only fulfil its function as a tool of coordination for society within a politically defined framework. This framework has to ensure that the economy does not serve any minority interests (such as the interests of financial investors or company owners) but rather prioritises the interests of global society as a whole – prosperity and social peace. The critical position on globalisation holds that market and competition alone cannot create the conditions for social justice and welfare. A strong political power is necessary for this, a powerful institution where the framework of the economy is politically defined through dialogue and cooperation on many levels. National governments and the available international governmental institutions do not yet have the capacity to take care of global problems such as global warming, global poverty, human rights abuses and others. Therefore, an active civil society is addressing these issues of public concern and is compensating for the lack of regulation capacity on a global level. In political theory these developments are analysed and a new theory of → global

governance is emerging with special emphasis on the role of non-governmental actors and institutions such as civil society groups, social movements, NGOs, and multinational companies. The analysis of the anti-globalisation movement and its contribution to global governance plays an important part in these new theoretical developments.

Andreas Georg Scherer

ANTI-SLAVERY INTERNATIONAL

→ Labour issues

🌐 www.antislavery.org

The London based NGO Anti-Slavery International is one of the world's oldest international → human rights organisations. Its roots stretch back to 1787 when the first abolitionist society was formed. This broad-based society was at the forefront of the movements to abolish the slave trade (achieved in Britain in 1807) as well as slavery throughout the British colonies (achieved in 1833). Today, the organisation campaigns for the rights of people who work in modern forms of what Anti-Slavery International considers slavery: people who are forced to work; owned or controlled by an 'employer', usually through mental or physical abuse or threatened abuse; dehumanised, treated as a commodity or bought and sold as 'property'; are physically constrained or have restrictions placed on their freedom of movement. Key campaign issues include the enforcement of labour standards in → developing countries, the verification of fair and ethical trade labels and the issues of human trafficking, in particular in the context of the global sex industry.

APPAREL INDUSTRY PARTNERSHIP (AIP) CODE

→ Supply chain

🌐 www.itcilo.it

The Apparel Industry Partnership (AIP) Code represents one of the most important international steps to address the issue of labour standards and working conditions in the apparel industry. It is a voluntary standard which was developed under the leadership of the US Department of Labour during the Clinton administration and mainly targets and includes US companies. The AIP Code was launched in 1997 and is a code

of conduct that individual companies voluntarily adopt and require their contractors to adopt. The main contents of the Code are:

- The prohibition of employing any persons under the age of 15 (unless permitted by the country of manufacture to be 14);
- Prohibitions against any worker abuse or harassment and → discrimination;
- The recognition and respect for workers' rights of freedom of association and collective bargaining;
- The requirement that employers pay at least the minimum or prevailing industry wage, whichever is higher, and provide mandated benefits;
- The requirement that workers be provided with a safe and healthy working environment;
- A cap on mandatory overtime to 12 hours per week and the regular work week of the country (or 48 hours, whichever is less); and requiring a day off in every seven day period; and
- The requirement that overtime be compensated for at the premium rate required in the country or at least equal to their regular hourly compensation.

An important element is that independent external monitors conduct independent reviews of participating company policies and practices; provide company employees and contractors' employees with secure communication channels to report concerns of non-compliance; audit production records and practices to ensure compliance; conduct employee interviews and site visits; and verify that the company is in compliance with its obligations and commitments under the Code.

It also includes an internal monitoring system that outlines the obligations each company will undertake to ensure that the Code is enforced in its facilities and its contractors' facilities both domestically and internationally.

ASIA

→ CSR Asia

In the Asia-Pacific context, it would be wrong to assume that all CSR practices are less developed than in the West. Nevertheless it is clear that many aspects of CSR are less well developed. These would certainly include the internal human resource and employment practices, policies on → diversity, environmental initiatives and local

community engagement commonly seen in the West. However, Asia is increasingly the workshop of the world and is central to manufacturing of outsourced products for most of the world's large brands. Consistent with this, much of the attention for CSR is in examining the operations and activities of → supply chains in the region.

Many large firms have been subjected to accusations of running → sweatshops in Asia over the last two decades. Since this is hugely damaging to brands (particularly when they involve allegations about the use of → child labour) most have put in place sophisticated → codes of conduct relating to the conduct of factories from which they source and regularly inspect and audit those factories. Thus much of the emphasis for CSR in Asia has been on dealing with labour standards in factories, the accommodation provided for workers, appropriate training, proper wage payments being made to workers, → health and safety practices, the protection of the rights of migrant workers and dispute resolution.

Recently, it has become clear in the region that companies sourcing offshore have started to rationalise their supply chains. In part this is because of a wish to work with fewer, larger and more trusted suppliers to ensure better CSR practices based on shared → values rather than audit and inspection approaches.

For supply chains in Asia the biggest (but not the only) driver of CSR practices tends to be the big buyers who are keen to protect brands and reputations. This has led to one of the most common CSR practices being related to codes of conduct and the implementation and checking of them through → auditing. However, auditing and inspections are increasingly being seen as expensive and ineffective and many factories simply cheat to appear to be abiding by both codes of conduct and the law. There is therefore a new emphasis on moving beyond such approaches and towards building relationships with suppliers based on shared values, trust and the provision of consultancy services instead of inspections.

There are many examples of good CSR practices in the region that may even be absent in more developed economies. Examples include training and capacity building initiatives amongst workers who have received little formal education, empowering women workers, promoting good practice in industry-wide factory initiatives, establishing factory cooperatives, developing multi-stakeholder initiatives, creating worker committees and promoting → human rights.

Whilst international standards linked to CSR practices have a role to play in supply chains, an interesting recent development has been the establishment of home-grown

social responsibility standards in Asia. It is perhaps in the debates surrounding → discrimination, freedom of association, employment practices, trade unions, collective action, dispute resolution, migrant workers, bonded labour and → child labour that we see the most activity.

Nevertheless, some CSR practices in Asia also extend to community investment, the → environment, → conservation and broader health initiatives. Stakeholder dialogue, reporting and disclosure, all central to CSR, are being seen as tools to be used by businesses but also by local authorities keen to promote better practices in the private sector. Increasing attention is also being paid to issues of → corporate governance.

Many good CSR practices are not achieved by businesses working alone, but with other businesses, civil society organisations and government. A number of tripartite partnerships in the region have been developed to promote good CSR practices in the future.

Despite there being clear benefits, in many countries progress on CSR has been slower than elsewhere. The main problems are associated with a lack of awareness of CSR issues and practices, costs of engagement, a lack of suitably trained and skilled human resources, inefficient management systems, competing codes of conduct, an overemphasis on factory inspections, → corruption and poor procurement practices. There is a need for more training programmes, engagement and awareness raising activities with civil society groups, demonstration projects, industry-wide stakeholder dialogues, good practice guides, and better links with business associations, NGO groups and government.

Richard Welford

ASSURANCE

→ Auditing, Report verification

Assurance is usually used to describe evaluation methods which are employed to assess the performance of an organisation and/or the quality of the organisation's communications on its performance, for example in → non-financial reporting in an assurance engagement. It includes the communication of the results of the process to add credibility for users. It may also be used to refer to the outcome of this process in which users or stakeholders feel 'assured' and can therefore take decisions based on the information provided with confidence.

CSR means not only taking responsibility, but also being held accountable for the economic, environmental and social impacts of the organisation and communicating this to stakeholders. One way to achieve this is to provide credible information to stakeholders on how the organisation manages these impacts and ultimately performs over time. Organisations have developed different approaches to satisfy the need for relevant and reliable information from a variety of stakeholders such as investors, employees, consumers and regulators as well as management. Auditing, → certification and verification are some of the tools by which assurance is obtained. Stakeholder engagement can also provide assurance through dialogue and building trust.

CSR assurance may be provided by audit and advisory firms, certification bodies, NGOs or recognised individual experts or opinion leaders. Their work may be governed by generic assurance standards such as the International Standard for Assurance Engagements (→ ISAE 3000) issued by the International Auditing and Assurance Standards Board of the International Federation of Accountants (IFAC) or specific assurance standards for CSR such as the → AA 1000 Assurance Standard.

Jennifer Iansen-Rogers and George Molenkamp

ATTAC

→ Anti-globalisation

🌐 www.attac.org

ATTAC (Association for the Taxation of Financial Transactions for the Aid of Citizens) is one of the first NGOs set up against the backdrop of growing unrest about the undesired consequences of → globalisation in France in 1998. It is probably the most well known player in the growing → anti-globalisation movement. It consists of a network of independent national and local groups in many countries all over the globe, and claims a membership of some eighty thousand members worldwide. The initial and main aim of the group was to promote the idea of an international tax on currency speculation (→ Tobin Tax), against the backdrop of the 1997 crisis in Asian financial markets and its detrimental effects on many → developing countries. ATTAC also campaigns on broader issues of perceived injustices of globalisation such as to end tax havens, replace pension funds with state pensions, cancel Third World debt, or reform of the institutions which govern the global economy, such as the World Bank and the → World Trade Organisation.

AUDITING

→ Environmental auditing, Report verification, Social auditing

An audit is an objective, systematic and documented process of collecting and evaluating evidence in relation to systems, information or behaviour against pre-determined audit criteria.

The audit criteria may be determined by: independent standards (e.g. International Auditing and Assurance Standards Board standards for financial reporting); the organisation's internal policies, practices or controls; conventions, laws, regulations or codes of practice; the requirements of a recognised management system (e.g. → ISO 14001); and internal or external reporting guidelines.

Although → auditing has a long established meaning in relation to independently verifying the accuracy and completeness of financial accounting records, in the context of CSR the term is used to encompass many different types of audit by independent experts which are used to measure and report on an organisation's sustainability impacts, policies, management systems or performance. These include → environmental auditing and social auditing as well as those relating to health, safety, economic, human resources or community aspects. In some cases the audit may be very specific, for example checking compliance with a specific law or regulation (compliance audit), confirming the reliability of data for greenhouse gas emissions in relation to → emission trading or establishing the energy use of a building or installation in the context of → energy management. The term audit is also used in relation to the verification by independent experts of the information published by an organisation on its CSR performance, usually in the form of a printed or web-based non-financial report. It is designed to test the reliability (accuracy and completeness) of management assertions in the report.

Certain types of CSR audit are governed by generally accepted auditing standards, for example those directed at report verification such as the International Auditing and Assurance Standards Board → ISAE 3000 Standard for Assurance Engagements as used by accounting firms, or those designed for management system audits such as ISO 19011:2002 Guidelines for Quality and/or Environmental Management Systems Auditing. The standards are designed to ensure the independence and professional competency of the audit firm, audit team or individual auditor, and involve a standard approach, set of procedures and report in line with the auditing standard adopted.

During an audit the auditor needs to obtain sufficient reliable and relevant evidence to achieve the audit objectives. An audit programme is therefore designed to gather different types of (audit) evidence:

- Physical (direct observation of materials and equipment, buildings and installations, attitudes and behaviour);
- Documentary (printed outputs such as internal reports, minutes of meetings, policy statements, business plans, or procedures, invoices, or publicly available materials);
- Testimonial (interviews/representations with internal/external parties); and
- Analytical (relational e.g. energy use or production and emission data).

CSR systems audits and information audits are, in general, able to rely largely on documentary, physical and analytical evidence. Audits of behaviour, for example whether managers observe → discrimination policies when recruiting new staff, tend to require a larger degree of corroborative testimonial evidence.

The evidence collected during an audit should fulfil certain quality criteria:

- Origination (from appropriate, credible and reliable sources);
- Authenticity (based on or approved by the source);
- Not subject to bias (from a suitably ‘independent source’ or, if not, corroborated from other sources);
- Current (timely in relation to the subject); and
- Relevant (complete, consistent, balanced).

The audit evidence, findings, and the analysis and interpretation of these, must be documented and support the final conclusions. All audits require a lesser or greater degree of professional judgment and scepticism on the part of the auditor.

An audit may be undertaken by the organisation itself (internal audit) or by an external team of specialists (external audit). In both cases the audit team should be independent of the operations being audited. An internal audit is usually designed to improve an organisation’s operations through a systematic evaluation of its risk management, control and governance processes. The report of the audit team is aimed at management and is not made public. An external independent audit usually results in reporting the main conclusions to a third party, for example in a verification statement or assurance report for stakeholders (report verification), or a certificate (e.g. ISO 14001) directed at customers and clients. In both these cases the auditors normally

prepare a separate report to management documenting findings and identifying weaknesses and opportunities for performance improvement.

Jennifer Iansen-Rogers and George Molenkamp

AUSTRALIA

For a number of years it was proposed that Australia is/was anywhere between 10 and 20 years behind major European and American CSR initiatives. Commentators lamented the lack of formal CSR → reporting (as compared to the UK), and drew unfavourable comparisons with the philanthropic giving of US businesses. Whether or not Australia ever lagged in any meaningful sense, CSR is, today, institutionalised in ways that reflect a blend of stabilising globalised norms, and local imperatives that are, in many cases, world leading.

The mid-1990s witnessed several developments that ushered in an era of experimentation around corporate responsibility: Australian businesses were not immune to the new legitimacy challenges facing companies in → Europe – particularly around environmental issues, → human rights issues, and globalisation; local companies observed the new and innovative corporate–community practices implemented by global multinationals; several global initiatives – such as the → UN Global Compact, the → GRI, the WBCSD, AccountAbility’s → AA 1000 standard, → SA 8000 and the → ILO’s Core Labour Standards were burgeoning; and new pressures were unfolding on the domestic scene – particularly relating to indigenous issues. Several local organisations emerged to encourage knowledge exchange and support experimentation – including the Liberal Government’s Prime Minister’s Community–Business Partnership and Deakin University’s Corporate Citizenship Research Unit.

Deakin University’s Corporate Citizenship Research Unit (CCRU) was the first dedicated research unit into corporate responsibility in Australia. Coming at a time when some leading companies were starting to view the emerging agenda as an opportunity rather than a threat, the CCRU’s action research methodologies and cross-sector conferences facilitated an important set of exchanges. These exchanges were based on the assumption that companies, NGOs, unions, cultural groups and government representatives could shape and institutionalise a new set of understandings and norms that would complement ‘stakeholder capitalism’ developing in Europe, but also respond meaningfully to the emerging domestic situation. The intention was to craft an approach

to corporate responsibility that was mutually beneficial and focused on capabilities, rather than practices.

Engagement with indigenous communities and the forging of long-term cross-sector corporate community partnerships were high on the agenda, and an important early innovation. In many cases, Australian companies (particularly in the mining and extractive industries) were early adopters and world leaders in this form of corporate responsibility. CRA (now Rio Tinto) appreciated quickly that emerging threats (such as the passing of the controversial Native Title Act) were better thought of as opportunities to collaborate for mutual benefit, rather than as a threat to continued operations. Other leading extractive companies followed suit.

Studies undertaken at the time reveal that, while a range of views prevailed amongst business about corporate responsibility, the unfolding norms were geared toward enlightened self-interest, a strong business case, and little significant alteration to the regulatory framework. Increasingly managers were coming to equate active community involvement and corporate responsibility with the continuing health and growth of the business. The 2000 Centre for Corporate Public Affairs report suggested that leading companies really now only faced challenges operationalising their commitments – developing management systems and designing tailored programs that would deliver mutual benefit. Optimism prevailed that an increased embedding of corporate community involvement was imminent, experimentation was heading in the right direction, and the foundations of the business case were secure.

Partly on the strength of this, the Government took a back seat approach. The Corporations Act (2001 and 2004) required companies to include details of breaches of environmental laws and licences in annual reports, and the Financial Services Reform Act (2001) required providers of financial products with an investment component to disclose the extent to which labour standards or environmental, social, or ethical considerations are taken into account in investment decision-making. It was not, however, until 2005 (nearly 10 years after the first wave of experimentation), that any serious government consideration was extended to whether reform was required to company legislation, the duties and obligations of directors, or disclosure requirements of public companies. While noting that much more needed to be done to encourage more businesses to engage in socially responsible activities, the consensus was that existing legislative requirements were sufficient, and the continued pursuit of a hands-off, voluntary regime was the most appropriate. There remain few legislative requirements with respect

to CSR in Australia – either at a federal, state or local government level – something which is somewhat unique and a marker of Australia’s distinctiveness in the field.

While the government’s approach provided space for continued experimentation, it also left business in a position to largely set the agenda. Today, CSR has become a business norm in Australia – neither generating significant praise nor criticism – but those that have remained innovative and at the fore of initiatives appear to be differentiating themselves on the basis of values, responsibility and/or sustainability. Thus, perhaps, CSR is most institutionalised as part of that set of differentiation choices. A recent (2007) follow up to the Centre for Corporate Public Affairs 2000 report highlights that for these companies, corporate responsibility is afforded a similar degree of senior management attention as risk management and corporate governance. A new breed of specialised corporate responsibility practitioners has emerged, both in corporate positions with significant budgetary and hierarchical responsibility, and also as external consultants.

Looking forward, a few challenges remain – and recent events would seem to ensure that continued flux in corporate responsibility can be expected. While some may argue that climate change has eclipsed the agenda, shifting consideration in the direction of environmental rather than social issues, Kevin Rudd’s (Labour Prime Minister, elected late 2007) apology to the → indigenous people in early 2008 has ushered in a new era of experimentation around reconciliation and indigenous inclusiveness. Several large companies – in sectors ranging from construction to banking – including the ANZ and Transfield Services – have developed Reconciliation Action Plans and sought to increase levels of indigenous employment in their organisations. Whether these initiatives will be sustained in the context of the current economic situation is a moot point. In terms of how CSR is institutionalised as a key part of differentiation, important questions remain about the long-term likelihood of CSR practices should an alternative form of differentiation capture the corporate, marketers’, and the public imagination.

David Birch and Colin Higgins

AUTOMOTIVE SECTOR

CSR in the automotive industry means actively safeguarding jobs while assuming social and ecological responsibility at every production site. The automotive industry manufactures a product that is associated with various environmental, social, → health

and safety impacts. All manufacturers, regardless of their country of origin, thus face a number of challenges if they wish to manage such a product responsibly.

The foremost CSR-mandated duty of many car companies in North America, → Europe and Japan is to deal with the option of outsourcing production in low wage countries, either in → Latin America, Eastern Europe or China and other Asian countries. Because of the relatively high number of employees in the automotive industry, both their skills and their integration into the company's plans take on a vital role. As transnational actors, enterprises assume responsibility mainly in the regions in which they produce, whether in → Europe, → Asia, → Australia, North or South America, or → Africa. They play a central role not only in job creation but also in infrastructural and regional development, because for every job at large manufacturing sites, there is at least one more job at a supplier company as well as infrastructural jobs in, for example, the fields of education, public transportation, commerce, civil service and gastronomy. The outsourcing decision in the past has proven to be deeply intertwined with the social responsibilities of a car manufacturer, either negatively when jobs are outsourced, or positively when communities benefit from car companies investing in existing or new sites.

A crucial aspect of long-term enterprise management is the respect for the rule of law, a respect that is not only an obligation in industrialised countries but also a continuing challenge in the developing world. Since the automotive industry consists of a complex network of globally active suppliers, uniform standards must prevail for all suppliers within the entire supply chain.

The issue of fuel economy takes on increased significance against the backdrop of → climate change, rising oil prices and the growing dependency on politically unstable oil-exporting countries. The industry's own goal is to reduce the average fuel consumption of new passenger vehicles in Europe to 5.5 l per 100 km by 2009, which corresponds to roughly 43 mpg. The target is lower in the United States: 24 mpg – or 9.75 l per 100 km – by 2011. In addition, the European Automobile Manufacturers Association voluntarily promised to lower the average CO₂ emissions of its new car fleet to 140 g/km by 2008. In addition to fuel economy and CO₂ emissions, other key ecological measures include: equipping vehicles with particulate filters; climate-protection strategies; driver training to promote fuel-efficient driving; product recovery and recycling systems; and alternative ways of fuelling a car. By now, every company is in some way or other conducting research into alternative fuels. The industry covers a broad spectrum: biofuels, natural gas, electric and hybrid vehicles, hydrogen power and fuel cells. But there is still a significant step to be taken between research and mass production.

The automobile manufacturers, oil companies and automotive suppliers taking part in the → World Business Council for Sustainable Development's (WBCSD) Sustainable Mobility project (completed in 2004), developed a common vision for worldwide mobility in the year 2030 as well as ways to achieve it. The network has since grown from a → learning and dialogue forum into a facilitator for joint projects (such as Sustainable Mobility 2030, the → Greenhouse Gas Protocol, Energy and Climate Change – Facts and Trends 2050, and Global Road Safety). Participation in the Mobility Forum of the United Nations Environment Program (UNEP) also serves as a way to exchange experiences in order to learn together with others. One result of this work is the Automotive Supplement to the → Global Reporting Initiative (GRI), which sets forth indicators for sustainability reporting (→ non-financial reporting) in the automotive sector.

In addition, most automotive enterprises adapt their conduct to the → UN Global Compact Guidelines, the ICC Charter, the → OECD Guidelines for Multinational Enterprises, the Global Reporting Initiative Guidelines and ILO Core Labour Standards – not least because they recognise the benefit of a positive listing in the sustainability-oriented rating indices. The most important such indices include the → Dow Jones Sustainability Index, → FTSE4Good and Stoxx Sustainability.

Whether motor companies succeed in the future will depend largely on how well they perform the balancing act that pits conventional product requirements such as performance, safety and comfort on one side against ecological and social challenges on the other. The financial crisis of the late 2000s has emphasised the demand for more environmentally friendly cars while at the same time highlighting the pivotal role for employment and economic development in the US and Europe. The rising demand in newly industrialising countries underscores the need for automotive enterprises to follow a sustainable strategy in order to survive in the market.

Klaus Richter

BANKING SECTOR

→ Equator Principles, UNEP Statement by Banks on the Environment and Sustainable Development

Financial services companies deal with the management of money and include retail banks, investment banks, commercial banks, asset management companies, insurance companies, credit card companies and stock brokerages.