Manual

From Principle to Practice: Strategic CSR in small and medium enterprises

A manual for SMEs focusing on making their CSR effort more systematic and strategic
From isolated CSR initiatives to a strategic approach

Many Danish small and medium enterprises already undertake a number of initiatives reflecting their Corporate Social Responsibility (CSR) – perhaps an environmental project, a local sponsorship or a focus on the employees’ well-being. However, these efforts are often unsystematic and detached from the business strategy – which is a shame, as this is where the CSR efforts can really create value for the business.

This ‘manual’ has been compiled to help small and medium enterprises (SMEs) take their social responsibility efforts from scattered initiatives to a strategic and systematic approach that will benefit the bottom line. In short, the manual takes SMEs through a guided strategy process from beginning to end, with all the important tools.

The manual is made based on the pilot project ‘CSR in Small and Medium Enterprises: From Principle to Practice’ and builds on the experience from that process in 12 Danish SMEs. The purpose of the pilot project is to strengthen Danish SMEs’ work with CSR in order to enable the individual business to work more systematically and strategically with social responsibility while focusing on the areas in which the business and society will gain the most from the effort. Besides the manual, a collection of cases with experiences from the participating businesses is published separately.

The project has truly shown that CSR in SMEs can drive both a strong focus on risks and business opportunities while still having a heart in the right place and maintaining a values-based communication.

The Danish Business Authority’s focus on smaller enterprises is a part of the government’s action plan for businesses’ social responsibility 2012-2015, which supports the government’s work for CSR and growth in Danish businesses. Read more at www.samfundsansvar.dk.

Enjoy the work!

*The Danish Business Authority*
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Chapter 1: Introduction
How to use the manual

The manual is a practical guide to a fairly simple strategy process. It supports your work towards strategic CSR and helps you get started and move on with your work with CSR in a systematic way. The focus is on creating value for both society and your business’ bottom line – two aspects that can easily go hand in hand. All tools and tasks have been tested by 12 businesses in the pilot project, and experiences with concrete issues and success in the process are incorporated in the manual.

In the manual you will go through a development process in four ‘steps’ which together ensure that you integrate your CSR-concerns in your CSR strategy and how you run the company in relation to for example the environment, employees, your supply chain or in relation to your customers and consumers.

Furthermore, the manual describes the principles and international initiatives that shape CSR efforts in Denmark and internationally.

You can see the four steps in the process model below:

<table>
<thead>
<tr>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
</tr>
</thead>
<tbody>
<tr>
<td>Analysis</td>
<td>Strategic focus areas and CSR policy</td>
<td>Goals</td>
<td>Action plans and communication</td>
</tr>
</tbody>
</table>

Roughly speaking, the four steps cover these four questions:
- What are we already doing?
- Where do we want to go?
- What do we want to achieve?
- How do we get there?

When you use the manual, you will see that every step is divided into three levels:

First level is a thorough description of what goes on in this step of the process and which activities and tasks you have to go through to get to the next step.

Second level is a guide to how you practically carry out the activities and shows examples of the tools and templates that can help you best execute the tasks.

Third level shows practical examples of how the tools were used during the pilot project, and here you will for example see completed templates and examples of analysis for inspiration and help in your own process.

Together the three levels give you good support to be able to go through a strategic CSR process yourself.
What is Corporate Social Responsibility (CSR)?

CSR covers business initiatives and behaviour where you as a business take responsibility for your various impacts on people and the environment. The initiatives should go beyond what you are legally required to do. Examples of this could be working to reduce risks and improve social conditions related to your supply chain; it could be reducing your consumption of resources and thereby limiting your impact on the environment and the climate; or it could be working actively to increase the well-being and health of your employees.

Your work with CSR can bring many advantages, depending on what you want to achieve with the effort. Concrete advantages can for example be that you achieve better risk management, better access to capital in the financial markets, a strengthened market position, better cooperation with business partners, cost savings, stronger customer relations and basis for recruitment.

The European commission defines CSR as "the responsibility of enterprises for their impacts on society. For enterprises to live up to their social responsibility, the enterprise 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" (The EU Commission’s CSR strategy 2011-2014).

This definition entails that you take responsibility for your behaviour and ensure that you do not stand in the way of a more sustainable development of society. But the definition also underlines that society and business are inextricably linked and that you as a business should contribute to creating value that will benefit both you and society. This idea is called 'shared value' and points to the fact that businesses are part of solving the societal challenges we are facing.
What do you get from working strategically and systematically with CSR?

A strategic and coherent approach ensures that the CSR efforts create more value and are relevant to your business. Random and scattered CSR activities will not necessarily yield full value and will not help you to achieve the business’ strategic goals.

CSR can – when it is done systematically and strategically – for example contribute to:

• Helping the business achieve clarity of its ‘purpose’ and strategic focus – what are our strengths and core values?
• Creating better products and processes by thinking sustainably and/or by involving your stakeholders in the development process
• Strengthening motivation, satisfaction and loyalty among your employees and helping attract new employees
• Helping create a better reputation by positive publicity and recognition – and strengthening your opportunity to act and answer questions in a potentially critical situation
• Strengthening your market position and improving cooperation with business partners and authorities by being more proactive and responsible
• Savings on the bottom line through a more effective use of resources such as production materials, energy, water etc.
• Strengthening your relation to customers and live up to customer demands about sustainability and CSR which can both generate more sales and help retain customers

You can therefore choose to work systematically and structured with social responsibility in order to build a business-driven CSR strategy that creates business opportunities and supports growth of the business. The strategic possibilities depend on what you want to achieve with the CSR work.

I would like to say that I was wrong and underestimated the value of the CSR message – my customers really find it interesting and it definitely supports our credibility as a supplier!

Participant in the project
A short note on important guidelines within CSR

There are many different guidelines and principles in the CSR field. Below you will find a short description of the most important ones – but this is by no means a complete list. It is also useful to look elsewhere to see if your industry has any relevant guidelines you can use.

In Chapter 3 you find a comprehensive description of the guidelines below.

**UN Global Compact**
is an international and member-based initiative within the UN. As a member of the UN Global Compact you commit to working with implementing the 10 principles for responsible business conduct in the daily work within the four areas: Human rights, labour rights, environment and anti-corruption, and reporting annually on your progress.

**UN Guiding Principles on Human Rights and Business**
is a set of UN-adopted guiding principles of how you can handle your responsibility in relation to human rights. The guiding principles cover all human rights and state how you should work with the first six principles in the UN Global Compact.

**ISO 26000**
is a guidance standard for social responsibility and how to work with seven themes within CSR. The guidance is part of the International Organization for Standardization (ISO) set of standards and therefore works well together with the other standards in the ISO family, such as ISO 14001 and ISO 9001.

**OECD's Guidelines for Multinational Enterprises**
are recommendations for the responsibility of business in a global market developed by OECD – Organization for Economic Co-operation and Development. The guiding principles target multinational enterprises operating inside or outside of the OECD countries. Therefore, it makes most sense to work with the principles, if you operate in more countries than Denmark.

**Global Reporting Initiative**
(GRI) is an organization that promotes international guidelines for sustainability reporting. There are different sets of guidelines in the GRI framework that can be differentiated depending on your ambitions for reporting. But common for all is the use of principles and indicators that are similar to traditional principles for financial reporting in order to compile transparent, relevant and comparable reporting.

**SA 8000**
is an international certification that helps ensure documented compliance with your policies on working conditions. One of the advantages of SA 8000 certification is that you are checked by an external certification body.

**Business Social Compliance Initiative**
(BSCI) is a business-driven and commercial initiative working to promote trade, social and responsible progress with a special focus on the supply chain. The platform provides an opportunity to share audits of suppliers' conditions and knowledge about global suppliers' CSR efforts.
Chapter 2: Manual
Get started

Now you have been given an introduction on how to use the manual and what CSR is. You are now ready to begin the process.

As with all new things to implement in a business, it takes a solid work effort, time and a good portion of stubbornness to incorporate a systematic and strategic approach to CSR. In return, however, the advantages of going from scattered activities and initiatives to a coherent strategy for the CSR efforts are many. It makes the most possible value for both the business and society, and it becomes easier for the business to communicate internally and externally.

The four step process you are about to launch has a number of tasks for each step – some have more than others.

For each step in the process there are one or more tools to use in the work. This can for example be tables, templates or an interview guide. For every step in the process you will also be introduced to a concrete ‘result’ of working with the task.
How long does it take?
This depends on the size and complexity of the business. It is important that the business’ stakeholders are involved in the CSR process, for example in relation to understanding expectations. For some businesses, creating an overview of their stakeholders is easy, while others have to complete a larger mapping in order to address the right stakeholders. If the business is very international in its nature or has very different groups of employees, implementing CSR across all of the organisation’s functions can become a larger task. A useful rule of thumb is that it pays to spend time doing the preliminary work and preparations to ensure that it is the right CSR focus which you will later be implementing and reporting on.

For some businesses, it makes sense to complete the first four steps in the process reasonably concentrated over the first 2-3 months while for others it makes more sense to stretch this process over a year. However, how long the process runs for is not that important as long as you manage to keep momentum and focus along the way. Then you will surely cross the finish line.

Who should be part of the process?
This depends on the individual business. For some businesses, it is natural to involve a large group of employees, perhaps even all of them, in this process. For others, it makes more sense that the CEO and a smaller working group are in charge of seeing it through. And there is no ‘right or wrong’ when it comes to putting together the team that will be working with the CSR activities. Yet, there are three aspects you might want to consider when assembling the team:

• CSR requires – as do most processes of change – the support from top management. Otherwise, nothing is going to happen regardless of how relevant the employees find it to be.
• Engagement creates ownership – also when it comes to CSR. So even if it is a smaller group that completes the process, it is usually a good idea to think about engaging a larger group in the process
• Make sure the relevant functions/departments are represented – this also helps create ownership in the entire organisation
• Select a project leader/coordinator to ensure progress and stability in the work

What should you consider if you want to use external resources?
It will take extra resources to work out a CSR policy and roll it out. This can either be internal resources in terms of your time, but you may also consider bringing in external resources to do some of the work. This can for instance be an intern, student assistant or an external consultant.
Step 1: Analysis

First step is to answer the question about your current CSR landscape (stakeholder demands and expectations, market development, legal requirements etc.). This is because the starting point for all kinds of strategy work is that you have an overview of what goes on outside the business and where the business is internally. In other words, you have to map out what is relevant to you and your stakeholders, including your customers, employees and others, as well as what you are already doing today.

You should therefore focus on getting a broad overview and avoid missing anything. There are many ways to discover and define your CSR landscape, so by all means let your creativity run free in addition to the proposed analyses below.

1.1 Mapping the existing CSR approach and risk analysis – “what are we already doing?”

CSR is rarely something you have to invent. Most businesses – also SMEs – have quite a few things to build on already, either in the shape of written down guidelines such as policies or principles, in the shape of concrete activities and projects, or perhaps in the form of ‘practice’. Practice covers the things you are already doing but without having them written down because “that is just what we do”.

Mapping your existing CSR approach is therefore a practical exercise in mapping the different activities in your value chain and what you already do to establish a common and well-documented understanding of how far your business is, what challenges you face and where you would like your CSR work to be in the future.

The mapping exercise consists of two parts, where the first is to map all of your CSR challenges in your value chain and the other is to research and write down which elements you already have in place in the broad area of CSR. The purpose is to get a good overview of relevant CSR topics and risk areas in your value chain. The CSR topics that are identified here should be used later in the process when establishing your strategic focus. You begin by drawing your specific value chain on a piece of paper or board with all the parts that belong here, for instance: raw materials – production – transport – wholesale – retail – use – disposal (see the model below). Your specific value chain depends on which type of business you are and how you are organised.

Then the task is to go through every part of the value chain and identify how your activities affect your surroundings and which CSR risks exist in each part. At the same time, you can discuss if you already have some CSR activities attached to the specific parts of the chain. For instance, there can be risks connected to the raw materials you use; perhaps they come from a place where the resource in question is in short supply, or perhaps the raw materials are associated with poor working conditions somewhere in your value chain. There will be numerous CSR topics and different CSR risks attached to each part. You can find inspiration for the mapping in your trade association or via the CSR Compass and its overview over your industry’s initiatives: http://www.csrcompass.com/industry-initiatives.
When this is done, you will have an overview over a number of CSR topics and risks in your value chain and a better understanding of where there are special CSR risks you should be aware of.

The next part of the exercise is then to research and write down which CSR elements you already have in place, both in terms of formal and informal activities, potential use of data and how you already communicate the different CSR activities, if you are doing so.

For this part of the exercise, there are a number of questions for you to go through and insert into the table on the next page:

1.1.1 Policies, principles, certifications and guidelines
What activities do we have in place and what is written down, such as policies, principles, employee handbook, Code of Conduct etc.?

1.1.2 Projects, activities, special efforts
Which activities, initiatives and special efforts are we already doing in terms of CSR?

1.1.3 Practice
What are we already doing without thinking about it, the things "we just do", because we have always done so, that is just the way it works around here?

1.1.4 Dates and indicators
Are there any aspects and activities we are already measuring today, for instance, relating to the environment or our employees?

1.1.5 Reporting and communication
Are there any CSR aspects that we are already communicating or reporting on today? A good way to do this is to write it down in a template that systematically gathers all results.
Use this template as an inspiration for a mapping:

Figure 1b

<table>
<thead>
<tr>
<th>Policies, principles, certifications, guidelines</th>
<th>Policies, principles, certifications, guidelines</th>
<th>Practice</th>
<th>Dates and indicators</th>
<th>Reporting and communication</th>
</tr>
</thead>
<tbody>
<tr>
<td>Working conditions</td>
<td></td>
<td></td>
<td></td>
<td>None</td>
</tr>
<tr>
<td>• Ergonomically correct working conditions</td>
<td>• Adjustable tables</td>
<td>• Is used by many, but preferably more</td>
<td>None</td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Sack trolley</td>
<td>• Used by all in the warehouse</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Tape machine</td>
<td>• Used by all in Sales</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Automatic loading platform</td>
<td>• “Roller mice”</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Supplier management</td>
<td>• Collaboration and relations</td>
<td>• Business terms with all suppliers</td>
<td>Medio 2014</td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Collaboration contract</td>
<td>• The foundation of our social responsibility and interfacing activities</td>
<td>Begun, goal is Sept. 14</td>
<td></td>
</tr>
<tr>
<td></td>
<td>• UN Global Compact</td>
<td>• Guidelines for mostly environment and working conditions with suppliers to the widest extent possible their business partners</td>
<td>Done</td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Code of Conduct</td>
<td>• Overall product demands</td>
<td>Self-regulation</td>
<td></td>
</tr>
<tr>
<td></td>
<td>• General instructions</td>
<td>• Business terms with all suppliers</td>
<td>BSCI</td>
<td></td>
</tr>
<tr>
<td>Products</td>
<td>• Piece goods and trim</td>
<td>• Focus on choosing piece goods and trim with Oeko-Tex certification</td>
<td>Under 1%</td>
<td></td>
</tr>
<tr>
<td>• Oeko-Tex 100</td>
<td>• Long collaboration with suppliers and an extensive basic programme</td>
<td>• Extensive control of suppliers (pre-, inline and final control along with further control of goods reception)</td>
<td>None</td>
<td></td>
</tr>
<tr>
<td>• Complaint policy</td>
<td></td>
<td>• Shipment to Romania</td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Second</td>
<td></td>
<td>• 80% of the chosen</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Local community</td>
<td>• Knowledge-sharing with students</td>
<td>• Under 1%</td>
<td>None</td>
<td></td>
</tr>
<tr>
<td>• 80% of the chosen</td>
<td>• Charity</td>
<td>• School classes visit from several branches of study</td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Under 1%</td>
<td></td>
<td>• Sports clubs</td>
<td>Yearly support of xxxx DKK</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>• The Danish Cancer Society</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Red Cross</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Romania</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>• At least five a year</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Yearly support of xxxx DKK</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Knowledge-sharing with students</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Charity</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>• School classes visit from several branches of study</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Sports clubs</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>• The Danish Cancer Society</td>
<td></td>
<td></td>
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<tr>
<td></td>
<td></td>
<td>• Red Cross</td>
<td></td>
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<tr>
<td></td>
<td></td>
<td>• Romania</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>• At least five a year</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Yearly support of xxxx DKK</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

You can find templates to fill out in ’Templates for the Manual’ in Powerpoint format.

When you have finished both exercises you will have a good overview of where you already have things in place, where your specific risks are, and where you need to make a greater effort.

What should we include?
At this stage it is very important to document everything in order to get the overview as detailed as possible.

How long will it take?
The time you use of course depends on your ambition and as with all other mapping, you should take the time to enquire about all the areas and functions that you may not yourself be part of, in order for the mapping to be as precise and complete as possible.
1.2 Peer review:
‘What is our competition and most important business partners doing?’

A peer review is an analysis of what your competitors, business partners and/or those you normally compare yourself with are doing in the CSR field.

This type of analysis can be a useful tool to help get an overview of the ‘maturity’ of CSR efforts amongst your competitors and other businesses you typically compare yourself with, as well as inspiration around the CSR topics that are relevant to your industry. A peer review can also provide insight into how your competitors communicate about CSR, which can inspire you in your future CSR communication.

It is a kind of market analysis, but expanded to potentially include more businesses than competitors. The purpose is to outline the general level of CSR in the industry. The peer review can be done as desk research. Expect to spend around a day – in return it is very educational and inspirational to get to the bottom of what others are doing.

You complete the analysis by following the steps below:

1.2.1. Choose your competitors
Which businesses are important to investigate and who do we compare ourselves with the most?

The first step is to pick relevant peers to look into. As a minimum, this should include businesses from the same industry in order for the analysis to provide a sense of the general level of CSR amongst competitors.

1.2.2. Find material
Which material is accessible about competitors' CSR efforts – and do they even communicate about CSR?

For the analysis, the starting point is publicly available material, for instance from companies’ websites, annual reports etc. It is important to keep in mind that companies of course do not make all material available on their webpage, so a peer review will not necessarily provide the full picture of their CSR efforts but it will give a good estimation of what businesses are working on. For example, you can say that if all businesses in your industry are working on climate, then this is something you should – as a minimum – consider as part of finding out what is essential to you.

1.2.3. Gather information
It is useful to gather all the collected information in an overview template (see below) which creates a good structure for comparing your peers’ CSR efforts.

1.2.4. Compare
Answer these questions: What is the general level of CSR in the industry? What are your competitors doing that you are not? What are you doing in the CSR field that sets you apart from your competitors?

Last step in the exercise is to make a short analysis/summary on what the gathered information tells you about the general level of CSR in the business and the specific level for each of your chosen peers.
Questions you can ask here include:

- Are there areas where your competitors are way ahead of you?
- Are there any 'gaps', i.e. CSR areas which competitors are working on that you are not working on – is there anything you should consider?
- Are there any areas you are working on that give you a competitive advantage?
- Where are you, compared to the general level of CSR in the industry?
See an example of a completed template:

### Figure 1c

<table>
<thead>
<tr>
<th>CSR focus areas</th>
<th>Business A</th>
<th>Business B</th>
<th>Business C</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Climate</td>
<td>• Food security – supply</td>
<td>• Business principles</td>
<td></td>
</tr>
<tr>
<td>• Soy</td>
<td>• Food security – quality</td>
<td>• Operational principles</td>
<td></td>
</tr>
<tr>
<td>• Business ethics, anti-corruption</td>
<td>• Environmental sustainability</td>
<td>• Food security</td>
<td></td>
</tr>
<tr>
<td>• Plant protection remedies</td>
<td>• Responsible supply chain management</td>
<td>• Food and health</td>
<td></td>
</tr>
<tr>
<td>• Palm oil</td>
<td>• (Engagement in local society)</td>
<td>• Environment</td>
<td></td>
</tr>
<tr>
<td>• Sludge</td>
<td>• (Employee safety)</td>
<td>• Agriculture</td>
<td></td>
</tr>
<tr>
<td>• GMO and gene technology</td>
<td>•</td>
<td>• Procurement</td>
<td></td>
</tr>
<tr>
<td>• Fertilizer</td>
<td></td>
<td>• Work place</td>
<td></td>
</tr>
<tr>
<td>• Chemicals</td>
<td></td>
<td>• Behavior in the market</td>
<td></td>
</tr>
<tr>
<td>• Animal welfare</td>
<td></td>
<td></td>
<td>• Society relations</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>• Human rights</td>
</tr>
</tbody>
</table>

### Activities

Different success criteria within supply chain, environment, work environment, human rights and products

- Partnerships (indirect) for support of CSR foci (not consistent)
- Ethics Open Line

Shareholders’ democratic structure, supplier evaluation, strategy in the world market, use of new technology in production, development of nutritional new products, reduced impact on environment and climate, sustainable milk production, human rights in the work place and in societal relations

### Management/administration

- Code of Conduct
- Code of Conduct based on the firm's guidelines
- Code of Conduct
- Environment strategy (2020 goal)
- Anti-corruption policy and whistleblower agreement

### Data

- Integrated yearly report
- GRI – level B
- UN Global Compact
- Only selected key figures are made public in the separated CSR report – the management does not seem transparent
- Separate CSR report
- National and international food security certifications

### Anchoring

- UN Global Compact
- Separate CSR report
- National and international food security certifications
- Neither website nor CSR report clarifies organizational anchoring
- There is no public explanation of Business C’s organizational anchoring of the CSR work – but the administrative director is the face of publications, web and so on, just as he is the president of the firm's CSR committee

### Stakeholder dialogue

This is not made concrete – but mentioned at random: Authorities, politicians, non-profit organizations, media, stakeholder representative, universities, customers, suppliers, other players, stakeholder fora and collaboration with sectors

- Partnerships are organized within food security, education and environmental protection and cover among other NGOs, foundations, industrial collaborations and research institutions
- UTZ collaboration on cocoa, Green Palm Sustainability collaboration on palm oil, consumer dialogue through Business C.

You can find templates to fills out in "Templates for the Manual" in Powerpoint format.

### How many competitors should you research?

In order to obtain a well-grounded idea of what the general level of ambition is in the industry and what important competitors are doing, it can be helpful to research at least three competitors and other businesses you usually compare yourself to.
1.3 Stakeholder analysis: ‘What are our stakeholders’ perception, demands and expectations?’

Next step is an internal and external stakeholder analysis, and compared to the other analyses it is the most important, because it – as seen from the outside – provides new input to the business. But it also demands more resources than the other analyses, since you are going to involve your stakeholders and enter into a dialogue with them about their expectations and demands of you in terms of CSR.

Below are the questions you should ask yourself and the steps in the stakeholder analysis.

1.3.1. Map your stakeholders
*Who are our stakeholders in relation to CSR?*

The first step in the analysis is to do a preliminary mapping of your relevant stakeholders, as they provide insight and understanding of the demands and expectations of you in the area of CSR. The broad definition is that stakeholders are those who are influenced by your business and/or influence your business. This can for example be customers, employees, potential employees, volunteer organizations, suppliers, trade associations, educational institutions, the media, owners, investors and the like.

Mapping your stakeholders is a good brainstorming exercise if you gather a few people with different areas of contact and ask them. Perhaps some of the stakeholders are connected – or perhaps some of the overall groups should be split up in order to make sense (for example, customers can be divided into customer segments if you expect them to have different expectations).

*See example in Figure 1d on page 21.*

1.3.2. Select the most important stakeholders
*Who are the most significant stakeholders to speak with?*

Next step is to decide which of the stakeholders are important to gather input from in order to best understand specific demands and expectations of your CSR work. One way to decide who the most central stakeholders are is to assess the different stakeholder groups in relation to 1) the stakeholders’ strategic importance to you as a business and 2) your influence on the stakeholder.

For instance, employees will often be considered as very important to the business. At the same time, the business also plays a large role for them. Therefore, the exercise provides an opening to discuss why the different stakeholder groups are important to you and when. The exercise is also an opportunity to talk about how the business may already be in dialogue with different stakeholders.

1.3.3. Decide on the method
*What should your stakeholder analysis involve?*

When relevant stakeholder groups are chosen, you should decide how to complete your stakeholder analysis. What is most appropriate for you will vary from stakeholder group to stakeholder group and business to business. Sometimes, different stakeholders need different methods.

Perhaps you already have the obvious channels in order to get to speak to a specific stakeholder, or you may just have to expand your existing form of dialogue to also include questions on CSR.
The following examples of forms of dialogue could be relevant:

- Personal interview, face to face or on the phone – this form is good for central stakeholders, such as important customers if you are a B2B company
- Focus groups – can be useful for employees or consumers if you want to reach out a little further
- Questionnaires – can also be a good way to reach out further if you e.g. have activities or employees in several places
- Intranet – makes it easy to reach employees
- Customer survey – for example, an assessment of your current efforts, and what the customers would like to see you work with, can be a part of a broad customer survey
- Employee survey – similar to above
- Consumer panel – is another way to reach consumers if you have something like this already

In short, it is only your imagination that sets the limits – just make sure that there is coherence between who to contact and how you contact them.

1.3.4. Contact stakeholders

How should we contact stakeholders and who makes sure this gets done?

The number of relevant stakeholders to interview will vary – it also depends on the resources allocated for the activity. But remember that even a few interviews are useful in this process. When the number and dialogue methods are settled, it is time to decide on the person responsible for conducting the dialogue with the stakeholders. Then the stakeholders should be contacted via mail, phone or other relevant channels. Knowing the stakeholders’ demands and expectations gives a good base for the ongoing work as it makes the demands less abstract.

1.3.5. Complete stakeholder dialogues

How do we go about the dialogue and what should the interview guide consist of?

As a starting point in the dialogue with stakeholders, it can be useful to work out an ‘interview guide’ beforehand to guide your questions to the stakeholder. It will make it easier to touch upon the relevant topics and ensure a consistency in the input you get in the analysis.

Furthermore, it is important that questions are targeted for the different stakeholder groups, since not all questions will be relevant for everyone.
Get inspiration from the Interview guide below:

**Interview guide**

Begin with an introduction to the project and what you expect to take from it. Here, you should define what CSR is and which CSR examples could be relevant to you. This could be:

Strategic CSR is about our company integrating social, environmental and ethical considerations into the business and in the interaction with stakeholders and this contributes to strengthening our business and the value we create for customers and employees.

Then describe why you are conducting interview and how you will use the results in your process. Touch briefly upon the importance of including their input in this process.

**Examples of questions could be:**

- What is your role and how are you in contact with [business A]?
- How do you assess [business A]'s status in the industry?
- What are your expectations to [business A] in the CSR field?
- What are the general expectations in the industry?
- How do you see [business A]'s current CSR efforts?
- Do you see any opportunities in the CSR field for [business A] in the future?
- Is there anything [business A] should work on?

Formulate 4-6 questions which could be relevant and fit them to the stakeholder in question, whether it is a customer, supplier, employee, and so on. Think about what might be relevant for that specific stakeholder:

**Customers**
- What services do you buy at [business A]?
- Which demands do you make on the supplier?

**Suppliers**
- Do you encounter demands from other customers about CSR, e.g. about having a CSR policy or other procedures in place?
- Does CSR play a role in relation to your customers?

**Employees**
- How much does it mean to you that [business A] has a responsible profile?
- Does it matter in terms of your motivation to go to work?

**1.3.6. Conclude**

*How do we conclude on the results of the analysis?*

As a final step in the stakeholder analysis, it can be a good idea to make a short conclusion on the results from the exercise. The conclusion can e.g. consist of answers to questions such as:

- Do our stakeholders' perceptions of us in terms of CSR correspond with our own? If not – where are the gaps?
- Which topics are the stakeholders pointing to as essential – and how important is the stakeholder in question to us?
- Do stakeholders point to any areas we have not considered in our CSR efforts?
Be advised that:

- Many stakeholders typically do not know what CSR is. Therefore, break the questions down into relevant subjects, e.g. chemicals, responsible production, human resources and so on. Companies may be misled to believe that ‘customers do not care about CSR’ because customers were asked directly about a term that they did not know about. However, when asked about the environment, labour conditions or health, the answer might be very different. So speak in a language your stakeholders understand! Use the interview guide on the previous page.

- Involve key people and the management in your organisation.

- You can also use input from existing surveys, such as customer or market surveys, if it is relevant.

- Stakeholders usually appreciate that companies ask and listen to their input – but it also generates an expectation for action what you should be aware of.

- Responses from stakeholders are also typically something that get management's attention and make CSR relevant and present.

- The dialogue with stakeholders can generate a number of interesting inputs and therefore it is a good idea to write a short summary of the different interviews in order to be able to present the findings afterwards.

You can find templates to fill out in ‘Templates for the Manual’ in Powerpoint format.
Step 2: Strategic focus areas and CSR policy

Now that you have completed the first part of the process and have conducted several analyses to give an idea of ‘where you come from’ in relation to CSR. Now you (hopefully) have an overview over what you are already doing in terms of CSR, your level of CSR compared to your competition and what your most important stakeholders expect from you.

This brings you to the second step in the process. The second step should answer the question of ‘where are we going?’ and is thus about finding the right direction and the right focus for the CSR work. What the right direction is depends on what is relevant for your business and what makes a difference for your competitive situation, risk management or for your efficiency and bottom line.

The fact that it is strategic means here that it should not be all directions but the direction that is essential to the business outcome you want to achieve. In practice this means that you have to ask yourself what you want from your CSR efforts.

2.1 Materiality and prioritizing

A materiality assessment in the CSR field consists of assessing in part what your stakeholders find important and in part the degree to which the topic in question can affect your business, both short term and long term. Thus, you have to assess CSR topics in relation to the expectations of your surroundings and in relation to your own business activities.

The analysis in step 1, which you have now completed, has given you a list of potential CSR topics, which to a greater or lesser degree are relevant to your business and your stakeholders. You can see these topics as an overall list of the CSR topics that your company should consider. However, it is usually not relevant or possible to work with all of them.

Therefore, it is necessary to prioritize the CSR topics and make a shorter list to help place your focus on only the relevant topics going forward. This work requires that you have completed a so-called materiality assessment based on both the topics’ relevance to your stakeholders and the topics’ impact on your business.

The materiality assessment is the main focus of step 2. There are typically three steps in a materiality assessment, as described in the model below:
2.1.1. Make a shortlist of CSR topics

First step is to gather all the topics in a template so you get an overview of the CSR topics included in the materiality assessment.

This you can do with this template, which is an example of an overview of the CSR topics that emerged from prior analyses:

Figure 2a

<table>
<thead>
<tr>
<th>Peer review</th>
<th>External stakeholder analysis</th>
<th>Internal interview</th>
<th>Risk and opportunity analysis</th>
</tr>
</thead>
<tbody>
<tr>
<td>Environment</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Use of energy</td>
<td>• Biodiversity</td>
<td>• Dangerous waste management</td>
<td>• Environmental conditions with secondary suppliers</td>
</tr>
<tr>
<td>• Use of water</td>
<td>• Animal welfare</td>
<td>• Waste water</td>
<td>• Use of fur and down</td>
</tr>
<tr>
<td>• Animal welfare – fur, down, wool, leather</td>
<td>• Use of plastic</td>
<td>• Renewable energy</td>
<td></td>
</tr>
<tr>
<td>• Use of allergenic ingredients</td>
<td>• Mulesing</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Employee conditions</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Competence development</td>
<td>• Health</td>
<td>• Health and welfare</td>
<td>• Employee conditions with primary suppliers</td>
</tr>
<tr>
<td>• Wages at suppliers</td>
<td>• Diversity and acceptance</td>
<td>• Competence development</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Organic fruit</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Workers’ rights</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Supplier conditions</td>
<td>• Child labor</td>
<td>• Poor conditions for women who perform needlework</td>
<td>• Risk of negative exposure</td>
</tr>
<tr>
<td>• Forced labor</td>
<td>• Health</td>
<td>• Poor working conditions</td>
<td></td>
</tr>
<tr>
<td>• Poor working conditions</td>
<td>• Diversity and acceptance</td>
<td>• Freedom of association</td>
<td></td>
</tr>
<tr>
<td>• Freedom of association</td>
<td></td>
<td></td>
<td></td>
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<tr>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Business ethics</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Anti corruption</td>
<td>• Gift policy</td>
<td>• Unclear criteria for allocation of discounts</td>
<td>• Risk in relation to competitive conditions and marketing</td>
</tr>
<tr>
<td>• Entertainment</td>
<td>• Bribery</td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Relocation of work places</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Social responsibility</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Support to NGOs especially in relation to child labor</td>
<td>• Engagement in relevant cases</td>
<td>• Donations</td>
<td>• Sponsoring Red Cross’ design campaign</td>
</tr>
<tr>
<td></td>
<td>• Join in putting focus on cases</td>
<td>• Sponsorships</td>
<td></td>
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<tr>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Human rights</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Discrimination</td>
<td>• Supplier conditions</td>
<td>• Women in management</td>
<td>• Risk of negative exposure</td>
</tr>
</tbody>
</table>

2.1.2. Categorize the CSR topics

Once an overall list of CSR topics is made, the list must be evaluated. In practice, there should not be more than 10-15 topics on the resulting shortlist and there will usually be both very specific topics and more overall topics on the list.

The overall topics could e.g. be human rights, environment and employee relations. These are not very specific. Examples of more specific topics on the list could e.g. be discrimination, handling of wastewater and competency development.

It is about finding topics with approximately the same level. You should be careful to ensure that topics do not become so general that it is not clear what they really cover. For instance, it can be a good idea to break down ‘environment’ into energy consumption, chemicals, waste management, or what might be relevant to you.
2.1.3. Prioritize the CSR topics according to materiality

Prioritizing CSR topics is a central exercise in a CSR strategy process. It is therefore important to ensure that the management team takes ownership in assessing the topics’ materiality.

A common method in assessing which CSR topics are essential is to assess the topics in relation to how important each of them is to the company’s stakeholders and concurrently how crucial the topic is in relation to achieving your strategic goals. An approach many companies make use of is to assess and divide the topics in a matrix with two axes. On the horizontal X-axis, a topic’s influence on the company’s success is measured, and on the Y-axis a topic’s materiality for the company’s stakeholders is assessed.

Roughly speaking, you could say that the topics placed in the upper right corner are the subjects that are strategically important to both the business and to your most important stakeholders. There are the ones you typically choose as the company’s CSR focus areas. It could for example be that the topics give a competitive advantage for the business, contribute to increased revenue, that they support a strong brand and/or contribute to cost savings in the business.

It might be that other aspects are important to your stakeholders. For customers it is sometimes most important that your products are sustainable. For the employee it can be essential that you are socially responsible, e.g. by creating a good and safe work environment. For stakeholders in the local environment it could be important that you take responsibility for potential environmental or noise-polluting impacts and so on.

Of course, this does not mean that you cannot choose topics as strategic focus areas if they are placed in the centre of the matrix. The topics in the centre of the matrix are typically relevant to manage, as they can be seen as topics which you for different reasons should not ignore. Instead you can include them in your operations over time. The topics placed in the bottom left can perhaps be deselected. It should be a management decision and a deselection that is known to the company and that can be explained.

On this basis you choose the areas that should be your strategic CSR focus areas.
See here a fictitious example of a completed materiality assessment matrix:

![Materiality Assessment Matrix](image)

You can find templates to complete in "Templates for the Manual" in Powerpoint format.

**How long does the materiality assessment take?**

It is important that a substantial amount of time is reserved for this exercise, since the process of prioritizing topics may lead to some important discussions that can take time and give rise to further discussion.

**How many should be involved in the exercise?**

A good rule of thumb is that the management team should be involved when strategic decisions regarding the business are made. This also applies to the CSR strategy work and therefore to the materiality assessment. The people whose subject areas are involved in the CSR effort should as a minimum be included. Of course this varies from business to business and depends on the industry, the size and structure of the organisation, but it typically involves the CEO, head of staff, head of production, head of quality, head of procurement, the CFO, heads of marketing and sales, head of communication and potential regional managers etc. as relevant.

As a part of the strategy process it can be useful to also discuss a number of questions related to the CSR work in your business such as:

- How integrated is CSR in our decision-making process?
- Are there parts of the company where CSR is more rooted in the business than in other areas and if so, why?
- How rooted in the business are our CSR considerations in terms of different processes and activities?
2.1.4. Policies and strategic focus areas

On the basis of the materiality assessment it will be straightforward to work out a short and concise description of why the chosen CSR topics are the most significant to you. The description and argumentation for your strategic focus areas are in that sense your CSR strategy – the topics you have a strategic focus on. The description of the focus areas can later be used to communicate internally and externally about why you have chosen these specific CSR areas and what they entail.

2.2 CSR policy

Next part of step 2 is to formulate the strategic focus areas into a CSR policy. A CSR policy can be a good way to show both internally and externally what you wish to achieve with the CSR work, thereby answering the ‘where are we going’ question.

A CSR policy can also make it easy for your stakeholders and the outside world to read your level of ambition in terms of CSR. In that way, the CSR policy is a good tool for communication.

A CSR policy is in many ways a ‘promise’ to stakeholders about what to expect of you in terms of CSR. This means that you have to make sure not to ‘promise too much’ to ensure alignment between your efforts, ambition and what gets communicated externally. In other words, it is important that the CSR policy is more than words that are disconnected to reality.

The length of CSR policies varies greatly and there are no ‘rules’ for how short or long a CSR policy should be. Some are several pages long, while others are short. You can also choose to keep the CSR policy on a general level and have specific policies on the difference strategic focus areas supporting the overall policy. This ‘umbrella’ approach is seen sometimes if the business already has a number of individual policies attached to CSR areas, such as an environmental policy, a work environment policy or perhaps a diversity policy and so on.
See an example of a CSR policy here from the football club FC Midtjylland:

CSR POLICY

FC Midtjylland is more than a football club. We are a regional flagship, which creates cohesion and community in our region.

The club has grown out of the mulch of the moor. We come from a farming region, where both resources and settlements historically have been sparse, but through hard work and innovative thinking the region has become a national center for growth.

We are not only proud of coming from the mulch of the moor, we also want people in the region to be proud of FC Midtjylland. There is a strong analogy between FC Midtjylland and the Central and West Jutland region. We have not had anything given to us, but through innovation and hard work, we are now one of the country’s most successful sports clubs. That requires a commitment.

Sport is about community and about representing your region, which also involves taking responsibility for your region. In FC Midtjylland, we consider ourselves to be an integrated part of the surrounding society. But we are not only part of society. We contribute to creating social cohesion in our region. We do not only measure ourselves on our sports results but also on how much we give back to the society we are a part of.

The great attention and enthusiasm that surrounds the sport means that CSR is both a duty and an opportunity for us. We want to use our unique position to inspire people across the region to take up their social responsibility.

Therefore we work actively to involve all stakeholders around the club in the form of associations, volunteers, supporters, sponsors, municipal agencies and authorities, so that together we can take care of the Central and West Jutland region.

With our CSR work, we take social responsibility in these three broad areas:

1. Volunteering
In FC Midtjylland, we are aware that our hundreds of volunteers are the key to our success. In a time when volunteering is under pressure, we will work to create the best framework to ensure that volunteering flourishes in central and western Jutland.

- We will appreciate and recognize volunteering
- We will work to strengthen volunteer efforts in the region
- We want to create the best working conditions for our volunteers

2. The Community
FC Midtjylland is in a region under pressure, where small local communities are experiencing stagnation, but we call to fight against Peripheral Denmark! FC Midtjylland creates a cohesive force in central and western Jutland, where networks flourish around us. Through our network of sponsors, we create trade, growth and jobs for the benefit of the entire region. We activate thousands of volunteers in the collaboration between clubs and create healthy associations that can create life in areas threatened by depopulation.

- We will create jobs and drive business through our network of sponsors
- We will create a strong sense of community around FC Midtjylland
- FC Midtjylland should be “the team for the whole region”
3. Future & education
We have more than 30,000 active football players in our collective clubs, where we provide the best with the opportunity to live the dream as a professional footballer at our academy. In working with talent, we focus on creating whole people with healthy values who can contribute actively to society. We also want to take care of the many young people in our region, so that we ensure the future of our region.

- We will actively take part in the education of young people – through collaboration with schools and football training
- We will work with a holistic approach to developing talent that creates the whole people
- We will act as role models for young people.

Here is an example of a very graphic CSR policy from the children's clothing company, Danefæ:
Step 3: Goals

Your strategic focus areas and the CSR policy are now in place and approved by management, and then what should happen? The third step in the process is to get strategy and policy converted to actual actions and measurement points in order to ensure proper implementation and progress in the work. Now it is time to answer ‘what do you want to achieve with the CSR work?’

But before you can work out actual action plans for the CSR work which include specific activities, it is necessary to first set the level of ambition for each of the focus areas.

3.1 Set the level of your ambition

You usually set a level of ambition 3-5 years ahead. And in this exercise it is central that management, if they are not already a part of the working group in the CSR field, join the decision of where to set the business’ level of ambition.

The exercise is about thoroughly discussing what the goals and ambitions are within each of the focus areas and not least where you as a business are today in relation to the level of ambition in question.

In order to structure the discussion, use the template below which separates the level of ambition into four levels:

See example of a completed template:

![Figure 3a](image)

You can find templates to complete in 'Templates for the Manual' in Powerpoint format.
**Level 1:**
Is characterised by a reactive approach to the area, for instance where complaints and causes are investigated, not proactively, but when the incident has happened. You primarily work at a level where CSR is not a business opportunity but rather appears as risks to handle in the case of an actual incident.

*Example – Safety:*
You comply with current safety legislation and rules in the safety area but you do not pro-actively investigate reasons for smaller accidents and you do not register near-misses in order to focus on reducing the number.

**Level 2:**
You work in a structured manner with the area and have a number of guidelines and formal processes in place. You work more proactively and for instance focus on efficiency and systems.

*Example – employees:*
You regularly conduct employee satisfaction surveys in order to follow up on criticism and to improve employees’ general well-being and efficiency.

**Level 3:**
Is characterized by you using your CSR profile and effort to differentiate yourself on the marked, for example in production, in relation to attracting talented employees or in relation to environmental responsibility.

*Example – environment:*
You work with resource efficiency to reduce your environmental impacts and communicate this actively in the marketing and sales to the customers.

**Level 4:**
The CSR work is characterized by innovative thinking, and due to your strong efforts your customers, competition and other stakeholders recognise and respect you as trendsetting and driving the market.

*Example – product development:*
You work with developing a line of traditional products into products that are more disability-friendly.

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**What does it take?**
In discussing your level of ambition it is important to keep in mind that the more ambitious you are, the more support it will require from management. Not least in terms of internal and/or external resources and the effect on how the business is operated from a management point of view. Therefore, the management team should be on board when the level of ambition is discussed and finalized. Use of resources should also be weighted in relation to the return or cost reduction you expect to achieve with the effort. The CSR effort is an investment in the business.

**How ambitious should you be?**
The ambition should not be for the business to be market leader in all focus areas. First and foremost, the level of ambition should be realistic and obtainable within 3-5 years. You might set the goal for some areas to become more structured and systematic and thus more effective, and for other areas you may set the level of ambition higher, since you have come further in this area or because it makes more sense in terms of your business. It also depends on your starting point – if you are already doing well in one area, it will not be difficult to get in the lead compared to starting from scratch.
3.2 Critical Success Factors and Key Performance Indicators

When you have set your level of ambition for the chosen focus areas, then you should select your critical business conditions for the focus areas, i.e. what your Critical Success Factors (CSF) are for each of the focus areas. Further ahead in the text is a definition of Key Performance Indicators (KPIs). CSFs are strategic, meaning that the factors should be crucial for being successful with the CSR efforts you have decided on and for reaching your defined level of ambition.

Thus, it is about defining clearly what the important conditions must be for you to reach your ambition.

A CSF should be:
- Defining the 'history' of the strategic focus areas
- Specific and action-oriented
- Say what it is you should become great at
- Illustrate how you will in practice reach your ambition

When you know what your Critical Success Factors are, you are ready to set concrete goals for the area and thereby decide what your Key Performance Indicators (KPIs) should be.

CSFs should therefore be backed up by measurable KPIs to ensure that you can follow up on your CSR activities and monitor progress in the work.

The figures below show the links between level of ambition, CSFs and KPIs:

Figure 3b

Examples could be;

A. Focus area: Employees

Figure 3c

B. Focus area: Safety

Figure 3d
C. Focus area: Environment

3.2.1. What is a Key Performance Indicator (KPI)?
KPIs are important measurements we can use to monitor our efforts and progress. For instance, CO2 emissions could be a KPI for how well we are doing with our environmental work.

A KPI should be SMART:

Specific
The target is clearly stated, defined and scoped so everyone knows what is being referred to and the target to achieve. Clarifying questions for making a goal specific could be: “What do we want to achieve?”, “Why?” and “Who is the target group?”

Measurable
You can document whether your goal is reached and changes have occurred. Clarifying questions in relation to making a goal measurable could be: “What do we have when the goal is reached that we do not have today?”

Accepted
Everyone delivering results support the goal. Clarifying questions in relation to making a goal accepted could be: “Does the goal make sense for everyone?” and “Can everyone involved see his or her own role and responsibility?”

Realistic
The goal should be grounded in reality. Clarifying questions in terms of making a goal realistic could be: “Do we believe that the goal can be reached within the allocated time frame?” and “Do we have the resources (finance and employees) to achieve the goal?”

Time phased
Is it clear when the goal should be achieved? Clarifying questions in relation to making a goal time phased could be: “Have we set a time for when our goal should be achieved?” and “Is it clear for everyone involved when we should reach our goal?”

CSFs and SMART KPIs should be chosen for every focus area. Often this requires different people or departments to be included in order to find the necessary data, decide who should be ‘data owner’, and how the KPI should be defined.

Should we have more than one CSF and KPI?
There should be few CSFs, but you can easily choose several KPIs that support the CSFs. The appropriate number of KPIs depends on the business, and in practice it also depends on how abstract the focus area is. If the focus area is very tangible, such as energy optimization, then you often do not need more than one KPI, which in this case would measure the reduction of energy used. However, there could still be a need to measure different energy resources such as electricity, natural gas, gasoline, diesel etc.
**Should we measure a lot of data or just some?**
A rookie mistake we see in a lot of companies is to collect a lot of data without giving it any thought whether the measurements support your level of ambition and what the CSF is. You should therefore be very clear on your use of data, and if it does not support your goals then perhaps you should not waste your resources on collecting that specific data. That being said, sometimes you have to make the best of what you have instead of looking for the best possible.

**How often should we review our KPIs?**
It is about getting a good routine with your data collection in place straight away. A good rule of thumb is that if you compile your data once a year, then you think about the area once a year. Therefore, it can be to your advantage to compile and review data once every quarter or perhaps even more often. The higher the frequency of compilation, the better your overview will be of your progress, but of course this depends on your available resources and individual KPI.

*Inspiration for identifying KPIs – Global Reporting Initiative (GRI)*
GRI can be a good place to look, if you want inspiration for identifying the right KPIs. Here you will find a long list of indicators that are already aligned with ISO 26000, UN Global Compact and UN Guiding Principles on Business and Human Rights.

With GRI, you can compile financial and environmental indicators along with indicators in relation to labour rights, human rights, society and product responsibility.

*You can read more about GRI on www.globalreporting.org*
Step 4: Action plans and communication

Now you have set out your baseline in terms of CSR, where you would like to go and what you would like to achieve. What is left now is to determine how you get there. That is the focus of step 4.

Having identified your CSFs and measurable KPIs, you will now start implementing your strategy. Implementing CSR in the everyday running of a business is a process that requires ongoing focus and follow-up. At the same time, it is also often necessary to work on several fronts and with several initiatives launched at the same time.

Do use the experiences and tools you already have and use them as inspiration in planning the implementation process.

4.1 Organising the work

Before implementation, you should clarify how you are going to organize yourselves internally in relation to CSR. This discussion requires for example that you decide who has the final responsibility for seeing the implementation plan through and that efforts are followed up on.

You could consider whether you want to make use of:

• A CSR Working Group?
• A Head of CSR?
• A CSR Steering Committee?
• A CSR Ambassador?
• Others?

Furthermore, you should ensure that you have allocated the necessary resources in order to complete the activities.

4.2 Draw up the action plan

Now you are ready to draw up an actual action plan; the template below shows a simple example. As a first and without much work, you can fill in the first four boxes, since you already established your CSR focus areas, level of ambition, CSFs and KPIs in steps 2 and 3.
You could say that the content in the first four boxes is your overall CSR strategy and now you have to decide which activities you should launch to live up to the strategy. There can easily be several KPIs for each CSR focus area, just as there can be many activities.

In order to draw up the action plan you need to discuss and define the following points:

- What is the deadline for having achieved your KPIs?
- Which activities are you already doing or want to start doing to reach your goals?
- Who should be responsible and 'own' the respective KPI and thereby ensure that you achieve results in the area?

*See example of a filled-out action plan below:*

**Figur 4a**

<table>
<thead>
<tr>
<th>CSR focus areas</th>
<th>Level of ambitions</th>
<th>CSFs</th>
<th>KPIs</th>
<th>Deadline</th>
<th>Activities that support the KPIs</th>
<th>Activity responsible</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Employees</strong></td>
<td>• The industry's best work place</td>
<td>• We should attract and retain the best employees in the industry and give them a work place that is second to none</td>
<td>• Maximum 10% employee turnover</td>
<td>2015</td>
<td>• Establish baseline</td>
<td>• Kristina</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>• Employee engagement survey &lt; 80 in the yearly survey</td>
<td>2017</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Environment</strong></td>
<td>• Structured approach to our use of resources</td>
<td>• We should be conscious about resources and show environmental care in our store and in our offices and thereby minimize our environmental impact.</td>
<td>• 10 % reduction of energy consumption by 2016 based on a mapping of the present energy consumption in 2014</td>
<td>2014</td>
<td>• Investigate how much paper we use and find a solution to reduce consumption</td>
<td>• Ole</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>• 10 % reduction of packaging/paper consumption within 2016 based on a mapping of the present energy consumption in 2014</td>
<td>2016</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

*You can find templates to complete in 'Templates for the Manual' in Powerpoint format.*
4.3. Inspiration for activities

When you have discussed these points and filled out the action plan, you are more or less ready to begin the implementation process. However, you may need to seek inspiration on how and which activities to complete in the different focus areas, such as responsible supplier management, environment, work environment, job satisfaction and so on.

If you focus on responsible supplier management
The CSR Compass is a free online tool created by the Danish Business Authority to help you with the different steps in working with responsible supplier management. The CSR Compass takes into account the newest international guidelines within social responsibility—among others the UN Guiding Principles on Business and Human Rights (UNGP) and OECD's Guidelines for Multinational Enterprises. The tool is aimed at SMEs within production, trade and services. But other businesses can of course also make use of the different tools in the CSR Compass.

If you focus on anti-corruption
Transparency International has developed a set of principles designed specifically for SMEs focusing on how SMEs can oppose corruption and corrupt-like behavior; Business Principles for Countering Bribery.

Likewise, the Danish Ministry of Foreign Affairs has in collaboration with a private partner, GAN, developed an internet portal gathering resources and information on anti-corruption. The portal is freely available and can be used by anyone;

Read more on http://www.business-anti-corruption.com/

If you focus on the environment
Green21 is a digital toolbox that gives you 10 tools to enhance your environmental efforts to benefit operations, product development or external communication. The main idea with the tools is that they are easy to use, relevant and adaptable to your needs.

Read more: http://www.green21.dk

If you focus on human rights and labour rights
If you focus on human rights and labour rights you may benefit from the UN Global Compact Self Assessment Tool, which is a free, web-based tool that helps you translate the Global Compact's ten principles into practical actions.

Read more: http://www.globalcompactselfassessment.org/

Human Right Compliance Assessment – Quick Check is a tool that helps you localize risks of breaching human rights in your business operations. The tool consists of a database with more than 195 questions and 947 indicators for inspiration that can help you identify or measure the implementation of human rights in your policies and procedures.

Read more: http://www.humanrights.dk/business/the-human-rights-compliance-assesment/

You can also read more about human and labour rights in the CSR Compass.
Industry-specific tools
There are many general tools and guidelines for CSR but many industries have also been developing industry specific tools and guidelines within CSR. The CSR Compass lists a number of industry-specific tools, to check to see if there is anything for your line of business.

Read more: http://www.csrcompass.com/industry-initiatives

Here are a few examples:

4.3.1. Fashion and textile industry
NICE stands for Nordic Initiative Clean & Ethical, and is a Nordic tool with the primary purpose of motivating and assisting fashion businesses to integrate sustainability and social responsibility in their business for the benefit of people, environment and profit.

Read more: http://nordicfashionassociation.com/nice

4.3.2. The printing industry
The Graphic Association of Denmark (GA) and HK/Privat has worked out a Graphic CSR Code targeting the graphics business. It sets the framework for a standard and practice with regard to social responsibility when producing graphic products and services – both nationally and internationally. The Graphic CSR Code is intended as a help to the graphics companies and customers who have visions and goals of taking on the business’ responsibility in their operations and consumption. The Code reflects the demands that customers of graphic products are entitled to ask suppliers regardless of where in the world they trade.

Read more: http://www.ga.dk/artikel.dsp?page=23727

4.3.3. Architecture
Danish Architects have in collaboration with Henning Larsen Architects, C.F. Møller and CCO, and assisted by Responsible Assets, developed a practical tool for architectural businesses who want to work with social responsibility. Right from management’s discussions of which policy and practice the individual architectural business should have to how the architect can help developers handle risks in terms of social responsibility in the proposal phase, project planning and on the construction site.

Read more: http://samfundsansvar.dk/file/413219/arkitekters_samfundsansvar.pdf

4.4. Internal and external communication

The chapter on communication is the last in this manual with the risk of sending the signal that communication is not that important. This is not the case, in fact it is quite the opposite.

In a strategic CSR effort, communication is a central element, since it should be used to make your activities visible to your internal and external stakeholders and not least to reap the rewards of your CSR-work.

CSR is a continuous course of progress and not a completed process, so it makes sense to maintain ongoing communication on your efforts and results, not only to strengthen your brand but also to create motivation among employees.

You should differentiate between internal and external communication.
You should consider the following questions in relation to internal communication with your employees:

- How do we involve the rest of the organisation in the implementation plan?
- To whom and how do we want to communicate the CSR work internally?
- Which of the following communication channels will we use: Presentations, intranet, workshops, staff magazine, meetings?
- Do we need CSR training for a larger group of employees?
- Do we need regular CSR updates?

It makes good sense to use the internal channels already used in your communication – for instance an intranet, posters, mails or staff meetings.

For the external communication you should consider the following questions:

- To which target groups do we communicate the messages – consumers, suppliers, business partners?
- Which channels do we use for external communication – social media, web-pages, newsletters, articles, PR?
- Which formats do we communicate in – CSR reporting, marketing communication, product information, certifications?

Many businesses choose to communicate about their CSR efforts on the webpage and upload focus areas and policy under a section called CSR or something similar. But there are many possibilities and it depends on your type of business, your product, your creativity and not least your resources to find out what suits you the best.

But if you do not communicate about your efforts, you risk that your CSR strategy becomes another document on the shelf collecting dust without creating any value. And of course, this is not the intent of a strategic effort.
Rounding off

The purpose of this manual is to provide a practical step-by-step guide to SMEs who want to start working strategically and systematically with CSR. The processes and tools are based on practical experience from the pilot project 'From Principle to Practice: CSR in Small and Medium Businesses'. The process is therefore more practical than theoretical which means that users may wish to supplement the manual with literature that is more theoretical.

When you have reached this chapter, it is probably because you have completed the four steps explained in the manual. This, however, does not mean that your work with CSR is done. On the contrary, it has just begun and now you have to implement your CSR strategy. And because the work with strategic CSR and integrating the effort into the business is a dynamic and long-term process, it is also important that you regularly revisit the starting point and look at your stakeholders' demands and expectations, risks and possibilities and not least your materiality assessment again and again. CSR is by no means a 'job done' but a continuous process.

Therefore, you need to regularly review the effort and strategy in the CSR and/or management group, for example every six months or once a year. Here you should assess if you need to revise and adapt your measurements, strategy and action plans going forward.
Chapter 3: Description of guidelines

Below you will find an overview of the most important CSR guidelines.

UN Global Compact

is an international and member based initiative within the UN. Companies are obligated to work with implementing the 10 principles of responsible business conduct in the daily business.

The principles address four areas: human rights, labour rights, environment and anti-corruption.

Human rights

Principle 1:
Businesses should support and respect the protection of internationally proclaimed human rights; and

Principle 2:
Make sure that they are not complicit in human rights abuses.

The UN Universal Declaration for Human Rights and the 30 principles

Labour

Principle 3:
Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;

Principle 4:
The elimination of all forms of forced and compulsory labour;

Principle 5:
The effective abolition of child labour; and

Principle 6:
The elimination of discrimination in respect of employment and occupation.

The ILO conventions

Environment

Principle 7:
Businesses should support a precautionary approach to environmental challenges;

Principle 8:
Undertake initiatives to promote greater environmental responsibility; and

Principle 9:
Encourage the development and diffusion of environmentally friendly technologies.

Rio Declaration on Environment and Development

Anti-corruption

Principle 10:
Businesses should work against corruption in all its forms, including extortion and bribery.

UN’s convention against corruption

How do you do it

UN Global Compact works as a framework of principles to guide your work with CSR and reporting. You can join the UN Global Compact by committing to support the 10 principles on the UN Global Compact’s webpage. This means, among other things, that you must work with the four areas and report annually on your development and progress.
You report on your work with the four areas by publishing a so-called progress report, ‘Communication on Progress’ (COP).

The report is uploaded onto the UN Global Compact’s webpage within the given timeframe. The report must be written in a language that the majority of your stakeholders understand. Thus, there are no requirements for the report to be written either in Danish, English or a third language.

There are no sanctions if you do not live up to the goals you set for the year. However, if you fail to publish a COP report and upload it to the UN two years in a row, then you are automatically excluded from the initiative.

Read more about UN Global Compact

If you have decided to join, or are considering joining, the UN Global Compact – do you live up to the principles?

If you have joined or are considering joining the framework UN Global Compact it may be a good idea to assess how aligned you are to the principles to understand if there is a need to make an extra effort, as well as what you should do to get there.

The exercise consists of analysing the company’s current CSR effort in relation to the ten principles in the UN Global Compact. The purpose it to assess potential needs and risk areas and thereby find out where there is a need to increase the effort and where you live up to the principles.

In practice it is about comparing your current CSR efforts (both concrete activities, written policies and principles, and practice) with the principles and guidelines set by Global Compact. This can be a good opportunity to discuss and prioritize relevant efforts based on an assessment of risks and business opportunities connected to the four CSR areas in the UN Global Compact – human rights, labour rights, environment and anti-corruption.

For this exercise you can e.g. use UN Global Compact’s Self-Assessment Tool. http://www.globalcompactselfassessment.org

UN Guiding Principles on Business and Human Rights is a set of UN-adopted guiding principles for how you can manage your responsibility in relation to human rights.

The guiding principles cover all human rights and state how you should work with the first six principles in the UN Global Compact.

A central element in the guidelines is that you, regardless of size and industry, should have a due diligence process. This is a process where you identify and assess, prevent and if necessary alleviate negative impacts on internationally recognized human rights. The guidelines both describe which responsibility a business has in relation to its own operations and in relation to the company’s suppliers.

It can be a difficult task to identify, assess and address the impacts businesses have on human rights within their sphere of influence. But the guidelines are useful and important because they set an international and acknowledged frame for your work with social responsibility and human rights, which is a central part of working with CSR.

Today, the guidelines are an integrated part of the way organisations work with CSR,
for example in OECD, the World Bank and the EU.

**How do you do it**

The guidelines can, for example, be used to understand how human rights are relevant to you as a business and especially how they are relevant in your specific business context. You can therefore use the guidelines to identify and assess which rights you are most at risk of affecting negatively, what you should pay attention to and how you should then manage those risks.

The guidelines open up for companies to work with the following three steps when they draw up their due diligence process in the business’ operation:

**Step 1.**
Find out which negative impacts you have or could have through your business activities or which impacts may be directly assigned to your company’s behavior, production/services or through your business relations.

The negative impacts and risks are specific to each business. Granted, if you do not have your own production, then safety risks in the production area is not an essential risk to relate to. Instead it might be that you do not have thorough processes to handle your employees’ confidential information, which affects their right to privacy in a negative way. In that case it is your procedure for information security you have to work with.

**Step 2.**
Integration of a policy and conclusions from mapping your operations to prevent, remove or alleviate negative impacts.

When you have formulated the conclusions from mapping the potential negative impacts you might have directly through your activities or indirectly through business relations, these should be integrated with your new CSR policy to avoid not only direct violation of human rights but also to avoid negative impacts on your business in the future.

**Step 3.**
Establishing a reporting or performance system that can also contribute to enhanced information about human rights within your business. This could for instance be that you report to the management once a year about the results from your work with the human rights area and how you are managing it.

*Read more about UN Guiding Principles*

**ISO 26000**

is an international guidance standard on the implementation of a number of guidelines within CSR. The guidance is issued by the International Organization for Standardization (ISO), which is an independent, non-governmental organization that develops technical and management standards.

ISO 26000 consists of seven core subjects and is in many respects similar to UN Global Compact’s 10 principles for responsible business conduct:
- Organizational governance
- Human rights
- Labour practices
- The environment
- Fair operating practices
- Consumer issues
- Community involvement and development

Under each of these subjects there are a number of subthemes that you have to work systematically with to live up to the guidelines.

**How do you do it**

First of all, buy the standard at www.iso.org. The standard describes the principles for social responsibility and the CSR subjects you should consider as well as what is considered good practice when working with social responsibility. In that sense, it covers typical elements in a management system including policy, implementation, activities and follow-up on the policy.

ISO 26000 is, however, not certifiable, but Danish Standard has made a Danish version that is certifiable. It is called DS 49001 and builds on ISO 26000. If you want certification and documentation, then DS 49001 could be a good choice.

It may also be a good idea to structure your CSR efforts according to ISO 26000 or DS 49001 if you are already working with other ISO standards. In that case, you are dealing with a relatively simple integration with your existing management system.

*Learn more about ISO 26000*
*Learn more about DS 49001*

**OECD's Guidelines for Multinational Enterprises**

*are recommendations about businesses' responsibility in a global market, developed by OECD – Organization for Economic Cooperation and Development.*

The guidelines target multinational enterprises operating inside or outside of the OECD countries. Therefore, it makes most sense to work with the principles, if you operate in more countries than Denmark.

OECDs guidelines aim to promote and develop sustainability and social responsibility. They contribute to making small and large multinational enterprises operate in agreement with the political and societal standards applicable in the countries where the enterprises operate.

The guidelines state how you should minimize your negative impact and how you as a business can contribute to financial, social and environmental progress.

**How do you do it**

The guidelines are recommendations and are therefore not legally binding, and you can therefore choose how to use them to help structure your CSR work.
The recommendations cover eight areas that the enterprise should consider and pay attention to:

• Human Rights
• Employment and Industrial Relations
• Environment
• Combating Bribery, Bribe Solicitation and Extortion
• Consumer Interests
• Science and Technology
• Competition
• Taxation

All OECD countries have established national contact points which can, among other things, treat complaints regarding businesses violating the guidance. In Denmark there is also a Mediation and Complaints-Handling Institution for Responsible Business Conduct.

Read more about OECD’s Guidelines
Read more about the Mediation and Complaints-Handling Institution for Responsible Business Conduct

Global Reporting Initiative (GRI) is an organization that promotes international guidelines for sustainability reporting. There are different sets of guidelines in the GRI framework that can be differentiated depending on your ambitions for reporting. The principles and indicators used are similar to traditional principles for financial reporting in order to compile transparent, relevant and comparable reporting.

GRI’s accounting principles focus on:

• Reliability
• Completeness
• Materiality
• Verifiability

Drawing on the GRI principles, the focus is to create as much transparency as possible. The purpose is to help you as a business, regardless of your size, business and geographical placement, to develop valuable external reporting. GRI gives recommendations for how you find the most material CSR subjects, which provide the basis for prioritising the content of your reporting.

How do you do it

You can choose to report in full accordance with the GRI guidelines or merely use them as your starting point and inspiration for your report. Seeking to meet the reporting needs of both newcomers and experienced reporters and the ones in-between, GRI operates with two levels for reporting – the one more comprehensive than the other.
GRI presents a good framework for reporting, not only because GRI globally is the most used framework for accounting for sustainability and therefore is recognized in an international context, but also because the GRI framework comprises a flexible model that makes it possible to start with a limited set of indicators and in time expand the reporting to include more indicators.

But GRI is also good for collecting inspiration for a CSR report and in choosing indicators and KPIs.

*Read more about GRI*

**SA 8000**

*is an international certification that documents compliance with your policies on working conditions.*

One of the advantages of SA 8000 is that you can become certified according to this standard, which means you are checked by an external certification body. SA 8000 is built around nine criteria/demands that you must live up to in different areas:

- Child Labour
- Forced Labour
- Health and Safety
- Freedom of Association & Collective Bargaining
- Discrimination
- Disciplinary Practices
- Working Hours
- Remuneration
- Management System

For each of these criteria, there is a description of what you must live up to considering the local conditions where production takes place. The standard sets out minimum demands, and you commit yourself to continuous improvement. Besides these criteria there are also formal requirements related to your management and internal management systems, requirements for subcontractors and for the internal and external communication, similar to the ISO standards.

**How do you do it**

The first thing you should do is to download the standard and familiarise yourself thoroughly with it. The standard is free but the audits of your work are not.

SA 8000 is just like ISO a management system and in that way it covers the typical elements in a management system. For example, you must have a policy in place, you must think through implementation, completion of activities and follow-up on the policy.

Along with the standard comes guidance with the purpose of assisting your implementation of the standard and how you move on from there.

*Read more about SA 8000*
Business Social Compliance Initiative (BSCI) is a business-driven and commercial initiative working to promote trade, social and responsible progress with a special focus on the supply chain. The platform provides an opportunity to share audits of suppliers’ conditions and knowledge about global suppliers’ CSR efforts.

BSCI is a member organisation for businesses and trade associations who base their work on the ‘BSCI Code of Conduct’ and ‘BSCI System Rules and Functioning.’ The Code builds on among others SA 8000, which is an international certification standard for working conditions. The BSCI concept deals with human rights, labour rights and environmental issues.

BSCI is not a certification system but an approval process which offers a system for managing working conditions throughout a company’s supply chain. It sets out a number of requirements for your suppliers about e.g. safety, wages and rights. To be BSCI approved, the suppliers must also be audited by an independent audit firm.

How do you do it
In order to participate in the BSCI businesses and associations must first be members of the Foreign Trade Association (FTA). Members of the FTA can be businesses with global trade activities, but businesses whose main activity is production in one of the defined risk countries (most countries outside of Europe) are not eligible for membership of the FTA.

It is you as a BSCI member who invites your suppliers to the BSCI process. As a member you must select two thirds of your total purchasing volume or production places in the defined risk countries to be involved in the BSCI process. Over a period of 3-5 years the chosen producers and suppliers will go through a process of audits to confirm that they live up to the Code. This can for instance be achieved by following the BSCI audit process or if the producer holds other valid certifications approved by BSCI, such as a SA 8000 certification.

BSCI sees SA 8000 as "best practice", so if a supplier has been certified to SA 8000 it is not necessary to go through a BSCI audit. It is enough to be linked to a BSCI member and send a copy of the SA 8000 certificate which is uploaded into BSCI’s database. There are several advantages by being in a network such as BSCI. You get access to risk analyses, management tools, common guidelines and are able to share experiences with other businesses. For a small business with limited resources it can be a good idea to join a network such as BSCI, since many often do not have the resources to conduct audits and follow-up with the suppliers themselves. Co-operation through a network makes it possible to share knowledge and experiences, for example about a supplier who does not live up to demands for responsibility and ethics.

Read more about BSCI

There is a similar system called Sedex – read more here:
http://www.sedexglobal.com/