2010

Responsible Business Guide:

A Toolkit for Winning Companies

CIPE

RBI Responsible Business Initiative

www.RBIpk.org

ACCA

SPONSORING
PARTNER

www.RBIpk.org
TECHNICAL
PARTNER

ADMINISTRATIVE
PARTNER

RBG

Responsible Business Guide: A Toolkit for Winning Companies

Contents

RBG Working Group

All-Pakistan Textile Mills Association: Mr. Yasin Siddik
British Deputy High Commission: Mr. Ahmer Arif
Faisalabad Chambers of Commerce and Industry: Dr. Habib Aslam Gaba
Indus Motor Company: Mr. Sheheryar Piracha
Islamabad Chamber of Commerce and Industry: Mian Shaukat Masood
Karachi Chamber of Commerce and industry: Mr. Ateeq-ur Rehman
Lahore Chamber of Commerce and Industry: Ms. Aasia Saail Khan
National Foods: Mr. Abrar Hasan
Otsuka Chemical: Mr. Habib Naved
Overseas Investors Chamber of Commerce and Industry: Ms. Unjela Siddiqui
Pakistan Business Council: Mr. Samir S. Amir
Securities and Exchange Commission of Pakistan: Mr. Faraz Uddin Amjad
Shekha and Mufti: Mr. Jawad Shekha
Siemens Pakistan: Mr. Zia-ul Islam Zuberi
Standard Chartered Bank: Mr. Ali Habib
Shell Pakistan Ltd: Mr. Abid Ismail
Pakistan Software Houses Association: Ms Jehan Ara

ACCA: Dr. Afra Sajjad
CIPE: Mr. Moin Fudda, Ms. Brooke Millis, Mr. Hammad Siddiqi
RBI: Ms. Ambreen Waheed, Dr. Faiz Shah

Acknowledgments

- Faiz Shah [1] and Ambreen Waheed[2]

Putting together the Responsible Business Guide (RBG) has been a unique experience. Here we have a decade of field experience, over a hundred academic references, the priceless insight of leaders in their fields, and an ever-widening circle of informed stakeholder opinion, all distilled into a simply worded, practical toolkit for entrepreneurs who have just about enough time for picking up a useful idea and putting it to profitable use.

Responsible Business Initiative (RBI) has been particularly fortunate in its partners. Center for International Private Enterprise has been more than simply a sponsoring partner. We have worked closely with Mr. Moin Fudda and Mr. Hammad Siddiqui, visualizing this Guide, based on CIPE's experience within and outside Pakistan, with Mr. Huzaifa Hussain providing support. Ms. Brooke Millis and Mr. Andrew Wilson at CIPE headquarters in Washington, DC continued to offer feedback as we progressed through the drafting process.

Perhaps CIPE's most important contribution has been in attracting a high-calibre RBG Working Group, where each member has enriched the final product with their experience and enthusiasm towards making Responsible Business a day-to-day reality. We hope to begin working closely with ACCA, our administrative partner, who now has the task of ensuring that stakeholders have access to this Guide for real-life applicability.

We feel that this Guide acquires its real significance because of special insights shared at our request by steadfast friends such as Dr. Simon Zadek, globally acknowledged corporate social responsibility thought-leader; Mr. Husain Dawood, a visionary among Pakistan's corporate leaders; Mr. Georg Kell, dynamic head of the UN Global Compact; and Mr. Ernst Ligteringen, at the helm of the Global Reporting Initiative. The core of this Guide is built around our discussions with such eminent champions of responsible business. Their continued support adds ongoing value to further work we plan.

Our final word of thanks is reserved for the RBI team, Mr. Haseeb Hassan, Mr. Mohsin Bashir, Mr. Feroze Shah, and Ms. Anam Fatima, a dedicated group, untiring in its effort and unmatched in its resourcefulness.

We hope this guide will be your first step in an exciting journey with value-led business and competitiveness progressing side by side towards responsible profits.

PREFACE

- Simon Zadek[3]

Corporate responsibility has moved internationally over the past decade towards a fourth generation of practice. The first generation was about what companies “should do” if their leaderships were socially conscious and invested profits in supporting for example workers, communities and the arts. The second “could do” generation professionalised responsibility through the development of company codes, and measurement, management and reporting systems. The third “must do” generation concerned companies’ responses to changing regulatory and market conditions that requires improved governance, risk management, as well as business and consumer customer and gradually investor demands.

And finally, today, we see the emergence of the fourth generation, where it is “smart to do” because new value creation opportunities are increasingly about the effective and innovative handling of scarce resources like water, carbon and energy, and will realise the potential of engaged, productive workers and value-based investors. Fourth generation companies will be the most successful businesses in tomorrow’s world and markets.

Every company is on a journey through these generations, and is a different place along this pathway. Some are exemplary and extraordinary, others struggling to comply, and many others at the foothills of learning and change. What marks out companies is not where they are in their practices, but their will and ambition to move forward in establishing businesses that can succeed in tomorrow’s markets, and serve the combined interests of their leadership and workers, investors and customers, and communities and nations in which they work and on which they depend.

Learning from the experience of others is a way to accelerate good practice and achieve success. This booklet crystallizes and communicates insightful experience from some of the world’s leading companies, including many corporate stars from Pakistan that have moved from words to practice in establishing responsibility as a driver of their business strategies and success. These experiences can inform any company, irrespective of its size or sector or stage of development, in shaping their own unique pathway to success. Adapting and adopting proven practices can in turn accelerate performance improvements and drive businesses towards the fourth generation and overall business success.

The Real Role of Business in Society

- Husain Dawood [4]

The real role of a business is to contribute effectively to social development and advancement of opportunities that improve quality of life. The more successful a company, the more potential it has for doing so.

The biggest asset that a corporation can accumulate is a good reputation for transparency and good governance. This is what makes a business attractive, among other things, as joint venture partner for foreign collaboration. For companies in developing economies, this opens doors for innovation and introduction to winning practices. As a bonus such a corporation attracts the best human talent.

A transparent, well-documented business management system contributes significantly to the Government exchequer, and, perhaps most importantly, enhances the international brand image of Pakistan.

Within the Pakistan market there has been an increase in familiarity with concepts of good corporate governance and, to a lesser extent, to process transparency and integrity. Companies are compelled to recognize that:

- First, regulatory pressures and consumer demands for good corporate governance and transparency are here to stay.
- Second, companies implementing higher standards soon correct their attitudes about the responsibilities assigned to the role of the Board and the Directors.
- Third, those companies that have willingly adopted higher standards of governance and social responsibility appear attractive to foreign investors.
- Fourth, a stage that has yet to manifest itself is the realization that transparency and good governance actually adds substantial value to the market valuation of a company.

Business as Pillar of Prosperity
- Georg Kell [5]

Business, trade, and investment are essential pillars for prosperity and peace. Through a commitment to corporate citizenship and the principles of the UN Global Compact, business in Pakistan can be an enormous force for good. Proactively managing environmental, social and governance issues is not only good for the success of business, but is also a practical way of addressing some of society's greatest challenges, including poverty, climate change, equality and health. Companies that create and deliver value in the widest possible terms ultimately advance goals of cooperation, peace and development.

Stakeholders Demand Responsibility
- Ernst Ligteringen [6]

The environmental, social and governance performance of a business is increasingly being recognized as relevant to its proper valuation. Investors, civil society, consumers, and governments are demanding insight into the risks and opportunities that economic, environmental and social, challenges represent to a company. These stakeholders also want to know whether a company is working towards ever more sustainable development, incorporating it into its strategy rather than living from one quarterly statement to the next. The Global Reporting Initiative Guidelines provide an internationally recognized multi-stakeholder framework to help provide this type of disclosure. It is therefore, an important tool to enable an organization to manage these issues. Being transparent on sustainability issues is relevant to organizations in both developed and emerging economies: "Emerging" does imply a vision of sustained and sustainable development of the economy and its environmental and social foundations.

CIPE – Sponsoring Partner

CENTER FOR INTERNATIONAL PRIVATE ENTERPRISE

- John D. Sullivan, PhD,[7]

For Pakistani companies seeking to improve their bottom line, gain greater access to capital, strengthen corporate reputations, enhance customer loyalty, and reduce business risks, it is increasingly important to have a strong corporate citizenship strategy. Beyond simply "giving back" to their communities, good corporate citizens embrace and demonstrate ethical business practices, by making the values of integrity, responsibility, transparency, and accountability central to corporate operations. By playing this role, Pakistan's private sector can take the lead in building a thriving, inclusive, market democracy with a sound institutional foundation. With the many challenges facing Pakistan today, a vibrant and engaged business community that is composed of companies that exemplify the values of corporate citizenship can create jobs, strengthen civil institutions, combat corruption, and promote growth. CIPE is proud to have supported the development of the *Responsible Business Guide* for Pakistan, as a key step in encouraging Pakistani companies to become leading corporate citizens in their country.

RBI –Technical Partner
RESPONSIBLE BUSINESS INITIATIVE

Responsible Business Initiative (RBI) is Pakistan's first citizen-sector organization dedicated to creating cross-sectorial demand for corporate social responsibility (CSR) and enabling corporate citizenship. Since 1998, RBI has worked to build capacity among diverse partners, facilitating stakeholder engagement and technical support so the private sector can participate strategically and tangibly in sustainable development through the generation of responsible profits. As founder member, RBI has been in the vanguard of organizations and networks promoting responsible values in business, such as the South Asian Association for Regional Cooperation (SAARC)-level South Asia Forum for Responsible Business (SAFoRB), the Asia Pacific CSR Centers Group, and the Globally Responsible Leaders Initiative (GRLI) of the European Foundation for Management Development and the UN Global Compact. RBI leads in building effective synergies between society and business. For a decade, RBI has helped shape numerous CSR awareness, policy, and research interventions with government, corporations, small and medium-sized enterprises (SMEs), and academia within and outside the Asia Pacific region.

RBI's professionals have contributed original findings to numerous decision-making forums within and outside the country. They have helped set up socially and environmentally compliant production processes in the sporting goods, textile, knitwear and leather sector, and led a pioneering Triple Bottom-Line (TBL) demonstration project with UN Industrial Development Organization (UNIDO) in preparation for the World Social Summit in Johannesburg. In 2005 RBI conducted Pakistan's first CSR benchmarking research to ascertain responsible competitiveness in 12 Industrial sectors, for the Securities and Exchange Commission, laying the basis of a national CSR Strategy.

For training and capacity-building interventions, RBI was engaged with Social Accountability International (SAI) right through the development of the SA8000 standard, to running the first official social auditor trainings in Pakistan. In following its full-service approach, RBI has directly participated in developing the GRI Sustainability Guidelines, the Transparency International-SAI Guidelines to Counter Corruption, the Fair-trade sourcing guidelines for sporting goods, the AccountAbilityAA1000, Stakeholder Engagement Handbook and its Responsible Competitiveness Report, Global Responsibility Leadership Initiative Report, followed by matching capacity-building and training interventions in various sectors in the region. RBI has supported the development of the National Voluntary Compliance Standard for the Pakistan Compliance Initiative, and has formal and informal linkages with academia, government and trade bodies, and works in helping increase demand for responsible corporate behavior, articulating cost effective CSR solutions specifically relevant to Pakistan and the Asia Pacific region.

ACCA – Administrative Partner

ASSOCIATION OF CHARTERED CERTIFIED ACCOUNTANTS

In Pakistan, the Association of Chartered Certified Accountants (ACCA)-WorldWide Fund for Nature-Pakistan Environmental Reporting Awards provide a framework for reporting environmental, social, and sustainable performance. Initiated in 2001, the Awards have grown in size and influence over the years. The Awards aim to recognize and reward organizations which report and disclose social, environmental, and sustainable performance in their annual reports or stand alone reports; to encourage best practices in environmental, social, and sustainability reporting; and to raise awareness of corporate social responsibility issues and performance, thus encouraging increasing environmental, social, and sustainability reporting. The awards do not aim to evaluate environmental or social performance of a company; rather, the awards aim to encourage transparent reporting. By enabling companies to provide evidence of "best in class" disclosure performance, on the basis that disclosure changes behavior, the Awards have made companies consider how to improve their commitment towards sustainable business practices to protect and enhance sustainable performance. The success of the Awards is a manifestation of the business community in Pakistan recognizing the importance of sustainability reporting.

What Stakeholders Want

In July 2008, business leaders and their counterparts in government and the civil sector attended *Social Enterprise – Beyond Philanthropy*, a roundtable organized by the Center for International Private Enterprise (CIPE) and Responsible Business Initiative(RBI). Participants asked for a user-friendly guidance document for companies, one which would help them understand and implement globally recognized principles of responsible business in locally relevant ways.

This call echoes the voice of small and medium-sized enterprise (SME) representatives within chambers of commerce, business associations, and trade bodies that say their member companies want to be able to demonstrate responsible behavior, but find it difficult in the absence of reliable, easy to use guidelines that can help them negotiate an increasingly complex business environment.

...do not consume one another's wealth unjustly but only [in lawful] business by mutual consent...

The Qura'n, 4:29

Sahih International translation

This Responsible Business Guide – the RBG – emerges from a truly national effort[7]. It aims to give entrepreneurs in Pakistan, and elsewhere, an easy to use resource that helps them understand, internalize, implement, and demonstrate corporate citizenship through precepts that are familiar and an approach that is practicable.

The RBG explains, demystifies, and encourages. Companies big or small can use it in an incremental or piecemeal way within a holistic framework to move towards higher levels of responsible corporate citizenship.

Using the RBG

This is an action document. The first chapter provides necessary background information but avoids lengthy academic discussion, moving straight into the six practical dimensions of demonstrating responsibility as a company, each organized as a chapter. Each chapter begins with a brief discussion on the topic from the "responsible business" perspective along with relevant examples, followed by a checklist for action. The Appendix contains useful materials or links for further information if needed.

Introduction: Why RBG?

This guide is for those who would like to get down to action right away. It is for business people who are convinced that the best way to do business is to do it responsibly, but feel they need more practical information to act. It is for entrepreneurs or managers, who would rather cut through academic-sounding discourse, grasp the essence of what socially responsible business really means, and begin to implement it within their own particular context.

CSR is Nothing New

The core of the RBG is the Responsible Business Framework (RBF), a relational matrix comprising six distinct dimensions of responsible business that progress across four specific levels of effort.

Society has granted tremendous power and freedom to corporations... If corporations use that power in ways that are not consistent with society's expectations... society will circumscribe that power.

Pamela L. Hall and Robin Rieck, in The Effect of Positive Corporate Social Actions on Shareholder Wealth,*1998*

Developed as a result of the Responsible Business Initiative's (RBI) work with diverse companies in a number of countries, the RBF takes a practical approach that draws from current thinking on corporate social responsibility (CSR[8]) as the concept has evolved over the last decade. CSR is now a familiar term, but few relate to it as the contemporary form of a long-established business philosophy that has sustained itself through the evolving concepts and terminology of management science.

At its core, CSR is responsible business. It is what good businesses have always been about. It has always been about quality, integrity, honest dealing, and long-term trust, balanced by stewardship of resources, fair profits, and public accountability. This guide addresses these core issues within the context of global competitiveness. It offers a set of integrated yet distinct actions that any entrepreneur or company, big or small, can take on its own and demonstrate behavior that today's society expects from companies.

This guide emphasizes that while it is laudable for a company to demonstrate compassion or sensitivity to social welfare, there are certain basic social responsibilities that it must fulfill in any case, and for which charity is never a substitute. This guide shows that since the "business of business is business,"[9] it is in a company's own interest to go beyond the short-term self-interest that characterizes a "profit-at-all-costs" approach. It is only by stepping forward to take on the role of a responsible citizen that a business really makes a difference. A business can become a partner in sustainable development not by claims or campaigns, but by involving itself in the issues affecting its community. And all this is only possible if a company engages in business responsibly, and makes fair profits.

Responsible Business *is* CSR

In fact, the concept of responsible business as CSR often seems to be mixed up with other ideas that use similar terms but are quite distinct. Confusion often surrounds essentially worthwhile initiatives labeled CSR, which actually do not indicate responsible behavior on their own. These often include corporate philanthropy or charitable donations; compliance, which indicates adherence to social or environmental codes or labor law; and corporate community investment, which is when companies inject resources strategically into welfare schemes for the general public. At a less laudable level, "CSR" appears in marketing campaigns as a slogan for differentiating one company's offerings from others.

> ***There is no more powerful institution in society than business... The business of business should not be about money, it should be about responsibility. It should be about public good, not private greed.***
>
> *Anita Roddick, Founder, The Body Shop*

Regardless of motive, business investments into social projects cannot substitute for a company's primary purpose, which is to make a profit. Yet, the way a company chooses to make its profits often has an impact that goes well beyond its balance sheet. Recent history has many examples of highly profitable companies suffering in the face of public outcry about their behavior as corporate citizens. Union Carbide, Shell, Exxon, Nike, Barings, Société Générale de Surveillance, Martha Stewart, Philip Morris, Enron, Arthur Anderson, Rio Tinto – the list is as diverse as it is extensive.

On the other hand, The Body Shop, Levi Strauss, Ben and Jerry's, Saga, IKEA, Tata, and Reebok have earned public respect for their socially responsible positions on a number of issues that otherwise do not appear to be linked to profits alone. The next chapter will discuss how we reconcile these two points of view.

Corporate Responsibility in the Present Context

In today's information age, consumers are aware of company behavior, their products, and their promises like never before. In the years leading up to the recent economic crisis, corporate mismanagement has made headlines, at times bounding on criminal behavior.

Changing Expectations and Business Success

These instances span all sectors, from the traditionally suspect "exploitative" industries that use non-renewable resources to produce their wares, often under state patronage, to largely trusted entities such as banks, accounting firms, healthcare companies, or food processors.

Have companies become more dishonest, or has society changed its expectations regarding business over the years? Evidence shows a bit of both may be true. However, there is something else that is fundamentally new in the current business paradigm that has surprised business. Society no longer tolerates the old "profits at all costs" business models or corporate strategies that seemed to propel businesses to profitability before.

Corporate social responsibility is not just about managing, reducing and avoiding risk, it is about creating opportunities, generating improved performance, making money and leaving the risks far behind.

Sunil Misser, Head of Global Sustainability Practice, PriceWaterhouseCoopers

An increasingly value-led society does not like companies that display an absence of universally understood ethical or moral bearings as they compete for market dominance and shareholder confidence. As expected, companies are now actively engaged in rethinking their business models. The more savvy ones have already re-aligned their strategies to reflect ethical, principle-led decisions in buying and investing, respect for human rights and the environment, and more detailed public disclosure.

Not surprisingly, in an otherwise fraught economic environment, companies perceived as ethical have posted favorable returns. It is becoming clear that the coming years offer starkly different options for companies. Those who remain unaware and unmoved by this global shift towards responsible behavior risk extinction, while those who invest in making their company policies more sustainable and responsible stand to benefit from newer opportunities.

Time to Re-think Business models

It is time that companies, particularly SMEs who think they are small or off the public radar, look at their way of doing business all over again. It is time to look at existing values, decision-making structures, and policies and practices not only from the perspective of owners but of stakeholder opinion and community image.

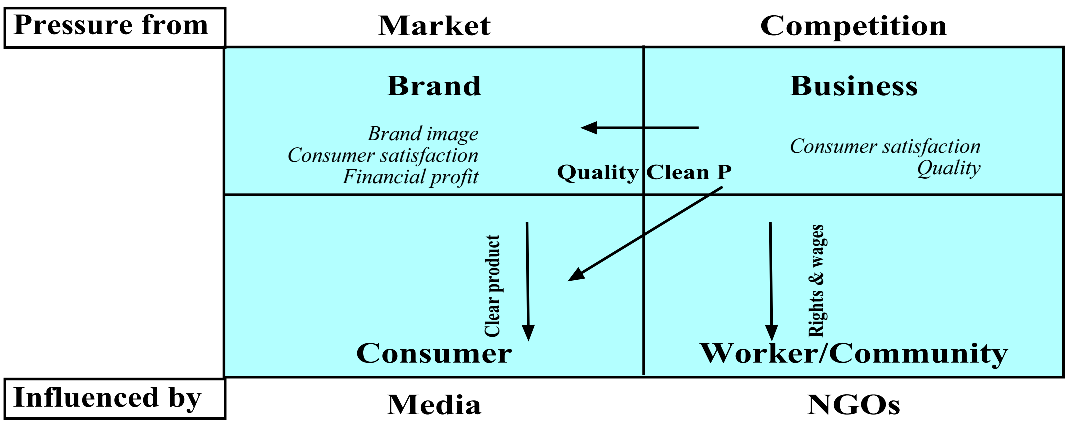
What differentiates a responsible business from others? It comes down mainly to defining business strategies that clearly demonstrate that a company is committed to accountable decision-making when offering its products or services to the market. In a business strategy that changes in order to place responsibility at its core, everyone in the company must unlearn and re-learn. Everyone must see that they have a role in making their company a responsible company. This is perhaps *the* challenge of CSR today.

Two examples immediately come to mind of companies thinking ahead of their time and actually transforming their business segment and consumer expectations with a strong ethical message. Both were ahead of their time, but saw spectacular success.

The Body Shop, a British enterprise, became famous for its nature-based personal care products sourced from communities and sold in reusable bottles, an innovative idea bolstered by its principled positions on social and environmental issues such as animal testing, women and children rights, and protection of endangered species at a time when it was not fashionable. The company introduced direct community sourcing for its products, expanding from 15 to over 300 suppliers between 1976 and 2007. It set an example of self-accountability and "ethical consumerism" by opening up to independent social audits. By the time it was acquired by L'Oreal in 2006, The Body Shop had 2,000 retail outlets in 61 countries, and owner Dame Anita Roddick had become synonymous with ethical entrepreneurship.

The other example of transformational ethical entrepreneurship comes from Pakistan. Saga Sports was like any family-owned producer of hand-stitched footballs until it created a values-driven community production model. At a time when football companies were highlighted as poor examples of child labor and coercive work practices, Saga established village-based units producing quality footballs in compliance with international labor standards. In an industry perpetually at risk from a mobile, informal labor force and seasonal work, Saga created stability and up to 9,000 regular jobs by institutionalizing ethical values and a caring work environment. Initially resisted, its model workplaces and process efficiencies combined with verifiable product integrity are now the standard in Sialkot. Ironically, a violation of its own standards cost Saga its business in 2007.

Fig.1 CSR as business driver



Source: Waheed. A, 1998

Evolution: Three Waves of CSR

Over the past decade and a half since CSR has become central to business debate, three distinct, overlapping evolutionary phases have been visible[10], continuing to evolve through consolidation as well as specialization.

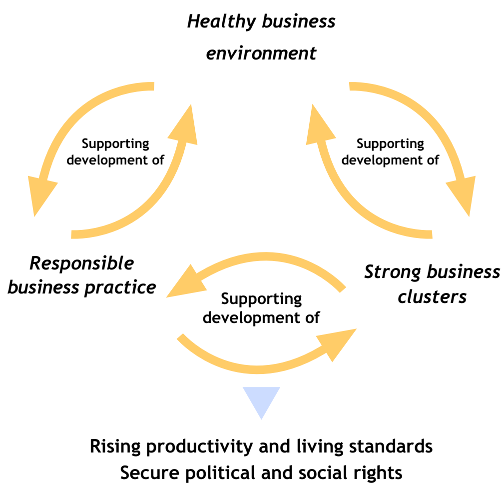
The lesson is simple: if companies don't pay enough attention to what people say about them or act quickly, then there is a real chance that information can be potentially harmful.

Stephen Frost, CSR Asia

The 1990s was the "compliance wave". A number of reporting standards were developed and promoted largely by international agencies keen to assure end-users of branded products that their respective supply chains were clean. This wave propelled a world-wide drive for third-party verification of factory claims about labor standards and certifications for quality, environmental, and social performance. Several independently verifiable standards of corporate responsibility emerged during this time, including ISO14000, SA8000, and WRAP as examples that remain relevant to Pakistani businesses. This wave crested and stabilized towards the latter part of the last decade.

Beginning in the mid-1990s, the second wave can be termed as the "Triple Bottom Line (TBL) wave"[11], with attention focused on the overall social, environmental, and financial impact of a company's way of doing business. During this time, organizations emphasized "making a business case" for CSR, with numerous articles assuring the businessman that TBL was an investment that paid dividends through cost savings and an improved marketing image. An entire industry has grown up around preparing companies for TBL. This wave overlapped with the earlier one for about five years, and achieved much attention, as companies became conscious of their role in the environmental and social well-being of the communities they worked in, often undertaking projects to demonstrate this consciousness. TBL succeeded in developing widespread recognition of CSR as a driver of business, and demonstrated tangible ways of measuring the impact of business on society and the environment.

Fig.2 Responsible Competitiveness



Source: AccountAbility, 2005

Understanding that CSR does not imply losing profitability in any way, and that responsible behavior can yield concrete rewards, companies in the mid-2000s appeared to be entering the "responsible competitiveness wave."[12] This implies that markets are beginning to "systematically and comprehensively reward" business for more responsible practices and penalizing them if they show disregard for the environment or societal expectations. Industry-wide research in 2004 showed that far from being a myth, financial performance increased with social performance in nearly all cases.[13]

Responsibly competitive markets presuppose a society that is both aware of its rights as consumers and uses its purchasing power to regulate corporate behavior. This wave involves a constituency beyond business supply chains, and uses the powerful communications tools and the media of the information age to react swiftly to perceived corporate behavior, good or bad. Evidence indicates that companies who establish credentials as responsible businesses are in a position to modify society's expectations with increasing levels of influence, which ultimately allows them to catalyze change.

Companies and Consumer Demand for CSR

Centuries at the crossroads of civilizations and a faith that stresses social equity and fair dealings have infused Pakistani society with a tradition of socially responsible business. However, in practice, compliance is still the predominant focus of export-oriented businesses, primarily due to client demand. Only a handful of companies have adopted the TBL philosophy and the general business environment still does not appear ready for a customer-led move to reward responsible companies.

Apart from multinationals or large national companies and export businesses whose global exposure demands TBL or whose clients require compliance to supply chain standards, most companies in the country feel that giving philanthropically is enough. From a social perspective this may be a worthy position. However, from the perspective of competitiveness and business advantage, this is a limited view, because companies and industries in other countries have reaped business benefits from demonstrating responsible behavior in numerous areas. [14]

Demonstrating social performance is a business advantage because it improves access to foreign clients and investors, who feel that their job is to introduce standards, even build capacity where possible, which suppliers must be able to sustain.

RBI

Companies often say that setting up systems for compliance or organizing for TBL procedures is prohibitively expensive, particularly for companies that are already barely able to compete with global trends. Such expense is only justified if a company is exporting to a demanding client. While this is partially correct, the RBF shows that there is no additional cost to becoming responsible. All it needs is a change of mindset.

By becoming responsible, a company manages risk more effectively, prevents waste, and saves resources. The combined effect of applying principles of responsible business actually increases profits over the longer term. Adopting the RBF in incremental steps can actually build lasting credibility in the market. This is an opportunity that companies can only ignore at their peril.

The Road to Responsible Business

The writing is on the wall. What has become increasingly important to consumers and investors all over the world is how a company makes money, rather than how much money it makes.

Business as a Responsible Citizen

Over the last decade we have seen a near-total transformation[15] in the way business is expected to operate. In today's global environment, profits alone do not suffice as a measure of corporate success. It is true that successful companies are still identified by their profitability, using familiar measures such as market share or return-on-investment. But at the same time, an entirely new set of "social responsibility" parameters have gained acceptance as one gauge of a winning company rewarded for its ethical behavior.

Spending on sustainable products and services over the past decade has increased tenfold, with each UK household now spending on average £251 per annum on green items.

Ethical Consumerism Report 2009,
Co-operative Bank and Ethical Consumer Research Association (ECRA)

Globally responsible leadership is not only beneficial to the world's largest corporations. Entrepreneurs from the developing world should realise its benefits. They should develop mechanisms for demonstrating social and environmental expenditures as investments which, in the long run improve their financial bottom line and add value to economic and societal development.

Ambreen Waheed
EFMD-UNGC Globally Responsible Leadership –
A Call for Engagement

Enterprises' overseas clients are familiar with demands for compliance or social audits. The companies often say they are left wondering as to how this additional burden relates to their traditional way of doing business, which has always been based on low prices and client satisfaction. Likewise, multinational corporate giving campaigns, with their allusions to corporate citizenship and corporate social responsibility, leave local businesses to assume that individual philanthropy is somehow an appropriate measure of responsible company behavior.

As if all this were not enough, business owners face an onslaught of CSR consultants who promote CSR strategies that range from corporate community investment (CCI) at best to re-hashed PR solutions or marketing gimmicks couched in CSR language at worst.

What the savvy entrepreneur can immediately tell is that there is something missing in this. But not being able to find a point of reference, the prudent businessman is more likely to turn away from this version of CSR, while others succumb to the promise of quick gains in varying degrees. The overall result, of course is that everyone loses.

Trustworthiness is the Golden Rule

A business is like a person, not only in that it can be held responsible for its actions under law, but also in that it participates in the affairs of its given community much like an ordinary citizen. Just as an upright citizen is expected to be fair, just, truthful, loyal, and responsible, and just as a community confers on such citizens an aura of respect and influence, a responsible business too can earn the respect of its customers and begin to influence society. This is an enormous responsibility, because it confers on a business and its leadership significant influence over large numbers of individuals.

Simply speaking, a good name can enhance business in good times and protect it during a crisis...the prolonged advantage of corporate social responsibility ensures sustainable economic advantage and should be a long-term objective of any organization.

Alan D. Smith, author of Making the Case for the Competitive Advantage of CSR

In fact, a business has power, influence, and resources in a measure that exceed those enjoyed by the ordinary citizen, often equivalent to opinion leaders or social icons. And just as with individuals in the community bestowed with power and influence, a home community expects a business to measure up to high expectations of conduct, of which perhaps the most important is a demonstrable adherence to the established norms of society.

Numerous individuals have been showcased as responsible entrepreneurs. Their accounts of business success invariably include trust, quality, and value as cornerstones of long-term business relationships. Each one of these success stories emphasizes that the most important rule of business success is trustworthiness, which requires painstaking attention and consistent commitment. Also, not surprisingly, none of these role models claims to have achieved success by misleading customers, destroying nature, mistreating workers, making poor quality products, or not paying taxes!

In short, most businesspersons would know what responsible business is, simply by revisiting the lessons in good civic behavior and business values that they were taught. They would quite easily see the business case for responsible behavior reflected in best practices common to successful companies around them. What this toolkit aims to do, therefore, is to remove the ambiguity surrounding what seems like a new-fangled management science, but is in essence a time-tested set of business values.

Framework: Pillars of Responsible Business

At its most basic level, responsible business is simply a company acting as a conscientious citizen, conducting its affairs accountably in the public eye, making decisions that do not harm, and reaping fair profits that do not come at an irreparable cost to nature, society, or government.

The Essence of CSR

Let us now unpack this common-sense approach to responsible business, starting with some common observations:

...Such companies have grasped the notion that the risk of staying the same or ignorant of CSR in a complex business environment is greater than the risk of changing.

J.F. Cumming et al., 2005 quoted in Making the Case for the Competitive Advantage o CSR

- *What is it that companies must do at all costs to remain in business?*

Be trusted - by those whom they dwell among, do business with, and even compete with!

- *And what is it that communities, customers, clients, counterparts, or competitors look for in companies they wish to trust?*

Trustworthiness emerges from longstanding responsible behavior.

Companies who aspire to lasting success always invest in relationships with important stakeholders. This includes clients, suppliers, employees, financial institutions, relevant government departments, and increasingly, civil society organizations and academia. Relationships are as important to a business as product quality, price, or after-sales service because they serve to establish a public image for the company's values. A company's public image is determined, aside from product or service, by the reputation of its leadership or the behavior of its representatives during informal or sometimes personal contact with key counterparts.

In short, being recognized as a good citizen comes from being responsible. Societies reward businesses they trust with profits, year after year. It is an investment all successful businesses invariably make, whether it is stated in so many words or not.

RBF: Responsible Business Framework Unpacked

A decade of field observations, interviews with business leaders, feedback from consumers or end-users, and an overview of literature in a number of countries[16] confirms that the wide range of behaviors that society or law associates with responsible business can be distilled into what RBI calls the Six Pillars of Responsible Business. Each pillar represents an aspect of business that can be targeted for improvement and made to contribute towards making a company responsible. Each of these is addressed in the chapters to follow, and each section ends with a checklist that can help you gauge how well your company is doing on that specific front.

We also know that reaching high levels of performance in a certain pillar is not a single-step maneuver. Companies generally require four distinct steps to progress from thought to action, which we call the 4-Ps. Arraying the Six Pillars against the 4-Ps, we get a grid that we call the RBF – Responsible Business Framework.

Fig.1: RBF – Responsible Business Framework

	Perception	Preparation	Practice	Performance
Governance and Management				
Principles and Policies				
Compliance and Disclosure				
Stakeholder Engagement				
Product and Customer Focus				
Financial Viability				

Evidence also shows that companies may not demonstrate prowess in all six pillars uniformly. At any given time a company may be stronger in one pillar than others. Also, while each pillar is measured separately, a company is considered responsible only when it shows performance in all six. This means that each pillar must be considered when developing a company's CSR strategy.

Making the Decision

Most companies say[17] they would easily move from philanthropic "check-writing" to a level where CSR is integrated into the business model. This is easier said than done, because company decision-makers typically have little guidance readily available when trying to develop a CSR strategy. Entrepreneurs say there is little use for them in academic discussions on how desirable it is for a company to be responsible or in success stories of large companies in other countries who have spent almost as much telling the story as on living it.

SMEs often say CSR is a luxury for only big, rich companies. But really, CSR in its essence has to do simply with behaving responsibly. In fact, the only costs involved in being responsible are costs any far-sighted business would assume any way – unless its owners cut corners on quality, exploit people and natural resources, or keep what was not theirs to keep, such as taxes or payables.

> ***Ethics is the new competitive environment.***
>
> *Peter Robinson, CEO, Mountain Equipment Co-op*

The Responsible Business Framework (RBF) provides a road map for establishing and maintaining a pattern of behavior that can help demonstrate a company's values as part of its day to day operations. Over the long term, this behavior is certain to yield dividends reserved for socially responsible businesses. If as a decision-maker, you feel your business is at a stage where it requires a systematic approach to CSR, you would wish to ascertain whether the RBF works for your company. Here are some of the questions companies typically ask themselves. Take a moment to see where you stand.

Checklist[18]: Do we really want to be known as a Responsible Business?

Do we want to. . .

1.	Adopt a systematic, comprehensive, and simple to follow approach to CSR	Y/N
2.	Build on current CSR thinking and link our approach to emerging ideas	Y/N
3.	Integrate all the various aspects of our company's business in our CSR approach	Y/N
4.	Design and implement our strategy in-house, without costly consulting services	Y/N
5.	Be able to allow for real-time analysis and evaluation from a CSR perspective	Y/N
6.	Inform sound business decisions on CSR values and ensure their continuity	Y/N
7.	Ensure our average worker understands CSR before actually adopting procedures	Y/N
8.	Demonstrate an appreciation of expressed stakeholder expectations for CSR	Y/N
9.	Report our CSR work using internationally accepted indicators	Y/N

If you answer "No" to all questions, the RBG is not for you.
A "Yes" to any or all questions indicates varying levels of acceptance of the RBF. Read on...

RBF Pillar 1: Governance and Management

Company governance and management is the face of a company. It is an outsider's window into how ethical and accountable a company's behavior can be.

Decision-making and Values

The root words for governance and management mean "to steer" and "handle" respectively, and spell out the job of a company's decision-makers. These typically include proprietors, directors, or managers. Whether a company is small or large, it operates on a system of leadership and decision-making that allows for it to sell goods or services for a profit. All company decisions must always be made to ensure profitability. But they must also be implemented within bounds determined by the culture, tradition, or social values within which the company operates.

Hence, while Governance, comprising the board of directors in larger companies or the proprietors in smaller ones, provides the value framework for business decisions, Management comprises individuals who must take these decisions at the operational level. In smaller companies, these are often the same individuals, but increasingly, company employees trained as managers are charged with implementing a company's business operations under guidance.

In my view, neither the fraud nor the discovery of the fraud caused the downfall [but]... corporate decisions — loading the company with debt, poor acquisition decisions, also the Internet mania that swept the country and the telecomm implosion in general.

Cynthia Cooper
MCI-WorldCom whistleblower

A company's decisions are deeply entwined with its ethical values, which are reflected in its public image. How companies are regarded in public determines how much business they can generate. When a company's declared values contradict its practices, catastrophic consequences may follow.

MCI-WorldCom illustrates this well. When it filed for bankruptcy in 2002 it was more than the biggest corporate collapse in U.S. history. It was an example of wayward governance propelled by greed, where an overtly religious CEO attended church while senior managers systematically abused the accounting system through fraudulent entries and loans, reflected losses as investments, and lied to investors in collusion with accountants and stock-market analysts.

Accountability and Transparency

In Pakistan, the Securities and Exchange Commission's Code of Corporate Governance regulates the conduct of listed companies under the Companies Law. Likewise, the Pakistan Institute of Corporate Governance has published, with support from CIPE, a corporate governance guide for family-owned businesses. Both these documents establish credible roles for directors within the parameters set by law and expectations associated with corporate leaders.

Corporate governance practices are converging globally. Governance codes are being revised to improve levels of transparency and independence. The proportion of independent directors is on the rise, as are disclosure of director remuneration and the proportion of women on the board.

Corporate Governance for Family Owned Business – PICG / CIPE

Key to this governance role is the principle of accountability, which means accepting responsibility for decisions and policies affecting business and being answerable for the consequences of these actions. This is particularly important in the case of family-led businesses, where owners do not feel obliged to explain actions, particularly to staff.

Business leaders or managers engaged in guiding and decision-making assume responsibility for their actions. This accountability is proportional to their level in an organization. Hence, the owner or CEO has the highest level of responsibility to ensure that the business is profitable, as well as guaranteeing that it is able to fulfill its obligations as expected by law, the market, or society, and that the company remains answerable to each.

Accountability is most commonly manifested in a company's annual financial statement, often as a pre-requisite for legal permission to operate. When signed by the CEO, a financial statement implies personal responsibility from company decision-makers and their readiness to face the consequences of their business decisions. In the MCI-WorldCom example above, owner Bernie Ebbers was sentenced to 25 years in prison, and his senior managers sentenced to five years each.

As part of their corporate accountability mechanisms, a number of countries require companies to declare the financial benefits given to board members and senior management. The British parliament is debating whether companies should name their 20 highest paid executives. A number of voluntary codes also encourage executive benefits to be part of corporate disclosure. The Norwegian government makes the financial status of all eligible taxpayers in the country available to the public.

Apart from regulations, companies themselves exercise internal controls against mismanagement, typically in the form of rules and regulations, standard operating procedures, and limits to authority manuals. Company hierarchies are another accountability mechanism. Externally, there are more and more independent watchdog bodies, including government agencies like the Competition Commission of Pakistan, trade unions, and non-governmental organizations like Transparency International or Consumer International, often with national affiliates, keeping track of company decisions and their impacts.

In today's consumer-driven environment, the market itself is assuming the role of a corporate accountability mechanism. Aware consumers are making buying decisions as large, well-connected groups. For example, the threat of a boycott of Danish goods in Muslim countries caused immediate diplomatic action by the Danish government to mitigate the threat. Fifteen years ago, the threat of a ban on Pakistani footballs in a World Cup year brought the global football industry to rally behind local producers, helping them tackle issues surrounding child labor.

Equally as important as accountability is transparency, which implies that a company's owners or managers will not only assume responsibility for their decisions but will communicate their reasons openly within and outside the company to stakeholders. For companies, transparency implies direct, open communication between company decision-makers and key stakeholders such as employees, shareholders, and consumers. The annual general meeting of shareholders is a regulatory instrument to implement transparency and accountability. Other common ways are through websites, company newsletters and media messages, and increasingly advertising. Taken together, these two concepts manifest the measure of a company's governance.

WHAT THIS PILLAR MEANS **A responsible company needs a responsible management.**
HOW TO DEMONSTRATE IT **Guarantee responsible governance and management through policies of transparency and accountability.**

Checklist 1: Does the company's governors and management have the tools to ensure responsible behavior?

	GOVERNANCE and MANAGEMENT	**PERCEPTION** Importance is understood	**PREPARATION** Specific policies available to all staff	**PRACTICE** Specific procedures operational	**PERFORMANCE** Embedded in day to day decisions
A	Directors/ Board members interact with stakeholders other than company shareholders	Y/N	Y/N	Y/N	Y/N
B	Board conducts regular management reviews	Y/N	Y/N	Y/N	Y/N
C	Board decisions are transparent and open	Y/N	Y/N	Y/N	Y/N
D	Board can be held accountable for negative social and environmental impacts of their decisions	Y/N	Y/N	Y/N	Y/N

RBF Pillar 2: Principles and Values

Business values and principles of a company are central to its CSR strategy. Company claims of good behavior, when not supported by evidence, may actually harm business prospects over the long term.

Policies are Values in Action

Many companies consider a values statement to offer the best picture of the organization's philosophical grounding. To incur the trust of its customers and critics, a company and all of its employees must be seen to openly espouse those values at all times. This demonstrates an understanding of moral priorities, the conviction to do what is right, and the will to take a stand on the part of an organization. Together, these qualities demonstrate a company's resolve to be responsible, which leads to trust. Values range from globally accepted standards such as honesty and fair dealing to locally relevant ones, particularly those that relate to gender attitudes, social hierarchies, and power relationships. In cultures where there is a tendency to display loyalty to family and close relations above other values, a business must work particularly hard to be trustworthy.

Trust comes on foot and leaves on a horse.

Chinese proverb

Often the pressure to accommodate influential stakeholders is hard to resist because of the perceived threat that it may mean losses for a business – or worse. This threat particularly affects small and medium enterprises, who feel they are weak in the face of powerful political forces in society.

In fact, the risk of being manipulated by powerful interests is greater when a business is isolated from its clients or consumers and does not enjoy a wider circle of trust. Companies who are known for their integrity and their civic responsiveness are relatively secure and are better able to resist the pressures that threaten their values.

The lesson, therefore, is two-fold. One, a company must be clear about its values and articulate them in a way such that everyone associated with its business processes understands them without any confusion. And two, these values must be distilled into policies and procedures that can be shown to work reliably and equitably without exception.

In a way, converting values into policy and practice is perhaps the most crucial milestone on the road to responsible business. It is also a process only decision-makers can lead.

Formulating policies and developing procedures may require long hours of deliberation and drafting, which is hard work. Yet once done, a policy document becomes the touchstone for business decisions, and procedures throw up a shield against undue requests from influential members of society.

Genuine Values Please

It has become quite commonplace to see value statements on company reports or displayed prominently in offices of most large businesses, yet few people within these companies actually adhere to these values or treat them as anything more than a public relations tool. This is an important finding, since all companies, regardless of their size or revenue, operate within a culture that is molded by the values its leadership holds and exhibits in their day to day decision-making.

The profit-making values of companies determine how managers proceed. These values are seldom articulated explicitly in a company's articles or charter, or even in the corporate statements that have become fashionable. These values are often reflected in the behavior of company leadership. For instance, if a company's chairman or managing director accepts bribery as a part of doing business, management will often find ways to integrate corrupt practices in their decisions regarding purchasing, acquiring contracts or orders, and even with employee contracts or tax reporting. On the other hand, if a company's governance shows no tolerance for such behavior, managers will be inclined to find ways to do business without recourse to corrupt practices.

A much-quoted example of how a conflict between what a company says and what it is seen to do can lead to fatal outcomes comes from Arthur Andersen, technically still in existence but no longer capable of approaching the marketplace after its public humiliation – and court censure – for being involved with two of the biggest corporate scandals in history. Started by Arthur Andersen in 1913, the company was founded on a reputation of integrity and professional excellence, with its slogan being, "Think Straight – Talk Straight". By 2001, Andersen had grown to 85,000 employees worldwide, with annual revenues of almost a billion dollars. This pristine public reputation remained intact despite over a decade of internal strife. Then the Enron and MCI-WorldCom scandals broke, with Andersen's name firmly linked to their accounting malpractices and to other well-publicized financial misadventures at Sunbeam Inc., Asia Paper and Pulp, and the Baptist Foundation. A decade later, even after the U.S. Supreme Court overturned an earlier conviction, Andersen finds itself shunned by the business community as a company that violated its own principles of integrity and paid the ultimate price.

Another example relates more closely to the experiences of SMEs. Incorporated in 1929, Taj Company became Pakistan's best known publisher of the Qura'n, esteemed by a clientele that trusted them with faithful reproduction of their holiest text. Taj management used this trust to attract 2.55 billion rupees "in the name of the holy Qura'n" [19] into an illegal investment scheme. The scheme targeted small depositors predominantly, but a number of prominent institutional investors also participated. The scheme collapsed in 1989, and Taj's assets of 539 million rupees were found insufficient to pay 23,090 investors. In 2004, 15 years later, the government concluded a 361 million rupee pay-out scheme for the neediest small investors, mostly widows and pensioners, returning merely 20-40 percent of the original deposit amounts. The courts ruled Taj shares to be transferred to uncompensated depositors, and the company was allowed to function under professional management in order to "generate profits as a going concern".[12]

As these two examples show, it is in a company's own interest to be honest in articulating genuine values that come from real aspirations, that its leadership can demonstrate, and that its personnel can emulate on a daily basis. High-sounding value statements or a prestigious public image are only useful if they are reflected in the company's business behavior. Business exists to make profits, but how it pursues profits becomes evident in its behavior.

WHAT THIS PILLAR MEANS **A responsible company knows that principles mean nothing without implementation.**
HOW TO DEMONSTRATE IT **Clearly state principles and values and promote them through policies and incentives.**

Checklist 2: Do Values and Principles Drive Business Performance?

	PRINCIPLES and VALUES		**PERCEPTION** Importance is understood	**PREPARATION** Specific policies available to all staff	**PRACTICE** Specific procedures operational	**PERFORMANCE** Embedded in day to day decisions
A	Your vision /mission/strategy mentions or has separate	Code of conduct/ core values	Y/N	Y/N	Y/N	Y/N
		Business principles standards (e.g. bribery policy)	Y/N	Y/N	Y/N	Y/N
B	Familiar with	UN GC 10 principle	Y/N	Y/N	Y/N	Y/N
		Principles for Countering Bribery and Corruption	Y/N	Y/N	Y/N	Y/N
C	Well defined process to communicate P and V to internal stakeholders		Y/N	Y/N	Y/N	Y/N
D	Review policies and procedures to ensure values are consistent wit	Procurement	Y/N	Y/N	Y/N	Y/N
		Hiring/firing	Y/N	Y/N	Y/N	Y/N
		Training	Y/N	Y/N	Y/N	Y/N
		Appraisal/reward	Y/N	Y/N	Y/N	Y/N
E	Incentives for ethical behavior		Y/N	Y/N	Y/N	Y/N
F	Process to disapprove unethical behavior		Y/N	Y/N	Y/N	Y/N

RBF Pillar 3: Compliance and Disclosure

Allowing a group of persons to conduct business without exposure to individual liability makes the incorporated company a most potent vehicle of economic activity. At the same time, this privilege is regulated by laws requiring companies to demonstrate financial transparency, fiscal prudence, and fiduciary trusteeship through a variety of disclosure mechanisms.

Compliance Laws and Regulations

Regulatory or legal requirements relevant to corporate compliance and disclosure span a wide range in Pakistan.[20] The term compliance, in this context, implies conforming to specific laws, regulations, policy guidelines, or approved standards of performance prescribed by the authorities. In practice this means a company providing specific data to the authorities (or to courts in the case of dispute) that demonstrates a company has fulfilled its compliance obligations consistently and completely.

In everyday business, compliance takes a number of forms, including placing revenue stamps on attested documents, filing sales tax returns, reporting business data on outflows, certifying adherence to quality standards for particular products, or signing disclosure statements for banking or commercial transactions. Financial reporting is the most commonly understood form of compliance among the business community, because it is the most closely regulated under law. It includes tax reporting, fiscal controls, labor rights, employee benefits, health and safety measures, and, more recently, corporate governance and social investments.

In addition, for businesses dealing with overseas clients, there are international regulations, particularly within the European Union and the United States, that typically require disclosure of value, origin, and content, but are increasingly seen to address social responsibility, environmental safety, and even fair trade and security. These aspects, like financial accounting, frequently require the establishment of a compliance system within a company that tracks the entire organization's operations for specific compliance data at the process-level and generates information that can be reported under law. Such a system is often used by companies to safeguard their internal processes against fraud or misappropriation by employees or managers and to optimize business profitability by avoiding breach of law and its costly consequences.

In Pakistan, regulatory compliance has recently come into greater focus, with both the Security and Exchange Commission (SECP) and the Competition Commission of Pakistan (CCP) taking note of corporate behavior, particularly corporate reporting in the case of the former and unfair trade practices in case of the latter. Highly publicized cases from 2009 include CCP's censure of Zong for its "8-anna call" claim and U-fone for its "world's cheapest call" advertisement.[21] Likewise, the CCP found 20 Pakistani cement companies and the trade body All Pakistan Cement Manufacturers' Association guilty of forming a cartel and imposed an unprecedented 6.3 billion rupee penalty.[22]

> ***The global , it is now clear, was caused not just by the bankers' colossal mismanagement. No, it was due also to the new financial complexity offering up the opportunity for widespread, systemic fraud.***
>
> ***Will Hutton***
> **The Observer**

Globally, many governments have acted since the Enron scandal in 2001 to plug the loopholes in regulatory compliance that enable corporate managers to defraud investors and clients by false declarations and breaches of compliance. The U.S. Congress enacted the Sarbannes-Oxley Act in 2002 that mandated personal accountability for corporate leadership, who are now personally liable in the case of misrepresentation of corporate compliance disclosures. In the recent WorldCom case, the independent directors were also fined an average of 2 million U.S. dollars each for failing in their fiduciary duty.

A number of countries have followed suit with tighter regulatory controls on corporate reporting, notably the United Kingdom with release of the Common Code, Australia through a revision of its compliance standard AS3806, and Pakistan through the release of the Code of Corporate Governance. This global tightening reflects an effort by governments and regulating bodies to build investor confidence in the face of rising distrust for compliance regulation that works against the power of business.

Another commonplace form of compliance is product labeling. Laws in various countries require that all products sold within that country or exported display information on content, origin, and use. The most commonly regulated products, with respect to claims against unfair or deceptive practices, are food or dietary supplements, medicines and drugs, cosmetics, and consumer equipment and devices. In addition to product content or composition labeling, the law in a number of countries requires safety or care labels on products, particularly textiles, toys, and electronics. Compliance codes in the United States and Europe are increasingly demanding disclosures on social and environmental responsibility, such as statements of natural resource use or child labor, and energy ratings, under laws such as Section 137 of the U.S. Energy Policy Act.

In recent years EU legislation has been passed to regulate product compliance for a wide range of products. To date, the legislation primarily targets food products, with requirements to disclose origin, level of processing, exposure to radiation or other treatment, additives such as enzymes or preservatives, and genetically modified or allergenic content. Non-food items, particularly plastics and recycled materials, are also the subject of regulatory compliance, particularly when in contact with food. Among articles of ordinary use, the most frequent regulatory disclosure requirement is conformity labeling or the "CE" mark, followed by eco-labels. Appliances are required to comply with energy ratings and safety marking. The social labeling requirements are expected to get more and more stringent, with the EU considering fair-trade as a new area for compliance.

Apart from the compliance and disclosure required by law, there is another area of compliance that addresses quality and specifications, with thousands of product standards developed by the International Organization on Standardization (ISO). In the electronic technology arena, product standards are developed by the International Electro-technical Commission (IEC).

Hence, compliance is an important aspect of business, from corporate performance to product quality. A responsible company understands all compliance requirements relevant to its business, and ensures that appropriate steps are taken to provide verifiable evidence for the authorities or the client through credible disclosure mechanisms.

At the business-to-business level there are recognized codes of conduct, often industry-specific and sometimes voluntary, that require business partners to disclose procurement mechanisms across the supply chain, particularly those relevant to human rights, discrimination, and corrupt practices. Over the past decade or so, a number of voluntary disclosure codes and indexes have gained wide acceptance. Allowing companies to present their way of doing business for general scrutiny, these instruments are often used by investors or clients to make investment or purchasing decisions beyond the traditional "Price-Quality-Service" triad.

Well-known Disclosure Frameworks

Companies that aim to be successful in a globalized world face the challenge of being able to prove to influential stakeholders that they conform to the minimum standards of acceptable corporate behavior. Disclosure, thus, is a window into a company's compliance. The table below lists the various compliance and disclosure frameworks current today.

This list indicates how important compliance is to business opportunities to a number of stakeholders in the public, private, and citizen sectors in the world trade environment. The footnotes provide details and full titles for the acronyms used.

	Economic	Social	Environmental
GOVERNANCE and MANAGEMENT	Code of Corporate Governance[23] EU Money Laundering Directive[24] UN Convention against Corruption[25] OECD Convention on Combating Corruption[26]	ILO Conventions[27] Factories Act[28] International Human Rights Guidelines for Companies[29] Convention on the Elimination of All Forms Discrimination against Women[30]	Environmental Protection Act[31] UN Framework Convention on Climate Change[32] UN Basel Convention on Movement of Hazardous Waste[33] Environmental standards in foreign assistance programs[34]
PRINCIPLES and VALUES	ICCR[35] Guidelines Tax Returns Guidelines[36] OECD Guidelines for MNC22[22]	UN Global Compact[37] OECD Guidelines for MNC[38] Business Principles for Countering Bribery[39] Caux Round table Principales40 Sullivan Principales[41]	UN Global Compact[42] CERES Principales[43] IFC Environmental Impact safeguard policies[44] Bench Marks Principles for Global Corporate Responsibility[45]
DISCLOSURE and COMPLIANCE	GRI[46] ISAR[47]	SA8000[48] ISO26000[49] FLA, WRAP[50]	ISO 14000[51] NEQS[52] ISO 26000[53]
STAKEHOLDER INVOLVEMENT and SOCIAL INVESTMENT	AA1000AS[54] GRI/G3	AA1000SES[55] GRI Guidelines[56] UN'sMDGs[57]	GRI Guidelines[58] IFC Performance Standards
PRODUCT INTEGRETY and CONSUMER FOCUS	ISO 9000[59] SRI Indexes[60] UN Guidelines for Consumer Protection[61] CCP Ordinance 2007[62]	FLA[63] Ethical trading Initiative[64] Consumer Protection[65] OECD Guidelines for MNC[22]	Eco-labeling[66] FLO Certification[67] OECD Guidelines for MNC[22]

	Economic	Social	Environmental
FINANCIAL VIABILITY and CAPITALIZATION	Guidance on CSR indicators in Annual Reports[68] PRI[69] KLD Domini 400 Index[70] IFC Performance Standards	Brand Equity[71] Equator Principle[72] FTSE4GOOD 100 Index[73] IFC Performance Standards	Cleaner Production[74] Equator Principle[75] Dow Jones Sustainability index[76] IFC Performance Standards

Once considered specialized and expert-dependent, sustainability reporting is now becoming easier for smaller companies. Standardized reporting frameworks are now recognized as a global vehicle for compliance disclosure. They aim to provide one language for compliance reporting that can be easily understood by companies, banks, non-governmental organizations, governments, and anyone wishing to become familiar with a particular company's conduct. These frameworks are considered widely cross-applicable, and therefore continue to gain significant following, including in Pakistan.

[Engro's 2005 Report] ... sets the standard in sustainability reporting in Pakistan. It uses GRI guidelines and includes information about the stakeholder engagement process... a praise-worthy effort in Sustainability Reporting.

Judging Panel, ACCA-WWF Environmental Reporting Awards

Perhaps the most rapidly growing format comes from the Global Reporting Initiative (GRI), now in its third generation, with industry-specific supplements that continue to be added to a widening portfolio of reporting tools. The GRI framework is considered more than a reporting tool. It provides a systematic and standardized mechanism for self-analysis, risk management, long-term planning, target-setting, relationship-building, and stakeholder communicating within the responsible business context. GRI reports also provide recognition for companies that are part of the growing population of socially responsible businesses.[77] The RBF introduced in this toolkit is compatible with GRI's framework, as well as other reporting frameworks. And just like the GRI, it assumes a holistic perspective in stressing process, engagement, and documentation, rather than one-off actions taken in isolation.

WHAT THIS PILLAR MEANS **A responsible company understands the importance of consistent compliance.**
HOW TO DEMONSTRATE IT **Have clear, internationally recognized policies of disclosure that make improvement and consistency easier for the internal management and verifying compliance easier for the authorities.**

Checklist 3: Does the company guarantee consistent compliance with proper disclosure?

	PRINCIPLES and VALUES		**PERCEPTION** Importance is understood	**PREPARATION** Specific policies available to all staff	**PRACTICE** Specific procedures operational	**PERFORMANCE** Embedded in day to day decisions
A	Strategy mentions or has separate policy for	Social equity	Y/N	Y/N	Y/N	Y/N
		Environment	Y/N	Y/N	Y/N	Y/N
B	Familiar with disclosure frameworks/guidelines	UNGC COP	Y/N	Y/N	Y/N	Y/N
		GRI	Y/N	Y/N	Y/N	Y/N
		UNCTAD /ISAR	Y/N	Y/N	Y/N	Y/N
C	Have certification on	SA8000	Y/N	Y/N	Y/N	Y/N
		ISO14000	Y/N	Y/N	Y/N	Y/N
		OSHA	Y/N	Y/N	Y/N	Y/N
		WRAP	Y/N	Y/N	Y/N	Y/N
D	Initiatives to improve/impact	Health and Safety	Y/N	Y/N	Y/N	Y/N
		Recycling/reuse	Y/N	Y/N	Y/N	Y/N
		Waste minimization	Y/N	Y/N	Y/N	Y/N
		Energy efficiency	Y/N	Y/N	Y/N	Y/N
E	Initiatives to improve/impact	Worker benefits	Y/N	Y/N	Y/N	Y/N
		Employee benefits	Y/N	Y/N	Y/N	Y/N
		Working environment	Y/N	Y/N	Y/N	Y/N
F	Procurement and buying decisions based on	Energy efficiency	Y/N	Y/N	Y/N	Y/N
		Recyclability	Y/N	Y/N	Y/N	Y/N
		Environment	Y/N	Y/N	Y/N	Y/N
		friendliness	Y/N	Y/N	Y/N	Y/N

RBF Pillar 4: Stakeholder Involvement and Social Investment

Talking to stakeholders and seeking their active involvement, from product feedback to social investments, is seen as a major benefit to business because such feedback and resulting empathy from clients as well as the community drive the success of a company's strategic approach.

Shareholders and Stakeholders

Few people had heard of the term stakeholder in the business community not too long ago. When the term first appeared in its present context in the early 1980s, it was confined to academic debate on who really matters to a business. Not until the mid-90s did the stakeholder attain relative prominence within corporate circles, amid controversy driven by a well-informed consumer society newly awakened to the exploitative tendencies exhibited by major companies.

The shareholder has traditionally been at the center of business decision-making, because modern economic theory is rooted in profit maximization, which in turn creates an incentive for the shareholder to push for the most returns at the least cost. This desire of the shareholder has progressively altered the global business model, most significantly demonstrated by U.S. or European multinationals shifting manufacturing of their products to poorer countries where wages are much lower and implementation of work-place safety, human rights, and financial controls are quite weak.

This remained a successful formula for maximizing profits for the better part of the last century, propelling consumer goods companies, apparel and textile manufactures, footwear and fashion brands, all to create extensive global supply chains. However, in the 1990s, a succession of press exposés highlighted the poor treatment of workers producing goods for multinationals, often on duty beyond the working hours mandated by law, paid below-subsistence wages, and in workplaces that an American or European worker would find unacceptable and the law would not allow.

The 1990s mark the entry of the stakeholder into the corporate canvas. Perhaps the watershed was the story about Taiwanese managers mistreating local workers in Nike's footwear factories in Vietnam, just as there were reports of children stitching Adidas footballs in Sialkot, Pakistan. In the wake of public outrage and community campaigns against the offending brands, there was a movement to monitor the behavior of multinational companies more closely in the developing world. Public campaigns such as the "Foul Ball Campaign" demanding the banning of footballs from Sialkot, or the "Global March Against Child Labor" demanding an end to the exploitation of underage workers resonated across the world. Stakeholder sentiments were reflected in shareholder value; in the aftermath of the Vietnam report, Nike's share value fell significantly.

Companies realized that the stakeholder was becoming immensely powerful and no amount of media image campaigns or celebrity endorsements would distract them. Independent "social auditing" came into its own, with the guidelines developed by the Council of Economic Priorities maturing into the SA8000 Social Accountability Standard. This initiative was followed by numerous industry-specific codes of conduct, buyer guidelines, and a number of international initiatives to develop a common language for socially responsible supply chain monitoring, particularly through the International Social and Environmental Accreditation and Labeling (ISEAL) Alliance. The Global Reporting Initiative was also a product of this time.

Accordingly, current business thinking has evolved significantly. Although the principle of profit maximization remains intact, companies are now conscious of keeping a balance between the relative power of various stakeholders inside and outside the company. What has still not changed, however, is that the manager remains firmly in charge of the decision-making process, and therefore can affect business outcomes by profit-seeking mechanisms that are attractive for the shareholder as well as acceptable to stakeholders in civil society and government. The RBF is situated within this optimal trade-off.[78]

In the case of SMEs the owners are often the managers as well, and as such have much more influence to change company behavior towards greater responsibility, compared to the power of small shareholders in a large listed company. On the other hand, civil society stakeholders have a much more potent role in the case of large companies who must retain the confidence of a larger consumer or stakeholder network, and are vulnerable to the massive shifts of public opinion impacting share prices, as happened in the above example of Nike in Vietnam.

In short, many have successfully challenged the classical view that a company is answerable to only those individuals who hold "stake" in it or a right to its profits, such as stockholders in listed companies. As currently defined, stakeholders comprise all those with something to gain or lose as a result of company's decisions or actions. In the face of strong customer demand, state controls, and market forces, governments are encouraging stakeholders, particularly minority groups, to become vocal and engaged. Emerging legislation in Europe and a number of other countries including Pakistan indicate this trend.
As a result, the owners or shareholders of a company have become more vulnerable to stakeholder demands, be it related to management or governance decisions on company policy, such as non-discrimination in hiring; business conduct, exemplified by marketing claims; or how a company interacts with its environment, including community investments and responsiveness to civic issues.

Emerging Power of the Stakeholder

Stakeholder power is manifested through an individual's ability to increase uncertainty or risk in a company's business plans, which affects the degree to which a company requires his or her goodwill. This is true for both internal stakeholders, such as owners, managers, employees, and employee families, and external stakeholders.

While internal stakeholders may seek to cut corners for maximizing profits, external stakeholders have the power to block such motivation through threats ranging from industrial action to public campaigns and political lobbying that may cause suppliers or creditors to pull back or consumers to turn away. This trend has become increasingly apparent in the past decade. A recent example is from India, in which the state of Kerala sealed a Coca-Cola bottling unit in response to unproven allegations by the local community that the plant extracted excessive amounts of water from the ground and returned it in a polluted state. The Indian Parliament is reported to have banned Coca-Cola in its cafeteria, stating the company used polluted water. The company is also facing a boycott from the University of Michigan for its approach to water scarcity and pollution issues in India. As a result, Coca-Cola has lost much more than the 16 million dollars it invested in its Kerala plant.

While larger, more visible enterprises often come into focus as the objects of stakeholder interest, smaller companies also feel the pressure. There are more and more reported instances of otherwise invisible stakeholders, particularly investors or local communities, challenging a company's claims and often succeeding in changing business decisions to align with their expectations. A recent example from Pakistan is Nike's 2006 decision to withdraw manufacturing from its contractors in the country following reports of unfair labor practices. However, in the face of stakeholder concerns, and possibly fearing that hostile public opinion would hurt product sales, the company announced it would stay in Pakistan, with a new supplier.

> ***All animals are equal but some are more equal than others.***
>
> *George Orwell*
> **Animal Farm**

Stakeholder influence may have a global impact, as in the case of a declared boycott of Danish products by Arab nations in 2008, following the publication of a Danish cartoon ridiculing Muslim beliefs. The Danish government had to take diplomatic steps to prevent potential loss to its companies doing business in the Middle East.

No decision in today's business world is strictly internal because of the power of social media and the speed at which it can rally opinion around the world. Smart businesses are reacting to this, not by raising barriers, but by pulling them down. Companies are going beyond simple marketing slogans and disclosure programs to actually engage with identified stakeholders and seek community views on investments.
corporate social responsibility as principles of corporate conduct.

Recognizing this, reporting standards, particularly the GRI-G3 and process standards such as the AA1000 and the ISO26000, highlight stakeholder engagement and include specific guidelines for feedback on corporate performance reporting. The shift is most obvious in the European Union, where corporate governance codes emphasize shareholder rights and corporate social responsibility as principles of corporate conduct.

Stakeholders Drive Social Capital

The rising visibility and importance of corporate stakeholders, almost to the point where their influence contends with that of owners or shareholders, has triggered a debate on limits. The view that a company is to be managed by its owners or their managers solely to pursue profit is drawing fewer adherents in the aftermath of almost 15 years of exposed corporate mismanagement and breaches of public trust. Public opinion on stakeholder roles, especially in advanced consumer societies, confirms that stakeholders influence business decision-makers to choose methods that create optimal value for the entrepreneur as well as the customer. This is considered by some as a precursor to a further reduction in the arbitrary power of boards or family management structures in companies, who will increasingly have to listen to non-owners that have a stake in their business' success or failure.

A number of codes of corporate governance, including Pakistan's, clearly specify the role of non-executive directors. It is clear that this trend of greater stakeholder involvement will rise, considering listening to stakeholders may have a beneficial effect on a company's brand image, particularly with employees, customers, and community opinion leaders. Engaging stakeholders also mitigates confrontation in consumer disputes and saves time and resources by creating an alternative dispute resolution mechanism.

In short, stakeholder engagement builds social capital, a wealth of networks and support that allows a business to draw strength from its stakeholders. This can be manifested in a number of ways. From the availability of credit in a competitive market or workforce stability, to customer loyalty and investor confidence, a company's good name is often the direct result of its ability to reach out to its stakeholders. This good name is a company's guarantee of sustainable wealth creating capacity.

WHAT THIS PILLAR MEANS **A responsible company must factor in the concerns and potential concerns of its stakeholders, and invest in their well-being where necessary.**
HOW TO DEMONSTRATE IT **Have policies that allow for regular feedback from and interaction with Stakeholders, and a clear direction for social investment in their communities.**

Checklist 4: Do company decisions factor in stakeholder involvement?

STAKEHOLDER INVOLVEMENT and SOCIAL INVESTMENT			**PERCEPTION** Importance is understood	**PREPARATION** Specific policies available to all staff	**PRACTICE** Specific procedures operational	**PERFORMANCE** Embedded in day to day decisions
A	Policy document mentions importance of SH involvement in...	Community initiatives	Y/N	Y/N	Y/N	Y/N
		CSR strategy	Y/N	Y/N	Y/N	Y/N
		Business decisions	Y/N	Y/N	Y/N	Y/N
B	Have formal/informal processes for external stakeholder involvement	Stakeholder map	Y/N	Y/N	Y/N	Y/N
		Review /feedback	Y/N	Y/N	Y/N	Y/N
		Interactive website	Y/N	Y/N	Y/N	Y/N
		Focus group	Y/N	Y/N	Y/N	Y/N
		Survey	Y/N	Y/N	Y/N	Y/N
C	SH feedback is shared with employees	Formally	Y/N	Y/N	Y/N	Y/N
		Informally	Y/N	Y/N	Y/N	Y/N
D	SH feedback is reflected in business plan	Directly	Y/N	Y/N	Y/N	Y/N
		Indirectly	Y/N	Y/N	Y/N	Y/N
E	Have communication mechanisms for satisfying internal stakeholders	Awareness sessions on policies/procedures	Y/N	Y/N	Y/N	Y/N
		Grievance/feedback system	Y/N	Y/N	Y/N	Y/N
F	Grievance /complaint system		Y/N	Y/N	Y/N	Y/N

RBF Pillar 5: Product Integrity and Customer Focus

A company's most visible impact is through its product or service. Hoover, Thermos, and Frigidaire are examples of product names that became synonymous with trusted companies. Companies can often build a product or service in a way that they become symbols of responsible business.

Product Responsibility

Products are a company's calling card. If they are sound, they reflect what is known as product integrity[79] by giving their customer quality performance, satisfaction, and value for money. Such products or companies guarantee themselves repeat business and become profitable over long periods of time.

A recent example is that of Toyota, the world's leading car-maker, which ordered a recall of 4.3 million vehicles in response to an August 2009 fatal accident caused by a stuck accelerator pedal. This has been followed by another recall of 2.3 million vehicles in 2010 spanning all except two major models. The company's president, Akio Toyoda, ordered extensive testing for all models, saying, "We are grasping for salvation...Toyota has become too big and distant from its customers," conveying that the company was responsible for its product and that such faults were the result of it not listening closely to customers.

The repair or replacement costs for 6.6 million vehicles mean a loss of billions of dollars, quite a blow for a company that has built quality as a cornerstone of its business. Compared to the financial loss, Toyota has a much larger problem – 40 years of stakeholder goodwill may have been squandered. Product integrity can build a business, but a loss of product integrity can drag a company down. Many years ago, Johnson & Johnson had to pull all Tylenol products after a case of poisoning was associated with the brand.

Offering a neutral response – or no response – to product failure has the potential to ruin a business, as in the case of Dow Corning. In 1991, it was reported that their silicon surgical implants could cause injury and death, putting 1.5-2 million implant recipients at risk. The company's board declined the Business Conduct Committee's suggestion that Dow Corning declare an immediate suspension of the product until conclusive evidence emerged. As a result, class action litigation by 12,000 affected individuals cost Dow Corning $4.25 billion by 1994, while the company suffered $287 million in revenue loss. Despite its reputation as one of America's most ethical companies, Dow Corning ended up losing the battle for public opinion and filed for bankruptcy.

Products are a reflection of a company's perception of itself as a corporate citizen. Often, a product may represent an entire people. Swiss watches, German cars, French perfume, even Pakistani footballs are all a reflection of their producers' quality and integrity. When Japan was a fledgling industrial economy fighting to survive against established brands from Europe and the United States, its products were initially considered inferior to Western-made products and fetched a lower price. Over the years, however, Japanese products came to be known for reliability, becoming symbols of product integrity. Today's generation only knows Japanese products as being on par with so-called heritage brands and sometimes more reliable.

Companies that build good products year after year, including small businesses that manufacture everyday appliances such as fans, cookers, washing machines, or irons, know this lesson as well as Toyota does. Once a customer turns away because the product fails to perform, it is unlikely they will ever return. There is power in product integrity. In a way, this is the pinnacle of a company's social responsibility: to offer a product that generates customer trust and satisfaction.

The secret of Toyota and other companies who have followed Japan's model of success is that they are focused on their consumers before they begin to produce a product. Studies reveal how such companies first win the trust of their employees, technicians, and sales team so that internal stakeholders believe their product is the best. As a result, the product that comes to market is bound to win the trust of the customer.

Research shows that product integrity and customer focus are closely woven together. Companies with a history of product integrity invest heavily in getting to know their customers before designing the product. In the service sector, companies with the highest profitability are those that put a sound knowledge of the client to work in designing their offerings. Any company that aspires to be known as responsible must demonstrate an understanding of its clients and design products that satisfy stakeholders.

Claims versus Performance

Companies do not always accept responsibility for poor craftsmanship, bad performance, or disregarding customer needs. Examples of this type of company are perhaps more numerous than those of responsible companies. But while we see responsible companies last generation after generation, irresponsible companies go into oblivion just as quickly as they appear. The biggest reason for this is that such companies make claims about products or services that they cannot deliver. A company that cannot accept responsibility in the face of product failure has a shelf-life as limited as its bad product. The damage once done takes years to undo.

There is more to product integrity than simply customer satisfaction. There are laws that proscribe penalties on the sale of products that make spurious or misleading claims or defraud customers by offering a product that is not the same as the one offered at the time of purchase. A fraudulent deal is nearly always the result of greed. But sometimes, otherwise well-regarded businesses make a costly error and end up with liabilities or legal penalties and costs.

The story of RoohAfza comes to mind, a label that has traditionally claimed medicinal properties. When a shipment of this famous brand arrived in the United States a few decades ago, it was challenged by the U.S. Food and Drug Administration,[80] the agency responsible for monitoring the safety of edibles, to prove that the drink actually had the medicinal qualities listed on the label. The Pakistani company was taken by surprise because its leaders never thought that a government department would take its label so seriously. Fortunately, the company was able to re-label the bottles without the medicinal claims and eventually sell in the U.S. market. The alternative would have been to submit to costly and lengthy testing to verify the labeled properties and in all likelihood pay fines for false claims.

This level of enforced product integrity is unusual in Pakistan, but with consumer courts becoming more stringent and the Competition Commission of Pakistan taking effective action, it is likely that Pakistani businesses will be increasingly challenged to substantiate claims and respond to client complaints regarding product integrity.

At the same time, strict labeling laws in the EU, United States, and the Gulf States foreshadow the day when Pakistani law is expected to demand better product labeling to ascertain product integrity at the point of sale. Legislation will require that labels provide more detailed information on product qualities and carry distinguishing marks indicating certification by independent bodies to verify product claims. Examples of such labels are the ecological labels on consumer goods, detailed nutritional information on food labels, and environmental or fair-trade labels on wood products or produce.

The business environment is only expected to get more stringent in this respect, and businesses who take their product integrity claims seriously stand a better chance in today's competitive and informed business environment.

But honesty and delivering on made promises, as a minimum, is not enough on its own. There also has to be an effort to make sure that a company strives to promise the best that it *can* deliver. This means that other than just product quality, an effort needs to be made to make sure that the product is made in the most ethical way possible every step of the way. As mentioned above, how environmentally and socially friendly a product is, is now considered an extended part of its quality when it comes to consumer choices. Fair-trade labels on products such as coffee and soccer balls, as well as green labeling on electronics the world over show that companies are beginning to recognize these considerations. Thus, in order to be truly quality-conscious, a company must set its ethical standards high and be ready to reinterpret and raise them as industry standards evolve.

Furthermore, in addition to their own production processes, to be truly consistent in their outlook, companies must recognize that they are themselves part of a process. As such, they must be ready to hold their supply chain to the same standards they set for themselves. When such strong commitments to quality and ethical standards become ingrained, any company can lay claim to being labeled as a trustworthy and responsible business.

WHAT THIS PILLAR MEANS
A responsible company makes strong, ethical commitments and delivers on what it promises.
HOW TO DEMONSTRATE IT
Implement transparent systems that allow product quality and supply chains to be viewed by stakeholders

Checklist 5: Do Customers and Integrity Determine Product Quality?

PRODUCT INTEGRITY and CONSUMER FOCUS			**PERCEPTION** Importance is understood	**PREPARATION** Specific policies available to all staff	**PRACTICE** Specific procedures operational	**PERFORMANCE** Embedded in day to day decisions
A	**Have policy on or strategy document mentions**	**Consumer/SH rights**	Y/N	Y/N	Y/N	Y/N
		Env. safe product	Y/N	Y/N	Y/N	Y/N
		Process responsibility	Y/N	Y/N	Y/N	Y/N
		Ethical marketing /advertising	Y/N	Y/N	Y/N	Y/N
B	**Customer hotline/person responsible for consumer/SH feedback**		Y/N	Y/N	Y/N	Y/N
C	**Department/mechanisms for product innovation based on environmental concerns**		Y/N	Y/N	Y/N	Y/N
D	**Department/mechanism for process improvement based on social and environment concerns**		Y/N	Y/N	Y/N	Y/N
E	**Mechanism to demand social compliance from supply chain**[81]		Y/N	Y/N	Y/N	Y/N

RBF Pillar 6: Financial Viability and Capitalization

The primary responsibility of a business is to remain profitable. Yet a company can pursue financial success without necessarily extracting an unfair cost from the environment or workers by making processes and personnel systems more efficient.

How Investors Define Responsible Business

Perhaps the most reliable touchstone of a company's financial viability is the market itself. We can judge the sustainability of a company by the faith investors have in it. The rapid rise of socially responsible investment (SRI) indexes over a short span of time is a clear indicator that investors prefer to put their money in responsible companies. In the eight years since SRIs emerged, social investment has increased twenty times. Additionally, SRI capital value has increased in proportion, significantly in excess of traditional investments. It is clear that companies considered responsible are competing effectively against those considered less so.

Social investing... from $40 billion in 1984 to $825 billion in 1991... in firms that "do the right thing" rather than divesting of firms that "do the wrong thing."

Pamela L. Hall and Robin Rieck in "The Effect of Positive Corporate Social Actions on Shareholder Wealth"

At the same time, consumer surveys report a heightened consciousness about fair trade products, with 100% of young buyers in the UK expressing a preference for ethically-sourced products, even if the price is relatively higher. Sales of products labeled for ethical or environmentally friendly production have continued to climb, with more and more mainstream brands like Nestle adding fair-trade products to their portfolios.

Where companies are family owned, a combination of traditional factors may define business success, including repeat business from customers, gaining new customers, and expanding sales, often in new markets and products. What better measure of a company's success than its balance sheet? However, as many family-owned companies are learning, the balance sheet alone is becoming less preferred as a gauge of overall corporate success. Consumers, clients, trading partners, investors, even governments and chambers of commerce or trade bodies are adding emphasis to assessing corporate performance by looking beyond the balance sheet.

Why Being Financially Viable Comes First

When a company's turnover is sufficient to enable it to meet its operating costs, allow for investments in development and technology, settle outstanding payables, maintain or increase levels of production or service delivery, and on top of all this leave a reasonable margin of profit, it is said to be financially viable. Accountancy norms suggest that this picture of financial viability comes in yearly cycles. In reality, however, companies must remain viable over much longer timelines to be successful.

Major SRI Indexes

Dow Jones Sustainability Index
Ethibel Global Index
Ethical Global Index
FTSE4GOOD Global 100 Index
Humanix 200 Global
Natur-Aktien-Index
ASPI Eurozone Index
Ethinvest Environmental Index Australia
Westpac-Monash Eco Index Australia
Jantzi Social Index Canada
UmweltBank-Aktien Index Germany
Morningstar Japan SRI Index
JSE / FTSE 4Good Index South Africa
Humanix 50 Index Sweden
Calvert CALVIN Social Index USA
KLD Domini 400 Index USA

Prevailing wisdom shows that the break-even point for a business determines its trajectory of success over the long term. In the current environment, this break-even point is determined by more than just the ability to pay bills. Observers, particularly those who measure sustainability indicators, look at a company's societal footprint to predict success. Assessing a company's financial viability has become a complex, multifaceted task.

This typically involves going beyond traditional evidence (such as audited accounts and financial performance statements, budgets, business strategies, growth projections, etc.) to look at newer indicators such as the environmental footprint, adherence to labor laws and health and safety regulations, employee benefits, credit ratings, and records of litigation. The picture that emerges indicates whether or not a company is financially viable.

Inherent in this picture is the assumption that a company that is disciplined and prudent to stay financially viable is a company that can fulfill its obligations to its customers, employees, and governments. In recent years, efforts by regulatory agencies and tax authorities in Pakistan suggest a further tightening of controls for assessing a company's long-term financial health. Matched with its ability to manage risks through the creation of liquidity mechanisms, assets, and social capital in the form of credit, a company further indicates its sustainability.

WHAT THE PILLAR SAYS A responsible company must be financially viable in order to fulfill its obligations to its stakeholders.
HOW TO DEMONSTRATE IT Show that the company makes socially responsible decisions that remain firmly within a framework of prudent financial management

Checklist 6: Does the company's projection of social responsibility stem from financial viability?

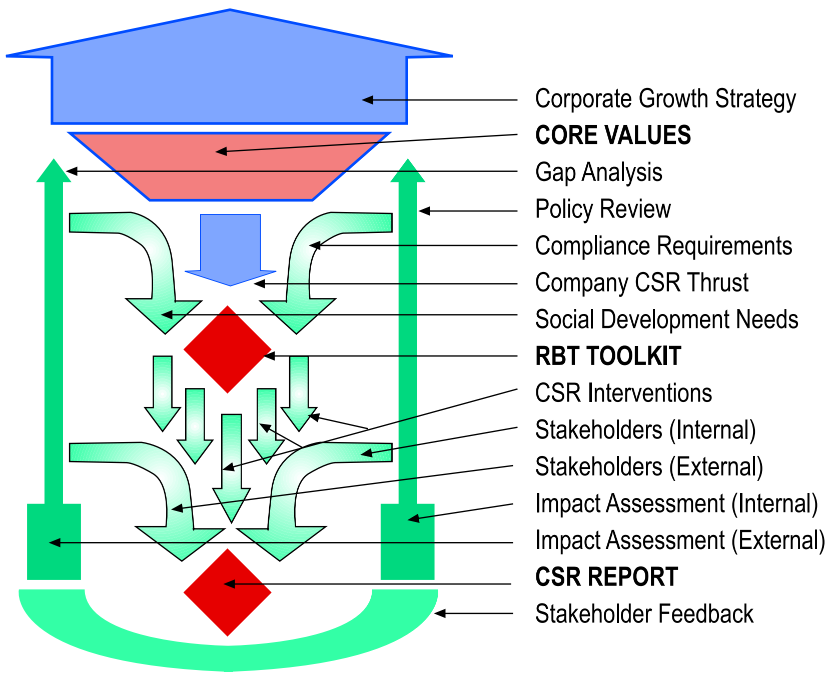
FINANCIAL VIABILITY and CAPTILIZATION			**PERCEPTION** Importance is understood	**PREPARATION** Specific policies available to all staff	**PRACTICE** Specific procedures operational	**PERFORMANCE** Embedded in day to day decisions
A	Aware of SRI index and criteria and have mechanisms to reach any benchmarks	FT4Good	Y/N	Y/N	Y/N	Y/N
		RC Index	Y/N	Y/N	Y/N	Y/N
		CCI[82]	Y/N	Y/N	Y/N	Y/N
B	Formally communicate social and environmental responsibilities to financial institutes	Sustainability reporting	Y/N	Y/N	Y/N	Y/N
		UNCTAD/ISAR [83]	Y/N	Y/N	Y/N	Y/N
		UNGC COP	Y/N	Y/N	Y/N	Y/N
		Env. Reporting	Y/N	Y/N	Y/N	Y/N
		Social compliances	Y/N	Y/N	Y/N	Y/N
C	Systems for cost effective mechanisms for	Env. compliance	Y/N	Y/N	Y/N	Y/N
		Ethical marketing	Y/N	Y/N	Y/N	Y/N
		Supply chain verifications	Y/N	Y/N	Y/N	Y/N
D	Have mechanism for evaluating performance / financial benefits of	Social investments	Y/N	Y/N	Y/N	Y/N
		Environmental investments	Y/N	Y/N	Y/N	Y/N
E	Systems exists for	Avoiding potential "damaging events"	Y/N	Y/N	Y/N	Y/N
		Mitigating the after-effects of a crisis	Y/N	Y/N	Y/N	Y/N

Measuring Progress: Perception to Performance

Proceeding from an understanding of the six CSR variables, and how each of them alone or together form the route map for the CSR journey, this chapter will describe four stages of progression to demonstrable CSR.

How It All Comes Together

The illustration below describes the process-driven, all-pervasive nature of responsible business behavior. The corporate growth strategy is designed to push the company's profitability and its social and environmental impact higher and higher. The company's core values form the bridge that links the growth strategy with its internal mechanisms. Just as the core values propel its growth strategy, they also fuel the internal functioning of a company's management and decision-making systems from within.



Source: RBI, 2004

The core values trickle down through the management and workers and are documented using the various RBF tools developed by a company. This information is validated through an iterative process of external dialogue and internal review at key levels in the organization, and is finally distilled into a CSR Report describing the company's triple bottom line. Again, the ongoing process of stakeholder involvement assesses the relevance and impact of the company's behavior, feeding it all the way up through the same process of engagement, to be checked against the core values.

As a result, the company is keyed in to its impact in the eyes of key stakeholders, and if it remains responsive, it can continue fine-tuning its business behavior to gain an ideal "trade-off" between its business values and stakeholder expectations. In quest of this state of optimal balance, the company generates responsible profits without adversely impacting its environment and keeps stakeholders satisfied, pushing up growth as a spiral of virtue.

The six pillars of the RBF are the areas of focus in this model. Each must be addressed separately, yet simultaneously. This journey has four practical milestones in each pillar – Perception, Preparation, Practice, and Performance.

Responsibility Level I: Perception

The road to responsible business starts from Perception, where a company reflects on its own values and understands how these values relate to its business goals. All businesses exist to make a profit. It is a company's values that determine the ethical point of reference for business decisions that affect the creation and delivery of particular products or services to customers, including determining what is a fair profit. A number of values derived from culture and tradition are subjective. However, commonly held human values such as honesty, integrity, and dependability equally pervade the realm of business transactions. Altruism is another value, which though not integral to such transactions is often linked to business behavior.

Responsibility Performance Level II: Preparation

With this relationship clear, the next step involves Preparation for action that demonstrates a company's responsible behavior to others. This typically involves documenting values in the shape of policies and operation-level mechanisms, developing awareness and implementation capacity among company personnel, and installing appropriate reporting communication systems for stakeholders. Evidence shows this to be perhaps the most difficult step for informally organized businesses, such as family-run enterprises, and may require outside support. However, once written down, company values, policies, and procedures are easier to integrate into day-to-day management.

Responsibility Performance Level III: Practice

From here a company proceeds to Practice, the third step of responsible behavior. Here is where the management assumes the biggest burden; it is up to them to lead by example, establish rewards and sanctions, and ensure that policies become practice and over time become integral to company decision-making. Employees establish their work culture in response to expectations from management, particularly when it comes to making value judgments in daily decisions. This is where companies become most vulnerable. There are many examples of companies where behavior turned out to be contrary to high-sounding credos and policy statements, invariably pointing to corporate leaders not walking the talk and making policies meaningless.

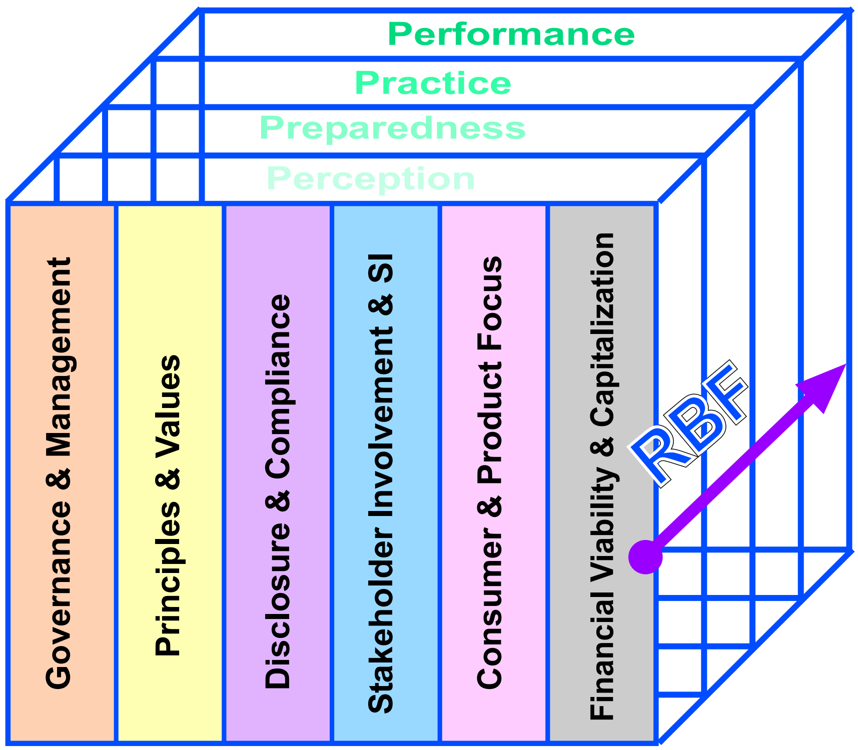
Climbing up the ladder of the "4-Ps", that is, from Perception to Preparation to Practice to Performance, ensures weaving socially responsible conduct into the very fabric of corporate behavior.

Responsibility Level IV: Performance

The final step is Performance, where a company shows its capacity for sustained responsible behavior. This, unlike the first three steps, is a state that requires constant oversight, but at the same time promises the greatest reward for a company. It is a state where personnel and management share a clear set of values integrated into the company's business model, retain familiarity with guiding policies and procedures through experience-sharing and documentation, take decisions in conformity with values, identify any breach confidently, and take pride in communicating their company values through words and action. This is the state where a company is seen to live its values. This is when the company finds itself valued as a corporate citizen within its community.

Returning to the RBF, the six pillars reflect distinct dimensions of demonstrable behavior. The framework is organized in a modular yet interlinked manner, so that each dimension builds on the one before and contributes to the one after. Hence, if a company structures its management systems to be accountable, it can develop policies that reflect this quality in implementation and be communicated with confidence. This in turn helps build a feedback mechanism in which stakeholder participation helps to create better products, which leads to satisfied customers and finally to profitability. The RBF assumes that companies capable of developing each of these six responsible behaviors to a sustained performance level have higher competitive potential.

RBF CUBE – The Context of Responsible Business

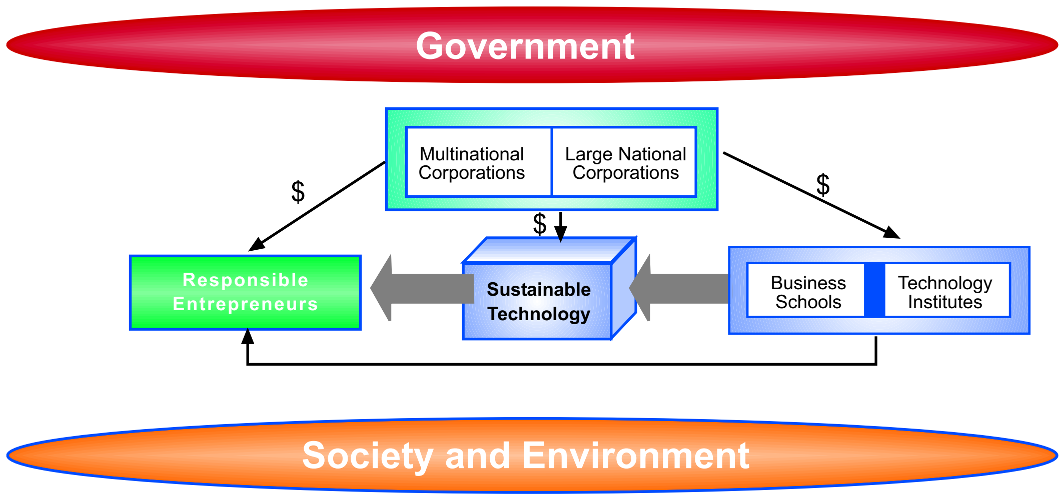


Source: RBI, 2001

This illustration presents the RBF as a set of independent yet integrated elements that hold up the architecture of a responsible business, while waves of activity within each element or pillar progress from Perception to Performance.

MULTI-STAKEHOLDER PARTNERSHIPS [84]

Creative Collaboration for Competitiveness
Responsible Business creating Responsible Entrepreneurship



Source: Waheed. A, 2003, 2005

This illustration depicts RBI's vision for future partnerships in Pakistan that can help create an impact with responsible business. It highlights the key stakeholders in promoting sustainable development, and how synergies among them, even without the direct involvement of government, can impact our society and environment. The key role lies with large businesses supporting their supply-chains i.e., the SME sector by encouraging responsible entrepreneurship and investing in innovative technologies. In the present context this bridge between corporate funding and potential sources of sustainable technologies, which in this case are collaborations between business schools and technology institutes, simply does not exist. Completing this cycle will provide the ideal vehicle for using sustainable technologies created in academia, often through engagement with communities, by identifying real needs and resources actively mentored by large companies who can afford CSR expertise.[85]

Call to Action

It is now time for action. If you have found the preceding chapters useful, it is because they reflect your experience just as they draw from thinking among industry leaders, consultants, and practitioners across many cultures. The best way to proceed is to go through each checklist and ascertain where you stand on the RBF. This is your baseline. Next, set a target for yourself and your company on the checklists and take the actions required. As you benchmark each step on the road to progress, you will see a change. This is the change to being responsible.

The RBG aims to both explain what it means to be a responsible business, as well as provide a practical guide for the implementation of CSR without fundamentally changing a company's business model. This approach is designed to fit any segment or size because it addresses the most fundamental variables of a sustainable business relationship.

Articulating the concept of corporate social responsibility as the RBG's six pillars aims primarily to clarify the concept in practical terms. It serves to clear misconceptions that currently cloud opinion about what CSR is, and offers a rationale for deciding on concrete action. But more importantly, the RBG offers companies an easy to use tool that can help improve competitive advantage in an environment where social responsibility is a prime expectation.

The RBG allows its users to take tangible actions that will demonstrate that a company is living up to international standards of responsible business practice.

Emerging from almost a decade of direct and intensive engagement with a diverse set of stakeholders across many countries, RBG's six pillars constitute a touchstone for entrepreneurs, with the potential of becoming a management tool to improve productivity, organizational effectiveness and competitiveness.

It is important, therefore, to differentiate the RBG from the many other documents that offer theoretical discussions on promoting the role of CSR in Pakistani businesses. From an entrepreneur's perspective ideas make sense only when they can be translated into profit. In the realm of responsible business, this means principles that drive action, which in turn generates value that can be demonstrated as responsible profits.

We invite you to understand RBF – the Responsible Business Framework – for what it is, namely, a mantra that distills the essence of value-led business and allows you to convert that in your own unique way into a road-map to responsible competitiveness.

We invite you to use the checklists at the end of each chapter, and map your progression along the “4-Ps”. From sharing your understanding of the RBF with your peers and your counterparts and customers, to guiding a process of improvement from Perception to Performance at a pace you determine.

We invite you to challenge the RBF, both as conceptual description of what it conveys as the core principles of responsible competitiveness, as well as a practical tool for moving you from thinking to action and beyond.

We invite you to share your experience of using the RBG - the Responsible Business Guide. We hope you share everything, from its narrative to its meaning and particularly its usability as you travel on the road to responsible competitiveness.

And, most importantly, we invite you to let us know how the RBG has helped you in realizing and implementing your CSR and business goals.

Good luck as you put this guide to use. The RBF is rooted in experiences from companies around the world. We ask that you help make it become stronger by helping us to ensure that more and more stories and experiences are woven into its fabric.

Endnotes and Appendix

1 Dr. Faiz Shah co-founded Responsible Business Initiative and presently heads Development Management at the Asian Institute of Technology, Bangkok. He has advised governments, companies, non-governmental organizations and UN programs on change management and institutional reorganization. On the visiting faculty at Punjab University, he has lectured at Michigan Business School and the Wharton School, trained over 3,000 grassroots government officials and community leaders in Cambodia, Nepal, Pakistan, Sri Lanka and Thailand, and overseen over 300 community service projects in diverse locations. He has led Saga, Pakistan's largest sporting goods company and was among the first working groups members of the Global Reporting Initiative.

2 Ms. Ambreen Waheed, founder and Executive Director of Responsible Business Initiative, is among the pioneers of CSR in Pakistan. She currently chairs SAARC Alliance for Responsible Business and serves on the Stakeholder Council and Board Nominating Committee of the Global Reporting Initiative, the Board of Trustee of Asia Pacific Roundtable for Sustainable Consumption and Production, national Steering Board of the United Nations Global Compact, Member, governance structure AccountAbility's AA1000 SES, UNCTAD's CSR Expert Panel and Review Committee on ISAR, the EFMD-UNGC Globally Responsible Leaders Initiative, the SECP's task force on NGO Governance, the CSR expert panel for ICAP Corporate Governance and juries of the Asian Forum Corporate Social Responsibility Awards, AIM-Intel IACRA Awards. She has a masters' degree in Computer Science from the University of Engineering and Technology, Lahore, a Master's of Philosophy in Management from the University of Cambridge, UK and post-graduate academic experience at the Speed Scientific School, USA. She has taught at ESSEC-France, University of Michigan and the Wharton Business School at the University of Pennsylvania in the United States.

3 Dr. Simon Zadek is an acknowledged global thought leaders in CSR. He is currently a Senior Fellow at the Center for Government and Business, the John F. Kennedy School of Government, Harvard University. He founded and was until recently, the Chief Executive of AccountAbility. He has authored numerous publications and sits on the boards of Instituto Ethos, Generation Investment Management, the International Center for Trade and Sustainable Development, the Council of GAN-NET and the founding Steering Committee of the Global Reporting Initiative. In 2003 he was named one of the World Economic Forum's 'Global Leaders for Tomorrow'.

4 Mr. Husain Dawood is among Pakistan's leading businessmen, and is presently Chairman of Dawood Hercules Chemicals Limited, Engro Corporation Limited, Karachi Education Initiative/Karachi School of Business and Leadership, and the Pakistan Poverty Alleviation Fund, which is the largest World Bank financed social fund in the world. Mr. Dawood serves on the Boards of the Commonwealth Business Council, Pakistan Business Council, the Pakistan Center for Philanthropy, and Beaconhouse National University. He is on the Board of Trustees of Karachi Education Initiative, London, Asia House, London, Global Charter Member of The Indus Entrepreneurs (TiE), and is the first Pakistani member of the World Economic Forum. As its Honorary Consul in Lahore, the Italian Government has conferred upon Mr. Dawood

the Ufficiale Ordine al Merito della Repubblica Italiana. He regularly participates in international programs including the SAARC Business Leaders Conclave, New Delhi, the India Today Conclave, New Delhi, and the Dubai Strategy Forum. Mr. Dawood has an MBA from the Kellogg School of Management, Northwestern University, USA, and a degree in Metallurgy from Sheffield University, UK.

5 Mr. Georg Kell, Executive Head of the United Nations Global Compact, New York oversees a network that includes several hundred companies, international labour, nongovernmental organizations and other civil society groups. With extensive experience in international trade and development issues, and is considered one of the chief architects of The Global Compact initiative, launched by Secretary-General Kofi Annan in July 2000 to promote good corporate citizenship and responsible globalization. Before joining the office of the UN Secretary General, Mr. Kell worked with the UN Conference on Trade and Development (UNCTAD) from 1987 to 1997, serving in senior positions and closely interacting with delegations and the UN General Assembly. Prior to joining the United Nations, he worked as a financial analyst in developing countries in Asia and Africa, appraising industrial projects for banks and multilateral institutions. With advanced degrees in Economics and Engineering from the Technical University in Berlin, Mr. Kell pursued postgraduate studies at the Fraunhofer Institute, and helped establish an industrial research institute in Tanzania.

6 Mr. Ernst Ligteringen is Chief Executive of the Global Reporting Initiative (GRI) since 2002, when GRI established its independent international Secretariat in Amsterdam. Ernst holds overall responsibility for GRI, including secretariat operations and the coordination of the worldwide GRI network of active stakeholders who participate in the GRI's governance, working groups, reviews, and consultation processes. He is a member of GRI's multi-stakeholder Board of Directors, which has charged the GRI with the mission of making sustainability reporting as relevant and mainstream as financial reporting. Before joining GRI, Mr. Ligteringen had a 23-year career in various non-governmental and international organizations, including Executive Director of Oxfam International; Director of Programme Coordination of the International Federation of the Red Cross and Red Crescent Societies; and Consultant to the World Commission on the Social Dimension of Globalization at the ILO, with postings and missions in Africa, the Caribbean, Latin America, Asia, Middle East and Europe.

7 Dr Sullivan, Executive Director, Center for International Private Enterprise (CIPE), is a member of the UN Global Compact Working Group on the Tenth Principle, the UN High-level Dialogue on Financing for Development, and the Middle East and North Africa-Organisation for Economic Co-operation and Development (OECD) Investment Program, and the World Bank Institute Collective Action anti-corruption working group. Under his leadership CIPE has developed a number of innovative approaches that link democratic development to market reforms: combating corruption, promoting corporate governance, building business associations, supporting the informal sector, and programs to assist women and youth entrepreneurs. He received a doctorate in political science from the University of Pittsburgh and is the author of numerous publications on the transition to democracy, corporate governance, and market-oriented democratic development.

8 Corporate Social Responsibility (CSR) has become a commonly accepted term, employed typically to describe a business enterprise's duty to society and the actions a company takes to fulfil it demonstrably. A uniformly agreed definition of corporate social responsibility is still sought, even as a number of good working definitions are in use within their respective contexts. Recent studies in support this view include De George (2006), Blowfield and Frynas (2005), and Longo et al. (2005), are quoted by S. Jaseem Ahmed, (2006) in his paper on CSR in Pakistan.

9 Quote ascribed to Milton Friedman, Chicago School of Economics and 1976 Nobel Laureate, called by The Economist as "the most influential economist of the second half of the 20th century. . . possibly of all of it."

10 From Ambreen Waheed's description of the historical evolution of CSR, "State of Evaluation of CSR in Pakistan", Securities and Exchange Commission of Pakistan, 2005.

11 The "TBL Demonstration Project in South Asia", supported by the United Nations Industrial Development Organization (UNIDO), had a number of pilot programs that were developed and implemented in India, Pakistan, Sri Lanka, and Thailand. The results clearly showed that when companies plan their processes with the environmental and social outcomes in mind and employ efficiencies and compliance parameters, financial performance improves.

12 Ascribed to Simon Zadek, Peter Raynard, and Cristiano Oliviero, being introduced in "Responsible Competitiveness: Reshaping Global Markets Through Responsible Business Practice", published by Accountability, with Fundacao Dom Cabral, London in 2005, and subsequently expanded upon by Simon Zadek and Alex McGillivray in "The State of Responsible Competitiveness" published by AccountAbility, London in 2007, including a chapter by Ambreen Waheed and Faiz Shah.

13 Reflected in "Corporate Social and Financial Performance: A Meta-Analysis", Marc Orlitzky, Frank L. Schmidt, and Sara L. Rynes, University of Sydney and University of Iowa. 2004. http://www.finanzasostenibile.it/finanza/moskowitz2004.pdf,

14 Ibid. (Same as above)

15 Ethical Consumerism Report 2009. Co-operative Bank and Ethical Consumer Research Association (ECRA). 2009. http://www.goodwithmoney.co.uk/ethical-consumerism-report-09/

16 Between 1998 and 2009, RBI worked with over 70 leading companies, social enterprises across 10 key sectors, government- and UN agencies in the USA, Europe, the Middle East, South Asia, and the Asia-Pacific, conducting social audits, independent assessments, developing teaching cases and providing training and advisory services. RBI's work has appeared in national strategies, position papers, CSR reports, course handbooks, textbooks, and corporate communications over the past decade.

17 Comments emerging from CIPE's stakeholder dialogue in preparation for the RBG, informed by documentation of stakeholder engagements facilitated by RBI between 2003 and 2007, ranging from the GTZ-AVE Social Standards Roundtable sessions in all major cities of Pakistan, to the consultations organized for the Securities and Exchange Commission of Pakistan in preparation for the National CSR Strategy based on the "State of CSR in Pakistan".

18 Checklist 0: for a CSR strategy to be sustainable and not merely a cost to your precious company resources, be prepared to make sure EACH of these nine are addressed. The road to CSR is littered by attempts that ignored these cardinal rules of sustainable CSR. On the positive side, being sensitive to these will embed CSR in your operations seamlessly.

19 Quoted from the speech of Prime Minister Shaukat Aziz to aggrieved depositors present at the cheque presentation ceremony, reported in Dawn, 10 November, 2001.

20 In Pakistan, corporate compliance is regulated by the Securities and Exchange Commission of Pakistan. Its counterparts exist all over the world, such as the U.S. Securities and Exchange Commission, Britain's Financial Services Authority, Australia's Prudential Regulation Authority, etc. Non profit organizations also play an increasingly important part as watchdogs or resources for corporate compliance. Examples of these include the Society of Corporate Compliance and Ethics (SCCE), the Open Compliance and Ethics Group (OCEG), and other official or semi-official initiatives for elaborating and encouraging regulatory compliance, ethical business governance, and associated risk management, such as the Responsible Business Initiative in Pakistan and the SARC-based Forum on Responsible Business (SAFORB).

21 As reported in Dawn, 1 October, 2009, "the CCP had observed that Zong's advertisement '8 Anna per call' advert was false and misleading and in violation of Section 10 of the Competition Ordinance, 2007".

22 As reported in The News, 1 September, 2009. The Competition Commission of Pakistan found 20 cement companies, members of the All Pakistan Cement Manufacturers Association (APCMA) guilty of forming a cartel and manipulating the cement market to the detriment of the consumer. A penalty of Rs. 6.352 billion was collectively imposed on the cartel, being equal to 7.5% of turnover for the 20 companies, namely, Al-Abbas, Askari (Wah), Askari (Nzm), Attock, Bestway, Cherat, DGKhan, Dadabhoy, Dandot, Dewan, Fauji, Fecto, Gharibwal, Kohat, Lucky, Maple Leaf, Pioneer, Flying, PakCement, and Mustehkam. APCMA was fined Rs. 50 million.

23 The Code of Corporate Governance issued by the Securities and Exchange Commission of Pakistan aims to "stimulate the performance of companies, limit insider's abuse of power and monitors manager behaviour to ensure corporate accountability and protection of interest of investors and society." A comparable initiative is the Combined Code issued by the London Stock Exchange, itself modelled on the Sarbannes-Oxley Act of the United States, which calls for greater personal responsibility on the part of company leadership in disclosing compliance information accurately, within the requirements of law, with punitive penalties in case of non-compliance or concealment.

24 Money laundering: Preventing of the use of the financial system for the purpose of money laundering.

25 The UNCAC is the first legally binding international anti-corruption instrument. These measures aim to promote the prevention, criminalization and law enforcement, international cooperation, asset recovery, technical assistance and information exchange, and mechanisms for implementation.

26 The OECD Convention was signed in December 1997 to create a new multilateral agreement to criminalize the bribery of foreign public officials. The Convention is one of many initiatives and instruments in regional and international aimed at fighting corruption.

27 The International Labour Organization (ILO) is a specialized agency of the United Nations that deals with all the labour issues.

28 The Factories Act is an Act of the Parliament of the United Kingdom. The Act consolidated much legislation on workplace health, safety and welfare.

29 International Human Rights Guidelines for Companies is a code of conduct for companies based on human rights standards.

30 The CEDAW, adopted in 1979 by the UN General Assembly, is an international bill of rights for women, defines what constitutes discrimination against women, and sets up an agenda for national action to end such discrimination.

31 The Environmental Protection Act 1990 (EPA) is an Act of the Parliament of the United Kingdom that deals with the fundamental structure and authority for waste management and control of emissions into the environment.

32 The United Nations Framework Convention on Climate Change is an international environmental treaty to stabilize greenhouse gas concentrations in the atmosphere at a level that would prevent dangerous anthropogenic interference with the climate system.

33 The Basel Convention on the Control of Transboundary Movements of Hazardous Wastes and Their Disposal is an international treaty that was designed to reduce the movements of hazardous waste between nations, and specifically to prevent transfer of hazardous waste from developed to less developed countries

34 Environmental standards in foreign assistance programs deal with issues of a global nature, such as climate change, biodiversity loss, and HIV/AIDS.

35 Interfaith Center on Corporate Responsibility (ICCR) has been a leader of the corporate social responsibility movement. ICCR's membership is an association of 275 faith-based institutional investors.

36 These are the guidelines for tax refunds.

37 The United Nations Global Compact is a United Nations initiative to encourage businesses worldwide to adopt sustainable and socially responsible policies, and to report on their implementation. It is a principle-based framework for businesses, stating ten principles in the areas of human rights, labour, the environment, and anti-corruption.

38 OECD Guidelines for Multinational Enterprises are recommendations providing voluntary principles and standards for responsible business conduct for multinational corporations operating in or from countries adhered to the Declaration.

39 Transparency International Business Principles for Countering Bribery are the principles are intended to be a comprehensive reference for companies on good practices to counter bribery.

40 CRT Principles for Business embody the aspiration of principled business leadership. The principles are a worldwide vision for ethical and responsible corporate behavior and serve as a foundation for action for business leaders worldwide.

41 Sullivan (member of Board of Directors, General Motors) Principles applied economic pressure to end apartheid. The principles became the blueprint for ending an unjust system.

42 The United Nations Global Compact is a United Nations initiative to encourage businesses worldwide to adopt sustainable and socially responsible policies, and to report on their implementation. It is a principle-based framework for businesses, stating ten principles in the areas of human rights, labour, the environment, and anti-corruption.

43 CERES, founded in 1989, is a non-profit, national network of investors, environmental organizations and other public interest groups working with companies and investors to address sustainability challenges such as global climate change.

44 These policies focus on environmental and social sustainability.

45 Bench Marks is one of the most comprehensive sets of social and environmental criteria and business performance indicators that are useful for developing and monitoring corporate codes of conduct.

46 The Global Reporting Initiative (GRI) produces one of the world's most prevalent standards for sustainability reporting as routine as, and comparable to, financial reporting.

47 International Standards of Accounting and Reporting is the only intergovernmental expert body focused on corporate transparency and accounting issues.

48 SA8000 is a global social accountability standard for decent working conditions, developed and overseen by Social Accountability International (SAI).

49 ISO launched the development of an International Standard providing guidelines for social responsibility (SR) named ISO 26000.

50 Worldwide Responsible Accredited Production (WRAP) is a not-for-profit organization dedicated to promoting ethical, humane, and lawful conditions and practices in manufacturing facilities all around the world.

51 The ISO 14000 is a standard for environmental management systems that is applicable to any business, regardless of size, location or income. The aim of the standard is to reduce the environmental footprint of a business and to decrease the pollution and waste a business produces.

52 National Environmental Quality Standards (NEQS) were first promulgated under Pakistan Environmental Protection Ordinance 1983.

53 ISO launched the development of an international standard providing guidelines for social responsibility named ISO 26000.

54 AA1000 Assurance Standard (AA1000AS) is the first sustainable assurance standard developed to ensure the credibility and quality of organizations' public reporting on social, environmental and economic performance as demanded by campaigners and the public and, increasingly, by investors and regulators.

55 The AA1000SES is the first international standard for stakeholder engagement and the revision process aims to make the next edition more accessible, practical and strategically applicable, demonstrating the value of robust engagement and articulating how this can be achieved.

56 GRI Guidelines are regarded to be widely used to produce sustainability reports. GRI Guidelines apply to corporate businesses, public agencies, smaller enterprises, NGOs, industry groups and others.

57 Millennium Development Goals (MDGs) are eight international development goals that all 192 United Nations member states and at least 23 international organizations have agreed to achieve by the year 2015. They include reducing extreme poverty, reducing child mortality rates, fighting disease epidemics such as AIDS, and developing a global partnership for development.

58 GRI Guidelines are regarded to be widely used to produce sustainability reports. GRI Guidelines apply to corporate businesses, public agencies, smaller enterprises, NGOs, industry groups and others.

59 ISO 9000 is a standard that provides a structure (a quality management system) to help organizations develop products and services that consistently ensure customer satisfaction and continuously improve their products, services and process.

60 SRI index refers to an index for social responsibility investment, whose key criteria for investment decisions include not only the financial performance of a company, but also its CSR.

61 UN guidelines for consumer protection takes into account the interests and needs of consumers, recognizing that consumers often face imbalances in economic terms, educational levels, bargaining power, and bearing in mind that consumers should have the right of access to non-hazardous products, as well as importance of promoting sustainable economic and social development.

62 Competition Commission of Pakistan Ordinance, 2007 is part of the broader competition policy framework of the Government of Pakistan through which it endeavours to engender free competition in all spheres of commercial and economic activity.

63 Fair Labour Association (FLA) is a non-profit organization dedicated to ending sweatshop conditions in factories worldwide by protecting workers' rights and improving working conditions worldwide.

64 The Ethical Trading Initiative is a ground-breaking alliance of companies, trade unions and voluntary organizations to improve the working lives of people across the globe that make or grow consumer goods.

65 Consumer protection laws are designed to ensure fair competition and the free flow of truthful information in the marketplace to prevent businesses that engage in fraud or specified unfair practices from gaining an advantage over competitors.

66 Eco-labeling is a voluntary method of environmental performance certification and labeling that is practiced around the world.

67 FLO-CERT is the inspection and certification body for labelled Fair trade that inspects and certifies producer organizations.

68 It was prepared by UNACTD and its intergovernmental working group of experts on ISAR in 2008.

69 Principles for Responsible Investment (PRI) were coordinated by the United Nations Environment Programme Finance Initiative (UNEP FI) and the UN Global Compact.

70 KLD Domini 400 Social Index is the first benchmark index constructed using environmental, social and governance (ESG) factors. It is a widely recognized benchmark for measuring the impact of social and environmental screening on investment portfolios.

71 Brand Equity refers to the marketing effects or outcomes that accrue to a product with its brand name compared with those that would accrue if the same product did not have the brand name.

72 The Equator Principles are a framework for financial institutions to manage environmental and social issues in project financing.

73 The FTSE4Good Index Series has been designed to measure the performance of companies that meet globally recognized corporate responsibility standards, and to facilitate investment in those companies.

74 Cleaner Production is a preventive, company-specific environmental protection initiative intended to minimize waste and emissions and maximize product output.

75 The Equator Principles are a framework for financial institutions to manage environmental and social issues in project financing.

76 Launched in 1999, the Dow Jones Sustainability Indexes are the first global indexes tracking the financial performance of the leading sustainability-driven companies worldwide.

77 Engro Chemical Pakistan Limited's was the first sustainability report by a Pakistani company to use the GRI-led stakeholder involvement process. It was facilitated and documented by RBI as a 360° CSR enabler.

78 Cyert and March in A Behavioral Theory of the Firm (1963) argued that organizational goals emerge from compromises between internal coalitions within companies. This echoes Simon's (1957) concept of "satisfying" outcomes, rather than ideal or best ones. Alternatives to the profit maximising motive can be increasing growth or satisfaction as proposed by Baumol (1959), Williamson (1964) or Marris (1964).

79 K.B. Clark and T. Fujimoto, "The Power of Product Integrity", Harvard Business Review, 1990 Nov-Dec; 68(6):107-18.

80 The Food and Drug Administration is an agency of the United States Department of Health and Human Services, responsible for protecting and promoting public health through the regulation and supervision of food safety, tobacco products, dietary supplements, prescription and over-the-counter pharmaceutical drugs (medications), vaccines, biopharmaceuticals, blood transfusions, medical devices, electromagnetic radiation emitting devices (ERED), veterinary products, and cosmetics. The FDA also enforces other laws, notably Section 361 of the Public Health Service Act and associated regulations, many of which are not directly related to food or drugs. These include sanitation requirements on interstate travel and control of disease on products ranging from certain household pets to sperm donation for assisted reproduction. Source: http://en.wikipedia.org/wiki/Food_and_Drug_Administration

81 Using influence e.g. chemical industry's Responsible Care ® program

82 Climate Competitiveness Index 2010

83 Guidance on corporate responsibility indicators in annual reports

84 Concept of "Creative Collaboration for Competitiveness" presented by Ambreen Waheed in a paper, "What Role Corporations and Academia Can Play: Sustainable Development and ICT Potential in Pakistan" prepared for the ICT-Corporate IT Forum, and presented at the regional conference Oneworld South Asia Partners, India, 2003

85 From Ambreen Waheed et al., "The State of Evaluation of CSR in Pakistan", Securities and Exchange Commission of Pakistan, 2005.

APPENDIX-Dos and Don'ts

This is not RB practice, **DON'T**	Because **THIS IS**	To adopt RB Practices, **DO**
Invite or select board members only based on their financial expertise and business linkages.	Tunnel vision	Invite business experts with a reputation for professional ethics, social science experts and professionals with global experience.
Consider donations or haphazard community spending ceremonies as social responsibility.	Philanthropy	Attempt Strategic integrated community involvement, Need based interventions, HR investment, Employee involvement and sharing of experience & expertise with communities, and implementation of CSR strategies based on stakeholder involvement.
Consider base compliance with workplace standards and codes of conduct as social responsibility.	Your **legal** responsibility	Adopt responsible action with a **desire to improve** the workplace and only use standards and codes as benchmarks. Understand that compliance can save costs.
Be involved in public relations campaigns that focus on self-appreciation.	Publicity	Spend time defining issues and implementing stated policies. Real impact speaks for itself.

Share your company's information for appreciation's sake or speak at conferences about your community work.		Share for learning andÊencouragement. Appreciation will follow. Talk about your learning & impact on stakeholders.
Be involved in marketing oriented CSR reporting.	Going to make your credibility suffer in the long run	Publish and communicate process led factual reports. Avoid unsubstantiated claims.
Hide evidence of irresponsible behavior and actions or deny unfavorable facts.	Going to eventually incriminate you, and generate a negative image	Disclose before others find out Disclosure builds trust and generates support from stakeholders. Accept and propose solutions.
Participate in award competitions by paying participation fees and event sponsorships	A money making and information gathering stunt that will harm your reputation later	Let people recognize and nominate you. Confirm authenticity and objective of the awarding body.
Get bogged down by buzzwords.	Going to distract you from real issues	Understand the effect of issues on your business, reputation and outreach and then decide to follow them up.
Just paste a list of responsible policies pasted on a wall, with no implementation processes or commitment.	Shrugging of real responsibility	Create awareness among employees about policies. Align your business goals with your Principles and Values, linking policies with practice
Talk Green.	Green washing	Walk the talk. Differentiate between green business and cosmetic green washing.

Look for quick fixes and make short-term decisions.	Going to lead to unsustainable profits	Have a long term vision. Develop CSR strategies for risk management.
Just follow an external headquarters' CSR strategy	Thoughtless compliance with the HQ	Work on creating a **local needs** based strategy.
Hire fly-by-night CSR consultants, whose primary field is not CSR	Exposes you to the risk of wasting time and resources on unqualified personnel	Develop long term relationships with CSR enabling groups. Check education, training, affiliations, industry experience and local or global experience.
Communicate with stakeholders only to hear out concerns.	Pointless stakeholder engagement	Allow for true Stakeholder Involvement, involving them in planning & redefining policies.
Think health and safety is just an HSE manger's job	High risk	Promote HSE as everybody's job.
Just concentrate on your goods deeds	Going to divert you from business	Focus on your responsible deals for business stability.

APPENDIX – CSR ASSISTANCE PARAMETERS

Pakistan's CSR Context

- A lack of trust is still widely evident between businesses and key stakeholders in government and civil society
- Senior management still favor the so-called "Check-writing" model of community investment
- Philanthropy and CSR are still considered the same thing by business decision-makers
- Grants by companies to various causes are by and large driven by personal "chemistry" or intuition rather than through a process of prioritization
- Response in such situations is not determined by beneficiary need but by influence
- Senior management of companies focus on "low hanging fruits" or social investments that will be visible and generate an image boost for the company rather than mitigate some serious problem
- In the case of smaller companies simply surviving in a competitive environment CSR is pushed down as a strategic priority
- Also, because of an excessive emphasis on Buyer Codes business executives tend to focus more on compliance sometimes to the extent that the act itself becomes a challenge to CSR values
- And perhaps the most insidious of all is the steady onslaught of so-called "CSR consultants", who perpetuate myths, communicate conflicting or short-term values, emphasize "quick-fix" solutions instead of changing thinking, and generally end up muddying waters

This means a serious gap in evidence-led decision-making, or worse, a lack of knowledge of basic concepts or definitions for effective CSR. These serious shortcomings are mirrored in the kind of skill-sets we often seek in aspiring CSR professionals.

What are they looking for?

- CSR departments often hire people with two primary roles in mind:
  1 - Someone who will write or communicate the company's position effectively
  2 - Someone who will influence relationships that can help build company image and as such boost business
- Both these skill-set needs are general and do not necessarily indicate a specific demand for background knowledge of CSR precepts or even exposure. Any good college graduate would probably qualify on these general skill-sets.
- As a result we see corporate communications or PR-type skills commonly employed in CSR departments. Of course, to their credit a lot of former "Communications", "Public Affairs", or "Corporate Affairs" personnel who have been pulled into CSR roles have grown in their jobs through their own initiative, learning on the job, and also by attending CSR events.
- However, the question for today is not who has landed a CSR assignment and must cope with it. The question is how we should find the best people for CSR Assistance.

What is available now?

Also relevant to the context would be to examine the varieties of CSR Consultants we often see hustling business in an environment which lacks clear definitions, explicit statutory guidelines or a defined professional training requirement for CSR practitioners:

- **The SERVICE-PROVIDER** – is a regular "Fee for Service" consultant who will quickly add CSR to an existing portfolio of services and sell it to clients based on existing goodwill, but often miss the finer points of CSR

- **The DOOMSAYER** – is someone who will create a negative or serious risk perception for business managers to derive business without necessarily grounding advice on factual data or reality

- **The OPPORTUNIST** – is a savvy market-driven operator who will jump from one "Flavor of the Month" to another simply because there is an opportunity in the present environment. Cleaner production one day, carbon footprint the next day!

- **The SIDE-TRACKER** – is someone who focuses on non-core issues that look like CSR, but often reflect the consultant's own skill-set, for instance a business writer offering to produce a social report but focusing on praising charity donations

- **The CONSULTANT** – is someone who will argue both sides of an argument with equal conviction, and as such simply give a company the appropriate "spiel"

- **The ENABLER** – is someone who, in our own words, "walks beside, neither pulling nor pushing, nor getting in the way", but generally co-thinking supportively to help a company define its own CSR vision

- **The PARTNER** – is a rare breed of consultant, who becomes wedded to the cause of CSR so strongly, that he or she shifts from being a mere consultant and becomes a campaigner instead!

In this environment, it is clear that CSR managers require someone who can help develop, implement and often take responsibility for innovating SITUATION-SPECIFIC SOLUTIONS that enable corporate partners to effectively and affordably respond to demands of socially responsible behaviour

"**A CSR professional of tomorrow must be able and willing to become an enabler"**

What to actually look for?

Typical candidates might come with great communication and inter-personal skills, but not necessarily the kind of advocacy or lobbying skills that are essential for CSR work.

CSR professionals need to have highly developed capacities for formulating, designing, implementing and in most cases, assessing CSR programs. All these indicate a requirement among candidates for a strong conceptual knowledge of CSR and how it has developed over the years, particularly the last two decades.

Academic material on CSR is patchy at best, and in any case is not offered extensively enough, while experiential learning is hard to come by given the nuanced context of CSR in various sectors or geographical zones.

The blame here clearly does not lie with the aspiring CSR candidate, but with the fact there are simply not enough basic courses on CSR in college or business schools that can prepare candidates sufficiently.

It seems we will continue to see aspiring CSR candidates coming from diverse backgrounds, primarily motivated either by a strong sense of justice and equity, or worryingly, simply by the pursuit of profits and who only use CSR terminology as a tool for gaining narrow business advantages.

Those of us hiring for CSR positions will somehow have to learn to differentiate between these two.

Integral qualities CSR professional must have:

- A sense of justice and fair play
- A demonstrable conviction in the value-led precepts of CSR, possibly with some experience of activism or association with a cause sympathetic to CSR
- Evidence of innovative or out of the box thinking along with independent judgment
- An understanding of the working of non-governmental organizations, businesses, and the government, as well as a sense of their historical stances in relation to each other, the new and evolving ways they have of working together, and most importantly, a clear idea of where we are all heading
- A reasonable understanding of global frameworks and initiatives driving CSR today
- Some evidence of having had a role in business processes based around ethical practices
- Analytical ability, natural curiosity and an urge to get to the bottom of things
- An enabling attitude, strong interpersonal skills, and a non-threatening or empathetic personality
- Perhaps above all, the ability to work with others and produce tangible results that mean something to business in terms of goals and paybacks.
- In terms of preparation, any good education. CSR Training may actually be less meaningful, simply because there is very little available of an acceptable quality

APPENDIX- PARTNERING FOR CSR: GROUND RULES FOR SUCCESS

Responsible & Sustainable Partnerships
Should:
be relevant to all/both Stakeholders be a way out of impasses precipitated by mistrust and aloofness have plans that provide "spaces" for meaningful interaction provide modus Vivendi that harnesses synergies for sustainable development
Should aim to impact:
Laws & Regulation Perception & Attitudes Knowledge & Practice Capability & Skills
Should address issues of:
Good governance Inclusion
Should have Critical Variables: The 7Cs
Communication **C**ompatibility **C**redibility **C**hampionship **C**onviction **C**apacity **C**onsequences

"...Partnerships are strategic collaborations between citizen & private sector actors... to leverage each party's unique set of expertise, efficiencies and networks to achieve a more productive outcome than if pursued alone."

Elizabeth Sobel, CSR Data Networks

"Partnerships appear to vary greatly because each brings together distinct participants, interests, resources and goals... However, despite their individuality, partnerships must demonstrate certain specific characteristics that describe success"

CSR Briefing, Responsible Business Initiative Pakistan

APPENDIX – USEFUL ORGANIZATIONAL RESOURCES

Think Tanks & Capacity Building Organizations	Watch Dogs & Rights Based Organizations	Councils & Institutes	Multilateral Organizations
Accountability www.AccountAbility.org	Amnesty International www.amnesty.org	European Business Network for Social Cohesion (EBNSC) www.ebnsc.org	International Labour Office www.ilo.org
African Institute of Corporate Citizenship (AICC) www.aiccafrica.org	Confederation of Free Trade Unions (ICFTU) www.icftu.org	International Chamber of Commerce (ICC) www.iccwbo.org	UN High Commission for Human Rights-UNHCHR www.unhchr.ch
Business for Social Responsibility (BSR) www.bsr.org	Human Rights Watch www.hrw.org	The Environment Council www.the-environment-council.org.uk	UN Development Programme UNDP www.undp.org
Coalition of Environmentally Responsible Economies (CERES) www.ceres.org	Consumers International (CI) www.consumersinternational.org	International Institute for Environment and Development-IIED www.iied.org	UN Environment Programme www.unep.ch
ETHOS www.Ethos.org.br	Transparency International (TI) www.transparency.de	The International Institute for Sustainable Development-IISD www.iisd.ca	UN Global Compact www.Globalcompact.org
The Prince of Wales Business Leaders Forum www.pwblf.org		World Bank Institute www.WBI.org	UN Conference on Trade and Development (UNCTAD) www.unctad.org
South Asia Forum on Responsible Business (SAFoRB) www.SAFoRB .org			
Responsible Business Initiative (RBI) www.RBIpk.org			

APPENDIX: READING REFERENCE

1. Cisco. (2009) Corporate Social Responsibility Report 2009. Section Three: CSR And The Environment: Managing Product Materials Content. San Jose, Ca: Cisco Press. Retrieved From: http://www.cisco.com/web/about/ac227/csr2009/pdfs/csr_09_environment_product_materials.pdf

2. Cisco. (2009) Corporate Social Responsibility Report 2009. Section Four: CSR and Governance. San Jose, Ca: Cisco Press. Retrieved From: http://www.cisco.com/web/about/ac227/csr2009/pdfs/csr_09_governance.pdf

3. Clarkson, P. M., Li, Y., Richardson, G. D., & Vasvari, F. P. (2008). Revisiting The Relation Between Environmental Performance And Environmental Disclosure: An Empirical Analysis. Accounting, Organizations And Society 33(4-5): 303-327.

4. Clarkson, M. B. E. (1995). A Stakeholder Framework for Analyzing And Evaluating Corporate Social Performance. Academy Of Management Review. 20(1).

5. Davis, K. (1960). "Can Business Afford To Ignore Social Responsibilities?" California Management Review, 2(3), 70-76.

6. Draper, S. Hanson, L. And Uren, S. (2006) Are You A Leader Business? Hallmarks of Sustainable Performance, Forum For The Future Business Programme, London.

7. Egri, C.P, & Ralston, D.A., (2008). Corporate Responsibility: A Review Of International Management Research From 1998 To 2007. Journal Of International Management, 14(4), 319-339

8. Elkington, J.(2000). "Cannibals With Forks: The Triple Bottom Line Of 21st Century Business". Journal Of Business Ethics; 23 (2)

9. Elliott L (2003). "Cleaning Agent." Interview: Niall Fitzgerald, Co-Chairman and Chief Executive, Unilever. The Guardian, 5 July, P. 32.

10. Financial Times (1999), "Interview With J.Wolfensohn, President Of The World Bank" Financial Times, June 21.

11. Freeman, R. E. (1994). The Politics Of Stakeholder Theory. Business Ethics Quarterly, 4 (4): 409-422.

12. Gait, David And Bjerborn, Cecilia, Consultants IFC (2005), "Who Cares Wins": One Year On. International Finance Corporation, World Bank Group.

13. Gibb, Heather (Nov 2007) Gender Dimensions Of Intellectual Property and Traditional Medicinal Knowledge. UNDP Asia Pacific Trade and Investment Initiative.

14. Gosschalk, B. (2005). The Business World Will Never Be The Same. International Journal of Market Research, 47(1), 16.

15. Graham, A. (2003). "Socially Responsible Investing Edges towards Mainstream". Retrieved January 9, 2010, From http://www.efinancialnews.com/assetmanagement/pensionfunds/content/554449

16. Gray, R., Owen, D. & Adams, C. (1996). Accounting & Accountability: Changes And Challenges In Corporate Social And Environmental Reporting, Prentice Hall, London.

17. Handy, C. (2002, December 01). "What's A Business For?" Harvard Business Review.

18. Hoffman, A. (2006) Getting Ahead Of the Curve: Corporate Strategies That Address Climate Change - Executive Summary, Pew Center on Global Climate Change And The University Of Michigan.

19. HM Treasury (2006) Stern Review on The Economics Of Climate Change – Executive Summary.

20. Ibrahim, A. A. (2006). Corporate Governance in Pakistan: Analysis Of Current Challenges And Recommendations For Future Reforms. Washington University Global Studies Law Review, 5, 323.

21. Jonker, J., Cramer, J. And Van Der Heijden, A. (2007). (Re) Constructing the Process of Embedding Corporate Social Responsibility Within Companies. A Work In Progress Contribution for The International Research Conference On Corporate Social Responsibility (CSR), Managing On The Edge, September 25-26, 2007, Nijmigen University, The Netherlands. (Referred To 28.9.2007). Retrieved From www.csrcentre.net/index.

22. Katsoulakos, P., & Katsoulacos, Y. (2006). A Multi-Dimensional View Of Corporate Responsibility. 4cr Working Papers, A1.5, Retrieved From http://74.125.153.132/search?q=cache:dczhiddqr1aj:www.csrquest.net/uploadfiles/4cr%2520a1.5.pdf+katsoulakos,+p.+%26+katsoulakos,+y.+2006+a+multidimensional+view+of+corporate+responsibility&cd=1&hl=en&ct=clnk&gl=pk

23. Kelly, K. (1999). New Rules for The New Economy. USA: Penguin

24. Meadows, D (1999) Leverage Points: Places To Intervene In A System, Sustainability Institute, 1999. Retrieved From http://www.sustainabilityinstitute.org/pubs/leverage_points.pdf

25. Members Of Globally Responsible Leadership Initiative (2005), Globally Responsible Leadership: A Call For Engagement (2005). European Foundation for Management Development (EFMD).

26. Members Of World Bank Institute (June 2008) Development Outreach: Business And Poverty. World Bank Institute.

27. Members Of Norwegian Ministry Of Foreign Affairs (2009) Corporate Social Responsibility In A Global Economy: Abridged Version Of Report No.10 (2008-2009) To The Starting. The Government Administration Services.

28. Members Of The Global Compact And Global Reporting Initiative (2007) Making The Connection: The GRI Guidelines And The Global Compact Communication On Progress. United Nations Global Compact Office.

29. Millennium Ecosystem Assessment (2005) Ecosystems And Human Well-Being: Opportunities And Challenges For Business And Industry. World Resources Institute, Washington, DC.

30. Modernall, Renato (2008) GT Ethos Contribution To ISO 26000. Ethos Institute Of Business And Social Responsibility And UniEthos.

31. More, E., & Webley, S. (2003). Does Business Ethics Pay? London: Institute Of Business Ethics European Commission. (2001). Green Paper - Promoting A European Framework For Corporate Social Responsibility. Retrieved From www.eu-lex.europa.eu

32. Moir L. (2001). What Do We Mean By Corporate Social Responsibility? Corporate Governance 1(2):16-22.

33. Mumba, A. & Ketola,T. (2009). Responsible Leadership. Proceedings Of The Corporate Responsibility Research (CRR) 2009 Conference. Vaasa, Finland: Vaasan Yliopisto.

34. Prahalad, C.K. And Hart, S.L (2006) ‘The Fortune At The Bottom Of The Pyramid’ Strategy And Business, Issue 26, pp1-14.

35. Reed, D. (2002) Corporate Governance Reforms In Developing Countries. Journal Of Business Ethics 37.

36. Securities And Exchange Commission Of Pakistan. (2004). Manual Of Corporate Governance. Islamabad: SECP Islamabad. Retrieved From http://74.125.153.132/search?q=cache:ybh78qh4i2ij:www.secp.gov.pk/dp/pdf/manual-cg.pdf+manual+of+corporate+governance&cd=1&hl=en&ct=clnk&gl=pk

37. Shell International Limited (2005) Shell Global Scenarios 2025: The Future Business Environment – Trends, Trade-Offs And Choices - Executive Summary, Shell International Limited.

38. Siegel, S.S., & Vitalino, D.F. (2007). An Empirical Analysis Of The Strategic Use Of Corporate Social Responsibility. Journal Of Economics & Management Strategy, 16(3),773-792.

39. Stevenson, G And Keehn, B. (Eds) (2006) I Will If You Will: Towards Sustainable Consumption, A Joint Initiative Of The Sustainable Consumption Roundtable And The National Consumer Council, London.

40. Sustainability For Companies Study Group (GESE), Established By The IBGC 2009) Sustainability Guide For Companies: An Overview For Directors And Senior Executives.Instituto Brasileiro De Govenanca Corporativa (IBGC) Members Of OECD And UN ESCAP In Co-Operation With ILO, UN Global Compact And The GRI On The Occasion Of The First Asia-Pacific Trade And Investment Week (2009) Why Responsible Business Conduct Matters. OECD And UN ESCAP.

41. The Russian Managers Association (2008) Report On Social Investments In Russia 2008: Integrating CSR Principles Into Corporate Strategy. Russian Managers Association And United Nations Development Programme (UNDP).

42. The Climate Group (2004) Carbon Down, Profit Up, The Climate Group And/Or Carbon Trust Climate Change And Shareholder Value, And/Or Carbon Trust, Better Business Guide To Energy Saving.

43. The University Of Cambridge Programme For Industry (2004) Background Briefing: The State Of The Planet And Its People, The University Of Cambridge Programme For Industry, Cambridge.

44. The University Of Cambridge Programme For Industry (2004) Background Briefing: The Reference Compendium On Business And Sustainability, The University Of Cambridge Programme For Industry, Cambridge.

45. The University Of Cambridge Programme For Industry (2004) Thought Leadership: The World In Context: Beyond The Business Case For Sustainable Development, The University Of Cambridge Programme For Industry, Cambridge.

46. The University Of Cambridge Programme For Industry (2007) Sustainable Consumption And Production: A Business Primer, Based On A Report Produced By The UK Government's Business Taskforce On Sustainable Consumption And Production.

47. The University Of Cambridge Programme For Industry (2007) Cambridge Climate Leaders: A Reference Guide, A Report Produced For The Climate Project – The Al Gore Training Initiative Run In The UK By The University Of Cambridge

48. The University Of Cambridge Programme For Industry (2007), Scientific Response To "The Great Global Warming Swindle", A Report Produced With Input From Various Scientists By Way Of Response To The Channel 4 Documentary.

49. Thomas L. Friedman (2008) Hot, Flat And Crowded: Why The World Needs A Green Revolution- And How We Can Renew Our Global Future. Allen Lane, An Imprint Of Penguin Books.

50. World Business Council For Sustainable Development (2005) Pathways To Energy And Climate Change 2050, WBCSD, Geneva And/Or World Business Council For Sustainable Development Facts And Trends To 2050, Energy And Climate Change.

51. World Business Council For Sustainable Development (2005) Business For Development: Business Solutions In Support Of The Millennium Development Goals, WBCSD, Geneva.

52. World Business Council For Sustainable Development (2005) From Challenge To Opportunity: The Role Of Business In Tomorrow's Society, WBCSD, Geneva.

53. World Business Council For Sustainable Development (1997) Exploring Sustainable Development: WBCSD Global Scenarios 2000-2050 – Summary Brochure, WBCSD.

Case Studies/ Case Books

54. Cavett-Goodwin, David (2007-12-03). "Making The Case For Corporate Social Responsibility". Cultural Shifts. Retrieved On 2008-06-25.

55. Commission Of The European Communities. "Implementing The Partnership For Growth And Jobs". Retrieved On 2008-06-25.

56. Dow Jones. "Sustainability World Indexes Report" (May 2008).

57. Employment And Social Affairs Section Of The European Commission. "Corporate Social Responsibility: A Business Contribution To Sustainable Development". Retrieved On 2008-06-25.

58. Employment And Social Affairs Section Of The European Commission. "Promoting A European Framework For Corporate Social Responsibility: Green Paper". Retrieved On 2008-06-25.

59. International Business Report (2008). Corporate Social Responsibility: A Necessity Not A Choice, Grant Thornton.

60. Jones, I.; M. Pollitt, D. Bek (2006). "Multinationals In Their Communities: A Social Capital Approach To Corporate Citizenship Projects", University Of Cambridge Working Paper 337.

61. Porter, Michael; Mark Kramer. "The Link Between Competitive Advantage And Corporate Social Responsibility" (PDF). Harvard Business Review.

62. Rowe, James (2005-01-01). “Corporate Social Responsibility As Business Strategy” CGIRS-Reprint-2005-08. Center For Global, International, And Regional Studies, University Of California, Santa Cruz. Retrieved On 2008-06-25.

63. SMEs Focus. "Making Europe A Pole Of Excellence On Corporate Social Responsibility (CSR)". Retrieved On 2008-06-25.

64. SMEs Focus. "Green Tax". Retrieved On 2008-06-25.

65. Working Party On The OECD Guidelines For Multinational Enterprises (September 2000). “OECD Guidelines For Multinational Enterprises”.

66. World Business Council For Sustainable Development (1999), Corporate Social Responsibility: Meeting Changing Expectations.

67. World Business Council For Sustainable Development (2001), The Business Case For Sustainable Development: Making A Difference Toward The Johannesburg Summit 2002 And Beyond.

68. A Brief History Of Social Reporting, An Article From Business Respect, Issue Number 51, Dated 9 Mar 2003 By Alice And John Tepper Marlin.

69. http://www.globalchange.com/corporateresponsibility.htm, Importance Of CSR

70. http://www.institutionalshareowner.com/news/article.cgi?sfarticleid=769, CEO’s View Of CSR.

71. http://www2.gsb.columbia.edu/ipd/j_corporatesocial_bk.html, CSR Backgrounder.

72. Can A Corporation Have A Conscience?, Kenneth E Goodpaster And John B. Matthews, HBS Jan-Feb 1982.

73. The Ethical Roots Of The Business Systems, Douglas S Sherwin, HBS, Nov-Dec1983.

74. Ethics Without The Sermon, Laura L Nash, HBS Nov-Dec 1981.

75. Is The Ethics Of The Business Changing, Steven N. Brenner And Earl A. Molander, HBS Jan Feb 1977.

76. How Companies Respond To Social Demands?, Robert W Ackerman, HBS, July August 1973.

77. From The Margins Of The Mainstream: CSR And Employee Engagement, Amanda Bowman, Director Engage.

78. The Value Of Corporate Values, Reggie Van Lee, Lisa Fabish, And Nancy Mcgaw.

79. Mid-Continent Perspective On Corporate Social Responsibility, Waldemar A. Nielsen.

80. Corporate Social Responsibility – Putting The Words Into Action, Sir Robert Wilson

81. **Strategy And Society: The Link Between Competitive Advantage And Corporate Social Responsibility** By Michael E. Porter, Mark R. Kramer 17 Pages. Publication Date: Dec 01, 2006. Prod. #: R0612d-Pdf-Eng

CIPE Pakistan
Suite 214-5, Glass Tower 2, FT 3, Adjacent to PSO House,
Main Clifton Road, Karachi-75530, Pakistan
ph: (9221) 3565 6993-4 - fax: (9221) 3565 6995
e-mail: cipepk@cipe.org - web: www.cipepk.org

RBI-Pakistan
66-1 Abid Majeed Road Lahore, Pakistan
ph: +92-3018461451 fax: +92-42-36601510
mail: ambreen@RBIpk.org web: www.RBIpk.org

ACCA Pakistan
61-C Main Gulberg, Lahore-54660, Pakistan
ph: +92 (0) 42 111 22 22 75
web: www.accaglobal.com