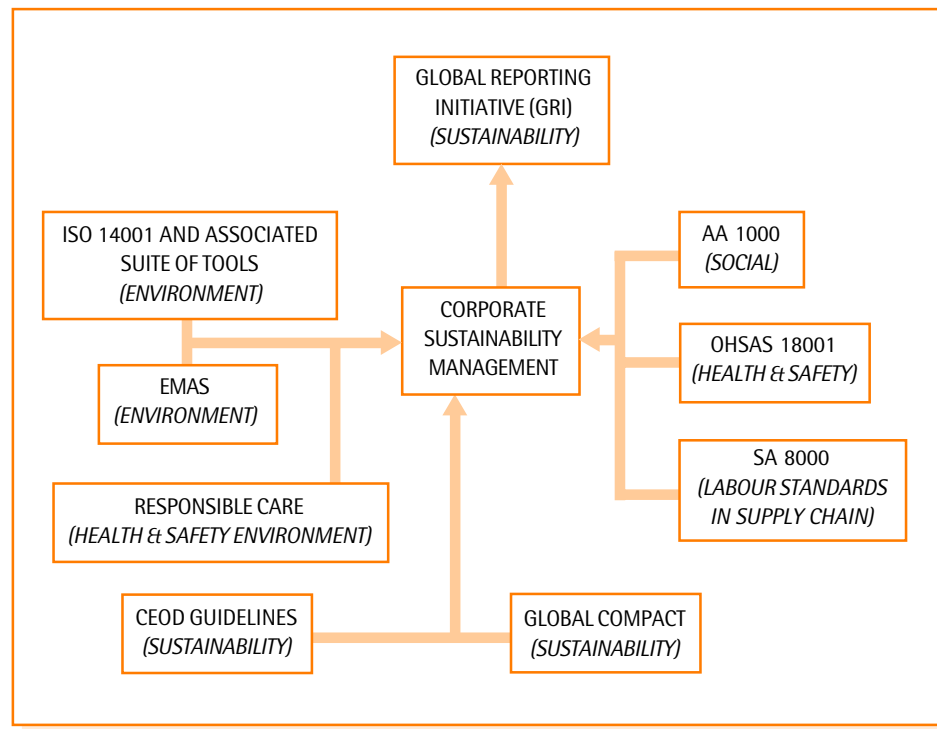


## Achieving Sustainability – Integrating the Codes of Practice

Given the range of schemes addressing different facets of corporate sustainable development, organisations are faced with the challenge of selecting the most appropriate range of tools, and seeking to integrate these as far as possible.

The following diagram provides an overview on the inter-relationship of the various initiatives.



No one initiative has emerged as a prominent universal standard addressing all facets required for true "triple-bottom-line" management. There are currently two initiatives worth watching that are seeking to facilitate greater integration:

- **International Organisation for Standardisation:** The ISO is currently engaged in a process of developing an integrated health, safety, environment and quality management system standard. This has proved to be more complex than initially anticipated and to date no concrete documentation has been released. Whilst this standard will go a long way to providing an integrated management system for improving an organisation's sustainable development, it lacks significant focus on social issues.
- **SIGMA:** The SIGMA Project was formed in June 1999, as a partnership between the British Standards Institute, Forum for the Future and Accountability, with sponsorship from the UK Department of Trade and Industry and the Department of the Environment, Transport and the Regions. The project has been working towards helping organisations to improve their performance on social, economic and environmental issues. The project aims to develop the next generation of sustainability management systems and tools, integrating the environmental, social and economic aspects of business activity into business-decision-making.

## tools for the triple-bottom-line

### navigating the nomenclature of sustainability standards

In the ten years since the Rio Earth Summit, there has been a significant growth in the development of guidelines and codes of practice aimed at improving corporate social and environmental performance.

While none of these initiatives on its own provides a single all-encompassing standard for corporate sustainability, collectively they provide a valuable indication as to what is required for companies to meet the "triple bottom line" of sustainable development.

*"If the business community does not come together to define its social and environmental responsibility and then act on that definition, I fear we will not achieve that better society"*

*Courtney Pratt, President, Noranda Inc.*

*"If we believe that universal principles in the areas of human rights, labour rights and the environment should become an integral part of business strategies and day-to-day operations, regulation alone will not be sufficient. It must be coupled with a concerted effort to stimulate good practices."*

*Mary Robinson, United Nations High Commissioner for Human Rights*

#### Useful web-sites

- International Organisation for Standardisation – [www.iso.ch](http://www.iso.ch)
- OHSAS18001 – [www.sabs.co.za](http://www.sabs.co.za)
- SA8000 – [www.sa8000.com](http://www.sa8000.com)
- Global Reporting Initiative – [www.globalreporting.org](http://www.globalreporting.org)
- AccountAbility 1000 – [www.accountability.org.uk](http://www.accountability.org.uk)
- The Global Compact – [www.unglobalcompact.org](http://www.unglobalcompact.org)
- OECD Guidelines – [www.oecd.org](http://www.oecd.org)
- SIGMA – [www.projectsigma.com](http://www.projectsigma.com)

This executive briefing was compiled by Common Ground Consulting, strategic advisors on corporate sustainability issues [www.commonground.co.za](http://www.commonground.co.za).



## Introduction

Ten years ago, environmental audits and corporate environmental reports were a novelty, ISO 14001 was yet to be developed, and there was only one code of conduct on corporate sustainable development (the International Chamber of Commerce's Business Charter for Sustainable Development).

Today, company executives are faced with a plethora of management standards and codes of conduct covering a range of environmental and social concerns.

This Executive Briefing assists managers to navigate through these various initiatives by briefly outlining some of the most significant:

- ❑ Management System Specifications
- ❑ Guidelines on Reporting and Stakeholder Engagement
- ❑ Global Codes of Practice.

## Management System Specifications

Underlying any company initiative aimed at promoting sustainable development is the implementation of a structured system for identifying and addressing the company's social and environmental impacts.

In the last decade, a number of voluntary management systems standards have been developed, with the aim of providing a systematic means for addressing environmental, social, and health and safety concerns, while also enabling companies to obtain internationally recognised certification that may have valuable marketing benefits.

Most of these systems share the same basic elements, namely: assessing the company's impacts; developing an appropriate policy; setting objectives and targets to manage these impacts; establishing and maintaining a management programme; implementing procedures for training, communication, monitoring and measurement; and undertaking periodic audits and management reviews. Three of the most widely used standards are described below.

### ISO 14001 Environmental Management Systems (EMS) Specification

In 1993, the International Organisation for Standardisation (ISO) commenced work on the ISO 14000 series. This addresses various aspects of environmental management, including environmental management systems (EMS), auditing, performance evaluation, eco-labelling, and life cycle assessment. The cornerstone of the series is the ISO 14001 EMS Specification. Released in 1996, it is the most widely accepted EMS standard internationally. It is estimated that over 37 000 companies in 112 countries – including over 400 companies from South Africa – have achieved ISO 14001 certification.

### Occupational Health and Safety Assessment Series (OHSAS 18001)

OHSAS 18000, developed by the British Standards Institute, is an international occupational health & safety management system standard, comparable with ISO 9000 (quality management) and ISO 14001 (EMS). The standard outlines management practices aimed at improving a company's health and safety performance. The series does not provide specific performance criteria, nor does it include detailed specifications for the design of the management system.

### Social Accountability 8000 (SA8000)

The SA 8000, developed by the Council for Economic Priorities Accreditation Agency, is the first auditable global standard for ethical sourcing. It is based predominantly on the conventions of the International Labour Organisation, the UN Universal Declaration of Human Rights and the UN Convention on the Rights of the Child. SA 8000 is intended to allow companies to audit and independently verify that their products are sourced from suppliers that meet international labour standards and human rights obligations.

## Guidelines on Reporting and Stakeholder Engagement

An important development in the last ten years has been the rapid increase in corporate reporting on non-financial performance. There are two significant best practice guidelines in this field. Specific reference is made to both of these guidelines in the King Report on Corporate Governance for South Africa 2002 (King II). (See also the Executive Briefing on Sustainability Reporting.)

### Global Reporting Initiative (GRI)

The Global Reporting Initiative (GRI) was established in 1997 with the goal of elevating sustainability reporting practices to a level equivalent to financial reporting in terms of credibility, rigour, timeliness and verifiability. In 1999 the GRI published the first draft *Sustainability Reporting Guidelines*. These have recently been revised following a period of extensive pilot testing.

The GRI has widespread industry, government, NGO and UN support, and has been used as a reporting guideline by over 100 of the world's leading blue chip companies including, within South Africa, by Sasol, Eskom, Hillside Aluminium, South African Breweries and Umgeni Water.

### AccountAbility 1000 (AA1000)

*The AA1000 Series*, launched in 1999, is a best practice standard for a stakeholder-based approach to social and ethical accounting, auditing and reporting. The Series, developed by the UK Institute of Social and Ethical Accountability, provides a framework to guide the establishment of an inclusive stakeholder engagement process aimed at identifying key issues and priorities, defining performance metrics and targets, and contributing to the development of accounting, auditing and reporting systems.

## Global “Codes of Practice”

In addition to the above relatively focussed management standards and reporting guidelines, there are a number of more wide-reaching codes of conduct. Some of these are aimed at business as a whole, while others are sector specific.

### The Global Compact

The Global Compact, proposed at the 1999 World Economic Forum by UN Secretary General Koffi Annan, challenges business leaders to make globalisation work for all the world's people. The Compact is designed to be a platform for dialogue and learning aimed at achieving a shift in attitudes. The Compact incorporates nine principles drawn from the Universal Declaration of Human Rights, the ILO's Fundamental Principles on Rights at Work, and the Rio Principles on Environment and Development.

To participate in the Compact a letter from the Chief Executive Officer is submitted, committing the company to the Compact and its nine principles, and expressing a willingness to participate in its activities. The commitment includes an annual posting on the Global Compact Website detailing concrete steps taken in acting on these principles and any lessons learned in the process.

Currently over 80 global companies have subscribed to the Compact. Subscribing companies with a presence in South Africa include: ABB, BMW, BP, Eskom and Shell International Ltd.

### OECD Guidelines for Multinational Organisations

The OECD guidelines are non-legally binding recommendations designed to ensure that multi-national organisations conduct their business in accordance with the policies of the countries within they operate. The Guidelines establish voluntary policies that promote corporate transparency and accountability, specifically addressing disclosure of material information, employment relations, environmental management, bribery, competition, consumer interests, and science and technology diffusion. Observance of the Guidelines is encouraged and facilitated by OECD member governments through National Contact Points (NCPs). The Guidelines apply to the 29 OECD member countries as well as three non-member signatories.

### Sectoral Codes

A number of codes of practice have been developed at an industry sectoral level. One of the best known of these is the international chemical industry's Responsible Care programme, first developed in Canada in 1994. It is an internationally recognised framework for voluntary environmental, health and safety improvement that is currently implemented in 46 countries, including South Africa. The initiative attempts to foster the adoption of corporate values that emphasise a long-term commitment to community and occupational health and safety and to environmental protection.