Guidebook for Sustainability and Corporate Social Responsibility

Practical Guidelines for SMEs willing to engage in Sustainability practices in Singapore and in the Asian region
How to use this guide?

This SME Sustainability Guide aims at inspiring SMEs, inviting them to engage in Sustainability, and providing them with practical guidance to do so. In this guide, some topics will be relevant to your activity, some others less. As Sustainability should be implemented progressively with continuous improvement approach, you may feel it is too early to implement some steps. You can leave them aside and come back to them later, when your company is more advanced. Thus we encourage a flexible use of this guide – without overlooking any significant issue.

To which companies does this Guidebook aim to be useful?

The European Union defines SMEs as companies with less than 500 employees. Since 2011 Singapore defines SMEs as businesses with annual sales turnover of no more than $100 million or employing no more than 200 staff members. We believe that the guide can be used by all companies falling into these definitions, and also by subsidiaries of large groups, operating in Singapore.
Foreword

The time for debating on the relevance of CSR and Sustainability is over. Now is the time for implementation. The people living on this planet need resources to meet their present needs without compromising the ability of future generations to meet their needs. This is the meaning of sustainable development. CSR is the means to achieve sustainable development and Sustainability.

While there is acceptance that CSR and Sustainability are the way forward, businesses need assistance to take this journey. There are many tools and initiatives available, but it is not easy for SMEs with limited resources to decide on the right relevant ones that will help them in their CSR journey.

Singapore Compact had been promoting CSR by raising awareness, building capacity and sharing the journey. This Guide is aligned with the advice Singapore Compact had been giving to Singapore companies. We hope that this guide will enable more organisations to take the first steps and chart their journey.

Globally there are many French companies that are among the leaders in CSR and Sustainability. A good number of them are in Singapore. I hope they will be active in Singapore Compact in contributing to the development of good CSR practices. That will be a valuable addition to this guide.

I congratulate Joelle Brohier Meuter and the FCCS for this guide and look forward to working with FCCS in future for a sustainable world with socially responsible enterprises.

Thomas THOMAS
Executive Director
Singapore Compact for Corporate Social Responsibility (CSR)
Small and Medium Enterprises are vital to Singapore economy: in 2011, there were 154,100 SMEs making up for 99.3% of total enterprises in the city-state. They employ about 56 percent of workforce and contribute 42 percent of GDP.

For these SMEs, Sustainability is an opportunity to become more competitive, through developing new successful products based on social and environmental innovation, attracting or securing clients and investors with Sustainability requirements, anticipating future regulations, and enhancing their overall management – human resources, quality, environment. Moreover, a recent article in French economic newspaper Les Echos: *La RSE, accélérateur d’innovation pour les PME* (Johann Tesson, Director, Quali’SSTRAT, 15 Feb. 2012) pointed out that SMEs have specific advantages for Sustainability thanks to their size: flexibility and reactivity for innovation and change; shorter hierarchies that allow management to be receptive to employees and ease social relationships; strong connections with their local environment and stakeholders.

60% of the FCCS members are SMEs and entrepreneurs. Thanks to past and current FCCS Sustainability activities, several of these businesses have already engaged in, or strengthened, their Sustainability programmes. The FCCS wanted to support further these Sustainability engagements and is therefore pleased to launch this guidebook.

We invite our SME and entrepreneur members to use it, and our large members to disseminate it to their business partners. And we encourage companies using it to give us feedback and let us know how it has been useful to them: info@fccsingapore.com.

We wish you a fruitful reading. Thank you!

Carine LESPAYANDEL
Executive Director
French Chamber of Commerce in Singapore
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Acronyms

For acronyms of Singapore organisations, please see “List of Useful Organisations in Singapore”

CSR Corporate Social Responsibility
EMS Environmental Management System
ESCAP Economic and Social Commission for Asia and the Pacific (UN)
EU European Union
FSC Forest Stewardship Programme
GDP Gross Domestic Product
GHG Greenhouse Gases
HRMS Human Resources Management System
IFC International Finance Corporation
ILO International Labour Organisation
ISO International Standards Organisation
KPI Key Performance Indicators
NGO Non-governmental Organisation
NOx Nitrogen Oxides
NUS National University of Singapore
OECD Organisation for Economic Cooperation and Development
OHS Organisational Health & Safety
PDCA Plan Do Check Act
PEFC Programme for the Endorsement of Forest Certification
REACH Registration, Evaluation, Authorisation and Restriction of Chemicals
RoHS Restriction of Hazardous Substances
SME Small and Medium Enterprise
SOx Sulfur oxides
UN United Nations
UNDP United Nations Development Programme
UNEP United Nations Environment Programme
WELS Water Efficiency Labelling Scheme

Sustainable development has become a hot topic more recently in Asia than in Europe. However interest and action are increasing quickly.

This is due to the scale of Sustainability issues and the risks they put on social and economic development. A recent UNEP report pointed out that 3.1kg of materials are needed for US$1 of GDP in Asia and the Pacific vs. 1.1kg in the rest of the world. There are 315 million poor (living on less than US$1.25 per day) in East Asia and the Pacific, and 596 million in South Asia. High food prices prevented nearly 20 million people emerge from poverty in Asia-Pacific in 2010. In 2010, 173.7 million workers had vulnerable jobs and 143 million were working poor (earning less than US$2 a day).

There is an increasing awareness of governments in Asia that steps need to be taken for a development that is less resource consuming – both for the environment and the risk on resources – and less polluting. Singapore in particular has published its “Singapore Sustainable Blueprint” (2009), committed to reduce its carbon footprint, and put in place a comprehensive set of funding and assistance schemes to put its blueprint into action and engage companies. Singapore is also attracting international environmental NGOs through funding and a stimulating environment. All this created a momentum for environmental action by companies.

Asian countries aim at raising the living standards of their citizens and move to more balanced societies. Singapore is encouraging employee-friendly workplace practices: guidelines for fair employment, initiatives for work-life balance, workplace safety, vocational training... Additionally, initiatives in Singapore foster a caring spirit among employees through encouraging employee volunteering and other community activities. At last, Singapore has the aim of being a hub for social businesses and has supported initiatives such as a stock exchange for social businesses, a Social Entrepreneurship and Philanthropic Center at NUS, events and competitions for social enterprises etc...

1 UNEP (2011), Resource Efficiency-Economics and Outlook for Asia and the Pacific
2 UN-ESCAP (2011), Economic and Social Survey of Asia and the Pacific 2010: Year-end Update
3 ILO (2011), Global Employment Trends
All these steps create an enabling environment for SMEs embracing Sustainability. And in turn, SMEs can play a unique and vibrant role for Sustainable Development.
II. CSR and Sustainability: Definitions and Scope

1-Definitions

Both CSR and Sustainable Development are recent terms: Social Responsibility was first coined in Howard Bowen’s book: “Social Responsibilities of the Businessman” (1953).

Sustainability derives from the term “Sustainable Development”, which was used for the first time in the Gruntland Report “Our Common Future” in 1987, and is defined as follows:

**Box 1 – Definition of Sustainable Development – “Our Common Future”, 1987**

“Sustainable development is development that meets the needs of the present without compromising the ability of future generations to meet their own needs. It contains within it two key concepts:
- The concept of 'needs', in particular the essential needs of the world's poor, to which overriding priority should be given; and
- The idea of limitations imposed by the state of technology and social organization on the environment's ability to meet present and future needs.

Sustainable development is a new paradigm of development. It takes into account the fact that development is constrained by the capacities of the earth, and that these limits must shape our decisions – at the political level, but also the decisions of all organisations including the private sector. Businesses should adopt models that put less pressure on the environment, so as to conserve natural resources.

The European Commission has published its new strategy for CSR in 2011 and has proposed the most up-to-date definition of CSR. This definition is close from the understanding of CSR of other international institutions (Box 2). ISO 26000 is a very recent CSR standard (2010) and builds on a similar understanding of CSR. ISO 26000 includes seven Principles for CSR (Box 3).

“The responsibility of enterprises for their impacts on society. Respect for applicable legislation, and for collective agreements between social partners, is a prerequisite for meeting that responsibility. To fully meet their corporate social responsibility, enterprises should have in place a process to integrate social, environmental, ethical, human rights and consumer concerns into their business operations and core strategy in close collaboration with their stakeholders, with the aim of:
– maximising the creation of shared value for their owners/shareholders and for their other stakeholders and society at large;
– identifying, preventing and mitigating their possible adverse impacts.”

Box 3 – ISO 26000: Principles for Social Responsibility:

- Accountability
- Ethical behavior
- Transparency
- Respect for stakeholder interests
- Respect for the rule of law
- Respect for international norms of behaviour
- Respect for human rights

CSR contains both the concept of responsibility towards the society and the environment, and the concept of business performance – companies with good CSR should in turn enjoy long-term success; we will see how in section III. As such, CSR is a management paradigm. An interesting feature of ISO 26000 is that it covers all types of organisations – businesses but also public bodies and non-profit organisations.
**2-Topics covered**

ISO 26000 includes the topics and subtopics listed in Table 1. ISO 26000 has been widely agreed including by Singapore and in Asia – so it is a good reference for topics covered by Sustainability and CSR and we will use its throughout this guidebook. Please note that its framework is coherent and consistent with other international frameworks such as the OECD Guidelines. We will give in Section VI-2 a comparison of the topics covered by different instruments. You can use Table 1 to think about which topics are relevant for your organisation:

*Table 1 – Core topics and subtopics of ISO 26000*

<table>
<thead>
<tr>
<th>ISO 26000</th>
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<tbody>
<tr>
<td><strong>Core topics</strong></td>
<td><strong>Subtopics</strong></td>
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<tr>
<td>Organisational governance</td>
<td>Decision-making processes and structure</td>
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<td><strong>Labour practices</strong></td>
<td>Employment and employment relationships</td>
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<td>Conditions of work and social protection</td>
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<td>Social dialogue</td>
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<td>Health &amp; safety at work</td>
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<td></td>
<td>Human development and training in the workplace</td>
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<tr>
<td><strong>Environment</strong></td>
<td>Prevention of pollution</td>
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<tr>
<td></td>
<td>Sustainable resource use</td>
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<tr>
<td></td>
<td>Climate change mitigation and adaptation</td>
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<tr>
<td></td>
<td>Protection of the environment, biodiversity and restoration of natural habitats</td>
</tr>
<tr>
<td><strong>Human rights</strong></td>
<td>Due diligence: identify, prevent and address human rights impacts - including of sphere of influence</td>
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<tr>
<td></td>
<td>Human rights risks situation</td>
</tr>
<tr>
<td></td>
<td>Avoidance of complicity</td>
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<td></td>
<td>Resolving grievances</td>
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<td>Discrimination and vulnerable groups</td>
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<td></td>
<td>Civil and political rights</td>
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<tr>
<td></td>
<td>Economic, social and cultural rights</td>
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<td></td>
<td>Fundamental principles and rights at work</td>
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</table>
Some topics will be more relevant to your company than others depending on the industry in which it operates. For example, employment and human resources will be a key focus for companies with manufacturing activities, while consumer issues will come first for a restaurant chain. Environment will matter for companies marketing environmental products and services, and for businesses with a significant environmental impact.

SMEs have limited resources and should engage in the different topics gradually, with a continuous improvement approach. It is not recommended for an SME to engage simultaneously in all topics, as it is a considerable work. Engaging progressively in Sustainability and CSR will allow you to learn from your experience as long as you move on.

No significant issue should be overlooked, and all 7 topics should be eventually addressed somehow - in a manner that is suitable to SMEs and takes into account their size. Overlooking a key topic could impede other Sustainability efforts of the SME – for example, selling products with environmental features without caring about human resources can prove deceptive to clients.
III. SMEs: Drivers for engaging in Sustainability and CSR – Developing new opportunities and managing risks

SMEs generally embrace Sustainability and CSR with the purpose of enhancing their business performance. And indeed, there are many examples of success. Sustainability has proven to be effective for innovation, new products and services, key competitive advantage, closer relationships with clients, cost effectiveness, talent retention and staff loyalty and commitment.

The European project “CSR in SMEs” pointed out the following benefits:

**Box 4 – Potential Advantages of CSR for SMEs**

“CSR may positively influence SMEs' competitiveness in the following ways:

- Improved products and/or production processes, resulting in a better customer satisfaction and loyalty
- Higher motivation and loyalty of employees, resulting in a higher creativity and innovativeness
- Better publicity due to the award of prizes and/or enhanced word-of-the-mouth
- Better position at the labour market and better networking with business partners and authorities including better access to public funds due to a better company image
- Cost savings and increased profitability due to a more efficient deployment of human and production resources
- Increased turnover/sales due to a competitive advantage derived from the above”


Hereafter is a review of the different benefits that an SME can reap from Sustainability – please go through and reflect on which are the most relevant for your company.
1. Benefiting from Sustainability in the supply chain of large companies

For SMEs serving multinational clients, engaging in CSR will be both a necessity – complying with these clients’ standards – and an opportunity – multinational companies value, and will reward suppliers with genuine CSR/Sustainability policy. Such SMEs can fit into their supplier Sustainability strategy.

a. From compliance...

It is commonly agreed that CSR and Sustainability should cover all the value chain or, to put it differently, the life cycle of products or services. Big companies will therefore need to make sure that their suppliers respect their CSR commitments. To do so, large companies will develop due diligence processes on one hand and collaborative approaches on the other hand. These last aim at helping suppliers to fulfil Sustainability standards or building partnerships.

Large companies will generally request suppliers to comply with their “Supplier code of conduct”, and will carry out audits to check that their suppliers comply with the code of conduct. The most common requirements of large companies’ codes of conduct are:

- Respect of a set of labour standards;
- Ensure Health & Safety in the workplace;
- Move to more environment-friendly practices – large companies increasingly adopt environmental requirements for their suppliers: complying with regulations such as RoHS and REACH, reporting carbon emissions\(^4\), sourcing from more eco-friendly materials, recycling and re-using raw materials etc...
- Consumer safety is included with product quality criteria and requirements such as RoHS.

Other topics are sometimes but not systematically included: anti-corruption, fair operating practices, community investment.

\(^4\) Greenhouse gases are the gases that are recognized as contributing to global warming: Carbon Dioxide (CO2), Methane (CH4), Chlorofluorocarbons (CFC), Hydrofluorocarbons (HFC), Nitrous Oxide (N2O), Perfluorocarbons (PFCs), Sulphur hexafluoride (SF6)
Respect of a set of labour standards has been a request of companies outsourcing labour-intensive activities since the late 80’s. Suppliers are in general required to comply with the 8 ILO Core Conventions, and some other rights are also quite often included (wages, working hours, avoidance of excessive disciplinary measures). This trend followed media reports in the late 80’s showing bad practices of what has been called “sweatshops”: workers working in poor conditions for famous brands, child labour, forced labour and other abuses. Respect of core labour standards has since become a common request for suppliers across all industries and any SME serving multinational companies should respect these standards.

Including environmental requirements in procurement is a recent and increasing trend. These requirements range from reporting on carbon emissions, water footprint, greening materials (eco-conception) to improving environmental impact, using recycled materials, implementing environmental management systems. The purpose for large companies is to be able to monitor and improve the environmental footprint of their products across all the life cycle – from the sourcing of raw materials to the end of life of the product, or “cradle-to-grave”. Environmental requirements for suppliers is a trend that will reinforce in the future as, in a number of industries, the bulk of the environmental impact of a product occurs at the raw material stage (eg. food products).
Beyond codes of conduct and audits, more and more large companies adopt more collaborative approaches with their suppliers and offer them to take part in Sustainability improvement programmes that consist most often of assessment, capacity building, and/or action plan. This trend will gain emphasis as SMEs do need support for enhancing their Sustainability practice. Some advanced SMEs already take benefit of these collaborative approaches – for example, Jia Hsin, a flip-flop manufacturer with operations in Vietnam, has engaged in many CSR programmes of outdoor brands, such as recently a Puma project for helping key suppliers to publish CSR reports.

**b....To opportunities**

Large companies value supplier initiatives in their Sustainability/CSR programme and welcome suppliers with Sustainable practice.

*Supplier diversity, engaging with SMEs*

For example, more and more companies have “supplier diversity policies”, where they commit themselves to be inclusive and work with more SMEs, and SMEs managed by women, minorities, and various disadvantaged groups.

L’Oréal launched in 2010 a Solidarity Sourcing Programme aiming at offering employment opportunities to disadvantaged groups. The programme has a “particular focus on small scale suppliers, minority-owned suppliers, social enterprises employing people with disabilities, and fair trade companies”\(^5\). French Oil company Total pays special attention to include more local SMEs in its supply chain and help them strengthen their capacities\(^6\).

The FCCS “Working Together Forum” is an example of facilitating and catalysing collaboration between large and small member enterprises.

In Singapore, some so-called social enterprises have taken stock of these opportunities and offer services provided by disadvantaged groups. For example, “Adrenaline – Events and Education”\(^7\) has a commitment to employ deaf, disabled and youths-at-risk for organising events for companies.

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\(^7\) [http://www.adrenalin.com.sg](http://www.adrenalin.com.sg)
Products and services with social and environmental features

Nexus C4D, a non-profit, offers a range of carbon management services, that also allow for social impact. Bureau Veritas has developed a range of products related to CSR and Sustainability: certification of green standards ISO 14000 series and ISO 50001; social auditing; CSR report assurance. Clever Green is marketing a software for reducing carbon emissions generated by computers. Green A Consultants offers certification of Green buildings etc...

“At Arkadin we acknowledge that companies, both large and small, can play an important role in their local and wider community and have an impact on people, the environment, and other organisations with whom they do business. As a leading Global Collaboration Service Provider, we strongly encourage businesses to recognise the benefits and positive environmental aspects of replacing business travel with sustainable collaboration solutions such as audio, web and video conferencing. In delivering this objective, we initiated Climate Care Day that provides an avenue for businesses to reduce carbon emission, business travel, save costs while taking a pledge against climate change. Contact us at s.chen@arkadin.com for more information or to organize a Climate Care Day for your organization.”

2. Gaining access to new funding and finance

SMEs and other organisations with Sustainability may increase access to finance and funding.

For example Nexus C4D has benefited from an EDB grant for supporting the launch of their global office in Singapore.

Singapore has put in place several programmes bringing financial and other support to companies engaging in green practices. Please check the websites of EDB, the NEA, BCA, E2 Singapore and other public agencies.

International funders and aid agencies provide credit and other financial support which are conditional and require compliance with social and environmental criteria. For example, the IFC (International Finance Corporation; private sector arm of the World Bank) has launched in 2012 its new Social & Environmental Performance
Standards\textsuperscript{8}. The companies must commit to respect these standards. Proparco, the French arm of AFD (French Aid Agency) financing the private sector in developing countries, refers to the IFC standards for lending money and ask their borrowers to comply with these standards. Proparco has a programme that provides partnering banks in developing countries with a credit line for SMEs that commit to comply with social and environmental standards. This programme is implemented for example in Vietnam\textsuperscript{9} with Sacombank since 2009.

Partnering with Civil Society Organization – Nexus-Carbon for Development

Carbon offsetting is a financial mechanism through which organizations substitute a reduction of their GHG emissions by purchasing an equivalent quantity of carbon credits (“carbon offsets”) emanating from a project which reduces carbon emissions in a developing country.

In addition to designing a comprehensive climate strategy, more and more organizations want to use carbon offsetting to support access to clean energy, through the support of projects targeting vulnerable populations. Nexus invites organizations to support a fair approach to carbon offsetting by purchasing carbon offsets directly from its cooperative of community-based project developers. This fair trade approach will help to maximize the carbon finance value chain for the project owner and their beneficiary communities.

Nexus members’ high-quality projects, whose results are verified by a third party, follow the most stringent international standards and bring triple bottom line (environmental, economic and social) benefits to communities in developing countries.

Nexus also invites partners to support innovative pilot projects and to engage in corporate volunteering or awareness raising activities on climate change and poverty alleviation.


At last, in developing countries, international institutions are offering programmes for SMEs to help them engage in Sustainability. The European Commission, through its Switch-Asia programme, is funding projects aiming at “replicating sustainable SMEs in Asia”. You can have a grasp of the types of projects funded and check countries where these projects take place on Switch-Asia website\(^9\). ILO is carrying many projects and programmes for improving labour standards while at the same time improving business performance – one of their flagship programme is Better Work, that was launched in 2001 in the garment sector in Cambodia (“Better Factories Cambodia”). This programme helps SMEs from the garment sector to comply with a set of ILO labour standards – in turn, these SMEs have better access to the US market through an agreement with the US government. The initial Cambodia ILO programme\(^{11}\) has now been disseminated in other countries – it is implemented in Vietnam and Indonesia for example.

3. Receiving awards and recognitions

Many Sustainability Awards do exist, at the local and international levels. Hereafter are just a few examples. Your company can take benefit of these Awards for enhancing their communication.

In Singapore the Sustainable Business Awards presented by SBF include categories for SMEs. The Singapore Compact CSR Awards 2011 awarded two SMEs: Adrenalin Events and Education, and Mirage Design Landscape and Contract. TAFEP (Tripartite Alliance for Fair Employment Practices) presents the TAFEP Exemplary Employer Award\(^{12}\). The Workplace Safety and Health (WSH) Council presents annually the Workplace Safety and Health (WSH) Awards\(^{13}\).

At the international level, the UNDP co-organises the World Business and Development Awards\(^{14}\) which include a SME category.

Singapore offers also a broad range of labels for companies achieving excellence in some areas: BizSafe for health & safety... please check regularly various sources to keep updated.

\(^9\) http://www.proparco.fr/Accueil_PROPARCO/News_PROPARCO/Signature-d-une-convention-de-credit-de-20-Millions-USD-entre-PROPARCO-et-Saigon-Thuong-Tin-Commercial-Joint-Stock-Bank-SACOMBANK
\(^{11}\) without agreement with the US
4. **Improving human resources performance**

Implementing Sustainability in your company will increase talent retention, and your staff commitment and loyalty. It will increase your team ability to address and take advantage of Sustainability for the benefit of your company. If your company operates in a manufacturing industry in a developing or emerging country, sound human resources management will most likely lead to reduced turnover, improved production quality and productivity.

5. **Improving cost effectiveness**

Effective environmental management may lead to cost savings. More efficient lighting systems for example, have a short payback period. Raising awareness of your employees on using wisely electricity and water will also bring back money.

6. **Anticipating future laws and regulations**

European Directives such as RoHS, REACH, have an impact on Asian SMEs serving European clients. In the region, environmental regulations will be strengthened – for instance, Singapore has recently passed an Energy Conservation Act for large companies which will come into force in 2013. Therefore, it is advised to all companies, including SMEs to reinforce their capacities for anticipating future laws and regulations.

7. **Building capacities for innovation**

Companies with Sustainability/CSR engagement have better capacities for innovation thanks to the awareness of their team and the consequent ability to anticipate new consumer and customer social and environmental needs. Their engagement with various external stakeholders will enable them to foresee opportunities linked to these new emerging needs. Their relationships with clients will include Sustainability aspects and the SME will be better equipped to anticipate Sustainability expectations of these clients and benefit for these opportunities.

Please reflect on all the drivers for Sustainability outlined above and think of which are the most promising and relevant for your company.

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IV. Adopt a Plan-Do-Check-Act, Continuous Improvement Approach

1- Plan-Do-Check-Act approach

Designing and implementing Sustainability in your SME is best achieved with a Plan-Do-Check-Act approach:

*Figure 1*

![Diagram of Plan-Do-Check-Act approach]

The PDCA approach is suitable for many areas of management, but particularly for new areas such as Sustainability as it allows to learn from your experience at the same time as you implement your programme, and to improve your programme on the basis of what you learn. Monitoring and reporting is a key aspect as it allows for corrective actions and improvements.

Based on PDCA approach, your company should put in place activities and programmes progressively. You will learn from experience and build capacities as you move along your Sustainability journey.
2- Some tips

Please consider the following tips before getting started:

1. Your company is very probably already carrying out activities and having values related to Sustainability. Your Sustainability programme can build on these activities and values. Activities already in place can include good human resources management, reduction of resource use for cost savings, participation of employees in volunteering activities etc...

2. Prioritise Sustainability aspects and select those which are key for your company and can increase your company overall performance.

3. While having a long-term bold vision, set objectives that are realistic and achievable, and implement activities progressively.

4. Sustainability requires resources and time – therefore design a roadmap that is commensurate with your company resources.

5. Implementing Sustainability is often taking more time than planned - because it requires new skills, and implies working with organisations that are different from your usual business partners (eg. non-profit organisations) and strive for a very different purpose (social and environmental issues). Be patient!
V. Conduct an initial assessment

You will need first to understand why, for which objectives and in which context you engage in Sustainability, and what are your company’s strengths and weaknesses. We suggest following the steps detailed hereafter – though you may skip some steps, or adopt a different approach according to your needs. This assessment stage is key as it forms the basis for defining further informed action. At this stage you can also start analysing who are your stakeholders. However, we have included stakeholder analysis in the Section VII.

1-Context: Understand the drivers (opportunities and risks) for engaging your company in Sustainability

Please consider Table 3 and reflect on what are your main reasons for engaging in Sustainability. You can re-read section III on Sustainability drivers for SMEs. Please rank from 1 to 3 or more (use the left column) the main reasons for engaging your company in Sustainability. This ranking will allow you to identify your main reasons for engaging in Sustainability. The drivers will very likely be linked to the industry in which your company operates.

Instructions for filling table 3
- Rank from 1 to 3 the drivers that are the most important to your company
- Circle in green when the driver is an opportunity. For example, a company with increasing environmental requirements from its clients can have opportunities to take action on environment.
- Circle in red if it is a risk. For example a forthcoming Sustainability regulation, or a new client or investor requirement, to which your company is poorly prepared may put your company in a difficult position.
- Add in the right column to which CSR topic(s) the driver relates, when relevant:
  - Organisational governance,
  - Labour practices,
  - Environment,
  - Human rights,
  - Fair operating practices,
  - Consumer issues,
  - Community involvement and development.
Once again, fill in what you feel relevant for your company, and skip what is not relevant.

### Table 3 – Identifying and ranking your drivers (opportunities / risks) for Sustainability

<table>
<thead>
<tr>
<th>Rank</th>
<th>Driver (opportunity/risk)</th>
<th>Sustainability topic to which it relates</th>
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<tbody>
<tr>
<td></td>
<td>Develop new products and services meeting new social and environmental customer expectations (BtoB or BtoC)</td>
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<tr>
<td></td>
<td>Gain access to new clients with Sustainability requirements, or strengthen relationships with such existing ones</td>
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<tr>
<td></td>
<td>Gain access to new finance and funding</td>
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<td></td>
<td>Strengthen your <strong>human resources management</strong>, increase the <strong>commitment and loyalty of your team</strong> and improve its capacity to innovate</td>
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<tr>
<td></td>
<td>Anticipate <strong>future regulations</strong> and frameworks</td>
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<td></td>
<td>Improving cost effectiveness through thorough management of people and resources, including energy and water</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Improve the image of your company through awards and certifications</td>
<td></td>
</tr>
</tbody>
</table>
Box 5 - Drivers for SMEs

- **Products and services**: New products and services, products with social and environmental features
- **Clients**: Access to new clients with social and environmental requirements or expectations, retention of existing such clients

Finance: Allow access to credit and financing with social and environmental requirements. This can range from international investors (IFC, aid agencies) to private investors with Sustainability requirements. Ensure that your company is not at risk of exit of one investor for Sustainability issues.

- **Team**: Increase the commitment and the loyalty of your team, increase its capacities for managing Sustainability

- **Legal**: Ensure respect of existing laws and frameworks. This includes local laws, international standards, and also, some laws of importing countries (eg. European Directive on RoHS applies to suppliers exporting to companies in France). Anticipate future laws.

- **Cost effectiveness**: Are there opportunities for cost effectiveness through better environmental or human resources management for example.

- **Image**: Enhance your image through visible Sustainability policy and results, awards and certifications, engagement in Sustainability initiatives. Protect your reputation and the reputation of your clients – especially if those are famous brands and listed companies, prone to reputation risk. On reputation risk, see Box 6.
Box 6 - Managing the reputation risk

Managing reputation risk is essential for suppliers serving famous brands – from outdoor brands such as Nike, Adidas, Puma, to toy brands and electronic brands such as Apple. Some suppliers of top class brands have damaged their reputation and sometimes their business because of poor working practices, poor workplace health & safety, pollution that have been reported in the press.

On pollution, check for example Greenpeace “Dirty Laundry” campaign on Chinese textile suppliers of famous brands:
http://www.greenpeace.org/international/global/international/publications/toxics/Water%202011/dirty-laundry-report.pdf

On workplace safety, see for example: “21 workers die in fire at H&M factory”,

This analysis is very important as it will help you analyse potential risks and opportunities linked to Sustainability. It will give you insights on how Sustainability relates to your company policy and strategy, and for which purpose your company will engage in Sustainability.
2-Identify the steps that your company is already taking for Sustainability

Your company is very probably already taking steps for Sustainability, without having labelled them “Sustainability”. These steps can include, but are not limited to, steps listed in Table 4.

**Table 4 - Current first steps that companies are taking for Sustainability**

<table>
<thead>
<tr>
<th>Topic</th>
<th>Current first steps</th>
</tr>
</thead>
<tbody>
<tr>
<td>Human Resources</td>
<td>• Have a human resources management system that is fair to your employees&lt;br&gt; • Take steps for diversity – eg. having a person with disability in your team, or take into account family needs etc...&lt;br&gt; • Provide training or education to your employees&lt;br&gt; • Raise awareness of your staff on Sustainable and healthy lifestyles&lt;br&gt; • Ensure your workplace is safe and healthy</td>
</tr>
<tr>
<td>Environment</td>
<td>• Have a programme for reducing, recycling, or reuse waste&lt;br&gt; • Have a programme for saving electricity, fuel and other forms of energy&lt;br&gt; • Have a programme for saving water&lt;br&gt; • Have a programme for saving and recycling paper&lt;br&gt; • Source from eco-friendly materials&lt;br&gt; • Raise awareness of staff on the environment and tell them steps that they can take&lt;br&gt; • Sell eco-friendly products</td>
</tr>
<tr>
<td>Product Responsibility</td>
<td>• Ensure that your products are safe for your customers and consumers&lt;br&gt; • Ensure that your products are of good quality&lt;br&gt; • Develop products with Sustainability features</td>
</tr>
<tr>
<td>Community involvement</td>
<td>• Participate, fund in cash or in kind charities and non-profits organisations&lt;br&gt; • Participate in community activities&lt;br&gt; • Encourage your employees to do so</td>
</tr>
<tr>
<td>Fair operating practices</td>
<td>• Respect and be fair with your business partners – customers/clients and suppliers/subcontractors</td>
</tr>
<tr>
<td>Others Governance Human rights</td>
<td>...</td>
</tr>
</tbody>
</table>
Instructions for filling the Table 4
- Please tick the steps that your company is already taking
- Think of additional steps that your company could easily take

You can do the following more detailed assessment (Table 5), based on ISO 26000 topics and determine the level of engagement of your company:
- Has already a policy or commitment (even if it just one sentence, or if it is not yet formalised);
- Has implemented activities, management systems and organisation;
- Has achieved results. Results are indicators for measuring your company’s performance on Sustainability issues. They can be quantitative (reduction in waste, in electricity use, staff diversity…) or/and qualitative (description of activities put in place).

It is important to analyse the three aspects: policy, implementation and results. Defining a policy is important as it is what is visible from outside, and represents your company’s commitment for your stakeholders. Activities, management systems and organisation put in place are key to see how the policy is put into action. At last results demonstrate the Sustainability performance of your company.

ISO 26000 points out that organisations should address each of the seven core topics – even shortly, even if it is to explain that the organisation is not concerned with this topic. In this last case, the organisation should explain why.

Instructions for filling the Table 5
- Highlight/circle the subtopics that are relevant for your company;
- Rank your company with a scale from 1 to 4 or -, +, ++ and ++++. Avoid scales with only 3 options to avoid falling too often in the average option;
- Analyse your strengths and your areas for improvement;
- Indicate in the right column the topics and possibly the subtopics for which you should take action.

Knowing and recording these steps will allow you to know where are your strengths. You will also identify the weaknesses of your company and on which aspects you must engage it. Knowing its strengths can help you communicate on these with your clients and stakeholders.
Table 5 - Sustainability - Level of engagement of your company against ISO 26000 core topics and subtopics

<table>
<thead>
<tr>
<th>Core Topics</th>
<th>Subtopics</th>
<th>Steps taken: Policy, activities, management systems and organisation, results</th>
<th>Steps you should take according to tables 3 and 4</th>
</tr>
</thead>
<tbody>
<tr>
<td>Organisational governance</td>
<td>• Decision-making processes and structure</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Labour practices</td>
<td>• Employment and employment relationships</td>
<td></td>
<td></td>
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<tr>
<td></td>
<td>• Conditions of work and social protection</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Social dialogue</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Health &amp; safety at work</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Human development and training in the workplace</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Environment</td>
<td>• Prevention of pollution</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Sustainable resource use</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Climate change mitigation and adaptation</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Protection of the environment, biodiversity and restoration of natural habitats</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Human rights</td>
<td>• Due diligence: Identify, prevent and address human rights impacts - including sphere of influence</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Human rights risks situation</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Avoidance of complicity</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Resolving grievances</td>
<td></td>
<td></td>
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<tr>
<td></td>
<td>• Discrimination and vulnerable groups</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Civil and political rights</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Economic, social and cultural rights</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Fundamental principles and rights at work</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Core topics</td>
<td>Subtopics</td>
<td>Steps taken</td>
<td>Steps you should take</td>
</tr>
<tr>
<td>------------------------------------</td>
<td>---------------------------------------------------------------------------</td>
<td>-------------</td>
<td>-----------------------</td>
</tr>
<tr>
<td>Fair operating practices</td>
<td>• Anti-corruption</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Responsible political involvement</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Fair competition</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Promoting social responsibility in the value chain</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Respect for property rights</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Consumer issues</td>
<td>• Fair marketing, actual and unbiased information and fair contractual practices</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Protecting consumer health and safety</td>
<td></td>
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<tr>
<td></td>
<td>• Sustainable consumption</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Consumer service, support, and complaint and dispute resolution</td>
<td></td>
<td></td>
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<tr>
<td></td>
<td>• Consumer data protection and privacy</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Access to essential services</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Education and awareness</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Community involvement and development</td>
<td>• Community involvement</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Education and culture</td>
<td></td>
<td></td>
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<tr>
<td></td>
<td>• Employment creation and skills development</td>
<td></td>
<td></td>
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<tr>
<td></td>
<td>• Technology development and access</td>
<td></td>
<td></td>
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<tr>
<td></td>
<td>• Wealth and income creation</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Health</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Social investments</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
3-List the topics on which you want to take action

Reflecting on your drivers, on the steps that your company has already taken and the steps yet to take, will put in evidence the areas where action is needed. It is important to identify these areas, and analyse if they are relevant your activity. For example, health & safety will have less relevance for a company with just an office than for a company with a factory (though it should not be overlooked! Sitting position and watching a screen for long hours, work overload induce health risks). Environment will be more important for industrial companies and for retail/trading companies than for service companies, etc... For retail and trade, environmental action is key to ensure that sourcing (agriculture, clothes...) respects the environment.

If a topic is relevant to your company, you should:
- Define a policy and objectives – even if it is very basic;
- Put in place activities and when needed management systems; and
- Have indicators for evaluating your company performance.

As SMEs have limited human resources, you will need to prioritise topics for engagement.
VI. PLAN - Design policy and objectives

1. General approach

The Sustainability project must be strongly embedded in, and enhance, your company overall policy. It must be bold enough so as to bring success to your company, and contribute to Sustainable development. Defining a Sustainability policy and long-term objectives will thus be key.

Designing a Sustainability policy will allow you:
- To engage your team;
- To implement appropriate activities;
- To make your commitment visible and communicate it to your business partners and other external stakeholders.

You will set long-term objectives (eg. 5 years) that will complement your policy and put measurable figures on your company’s commitment to Sustainable Development – it can be “halving the environmental impact of our products”, “improving the working and living conditions of workers in our supply chain”, “selling sustainably certified products/services to half of our clients” etc... More specific indicators will be put in place to check progress of the company towards these objectives – See Section VIII on Monitoring.

If you are at the very beginning of your Sustainability journey, you may find it difficult to draft straightaway a policy and long-term objectives. In this case, implement some activities first, it will help you understand how your company can engage, and then you will be able to set a policy and long-term objectives.

2. Commitment to international CSR instruments and CSR initiatives

As part of your company policy, you can make commitments to international CSR instruments and/or to CSR initiatives – most often it will be sectoral initiatives.

International instruments may seem complex to handle for SMEs. However, they have many unique positive advantages: they create a level playing field for businesses, they provide guidance that is widely agreed and recognised. They help companies showing their commitment and engagement and getting the rewards of it – for example, companies joining the UN Global Compact can use its logo for their communication. Multinational companies usually ask their suppliers to respect international standards – especially in countries where the local law is weak and/or
poorly enforced. Companies benefiting from IFC financing will have to comply with IFC performance standards.

The leading international CSR instruments are outlined in the Table 6, and the topics that they cover are summarised in Table 7.

Table 6 – Leading international CSR instruments

<table>
<thead>
<tr>
<th>Instruments</th>
<th>Year launched</th>
<th>Features</th>
</tr>
</thead>
<tbody>
<tr>
<td>UN Global Compact</td>
<td>2000</td>
<td>10 voluntary principles for CSR. Participating companies commit to take action for these principles and to publish one “Communication on Progress” (CoP) every year. It is the largest global network of companies for CSR, with “local networks” in 95 countries – in Singapore, UN Global Compact is managed by Singapore Compact for CSR. It is very suitable for SMEs, as a simple set of principles to guide CSR engagement. <a href="http://www.unglobalcompact.org/">http://www.unglobalcompact.org/</a></td>
</tr>
<tr>
<td>OECD Guidelines for Multinational Enterprises</td>
<td>1976, rev. 2011</td>
<td>A set of voluntary Guidelines covering a comprehensive range of topics, for multinational enterprises of OECD countries operating and investing abroad. It has become a reference that companies of non-OECD countries can use. It covers suppliers of OECD companies and as such are relevant to SMEs. The OECD Guidelines have put in place a unique implementation mechanism: the National Contact Points (NCPs) – an office in a ministry of every OECD country and other countries adhering to the Guidelines that can handle mediation between government and plaintiffs in case a dispute arises. The OECD is an intergovernmental institution comprising 34 countries. 9 additional countries adhere to the OECD Guidelines. <a href="http://www.oecd.org">http://www.oecd.org</a> <a href="http://www.oecd.org/daf/investment/guidelines">http://www.oecd.org/daf/investment/guidelines</a></td>
</tr>
<tr>
<td>ILO Tripartite Declaration of Principles concerning Multinational Enterprises and Social Policy (MNE Declaration)</td>
<td>1977</td>
<td>A set of voluntary principles at work, covering areas such as employment, training, conditions of work and life, and industrial relations. The ILO is a UN agency, with a tripartite governance: representatives of governments (183 countries), employers and employees. <a href="http://www.ilo.org/empent/Publications/WCMS_094386/lang--en/index.htm">http://www.ilo.org/empent/Publications/WCMS_094386/lang--en/index.htm</a></td>
</tr>
<tr>
<td>Instruments</td>
<td>Year launched</td>
<td>Features</td>
</tr>
<tr>
<td>------------------------------------------------</td>
<td>---------------</td>
<td>---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------</td>
</tr>
<tr>
<td>ISO 26000</td>
<td>2010</td>
<td>ISO 26000 is a social responsibility standard that provides guidance to all types of organisations - not only businesses. It is suitable for SMEs. 83 countries participated in the drafting of ISO 26000, and the standard was approved in ASEAN by Singapore, Indonesia, Malaysia, The Philippines, Thailand. It is predicted to be widely used by companies. ISO is a non-governmental private organisation developing and publishing international standards. <a href="http://www.iso.org/sr">http://www.iso.org/sr</a></td>
</tr>
<tr>
<td>UN Guiding Principles on Business and Human Rights</td>
<td>2010</td>
<td>Set of principles to ensure that businesses respect human rights. It builds on 3 pillars: the state duty to respect and protect human rights, the corporate responsibility to respect human rights and the access to justice. The Principles were endorsed by the United Nations, that is an inter-governmental institution with 193 member countries. <a href="http://www.ohchr.org/documents/issues/business/A.HRC.17.31.pdf">http://www.ohchr.org/documents/issues/business/A.HRC.17.31.pdf</a></td>
</tr>
<tr>
<td>IFC Performance Standards on Environmental and Social Sustainability</td>
<td>2006, rev. 2012</td>
<td>IFC is the arm of the World Bank providing finance and other services to the private sector in developing and emerging countries, with the purpose of creating “opportunities for people to escape poverty”. IFC requires companies and projects that its finances to comply with the “Performance standards”, a comprehensive set of principles covering 8 topics. <a href="http://www.ifc.org/sustainability">http://www.ifc.org/sustainability</a></td>
</tr>
</tbody>
</table>
### Table 7 - Topics covered by international instruments

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Disclosure</td>
<td>x</td>
<td>x</td>
<td>x</td>
<td>x</td>
<td>x</td>
<td>x</td>
</tr>
<tr>
<td>Employment</td>
<td>x</td>
<td>x</td>
<td>x</td>
<td>x</td>
<td>x</td>
<td>x</td>
</tr>
<tr>
<td>Human rights</td>
<td>x</td>
<td>x</td>
<td>x</td>
<td>x</td>
<td>x</td>
<td>x</td>
</tr>
<tr>
<td>Environment</td>
<td>x</td>
<td></td>
<td>x</td>
<td>x</td>
<td>x</td>
<td>x</td>
</tr>
<tr>
<td>Community engagement</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>x</td>
</tr>
<tr>
<td>Anti-corruption, Anti-bribery</td>
<td>x</td>
<td></td>
<td></td>
<td></td>
<td>x (covered in IFC conditions)</td>
<td>x</td>
</tr>
<tr>
<td>Consumers, product</td>
<td>x</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>x</td>
</tr>
<tr>
<td>Fair operating practices, competition</td>
<td>x</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>x</td>
</tr>
<tr>
<td>Taxation</td>
<td>x</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Science &amp; technology</td>
<td>x</td>
<td></td>
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</tr>
</tbody>
</table>
The UN Global Compact and ISO 26000 are particularly suitable for SMEs: the UN Global Compact is a simple framework, and ISO 26000 has been designed for all types of organisations.

Most multinational companies require their suppliers to respect ILO Fundamental Principles and Rights at Work, which cover the 8 ILO Core Conventions – See Table 2 in Section III.

Many sectoral initiatives have been launched, from agriculture to electronic goods and garment industries. Here are some examples:
- 4C Association and the 4C Code of conduct for coffee production, processing and trading;
- Fair Labor Code of Conduct, which applies primarily to clothing, and has now extended to electronics, food and other products;
- EICC (Electronic Industry Code of Conduct) which applies to electronic goods companies.

Sectoral initiatives are each designed for a specific sector and thus address the most important Sustainability issues of this given sector. They put Sustainability into action. Thus they are effective and instrumental for companies. Sectoral initiatives that involve all key stakeholders are most effective, as this helps ensure that all stakes are represented. Please visit http://www.standardsmap.org for a comprehensive overview of sectoral initiatives.

Joining sectoral initiatives will demonstrate the Sustainability commitment of your company, and above all help improve your CSR – through proposed activities: capacity building, networking with peers, sharing practices etc…
3. Formalising your policy

The following table can help you formalise your Sustainability policy and commitment – use it in a flexible way, fill just the cases that you feel necessary to fill, and that are relevant for your company, do not fill the cases you do not want to fill. There is no need to put detailed information, one sentence can summarise each aspect. Your policy may also evolve over the years – eg. you may not feel ready to adhere to an international instrument at the beginning of your Sustainability engagement but may wish to adhere later when your company has strengthened its Sustainability.

Table 8 – Designing your Sustainability policy

<table>
<thead>
<tr>
<th>Policy</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Vision and mission</strong></td>
<td>What is your vision of Sustainability, and how your company will embrace Sustainability?</td>
</tr>
<tr>
<td><strong>Values</strong></td>
<td>What values drive your company’s Sustainability – eg. Respect for people, integrity, diversity...</td>
</tr>
<tr>
<td><strong>Long-term objectives</strong></td>
<td>Sustainability objectives for the next 5 years They should incrementally cover all sustainability topics (7 topics of ISO 26000, or UN Global Compact 10 Principles) – as long as they are relevant for your company</td>
</tr>
<tr>
<td><strong>Commitments</strong></td>
<td>To which international instruments and international initiatives does your company adhere – if any?</td>
</tr>
</tbody>
</table>

This policy can be made visible on your website and other documentation, and communicated to your clients, business partners, employees and other stakeholders. It can be formalised in a specific format by topic, or through a CEO letter. As a good benchmark, you can download the CSR report of Origin Exterminators, a Singaporean SME with a landmark Sustainability commitment: http://www.origin.com.sg/usr/templates/files/envreport2011foremail.pdf
VII.DO - Design and Implement an Action Plan

After having set your policy, you will define a road map with an action plan and a timeframe. The roadmap will encompass:
- The human resources organisation for Sustainability
- The management systems
- The activities and programmes to implement
- The stakeholder engagement

1. Organisation

You should set up an organisation within your team for implementing the Sustainability policy. This organisation will be more or less comprehensive depending on the size of the company. One aspect is definitely needed - the commitment of the top management. And responsibilities and roles for managing Sustainability need to be clearly established.

   a. Secure the commitment of top management

   It is instrumental that the top management is strongly committed to the company Sustainability policy. Commitment of top management will ensure that necessary resources are allocated to Sustainability and that all employees get committed to the company Sustainability goals. The top management will make visible the Sustainability policy and commitment of the company to all stakeholders. It is interesting to note than in SMEs Sustainability is often initiated by a CEO with strong values – that helps!

   b. Nominate a manager responsible for Sustainability

   In SMEs, the responsibility for Sustainability will very often be borne by a manager who also has another role. For example, the person in charge of Sustainability can be the Business development manager – this reflects the fact that most SMEs embrace Sustainability for developing their business. Sustainability is often driven by clients, and the Business development manager will be the right person for managing Sustainability. Sustainability can also be handled by the person in charge of Human resources – this is the case in companies where human resources management is a key issue -, or by the person in charge of production and quality – this is the case for companies with an industrial activity that involves managing
significant environmental impacts. The person overseeing Sustainability can also be the Communication and Marketing manager – as communication with stakeholders is key.

There is no rule for who in the company should be in charge of Sustainability. It is to the management to decide what is the best solution for its company, and the motivation of the person to be in charge is also an important aspect. In any case, it is good to have a designated person for Sustainability.

**c. Establish roles and responsibilities for managers**

In SMEs with several departments, the roles and responsibilities of each department manager regarding Sustainability will have to be clarified. For example, the production or quality manager may be in charge of environment, health and safety aspects. The Human resources manager will be in charge of managing workplace aspects and involving staff in Sustainability. Business development manager, Communication & marketing manager can be in charge of relationships with clients/consumers and other stakeholders. Procurement managers will have the duty of embedding Sustainability in the supply chain through engaging with suppliers.

**d. Involve your staff**

Selling products and services with Sustainability features, implementing energy saving and recycling measures in an office, raising awareness of communities on steps they can take for Sustainability... For all these aims, SMEs will need the commitment and the involvement of all their employees. In turn, engaging all staff can lead to increased loyalty and commitment of employees to the company.

Engaging employees is achieved using the following tools: awareness raising, capacity building (training), communication in the workplace, incentives, employee volunteering, organisation of a Sustainability day. This day can consist of a field activity - helping a charity of working for a cause - or another event. Employee involvement can be done at limited cost and generate a great impact.
2. Put in place activities and adapting/developing management systems

Hereafter we will review what can be done by topic for the main aspects – in a detailed manner for labour and environment, more briefly for other aspects. What an SME can do for Sustainability will pretty much depend on its size and its industry. You should select what is relevant for your company and its Sustainability challenges, and fits with its policy, objectives and values.

When we refer to management systems, it does not imply a big and complex system, the management can be kept simple for being suitable for an SME needs. A basic definition of a management system is:

Definition of Management System:

“Framework of processes and procedures used to ensure that an organization can fulfil all tasks required to achieve its objectives”
(source: Wikipedia)

A management system will include:
- Its scope and the aspects it addresses – for environment and health and safety, the main impacts and risks of the company’s activities;
- Processes and procedures for avoiding, preventing and managing these risks;
- Roles and responsibilities;
- Appropriate communication in the workplace;
- Provisions for continuous improvement and corrective action: committee, annual review, involvement of employees;
- Monitoring;
- All related documentation;

Management systems are built around the Plan-Do-Check-Act cycle described in section IV, and should enable continuous improvement. The most common management systems related to Sustainability are those for human resources, health and safety, and the environment.
**a. Human resources**

Employees are a key stakeholder of the company: employees are instrumental for the success of the company and employment is key for employees. The importance of employees is true both for companies with labour-intensive activities and low-skilled employees, and for companies with high-skilled staff.

For businesses with high-skilled employees, sound human resources management will contribute to talent retention, and enhance Sustainability capacities of the staff for innovation and better client service.

For SMEs with labour-intensive activities or low-skilled workers, a good Human Resources Management System (HRMS) that allows for respect of labour rights (local laws, ILO Core Conventions and global clients requirements) is key for securing staff performance – productivity, quality, commitment, loyalty. Potential competitive advantages of a sound human resources management system for an SME are listed in Figure 2.

*Figure 2 - Competitive advantages of a sound human resources management system for an SME*

| Managing health & safety | • Conflict prevention  
|                          | • Conflict management  
| Education  
| Vocational training | • Meeting client expectations  
|                          | • Reputation and client risk management  
|                          | • Developing clients  
| Social dialogue  
| Trade unions | • Productivity  
|                          | • Loyalty to the company  
| Compliance with laws and international standards | Access to workforce  
| Discrimination  
| Diversity  
| Migrants | • Decrease of absenteeism  
|                          | • Decrease of turnover  
|                          | • Improved access to employees  
| Working conditions, wages, benefits | • Access to skilled workforce  
|                          | • Involving employees in company management  

In Singapore, where standards are already relatively high, many industries are yet based on low-skilled workers - manufacturing, hospitality, shipping, logistics, construction. It is a priority for the government to improve the conditions of these workers. The Deputy Prime Minister, Mr. Tharman Shanmugaratnam, has called to companies to do their part for this objective in March 2012:

“Businesses have an important role to play in ensuring that our economic growth is inclusive, by nurturing local talents, maximising the potential of our workers and the value of their jobs and giving back to the community”

Mr. Tharman Shanmugaratnam, Deputy Prime Minister, Strait Times (21 March 2012)

China, Indonesia, Malaysia, Vietnam are ranked in Sustainability indexes as countries with a high level of risk related to labour. If your company operates, or sources from suppliers in such countries, you should pay special care to human resources conditions of these suppliers. In the region, recent labour conflicts have put in evidence the pressing need for improved human resources management, both for improving the conditions of workers and for the performance of the company. Conflicts put at risk business continuity and they are not good for the company image.

At last, as Singapore and the region develop, new issues emerge, such as work-life balance, ageing population, diversity etc...that businesses should address.

Commitment to respect ILO Core Conventions and other important labour rights

ILO Core Conventions (see Table 2) are very important for SMEs with a strong commitment to Sustainability and/or supplying international clients. They show the commitment of the SME to respect internationally recognised labour rights. Moreover, international clients and/or investors will most of the time include provisions for the respect of these ILO Core Conventions in their agreements. These agreements may also include other principles: decent wages, working hours/overtime/rest days, no tolerance for harassment and excessive disciplinary measures, living conditions when the company manages housing, food and water (this last aspect is important for companies employing migrant workers).
Put in place a human resources management system that allows for team performance and for respect of human rights at work

A good human resources management system will consist of processes, procedures, documentation, human and financial resources, reporting, and should include the aspects outlined hereafter:

- **A Human Resources manager or person in charge of HR**

- **Transparent Human Resources policy and guidelines**
The company should have a clear and visible policy and set of guidelines, that allow for the respect of the local law, ILO Core conventions (unless they are incompatible with local law) and when relevant clients/investors requirements. They should be reviewed and updated regularly and transparently. These policy and guidelines should encompass all important aspects regarding the workplace and the employees, and in particular the ones enumerated hereafter.

- **Transparent recruitment, career development/employee retention and exit management**

- **Transparent conditions and employment contracts**
All employment conditions - working hours, conditions for overtime, paid leaves, job description, social protection provisions etc - should be communicated clearly during the recruitment process and formalised in a contract.

- **Transparent system for compensation and benefits**
The compensation system, with benefits, bonuses and deductions, should be communicated clearly and included in the contract.

- **Training system**
Training should include all workers in the factory. It should cover labour and employment conditions, skills for performing the job, productivity, quality, health and safety, instructions for fire and other emergencies, rights and duties, possibly environment.

*Workplace relationships and good communication between management and employees – including a management-employee committee*

Good workplace relationships are based on regular, two-way communication between management and workers. The communication and relationship system
should include all workers present in the premises – permanent and temporary. Communication should be in languages accessible to all workers. The relationships and communication should include:

- A committee comprising employees and management, which can address employment conditions and wages, health and safety, quality and productivity, grievances, and all other relevant aspects. Employee representatives should be freely chosen. The committee should hold regular meetings, and meetings’ minutes should be recorded. An employer-employee committee is beneficial to companies as it allows for preventing potential conflicts, and for continuous improvement through corrective actions taken following issues and suggestions raised in meetings. When required by the law, a trade union representative will be designated. Union right is a fundamental right in the workplace and is the focus of 2 of the 8 ILO Core Labour Conventions.

- Clear information to employees on all aspects concerning the workplace, the conditions of work, wages and benefits, health and safety, training, employees’ rights and duties etc... This should include an employee handbook with all relevant information, information boards at different places of the premises, posts and announcements and possibly a newsletter and other medias.

- Medias allowing employees to communicate their suggestions and potential grievances to the company. These media can include: suggestion box, hotline, possibility to send SMS to top management, external counsellor, etc...

- Possibly staff surveys.

Provisions to avoid child labour, forced labour and discrimination

These aspects are, in addition to Union Right, the 3 other fundamental rights at work included in the 8 ILO Core Labour Conventions. Thus they should be addressed thoroughly by your company, and integrated in the HRMS. Your company should have a policy for equal opportunities covering recruitment, employment, career development, social protection. To avoid forced labour, certain practices should be strictly avoided, such as withholding workers’ passport and ID papers, providing too large credit to the worker (which can lead to debt bondage). The company should bear recruitment fees, and ensure that recruitment fees in the sending country are reasonable.
On child labour, ILO states minimum ages as follows:

**Table 9 - ILO Conventions Minimum Age**

<table>
<thead>
<tr>
<th></th>
<th>Developed countries</th>
<th>Developing countries</th>
</tr>
</thead>
<tbody>
<tr>
<td>Regular work</td>
<td>At least 15 years</td>
<td>At least 14 years</td>
</tr>
<tr>
<td>Hazardous work</td>
<td>18 years</td>
<td>18 years</td>
</tr>
<tr>
<td>Light work</td>
<td>13 years</td>
<td>12 years</td>
</tr>
</tbody>
</table>

**Complaint and grievance mechanism**

There should be a mechanism for handling employee complaints and grievances, that could anonymous if needed. In case of grievances involving its direct supervisor/manager, the employee should be able to complain to somebody else. The employer-employee committee should be involved in the resolution of complaints and grievances.

**An information and reporting system**

The information system should include all information on employment conditions, wage systems, recruitment, career development, exit, training. There should be an individual file for each employee with his/her history with the company.

Relevant indicators should also be put in place for evaluating the human resources management, such as: total number of permanent employees, total number of temporary employees, total number of employees provided by subcontractors, hours of training, etc...See Section VIII for a list of possible indicators.

In Singapore, SNEF offers a range of services designed for SMEs to help them manage human resources: enquiry, advisory, capacity building, toolkits. Please visit the URL indicated hereafter in “More” for more information. Large enterprises can also bring guidance to their suppliers for managing human resources.

**Health & Safety at Work**

Health & safety is essential both for employees, and for businesses. For businesses, an accident or fire in the workplace can lead to big financial losses. For employees, it can lead to fatalities and permanent disabilities. Singapore government has set the ambitious goal of reaching a “national fatality rate less than 1.8 per 100,000
workers by 2018, and thus achieve one of the best safety records in the world” (source: MoM). The Workplace Heath & Safety Council (WSHC) is providing support to SMEs for developing good health & safety practices: trainings, awards, advisory – See “More” p.49. All organisations in Singapore whatever their size and activity are required to manage health & safety. The WSHC has a scheme with guidance and labels for helping SMEs implement good management of health & safety: BizSafe. In turn, companies with strong health & safety policy can be rewarded: the WSHC presents annually the Workplace Safety and Health (WSH) Awards, open to SMEs.

ILO offers an online encyclopedia (see “More”) and offers guidance, resources for businesses:

In Asia-Pacific, health & safety is a significant issue, leading to more than 1.1 million people dying every year from occupational accidents or work-related diseases.

Health & safety cover the following potential risks:
- Safety hazards created by machinery, equipment, tools, electricity, hazardous substances (explosives, inflammables), working at height, falling objects…;
- Fire;
- Health aspects: working station (position and potential musculoskeletal diseases,
sight (eg. watching small parts during a long time), noise, temperature in the workplace); tasks to handle (carrying heavy objects when pregnant, conducting any dangerous task); exposure to substances that can be harmful for eyes, skin, respiratory tract through long-time exposure or accidental exposure;

Health & safety should cover all workers, and subcontractors, suppliers, clients and other persons who are in the company premises at some time. Health & safety should cover workplace, and also transportation to go/come back from work.

**Identification, assessment, avoidance or management of risks**

All risks must be identified, assessed, and avoided/prevented or, when they cannot be avoided, they should be reduced and managed thoroughly. Accidents and also incidents/near-misses should be recorded and analysed, possible corrective actions should be taken. For example, for fire: fire hazards should be avoided or reduced, appropriate equipment should be put in place, fire instructions should be communicated to employees, fire drills should be conducted regularly. The appropriate documentation on all risks needs to be established accordingly.

**Communication on health & safety**

Appropriate communication should be developed for employees and all visitors (subcontractors, clients...) who can be in the workplace. Instructions should also be included in the induction training, and be reminded regularly. Chemicals should be labelled properly.

**Health & safety committee**

Please see VII-2-a on the benefits of putting in place such a Committee. Health & safety committee is mandatory in Singapore for workplaces with 50 or more persons. Employees and management representatives should be in equal numbers as required by law. Having a health and safety committee is positive for businesses with health and safety risks, as it involves employees in the identification of issues and corrective actions – and they are the best positioned for this.

**Towards a certified health & safety management system**

Companies achieving all the above steps can go further and develop a full health and safety management system and move towards certification. The international health & safety standard is OHSAS 18001, in Singapore it has been adapted in SS506.
More

Singapore Health & Safety Act
http://www.agc.gov.sg/
Workplace Safety and Health Act (CHAPTER 354A)

Singapore Workplace Safety and Health Council (WSHC)
http://www.wshc.sg

Common Safety and Health Hazards at Your Workplace (particularly suitable for SMEs)

Singapore WSHC Code of Practice on Workplace Safety and Health (WSH) Risk Management (suitable for SMEs)

ILO SafeWork - Encyclopaedia of Occupational Health and Safety (an invaluable source of detailed information)

ILO Workplace Fire Protection Checklist
http://ilo-irrorlibrary.cornell.edu/public/english/protection/safework/hazardwk/fire/fir02.htm
b. Environment

It has become widely agreed that we must protect our environment to ensure that it can provide needed resources to the world population. For businesses, it involves moving to low-resource, low-impact production modes, and to products and services that are more sustainable. Businesses have both a great responsibility and innovation opportunities. To fulfil the responsibility and benefit from the opportunities, businesses need to engage in bold environmental programmes. Significant action needs to be taken. “Factor 4” theory states that we should divide by 4 the environmental impact of every product to ensure protection of the environment and poverty eradication with an increasing population – that is, Sustainable development. Hereunder are steps an SME can take for the planet. In doing so, it will probably save money and become more competitive.

**Managing incoming resources and outgoing emissions and waste, having a life-cycle approach**

The environmental impact of a company can be understood through two concepts, presented in Figures 3 and 4.

**Figure 3** points out that a company impacts its environment through its resource use (inputs) and its emissions and waste (outputs). A company can reduce its impact through decreasing the amount of resources - materials, water and energy - needed for its operations. This will avoid depleting the natural resources. It can also use resources that are less harmful for the environment: renewable energy, sustainable materials etc...

On the other end, a company will reduce its environmental impact by reducing all emissions and waste. A company will emit pollutants to the air - greenhouse gases, particles, other gases. It will release wastewater and possibly effluents, and waste. This damages the planet in many ways: climate change, pollution of freshwater, air particles...
and the risk of respiratory diseases, pollution of agricultural land... Thus it should be avoided and reduced.

**Figure 4** shows the relevance of considering the lifecycle of any product. Huge environmental impact can occur in the supply chain – that is the case for agriculture and textile for example. On the opposite, the most important impact can occur during the usage phase. This is the case for detergents and cars among others. In these cases, companies can significantly reduce their impact through adopting a lifecycle approach, and reducing the upstream and downstream impact of their products. This approach also gives great opportunities to SMEs in the value chains of big companies with such lifecycle approaches.

![Figure 4 – Product/service life-cycle](image)

To manage its environmental impact properly, a company can take many steps. Hereafter you will find:
- Basic information on the components of an environmental management system (EMS);
- Detailed information on energy and carbon emissions management;
- Basic information on other steps.
Environmental management system
If your company has any significant environmental impact, it will be relevant to develop an EMS. This system should include:
- Environmental policy;
- Environmental impact identification and assessment;
- Objectives and targets;
- Roles of staff;
- Operational and emergency processes and procedures;
- Environmental management;
- Documentation;
- Training;
- Monitoring and annual review;
- Continuous improvement.

Carbon and energy management
Sound energy and carbon management will enable you to reduce your use of energy, reduce your greenhouse gases emissions, and save money!
The steps you can take can be organised as follows:

Figure 5 – Steps for reducing carbon emissions and energy use

1. Reduce energy use
2. Move to renewable energy when possible
3. Offset carbon emissions that you cannot avoid
1. Reducing energy use

Decrease in energy use implies increase in energy efficiency\textsuperscript{15}. Energy efficiency is the energy needed per 1 unit of product or 1S$ of sales.

To reduce your energy use, and improve your energy efficiency, you should take the following steps, when relevant:

- Implement good housekeeping:
  > Switch off all sources of energy consumption when an industrial plant is off or an office closed
  > Optimise machines/boilers performance
  > Optimise production scheduling
  > Regular cleaning and maintenance
  > Review need for lighting, air-con
  > Maximise the use of daylight
  > Optimise factory plan
  > Educate and involve staff
  > Reduce transportation, and use less energy-consuming modes of transportation when possible for merchandises and persons.

\underline{You can reduce air transportation of your staff by using videoconferences. You can save energy from transportation through carpooling, encouraging work from home and telecommuting – Singapore is promoting flexiwork and has a funding scheme for companies putting in place flexiwork. The scheme has allowed them to increase productivity by 10 percent.}

- Carry an energy audit

Energy audit is a survey of energy flows for the purpose of improving energy efficiency. It can be conducted for an office or an industrial building.ESCOs (Energy Service Companies) conduct energy audits, put in place recommended solutions and maintain the solution during the payback period. Singapore list of accredited ESCOs is available at: http://www.esu.com.sg/esco/index.html

\textsuperscript{15}Energy efficiency is a ratio that expresses the value/unit per unit of energy used. It expresses efficiency in terms of energy used, while GHG efficiency (units/sales per ton of CO2 equivalent) expresses the efficiency of the production in terms of GHG. GHG intensity is the GHG released per unit of product/1$ sales.
- Invest in equipment and devices
The results of the energy audit, or other assessments can lead you to decide to invest in energy saving equipment or devices. This includes:
  > Retrofit existing commercial buildings
  > Improve your air-cooling system
  > Energy-saving lighting system
  > More windows to optimise the use of natural light
  > Use of natural ventilation and cooling to decrease the use of air conditioning
  > Insulation of walls, roofs, water pipes and other equipments
  > Decrease electricity use of IT equipment through software for example
  > If your company produces its own energy (boiler): improve its energy efficiency or replace it by a more efficient one.
  > Move to a more efficient car/truck fleet, or contract with a transportation company that has one.

- Change production processes

- Modify the product so as to use less energy at the production stage

- Recover energy whenever possible and use it for another purpose

Singapore has pledged to improve its energy efficiency by 35% from 2005 levels by 2030. Though Singapore has put in place an enabling framework for helping companies to reduce their energy use, it has yet focused mainly on large enterprises. However, Singapore, in its 2012 national consultation on climate change, has suggested it will investigate to see how to help SMEs in their energy efficiency efforts. Current schemes suitable for SMEs include:
2. Renewable energy
Mainstream sources of renewable energy include wind power, hydropower, solar energy, biomass, biofuel, geo-thermal energy, tidal power. Singapore does not offer many opportunities for renewable energy. However, in the region, businesses have opportunities for using renewable energies.

3. Carbon offsetting
Carbon offsetting means funding projects that allow avoiding carbon emissions. A range of organisations – non-profits and companies – offers offsetting projects. Nexus C4D, a FCCS member, offers carbon offset from projects that avoid carbon emissions and at the same time pursue a social goal: give access to renewable energy to people in deprived areas such as Afghanistan. Some companies do the pledge to be carbon neutral – that means that their global volume of emissions is 0. They achieve this through reducing as much as they can their carbon emissions, and offsetting the remaining emissions. Some other companies engage in carbon offsetting as a commitment to reduce their carbon footprint16. Such projects involve and commit staff in the fight against climate change and as such are good company projects.

Water management
Currently, Singapore does not cover all its water needs. Therefore, Singapore strives to reduce its water needs and provides support to businesses aiming at decreasing their water footprint. You will find information on these resources at http://www.pub.gov.sg/conserve/CommercialOperatorsAndOther/Pages/default.aspx Water management is based on:
- Auditing and monitoring your use of water;
- Reducing your water use through good housekeeping; reducing and controlling water flows (taps, flushes...), avoiding leakages, setting devices and equipment for saving water or reusing water;
- Avoiding or reducing the releases of pollutants and waste in water;
- Using alternate water (rainwater, reuse of greywater (wastewater from bathroom and laundry after some basic treatment), seawater use (after treatment and for specific uses)).

16 Carbon footprint is the volume of CO2 and other greenhouse gases released by a company/organization. Direct and indirect greenhouse gases are included (indirect emissions are those from the energy and other resources purchased). Carbon footprint is usually expressed in tons of CO2 equivalent (other GHG than CO2 are converted into CO2 equivalent)
Material use and waste decrease - Reduce, reuse and recycle
As you manage energy and water, you should manage the materials you use. You should aim at reducing, reusing and recycling everything. Reducing can be achieved through enhanced processes and housekeeping, new equipment, employee information, design of products. Reuse can be achieved for packaging. Recycling can be implemented for many types of materials, from paper and cardboard to plastic, metals, polyesters etc...

Management of substances hazardous for the environment and for the people
Hazardous substances shall be handled with specific care: designated employees, specific identification and storage, emergency response procedures etc... Hazards include fire, explosion, spills that can pollute water and the soil, emissions that can pollute the air.

Eco-conception and innovation
Eco-conception and innovation include many aspects:
- New design of products to reduce the quantity of materials used;
- Use of new materials with a decreased environmental impact;
- Moving from products to services – eg. renting cars instead of selling them;
- Development of eco-friendly products and services.

Eco-office
Singapore Environment Council has developed an eco-office project and provides guidance and a labelling scheme. The project includes management of cartridges, energy, water, green transport, indoor air quality, recycle, saving trees & paper.
c. Community involvement and development

Community involvement relates to the interaction between an organisation and communities. Communities include surrounding populations of an operating facility (eg. mining site, factory, logistics centre, restaurant/hotel), schools and universities, hospitals, vulnerable groups. These stakeholders can be affected negatively by the operations of your company – in this case you should aim at avoiding negative impacts, or mitigating them. You can also engage positively with various communities and groups so as to help them fulfil their goals: access to education, drinking water, food, health, housing, economic development and poverty reduction, environmental protection.

Engaging with communities should be undertaken strategically, that is:
- Be embedded in your company core strategy – for example, companies with migrant workers could provide them with social and vocational skills so as to secure them better futures. In turn this community involvement can be beneficial to your company as migrant workers will become more loyal and committed.
- Be used for involving your staff in social and environmental issues, and improve their commitment and loyalty to your company.
- Be implemented with a long-term objective. Avoid one-shot giving to a community project, as it will bring little long-term value to your company.
- Have indicators for measuring its implementation and impact for the targeted communities/groups.

Please refer to Table 1 for the ISO 26000 list of subtopics included in Community involvement and development.

d. Consumers

Products and services should be safe, provide transparent information on their features and usage instructions, and not be deceptive. Customers/consumers should be able to liaise with the company in case they want to, and there should be a mechanism for resolving potential claims.

Products and services should help consumers move to sustainable consumption. Products and services should also answer essential needs such as access to health, drinking water, food, education, housing etc...Sustainable consumption and essential needs open many opportunities for new businesses with green activities, and so-called “social businesses” – consider this.

Please refer to Table 1 for the ISO 26000 list of subtopics included in Consumers.
e. Governance

Please refer to Table 1 for the ISO 26000 list of subtopics included in governance.

Governance is concerned with company processes for taking decisions: how are decisions taken, do decision-making processes take into account all relevant aspects, what control mechanisms are put in place to avoid wrong-doings, what is the reporting system for governance and how governance is evaluated and continuously enhanced. Good governance enhances leadership. Companies engaging in Sustainability should make sure that all Sustainability aspects and stakeholders are integrated thoroughly in their governance system.

f. Fair operating practices and human rights

Please refer to Table 1 for the ISO 26000 list of subtopics included in these core topics.
3-Identify, analyse and engage with your key stakeholders

Box 7. Definition: Stakeholder

Stakeholders are defined in ISO 26000 as:
“Person/group/organisation with an interest /a stake in the activities or decisions of an organisation”

Stakeholders can include - but are not limited to - those included in Figure 6.

Figure 6 – Example of stakeholder map

Companies have internal and external stakeholders. Companies can have positive, or sometimes conflictual, relationships with their stakeholders. Stakeholders include usual company business partners and employees. They include all other organisations, groups or persons on which the company has an impact (like communities affected by its operations), or with whom it has relationships. Stakeholders include remote groups (deprived groups, groups “without a voice”). They also include organisations with which the company wants to engage for a specific Sustainability goal – eg. NGOs. At last, relationships with public bodies will evolve so as to integrate Sustainability.
Developing a stakeholder approach is an instrumental part of Sustainability. The European Commission definition of CSR states that businesses should act “in close collaboration with their stakeholders”. ISO 26000 says that stakeholder engagement “involves dialogue between the organisation...and its stakeholders”; and that it “assists the organisation in addressing its social responsibility”.

Engaging with stakeholders allows understanding the social and environmental needs and expectations of various groups with respect to your company activities. Engaging with stakeholders can have the following benefits to your company:

**Table 7 – Engaging with stakeholders - Benefits**

<table>
<thead>
<tr>
<th>Using external expertise</th>
<th>Eg. UN Women Singapore is an NGO focussing on women rights and empowerment in Asia. Partnering with it can bring knowledge and expertise on women</th>
</tr>
</thead>
<tbody>
<tr>
<td>Reaching communities</td>
<td>Eg. Singapore Environment Council, WWF, Waterways Watch Society are NGOs specialising in environment. They help companies put in place environmental activities reaching out local communities such as students, employees. This helps companies give more impact to their environmental commitments.</td>
</tr>
<tr>
<td>Partnering for Sustainability goals</td>
<td>Eg. Partnering with governmental bodies can allow your company to contribute to public goals and serve the public good. Eg. Health Promotion Board is keen to engage with companies to develop healthier food habits within various communities.</td>
</tr>
<tr>
<td>Putting together various know-how</td>
<td>Eg. Multi-stakeholder initiatives such as TAFEP (government, employers, employees) offer opportunities for managing fairly diversity in the workplace.</td>
</tr>
<tr>
<td>Embedding and communicating values</td>
<td>Eg. Implementing volunteering activities for your employees will develop their values and commitment to the society and the environment. NVPC (National Volunteer &amp; Philanthropy Centre), environmental NGOs and many other organisations help companies put in place such activities. Business organisations can help engage businesses in Sustainability – this is the purpose of this Sustainability Guidebook for SMEs!</td>
</tr>
<tr>
<td>Building trust, managing conflicts</td>
<td>Companies with heavy impacts on their environment and surroundings should manage them and resolve conflicts if any. The need to manage impacts on surrounding communities is the case for natural resources companies (palm oil, gas, minerals) and for heavy industries (power, chemicals). But it is also the case for SMEs in industries such as relocation companies (noise, waste...) and restaurants (noise at night, cooking smokes). In such cases, engaging dialogue with affected people/communities is necessary to prevent conflicts.</td>
</tr>
</tbody>
</table>
Engagement with stakeholders can result in benefits such as: enhanced image, better reputation and relationships with communities, stronger Sustainability impact. It allows companies and their partnering stakeholders to put in place projects that each one could not undertake on its own.

To analyse your stakeholders, you should establish a map of your stakeholders using the Figure 7.

*Figure 7 – Drawing your stakeholder map*

For each stakeholder, you can specify in the bubble its level of importance for your company, if the relationship with it is rather positive or negative, and what is your objective with this stakeholder.
You may also do a table with more detailed information on each stakeholder and how you plan to engage with it.

Figure 8 provides you with guidance on how to proceed with each stakeholder. Without moving to an overload of paperwork, it is good to establish some processes and to formalise the partnership, in order to avoid disappointment due to misunderstandings and poor implementation.

**Figure 8 – How to engage with your stakeholders**

<table>
<thead>
<tr>
<th>Step</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td><strong>Defining your objectives</strong>&lt;br&gt;Reflect on your expectations: type of partnership&lt;br&gt;Define criteria of choice and select some organisations</td>
</tr>
<tr>
<td>2</td>
<td><strong>Dialogue and exchange with several organisations before selecting one</strong></td>
</tr>
<tr>
<td>3</td>
<td><strong>Formalising the partnership</strong>&lt;br&gt;Content, type of relationships, objectives, what does each organisation bring (financial, human resources, expertise, network), planned activities, expected outputs and outcomes, time frame, meetings, monitoring</td>
</tr>
<tr>
<td>4</td>
<td><strong>Implementing</strong> the partnership, <strong>liaising</strong> with partnership organisation(s)</td>
</tr>
<tr>
<td>5</td>
<td><strong>Assessing</strong> the partnership, and its results, reviewing it with organisations</td>
</tr>
</tbody>
</table>
VIII. CHECK – ACT - Putting in place KPIs (Key Performance Indicators) for monitoring and communicating

“What gets measured gets done”

Internal reporting
You should set Sustainability KPIs for the purpose of monitoring your programme, check if it is on track with objectives, and use these indicators for internal reporting. On the basis of the monitoring, you will take corrective action when needed. In order to link with, and embed your Sustainability programme in, the global policy and management of your company, you should link Sustainability indicators to business performance indicators. For example environmental KPIs should be analysed with their contribution to cost reduction; good human resources management should be linked to costs avoided thanks to employee retention improvement (avoidance of recruitment and training costs).

The monitoring tool can be a simple spreadsheet. Or it can be integrated to the overall monitoring system. The advantages of internal reporting are outlined in Figure 9.

Reporting to your stakeholders and to the public
Ultimately, you can decide to release a Sustainability report to the public or to your stakeholders. The benefits are described in Figure 9. For producing a fair report, you should aim at reporting on some indicators on each of the topics included in ISO 26000.

Figure 9 – Benefits of Sustainability internal reporting and external communication
In order to help you choose the indicators that are the most relevant to your company and reflect properly the performance of your Sustainability programme, hereafter is the list of the core GRI indicators. GRI (Global Reporting Initiative) is the internationally recognised and most widely used framework for Sustainability reporting. It has established a list of indicators, in which companies can choose the most relevant for them. GRI can be used by all types of companies – SMEs will do a lighter report than large enterprises. In addition to a set of indicators (that you will choose among the list), you will need to disclose some additional information on your company. If you are interested in Sustainability reporting, please download “Small, Smart and Sustainable - Experiences of SME Reporting in Global Supply Chains” - https://www.globalreporting.org/resourcelibrary/Small-Smart-Sustainable.pdf. See “More” at the end of the section for GRI website.

Table 11 - GRI - Core indicators for labour, environment, human rights, product responsibility and society/community.

### Labour

- Total workforce by employment type, employment contract, and region.
- Total number and rate of employee turnover by age group, gender, and region.
- Percentage of employees covered by collective bargaining agreements.
- Minimum notice period(s) regarding significant operational changes, including whether it is specified in collective agreements.
- Rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities by region.
- Education, training, counselling, prevention, and risk-control programs in place to assist workforce members, their families, or community members regarding serious diseases.
- Average hours of training per year, per employee, by employee category.
- Composition of governance bodies and breakdown of employees per category according to gender, age group, minority group membership, and other indicators of diversity.
- Ratio of basic salary of men to women by employee category.

### Environmental

- Materials used by weight or volume.
- Percentage of materials used that are recycled input materials.
- Direct energy consumption by primary energy source.
- Indirect energy consumption by primary source.
- Total water withdrawal by source.
- Location and size of land owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas.
- Description of significant impacts of activities, products, and services on biodiversity in protected areas and areas of high biodiversity value outside protected areas.
- Total direct and indirect greenhouse gas emissions by weight.
- Other relevant indirect greenhouse gas (GHG) emissions by weight.
- Emissions of ozone-depleting substances by weight.
- NOx, SOx, and other significant air emissions by type and weight.
- Total water discharge by quality and destination.
- Total weight of waste by type and disposal method.
- Total number and volume of significant spills.
- Initiatives to mitigate environmental impacts of products and services, and extent of impact mitigation.
- Percentage of products sold and their packaging materials that are reclaimed by category.
- Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations.

Human rights

- Percentage and total number of significant investment agreements that include human rights clauses or that have undergone human rights screening.
- Percentage of significant suppliers and contractors that have undergone screening on human rights and actions taken.
- Total number of incidents of discrimination and actions taken.
- Operations identified in which the right to exercise freedom of association and collective bargaining may be at significant risk, and actions taken to support these rights.
- Operations identified as having significant risk for incidents of child labour, and measures taken to contribute to the elimination of child labour.
- Operations identified as having significant risk for incidents of forced or compulsory labour, and measures to contribute to the elimination of forced or compulsory labour.
Product responsibility

Life cycle stages in which health and safety impacts of products and services are assessed for improvement, and percentage of significant products and services categories subject to such procedures.
- Type of product and service information required by procedures, and percentage of significant products and services subject to such information requirements.
- Programs for adherence to laws, standards, and voluntary codes related to marketing communications, including advertising, promotion, and sponsorship.
- Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services.

Society (community engagement)

- Nature, scope, and effectiveness of any programs and practices that assess and manage the impacts of operations on communities, including entering, operating, and exiting.
- Percentage and total number of business units analysed for risks related to corruption.
- Percentage of employees trained in organization’s anti-corruption policies and procedures.
- Actions taken in response to incidents of corruption.
- Public policy positions and participation in public policy development and lobbying.
- Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations.

Certifications and labels

Many certifications and labels related to Sustainability do exist: ISO standards, certifications of some CSR initiatives, Singapore and other national labels and certification schemes.
Engaging in such a certification or labelling process can help you value your efforts to your customers, investors and other stakeholders. The table next page shows some examples.
<table>
<thead>
<tr>
<th><strong>Organization</strong></th>
<th><strong>Description and Link</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>Fair Trade</td>
<td>Certification for fair trade products - <a href="http://www.fairtrade.net/">http://www.fairtrade.net/</a></td>
</tr>
<tr>
<td>Green Globe</td>
<td>Certification for travel and tourism industries - <a href="http://greenglobe.com/">http://greenglobe.com/</a></td>
</tr>
<tr>
<td>Roundtable for Sustainable Palm Oil (RSPO)</td>
<td>Certification scheme for palm oil - <a href="http://www.rspo.org/">http://www.rspo.org/</a></td>
</tr>
<tr>
<td>Programme for the Endorsement of Forest Certification (PEFC)</td>
<td>Certification scheme for forest products - <a href="http://www.pefc.org/">http://www.pefc.org/</a></td>
</tr>
<tr>
<td>Forest Stewardship Council (FSC)</td>
<td>Certification scheme for forest products - <a href="http://www.fsc.org">http://www.fsc.org</a></td>
</tr>
<tr>
<td>Rainforest Alliance</td>
<td>Certification scheme for agriculture products - <a href="http://www.rainforest-alliance.org/">http://www.rainforest-alliance.org/</a></td>
</tr>
<tr>
<td>Singapore Green Labelling Scheme, covering a large range of products</td>
<td><a href="http://www.greenmart.sg/">http://www.greenmart.sg/</a></td>
</tr>
<tr>
<td>Singapore Green Building Product</td>
<td><a href="http://www.sgbc.sg">http://www.sgbc.sg</a></td>
</tr>
<tr>
<td>Singapore Water Efficiency Labelling Scheme (WELS)</td>
<td><a href="http://www.pub.gov.sg/wels/Pages/default.aspx">http://www.pub.gov.sg/wels/Pages/default.aspx</a></td>
</tr>
<tr>
<td>ISO environmental standards</td>
<td>ISO environmental standards that can be certified include the ISO 14000 series (with ISO 14001 for certification of environmental management systems, ISO 14064 and 14065 for carbon footprinting etc...), ISO 50001 for energy management systems, and some other standards - <a href="http://www.iso.org">http://www.iso.org</a></td>
</tr>
</tbody>
</table>

**More**: A Guide to Eco Labels in Singapore  
List of useful organisations in Singapore

Aware
Non-governmental organisation for gender equality advocacy. Has activities on workplace sexual harassment.
http://www.aware.org.sg

Building Construction Authority (BCA)
Handles the Green Mark Scheme for buildings

Consumers Association of Singapore (CASE)
“Non-profit, non-governmental organisation that is committed towards protecting consumers interest through information and education, and promoting an environment of fair and ethical trade practices”
http://www.case.org.sg

Economic Development Board (EDB)
Government agency for promoting Singapore as a business hub and attracting companies and investments.
EDB has specific schemes for attracting International Non-Profit Organisations including "inter-governmental organisations (IGOs), non-governmental organisations (NGOs) with a social, health, humanitarian or environmental focus, industry associations, philanthropic foundations, think tanks and corporate social responsibility (CSR) organisations".
EDB is keen to attract businesses in industries meeting Sustainability needs: Alternative Energy, Energy, Water and Environment.
http://www.edb.gov.sg

Eco-business
“Asia-Pacific Sustainable Business Community”
A comprehensive source of information and news on eco-business in Asia
http://www.eco-business.com/

Energy Efficiency (E2) or Energy Efficiency Programme Office (E2PO)
Initiative led by the NEA and involving several public agencies, aiming at putting in
place in Singapore a framework for promoting energy efficiency.
http://www.e2singapore.gov.sg

Greenbusiness times.com
“Shaping the green business revolution in Singapore”
Another useful source of information and news. Has subsites on specific topics such as low carbon etc...
http://www.greenbusinesstimes.com/

Ministry of Community, Youth and Sports (MCYS)
http://www.mcys.gov.sg

Ministry of the Environment and Water Resources (MEWR)
http://app.mewr.gov.sg/

Ministry of Manpower (MoM)
http://www.mom.gov.sg

National Volunteer & Philanthropy Centre (NVPC)
National body fostering initiatives “to fill the gaps in the community, specifically in volunteerism, philanthropy and capacity building”. Helps companies engaging in employee volunteering and corporate philanthropy.
http://www.nvpc.org.sg

National Environment Agency (NEA)
“Leading public organization responsible for improving and sustaining a clean and green environment in Singapore”. Develops environmental programmes and initiatives for the private sector.
http://app2.nea.gov.sg

Singapore Business Federation (SBF) – Sustainable Development Business Group (SDBG)
SBF has set up this “interest group for member companies interested in adoption and/or commercialization of clean, efficient and green solutions spanning clean energy and sustainable development”
http://sdbg.sbf.org.sg/
Singapore Compact for CSR
Founded by the National Tripartite Initiative for CSR. Promotes the CSR agenda in Singapore through dialogue, training, collaboration and practical project implementation. It is the local focal point for the UN Global Compact. It organises annually the “International Singapore Compact CSR Summit”
http://www.csrsingapore.org

Singapore Environment Council (SEC)
Non-governmental organisation aiming at engaging businesses and other actors for the environment. Activities include Project Eco-Office (http://www.ecooffice.com.sg), Singapore Environmental Achievement Awards (SEAA) (http://www.seaa.sg)

Singapore Environment Institute (SEI)
“Training division and knowledge centre” of the NEA (see above). Provides trainings to companies.
http://www.nea.gov.sg

Singapore Green Building Council (SGBC)
Business organisation promoting green buildings, through training, labelling scheme, and various activities. Aims at profiling “Singapore as a leading Sustainable Hub in the tropics”
http://www.sgbc.sg

Singapore National Employers Federation (SNEF)
Offers various services to employers with respect to human resources management. Some of them are dedicated to SMEs.
http://www.sgemployers.com

Social Enterprise Association (SE Association)
Promotion of “social entrepreneurship and social enterprise in Singapore, so as to bring about positive social impact and an inclusive community among Singaporeans”
http://www.seassociation.sg
SPRING
Spring is the organisation representing Singapore at ISO. As such, it is involved in ISO environmental standards and ISO 26000.
http://www.spring.gov.sg

Tripartite Alliance for Fair Employment Practices (TAFEP)
Tripartite initiative helping companies to have non-discriminatory practices with respect to employment. Includes guidelines, engagement opportunities, events etc...
http://www.fairemployment.sg

UN Women – National Committee Singapore
“Non-profit organisation working towards women’s empowerment and gender equality in developing countries”. Supports “programs that provide women and children with access to education, healthcare, economic independence and a life free of violence and abuse.” Partners with companies.
http://unwomen-nc.org.sg

Waterways Watch Society
Non-governmental organisation raising awareness and engaging Singapore communities in the protection of water. Partners with businesses, most specifically with businesses located nearby waterways.
http://www.wws.org.sg

Workplace Safety and Health Council (WSHC)
The Council “comprises 20 leaders from the major industry sectors (including construction, manufacturing, marine industries, petrochemicals and logistics), the government, unions and professionals from the legal, insurance and academic fields. The Council works closely with the Ministry of Manpower and other Government agencies, the industry, unions and professional associations to develop strategies to raise WSH standards in Singapore and to realise the national WSH 2018 strategy.”
https://www.wshc.sg
Joëlle Brohier Meuter, Director, Anakout CSR Consultancy, and Co-President, FCCS Sustainability Committee has written this Guidebook.

We would like to assess this Guide: has it allowed your company to start or improve its Sustainability journey? Please do not hesitate to send all information you deem useful on your Sustainability steps. Which parts of this guide were the most relevant and which parts were less useful? Please send the information to info@fccsingapore.com.

We welcome comments, questions and suggestions on this Guide. Please send yours to info@fccsingapore.com.

"This study was prepared for the FCCS by Joelle Brohier Meuter, Director, Anakout. The views expressed are those of the author and do not necessarily represent the views of the FCCS. The content of this guidebook is for general information purposes only. Any reliance you place on such Information is therefore strictly at your own risk. In no event will the FCCS or Anakout be liable for any loss or damage in connection with the use of this guidebook."

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