



Corporate Sustainability in the Philippines

Andres Geert van der Linden

3357570

09-07-2013

andresvdl90@gmail.com

Egelantiersgracht 614, 1015RS, Amsterdam

MSc Sustainable Development (International Development)

30ECTS Master's Thesis

Supervisor: Professor Guus van Westen



Universiteit Utrecht

Abstract

Corporate Social Responsibility (CSR) is a topic of rising interest as the impact of the private sector continues to grow. Many multinationals now have supply chains spanning continents and their impact on societies and the environment is significant. Historically, CSR has always been the manner in which company goes beyond its core business in interacting with society at large. However, there is no universal definition for CSR and various forms exist today. Nevertheless, one brand of CSR best incorporates the tenets of sustainability, termed in this paper as Corporate Sustainability (CS). The gap in knowledge that this paper addresses is the potential of CS in the developing world, using the Philippines as the case study. This research was done primarily by interviewing 10 top companies from different industries in the capital city of Manila. The results show that there is only moderate CS adoption (56/100) in this context. The main factor that was deemed most supportive of CS is Filipino business ethics. The main factor inhibiting CS adoption was a lack of understanding of sustainability at the board-level. This barrier is speculated to be connected to the socio-economic situation of the Philippines. What this study aims to show is that the Western-based model of CS does not fit perfectly in this context, and a deeper understanding of this shortcoming is needed if the private sector in the developing world is to have a sustainable impact.

Table of Contents

1. Introduction.....	6
2. The Background of CSR.....	6
2.1: Brief History	6
2.2: Modern Theories on CSR	8
2.3: Criticisms of CSR.....	9
3. Corporate Sustainability	10
3.1: From CSR to CS.....	10
3.2: The Philosophy of CS	12
3.3: Theoretical Framework: Corporate Sustainability	13
Sustainability Output.....	14
Returns on Sustainability	15
Gap in Theory: Inputs for the CS model	17
The Corporate Sustainability Framework.....	18
The Model of the Corporate Sustainability Framework.....	20
3.4: Corporate Sustainability Case Studies.....	23
4. Gap in Knowledge	27
5. Research context: The Philippines	28
6. Methodology	29
6.1: Research question	29
6.2: Sampling	29
6.3: Measurement Tool 1: Literature search	31
6.4: Measurement Tool 2: Field visit	31
6.5: Measurement Tool 3: CSR Questionnaire.....	31
6.6: Measurement Tool 4: Semi-structured Interview	32
7. Results	33
7.1: CSR Vision and Focus	33
CSR vision of the companies.....	33
SR foci and activities.....	35
7.2: CSR Field Visits	36
Aboitiz	36
ABS CBN	37
Ayala Land.....	37
Life Bank	38
Meralco	39
San Miguel	39
SM.....	40
Smart	41
7.3: Hang Sen Index on CSR.....	43
7.4: Corporate Sustainability Framework.....	45
Corporate Sustainability Score.....	45
Corporate Sustainability Opportunities and Barriers.....	53
8. Main findings.....	55
9. Discussion and Insights	56
9.1: CEO Mentality and Innovative Capacity	56
9.2: Filipino Business Ethics.....	58
9.3: The Double-bottom Line	58

9.4: Industry.....	59
10. Possible Ways Forward.....	60
11. Conclusion	61
12. Further Research.....	62
Appendices	63
Appendix A: Summary of relevant ISO 26000 expectations	63
Appendix B: Corporate Sustainability Framework	76
Appendix C: Company profiles.....	81
Appendix D: Hang Sen Index questionnaire	82
Appendix E: Flow diagram of methodology	93
Appendix F: Example of the CS semi-structured interview questions	93
Bibliography.....	96

Figures

Figure 1: Visualization of the gap in theory.....	13
Figure 2: Schematic overview of the ISO 26000.....	14
Figure 3: Epstein's Corporate Sustainability model.....	17
Figure 4: Corporate Sustainability model 1.....	21
Figure 5: Corporate Sustainability model 2.....	22
Figure 6: Graph of Hang Sen scores per company.....	43
Figure 7: Graph of Hang Sen scores per dimension.....	44
Figure 8: CS scores per company.....	46
Figure 9: CS scores as radar diagram.....	46
Figure 10: Radar diagrams of CS scores for each company.....	47
Figure 11: Graph of CS scores per company for 'Understanding Sustainability in Business'.....	48
Figure 12: Graph of CS scores per company for 'Proper Management Channels'.....	49
Figure 13: Graph of CS scores per company for 'Stakeholder Engagement'.....	49
Figure 15: Radar diagrams of 'Stakeholder Engagement' for each company.....	50
Figure 14: Radar diagram of 'Stakeholder Engagement'.....	50
Figure 16: Graph of the 'Opportunities' for CS.....	53
Figure 17: Graph of the 'Barriers' to CS.....	54
Figure 18: Addition to the CSF model.....	61

Tables

Table 1: Visser's Stages of CSR.....	8
Table 2: Philippine company sample.....	30
Table 3: CSR foci and activities in the Philippines.....	35
Table 4: Field visits trends.....	42
Table 5: Hang Sen Index scores.....	43
Table 6: Hang Sen scores per industry.....	44
Table 7: Corporate Sustainability scores.....	45
Table 8: Scores on 'Stakeholder Engagement'.....	50
Table 9: Standard deviation within 'Stakeholder Engagement' per company.....	52
Table 10: Standard deviation within 'Stakeholder Engagement' per stakeholder.....	52
Table 12: Barriers to CS.....	53
Table 11: Opportunities for CS.....	53

1. Introduction

A complex topic like Corporate Social Responsibility (CSR) is one that provokes a multitude of questions and expectations. By taking each word in the phrase literally, it simply refers to the responsibility that corporations have to society. Although this is a simple starting point, confusion arises when specifics are asked regarding the first and last word. To what kind of responsibility is this referring and how should this benefit society? Furthermore, why should businesses do this at all? The father of classical economics, Adam Smith, spoke about there being no other obligation to society for companies, save for acting in their own interest. In his model of the economy the principles of scarcity, competition, and profit-maximization maximize welfare in society. But CSR exists, albeit with numerous definitions. Regardless, most theories agree that it relates to the non-financial impact of the company. Some theories restrict this impact to society alone, while others include the environment. Still others side with Smith in seeing CSR as inefficiency or a misused concept. However, CSR is not a static concept and its latest manifestation brings it into the era of sustainable development, termed now as 'Corporate Sustainability' (CS). CS brings together the business side of CSR with sustainability tenets in order to create an all-win scenario for stakeholders. However, this is still a relatively new field and there are significant gaps in knowledge, particularly regarding the potential of CS in the developing world – the context where sustainable development is needed most.

Corporate Sustainability, as evolved from CSR, is the focus of this paper. The first part will look at: 1) the evolution from CSR to CS, 2) the specifics of a framework for CS, and 3) the gap in knowledge around the issue. This will introduce the research half of the paper, which will look to: 1) examine the state of CSR in the developing world, and 2) examine the potential of how well the framework of CS fits in this context.

2. The Background of CSR

2.1: Brief History

How far back CSR's roots can be traced back depends on what is considered a response to the responsibility felt towards society. As early as 1906, the Kellogg Company has been conscious of its social responsibility, extending this to the quality of their products and societal investment (Asongu, 2007). Freeman and Liedtka (1991) argue that Andrew Carnegie of US Steel (1901) was the first to endorse the charity and stewardship principle, which implied assisting the less fortunate and hold in trust money for the rest of society (Asongu, 2007). This idea of doing good deeds carried on throughout most of the 20th century, until around the 1980s. During this decade, society and business interests approached one another and stakeholder theory gained prominence (Moura-Leite, 2011).

Finally, in the 90s and 2000s more CSR literature accumulated and its relevance to business strategy was recognized.

The cause for this somewhat sudden increase in interest can be attributed to global changes, specifically that of globalization and its accompanying effects (Henderson, 2001). Globalization allowed businesses to grow into multinationals that span continents. But the freedom that globalization allows has enabled global media and civil societies to channel news and information about companies to the consumer. Increased public pressure spawned an informal 'license to operate' that goes beyond the legal prerequisites. This license caused companies to respond with activities that became a company's CSR. Henderson (2001) argues that this growing importance of CSR in today's world is comprised of four interrelated sources:

- 1) *The wide coverage and depth of media today.* This allows for information regarding the operations, activities, and mishaps of any company to be known almost immediately to consumers, potential partners, and governments.
- 2) *The growing influence and strength of civil society in the form of NGOs and academics.* These entities continuously monitor and publish to the public all aspects and impacts of a companies' activities. These include monitoring working conditions, environmental impact, revenue streams, and societal/community impacts, which are all accessible via widespread media.
- 3) *"Shock episodes" in which big multinationals were at the center of damaging events.* Notable examples are Nike's overseas 'sweatshops' and BP Oil's oil spill in the Gulf of Mexico, which are instantly scrutinized and publicized by civil society and the media.
- 4) *The growing awareness of environmental degradation and climate change.* With the rise of Sustainable Development, the minimization of pollutants has become a priority for much of the world, which puts pressure on industries to be seen as 'green' if they want to continue to cater to a more conscious demographic.

These four factors, spawned by globalization, have changed consumer expectations of businesses. People are now more suspicious of profit-maximizing behavior (Henderson, 2001), and want to see that a company is concerned not only with money, but also with their impact on and contribution to society. This new environment in which businesses operate has given new momentum to the old idea of Corporate Social Responsibility. Some theories now go so far as to state that businesses failing to earn a 'license to operate' operate at a comparative disadvantage because they fail to adapt to a new consumer expectation.

This however, is a generalization of the trend. Most theories base their findings on larger, Western multinationals, and even so, information about a company's operations is not always publically available. Companies can still get away with a lot by running aggressive PR counter-campaigns. Although CSR has officially been put on the radar of society and businesses, it is still an evolving field and is

not necessarily a given feature of modern industries. Moreover, the definition remains as ambiguous as it did a century ago – perhaps even more so. Nevertheless, the four pressures mentioned above are only growing, as is the amount of CSR literature. The issue is being picked apart, theories founded, and case studies studied. Although far from arriving at a unanimous decision about the future of CSR, it can be agreed that it is also far from being on the back burner.

2.2: Modern Theories on CSR

Today there is more CSR literature than ever before, yet still no agreed definition for Corporate Social Responsibility. Each company defines CSR and operationalizes it according to its own values or what it perceives as necessary, which may not necessarily be what is best for society. Most academics now understand the strategic value of CSR and realize that it is no longer an irrelevant appendage to a company. One such theorist, Wayne Visser, has noticed certain trends of how CSR is developing. According to Visser (2012), there are five different stages of CSR evolution that are products of five ‘economic ages’, outlined in the table below. Although not stated, it is unlikely that Visser intended the five stages to be neither a historical nor chronological account.

Economic Age	Stage of CSR	Modus Operandi	Key Enabler	Stakeholder Target
Greed	Defensive	Ad hoc interventions	Investments	Shareholders, government & employees
Philanthropy	Charitable	Charitable programmes	Projects	Communities
Marketing	Promotional	Public relations	Media	General public
Management	Strategic	Management systems	Codes	Shareholders & NGOs/CSOs
Responsibility	Systemic	Business models	Products	Regulators & customers

Table 1: Visser’s Stages of CSR

1. Defensive CSR

The first economic age is termed *greed*, where the CSR initiatives are done only as a means of defending the direct interests of shareholders. There is generally no set CSR program, having instead ad hoc projects that arise when pressure is felt from regulating bodies such as the government. As such, the target of the CSR is limited to the stakeholders in immediate and continuous contact with the company. Termed ‘defensive’, this CSR practice is motivated purely by short-term self-interest, and was likely the first type most companies in the early 20th century practiced before the four pressures described earlier built up.

2. Charitable CSR

In the economic age of *philanthropy*, charity is central to the initiatives undertaken by the company. Usually the CSR is conducted by a foundation or trust, which is given a certain annual budget to spend on community or environmental projects. Although Visser does not go into much detail, *Charitable CSR* in this economic age is likely motivated by a sense of obligation to the community and goodwill on the part of the board of directors.

3. Promotional CSR

Although described separately, the following age, *age of marketing*, could probably coexist with the previous age. In addition to the sense of charity, *promotional CSR* aims at boosting the reputation of the company by publicizing what is being done, and as such the key enabler is the media. Companies in this age have understood that they need to earn the license of operate and so work to improve their image through charitable projects. This strategy is called 'green-washing', as companies run extensive PR campaigns to improve how the public sees them.

4. Strategic CSR

The penultimate stage is the *age of management* characterized by *strategic CSR*. Rather than conducting seemingly random projects and activities, the CSR in this age focuses on the aspects of the core business. Companies subscribe to social and environmental standards that are aligned with the business operations, which requires policy setting, CSR management, and reporting. This kind of CSR can also merge with *promotional* if there is a PR spin on what is done.

5. Systemic CSR

According to Visser, each of the previous four stages have pitfalls, but serve as stepping stones to reach the final and desired *economic age of responsibility* with *systemic CSR* in operation. Systemic CSR entails a renovation of the business model and the goal of the company so that the overall business strategy aims at benefitting the human and ecological system, as well as the financial viability of the company. The initiatives thus focus on the interconnections between society, the planet, and economies. This stage Visser terms CSR 2.0, where companies do not have some hidden agenda, but instead operate in an age of responsibility where a business' goals are aligned with the public's goals. This is discussed in depth in part 3.

2.3: Criticisms of CSR

1. Visser

Each of Visser's first four stages of CSR has at least one of the three following pitfalls, or 'curses' (Visser, 2012: 9). The curse of *Peripheral CSR* is when the CSR activities are restricted to the PR departments of large companies. CSR activities are simply used as a marketing strategy and its impact are not a priority. The second curse, *Incremental CSR*, is anchored primarily in the 'age of management' the idea of 'management by objectives' (MBOs) can result in a situation where adoptions of standards and improvements of CSR initiatives do not match the severity of the situation at hand. The constant improvement through setting and reviewing objectives that is heralded by the idea of Total Quality Management can result in a misapplication of objectives, especially since companies set the objectives themselves and confront them at their own pace. Visser argues that this is the reason why the MBOs approach has not seriously benefitted any major indicator for development (Visser, 2012: 11). Visser's last curse is called *Uneconomic CSR*, where he questions the claim that CSR activities can yield profit in the long run. The problem is that studies do not agree on if there is definitive link between CSR and financial returns. Some companies manage it better than others, such as Ben & Jerry's and the Body Shop, but the "2010 survey of 766

CEOs by the UN Global Compact and Accenture found that 34% cited lack of recognition from the financial markets as a barrier to achieving their sustainability goals” (Visser, 2012: 12). Visser claims that there are too many variables, like industry-type, to generalize a win-win model, and that current markets are geared towards rewarding financial and economic performance.

2. Henderson

Henderson (2001) agrees with Visser on this point. In his paper titled “Misguided Virtue”, Visser argues that CSR lowers the overall welfare of society and undermines market efficiency. Philanthropy-based initiatives are seen as inefficiently allocated resources that, when seeing the economy as a system, decrease the potential welfare society could enjoy. Although one might argue that businesses adapt CSR to consumer expectations, he argues that, “The term ‘corporate social responsibility’ then becomes a useful portmanteau description for a well-considered present-day business response to suspicions, pressures and attacks. It is more than a formula, but much less than a blueprint for a new model of capitalism” (Henderson, 2001: p 45). He sees it as another variable that will increase regulation and limit competition between and within firms, to society’s loss.

His response to the idea of incorporating the tenets of sustainable development (SD) and the triple bottom line are equally pessimistic. Like CSR, he finds that there is no consensus on the definition or pursuit of SD. Companies are unregulated in deciding what is prioritized in the equation of people, planet, and profit = SD, a conclusion similar to Visser’s curse of *Incremental CSR*. In both, no substantial benefit is realized. Henderson also questions the ethics themselves of allowing businesses to dictate what kind of development takes place. Lastly, he questions the financial viability of the business model for CSR. He cites an article of Nina Munk written in 1999 for *Fortune Magazine*, which says that the failure of Levi Strauss is an example of a “‘failed utopian management experiment’; and the failure is directly attributed to the fact that the then CEO, Robert Haas, ‘was intent on showing that a company driven by social values could outperform a company hostage to profits alone’ (Munk, 1999: 33)” (Henderson, 2001: 60).

Nevertheless, Henderson does end on a positive note, in that he does believe in the ability of businesses to contribute to society and the environment. His main issues are with the current structures and discourse surrounding CSR today, which inefficiently generalize the situation of companies by using standardized measurements and definitions. Like Visser, he envisions a future where CSR, or its logical future equivalent, can benefit society. Despite seeming a strict opponent to CSR, he is merely recognizing the flaws that have flourished in the unchecked evolution of the topic.

3. Corporate Sustainability

3.1: From CSR to CS

The key point to be taken from the previous section is that CSR is a broad concept, existing in different forms. However, only one brand of CSR follows the

tenets of sustainability. This type of CSR does this because it focuses on engagement with all relevant stakeholders of a company. In sustainable development thinking, this philosophy is embodied in the Triple Bottom Line, which advocates the equal prioritization of 'people, planet, and profit'.

Although there is no universally agreed upon definition for SD, in 1987 the UN General Assembly welcomed one provided by the Brundtland Commission. The abridged version goes as follows: "Sustainable Development is development that meets the needs of the present without compromising the ability of future generations to meet their own needs" (United Nations, 1987). In the private sector, a commitment to sustainability is reflected in a dedication to expand a firm's priorities to include societal and environmental impact, while not ignoring economic viability. The World Business Council for Sustainable Development is one of the leading proponents of the business case for SD, citing the fact that during the five years before 2001, the Dow Jones Sustainability Index has outperformed the standard Global Index. It claims that understanding sustainability means looking, "...to the next point on the business curve – the point at which business can be more competitive by being more sustainability driven (WBCSD, 2002: 2)".

The idea of CSR contributing to the bottom line is not a new idea, with Carroll (1991) stating that, "the CSR firm should strive to make a profit, obey the law, be ethical, and be a good corporate citizen". Now, however, this take on CSR is framed in terms of sustainability. This entails no longer emphasizing the 'responsibility' part of the concept. Rather than seeing it as something a business needs to enact separately of its core operations, this new CSR is a strategy that links profit and long-term success with good corporate citizenship and environmental stewardship. By advocating stakeholder engagement (and thus the TBL), the success of a business extends to all parties that are impacted by the business process. This ranges from communities at the ground level all the way to the shareholders.

Like Carroll, Visser promotes this all-win scenario of CSR, which he calls CSR 2.0. He anchors this concept on the principles of 'value creation', 'good governance', 'societal contribution', and 'environmental integrity'. His framework parallels roughly that of two other CSR optimists, namely Michael Porter and Mark Kramer. In their paper for the Harvard Business Review (2001), they coin the term 'shared value'. This is created by "re-conceiving products and markets", "redefining productivity in the value chain", and by "enabling local cluster development" (Porter & Kramer, 2001: 5). Creating shared value, they claim, can be done by properly correcting internal inefficiencies to everyone's gain. The bottom line for both of these theories is that CSR need not be something that takes away from a business directly nor indirectly; it should not be philanthropy-based, nor should it be stuck in the marketing age. It should be a strategic effort aimed at benefitting all stakeholders to ensure the continued and sustainable existence of the company. To better reflect this way of thinking, this paper will now refer to this ideal stage as Corporate Sustainability (CS), where social and environmental responsibility are internalized into the business model.

3.2: The Philosophy of CS

According to theorists such as Porter, Kramer, and Visser Corporate Sustainability (or its equivalent) is the optimal strategy for a company to pursue. Rather than just seeing it as the strategy employed by a CSR department, it represents integration throughout a company of the values of sustainability and the TBL. This theoretically ensures longevity because in its framework, all stakeholders have a shared interest in ensuring mutual gain. Furthermore, it is the only strategy that acknowledges the distinct role the private sector plays in development. Today, there is a degree of expectation for businesses, especially large multinationals, to give back to society. However, it should be understood that businesses do not exist to promote development in the way development agencies do. Government regulations can limit adverse impact of businesses, but cannot necessarily promote positive impact. An expectation for businesses to act like a development agency will manifest in inefficient initiatives, at the expense of the economic potential of the business, as explained by Henderson (2001). Thus, CSR initiatives and a company's bottom line will be in opposition, risking the long-term sustainability of one or the other. Instead, the private sector should be understood as a separate kind of development catalyst, keeping in mind what a business' survival depends on. Development agencies are inherently geared towards aid, and so their continued existence depends on reliable donor funding. A business on the other hand, at its core, depends on wealth creation, and so it is on this variable that its contribution to development must hinge. In other words, giving back has to create wealth for the business.

To briefly explore the logic of this idea further, an analogy of human beings will be used. As organisms we live in a communal society in which we operate as contributing members. Every day, apparently altruistic deeds are committed by people, such as holding the door open for others or helping an old lady cross the street. However, evolutionary theory suggests that our propensity to commit altruism has emerged from a selfish goal: our need to ensure the survival of our genes, for which we as organisms exist (Dawkins, 2005). At the individual level this does not seem to make sense because altruism implies selflessness, but because we are part of a society, promoting harmony improves your own genes' chances for survival. Other reasons for doing altruistic deeds exist, such as sexual selection, but bottom line remains that apparent altruism exists when individuals living in a society focus on ensuring the survival of their own genes. When extrapolating the logic of this analogy to businesses, this implies that in order for a business to contribute to society (in an apparently altruistic way), its wealth creation (the factor on which its survival depends) should be at the heart of the initiative. Appropriately, Elkington (2004) describes a business model, the framework for wealth creation, as the "very DNA of business".

People can criticize businesses for not doing enough or only doing so when the public's eye is on them, but asking the private sector to be inherently good or purely altruistic is like asking a person to not steal if society was not around. Both are unfair and unnecessary; that situation never exists and should not,

because businesses, like human beings, are social organisms that require society to become a harmonious and contributing entity. And in the end, for both humans and businesses, good and bad deeds only exist when society defines what they are. Thus, to be able to enact sustainable and apparently altruistic programs, they need to think foremost about their own survival and how apparent altruism, defined by society, benefits them. Naturally, not all situations yield all-win scenarios, but promoting this kind of mindset reconceptualizes how businesses prioritize and helps shape industries in a sustainable direction. And this direction can only be made truly sustainable when businesses have an interest in mutual gains with all stakeholders.

It is of course possible in today's world to think about your own survival and not contribute at all to society. What the previous passage was looking to argue was simply the logic of this manner of CSR, now known as CS, and why this is the only truly sustainable strategy. It highlights how businesses can focus or prioritize their survival, as human beings do, but at the same time contribute to society, sustainably.

3.3: Theoretical Framework: Corporate Sustainability

The logic of Corporate Sustainability is based on a few key principles, which are advocated by several key theorists. Visser talks about the evolution of CSR leading to a systemic version where it is embedded in the operations of a company. Porter and Kramer support this by introducing 'shared value', the concept through which stakeholders are put at the heart of the business. The WBCSD then frames this stakeholder engagement in terms of sustainable development, which creates the business case for CSR. Ultimately, these theories are all talking about the triple-bottom line in business. However, they only deal with the output of the ideal situation: equal prioritization of society, the environment, and the bottom-line. What is lacking in the literature is the practical input into a CS model to produce the triple-bottom line. This gap in the theory is visualized below.

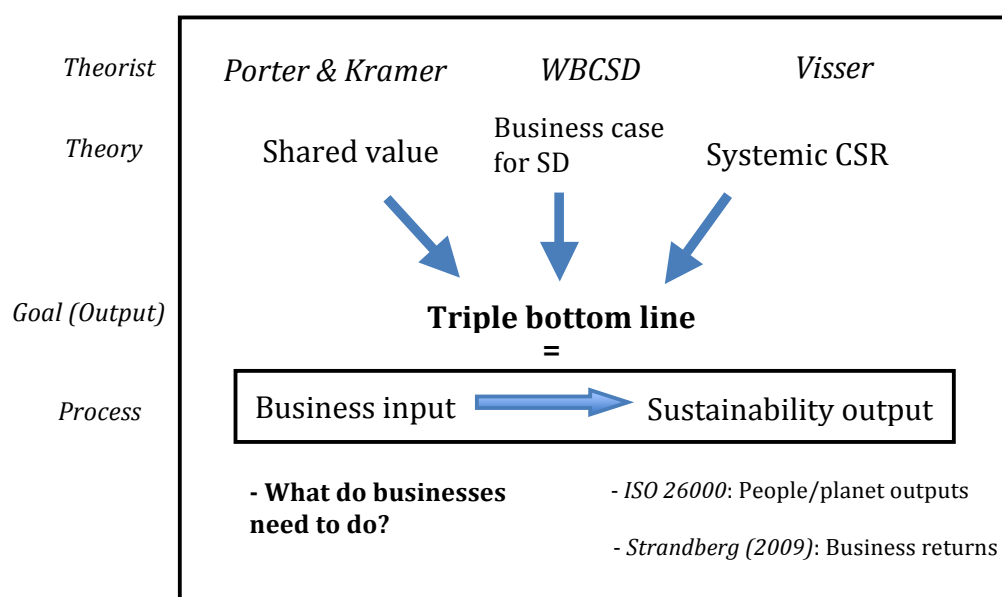


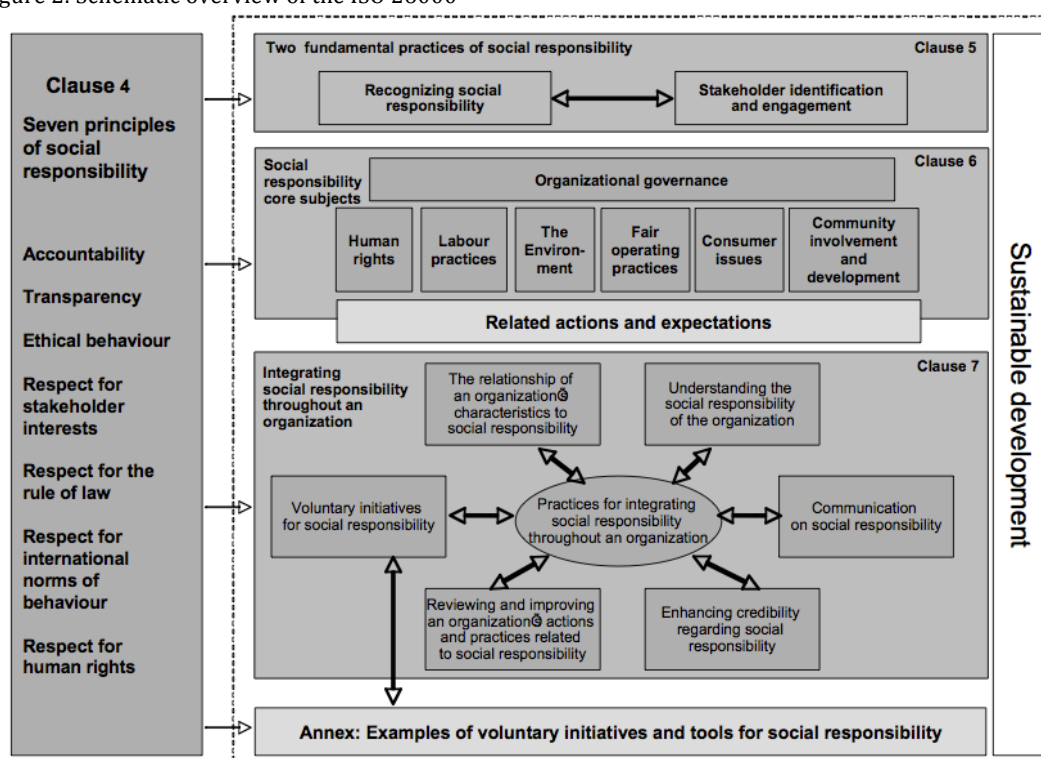
Figure 1: Visualization of the gap in theory

The concept of CS is understood in the theories, but there is no comprehensive framework accounting for all inputs and outputs of CS. This section aims to provide this by integrating the CS principles with the ISO 26000, the Strandberg (2009) business returns, and the key pillars of business (value proposition, product, infrastructure management, and financials; these will be discussed later).

Sustainability Output

The expected outcomes of CS in terms of society and the environment are integrated together in the ISO 26000 Guideline for Responsible Business, which will be used for the framework. This international standard, although not strictly a measurement system, provides comprehensive guidance to all types of organizations. It covers the, “underlying principles of social responsibility, the core subjects and issues pertaining to social responsibility, and ways to integrate socially responsible behavior into existing organizational strategies, systems, practices and processes” (ISO 26000, 2009: vi). The overview of the ISO is pictured below.

Figure 2: Schematic overview of the ISO 26000



As seen in the scheme, the principles of social responsibility and its core subjects are designed to lead to sustainable development. This specific ISO is appropriate for this paper because it understands the positive impact that social responsibility can have on an organization, such as:

- 1) “Competitive advantage;
- 2) Its reputation;

- 3) Its ability to attract and retain workers or members, customers, clients or users
- 4) The maintenance of employees' morale, commitment and productivity
- 5) The view of investors, donors, sponsors and the financial community
- 6) Its relationship with companies, governments, the media, suppliers, peers, customers and the community in which it operates" (ISO 26000, 2009: vi).

The ISO 26000 thus stands for the same philosophy as that of Corporate Sustainability: by pursuing responsible business, i.e. targeting the triple bottom line, the long-term existence of a firm is safeguarded. The ISO highlights the essential outputs of a responsible business strategy, framing them as expectations. An example of an expectation, under the subject of human rights, is that an organization should, "not enter into a formal partnership with a partner that commits human rights abuses in the context of the partnership" (ISO 26000, 2009: 26).

However, it only accounts for two parts of the triple-bottom line. Furthermore, it only acts as a measure or checklist of the various expected outputs of a firm for the core subject in realm of sustainability.¹ It does not deal with *how* a business should produce them, or what the gain is in doing so. The latter will be dealt with first in the following section.

Returns on Sustainability

The ISO 26000 provides a checklist on the aspects of people and planet, in terms of the triple-bottom line. According to Strandberg Consulting (2012), the returns to a business (i.e. 'profit' in the triple-bottom line) can be divided into two aspects: Driving down costs and generating growth. "By embracing the long-term strategic and competitive advantages of sustainability, businesses of all sizes find that they can have a significant impact, and at the same time meet - and exceed - their business objectives" (Strandberg Consulting, 2012). The specific returns are summarized below, the evidence of which is anchored in many studies referenced in the Strandberg paper, but not here.

Driving down costs

1. *"Improved operational performance and efficiency"*
 - a. Savings via reduced energy and resource use.
 - b. Improved product quality.
 - c. Expedited permitting through improved relations with regulators.
2. *"Costs Avoided by Minimizing Business Risks and Improving Safety"*
 - a. Mitigation of risks by compliance with environmental and social regulations.
 - b. Acquiring a social license to operate.
 - c. Supply chain security by ensuring consistent and sustainable access to raw materials using community engagement.

¹ A summary of the expectations for each core subject can be found in appendix A.

- d. Minimizing reputational risk by avoiding negative publicity.
3. *“Cost Savings from Improved Recruitment and Retention of Talented Employees”*
 - a. Decreased costs of recruitment and training because of improved reputation.
 - b. Improved ability to attract most talented graduates.
 4. *“Cost Savings and Income Produced through Improved Employee Morale and Productivity”*
 - a. Improved long-term productivity from inspired and motivated workforce.
 - b. Lower employee turnover
 - c. Increased consumer satisfaction derived from higher employee satisfaction.

Generating Growth

5. *“Increased Revenue Through Learning and Innovation”*
 - a. Improved ability to identify new markets via an understanding of sustainability.
6. *“Enhanced Recognition and Reputation”*
 - a. Differentiation improving corporate reputation.
7. *“Improved Customer Loyalty”*
 - a. Awareness on sustainability leading to consumers being more willing to pay a premium for it.
 - b. Awareness leading consumers to prefer sustainable products.
 - c. A deeper understanding on consumer expectations leading to higher quality products.
8. *“Improved Access to Capital: credit worthiness, investor relations”*
 - a. Better relations with investors, bond agencies, and banks because of highly ethical conduct and stability.
 - b. Greater investor confidence due to company’s ability to manage change.
 - c. Improved relations with ESG investing companies.
9. *“Improved Supply Chain Management”*
 - a. Improved relations and sourcing with suppliers through ethical treatment.
 - b. Brokering profitable partnerships with CS companies by improving standards and reducing risk.
10. *“Enhanced ability to strategically plan for the longer term”*
 - a. Improved ability to anticipate trends in society and proactively plan in the long-term.
 - b. Improved ability to manage change because of a better understanding of stakeholders.

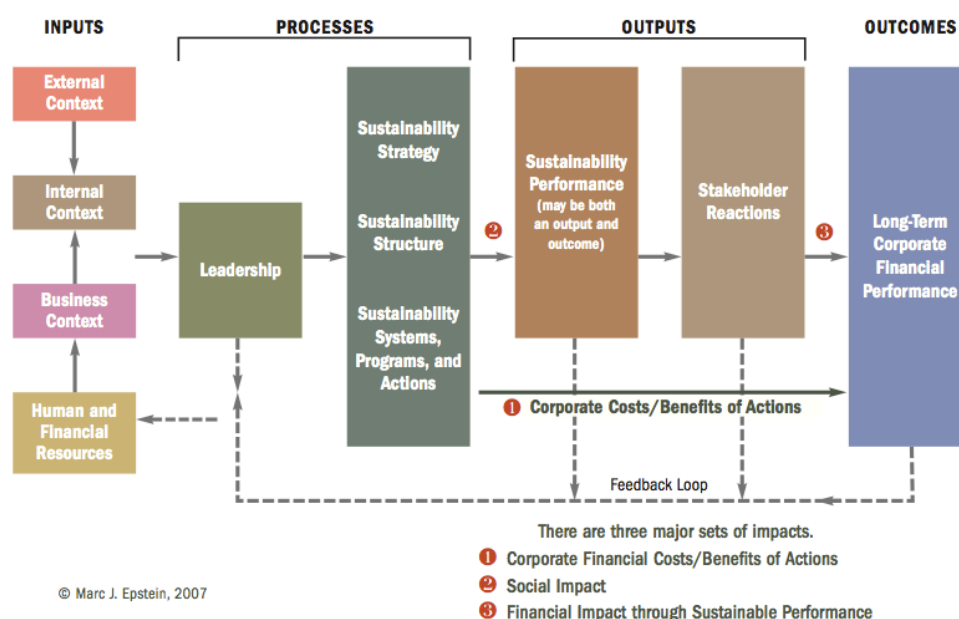
Gap in Theory: Inputs for the CS model

The ISO 26000 frames the tenets of Sustainability in terms of what the expected outputs for society and the environment are and Strandberg Consulting (2012) elaborates on the outputs in terms of business returns. But in order to arrive at a complete theoretical framework for CS the question in figure 1 needs to be addressed to understand the business' side. In other words: what does a business need to do to enable the outputs of CS? This is what current theory is lacking and addresses the input side of CS, and provides the basis for the framework.

According to Osterwalder (2004), the four classic pillars of business are: *Product, Customer Interface, Infrastructure management, and Financial Aspects*. These elements constitute the classic inputs that are needed for a business' existence. It can be envisioned as a hierarchy stemming from management, ending in a product for a consumer, and with finances accounted for in each step. In the context of Corporate Sustainability, this logic is not different and should not be, since the goal is not to change the purpose of business. Rather, each of these elements provides a practical foundation when designing a framework for CS.

Epstein (2007) illustrates this hierarchical approach of a business that understands CS, but does not expand on the specific processes. Pictured below is his CS model, where he shows the general step-by-step procedure of how CS strategy leads to long-term corporate financial performance. The specific stakeholders and their reactions are not present, however.

Figure 3: Epstein's Corporate Sustainability model



Nevertheless, his model is an appropriate bridge between the business elements and a complete CS framework. Specifically, he highlights the two main parties that are vital to understanding what a business in CS needs to do: the

management and the stakeholder. The CS model that will be used for this paper will emphasize this distinction. Furthermore, rather than showing a progression between the two, it will emphasize their interaction. This interaction is important because sustainability implies looking at all relevant dimensions, i.e. the triple bottom line. Therefore, instead of the progressive CS approach Epstein has taken, the CS framework of this paper will focus on a radial, stakeholder approach.

The Corporate Sustainability Framework

The Corporate Sustainability framework (CSF) is intended to provide a cohesive description of the inputs and outputs of CS. It addresses the outputs: sustainability outcomes (ISO 26000) and business returns (Strandberg); but the basis for the framework is the obligations (inputs) of a company that constitute the three components of the CSF.

It is important to mention that the CS framework is not intended to serve as a business model for a company to earn money, but merely act as a blueprint for a sustainability- and stakeholder-oriented mentality, wherein a more detailed business model can be inserted. It is a mentality laid down by management that refocuses the business to incorporate sustainability into its operations, whilst maintaining financial viability. This model does not show revenue streams, but does center its reasoning on financial gains and losses. The purpose of this framework is to provide a working blueprint that can be used in the research portion of this paper, to see how closely certain companies come to achieving the all-win scenario of CS.

The three CS components are:

- 1) **An Understanding of Sustainability in Business**
- 2) **Proper Management Channels**
- 3) **Stakeholder Engagement:**
 - 3.1) Shareholders
 - 3.2) Employees
 - 3.3) Suppliers
 - 3.4) Consumers
 - 3.5) Communities
 - 3.6) Public sector
 - 3.7) Environment
 - 3.8) Society

These components constitute the three traits that a company needs to 'input' to enact Corporate Sustainability. The outputs (sustainability and business) are subsections within each component and will be discussed later.

Understanding Sustainability in Business

The first component of this framework is rooted in Epstein's business feature of 'infrastructure management' (2007). In other words, how a business manages itself and relates to its partners and customers. The first component of the CSF

rests at the level of governance because this is where the major decisions about the structure and vision of a firm are made. Stubbs & Cocklin explain that, “sustainability leaders embed sustainability in the culture and work towards institutionalizing it in the minds of key stakeholders” (2008: 116). CEOs may also play an important role in imparting personal values on social and environmental issues. Thus, the first component requires a proper understanding of sustainability in business. CEOs and board members should understand the potentials of sharing value and the triple-bottom line, and how it fits in their business. At the core they should be ‘responsible leaders’ who are committed to the tenets of sustainability by building resilient companies based on respect for others (Roome & Bergin, 2006). This component however, also entails understanding how sustainability applies to all the lower echelons of the business.

Proper Management Channels

The next rungs down the corporate ladder are the departments in charge of the different functions of the business, such as public relations and sales. This component relates to ‘infrastructure management’, but also to ‘customer interface’. It is through proper management channels that the vision of top management gets translated into engagement with anyone who is affected by the company’s actions. This component brings in Porter, Kramer, and Visser’s idea of creating ‘systemic CSR’, such that it is integrated with the business. Practically speaking, this means seeing CSR/CS not as a feature of one department, but as a guiding vision for all departments in their own respective ways. This supports a process of, “translating management-level policy into tangible programs of action within their companies and taken them out into the front-lines of commercial transactions” (WBCSD, 2002). The World Business Council for SD talks here about embedding CSR (in this paper: CS) such that all steps in the production process incorporate the values of sustainability, an integral one of which is stakeholder engagement.

Stakeholder Engagement

Stakeholder engagement deals with the business features of ‘infrastructure management’ and ‘product’, and it is central to CSF because it is the practical manifestation of the triple-bottom line. Stakeholder theory relates to the idea of systems thinking, where issues are seen as ‘wholes’ consisting of interconnected variables that interact to produce a desired outcome (Kapra, 1997). In business, this means considering the wider situation in which a business is embedded, such as the environment and peripheral communities. This is contrary to the classic notion of a corporation focused only on production and profits (Ackoff, 1981). All parties that should now be included in a company’s systemic thinking are stakeholders in the company’s actions. This parallels the thinking of the triple-bottom line. Sustainability requires the consideration of all the facets of an issue, and in the case of a corporation, this implies stakeholder engagement (Steurer et al, 2005). This is a crucial development away from contemporary CSR, which is understood as the “...the relationship between business and the

larger society” (Snider et al, 2003: 175). Rather, it should understand the relationship as between a business and *all* the relevant parties involved.

The danger in CSR, as well as sustainability, is leaving out one group of stakeholders because they do not fit the classic bill. Young & Thyil (2009) argue that CSR has emphasized environmental and financial sustainability, and overlooked seeing employees as part of this process. Employees are, as are shareholders, and should be engaged using the proper management channels. Although it is not possible to generalize what kind of departments should engage with which stakeholders, engaging employees and shareholders in CS, for example, should be the responsibility of the Human Resources department. Public Relations on the other hand, could handle external communities and society at large.

These three components are thus connected to one another: the vision and understanding at the top starts something of a *sustainability diffusion* process. The values translate into policies that structure the departments, channeling the vision. The departments then pass along the sustainability mentality through their engagement with all the relevant stakeholders. The end goal is that complete diffusion takes place, to the awareness and benefit of all parties.

The Model of the Corporate Sustainability Framework

What CS is ultimately trying to do is reorient the pillars of business. To reiterate, the four pillars: Product, Customer Interface, Infrastructure management, and Financial Aspects. Rather than seeing the end of the process as the customer and the product, the CSF places these elements in the larger arena of stakeholder engagement, giving them equal footing with other stakeholders, aligning the model with the triple-bottom line philosophy. Although it seems like the first of the three components necessarily precedes the others, this model of CS proposes that this is not the case. Rather, it should be seen concentric circles with radials extending outwards – each one representing a stakeholder pathway. The CSF is visualized below, showing how the framework fits in terms of how a business operates. The first two inner circles deal with the values and governance mindset of the board of directors and managers (*management level*) and the last deals with interaction with stakeholders (*stakeholder level*). The departments given as examples in the model are Public Relations, Human Resources, Supplier Relations, and Environmental Relations. However, it is dependent on the context of a company that determines which departments should deal with a specific stakeholder.

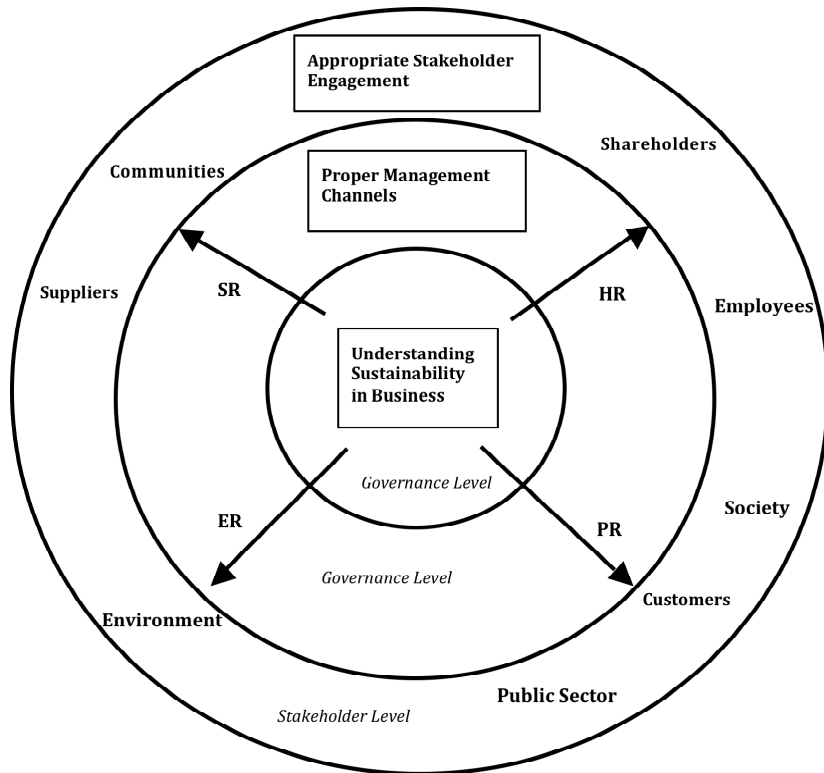


Figure 4: Corporate Sustainability model 1

However, to visualize the framework in terms of CS inputs and outputs (in reference to figure 1) figure 5 is given below. As seen, within each component (input), the CSF describes the two outputs of enacting a component.

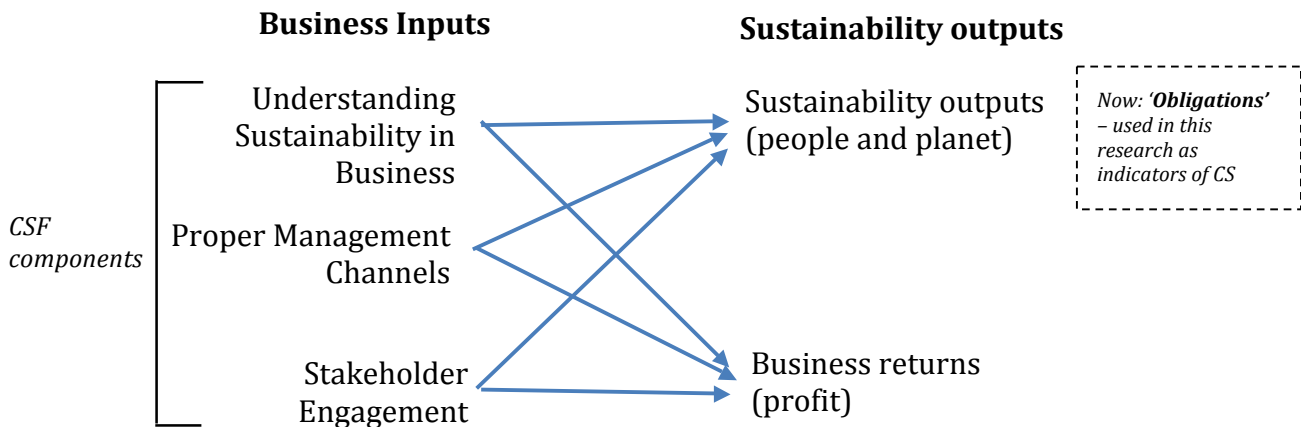


Figure 5: Corporate Sustainability model 2

One is the outcome on society and the environment, described using the ISO 26000. Although these are outputs, they are termed in the CSF as ‘obligations’ because they are what a company needs to achieve to be considered operating under CS. These obligations can be used as an indicator to see whether or not there is a proper understanding and enactment of the component. In other words, if all the societal/environmental obligations are fulfilled, then company has properly enacted the component. For this paper, the obligations (i.e.

sustainability outputs) are of primary interest, as they will be used as a measure for CS during the research at a later stage².

The other output is the business returns as described by Strandberg Consulting (2012), achieved by fulfilling the obligations. The returns are diverse depending on the component, but the generic and more transferrable ones are described in the framework. Although this output makes the model complete, it is not useful as an indicator of the CS components. This is because the returns to business described by the model (e.g. reputational increase and creation of new markets) can be generated through means other than enacting sustainability.

Of course there are also the associated costs, but are more generally described and of secondary interest to this paper. It is assumed that if proper management takes place the benefits will outweigh the costs. Naturally, this depends on the specific context of the company, such that each must find a financial equilibrium.

An example of the associated obligations, costs, and returns is given below, using the stakeholder of communities in the periphery of the business.

3.5 Communities (in the periphery)

Obligations (ISO 26000: 6.8):

- 1) A community is fully *involved* in the decision making process, where appropriate.
- 2) Access to *education* is promoted at all levels.
- 3) Where possible, community members are hired as employees or provided with skills training.
- 4) The company invests in the basic services that are lacking and promotes enterprise development.
- 5) Communities are not displaced or mistreated, and their rights fully respected.
- 6) Communication between the company and the community is open and easy.

Benefits (Strandberg: 2, 9):

- 1) The company will be more accepted in the community, lessening the likelihood of animosity and vandalizing.
- 2) Workers who come from the community will have an easier time of getting to work.
- 3) Community development will provide a stable employee base and a possible future consumer base.
- 4) The reputation and brand image of the company will be enhanced, and regulatory disasters avoided.

Costs:

- 1) Social workers need to be hired to interact with the community before any production can take place, and this needs to take place after it has started.
- 2) Time needs to be allotted to allow the social workers to interact with the community.
- 3) The development of the community will cost money with no immediate financial return.

² The complete framework can be found in appendix B.

3.4: Corporate Sustainability Case Studies

Corporate Sustainability is still a new concept and this model is just one of many that attempt to provide a blueprint for a company to pursue the all-win scenario. While there are many companies that are now hoisting the banner of CS, they are still the minority. One can argue that one determinant of the presence of CS is the size of company; as a company becomes larger, it generally encounters more public scrutiny, and arguably becomes more likely it is to adopt sustainability strategies. But even these companies adhere to CS in differing degrees. Nevertheless, they can serve as frontrunners or exemplars for other companies.

Along with commercial companies, rating agencies that provide international standards have also emerged, allowing companies to showcase their efforts on an accepted measurement system. The ISO 26000 is one such organization that provides benchmarking services on a range of topics for companies to improve upon. Another such initiative is the Global100 initiated by Corporate Knights Inc., which rates the 100 most sustainable corporations in the world (global100.org, 2013). They are rated on energy, carbon, water, waste productivity, innovative capacity, percentage tax paid, CEO to average employee pay, pension fund status, safety performance, employee turnover, leadership diversity, and clean capitalism pay link. Like the ISO 26000, this criteria looks for indicators that show a refocusing of company's priorities away from purely economic gains. Each year a new list of the top 100 sustainable companies is generated. Although they are not perfect examples of CS, the Global100 companies have shown a dedication to the tenets of sustainability and serve as good role models.

Centrica plc (Industry: Utilities)

Centrica is a British owned multinational utility company, focusing on the supply of electricity and gas to the UK and North America. Started in 1997 as a part of a demerger of British Gas plc, it is currently one of the largest suppliers of electricity in the UK and earned a net income of £1.273 billion in 2012 (centrica.com, 2013). The Global100 organization has rated it amongst the top 100 sustainable companies for the past 8 years, with it being 32nd in 2013.

Below is a series of quotations taken from Centrica's official website that illustrates the business mentality (centrica.com, 2013) that has contributed towards being rated so highly. Naturally, these could be 'green-washed' statements, but the assumption is that Centrica is on the Global100 list because of the values it advocates.

"Our CR strategy and ambition directly supports Group strategic vision - to be the leading integrated energy company, with customers at our core - by seeking to gain sustainable business success through building trust with stakeholders."

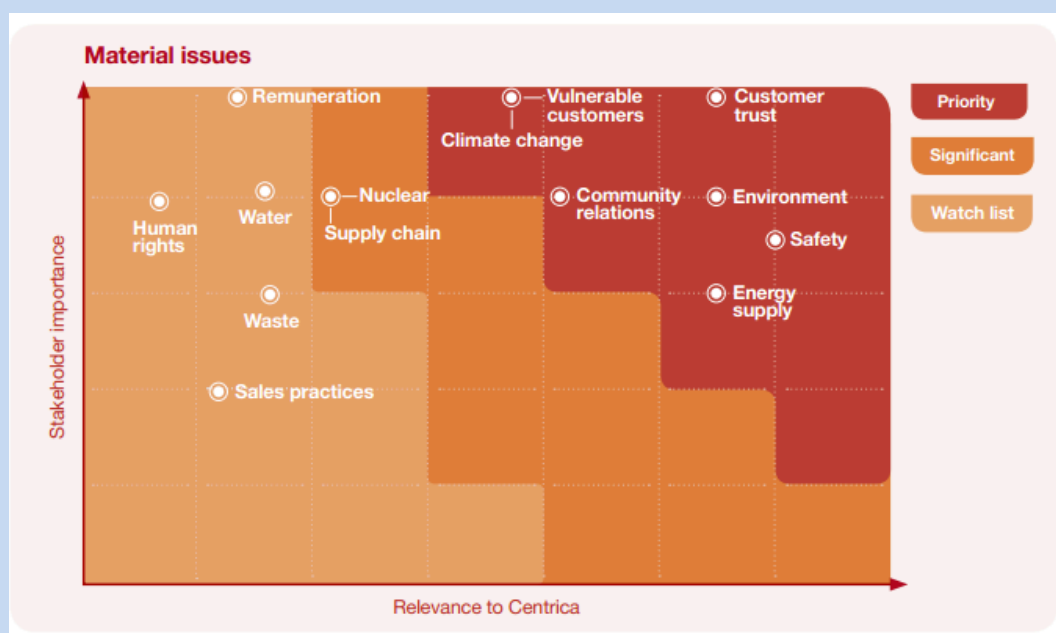
"We deliver our Group strategic vision through an approach built on ethical values, behaviours and responsible business practices, aimed at winning the trust of our customers, regulators, investors and other stakeholders by effectively managing our

social, environmental and ethical impacts. It also helps us to attract and retain talented and committed employees.”

“We can also contribute positively to society and the environment, benefitting the long-term health and sustainability of both. We strive to do this in a way that also creates opportunities and advantages for our business and shareholders.”

“A strong reputation for CR can help us win business advantage and contribute to shareholder value. Conversely, perceived weakness in CR may damage our reputation and cause financial risks.”

As seen, its approach parallels that of the CS framework. Centrica views its corporate responsibility in line with its bottom line, advocating mutual success and failure. In the realm of stakeholder engagement, its key performance indicators are: customer fairness, low carbon, energy supply, and people and safety. As a utility company its corporate responsibility priorities will be different from that of another company’s. The blueprint of Corporate Sustainability is emphasized in certain areas and reduced in others. Nevertheless, Centrica provides a good example of a company that advocates the CS mentality (and is rated as a top 100 sustainable company), while still turning a healthy net profit. Below is a graph depicting specific stakeholder importance (Centrica, 2013).



Unilever (Industry: Consumer staples)

Founded in 1930, this Anglo-Dutch company is the third largest in consumer goods, specifically: food, beverages, personal care products, and cleaning agents. Its net income in 2012 was €4.48 billion (google.com/finance, 2013). It currently employs roughly 171,000 people. The Global100 in 2013 listed it as the 82nd most sustainable company in the world.

The following quotations taken from Unilever’s website showcase, not only its sustainability-driven business, but a pursuit of CS (unilever.com):

“As we grow we want to show that putting sustainability at the heart of our business model not only secures our future but is a driver of sustainable growth.”

“In November 2010, we set out the Unilever Sustainable Living Plan, committing to a ten year journey towards sustainable growth. What makes our Plan different is that it applies right across the value chain. We are taking responsibility not just for our own direct operations but for our suppliers, distributors and - crucially - for how our consumers use our brands.”

“[We want to] double the size of our business while reducing our environmental footprint and increasing our positive social impact.”

“With 7 billion people on our planet, the earth’s resources can be strained. This means sustainable, equitable growth is the only acceptable model of growth for our business. We believe growth and sustainability are not in conflict. In fact, in our experience, sustainability drives growth.”

Its current targets are health & hygiene, improving nutrition, greenhouse gases, water, waste, sustainable sourcing, and better livelihoods. Like Centrica, the previous example, it fits the model CS by seeing its long-term existence as tied in with such targets. Furthermore, it too, emphasizes and deemphasizes certain elements in the CSF, ensuring that it engages in areas where it can enable all-win scenarios (Unilever, 2013).



Telenor ASA (Industry: Telecommunications)

Telenor is a Norwegian company, started in 1855, headquartered in Fornebu, Norway. It is currently one of the biggest mobile phone operators, offering services to over 200 million customers in Scandinavia, Asia, and Eastern Europe.

Its profit for 2011 is roughly NOK 7.217 billion (Annual Report, 2011). It is rated 48th by Global100 in 2013.

“Telenor Group strives to maximise the impact of telecommunications, create shared value for society and shape a sustainable future.”

“Our business matters. Telecommunications has significant potential to add value to people’s lives, contribute to social and economic growth, create a positive impact in society, and help shape a sustainable future.”

“At the Telenor Group, our CR efforts rest on two key strategic pillars: extending the benefits of mobile communications across all our markets and integrating responsible business practices in all aspects of our operations.”

“Telenor believes that decent working conditions, respect for human rights and the environment, as well as willingness to improve standards amongst our suppliers is the only viable route forward.”

The responsible business practices for Telenor focus on environmental management, social, and environmental dimension; similar to the triple bottom line approach. As seen by the penultimate quotation, it recognizes its niche in the market and utilizes its specialty in order to create ‘shared value’ amongst its supply chain and customers. Like the vision of CS, Telenor seeks to establish a system of mutual gains where it grows by benefitting society and the environment (Telenor, 2013).



Telenor Pakistan successfully launched its mobile financial services offering "easypaisa" in 2009. More than 1.5 million transactions are conducted every month through easypaisa.

The Global100 companies can be considered the elite in the world in terms of CS, but one can argue that most of them only reverted to sustainability once they had established their market dominance. Nevertheless, this argument cannot take away from the fact that enacting CS seemingly does not hurt their continued business success. Another lesson to take away from the three example-companies is how they tailor CS (or whatever they use as an equivalent) according to their industry in order to find opportunities for shared value. What is also noteworthy however, is the fact that all three examples are European. In fact, the consistent majority of the top 100 sustainable companies of Global100 are Western-based companies. But when talking about sustainable development, the developing world is where it is needed the most. This paper thus turns to the context of importance to this research – the developing world. As has been examined until now, CS advocates the opportunity of the private sector to benefit social and environmental issues. The developing world is where this is can have the biggest positive impact, and so it is of interest to understand the dynamics of how a concept like CS fits in the context of a developing country.

4. Gap in Knowledge

The concept of sustainability in business has gained prominence in academic and professional literature in recent years. Most studies focus on proving a business case for CSR and on the specifics actions of companies that show it to pursue a sustainability-oriented strategy. However, the background research done for this paper has shed light on a major gap in the CS literature, namely: CS in the developing world. Although CSR studies are not uncommon in this context, specific studies on CS are lacking. CS is the strategy that is promoted as the all-win scenario, but its fit in the arena where all-wins are needed most is missing. This is the focus of this paper.

To understand the potential of CS in the developing world, it is important to recall its earlier manifestations, namely, as Corporate Social Responsibility. This is because CSR is the original concept from which CS emerged and defined itself into a certain niche. When talking about degrees of approximating CS, CSR may be a more flexible term in evaluating where a company stands. This is especially true in the developing world where it is safe to assume, based on its lower socioeconomic standing, that there may be a significant portion of the private sector still stuck in one of Visser's early economic stages. According to Visser (2012) there are four main reasons why the focus of CSR research in the developing world is important:

1. "Developing countries represent the most rapidly expanding economies, and hence the most lucrative growth markets for business (IMF, 2006);
2. Developing countries are where the social and environmental crises are usually most acutely felt in the world (WRI, 2005; UNDP, 2006);
3. Developing countries are where globalization, economic growth, investment, and business activity are likely to have the most dramatic social and environmental impacts (both positive and negative) (World Bank, 2006); and

4. Developing countries present a distinctive set of CSR agenda challenges which are collectively quite different to those faced in the developed world.”

The first three points are well understood by the international community, and since the 1960s a stream of development work and aid has taken place in the developing world. However, in 2013 there are still over 3 billion people living on less than \$2.50 a day, the majority of which are in the developing world (globalissues.org, 2013). The environment as well, is more at risk. In the developing world there is often overpopulation, less environmental regulation, and a lot of industrial activity taking place as economic growth increases. Weaker and less reliable governments do not help matters either, often leaving gaps in the provision of basic necessities. To fill this void, besides NGOs and donor agencies, the private is often seen to step in (Visser et al, 2007). This is where the importance of CSR arises. In his brief account of CSR in developed nations, Visser claims that its state in developing countries is limited. The strategies tend to be “less formalized” and “present themselves as trade-offs, for example, development versus environment” (Visser et al, 2007). Despite these insights, he claims that more research into this field in this context is needed.

The research of this paper aims to contribute to this gap in knowledge. Continued work is needed to see the status of CSR in the developing world. This is one aim; but what this author adds is the need for seeing the potential of what is considered the ideal approach of CSR, namely: Corporate Sustainability, using the framework developed in part 3.3 of this paper. This approach is the one that would push the private sector into the right mindset in order to enact sustainable development where it is needed the most.

5. Research context: The Philippines

This paper has thus far: 1) looked at the history of CSR; 2) looked at its failings; 3) introduced CS and its framework; 4) examined examples of companies utilizing CS; and 5) identified a gap in knowledge in relation to CS. This gap of knowledge is the developing world, and to study this context this paper introduces the research done in the Philippines.

The Philippines is an economically less-developed nation in South-east Asia with a population of over 103 million people. Although showing potential alongside the Asian Tigers in the 1990s, it has since fallen behind and still has roughly 26% of the population below the poverty line (World Bank, 2012). And with widespread corruption (Transparency International, 2012) gaps in government initiatives have left a lot of room for businesses to take the lead in development, which supports Visser’s findings of CSR in developing countries. In the Philippines, CSR has been present for much of the last half-century in many of the more prominent companies. CSR development during this period took place in three stages: unorganized CSR (1960s-1970), organized philanthropy (1980s-1990s), and organized CSR (2000 onwards) (Calingo & delos Reyes, 2011). The first period followed the political crises experienced by the country, and CSR was only driven by companies seeking to improve their reputation in the eyes of the

public. It only began to become more focused with the emergence of business associations as the country itself began to settle. This led to the organized philanthropy years. According to Calingo & Delos Reyes (2011), the 2000s saw the growth of organized CSR, where businesses began to see strategy and collaboration in CSR. This shows a positive trend.

A study conducted in 2004 supports this trend, suggesting that 82% of executives interviewed considered corporate citizenship central to good business (Maximiano, 2005). League of Corporate Foundations, a business council in Manila, also frequently publishes on the business case of CSR and stakeholder engagement (LCF, 2011). However, a recent study conducted by Lala Rimando for NewsBreak (2012) shows that most CSR activities have yet to be embedded in the economic activity of a business. Furthermore, “goodwill” and a tradition of charity is why most heads of companies initiate CSR programs. This disagreement shows that the level of CSR research in the Philippines is limited, but also that CSR is getting increased attention. Furthermore, noteworthy corporations do exist, such as the Ayala Corporation. In 2012, it was awarded best corporate governance and corporate social responsibility in 2010 by *Finance Asia* (Ayala, 2012), suggesting that there is potential in the Philippines.

This potential is what the research portion of this paper, and aims to investigate CS, using the framework developed in this paper, in the context of a developing country, using the Philippines as the case study.

6. Methodology

6.1: Research question

This research took place over the course of 10 weeks in the capital city of Manila. It involved 10 top Philippine companies, using three measurement tools to answer the following research question:

“What is the state of Corporate Social Responsibility of top companies in the Philippines and what is the potential for Corporate Sustainability in this context?”

This can be divided into two sub-questions:

- 1) What is the current focus and impact of CSR in the Philippines?
- 2) What is the potential for Corporate Sustainability in the Philippines, using the CSF as a blueprint?

The two resulting aims of this research are to:

- 1) Evaluate the current CSR practices in the Philippines.
- 2) Evaluate the potential for the theoretical concept of *Corporate Sustainability* in the context of the Philippines.

6.2: Sampling

For this research, a selection of 10 companies was made. To get a wider perspective of CSR in the Philippines, the 10 companies were divided into five major industries (based on the Global Industry Classification Standard), with two

companies per industry. Having data from companies of five industries allows for a broader look at the state of CSR in the Philippines. Secondly, if interesting differences arise, there is some, albeit limited, room for comparison between and within industries. For the 10 companies, the selection was based on the following three criteria:

1. It is a domestic Filipino company (not a Filipino franchise or subsidiary of an international corporation).
2. It operates as a commercial business (not an NGO, school, or development agency).
3. It has been given a CSR award or officially recognized by the Asian Institute of Management in the last 9 years (AIM, 2012).

NB 1: The third criterion was broadened to include those that had not won an award but had been recognized because respondents at the AIM acknowledged that some top companies did not win because they had simply not joined the competition. SM and San Miguel fall into this category.

NB 2: Two companies violated one of the criteria, namely: Life Bank and Goldilocks, included because of last-minute dropouts. The former is officially a non-profit, but it was deemed appropriate because it acts as a commercial microfinance institution; it just does not pay out regular salaries to its employees. Goldilocks has not been officially recognized within CSR circles, but is of a significant size in the country to deserve inclusion in the sample.

The sampling was therefore purposive, done on the merit of the CSR program. The reason for this is because this research is interested in the impact of CSR and how it relates to sustainability. This is likely seen in only the most successful (and recently commended) companies, according to Visser's stages of CSR (2012). The goal is thus to focus on the frontrunners of CSR. These are the companies who have the capital and influence to be in a position to set an example and have a large impact, as seen in larger multinationals (Oxfam, 2010). This research however, is not a significant representation of the overall CSR practices in the Philippines, as the selection criteria effectively eliminate SMEs from the research population. The limitations of this choice will be fully discussed at a later stage in the research. The table below shows the 10 Filipino companies that were selected based on the criteria, and are listed according to their GICS industry³.

Table 2: Philippine company sample

Sector	Philippine companies	
<i>Consumer discretionary</i>	SM Prime Holdings	ABS CBN
<i>Financials</i>	Ayala Land	Life Bank
<i>Consumer staples</i>	San Miguel	Goldilocks
<i>Utilities</i>	Aboitiz Power	Meralco
<i>Telecomm / IT</i>	Smart Comm.	Knowledge Channel

³ For institutional details on the companies that were involved in this research, refer to appendix C.

6.3: Measurement Tool 1: Literature search

Aim 1 (sub-question 1) involves looking at the state of CSR in among the ten companies of the sample. The first step was then to conduct a literature search on the specifics about 1) how a company views CSR, 2) what CSR activities take place, and 3) with whom. This literature search consisted of looking on the company's website as well as reading through the most recent annual/sustainability report. It provided descriptive data on the state of CSR, revealing various trends.

6.4: Measurement Tool 2: Field visit

The first fieldwork for aim 1 involved field visits that were conducted at the impact areas of the CSR program. The target area was the community/project that the company itself regards as a beneficiary of their efforts. The purpose of this field visit was to give an impression and visual evidence of the company's CSR in the areas of the supply chain, environment, and community – dimensions from the Hang Sen survey (next tool). The notes gathered at the field visits factored into the analysis of the questionnaire on the corresponding dimensions.

6.5: Measurement Tool 3: CSR Questionnaire

The last tool for aim 1 was a CSR questionnaire, used to evaluate its current standing. The fieldwork consisted of distributing the questionnaire survey that was filled out by a representative of the company's CSR department.

The questionnaire that was used is the 2009 Corporate Social Responsibility Survey of Hang Sen Index (Oxfam, 2010), as it was used for similar purposes in the same region (Southeast Asia). It was developed by Hang Sen Indexes as the first attempt in Asia to, "document the CSR policies and initiatives of the biggest companies in the Hong Kong stock market (Oxfam, 2010)." Like in the present research, the companies that were used in the Hang Sen survey in Hong Kong were chosen, "because they are the best performing companies... they collectively have an enormous impact on the Hong Kong economy, and therefore, on social and environmental issues" (Oxfam, 2010). In 2008 the survey was first launched, and repeated in 2009. The questionnaire to be used in this research is based on the 2009 version⁴. The different dimensions that this survey measures are: *CSR strategy and reporting, stakeholder engagement, workplace quality, environmental performance, supply chains, and community investment*.

For each question, the company receives a score out of 3, which is also determined by whether or not sufficient evidence was provided to support the answer given. The three scales are: *None, partial or efforts, full/complete*, or

⁴ The survey was changed into the 'Hang Sen Corporate Sustainability Index' after 2009. Although this version might have been better suited to this research it is not available to the public. Nevertheless, the 2009 survey still covers all the necessary dimensions that are important to this research. The full questionnaire is provided in appendix D.

exceeding. The scores were then cumulated and given as a percentage. Analysis of the data gathered in the Philippines was done according to the guidelines given in the Oxfam report (2010), using the field visits described in the previous section as evidence of CSR practices. The scores on the index provide a quantitative foundation of the current practices among the Philippine companies along the five dimensions of CSR.

This survey is not an international standard for responsible business, but is comprehensive in seeing how the participants engage with the five dimensions. Data on these five dimensions were then linked with the core subjects of the ISO 26000 standard of integrated social responsibility, which targets the tenets of SD⁵ and forms the basis for the Corporate Sustainability Framework. This then provided the foundation for the questions for the interview, dealt with in the following tool.⁶

6.6: Measurement Tool 4: Semi-structured Interview

The first three measurement tools of the research were intended to take stock of the current CSR practices in the Philippines and gauge the level of CSR in the Philippines according to the Hang Sen Index. To understand this level of CSR in terms of Corporate Sustainability, a semi-structured interview with a respondent of the company was conducted, in pursuit of aim 2.

The Corporate Sustainability Framework, as established in part 3.3, is the model that will be used to judge the standing of the Philippines on CS. The literature that formed the foundation of this model was based on Western theories and case studies. Its use shows how this Western-based model fits in the Philippine context.

The structure of the semi-structured interview is based on the Corporate Sustainability Framework (CSF). Each of the three components was a core topic around which the interview was structured⁷. To help inform the interview, the data from the Hang Sen Index, particularly the dimensions that scored low, were connected to the relevant core subjects on the ISO 26000. The core subjects provide the foundation for the CSF, and the ones on which the companies had shortcomings were given particular attention during the interview.

The interviews provide the qualitative data for answering sub-question 2 (aim 2) in two steps. The first step was to rate the companies against the Corporate Sustainability Framework. Since the CSF describes the ideal situation of CS, what the company scores shows how close to the ideal it is. Since the interview was structured around the CSF, the framework was operationalized by scoring each company on the 'obligations' within each of the three components. Each 'obligation' received a score

0 to 1	Absent
2 to 3	Poor
3 to 4	Below satisfactory
5 to 6	Moderate
7 to 8	Good
9 to 10	Complete

⁵ The full list of the ISO 26000 subjects can be found in appendix A.

⁶ See appendix E for a diagram of the methodology.

⁷ See appendix F for an example of the semi-structured interview.

out of ten. The breakdown is seen to the right. Each obligation was probed during the interview and then judged somewhere between ‘absent fulfillment of the obligation’ and ‘complete fulfillment of the obligation’.

The scores of each obligation per component were averaged out to a final score for that component. The three components were then averaged to a final average for the company. Analyzing it thusly gives equal weighting to each obligation and each component. In general, the scores on the operationalized CSF show the standing of CS in the Philippines.

The second step involved looking at the opportunities and barriers to help explain the CS score. Having seen the level of CS, to measure its potential it was then necessary to identify the factors that produced the shortcomings and opportunities. The transcribed interviews were coded both for opportunities and barriers to CS. Opportunities were chosen as factors that seemingly encouraged or facilitated any aspect on the CSF. Barriers were factors that hindered any aspect. For example, an opportunity could be ‘western intervention’, whereby partnerships with western corporations enabled a company to better engage stakeholders. The frequencies of each opportunity and barrier were then noted to signify which were most influential.

7. Results

The results are broken down into four sections, the first three pertaining to aim 1 and the last to aim 2. It starts with the CSR vision and focus, followed by field visit-descriptions and the results of the Hang Sen Survey. The last section contains the scores on Corporate Sustainability and its potential.

AIM 1

7.1: CSR Vision and Focus

Through the literature search, the first stage of research showed: 1) the companies’ overall CSR vision, and 2) all relevant CSR foci.

CSR vision of the companies

The visions of the companies are the statements that guide their activities. They are an interesting comparison to part 3.4, giving insight into how companies in the Philippines perceive CSR compared to companies in more developed countries. The following statements were gathered using annual reports. In all but one company these were the stated vision of the foundation, which was seen as the vehicle for CSR for each company.⁸

Aboitiz

“To be the neighbor of choice in the areas where our companies operate.”

⁸ The exception was Ayala Land.

ABS CBN

"We commit to make a significant impact in the strategic areas of child care, environment, education and disaster management by leveraging the power and reach of media and partnering with concerned sectors of society."

Ayala Land

"Ayala Corporation, a holding company with a diverse business portfolio, has a legacy of pioneering the future. Founded in 1834, it has achieved its position of leadership by being values-drive, goals oriented, and stakeholder focused. Anchored on values of integrity, long-term vision, empowering leadership, and commitment to national development, we fulfill our mission to ensure long-term profitability, increase shareholder value, provide career opportunities, and create synergies as we build mutually beneficial partnerships and alliances with those who share our philosophy and values. With entrepreneurial strength, we continue to create a future that nurtures to fruition our business endeavors and personal aspirations."

"To improve the quality of life of the Filipino by contributing to the eradication of poverty in all its forms."

Meralco

"One Meralco Foundation provides opportunities for the Meralco Group stakeholders - shareholders, employees and business partners to help advance the lives of communities where our business operates through strategic, meaningful and sustainable corporate social responsibility (CSR) programs."

San Miguel

"We are committed to empowering our communities by managing corporate social responsibility programs that harness the strengths of San Miguel's operating businesses."

SM

"SM Foundation uses a holistic approach to respond to the social needs of the marginalized segments of society by serving more communities as SM builds more structures and businesses around the country."

Smart

"A connected, enlightened and productive Philippines"

Knowledge Channel

"Through K Channel television, the K Channel website – kchonline.ph, and K Channel on-demand, KCFI is working towards the realization of this dream by delivering quality education materials to the learners in the classrooms, learning centers, and homes."

NB: Two companies are missing from this list: Life Bank and Goldilocks. This is because they do not yet have a stated vision/mission when it comes to CSR.

When looking for lines of similarity throughout all the visions, one notices that most companies' visions are directed towards community engagement, education, or poverty alleviation. This is supported when looking at the activities and foci of their CSR programs.

SR foci and activities

	Focus	Relevant activity in 2011
SM	Education	Scholarship program with 1300 graduates to date
		School construction, 41 buildings and 100 classrooms to date
	Health	644 Medical missions, with over 500,000 beneficiaries
	Livelihood development	Construction of 69 wellness centers
	Outreach	37 farmers trainings
Ayala	Disaster relief	Clothings and food drives
		11 municipality beneficiaries
	Education	Connecting 3349 schools to internet
		978 student scholars
	Waste management	10,000 classrooms in planning
Meralco	Disaster relief	131 tons of recycables collected
		PHP225,255 collected for tsunami victims
	Community electrification	2124 households energized
	Livelihood development	33 communities engaged with entrepreneurial training
	Youth and sports advocacy	Sports scholarships made available to athletes
Aboitiz	Disaster relief	250 school heads and teachers trained
		7100 families supported during disasters
		150 students trained on first aid
	Employee volunteerism	Over 10,000 hours of volunteerism
	Education	152 classrooms built or being built
San Miguel		2421 scholars
		373 computer donations
	Livelihood development	Microfinance loans totalling PHP26m
	Health	PHP2.8m worth of capacity building activities
		PHP6.2m worth of primary health projects
Smart Comm.		40 medical missions
		PHP1.3m worth of water system projects
	Employee volunteerism	5084 employee projects
		Outreach
		Disaster relief
ABS CBN	Livelihood development	Livelihood projects, totalling PHP550m
	Education	117 classrooms built
	Health	2670 graduated patients
	Outreach	PHP1m worth of donations for 1387 people
	Disaster relief	PHP600m worth of disaster relief in 2011
Knowledge Channel	Employee volunteerism	PHP1.2m cash and 5000kg of food and clothing raised
	Education	527 scholarship grants (2010)
		Teacher trainings
		Development of CVIF- Dynamic Learning Program
		Educational grants
Life Bank	Poverty alleviation	Financial support for community development projects
	Livelihood development	Microfinance partnership with ASA Philippines
	Youth and sports advocacy	Financial support for Amateur Boxing Association and B-ball
		Set up of a juvenile rehabilitation center
	Disaster relief	Set up of a program for prediction, relief and rehabilitation
Life Bank	Livelihood development	Engagement with communities adjacent to the Pasig River
	Microfinance	Dredging and clean-up of the Pasig River
	Disaster relief	Funds for disaster response are made available

Table 3: CSR foci and activities in the Philippines

NB: Goldilocks is not present on this list because specific data was not available during the research.

The CSR activities shown in table 3 are the ones that the companies state themselves, in annual reports or in interviews, as their CSR focus. The target demographic of the CSR program of all ten companies are marginalized communities, which often lack basic services. 70% focus on providing people educational services, each using different methods, often employing their respective business' network. Furthermore, 60% focus on livelihood development, engaging communities in developing entrepreneurial activities. Disaster relief is also a focus of 60% of the sample. These three factors are therefore the primary manner in which the CSR visions of the previous section are enacted.

7.2: CSR Field Visits

The field visits were conducted to get an initial impression of the CSR activities of the companies, but also used to supplement the scoring of the Hang Sen Index and interview (aim 2) later on. This portion of the research yields no quantitative data and the qualitative notes will not be independently analyzed. This is because the variation in project visits was too great to allow for numerical comparison. Rather, a short description of each project site is given below, and the author's notes were factored into the Hang Sen Index and interview analysis. Out of the ten companies in the sample, a field visit was not possible in three. This is because of a lack of CSR impact area-visits within the research time frame. The author took all the photographs, except two.

Aboitiz

The impact areas of Aboitiz are the host communities where the corporation has facilities. The area that was visited for this research was in Navotas, for the purpose of opening two local health clinics in a lower socioeconomic neighborhood that was nearby an Aboitiz power generation plant. This health clinic offers basic services at a reduced cost. The clinic is comprised of one doctor and a handful of nurses.



The purpose of the visit was to, together with the local major, officially open the clinics and hand over the new equipment. Dozens of people from the neighborhood appeared for the opening, as well as media crew who filmed and documented

the event.

These clinics are two of roughly ten clinics that Aboitiz Foundation has launched and continues to visit. In these communities, Aboitiz is very positively received.

ABS CBN

The impact area for the ABS CBN foundation is the Pasig River and the communities surrounding it. Although the project visit did not take place with any member of the foundation, the impressions were still valuable in seeing the actual and desired impact of ABS CBN. The specific location on the river is called Estero de Paco. This area is very poor and is adjacent to the Pasig River, which is infamous for how dirty it is. Although fishing was once a popular activity, the river has since become too polluted to continue. Due to the smell and general hygienic risk, only the poor settle informally by the river. This Estero is no different, and the goal of ABS CBN is to clean up all 27 km of the river, a goal derived from the vision of the former first lady of the Philippines. To do so, ABS CBN recognized the need to enliven the communities around it. The market at Estero de Paco is of particular concern, as it was a main polluter of that section of the river. Now, ABS CBN works with the government in dredging up and guarding the river, using 'river warriors'.

Always present in the ABS CBN CSR activities is the media. As a media giant, it uses its resources to publicize and raise donations for its activities. Its stated goal, however, is to show people that there is hope in cleaning Manila's main river (Pagcor, 2012).



Ayala Land

Ayala Land is the only company in the sample that does not have specific CSR impact areas due CSR's integration in the business, which will be discussed later. The field visit was therefore to a commercial project that it deemed illustrated its commitment to sustainability.

The project is called Nuvali, a real estate development outside Metro Manila, near Tagaytay. This area, when finished, will be three times the size of the business district in Manila (Makati), and will provide three types of housing:

affordable, upper-middle, and upper. Also, there will be a retail, business, and recreational district. The field visit took place in the information and welcome building, where all specifications of Nuvali were explained.

Nuvali's selling point is its novelty in the context of the Philippines. Although not mandatory, Ayala Land offers options for energy efficiency, such as: dual water pipe systems (one for potable), solar panels, passive cooling systems, and waste management and recycling. Moreover, the area is planned around sustainable transportations, including organized transportation back to Manila and boats within Nuvali. Housing here is more expensive, but Ayala explains that saving via sustainability is the goal.

The communities that lived in the area that is now being developed were compensated if they agreed to relocate, but Ayala is conducting enterprise development. The aim is to incorporate them into the commercial activities that are and will take place in Nuvali. For example, people have been encouraged/and trained to construct cinder blocks, which are then bought off of them. Now, roughly 80% of the employees of Nuvali are from the area. To ensure harmony, Ayala conducted surveys on satisfaction. A computer-generated plan of Nuvali is pictured below (Midel, 2008).



Life Bank

The focus of Life Bank's CSR initiative is closely tied with its business. Its main product is the provision of micro-loans to people in lower socioeconomic standing. Following the Bangladeshi model of microfinance, Life Bank arranges group loans to women who patrol themselves and ensure that group members pay back on time. The field visit was composed of going with the board members to a meeting with a group of ladies to collect the loans and evaluate the process with them. Furthermore, the life insurance and savings schemes were elaborate upon. For automatic life insurance a community member became eligible when he/she had been a reliable borrower for at least two years. Savings are also mandatory, and have been greatly valued by the communities as a way to safeguard their earnings.

Meralco

Although Meralco focuses on several kinds of CSR activities such as education, the focus during the field visit was one that was aligned with Meralco's business, namely electrification. The project was located in Barangay Pinagbuhatan - a poorer community outside Manila, where Meralco is providing cheap community electrification.



The visit was to turn on the electricity connection for the first time. All community members were invited to the ceremony, which consisted of community leaders and the Meralco Foundation members. Furthermore, children from the community were invited to perform dances with the Meralco mascot.



Like Aboitiz, much of Meralco's CSR activities center on engaging the communities, where their operations are present.

San Miguel

The field visit with San Miguel was to a health clinic in Pampanga. The health clinic was established near the major San Miguel Brewery that supplies Metro Manila. It was put into place to provide people free basic health



services. One doctor and two nurses generally staff the clinic.

The target group of the clinic is people from neighboring communities who are not directly involved with San Miguel, as San Miguel employees have their own medical facilities. Although not a large clinic, it sees dozens of community members everyday. Furthermore, San Miguel provides a shuttle service from the community to the clinic.

San Miguel regularly engages with its host communities as part of its CSR activities, and has a community clinic for each of its five breweries in Luzon. However, San Miguel also focuses on nutrition and education in these communities.



SM

Two key programs that SM focuses on are education and health services, the latter of which was the focus of the field visit. SM conducts weekly medical missions in the SM malls. These medical missions are often conducted in the mall itself, but when it is not available the parking lots of the malls are used. Here community members receive free comprehensive medical check-ups and medicine, including x-rays, ECG, maternity aid, dental care, and health education.

During the field visit during this research hundreds of community members in the neighborhood of SM Santa Mesa received free medical attention.



At least ten doctors were present, dozens of nurses and assistants, and the event was well covered by hired photographers to document the event. The whole mission took the entire day and involved various other NGOs and companies.



Smart

The field visit with Smart was unlike the others in that it was not focused on direct community engagement. Rather, it was the final ceremony in a scholarship program. Every year Smart hosts a competition open to all elementary and high schools. The program, named SWEEP (Smart Wireless Engineering Education Program), aims to encourage innovation in solving everyday issues, ranging anywhere from transportation to education, to cellular services. The only prerequisite is that it involves wireless technology to solve a societal problem.

The award ceremony involved the ten finalists from elementary and high school who had a chance to present their designs one last time in front of the board of Smart, employees, and their peers. It took place in the ballroom of one of Manila's nicest hotels, the Shangri-La. The winners of the SWEEP competition



earned a 500,000-peso grant from Smart. The winners of the 9th SWEEP awards designed a system for "Switching & Monitoring System using Android in Wireless Technology for SMS". Although not part of the official process, Smart often engages these students in the further development of the technology, and may even incorporate it into their business.



Although none of the field visits overlapped in the specific community that was the target of their CSR initiatives, there are similarities between the sector of focus and the type of demographic.

In the focus of the field visit, 3 out of 8 (38%) companies focused on providing health services, either as a medical event in one day or as a clinic set up near host communities. Although the literature search conducted beforehand shows education to be the actual primary focus among the Philippine companies, health service was also found to be a top priority.

When looking at the population that was targeted in the CSR activity, 6 out of 8 (75%) companies directly targeted the host communities, i.e. the community that lived around major facilities of the company. The other two engaged students and customers, but in the both cases, could also have been defined as a host community in an indirect way. This supports the literature reviews findings.

	Focus of field visit	Target population
Aboitiz	Medical center	Host community
ABS CBN	Environment; Community	River & community
Ayala Land	Sustainability	All stakeholders
Life Bank	Community engagement	Customers
Meralco	Electrification	Host community
San Miguel	Medical center	Host community
SM	Medical mission	Host community
Smart	Scholarship program	Students

Table 4: Field visits trends

7.3: Hang Sen Index on CSR

The Hang Sen questionnaire was conducted with 8 of the 10 companies, excluding Goldilocks and ABS CBN, who could not participate due to time pressures and/or prior engagements. The index provides a score on how the Philippines on CSR, and a breakdown between companies is given.

Table 5 shows the total average scores of each company, the average score on each aspect for all companies, and the total average for all companies who filled out the questionnaire.

	CSR Reporting	Stakeholder Engagement	Workplace Quality	Environmental Performance	Supply Chains	Community investment	Average per company
San Miguel	62.5	83.3	66.7	83.3	26.7	40	60.4
SM	37.5	75	66.7	77.8	46.7	66.7	61.7
Meralco	66.7	66.7	66.7	66.7	60	77.8	67.4
Ayala Land	91.7	83.3	72.7	83.3	60	66.7	76.3
Smart	37.5	41.7	33.3	41.7	66.7	33.3	42.4
Knowledge Channel	50	58.3	52.8	50	22.2	100	55.6
Aboitiz	83.3	83.3	60.1	66.7	0	80	62.2
Life Bank	41.7	88.9	60	33.3	0	75	49.8
Average per aspect	58.9	72.6	59.9	62.9	35.3	67.4	59.5

Table 5: Hang Sen Index scores

The total average score for all 8 companies was 59.5%. This puts the Philippine companies on a level of 'partial' CSR adoption and implementation according to the Hang Sen Index. The graph below illustrates the leaders in CSR according to this index.

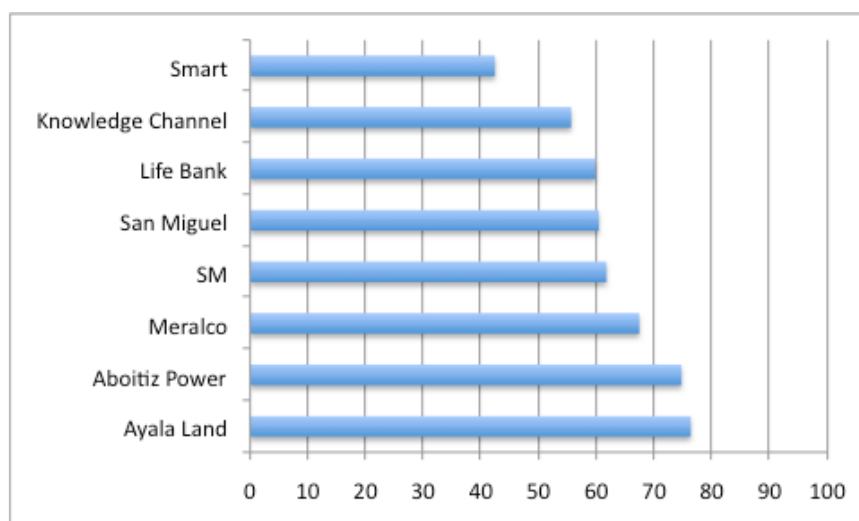


Figure 6: Graph of Hang Sen scores per company

Between the highest scoring (Ayala Land) and the lowest scoring (Smart), there is a difference of 33.9 percentage points. The standard deviation is 10.4, and yields, when dividing by the average, a coefficient of variation of 0.18, which is relatively low. A low coefficient of variance is defined as a relatively low average distance of the company-scores away from the average, implying all the companies performed relatively similarly on the index.

When considering the individual dimensions, 'stakeholder engagement' rates the highest (72.6%), while 'supply chains' scores the lowest (35.3%). Again, however, the coefficient of variation is low: 0.22 (standard deviation of 12.9). This implies that all companies overall performed relatively similarly on all dimensions.

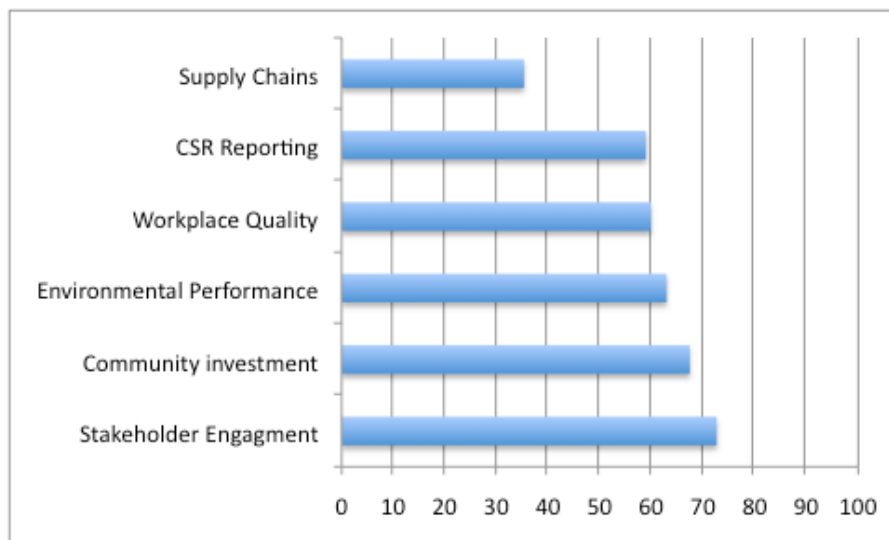


Figure 7: Graph of Hang Sen scores per dimension

While not the focus of the research, it is interesting to see the industry differences within the company sample, divided according to the GICS

Financials	65.6
Consumer staples	64
Utility	64.8
Retail	57.7
Telecommunications	46.2

classification standard. As seen in table 2, *financials* scored the highest.

Table 6: Hang Sen scores per industry

Telecommunications, stemming from the poor performance of Smart Communications in the index, scored the lowest.

Limitations of the Hang Sen Index

Although this data provides a first glimpse of the CSR activities of the Philippine sample, it is important to note the limitations to understand the validity.

The people who filled out the questionnaires were not always in a position to answer all the questions with all possible accuracy. This is because out of the eight companies, seven were working for the foundation arm of the corporation and did not have easy access to the corporation's finances and/or policies. One exemplary company however, was Ayala Land, which was the only company to have a Sustainability manager, who filled out the questionnaire. A secondary and lesser limitation was time: three out of the eight companies experienced time pressures and this author believes this to have caused the correspondent to rush through the questionnaire. These are significant limitations and will be discussed. However, this index, in concert with the first two tools, merely provides a basis for the true focus of the research: aim 2.

AIM 2

7.4: Corporate Sustainability Framework

Until now in the research, the state of CSR in the Philippines has been examined, looking at the specific CSR activities and scoring it on the Hang Sen Index. The second aim of the research is to look at the potential of Corporate Sustainability using an interview based on the Corporate Sustainability Framework (CSF; in part 3.3). The first part of this involves scoring the companies on Corporate Sustainability, using the interview to qualitatively rate the companies against the CSF. This is followed by a section looking at the opportunities and barriers to CS.

Corporate Sustainability Score

Table 7 summarizes the results of rating the companies against the CSF.

Average CS score

The average score among all ten Philippine companies on Corporate Sustainability is 5.6 out of 10 (56%). According to the scale in the Corporate Sustainability Framework this puts the average score of the Philippines as 'moderate' fulfillment of CS obligations. When looking at the three components, stakeholder engagement is the highest with 7/10 ('good' on the scale). Understanding sustainability in business is the component with the lowest score, 4.8 ('below satisfactory'). Proper management channels does not score significantly better with 5.0 ('moderate').

	Understanding Sustainability in Business	Proper Management Channels	Stakeholder Engagement	<i>Average per company</i>
San Miguel	5.4	5.5	8.0	6.3
SM	3.2	5.5	6.4	5.0
Meralco	5.4	4.3	6.7	5.5
Ayala Land	8.8	8.0	8.3	8.4
Smart	6.2	5.3	7.6	6.3
Aboitiz Power	5.0	6.0	6.8	5.9
Goldilocks	2.4	2.5	5.8	3.6
ABS CBN	3.8	5.0	7.4	5.4
Life Bank	4.6	4.0	7.2	5.3
Knowledge Channel	3.4	3.8	7.2	4.8
<i>Average per aspect</i>	4.8	5.0	7.1	5.6

Table 7: Corporate Sustainability scores

Corporate Sustainability score per company

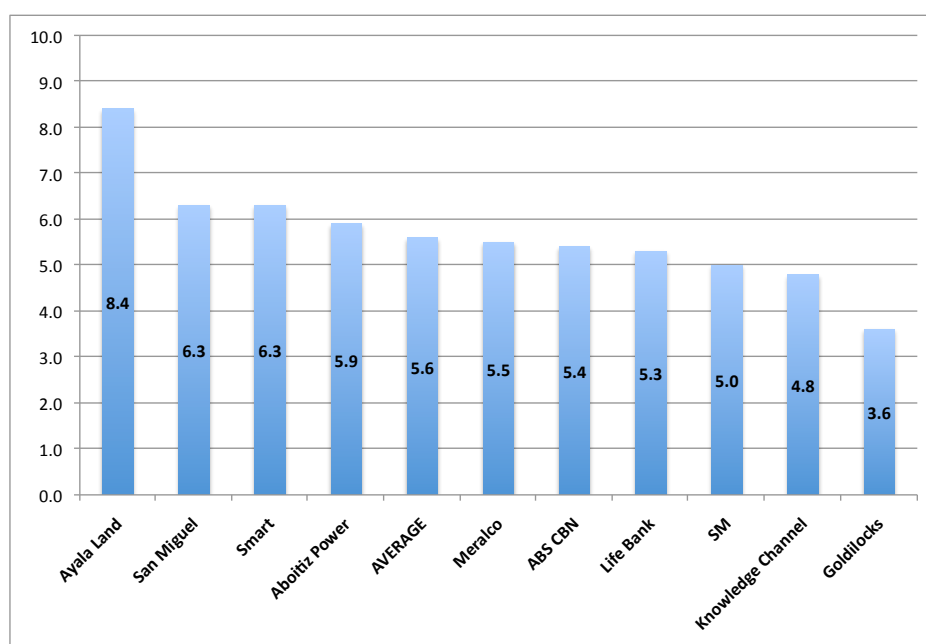
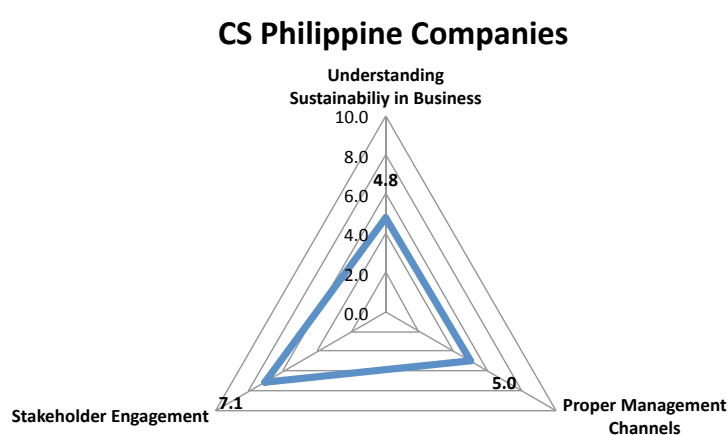


Figure 8: CS scores per company

As seen in the graph above there is a significant difference between the highest score (Ayala) and the lowest (Goldilocks) – a 4.8-point difference. This is because, however, Ayala Land performs 50% better than the average, and is the only company to do so to this degree. Without Ayala, the standard deviation of the sample is 0.8 (coefficient of variation of 0.1). The standard deviation including it is higher, albeit still relatively low: 1.2 (coefficient of variation of 0.2)⁹. This indicates that all companies scored relatively close to one another in terms of average Corporate Sustainability.¹⁰ What needs to be looked at next is the break down per component for each company. Below is a visualization of the differences between companies using radar diagrams.

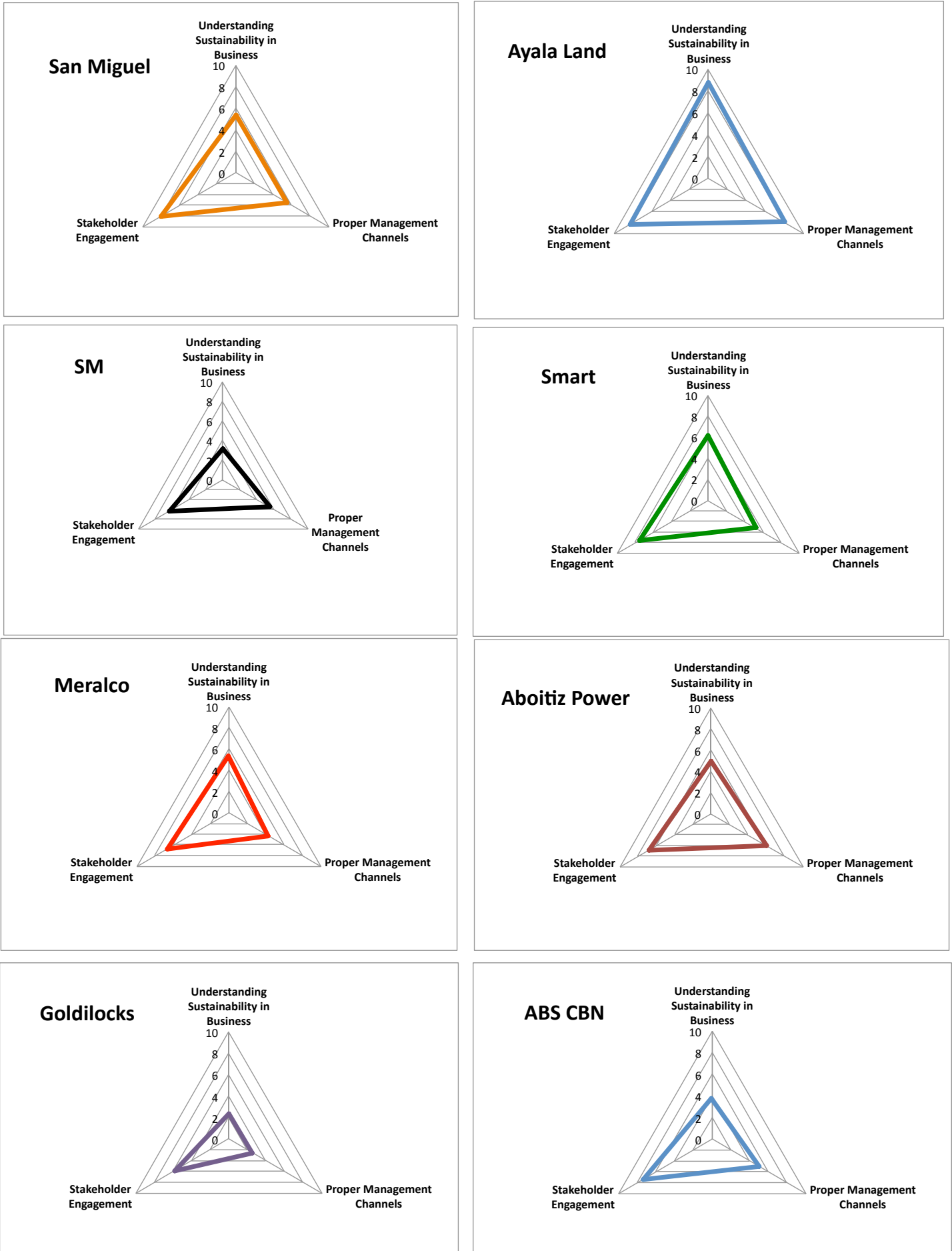
Figure 9: CS scores as radar diagram

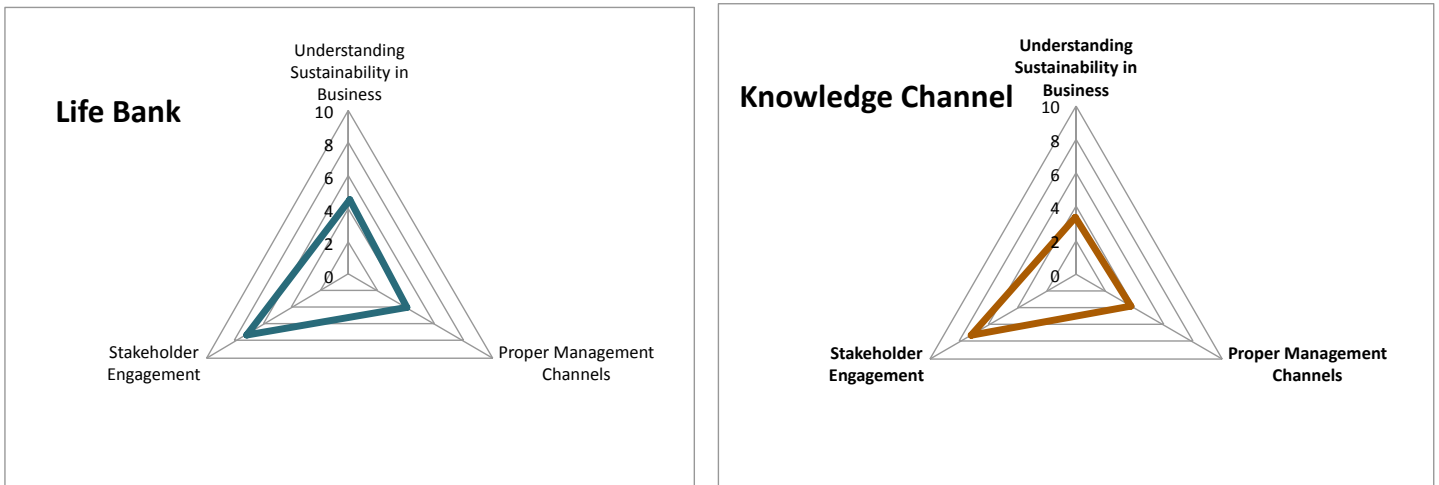


⁹ From now on only the standard deviation will be given since all the scores are out of 10, and will only be compared to one another.

¹⁰ All the proceeding standard deviations are relatively low. However, as the sample size is comparatively small and isolated, a standard deviation of 0-1.2 will be treated as relatively low, and anything above will be treated as relatively high and noteworthy, but with no implication to significance.

Figure 10: Radar diagrams of CS scores for each company

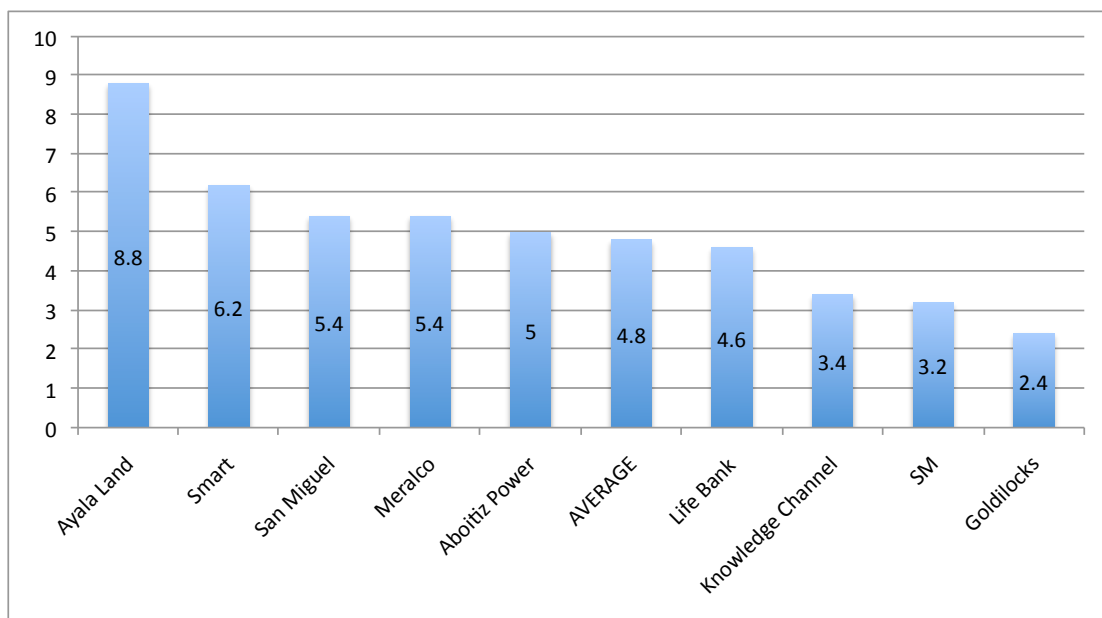




In the radar diagrams, the closer the companies gets to the equilateral triangle, the closer it gets to complete Corporate Sustainability. The closest company is Ayala Land, and the furthest Goldilocks. Just through visual judgment one can see 'Understanding Sustainability in Business' varies somewhat between companies, but generally scoring lower than the other two components.

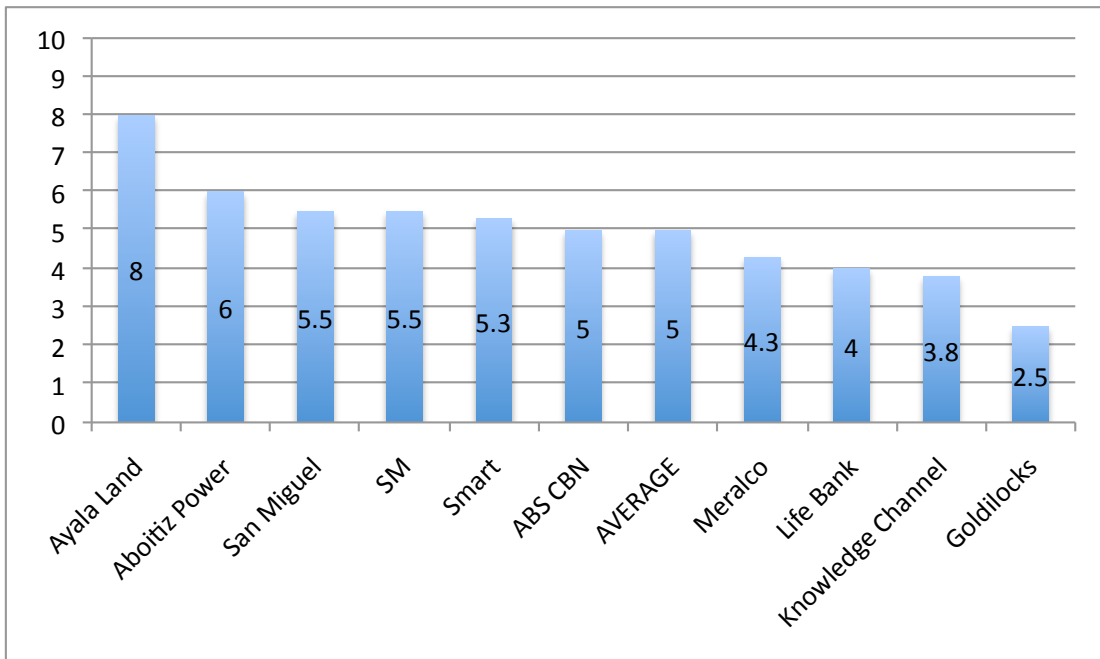
Per company for each aspect

Figure 11: Graph of CS scores per company for 'Understanding Sustainability in Business'



The standard deviation for 'Understanding Sustainability in Business' is 1.8, which shows a greater, if not significant, variation than that of the total average. This is true of 'Proper management channels', which has a standard deviation of 1.5. Ayala Land and Goldilocks again are at the top and bottom, respectively, for both components.

Figure 12: Graph of CS scores per company for 'Proper Management Channels'



Stakeholder engagement has the least variation between the companies, with a standard deviation of 0.74, showing the least amount of variation among the CS components. The degrees of engagement with all their stakeholders are therefore relatively close together.

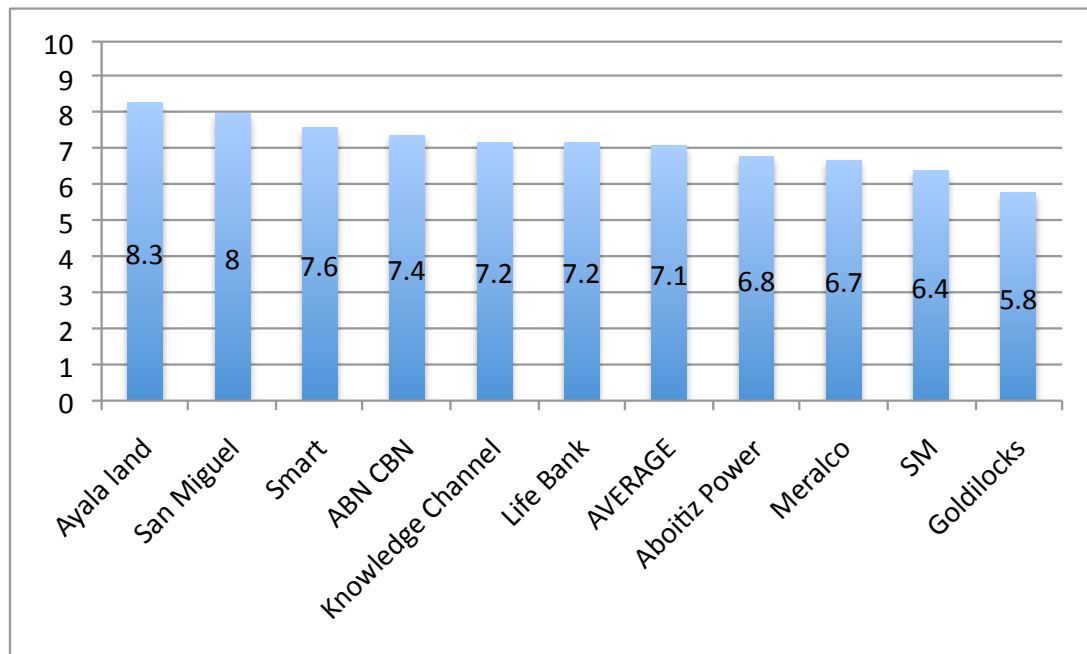


Figure 13: Graph of CS scores per company for 'Stakeholder Engagement'

Per company within stakeholder engagement

Another level worth analyzing is the differences within stakeholder engagement, as it consists of the eight major stakeholders. As seen in the radar diagram to the right, Philippine companies perform best when it comes to their shareholders. This is followed the government and employees. The lowest ranked stakeholder in the sample is *society*, and the *environment* is the penultimate. For the former, this implies that there are issues with transparency and raising awareness on sustainability. The implication for the environment is that its stewardship is not among the primary priorities of companies.

Stakeholder Engagement Philippine Companies

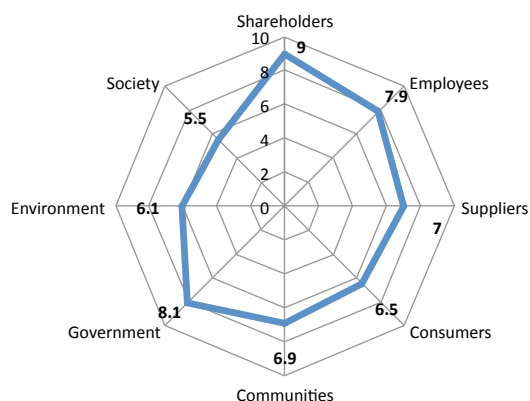


Figure 14: Radar diagram of 'Stakeholder Engagement'

Once more, radar diagrams are useful in depicting the differences between companies, looking only at stakeholder engagement. The specific values are first shown in the table below.

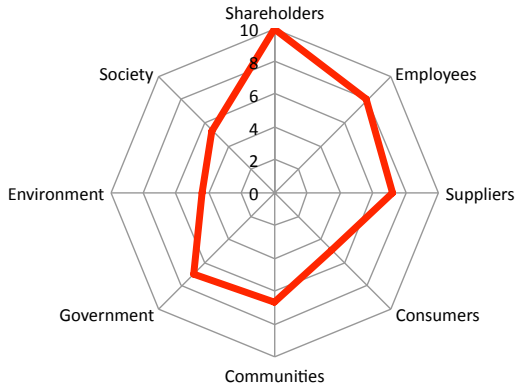
Table 8: Scores on 'Stakeholder Engagement'

	San Miguel	SM	Meralco	Ayala Land	Smart	Aboitiz	Goldilocks	ABS CBN	Life Bank	Knowledge Channel	Average per stakeholder
Shareholders	10.0	9.0	10.0	10.0	9.5	9.5	7.5	8.5	7.0	8.5	9.0
Employees	9.0	7.0	8.0	8.0	8.0	7.3	6.3	8.0	9.0	8.0	7.9
Suppliers	7.8	6.6	7.2	8.2	7.4	6.2	6.0	7.0		6.4	7.0
Consumers	6.5	5.0	5.0	8.0	7.0	5.5	6.5	7.0	7.5	6.5	6.5
Communities	8.8	6.2	6.7	8.0	7.3	7.0	4.2	6.2	7.3	7.5	6.9
Government	9.0	7.8	7.0	8.3	7.3	8.3	7.8	8.5	8.5	8.5	8.1
Environment	8.2	4.4	4.4	8.4	7.6	5.0	4.4	6.8	6.0	6.0	6.1
Society	5.0	2.7	5.3	7.7	6.3	6.0	4.0	7.0	5.0	6.0	5.5
Average per company	7.9	6.4	6.7	8.3	7.6	6.8	5.8	7.4	7.2	7.2	7.1

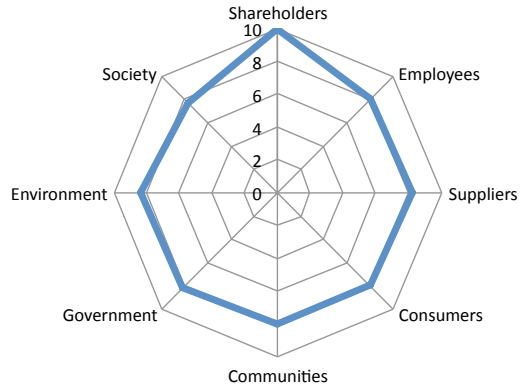
Figure 15: Radar diagrams of 'Stakeholder Engagement' for each company



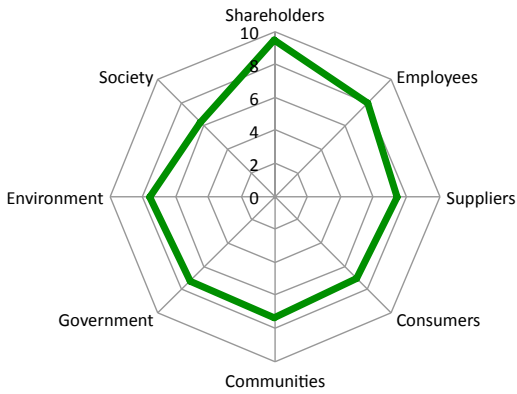
Meralco Stakeholder Engagement



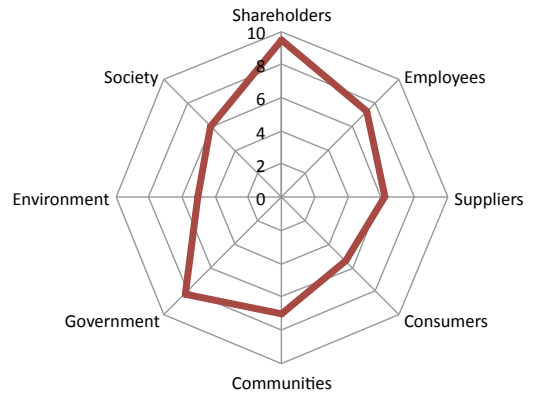
Ayala Land Stakeholder Engagement



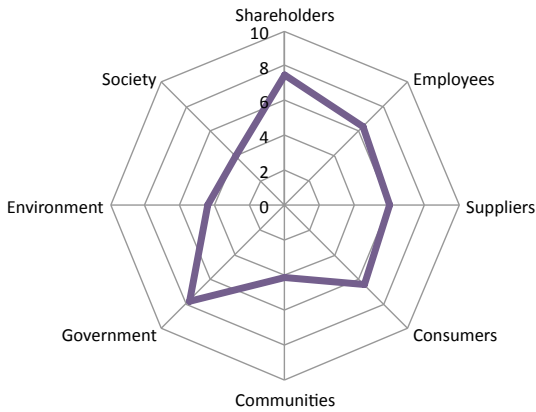
Smart Stakeholder Engagement



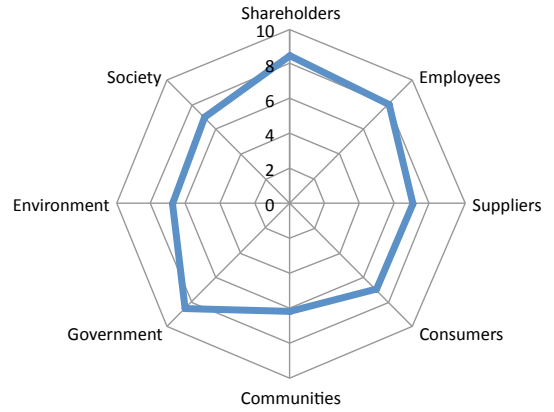
Aboitiz Power Stakeholder Engagement



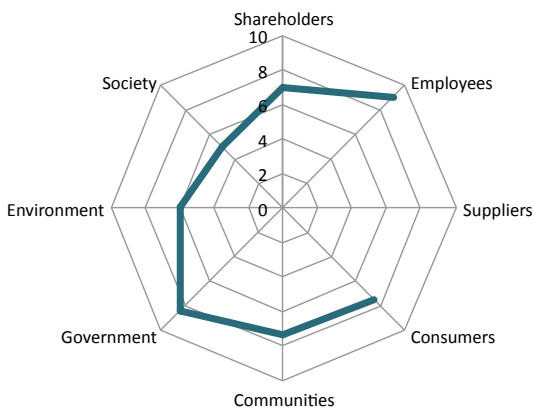
Goldilocks Stakeholder Engagement



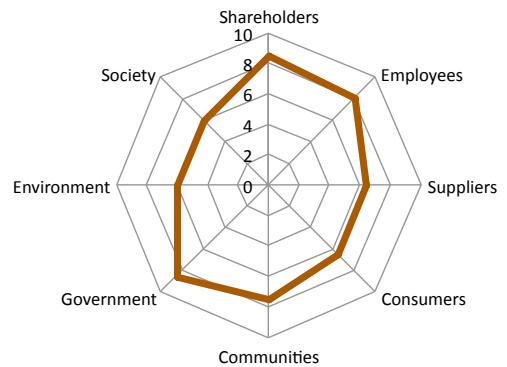
ABN CBN Stakeholder Engagement



Life Bank Stakeholder Engagement



Knowledge Channel Stakeholder Engagement



Just by looking, it can still be seen that Ayala Land does the best with its score of 8.3, and goldilocks with the lowest (5.8).

San Miguel	1.6
SM	2.0
Meralco	1.8
Ayala Land	0.7
Smart	0.9
Aboitiz	1.5
Goldilocks	1.5
ABS CBN	0.8
Life Bank	1.4
Knowledge Channel	1.1

Table 9: Standard deviation within 'Stakeholder Engagement' per company

The standard deviation of each company on engaging with the different stakeholders is given in table 9. These values show the variation in the scores of a company between the stakeholders, and are a relative measure of how equally it engages with their stakeholders. Ideally, this number should be low, implying fair treatment across all stakeholders. However, only 4 out of 10 score have a standard deviation below 1.2 (the relative threshold for this research). The rest have higher, with SM scoring the highest with

2.0. Ayala Land scored the lowest with 0.7.

The standard deviation between the stakeholders represents the variation of how all the companies engage with one stakeholder. This shows if there is high variation in how the Philippine companies treat one particular stakeholder. As seen in table 10, only *society* scores above 1.2, implying that nine of ten stakeholders are engaged relatively similarly between the companies.

Shareholders	1.1
Employees	0.8
Suppliers	0.7
Consumers	1.0
Communities	1.2
Government	0.6
Environment	1.6
Society	1.4

Table 10: Standard deviation within 'Stakeholder Engagement' per stakeholder

Corporate Sustainability Opportunities and Barriers

In order to understand the potential for Corporate Sustainability this research looked into the opportunities for and barriers to pursuing CS according to the CS framework. This was done through qualitative coding and analysis of the interviews with the companies. This resulted in the identification of 9 opportunities and 9 barriers. Each of the former is a feature of the company or the country that furthered any of the three components of Corporate Sustainability (CS)¹¹, and helped improve the score of the company on the CSF. For the latter, the identified codes hindered companies in enacting CS.

These opportunities and barriers are meant to help understand the successes and failings on the CSF in this specific context. The exact reasons why and how these factors affect the CS in the Philippines is not part of the data gathering of this paper, but will be dealt with in the discussion.

The opportunities and barriers identified and their frequencies within the 10 companies are presented in tables 11 and 12. Some of them appear in both opportunities and barriers, as they can have multiple impacts, some of which are positive (in terms of CS) and some negative. This will be discussed at a later stage.

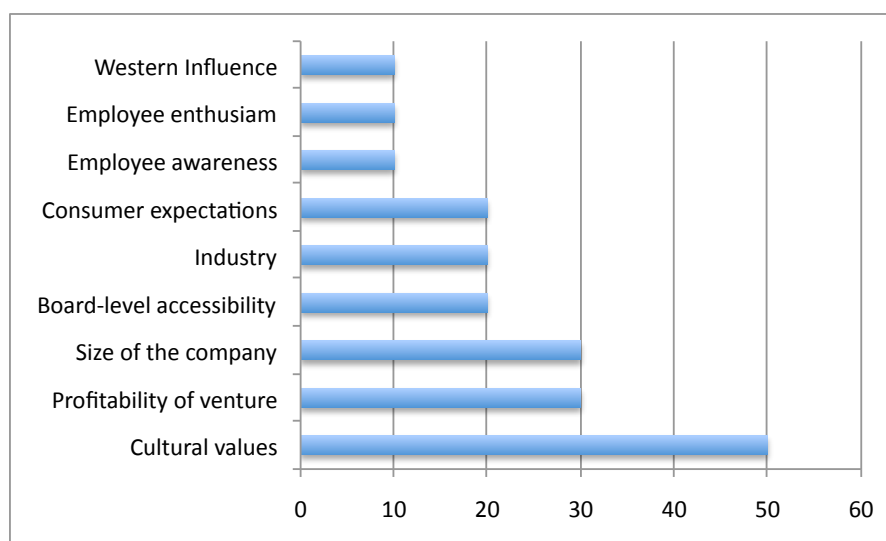
Cultural values	5
Profitability of venture	3
Size of the company	3
Board-level accessibility	2
Industry	2
Consumer expectations	2
Employee awareness	1
Employee enthusiasm	1
Western Influence	1

Table 11: Opportunities for CS

Lack of board-level understanding	10
Charity perception	5
Price prioritization	5
Lack of consumer awareness	4
Structural inertia	3
Lack of coordination	3
Unhelpful government regulation	3
Industry	1
Employee awareness	1

Table 12: Barriers to CS

Figure 16: Graph of the 'Opportunities' for CS



¹¹ Understanding Sustainability in Business, Proper Management Channels, and Stakeholder Engagement

As seen in figure 16, 'cultural values' was identified as the most conducive driver towards enacting Corporate Sustainability. Although 'culture' is subjective, when described during the interviews this code was used in reference to feelings of goodwill, helping your neighbor, and giving back to society. This motivation appears to be the strongest, especially when it comes to stakeholder engagement, in pursuing aspects of CS. The next most frequent perceived opportunities are both profitability, and history and size of the company. The least frequent are employee awareness and employee enthusiasm.

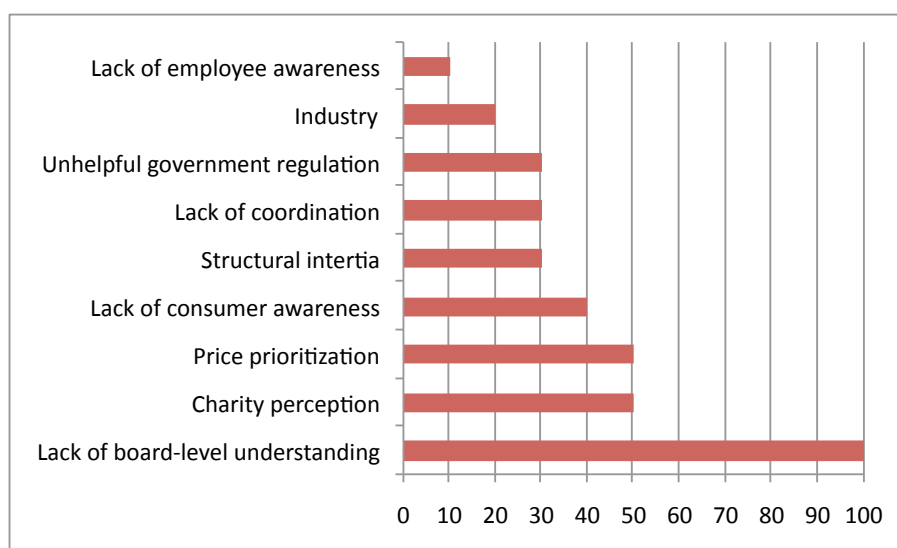


Figure 17: Graph of the 'Barriers' to CS

The barrier that was identified in all ten companies is 'lack of board-level understanding'. A misunderstanding of the potential of sustainability and/or CSR at top management is what seemingly hinders all companies in the sample in pursuing CS. The next most frequent barriers are 'charity perception' and 'price prioritization'. The former relates to lack of board-level understanding somewhat, but extends to the lower echelons of the companies. The latter suggests that CS is hindered because consumers are not prepared to shoulder a price increase for the sake of sustainability. The least frequent barrier identified is lack of employee awareness. In only one of ten companies was the lack of employee awareness of sustainability perceived to be a problem.

Although it might be interesting to discuss which component on the CSF each opportunity/barrier affects, during the analysis it became apparent that most could be considered systemic in that they affect or exist in all three components to some degree. For example, a charity perception of CSR exists in board members and employees alike, and has a significant impact on which stakeholders are engaged. Thus, all opportunities/barriers are simply discussed as affecting CS in general.

8. Main findings

The question that this research aimed to answer is: *What is the state of CSR in the Philippines and what is the potential for Corporate Sustainability?*

What is the state of CSR in the Philippines?

The CSR practice of the Philippine companies was rated as 59.5% on the Hang Sen Index, putting it in the realm of 'partial' CSR adoption. Out of the six dimensions, *Stakeholder engagement* scored the highest (72.6%), and *Supply chains* scored the lowest (35.3%). This was supported when looking at the actual CSR activities. In accordance with their stated visions, the majority of companies in the sample focused primarily on marginalized communities, providing mostly livelihood development, education, and disaster relief. Other national issues such as environmental degradation are thus neglected.

The characteristics, motivation, and foci identified show that the Philippines lies between Visser's 'charitable' and 'promotional' CSR. The vision of CSR is still entrenched in the idea of community

The Philippines lies between charitable and promotional CSR.

engagement primarily, motivated by a feeling of obligation. Although most companies try to use their core businesses as a driver, only Ayala Corporation fully takes advantage of their commercial expertise. There is room therefore, to improve on CSR in the Philippines. However, CSR is a much-debated term, and for this paper its ideal form was renamed Corporate Sustainability.

How does the Philippines rate in terms of Corporate Sustainability?

Taking into account the current state of CSR in the Philippines, the next step is to understand the potential for reaching complete Corporate Sustainability. Using the framework developed in this paper, the Philippine companies scored an average of 56%. In terms of CS, this signifies 'moderate' fulfillment of CS obligations. The component that scored lowest was 'Understanding

In terms of Corporate Sustainability, this places it just above 'moderate' CS.

Sustainability in Business'. 'Stakeholder Engagement' scored the highest (71%). When looking between companies, Ayala Corporation scored notably higher than the rest (84%).

When looking at the standard deviations per individual stakeholder, it is seen that the companies engage all stakeholders to the same degree. However, when looking at the standard deviation per company, all companies seemed to favor certain stakeholders over others. The two exceptions were Ayala and ABS CBN. The stakeholders that scored lowest overall in terms of 'Stakeholder Engagement' were 'society', 'environment', and 'consumers'. The highest was 'shareholders', followed by 'government', showing that the classic profit bias still persists in the Philippines.

What are the opportunities and barriers to Corporate Sustainability?

Out of the 9 opportunities that were coded for during the interview, 'cultural values' was deemed as the biggest driver of Corporate Sustainability, relating most closely to the dimension of 'Stakeholder Engagement'. The apparent feeling of goodwill to the fellow Filipino seems to drive stakeholder engagement in the right direction. The next two opportunities were 'profitability' and 'size of the company'.

Cultural values was deemed as the biggest driver...

The largest perceived barrier to CS is 'board-level understanding', relating closely to component 'Understanding Sustainability in Business'. The direction and vision passed down through board members that guide the company apparently is the greatest hindrance to enacting CS. The next biggest barriers are 'charity perception', where employees still view CSR as charity-based, and 'price prioritization', where Filipino consumers remain unprepared to pay a premium on sustainability-related goods.

The largest barrier is board-level understanding...

The results of this research suggest the top companies in the Philippines are not enacting perfect Corporate Sustainability and that, despite enabling factors, there are barriers that impede its adoption. The following section aims to look deeper into these specific opportunities and barriers and their interaction. This is done to shed further insights on how the Philippine context influences CS.

9. Discussion and Insights

9.1: CEO Mentality and Innovative Capacity

One primary finding of this research suggests that Corporate Sustainability experiences its biggest hindrance in the mentality of top management. The vision and direction that guide the companies push them in a direction that is still rooted in CSR-related ideas of charity and goodwill - ideas that detract away from recognizing equitable and sustainable stakeholder engagement. This is supported by another study done in the Philippines, showing that, "CSR in the Philippines is very much influenced by the personal values of the founders of business enterprises (Aguiling-Dalisay et al, 2009: 45). When comparing the visions of the Western companies in part 3.4 with the visions of the Philippine companies (part 7.1), one sees what kind of influence this can have. Although this research does not delve into the causes of this lack of sustainability understanding, an article by the Eisenhardt et al (1997) may suggest a possible reason. In it, the authors states that, "...low-conflict [management] teams tended to forget to consider key issues or were simply unaware of important aspects of their strategic situation" (p 85). When confronted by a lack of diversity in the

management team, apathy ensues, relating to the barrier of structural inertia. In the Philippine companies this may be caused by a lack of management diversity due to corporate inheritance.

As is the case with all the companies, an elite circle of people is still at the reigns, including members of the original founding family. Furthermore, there are often overlaps in leadership. For example, the chairman of one company is the chairman of another in this sample. As the decades go by, the next generation of the family is then groomed for leadership. This process could lead to a lack of dynamism and self-reflection in the company. However, during one interview this manner of inheritance was perceived to be a positive pattern, because, "...they grew up believing it". Here, 'they' refers to the incumbent generation and 'it' the current mentality and CSR vision. The interviewee explained that there was consistency in the programs and budget because of this corporate inheritance. However, what is lost is of greater value: conflict and change. Although this sounds counter-intuitive, the same study by Eisenhardt et al (1997) shows that when there are productive and managed conflicts within management, better decisions are made at a faster pace. Management teams should be a heterogeneous group of diverse ages, backgrounds, and expertise, stimulating critical reflection and innovation. Proper innovative capacity is a feature that seems to be missing from the majority of the sample companies.

In technological transition theory, innovation does not only imply a simple matter of technological substitution, but requires a change in the whole socio-technical regime (Geels, 2001). When the car was introduced, city structure, the job market, and individual recreation changed as well to find a new, balanced equilibrium. In the context of corporations, this adaptation is lost in the Philippines. A new concept such as environmental sustainability for example, does not simply require more target populations or annual report chapters, but a change in the whole perception of what CSR means and how it is engaged, starting at top management. In other words, the 'socio-corporate regime' needs to be reconfigured or at least be adaptable enough to move with the times. Adaptability and stability requires cultivating diversity in mentalities, with perhaps new board members to stimulate discussion and innovation (Rammel & Bergh, 2003). Instead, the same structures and leadership mentalities prevail.

The notable exception to the trend is Ayala, which is also still managed by members of the original family. However, all three components on the CS score for Ayala were much higher than the averages. Although there is no straightforward reason as to why it does not experience a lack of understanding at top management, one 'opportunity' noted for Ayala was 'Western influence'. This suggests that it hires or at least partners with Western expertise that penetrates to the high levels management enough to influence their decision-making. Nevertheless, Ayala was the only particularly exemplary company, as a lack of board understanding and structural inertia still constrain the other companies.

9.2: Filipino Business Ethics

Lacking structural dynamism, CSR and CS have still not reached significant levels in the Philippines. In nine out of the ten companies, CSR responsibility still rests in the hands of the foundation of the company. Regarded as a subsidiary, it is the vehicle through which the company gives back to society and engages with external stakeholders. This division, however, may contribute to the 'lack of coordination' barrier. As a separate entity, the foundation organizes and enacts its own projects, using only the guiding principles and budget of the mother corporation in many cases, with no idea for shared value or integration with business operations. This likely hinders, most significantly, the 'Proper management channels' component of the CSF. Rather than seeing CSR as integrated into the business and departments of the company, it remains largely separate. This compounds the structural inertia and lack of dynamism. The exception is again Ayala, who employs a Sustainability manager (not in a foundation), and whose rhetoric reflects high levels of CS.

This is however not to say that the programs that the other companies are doing are unhelpful. On the contrary, they are providing assistance to thousands of marginalized communities through education, healthcare, and many other services. The CS is just limited in focus to this demographic and rests in the domain of the foundation. Nevertheless, it is an admirable start, one that relates significantly to the main opportunity, namely: cultural values, which provide the foundation for the business ethics of companies. A majority of companies refer to the fact that Filipino business ethics drove their stakeholder engagement. When pressed, they explain that their motivation came from a feeling of goodwill to others. An anthropological study by Aguilung-Dalisay & Sarmiento-Enrile (2009) claims that working Filipinos are driven by 1) *kagandahangasal*: "proper behavior, good manners, right conduct, decorum, refinement of character, or being ethically or morally upright"; and 2) *kagandahang-loob*: "kindness, goodwill, nobility of heart, generosity" (p 396). These ethics function as cohesive sentiments within Filipino society, and can be speculatively understood as providing the basis to employees' and business leaders' dedication to CSR. However, a study by Tuason (2009) suggests that these values may not only be rooted in intrinsic Filipino business ethics, but in the situation of a country with significant poverty.

9.3: The Double-bottom Line

The study by Tuason (2009) shows that the significant amount of poverty in the country has created specific cultural values that overlap with those discussed in the previous section. Examples include: 1) *Utang na loob* (Debt of Gratitude), 2) *suwerte* (Luck), 3) *Bahala na* (Letting Go), 4) *Pagpupunyagi* (Perseverance and Fortitude), 5) *Pakikipagkapwa* (Reliance on Others and Social Security), and 6) Strong Family Ties. These values are not only prevalent in the poor, but seem also to diffuse into the general sentiment of the population and businesses. This suggests that the business ethics that help the CSR in the Philippines can be connected with its status as a developing country. In other words, by being a

relatively poorer country, people experience the drive to share, rely on others, and give back. This is perhaps compounded by the failings of government.

Clarke & Sison (2003) state that in the last few decades, the Philippine government has shown a lack of commitment to fighting poverty, contributing to the barrier of 'unhelpful government regulation'. Coupled with widespread corruption, there is a vacuum for basic services provision (Tuason, 2009). This need is felt most keenly during times of natural disaster, which is perhaps the reason why disaster relief is still one of the primary CSR outlets. 'Consumer expectations' in this context then force major businesses to act on the cultural values and fill the gap the government leaves, especially in terms of engaging with marginalized communities. But because the expectation pushes engagement with poorer people, the barrier of 'price prioritization' is experienced, as the poor are not prepared to spend more for the sake of sustainability.

'Consumer awareness' is also present as a barrier, and this is because awareness here refers now to other stakeholders, most notably: the environment. While awareness driven by wanting to help the poor encourages one type of engagement, lack of awareness about environmental issues hinders another. People in the context of a developing country prioritize the impoverished, and so are not primarily concerned with environmental protection. They therefore do not expect companies to do anything about it either.

This brings up the idea of the 'double-bottom line'. In sustainability theory the triple-bottom line implies pursuing people, planet, and profit at the same time. However, in the context of the Philippines, a developing country, perhaps only two of the three can be pursued, supporting Visser's assertion of there often being a trade-off (2012). Often, there is too steep a cost to people, especially the poor, when making the environment a priority. In one interview, the interviewee explains that, "Somewhere, something has to give. [As] much as we want to protect [the environment], development comes first. For example, in parts of the provinces, they are now going into exports/imports. To build a pier, you destroy the natural water system, but it helps development. It's a choice. But business people want development, too." It seems that development, not sustainable development, is most important for the Philippines. People need to be uplifted from poverty before concepts like environmental sustainability can be enacted. This however, is the general trend seen in this research, but looking at specific companies shows how other factors play a role in this as well.

9.4: Industry

Although differences between industries are not the focus of this research, interesting findings arise when considering it as a variable. The double-bottom line is the general trend in the sample of Philippine companies, but the outlier and the highest scoring company - Ayala Land - does not find this to be hindrance. Working in real estate, there are more opportunities for pursuing the triple-bottom line than a company like Meralco, a company in the energy industry. According to the interview, in real estate a lack of consumer awareness

about sustainability is irrelevant because it is innately profitable (considered an 'opportunity') in their strategy to build residential and commercial districts. Customers value trees and greenery, open spaces, and the use of ambient light, without the need for selling it as sustainability. Meralco on the other hand, feels the 'price prioritization' barrier acutely because consumers, especially the lower socio-economic classes, do not care what kind of energy source is used, just as long as they have electricity. So to provide affordable electricity, which contributes to national development, requires a preference of coal-fired plants over renewable energy. Therefore, the double-bottom line of the Philippine context affects companies in some industries more over others, contributing perhaps to the high CS score of Ayala over Meralco and Aboitiz (the two companies who experienced industry as a barrier). Nevertheless, this should not take away from the fact that Ayala's understanding of sustainability is its biggest advantage (and disadvantage in other companies). Another company working in real estate, SM, has the opportunity to exploit this industry-based advantage, but because of a lack of understanding, they score significantly less on CS than Ayala. SM is still profitable because the way they design their malls prioritizes short-term efficiency and gains, but at the cost of adaptability and long-term gains, which again follows the discussion of evolutionary theory (Rammel & Bergh, 2003).

10. Possible Ways Forward

Keeping in mind the contextual factors, the government has a chance to change the landscape in which the private sector operates, through policies and partnerships. A company can in itself find shared value when possible, but a government can encourage this by setting the stage. Starting at the lowest level, consumers need to become more aware. Although not a national priority, the importance of the environment needs to be internalized through education. A change of certain curriculum focus, especially at the university-level, is thus one, long-term way forward. The establishment of the League of Corporate Foundations already represents a positive step in Philippine academia in this field, as it regularly publishes about CSR and sustainability theories.

Furthermore, inter-corporate partnerships on the topic of protecting the environment, with the government as the mediator, would encourage innovative thinking. A study by Moffat & Auer (2006) looks at Environment Canada's Corporate Environmental Innovation (CEI) initiative. This initiative brings together the public sector and different industries of the private sector for the aim of, "fostering greater alignment of the full spectrum of stakeholders with the goals of sustainable development, to leverage environmental results that go beyond the traditional boundaries of institutional roles (p 589)." This initiative has thus far provided a valuable tool towards finding practical solutions for Corporate Sustainability.

Nevertheless, poverty is likely to persist in the Philippines for a few decades at least and remain a major variable in the landscape of CS. Companies are therefore not likely to stop corporate philanthropy/charity. This author however, is not suggesting that this is necessary for CS. Understanding the

context of the Philippines not only sheds light on what needs to change here, but also on how CS should be defined in this specific context. Perhaps while poverty still exists, philanthropy can never be divorced from CS. In other words, the framework should reflect this contextual constraint. In the CSF, 'supplier relations' deals with external suppliers and 'environmental relations' the environmental impact of the company. What must be added is 'foundation', which would deal specifically with corporate philanthropy.

Currently, the foundations of companies handle the CSR activities of a company, but because of the lack of understanding of CS there is no clear division on what it should do or what it should leave to other

departments, such as environmental regulations. Instead, the foundation should exist purely as the reflection of the cultural values that encourage philanthropy and acting as a safety net in the government's absence. The foundation's target would only be the marginalized – those who, because of poverty, cannot yet be incorporated into the value chain. Engaging them then legitimizes a company in the eyes of the average Filipino, whose values drive this expectation. This addition to the framework model is shown to the right.

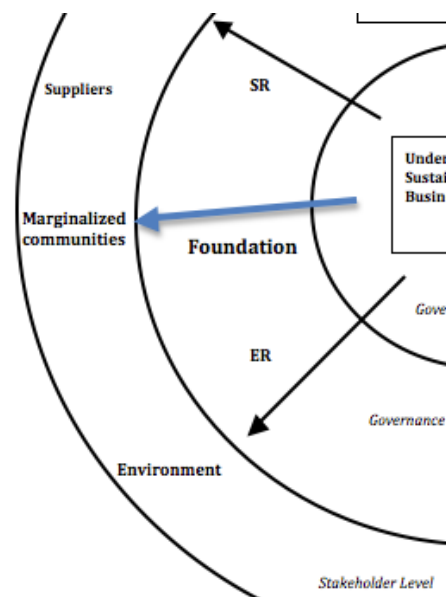


Figure 18: Addition to the CSF model

11. Conclusion

The research of this paper looked at the state of CSR in the Philippines and the potential of Corporate Sustainability. According to the results, CSR is still rooted in ideas of charity and community development. Corporate Sustainability is therefore also lacking, seemingly hindered by the lack of understanding at top management. Although engagement with community stakeholders is good and is driven by cultural values, the current mindset and structural constraints in companies slow the evolution of CSR into complete CS. The causes of this, although not researched upon, are speculated to be rooted in the economic situation of the Philippines as a developing country, causing a situation of the 'double-bottom line'. However, one noteworthy frontrunner, Ayala, does give some hope.

To situate this research in the bigger picture, these findings may add to the knowledge of how Corporate Sustainability applies in the developing world context in general. This research supports the ideas of Visser (2012), describing that CSR in developing countries is still entrenched in ideas of philanthropy, despite individual company progress and that sustainability is often seen as a trade-off. Furthermore, the private sector often has to fill in for governmental

services to the poor. This research has taken steps, however, to understanding the specifics behind these characteristics using a CS framework that looks at the specific inputs and outputs of CS. This offers insights into the influence of poverty on corporate and cultural values, which then impact how CS/CSR is perceived and enacted. Understanding these connections is an important first step towards finding the best way forward in making the private sector a catalyst for sustainable development, rather than a barrier. Although Henderson (2001) brings into question the ethics of putting development into the private sector's hands, there is no longer a choice: they have an impact and it is only getting bigger. Rather than separate this from developmental objectives, it is integral that this impact be guided in a direction that is mutually beneficial to the private sector and its wider stakeholders.

12. Further Research

To contribute towards understanding this complex issue, further research is recommended. Due to time constraints, only ten companies, with one interview each, was possible; for more comprehensive and externally valid data, a larger sample size is suggested. Secondly, this research focused on the top companies in the Philippines because of their overall impact on society. However, if aggregated, SMEs have significant influence, and research about the opportunities for sustainability in this context would add valuable knowledge. Lastly, similar research in other developing countries should be conducted so that cross-comparison of the how similarities and differences between developing countries affects Corporate Sustainability.

Appendices

Appendix A: Summary of relevant ISO 26000 expectations

NB: There are some direct quotations from the ISO 26000 used in the following text. All intellectual rights belong to the ISO organization. The following is merely as summary used as a quick-reference guide.

Two fundamental practices of social responsibility:

Recognizing social responsibility and engaging stakeholders

5.2: Recognizing social responsibility

A company should recognize three relationships:

1. Organization & society
2. Organization & stakeholders
3. Stakeholders & society

It should understand the relevant issues of social responsibility:

Organizational governance; human rights; labour practices; the environment; fair operating practices; consumer issues; and community involvement and development.

5.3: Stakeholder identification and engagement

An organization needs to be aware of the parties (formal or informal) whose interests are affected by its decisions, essentially having a stake in what they do.

Does an organization ask itself the following questions in order to identify stakeholders?

1. To whom do legal obligations exist?
2. Who might be positively or negatively affected by the organization's decisions or activities?
3. Who has been involved in the past when similar concerns needed to be addressed?
4. Who can help the organization address specific impacts?
5. Who would be disadvantaged if they were excluded from the engagement?
6. Who in the value chain is affected?

Does an organization meaningfully engage with identified stakeholders by possessing the following elements?

1. A clear purpose for the engagement is understood.
2. The stakeholder's interests have been identified.
3. The relationship that these interests establish between the organization and the stakeholder is direct or important.
4. The interests of stakeholders are relevant and significant to sustainable development.

Core subjects and issues of social responsibility

6.2: Organizational Governance

Effective governance should incorporate the 7 principles [of social responsibility] (clause 4) into decision-making and implementation.

An organization's decision-making processes and structures should enable it to:

1. Create and nurture an environment in which the principles of social responsibility (see Clause 4) are practiced.
2. Create a system of economic and non-economic incentives related to performance on social responsibility.
3. Use financial, natural and human resources efficiently.
4. Promote fair representation of under-represented groups (including women and racial and ethnic groups) in senior positions in the organization.
5. Balance the needs of the organization and its stakeholders, including immediate needs and those of future generations.
6. Establish two-way communication processes with its stakeholders that take into account the stakeholders' interests and assist in identifying areas of agreement and disagreement and in negotiation to resolve possible conflicts.
7. Encourage effective participation of all levels of employees in the organization's decision making on issues of social responsibility;

8. Balance the level of authority, responsibility and capacity of people who make decisions on behalf of the organization.
9. Keep track of the implementation of decisions to ensure that these decisions are followed through and to determine accountability for the results of the organization's decisions and activities, either positive or negative.
10. Periodically review and evaluate the governance processes of the organization.

6.3: Human rights

The following issues should be monitored and supported for a proper adherence to human rights:

1. Due diligence

Should include in a due diligence process, in a manner appropriate to the organization's size and circumstances, the following components:

- 1) A human rights policy for the organization that gives meaningful guidance to those within the organization and those closely linked to the organization;
- 2) Means of assessing how existing and proposed activities may affect human rights; means of integrating the human rights policy throughout the organization; and
- 3) Means of tracking performance over time, to be able to make necessary adjustments in priorities and approach.

2. Human rights risk situations

There are certain circumstances and environments where organizations are more likely to face challenges and dilemmas relating to human rights and the risk of human rights abuse may be exacerbated. These include:

1. Conflict or extreme political instability, failures of the democratic or judicial system, absence of political and other civil rights.
2. Poverty, drought, extreme health challenges or natural disasters.
3. Involvement in extractive activities or other activities that might significantly affect natural resources such as water, forests or the atmosphere or disrupt communities.
4. Proximity of operations to communities of indigenous peoples.
5. Activities that can affect or involve children.
6. A culture of corruption; complex value chains that involve work performed on an informal basis without legal protection.
7. A need for extensive measures to ensure security of premises or other assets.

3. Avoidance of complicity

An organization should:

- 1) Not provide goods or services to an entity that uses them to carry out human rights abuses;
- 2) Not enter into a formal partnership with a partner that commits human rights abuses in the context of the partnership;
- 3) Inform itself about the social and environmental conditions in which purchased goods and services are produced; and
- 4) Consider making public, or taking other action indicating that it does not condone acts of discrimination occurring in employment in the country concerned.

4. Resolving grievances

An organization should establish remedy mechanisms for its own use and that of its stakeholders. For these mechanisms to be effective they should be:

1. **Legitimate** this includes clear, transparent and sufficiently independent governance structures to ensure that no party to a particular grievance process can interfere with the fair conduct of that process.
2. **Accessible** Their existence should be publicized and adequate assistance provided for aggrieved parties who may face barriers to access, such as language, illiteracy, lack of awareness or finance, distance or fear of reprisal;
3. **Predictable** There should be clear and known procedures, a clear time frame for each stage and clarity as to the types of process and outcome they can and cannot offer, and a means of monitoring the implementation of any outcome;
4. **Equitable** Aggrieved parties should have access to sources of information, advice and expertise necessary to engage in a fair grievance process;
5. **Rights-compatible** The outcomes and remedies should accord with internationally recognized human rights standards;

6. **Clear and transparent** Although confidentiality might sometimes be appropriate, the process and outcome should be sufficiently open to public scrutiny and should give due weight to the public interest; and
7. **Based on dialogue and mediation** Aggrieved parties should have the right to seek alternative, independent mechanisms for adjudication where bilateral mechanisms involving only the aggrieved and the organization fail.

5. Discrimination and vulnerable groups

An organization should take care to ensure that it does not discriminate against employees, partners, customers, stakeholders, members and anyone else with whom it has any contact or on whom it can have an impact.

An organization should examine its own operations and the operations of other parties within its sphere of influence, to determine whether direct or indirect discrimination is present. It may, for example, undertake an analysis of typical ways in which it interacts with women, as compared with men, and consider whether policies and decisions in this respect are objective or reflect stereotyped preconceptions. It may wish to seek advice from local or international organizations, with expertise in human rights. An organization may be guided by the findings and recommendations of international or national monitoring or investigative procedures.

An organization should consider facilitating the raising of awareness of their rights among members of vulnerable groups.

An organization also should contribute to redressing discrimination or the legacy of past discrimination, wherever practicable. For example, it should make special efforts to employ or do business with organizations operated by people from groups historically discriminated against; where feasible, it should support efforts to increase access to education, infrastructure or social services for groups denied full access.

An organization can take a positive and constructive view of diversity among the people with whom it interacts. It could consider not only the human rights aspects but also the gains for its own operations in terms of the value added by the full development of multifaceted human resources and relations.

6. Civil and political rights

An organization should respect all individual civil and political rights. Examples include, but are not limited to, the following:

1. Life of individuals.
2. Freedom of opinion and expression. An organization should not aim to suppress anyone's views or opinions, even when the person expresses criticism of the organization internally or externally.
3. Freedom of peaceful assembly and of association.
4. Freedom to seek, receive and impart information and ideas through any means, regardless of national borders.
5. Access to due process and the right to a fair hearing before any internal disciplinary measure is taken. Any disciplinary measure should be proportionate and not involve physical punishment or inhuman or degrading treatment.

7. Economic, social, and cultural rights

A socially responsible organization could also contribute to the fulfilment of such rights when appropriate while keeping in mind the different roles and capacities of governments and other organizations related to the provision of these rights. An organization could consider, for example:

1. Ways of facilitating access to, and where possible providing support and facilities for, education and life-long learning for community members;
2. Joining efforts with other organizations and governmental institutions supporting respect for and realization of economic, social and cultural rights;
3. Exploring ways related to their core activities to contribute to the fulfilment of these rights;
4. Ways to adapt goods or services to the purchasing ability of poor people;
5. Making its facilities and resources available for hosting occasional cultural activities in the community.

8. Fundamental principles and rights at work

Although these rights are legislated for in many jurisdictions, an organization should independently ensure that it addresses the following matters:

- 1) **Freedom of association and collective bargaining:** Representative organizations formed or joined by workers should be recognized for purposes of collective bargaining.

Terms and conditions of employment may be fixed by voluntary collective negotiation where workers so choose. Workers' representatives should be given appropriate facilities that will enable them to do their work effectively and allow them to perform their role without interference. Collective agreements should include provisions for the settlement of disputes. Workers' representatives should be provided with information required for meaningful negotiations. (See 6.4 for further information on freedom of association and on how freedom of association and collective bargaining relate to social dialogue.)

- 2) **Forced labour:** An organization should not engage in or benefit from any use of forced or compulsory labour. No work or service should be exacted from any person under the threat of any penalty or when the work is not conducted voluntarily. An organization should not engage or benefit from prison labour, unless the prisoners have been convicted in a court of law and their labour is under the supervision and control of a public authority. Further, prison labour should not be used by private organizations unless performed on a voluntary basis, as evidenced by, among other things, fair and decent conditions of employment.
- 3) **Equal opportunities and non-discrimination:** An organization should confirm that its employment policies are free from bias based on race, colour, gender, age, nationality or national origin, ethnic or social origin, caste, marital status, sexual orientation, disability, health status such as HIV/AIDS status or political affiliation or other bias. Hiring policies and practices, earnings, employment conditions, access to training and promotion, and termination of employment should be based only on the requirements of the job. Organizations should also take steps to prevent harassment in the workplace.
 - i. An organization should periodically assess the impact on promotion of equal opportunities and non-discrimination.
 - ii. An organization should take positive actions to provide for the protection and advancement of vulnerable groups such as indigenous and migrant workers and workers with disabilities. This might include establishing workplaces for persons with disabilities to help them earn a living under suitable conditions, and establishing or participating in programmes that address issues such as promotion of youth employment and equal employment opportunities for women and more balanced representation of women in senior positions.
- 4) **Child labor:** The minimum age for employment is determined through international instruments (see Box 7 and Table 3). Organizations should not engage in or benefit from any use of child labour. If an organization has child labour in its operations or sphere of influence, it should ensure not only that the children are removed from work, but also that they are provided with appropriate alternatives, in particular education. Light work that does not harm a child or interfere with school attendance or with other activities necessary to a child's full development (such as recreational activities) is not considered child labour.

6.4: Labor practices

The following issues should be monitored and supported for adherence to proper labor practices:

1. **Employment and employment relationships**

- 1) Be confident that all work is performed by **women and men** who are legally **recognized as employees** or who are legally recognized as being self-employed.
- 2) Not seek to avoid the **obligation** that the **law** places on the employer by **disguising relationships** that would otherwise be recognized as an employment relationship under the law.
- 3) Recognize the importance of **secure employment** to both the individual worker and to society. Use active workforce planning to avoid the use of work performed on a casual basis or the excessive use of work performed on a temporary basis, except where the nature of the work is genuinely short term or seasonal.
- 4) Provide **reasonable notice**, timely information and, jointly with worker representatives where they exist, consider how to mitigate adverse impacts to the greatest possible extent **when considering changes** in its operations, such as closures that affect employment.
- 5) Ensure **equal opportunities** for all workers and **not discriminate** either directly or indirectly in any labour practice including on the grounds of race, colour, gender, age, nationality or national origin, ethnic or social origin, caste, marital status, sexual orientation, disability, health status such as HIV/AIDS status or political affiliation;
- 6) Eliminate arbitrary or **discriminatory dismissal practices**, if any.
- 7) Protect employee personal data and privacy;
- 8) Take steps to ensure that work is contracted or sub-contracted out only to **organizations that are legally recognized** or are otherwise able and willing to assume the responsibilities of an

employer and to provide decent working conditions. An organization should use only those labour intermediaries who are legally recognized and where other arrangements for the performance of work confer legal rights on those performing the work.

- 9) Not benefit from unfair, exploitative or abusive labour practices of their partners, suppliers or sub- contractors. An organization should make reasonable efforts to **encourage organizations** in its sphere of influence to follow **responsible labour practices**, recognizing that a high level of influence is likely to correspond to a high level of responsibility to exercise that influence. Depending upon the situation and influence, reasonable efforts could include establishing contractual obligations on suppliers and sub- contractors; making unannounced visits and inspections; and exercising due diligence in supervising contractors and intermediaries. Where suppliers and sub-contractors are expected to comply with a code of labour practice, the code should be consistent with the Universal Declaration of Human Rights and the principles underlying relevant ILO labour standards (see 5.2.3 for additional information about responsibilities in the sphere of influence).
- 10) Where operating internationally, endeavour to increase the employment, occupational development, promotion and **advancement of nationals** of the host country. This includes sourcing and distributing through local enterprises where practical.

2. Conditions of work and social protection

- 1) Ensure that the conditions of work comply with national laws and regulations and are consistent with relevant international labour standards;
- 2) Respect higher levels of provision established through other applicable legally binding instruments such as collective agreements;
- 3) Observe at least those minimum provisions defined in international labour standards as established by the ILO, especially where national legislation has not yet been adopted;
- 4) Provide decent conditions of work in respect of wages, hours of work, weekly rest, holidays, health and safety, maternity protection and ability to combine work with family responsibilities.
- 5) Provide conditions of work that are comparable with those offered by similar employers in the locality concerned and that permit, to the greatest extent possible, work-life balance.
- 6) Provide wages and other forms of remuneration in accordance with national laws, regulations or collective agreements. An organization should pay wages at least adequate for the needs of workers and their families. In doing so, it should take into account the general level of wages in the country, the cost of living, social security benefits and the relative living standards of other social groups. It should also consider economic factors, including the requirements of economic development, levels of productivity and the desirability of attaining and maintaining a high level of employment. In determining wages and working conditions that reflect these considerations, the organization should bargain collectively with the workers where they so wish, in accordance with national systems for collective bargaining.
- 7) Provide equal pay for work of equal value.
- 8) Pay wages directly to the workers concerned, subject only to any restriction or deduction permitted by laws, regulations or collective agreements.
- 9) Comply with any obligation concerning the provision of social protection for workers in the country of operation.
- 10) Respect the right of workers to adhere to normal or agreed working hours established in laws, regulations or collective agreements. It should also provide workers with weekly rest and paid annual leave.
- 11) Compensate workers for overtime in accordance with laws, regulations or collective agreements. When requesting workers to work overtime, an organization should take into account the interests, safety and well-being of the workers concerned and any hazard inherent in the work. An organization should respect laws and regulations prohibiting mandatory and non-compensated overtime, and always respect the basic human rights of workers concerning forced labour.
- 12) Wherever possible, allow observance of national or religious traditions and customs with respect to weekly rest.

3. Social dialogue

- 1) Recognize the importance for organizations of social dialogue institutions and applicable collective bargaining structures, including at the international level.
- 2) Respect at all times the right of workers to form or join their own organizations to advance their interests or to bargain collectively.
- 3) Not obstruct workers who seek to form or join their own organizations and to bargain collectively, for instance by dismissing or discriminating against them, through reprisals or by making any direct or indirect threat so as to create an atmosphere of intimidation or fear.
- 4) Where changes in operations would have major employment impacts, provide reasonable

notice to the appropriate government authorities and representatives of the workers so that the implications may be examined jointly to mitigate any adverse impact to the greatest possible extent.

- 5) As far as possible, and to an extent that is reasonable and non-disruptive, provide duly designated worker representatives with access to authorized decision makers, to workplaces, to the workers they represent, to facilities necessary to perform their role and to information that will allow them to have a true and fair picture of the organization's finances and activities.
- 6) Refrain from encouraging governments to restrict the exercise of the internationally recognized rights of freedom of association and collective bargaining or participating in incentive schemes based on such restrictions.

4. Health and safety at work

- 1) Develop, implement and maintain a health, safety and working environment policy that clearly states that implementation of good health, safety and environmental standards should not be traded off against good performance: the two are mutually reinforcing.
- 2) Understand and apply principles of health and safety management, including the hierarchy of controls: elimination, substitution, engineering controls, administrative controls, work procedures and personal protective equipment.
- 3) Analyze and control the health and safety risks involved in its activities.
- 4) Communicate information about the requirement that workers should follow all safe practices at all times and ensure that workers follow the proper procedures.
- 5) Provide the safety equipment needed, including personal protective equipment, for the prevention of occupational injuries, diseases and accidents, as well as for dealing with emergencies;
- 6) Record and investigate all health and safety incidents and problems raised by workers in order to minimize or eliminate them.
- 7) Address the specific and sometimes different ways in which women and men are affected by occupational safety and health (OSH) risks, as well as the ways people with disabilities and workers below 18 years of age may be affected.
- 8) Provide equal health and safety protection for part-time and temporary workers, as well as subcontracted workers operating on the premises;
- 9) Strive to eliminate psychosocial hazards in the workplace, which contribute or lead to stress and illness; provide adequate training to all relevant personnel on all relevant matters.
- 10) Respect the principle that workplace health and safety measures should not involve monetary expenditures by workers.
- 11) Base its health, safety and environment systems on the participation of the workers concerned (see Box 9) and recognize and respect the rights of workers to:
 - Obtain full and accurate information concerning the health and safety risks and the best practices used to address these risks
 - Freely inquire into and to be consulted on all aspects of their health and safety related to their work.
 - Refuse work that is reasonably considered to pose an imminent or serious danger to their life or health or to the lives and health of others.
 - Seek outside advice from workers' organizations and others who have expertise.
 - Report health and safety matters to the relevant authorities.
 - Participate in health and safety decisions and activities, including investigation of accidents.
 - Be free of the threat of reprisals for doing any of these things.

5. Human development and training in the workplace

- 1) Provide all workers at all stages of their work experience with access to skills development, training and apprenticeships, and opportunities for career advancement, on an equal and non-discriminatory basis.
- 2) Ensure that, when necessary, workers are helped to transition to new employment through skills recognition systems and helped to access training on stress management to cope with being made redundant.
- 3) Respect the family responsibilities of workers by providing reasonable working hours, parental leave and, when possible, childcare and other facilities that can help workers achieve a proper work-life balance; and
- 4) Establish joint labour-management programmes that promote health and well-being.

6.5: The Environment

The following issues should be monitored and supported for proper management of and impact on the environment:

1. Prevention of pollution

- 1) Identify the sources of pollution and waste related to its activities, products and services; and measure, record and report on its significant sources of pollution.
- 2) Measure, record and report on reduction of pollution, water consumption, waste generation and energy consumption.
- 3) Implement measures aimed at preventing pollution and waste, using the waste management hierarchy, and ensuring proper management of unavoidable pollution and waste.
- 4) Publicly disclose the amounts and types of relevant and significant toxic and hazardous materials used and released, including the known human health and environmental risks of these materials.
- 5) Systematically identify and prevent the use of banned chemicals, defined both by national law and by international conventions, and where possible, chemicals identified by scientific bodies or any other stakeholder as being of concern. The organization should also seek to prevent use of such chemicals by organizations within its sphere of influence. Chemicals to avoid include, but are not limited to: ozone-depleting substances, persistent organic pollutants (POPs) and chemicals covered under the Rotterdam Convention, hazardous chemicals and pesticides (as defined by the World Health Organization), chemicals defined as carcinogenic (including exposure to smoke from tobacco products) or mutagenic, and chemicals that affect reproduction, are endocrine disrupting, or persistent, bio-accumulative and toxic (PBTs) or very persistent and very bio-accumulative (vPvBs).
- 6) Implement a chemical accident prevention and preparedness programme and an emergency plan covering accidents and incidents both on- and off-site and involving workers, partners, authorities and local communities and other relevant stakeholders. Such a programme should include, among other matters, hazard identification and risk evaluation, notification procedures and communication systems, as well as public education and information.

2. Sustainable resource use

- 1) Identify the sources of energy, water and other resources used.
- 2) Measure, record and report on its significant uses of energy, water and other resources.
- 3) Implement resource efficiency measures to reduce its use of energy, water and other resources, considering best practice indicators and other benchmarks.
- 4) Complement or replace non-renewable resources with alternative renewable and low impact sources;
- 5) Use recycled materials and reuse water as much as possible.
- 6) Manage water resources to ensure fair access for all users within a watershed.
- 7) Promote sustainable consumption.

3. Climate change mitigation and adaptation

- 1) Identify the sources of direct and indirect GHG emissions and define its boundaries (scope) of responsibility.
- 2) Measure, record and report on its significant GHG emissions, preferably using methods defined in internationally agreed standards (see Annex A for some examples of initiatives and tools for social responsibility).
- 3) Implement measures to progressively reduce and minimize the direct and indirect GHG emissions; within its control or sphere of influence.
- 4) Reduce the use of fossil fuels and the impacts of their use, for example by making use of low-emission technologies and renewable energy, with the aim of reducing life cycle GHG emissions, bearing in mind the possible environmental and social consequences of increased use of such resources.
- 5) Prevent the release of GHG emissions (particularly those also causing ozone depletion) from land use and land use change, processes or equipment including heating, ventilation and air conditioning units.
- 6) Consider opportunities for emissions trading or similar market instruments and development mechanisms that use recognized methodologies and are provided under international agreements such as the UN Framework Convention on Climate Change (UNFCCC). An organization should carefully examine whether such efforts will lead to substantial GHG reduction; and
- 7) Consider aiming for carbon neutrality by implementing measures to offset remaining GHG emissions, for example through supporting reliable emissions reduction programmes that operate in a transparent way, carbon capture and storage or carbon sequestration.

4. Protection of the environment and restoration of natural habitats

- 1) Identify potential adverse impacts on ecosystem services and biodiversity and take measures to eliminate or minimize these impacts.

- 2) Where feasible and appropriate, participate in market mechanisms to internalize the cost of environmental burdens caused and create economic value in protecting ecosystem services.
- 3) Give highest priority to avoiding the loss of natural ecosystems, next to restoring ecosystems, and finally, if the former two actions are not possible or fully effective, to compensating for losses through actions that will lead to a net gain in ecosystem services over time.
- 4) Establish and implement an integrated strategy for the administration of land, water and ecosystems that promotes conservation and sustainable use in a socially equitable way.
- 5) Take measures to preserve any endemic or endangered species or habitat that may be adversely affected.
- 6) Implement planning, design and operating practices as a way to minimize the possible environmental burdens resulting from its land use decisions, including decisions related to agricultural and urban development.
- 7) Incorporate the protection of natural habitat, wetlands, forest, wildlife corridors, protected areas and agricultural lands into the development of buildings and construction works.
- 8) Consider adopting sustainable agricultural, fishing, animal welfare and forestry practices as defined in leading standards and certification schemes.
- 9) Consider that wild animals and their habitats are part of our natural ecosystems and should therefore be valued and protected.
- 10) Progressively use a greater proportion of products from suppliers meeting the requirements of standards and certification schemes (see for example Annex A and Bibliography).
- 11) Avoid approaches that threaten the survival or lead to the global, regional or local extinction of species or that allow the distribution or proliferation of invasive species

6.6: Fair operating practices

1. Anti-corruption

- 1) Identify the risks of corruption and implement, apply and improve policies and practices that counter corruption, bribery and extortion.
- 2) Ensure the leadership sets an example for anti-corruption and provide commitment, encouragement and oversight for implementation of the anti-corruption policies.
- 3) Support its employees and representatives in their efforts to eradicate bribery and corruption, and provide incentives for progress;
- 4) Train and raise the awareness of its employees and representatives about corruption and how to counter it.
- 5) Ensure that the remuneration of its employees and representatives is appropriate and for legitimate services only.
- 6) Establish and maintain an effective system of internal controls to counter corruption.
- 7) Encourage its employees, partners, representatives and suppliers to report violations of the organization's policies by adopting mechanisms that enable reporting without fear of reprisal.
- 8) Bring violations of the criminal law to the attention of the relevant law enforcement authorities.
- 9) Work to oppose corruption by influencing others with which the organization has operating relationships to adopt similar anti-corruption practices.

2. Responsible political involvement

- 1) Train and raise the awareness of its employees and representatives about responsible political involvement and contributions and how to deal with conflicts of interest.
- 2) Be transparent regarding its policies and activities related to lobbying, political contributions and political involvement.
- 3) Establish and implement policies and guidelines to manage the activities of people retained to advocate on the organization's behalf.
- 4) Avoid political contributions that amount to an attempt to control policymakers in favour of a specific cause.
- 5) Prohibit activities that involve misinformation, misrepresentation, threat or compulsion.

3. Fair competition

- 1) Conduct its activities in a manner consistent with competition laws and regulations and co-operate with the appropriate authorities.
- 2) Establish procedures and other safeguards to prevent engaging in or being complicit in anti-competitive behaviour.
- 3) Promote employee awareness of the importance of compliance with competition legislation and fair competition.
- 4) Support anti-trust and anti-dumping practices, as well as public policies that encourage competition.

- 5) Be mindful of the social context in which it operates and not take advantage of social conditions, such as poverty, to achieve unfair competitive advantages.

4. Promoting social responsibility in the sphere of influence

- 1) Integrate ethical, social, environmental and gender equality criteria, including health and safety, in its purchasing, distribution and contracting policies and practices in order to improve consistency with social responsibility objectives.
- 2) Encourage other organizations to adopt similar policies, without indulging in anti-competitive behaviour in so doing.
- 3) Carry out relevant and appropriate investigations and monitoring of the organizations with which it has relationships, with a view to preventing compromise of the organization's commitments to social responsibility.
- 4) Consider providing support to SMOs, where appropriate, including by providing them with awareness raising on issues of social responsibility and best practice and with additional assistance (for example, technical, capacity building or other resources) to meet socially responsible objectives.
- 5) Actively participate in raising the awareness of organizations with which it has relationships about principles and issues of social responsibility.
- 6) Promote fair and practical treatment of the costs and benefits of implementing socially responsible practices throughout the value chain, including, where possible, enhancing the capacity of organizations in the value chain to meet socially responsible objectives.

5. Respect for property rights

- 1) Implement policies and practices that promote respect for property rights and traditional knowledge; conduct proper investigations to be confident it has lawful title permitting use or disposal of property.
- 2) Not engage in activities that violate property rights, including misuse of a dominant position, counterfeiting and piracy.
- 3) Pay fair compensation for property that it acquires or uses.
- 4) Consider the expectations of society, human rights and basic needs of the individual when exercising and protecting its intellectual and physical property rights.

6.7: Consumer issues

1. Fair marketing, factual and unbiased information and fair contractual practices

When communicating with consumers, an organization should:

- 1) Not engage in any practice that is deceptive, misleading, fraudulent or unfair, including omission of critical information.
- 2) Clearly identify advertising and marketing.
- 3) Openly disclose total prices and taxes, terms and conditions of the products and services as well as any accessory required for use and delivery costs. When offering consumer credit, provide details of the actual annual interest rate as well as the average percentage rate charged (APR), which includes all the costs involved, amount to be paid, number of payments and the due dates of installment payments.
- 4) Substantiate claims or assertions by providing underlying facts and information upon request.
- 5) Not use text or images that perpetuate stereotyping with respect to, for example, gender, religion, race and sexual orientation.
- 6) Not unfairly target vulnerable groups.
- 7) Provide complete, accurate, understandable and comparable information in the languages of the point of sale on:
 - i. All relevant aspects of products and services, including financial and investment products, ideally taking into account the full life cycle.
 - ii. The key quality aspects of products and services as determined using standardized test procedures, and compared, when possible, to average performance or best practice. Provision of such information should be limited to circumstances where it is appropriate and practical and would assist consumers.
 - iii. Health and safety aspects of products and services, such as potentially hazardous processes, hazardous materials and hazardous chemicals contained in or released by products.
 - iv. Information regarding accessibility of products and services; and
 - v. the organization's physical address, telephone number and e-mail address, when using domestic or cross-border distance selling, including by means of the Internet, e-commerce, or mail order.

- 8) Use contracts that are written in clear and understandable language.
- 9) Use contracts that are transparent about the duration of the contract and the cancellation periods.
- 10) Use contracts that do not include unfair contract terms, such as the unfair exclusion of liability, the right to unilaterally change prices and conditions, the transfer of risk of insolvency to consumers or unduly long contract periods.
- 11) Use contracts that provide clear and sufficient information about prices, terms, conditions and costs.

2. Protecting consumers' health and safety

In protecting the health and safety of consumers, an organization should take the following actions and pay special attention to vulnerable groups that might not have the capacity to recognize or assess potential dangers. It should:

- 1) Provide products and services that, under normal and reasonably foreseeable conditions of use, are safe for users and other persons, their property, and the environment.
- 2) Assess the adequacy of health and safety laws, regulations, standards and other specifications to address all health and safety aspects. An organization should go beyond these minimum safety requirements where there is evidence that these higher requirements would achieve significantly better protection, as indicated by the occurrence of accidents involving products or services that conform to the minimum requirements, or the availability of products or product designs that can reduce the number or severity of accidents.
- 3) Minimize risks in the design of products by identifying the likely user group(s) and giving special care to vulnerable groups;
- 4) Minimize risks in the design of products by identifying the intended use and the reasonably foreseeable misuse of the process, product or service and hazards arising in all the stages and conditions of use of the product or service.
- 5) Minimize risks in the design of products by estimating and evaluating the risk to each identified user or contact group, including pregnant women, arising from the hazards identified.
- 6) Minimize risks in the design of products by reduce the risk by using the following order of priority: inherently safe design, protective devices and information for users.
- 7) In product development, avoid the use of harmful chemicals, including but not limited to those that are carcinogenic, mutagenic, toxic for reproduction, or that are persistent and bio-accumulative. If products containing such chemicals are offered for sale, they should be clearly labeled.
- 8) As appropriate, perform a human health risk assessment of products and services before the introduction of new materials, new technologies or production methods and, when appropriate, make relevant documentation available.
- 9) Convey vital safety information to consumers using symbols wherever possible, preferably internationally agreed ones, in addition to the textual information.
- 10) Instruct consumers in the proper use of products and warn them of the risks involved in intended or normally foreseeable use;
- 11) Adopt measures that prevent products from becoming unsafe through improper handling or storage while in the care of consumers; and
- 12) When a product, after having been placed on the market, presents an unforeseen hazard, has a serious defect or contains misleading or false information, withdraw all products that are still in the distribution chain, and recall products using appropriate measures and media to reach people who purchased the product. Measures for traceability may be relevant and useful.

3. Sustainable consumption

To contribute to sustainable consumption, an organization, where appropriate, should offer consumers socially and environmentally beneficial products and services considering the full life cycle and reduce adverse impacts on the environment and society by:

- 1) Eliminating, where possible, or minimizing any negative health and environmental impact of products and services, such as noise and waste.
- 2) Designing products and packaging so that they can be easily reused, repaired or recycled and, if possible, offering or suggesting recycling and disposal services.
- 3) Providing consumers with traceable information about the environmental and social factors related to production and delivery of their products or services, including information on resource efficiency where relevant, taking the value chain into account.
- 4) Providing consumers with information about products and services, including on

performance, country of origin, energy efficiency (where applicable), contents or ingredients (including, where relevant, use of genetically modified organisms), impacts on health, aspects related to animal welfare, safe use, maintenance, storage and disposal of the products and their packaging.

- 5) Making use of relevant, independent, and robust labelling schemes, for example, eco-labelling, to communicate positive environmental aspects, energy efficiencies, and other socially beneficial characteristics of products and services.

4. Consumer service, support, and complaint and dispute resolution

- 1) Take measures to prevent complaints by offering consumers, including those who obtain products through distance selling, the option to return products within a specified period or obtain other appropriate remedies.
- 2) Review complaints and improve practices in response to complaints.
- 3) If relevant, offer warranties that exceed periods guaranteed by law and are appropriate for the expected length of product life.
- 4) Clearly inform consumers how they can access after-supply services and support as well as dispute resolution and redress mechanisms.
- 5) Offer adequate and efficient support and advice systems.
- 6) Offer maintenance and repair at a reasonable price and at accessible locations and make information readily accessible on the expected availability of spare parts for products.
- 7) Make use of alternative dispute resolution, conflict resolution and redress procedures that are based on national or international standards, are free of charge or are at minimal cost to consumers, and that do not require consumers to waive their rights to seek legal recourse.

5. Consumer data protection and privacy

- 1) Limit the collection of personal data to information that is either essential for the provision of products and services or provided with the informed and voluntary consent of the consumer.
- 2) Only obtain data by lawful and fair means.
- 3) Specify the purpose for which personal data are collected, either before or at the time of data collection.
- 4) Not disclose, make available or otherwise use personal data for purposes other than those specified, including marketing, except with the informed and voluntary consent of the consumer or when required by the law.
- 5) Provide consumers with the right to verify whether the organization has data relating to them and to challenge these data, as defined by law. If the challenge is successful, the data should be erased, rectified, completed or amended, as appropriate.
- 6) Protect personal data by adequate security safeguards.
- 7) Be open about developments, practices and policies with respect to personal data, and provide readily available ways of establishing the existence, nature and main uses of personal data.
- 8) Disclose the identity and usual location of the person responsible for data protection in the organization (sometimes called the data controller), and hold this person accountable for complying with the above measures and relevant law.

6. Access to essential services

An organization that supplies essential services should:

- 1) Not disconnect essential services for non-payment without providing the consumers with the opportunity to seek reasonable timeframes to make the payment.
- 2) In setting prices and charges, offer, wherever permitted, a tariff that will provide a subsidy to those who are in need.
- 3) Operate in a transparent manner, providing information related to the setting of prices and charges.
- 4) Not resort to collective disconnection of services that penalize all consumers regardless of payment, in cases of non-payment of bills payable collectively by a group of consumers.
- 5) Manage any curtailment or interruption of supply in an equitable manner, avoiding discrimination against any group of consumers.
- 6) Continually maintain and upgrade its systems to help prevent disruption of service.

7. Education and awareness

In educating consumers, an organization, when relevant, should address:

- 1) Health and safety, including product hazards.

- 2) Information on appropriate laws and regulations, ways of obtaining redress and agencies and organizations for consumer protection.
- 3) Product and service labelling and information provided in manuals and instructions.
- 4) Information on weights and measures, prices, quality, credit conditions and availability of essential services.
- 5) Information about risks related to use and any necessary precaution financial and investment products; environmental protection; efficient use of materials, energy and water.
- 6) Sustainable consumption; and proper disposal of wrapping, waste, and products.

6.8: Community involvement and development

1. Community involvement and development

An organization should:

- 1) Systematically consult representative community groups in determining priorities for social investment and community development activities. Special attention should be given to vulnerable, discriminated marginalized, unrepresented and under-represented groups, to involve them in a way that helps to expand their options and respect their rights.
- 2) Consult and accommodate indigenous and local communities on the terms and conditions of development that affect them. Consultation should occur prior to development and should be based on complete, accurate and accessible information.
- 3) Participate in local associations as possible and appropriate, with the objective of contributing to the public good and the development objectives of communities.
- 4) Maintain transparent relationships with local government officials and political representatives, free from bribery or improper influence.
- 5) Contribute to policy formulation and the establishment, implementation, monitoring and evaluation of development programmes. When doing so, an organization should respect the rights and views of others to express and defend their own interests.

2. Education and culture

An organization should:

- 1) Promote and support education at all levels, and engage in actions to improve the quality of and access to education, promote local knowledge and eradicate illiteracy.
- 2) In particular, promote learning opportunities for vulnerable or discriminated groups.
- 3) Encourage the enrolment of children in formal education, and contribute to the elimination of barriers to children obtaining an education (such as child labour).
- 4) Promote cultural activities, respect and value the local cultures and cultural traditions, consistent with the principle of respect for human rights. Actions to support cultural activities that strengthen the identity of historically disadvantaged groups are especially important as a means of combating discrimination.
- 5) Consider facilitating human rights education and awareness raising;
- 6) Help conserve and protect cultural heritage, especially where the organization's operations have an impact on it.
- 7) Promote the use of traditional knowledge and technologies of indigenous communities.

3. Employment creation and skills development

An organization should:

- 1) Analyze the impact of its investment decisions on employment creation and, where economically viable, may make direct investments that alleviate poverty through employment creation.
- 2) Consider the impact of technology choice on employment and, where economically viable in the longer term, select technologies that maximize employment opportunities.
- 3) Consider the impact of outsourcing decisions on employment creation, both within the organization making the decision and within external organizations affected by such decisions;
- 4) Consider participating in local and national skills development programmes, including apprenticeship programmes, programmes focused on particular disadvantaged groups, life-long learning programmes and skills recognition and certification schemes.
- 5) Consider helping to develop or improve skills development programmes in the community where these are inadequate, possibly in partnership with others in the community.
- 6) Give special attention to vulnerable groups in respect of employment and capacity building; and consider helping to promote the framework conditions necessary to create employment.

4. Technology development and access

An organization should:

- 1) Consider contributing to the development of low cost technologies that are easily replicable and have a high positive impact on poverty and hunger eradication.
- 2) Consider, where economically feasible, developing potential local and traditional knowledge and technologies while protecting the community's right to that knowledge and technology.
- 3) Consider engaging in partnerships with local organizations such as universities or research laboratories to enhance scientific and technological development with partners from the local community, and employ local people in this work.
- 4) Adopt practices that allow technology transfer and diffusion, where economically feasible. Where applicable, the organization should set reasonable terms and conditions for licenses or technology transfer so as to contribute to local development. The capacity of the local community to manage the technology should be considered.

5. Wealth and income creation

An organization should:

- 1) Consider the economic and social impact of entering or leaving a community, including impacts on basic resources needed for the sustainable development of the community.
- 2) Consider supporting appropriate initiatives to stimulate diversification of existing economic activity in the community.
- 3) Consider giving preference to local suppliers of products and services and contributing to local supplier development where possible and practicable;
- 4) Consider undertaking initiatives to strengthen the ability of and opportunities for locally based suppliers to contribute to value chains, giving special attention to disadvantaged groups within the community;
- 5) Consider assisting organizations to operate within the appropriate legal framework.
- 6) Engage in economic activities with organizations that, owing to low levels of development, have difficulty meeting the legal requirements only where:
 - i. The purpose is to address poverty.
 - ii. The activities of these organizations are consistent with human rights and there is a reasonable expectation that these organizations will consistently move towards conducting their activities within the appropriate legal framework.
- 7) Consider contributing to programmes and partnerships that assist community members, especially women, to establish businesses and co-operatives, in improving productivity, promoting entrepreneurship and encouraging the efficient use of available resources. Such programmes could, for example, provide training in business planning, marketing, quality standards required to become suppliers, management and technical assistance, access to finance, and facilitation of joint ventures.
- 8) Consider appropriate ways to make procurement opportunities more easily accessible to community organizations, including, for example, through capacity-building on meeting technical specifications, and making available information about procurement opportunities.
- 9) Consider supporting organizations and persons that bring needed products and services to the community, which can also generate local employment as well as linkages with local, regional and urban markets where this is beneficial for the welfare of the community.
- 10) Consider appropriate ways to help in the development of community-based associations of entrepreneurs.
- 11) Fulfill its tax responsibilities and provide authorities with the necessary information to correctly determine taxes due.

6. Health

- 1) Seek to minimize or eliminate negative health impacts of any production process, product or service provided by the organization.
- 2) Consider promoting good health by, for example, contributing to access to medicines and vaccination and by encouraging healthy lifestyles, including exercise and good nutrition, by early detection of diseases, and by discouraging the consumption of unhealthy products and substances. Special attention should be given to child nutrition.
- 3) Consider raising awareness about health threats and major diseases and their prevention, such as, according to local circumstances and priorities, HIV/AIDS, cancer, heart disease, malaria, tuberculosis and obesity.
- 4) Consider supporting access to essential health care services and to clean water and appropriate sanitation as a means of preventing illness.

7. Social investment

An organization should:

- 1) Take into account the promotion of community development in planning social investment projects. All actions should broaden opportunities for citizens, for example by increasing local procurement and any outsourcing so as to support local development.
- 2) Avoid actions that perpetuate a community's dependence on the organization's philanthropic activities, on-going presence or support.
- 3) Assess existing community-related initiatives and provide feedback on their success and suitability to the community and to people within the organization and identify where improvements might be made.
- 4) Consider contributing to programmes that provide access to food and other essential products for vulnerable or discriminated groups and persons with low income, taking into account the importance of contributing to their increased capabilities, resources and opportunities. Special attention should be given to child nutrition.

Guidance on integrating social responsibility throughout an organization

7.2: The relationship of an organization's characteristics to social responsibility

To provide an informed basis for integrating social responsibility throughout the organization, it is useful for the organization to analyze how its key characteristics relate to social responsibility (see Clause 5). This analysis will also help in determining the relevant issues of social responsibility within each core subject and in identifying the organization's stakeholders. The analysis should include, where appropriate, factors such as:

- 1) The organization's type, purpose, nature of operations and size;
- 2) Locations in which the organization operates, including:
 - a. Whether there is a strong legal framework that regulates many of the activities related to social responsibility; and
 - b. Social, environmental and economic characteristics of the areas of operation;
- 3) Characteristics of the organization's workforce or employees, including contracted labour;
- 4) Sector organizations in which the organization participates, including:
 - a. The activities related to social responsibility undertaken by these organizations; and
 - b. The codes or other requirements related to social responsibility promoted by these organizations;
- 5) Concerns of internal and external stakeholders relevant to social responsibility; structures for and the nature of decision making in the organization.
- 6) The organization's value chain.

7.3: Understanding the social responsibility of an organization

- 1) List the full range of its activities.
- 2) Identify stakeholders (see 5.3).
- 3) Identify the activities of the organization itself and of the organizations within its sphere of influence. The activities of suppliers and contractors can have an impact on the social responsibility of the organization.
- 4) Determine which core subjects and issues might arise when the organization and others within the value chain carry out these activities, taking into account all relevant legislation.
- 5) Examine the range of ways in which the organization's decisions and activities can cause impacts on stakeholders and on sustainable development.
- 6) Identify the societal expectations of responsible behaviour concerning these impacts.
- 7) Identify all issues of social responsibility that relate to day-to-day activities as well as those that arise only occasionally under very specific circumstances.

Appendix B: Corporate Sustainability Framework

With references to the ISO 26000 and Strandberg Consulting (2009).

The following is a framework for Corporate Sustainability (CS), intended as guidance or a comparator for businesses looking to pursue the triple bottom line of people, planet,

and profit. The motivation to do so will differ per context, but in general, the pursuing triple bottom line (with CS framework) enables long-term financial viability and durability by seeing the prosperity of all relevant stakeholders as equal partners and as a long-term investment. Sustainability here thus refers to all relevant factors that influence the survival of a business and how best to manage a win-win-win scenario.

The CS framework is divided into the 3 factors that a business needs to possess to be considered 'sustainable'.

1. An Understanding of Sustainability in Business
2. Proper Management Channels
3. Appropriate Stakeholder Engagement

The first two deal with the values and governance mindset of the board of directors and managers, and the last deals with interaction with stakeholders. Each factor consists of the obligations a business should honor, the costs of doing so, and the business returns.

The ISO 26000 is used as a basis for the *obligations* of the company, as it is an accredited guidance on how to properly interact with the various stakeholders.

Strandberg Consulting (2009) is used as a reference in the business returns (*benefits to the company*). The returns in the Strandberg paper are numbered and will be referred to thusly, for example: (St: 1).

The costs to the company are fairly generic and are not of primary interest to the framework.

Governance Level: Board level responsibility

1. Understanding Sustainability in Business

Obligations of the company (ISO 26000: 7.3):

- 1) There is an understanding of the triple bottom line.
- 2) There is recognition of sustainability and shared value.
- 3) There is an appropriate vision on how sustainability applies in the context of the company, and its potential.
- 4) The vision has been translated into policies around which the company has been structured.
- 5) Sustainability is understood as embedded within specific departments of the company rather than as a separate one.

Benefits to the company (St: 5, 8, 10):

- 1) An understanding of sustainability cascades from the top to the bottom of the company.
- 2) Sustainability becomes a mindset and is properly integrated into the company mission.
- 3) Proper governance channels can be established to properly operationalize corporate sustainability.

Cost to the company:

- 1) The pursuit of the triple bottom line, with equal weight given to all three parts, needs to be internalized among board members.
- 2) A rearranging or reconceptualization of board responsibilities may be needed to accommodate for a different framework of business, one with stakeholder theory at its core.

2. Proper Management Channels

Obligations (ISO 26000: 7.2):

- 1) There is board-level responsibility of CSR/sustainability.
- 2) There are sustainability managers (or their equivalent) for appropriate departments or responsibility for sustainability is given to heads.
- 3) There are proper monitoring and feedback mechanisms for external and internal stakeholders that look at the impacts, costs, and benefits of sustainability initiatives.
- 4) A sustainability report is produced annually, or sustainability is included in the annual report.

Benefits (St: 1, 9, 10):

- 1) Sustainability is fully integrated and so is pursued continuously and efficiently, which yields maximum benefits for all stakeholders.
- 2) The company becomes more durable and adaptable to the changing business climate.
- 3) The sustainability mindset is proliferated beyond the company to stakeholders, consumers, and the public at large.
- 4) The public-private divide is bridged, benefitting people, planet, and the company simultaneously.

Costs:

- 1) A new framework that equates people, planet, and profit needs to be established and practiced.
- 2) Heads of each department need to be re-trained.
- 3) The missions of departments need to be adjusted.

Stakeholder Level

3. Stakeholder Engagement

Internal stakeholders

3.1 Shareholders

Obligations to the stakeholder:

- 1) Shareholders are provided with annual reports that fully account their investment (transparency).
- 2) Value of their shares is increasing steadily (profitability).

Benefits to the company (St: 8):

- 3) Continued capital investment takes place (growth).
- 4) The continued existence of the company takes place (longevity).

Costs to the company:

- 1) It costs time and money to report fully on sustainability.

3.2 Employees (in offices, etc.)

Obligations (ISO 26000: 6.3, 6.4):

- 1) The human rights of all employees are respected.
- 2) Fair and appropriate labor practices are enforced.
- 3) Volunteerism and sustainability awareness is promoted.

Benefits (St: 3, 4):

- 1) The company is attractive for the unemployed.
- 2) Employees are productive.
- 3) Employees are loyal and retention is high.
- 4) Sustainability becomes internalized and thus easier to operationalize and achieve.

Costs:

- 1) Gross wages may have to be increased to account for various expenditures (e.g. medical insurance).
- 2) Improving working conditions may require capital investment.

3.3 Suppliers

Obligations (ISO 26000: 6.5, 6.6):

- 1) The supply chain is properly monitored and evaluated with regards to sustainability practices.
- 2) All obligations towards employees in the company are respected in the constituents of the supply chain.
- 3) Environmental standards are upheld and promoted throughout the supply chain.
- 4) Fair operating practices are conducted with suppliers.
- 5) Cluster development is conducted throughout the supply chain.

Benefits (St: 9):

- 1) Potential regulatory problems and PR disasters are avoided.
- 2) Loyalty and partnerships are developed and fostered.
- 3) Productivity is improved throughout the supply chain and production costs are cut.

Costs:

- 1) Capital investment may be required to ensure proper standards and conditions are met.
- 2) Mechanisms and policies ensuring legal and ethical rights may have to be established.

External stakeholders

3.4 Consumers

Obligations (ISO 26000: 6.7):

- 1) All the necessary consumer issues are considered.
- 2) Sustainability initiatives and awareness are promoted where possible.

Benefits (St: 7):

- 1) A positive company reputation will be promoted.
- 2) Consumers will be loyal.
- 3) Products may become more price-inelastic.

Costs:

- 1) Feedback mechanisms may have to be established.
- 2) Consumer awareness campaigns and transparency may require publicity stunts and publications.

3.5 Communities (in the periphery)

Obligations (ISO 26000: 6.8):

- 7) A community is fully *involved* in the decision making process, where appropriate.
- 8) Access to *education* is promoted at all levels.

- 9) Where possible, community members are hired as employees or provided with skills training.
- 10) The company invests in the basic services that are lacking and promotes enterprise development.
- 11) Communities are not displaced or mistreated, and their rights fully respected.
- 12) Communication between the company and the community is open and easy.

Benefits (St: 2, 9):

- 5) The company will be more accepted in the community, lessening the likelihood of animosity and vandalizing.
- 6) Workers who come from the community will have an easier time of getting to work.
- 7) Community development will provide a stable employee base and a possible future consumer base.
- 8) The reputation and brand image of the company will be enhanced, and regulatory disasters avoided.

Costs:

- 4) Social workers need to be hired to interact with the community before any production can take place, and this needs to take place after it has started.
- 5) Time needs to be allotted to allow the social workers to interact with the community.
- 6) The development of the community will cost money with no immediate financial return.

3.6 Government (or any regulating body)

Obligations:

- 1) All possible operating standards are adhered to.
- 2) Graft and cutting of corners are avoided.
- 3) Taxes are paid on time and in full.
- 4) Cooperation with the public sector is done when possible.

Benefits (St: 1):

- 1) Support is consolidated for times of crisis.
- 2) The company is regarded as credible and credit-worthy.
- 3) Legal complications are avoided.

Costs:

- 1) Taxes cost money.
- 2) Cooperation may incur costs or reduce efficiency.

3.7 Environment

Obligations (ISO 26000: 6.5):

- 1) Pollution is prevented when possible.
- 2) Sustainable sources of energy are given preference and are promoted throughout the supply chain.
- 3) Adaptations to mitigate the effects of climate change are implemented.
- 4) Natural habitats and resources are preserved or restored.
- 5) Local and international environmental standards are upheld.

Benefits (St: 1, 2):

- 1) Savings associated with increased productivity and efficient resource use can be achieved in the long run.
- 2) Valuable, finite resources will be retained.

- 3) The durability and long-term viability of the company will improve by adjusting it to renewable sources.
- 4) The image of the company will improve.

Costs:

- 1) Taking measures to uphold environmental standards will cost money.
- 2) The initial capital investment necessary to pursue 'green' production and resource use can be quite expensive.
- 3) Ensuring environmentally sound suppliers may limit supply options.

3.6 Society

Obligations:

- 1) The sustainability initiatives of the company are advertised.
- 2) Sustainability awareness is promoted.
- 3) The company is fully transparent and accessible.

Benefits (St: 5, 6):

- 1) The credibility and acceptability of the company in society will improve.
- 2) The consumer awareness of sustainability will grow as will the demand for sustainable products.

Costs:

- 1) Advertisement and awareness campaigns cost money.
- 2) Full transparency requires accessible online and print publications.

Appendix C: Company profiles

	Industry	Profit (2012)	Number of employees (2012)
Aboitiz Power*	Utilities	PHP 4.6b (2013)	Roughly 200
ABS CBN	Consumer discretionary	PHP 1.7b	4024
Ayala Land*	Financials	PHP 4b	1298
Goldilocks	Consumer staples	n/a	n/a
Knowledge Channel*	Information Tech	n/a	200
Life Bank	Financials	n/a	2000
Meralco	Utilities	PHP 16.3b	6203 (2010)
San Miguel Corp.	Consumer staples	PHP 28.6b	25,900
SM Prime Holdings	Consumer discretionary	PHP 24.7b	38,600
Smart Comm.	Telecom services	PHP 35.5b	Roughly 5000

	CEO	Chairman	Founded	Website
Aboitiz Power*	Erramon I. Aboitiz	Enrique M. Aboitiz	1905	aboitizpower.com
ABS CBN	Charo Santos-Concio	Eugenio Lopez III	1946	abs-cbnnews.com
Ayala Land*	Antonino T. Aquino	Fernando Zobel de Ayala,	1988	ayalaland.com.ph
Goldilocks	Richard Leelin Yee (Pres)	n/a	1966	goldilocks.com
Knowledge Channel*	Rina Lopez Bautista (Pres)	n/a	1999	kchonline.ph
Life Bank	Vincent Perlas (Pres)	n/a	2003	n/a
Meralco	Oscar S. Reyes	Manuel V. Pangilinan	1895	meralco.com.ph
San Miguel Corp.	Eduardo Cojuangco, Jr.	Eduardo Cojuangco, Jr.	1890	sanmiguel.com.ph
SM Prime Holdings	Henry Sy, Sr.	Henry Sy, Sr.	1958	smprime.com
Smart Comm.	Napoleon L. Nazareno	Manuel V. Pangilinan	1991	smart.com.ph

* This company is a subsidiary of a conglomerate.

N/a: The statistic is either not relevant or the data is not publically available.

Appendix D: Hang Sen Index questionnaire

How we will score your company:

Performance in relation to each question will be measured numerically by using a scoring system of 0, 1, 2 and 3. The overall score for each question will be based on the extent to which the company adopts/ implements the indicated policy or practice as follows:

Level of adoption / implementation
<p>None <i>Nothing in place and only sporadic or ad hoc activity takes place, if any. Or company does not know about their activities.</i></p>
<p>Partial or efforts <i>Objectives / systems are in place, but do not meet the level of generally acceptable CSR practices; or Evidence exists that regular / systematic efforts are being made to set objectives / implement a system.</i></p>
<p>Full / Complete <i>Objectives / systems are in place and are reported on, fully meeting the level of generally acceptable CSR practices.</i></p>
<p>Exceeding <i>Objectives / systems are in place exceeding the level of generally acceptable CSR practices.</i></p>

Each dimension (CSR strategy and reporting, stakeholder engagement, workplace quality, environmental performance, supply chain, and community investment) will have a total allowable score, which will be translated into a total mark out of 100.

In order to achieve the company's highest potential score, it is important to include the information, which is available. Throughout the questionnaire, respondents are requested to provide supporting evidence, details and examples of relevant policies and practices. Respondents are welcome to add any related comments or examples throughout the survey. For further space there are additional comments sections at the end of each section.

'Managed or controlled entities' should be expected to include all 'in the Philippines' and 'international' operations, regardless of share of ownership, where the company acts as the managing partner (e.g. within a joint venture).

Company details:

Stock code:

Company name:

Industry/Sector type:

Industry	Sector	
Energy	<input type="checkbox"/> Oil & Gas	<input type="checkbox"/> Coal
Materials	<input type="checkbox"/> Mining <input type="checkbox"/> Metals	<input type="checkbox"/> Basic Materials
Industrial Goods	<input type="checkbox"/> Industrial Goods	
Consumer Goods	<input type="checkbox"/> Automobiles <input type="checkbox"/> Household Goods & Electronics <input type="checkbox"/> Textiles & Clothing	<input type="checkbox"/> Food & Beverages <input type="checkbox"/> Health & Personal Care <input type="checkbox"/> Agricultural Products
Services	<input type="checkbox"/> Retailers <input type="checkbox"/> Hotel & Entertainment <input type="checkbox"/> Media & Publishing	<input type="checkbox"/> Transportation <input type="checkbox"/> Support Services
Telecommunications	<input type="checkbox"/> Telecommunications	
Utilities	<input type="checkbox"/> Utilities	
Financials	<input type="checkbox"/> Banks <input type="checkbox"/> Insurance	<input type="checkbox"/> Other Financials
Properties & Construction	<input type="checkbox"/> Properties	<input type="checkbox"/> Construction
Information Technology	<input type="checkbox"/> IT Hardware <input type="checkbox"/> Software & Services	<input type="checkbox"/> Semiconductors
Conglomerates	<input type="checkbox"/> Conglomerates	

Core business activities:

Years in business:

Ownership structure:
(e.g. privately owned)**Last financial year**

(please specify the period:)

Revenue: PHP

Profits: PHP

Profit before tax: PHP

Total no. of employees (in full time equivalents):

Country of company headquarters:

Respondent's name:

(Person to be contacted in case of questions)

Function/position:

Department:

Address:

Phone:

E-mail:

Corporate website:

START OF QUESTIONNAIRE

CSR Strategy and Reporting

1. Is there any board-level responsibility for CSR in your company?

- Yes No

If yes, please provide details (*Include name of specialized board committee or directors dedicated to CSR and their responsibilities*):

2. Does the company have a code of ethics /code of conduct in relation to the following issues?

- | | |
|---|--|
| <input type="checkbox"/> Confidentiality of information | <input type="checkbox"/> Money-laundering and/or insider trading/dealing |
| <input type="checkbox"/> Corporate governance | <input type="checkbox"/> Responsibility of your products or services |
| <input type="checkbox"/> Corruption and bribery | <input type="checkbox"/> Whistle-blowing |
| <input type="checkbox"/> Human rights | <input type="checkbox"/> None / Don't know |

If yes, please provide evidence (*Include relevant stipulations in the code/policy*):

3. Does your company have a monitoring mechanism for implementation of a code of ethics / code of conduct?

- Yes No n/a (no such code or policy exists)

If yes, please provide evidence (*Include issues the monitoring mechanism covers*):

4. Has your company joined or publicly supported CSR voluntary initiatives and/or groups such as the Global Compact, Global Reporting Initiative, Equator Principles, Ethical Trading Initiative or other national/international agreements related to environmental or social responsibility?

- Yes No

If yes, please specify the standard(s) and/or group(s):

5. Does your company PUBLICLY report on CSR/sustainability performance?

- Yes No

If yes, please provide evidence:

6. Which of the following matters are included in your CSR reporting?

- | | |
|---|--|
| <input type="checkbox"/> Community investment | <input type="checkbox"/> Ethical supply chain |
| <input type="checkbox"/> CSR strategy | <input type="checkbox"/> Workplace quality |
| <input type="checkbox"/> Environmental protection | <input type="checkbox"/> Other (please specify): |

7. Has your company produced a STANDALONE public report on CSR/sustainability?

- | | |
|--|--|
| <input type="checkbox"/> Yes, we produce a global/ regional/ national CSR/sustainability report which includes PH -specific operations/initiatives | <input type="checkbox"/> Yes, we produce a global/ regional/ national CSR/sustainability report which DOES NOT include PH -specific operations/initiatives |
| <input type="checkbox"/> Yes, we produce a standalone PH -specific CSR/sustainability report | <input type="checkbox"/> No, we DO NOT produce a standalone report on CSR/sustainability |

If yes, please provide the FULL report of the most recent reporting period (*either as hyperlink to soft copy or hard copy attached*):

8. Has your company adopted a specific reporting guideline in the most recent CSR/sustainability report? (For example: Global Reporting Initiative)

- Yes, please specify which guideline(s):
 No

If applicable, add any further comments on CSR strategy and reporting of your company:

Stakeholder Engagement¹

9. Does your company have a policy or stated commitment for stakeholder engagement?

- Yes, already in effect
 Yes, likely to come into effect in the next financial year
 No

If yes, please provide evidence:

10. Has your company initiated stakeholder dialogue with the following groups?

- | | |
|---|--|
| <input type="checkbox"/> a. Shareholders or investors | <input type="checkbox"/> e. Suppliers |
| <input type="checkbox"/> b. Customers | <input type="checkbox"/> f. NGOs or community groups |
| <input type="checkbox"/> c. Employees | <input type="checkbox"/> g. Other (please specify): |
| <input type="checkbox"/> d. Trade unions | |

If yes, please provide evidence:

11. Has your company engaged stakeholders in relation to the following CSR/sustainability issues in the last financial year?

- | | |
|---|---|
| <input type="checkbox"/> Community investment | <input type="checkbox"/> Ethical supply chain |
| <input type="checkbox"/> CSR strategy and reporting | <input type="checkbox"/> Workplace quality |
| <input type="checkbox"/> Environmental protection | |

If yes, please provide evidence:

12. How has your company responded to key issues/concerns raised in stakeholder engagement in the last financial year?

- | | |
|---|--|
| <input type="checkbox"/> Formal response to stakeholder group | <input type="checkbox"/> Public report |
| <input type="checkbox"/> Internal report to relevant department | <input type="checkbox"/> Public meeting |
| <input type="checkbox"/> Others (please specify): | <input type="checkbox"/> No / Don't know |

If yes, please provide as much evidence as possible to support this:

If applicable, add any further comments on stakeholder engagement policy or practices in your company:

¹ Stakeholder engagement involves meaningful and structured dialogue to facilitate the exchange of views, feedback and information between a company and its stakeholders.

Workplace Quality

- 13. How many days of staff training did your employees receive on average over the last financial year?** days
- 14. Do you have a policy that explicitly allows trade union membership?**
 Yes No
 If yes, please provide details of the policy:
- 15. Does your company have a formal written policy on equal opportunities or managing diversity?**
 Yes No
 If yes, please provide details (*Include whether it covers all employees or not*):
- 16. Does the policy specifically address equality of treatment or discrimination on any of the grounds listed below?**
- | | |
|--|--|
| <input type="checkbox"/> Age | <input type="checkbox"/> Religion |
| <input type="checkbox"/> Disability | <input type="checkbox"/> Sexual harassment |
| <input type="checkbox"/> HIV/AIDS | <input type="checkbox"/> Sexual orientation |
| <input type="checkbox"/> Family status | <input type="checkbox"/> Trade union association |
| <input type="checkbox"/> Race | <input type="checkbox"/> Other, please specify: |
- 17. What mechanisms are in place to deal with grievances in relation to equality of treatment or discrimination?**
- | | |
|---|---|
| <input type="checkbox"/> Counselling | <input type="checkbox"/> Whistle-blowing policy |
| <input type="checkbox"/> Help Line | <input type="checkbox"/> Other mechanisms (please specify): |
| <input type="checkbox"/> Independent person or department in charge of solving complaints | |
- If yes, please briefly provide details of mechanisms:
- 18. How many work-related injuries and fatalities did your company record in the following period?**
- | | | |
|--------------------------------------|-----------------------|-------------------------|
| | Work-related injuries | Work-related fatalities |
| Last financial year: | | |
| The year before last financial year: | | |
- 19. Does your company have a policy on maximum/standard working hours for full time employees?**
 Yes No
 If yes, please briefly provide details (*Include number of maximum/standard working hours per week, but not lunchtime hours*):
- 20. Does your company have a system in place in relation to overtime compensation?**
 Yes No
 If yes, please provide details (*Include whether it covers all employees or not*):

21. Are there options for staff whose job nature allows it to have the opportunity of enjoying flexible working hours?
 Yes No
 If yes, please provide details:
22. What percentage of your senior and middle management comprises women, as a share of total senior and middle employment? %
23. How many days of paid leave would fathers of new babies be allowed to take off?
 day(s)
24. Has your company laid off any employees in the last financial year due to the economic downturn?
 Yes No
 If yes, please specify any consultations, negotiations or other measures with employees that have been made:
- 24a. Has your company looked to alternative solutions to lay offs during the economic downturn?
 Yes No
 If yes, please specify the solutions taken:

Environmental Performance

25. Does your company have a policy on environmental protection?
 Yes, cover all operations
 Yes, cover some operations
 No
 If yes, please provide evidence:
26. Does your company record the emission/consumption level of the following items?
- | | All operations | Some operations |
|-----------------------|--------------------------|--------------------------|
| a. Energy consumption | <input type="checkbox"/> | <input type="checkbox"/> |
| b. Water consumption | <input type="checkbox"/> | <input type="checkbox"/> |
| c. Paper consumption | <input type="checkbox"/> | <input type="checkbox"/> |
| d. Greenhouse gases | <input type="checkbox"/> | <input type="checkbox"/> |
- If yes, please specify the type of measurement technique used for each of the above and the operations being covered:

27. Has your company set improvement plans for any of the following items?

- | | All operations | Some operations |
|-----------------------|--------------------------|--------------------------|
| a. Energy consumption | <input type="checkbox"/> | <input type="checkbox"/> |
| b. Water consumption | <input type="checkbox"/> | <input type="checkbox"/> |
| c. Paper consumption | <input type="checkbox"/> | <input type="checkbox"/> |
| d. Greenhouse gases | <input type="checkbox"/> | <input type="checkbox"/> |

If yes, please specify the improvement plans set for each item and the operations being covered:

28. Has your company set reduction targets for any of the following items?

- | | All operations | Some operations |
|-----------------------|--------------------------|--------------------------|
| a. Energy consumption | <input type="checkbox"/> | <input type="checkbox"/> |
| b. Water consumption | <input type="checkbox"/> | <input type="checkbox"/> |
| c. Paper consumption | <input type="checkbox"/> | <input type="checkbox"/> |
| d. Greenhouse gases | <input type="checkbox"/> | <input type="checkbox"/> |

If yes, please specify the reduction targets and the operations being covered:

29. Has your company taken any measures on waste management in relation to the following?

- | | All operations | Some operations |
|---------------------------|--------------------------|--------------------------|
| a. Waste separation | <input type="checkbox"/> | <input type="checkbox"/> |
| b. Recycling measures | <input type="checkbox"/> | <input type="checkbox"/> |
| c. Reuse measures | <input type="checkbox"/> | <input type="checkbox"/> |
| d. Other, please specify: | <input type="checkbox"/> | <input type="checkbox"/> |

If yes, please provide details of the measures taken and the operations being covered:

30. Has your company made any plans to adapt to the effects of climate change including support any adaptation initiatives that benefit vulnerable communities?

- Yes No

If yes, please provide details of the plans or programmes in place and whether these have a positive impact on vulnerable communities in which your company operates:

If applicable, add any further comments on environmental policies or practices in your company:

Supply Chains²

31. Does your company have an ethical sourcing/purchasing policy or suppliers' code of conduct?

- Yes, cover all operations
 Yes, cover some operations
 No → skip to No.34

If yes, please provide evidence (Include the operations being covered):

² Supply chains: The linked set of resources and processes that begins with the sourcing of raw material and extends through the delivery of end items to the final customer. It includes vendors, manufacturing facilities, logistics providers, internal distribution centres, distributors, wholesalers and all other entities that lead up to final customer acceptance.

32. Does your company's ethical sourcing/purchasing policy or suppliers' code of conduct cover the criteria below?

- a. Labour standards
 b. Environmental protection
 c. Health and safety standards
 d. Other (please specify):

If yes, please state the standard(s) that your company adhere(s) to:

33. Does your company have a monitoring mechanism for compliance on the ethical sourcing/purchasing policy or suppliers' code of conduct?

- Yes: monitor all key suppliers
 Yes: monitor some key suppliers
 No

If yes, please provide evidence (*Include details of the monitoring mechanism*):

34. Has your company initiated any greenhouse gases management programmes in your supply chain?

- Yes No

If yes, please provide evidence:

35. Has your company engaged suppliers to implement any of the below programmes in the past financial year?

- Labour rights or education
 Environmental protection
 CSR reporting
 Creation of new sustainable products
 Others, please specify:

If yes, please specify the programme(s):

If applicable, add any further comments on supply chain management in your company:

Community Investment³

36. Does your company align any of its community investment initiatives to UN Millennium Development Goals and/or national development goals?

- Yes No

If yes, please provide evidence:

³ Community investment refers to business providing resources, expertise and opportunities to provide positive impacts within communities to help them solve or improve their needs or challenges.

37. In the last financial year, what was the monetary value of total corporate giving⁴?

Direct cash: PHP

Non-cash at fair market value:

Foundation cash: PHP

- Product donations: PHP

- Pro Bono Service: PHP

Total corporate giving: PHP**38. In the last financial year, what was the total value of direct cash and foundation cash by programme areas? (This question is optional, and is not intended for scoring.)**

Education: PHP

Labour: PHP

Environment: PHP

Rural Development: PHP

Health: PHP

Culture, Sport & Arts: PHP

Human Rights: PHP

Other: PHP

Humanitarian & Disaster Relief:
PHP(please specify the programme area(s):
)**39. Does your company have a system to measure the impact of the company's community investment on communities?** Yes No N/A (No community investment or corporate giving)

If yes, please provide details on who manages this and the system used:

40. Does your company manufacture or sell or purchase any products which were awarded a fair trade label (e.g. Fairtrade Labeling Organizations International)? Yes No

If yes, please provide details:

41. In the last financial year, did your company have any volunteering programmes in place?*(You can choose more than one option)* Yes, organized during workday for which an employee was being paid Yes, organized during an employee's personal time for which there was no staff cost incurred by your company No

If yes, please provide details of the programme(s):

If applicable, add any further comments on community investment policies or practices in your company:

⁴ Total corporate giving includes corporate grants, corporate foundation grants, and non-cash giving. It excludes the value of volunteer hours, administration costs, or contributions from employees, vendors, or customers.

42. Is the CSR department of your company involved in the production chain of the products of the company?

Yes No

If yes, please provide details on how:

43. Does your CSR strategy contribute to company profit?

Yes No

If yes, please provide details on how:

44. Is the CSR strategy in line with shareholder interests?

Yes No

If yes, please provide details on how:

45. Is CSR activity done on a continuous basis throughout the year?

Yes No

46. Is philanthropy/charity the sole basis of your CSR strategy?

Yes No

If no, please provide details on the alternative strategies:

47. Are the gains of your CSR program monetary?

Yes No

If no, please provide details on the alternative strategies:

48. Are employees all along the value chain beneficiaries of your CSR program?

Yes No

If no, please provide details on which groups of people are:

49. Does your company have a stated dedication to upholding the universal human rights?

Yes No

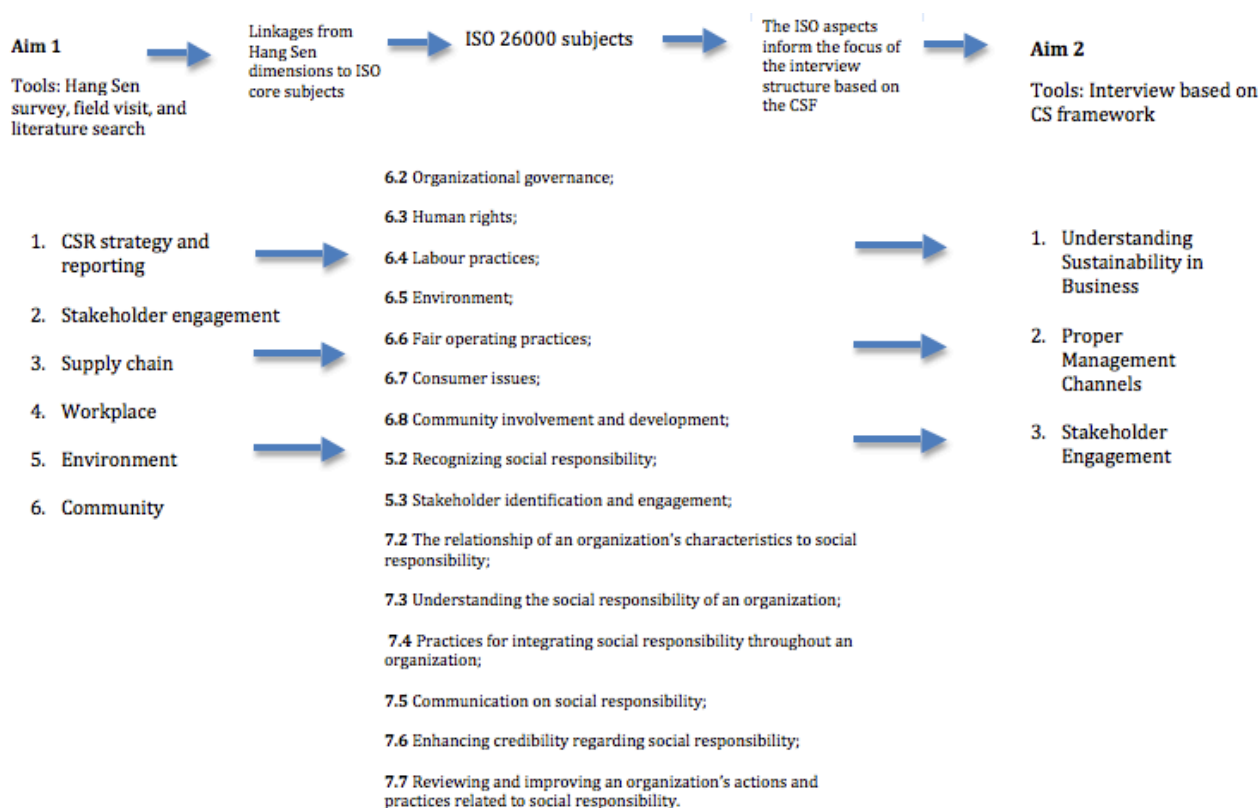
If no, please provide details on why:

50. Do the CSR initiatives relate to the sector or products of the company?

Yes No

-- Thank you for completing the questionnaire --

Appendix E: Flow diagram of methodology



Appendix F: Example of the CS semi-structured interview questions

The following questions were used as a basis for a semi-structured interview with a respondent of the CSR department of the company. Each question was a starting point for ensuing discussion based on the response.

Questions:

Understanding Sustainability in Business

What is the main goal of CSR in San Miguel? What are the focus areas?

How long has CSR been enacted?

And how do the corporation and the foundation interact? How actively?

How has the foundation funded itself over the four decades of its existence?

How do board members of the corporation view the idea of CSR?

What is the main driving force behind CSR in San Miguel?

How do shareholders view CSR?

What have been the major hurdles? What are the major hurdles in the future? Funding?

Proper Management Channels

What is the motivation in having a foundation behind the company? Do all companies in the food & beverage sector have foundations? Why/why not?

Is there an impulse to integrate into the company rather than staying a foundation? Advantages/disadvantages? Why/why not?

Which departments see sustainability as important?

Do you think that the current CSR practices are sustainable in the long run or do things need to adapt/change? What are the pros and cons?

Stakeholder Engagement

Labor practices

Are employees of the company/foundation seen involved in the CSR mantra? I.e. do you practice what you preach? Volunteerism?

Are employees in the production chain involved in the CSR? Are they beneficiaries? How?

Benefits of these labor practices?

Does the image and reputation of San Miguel help attract employees?

Consumer issues

Are consumers in the Philippines interested in sustainable production? Are they aware of sustainability issues?

Are there existing products targeting health/environment/green-conscious?

Are there efforts to educate people on sustainable or healthy consumption? Marketing campaigns?

If so, what are the benefits to San Miguel in pursuing these strategies?

Is the demand for San Miguel products fairly reliable (inelastic)?

Do you think that consumers value charitable activities over 'green'? Do people want to see companies engaged in philanthropy?

The environment

Are there CSR initiatives targeting environmental conservation specifically? In-house or purely external?

You said there are good efforts are sustainable resource use. What is the motivation to do these things? Financial savings?

When did San Miguel become resource conscious? Why?

Is it by itself in the industry to do so? How can San Miguel afford to make these changes when others cannot?

Is there a drive for renewable energy use as well? Why?

How serious is climate change taken with regards to business decisions and CSR activities?

Is there any pressure from the public sector to preserve the environment?

Fair operating practices (supply chain)

How important are farmers and primary producers to the CSR initiatives?

Is the supply chain seen as a big part of CSR?

How important is productivity innovation to CSR?

How does the industry in which SM operates affect the CSR program?

How closely does it monitor the suppliers it works with?

Are all supply chains domestic? Is that easier to manage?

Are local stakeholders easy to engage? They are targets for SMF, right? Why?

Community involvement and development

How and why does San Miguel get involved with local communities? Importance to the business?

Why is it important to San Miguel to work with the community?

Are these communities patrons of San Miguel products?

How do communities view San Miguel when it enters an area?

Society

How is the level of awareness in the Philippines of sustainability?

Are people willing to pay more for a sustainable good (example given)?

Are there programs to raise awareness in the general population?

Broader context

How does the government get involved with sustainability?

How does San Miguel interact with the government on these goals?

What does the average person in the Philippines think of CSR? Expected?

What does sustainability mean in the Philippines?

Where is San Miguel at in terms of CSR among its peers?

Bibliography

Ackoff, R. (1981). *Creating the Corporate Future: Plan or to be Planned for*. John Wiley and Sons: New York.

Aguing-Dalisay, Grace and Lydia Sarmiento-Enrile. "Searching for the Roots of Corporate Social Responsibility in Filipino Values." League of Corporate Foundations (2011).

Asian Institute for Management . Awardees. 2012. 24 November 2012
<<http://www.asianforumcsr.com/awards/awardees>>.

Asongu, J. (2007). The history of corporate social responsibility. *Journal of Business and Public Policy* , Volume 1, Number 2 (Spring 2007).

Ayala Corporation. From Philanthropy to 'Beyond CSR'. 2008.
<<http://www.ayala.com.ph/CSR.php>>.

Ayala Corporation. Ayala. 2012. 26 November 2012
<http://www.ayala.com.ph/about_ayala_awards.php>.

Ballon, P. (2007): Business modelling revisited: the configuration of control and value, *The Journal of Policy, Regulation and Strategy for Telecommunications, Information and Media*, Vol. 9, No. 5, 6–19.

Calingo, Roberto and Mutya de los Reyes. "CSR Trends and Challenges in the Philippines." League of Corporate Foundations (2011).

Carroll, Archie B. "The Pyramid of Corporate Social Responsibility: Toward the Moral Management of Organizational Stakeholders ." Business Horizons (1991).

Centrica PLC. Preliminary Results for the Year Ended 31 December 2012 . Annual report. England, 2012.

Clarke, G. & Sison, M. (2003). Voices from the top of the pile: Elite perceptions of poverty and the poor in the Philippines. *Development and Change*, 34(2), 215–242.

Córdoba, José-Rodrigo and Tim Campbell. "Implementing CSR Initiatives – The Contribution of Systemic Thinking." Pensamiento y Gestión 23 (2007).

Corruption by Country. 2012. 26 November 2012
<<http://cpi.transparency.org/cpi2012/>>.

Countries and Regions. 2012. 26 November 2012 <data.World Bank.org>.

Dawkins, Richard. The Selfish Gene. Oxford: Oxford University Press, 2006.

Ebner, Daniel and Rupert Baumgartner. "The relationship between Sustainable Development and Corporate Social Responsibility." Corporate Responsibility Research Conference (2006).

Eisenhardt, Kathleen M, Jean L Kahwajy and L J Bourgeois III. "How Management Teams Can Have a Good Fight." Harvard Business Review (1997).

Epstein, Marc J. "Measuring and Managing Social and Environmental Impacts." Strategic Finance (2008).

Freeman, R.E. and Liedtka, J. (1991). "Corporate Social Responsibility: A critical approach – Corporate social responsibility no longer a useful concept." *Business Horizons*, July-August, 1991.

Geels, Frank W. "Technological transitions as evolutionary reconfiguration processes: a multi-level perspective and a case-study." Research Policy 31 (2002): 1257–1274.

Global Issues. Poverty Facts and Stats. 7 January 2013. May 2013
<<http://www.globalissues.org/article/26/poverty-facts-and-stats>>.

Global100. 2011 Global 100 List. 2012. 24 November 2012
<<http://global100.org/annual-lists/2011-global-100-list.html>>.

Henderson, David. Misguided Virtue: False Notions of Corporate Social Responsibility. The Institute of Economic Affairs. London: Hobbs the Printers, 2001.

IMF. 2006. World Economic Outlook: Financial Systems and Economic Cycles. Brussels: International Monetary Fund.

Jose Mario, Maximiano. "The state of corporate social responsibility in the Philippines." Australian Association for Professional and Applied Ethics (2005).

Kapra, F. (1997). The Web of Life: A New Synthesis of Mind and Matter. Flamingo.

Leage of Corporate Foundations. 2010. <<http://www.lcf.org.ph/>>.

Lüdeke-Freund, Florian. "Business Model Concepts in Corporate Sustainability Contexts." Lehrstuhl für Nachhaltigkeitsmanagement (2009).

Midel, Coco. Nuvali Construction Pix. 2012. June 2013
<<http://cocomidel.wordpress.com/2008/06/25/nuvali-construction-pix/>>.

Munk, Nina (1999), 'How Levi's Trashed a Great American Brand', *Fortune*, 12 April.

United Nations. Our Common Future. Report of the World Commission on Environment and Development . New York, 1987.

Osterwalder, A. (2004): The Business Model Ontology. A Proposition in a Design Science Approach. Dissertation, Universite de Lausanne. Lausanne: Universite de Lausanne.

Pagcor. PAGCOR funds Estero de Paco clean-up drive. 2013. June 2013 <<http://www.pagcor.ph/press-releases/pagcor-funds-estero-de-paco-clean-up-drive.php>>.

Porter, Michael and Mark Kramer. "Creating Shared Value." Harvard Business Review (2011).

Rammel, Christian and CJM Jeroen van den Bergh. "Evolutionary policies for sustainable development: adaptive flexibility and risk minimising." Ecological Economics 47.3 (2003): 121–133.

Rosamaria C. Moura-Leite, Robert C. Padgett, (2011) "Historical background of corporate social responsibility", *Social Responsibility Journal*, Vol. 7 Iss: 4, pp.528 - 539

Rimando, Lala. "How CSR is evolving in the Philippines ." 2012. Rappler. 24 November 2012 <<http://www.rappler.com/newsbreak/3421-how-csr-is-evolving-in-the-philippines>>.

Roome, N. J., & Bergin, R. (2006). Sustainable development in an industrial enterprise: The case of Ontario Hydro. *Business Process Management*, 12(6), 696–721.

Snider, J., R. P. Hill and D. Martin: 2003, Corporate Social Responsibility in the 21st Century: A View from the World's Most Successful Firms, *Journal of Business Ethics* 48, 175–187.

Standard & Poor's; MSCI. "Global Industry Classification Standard." Morgan Stanley Capital International, n.d.

Steurer, Reinhard, et al. "Corporations, Stakeholders and Sustainable Development I: A Theoretical Exploration of Business–Society Relations." Journal of Business Ethics 61 (2005): 263-281.

Strandberg Consulting. "The Business Case for Sustainability." 2009.

Stubbs, W., & Cocklin, C. (2008) Conceptualizing a 'sustainability business model'. *Organization & Environment*, 21(2): 103-127.

Telenor Group. "Annual Report ." Annual report. 2011.

Tuason, Maria Teresa. "The Poor in the Philippines: Some Insights from Psychological Research." Psychology and Developing Societies 22.2 (2010): 299-330.

UNDP. 2006. *Beyond Scarcity: Power, Poverty and the Global Water Crisis*. Brussels: United Nations Development Programme.

Unilever. Embedding Sustainability. 2013. June 2013
<<http://www.unilever.com/sustainable-living/ourapproach/embeddingsustainability/index.aspx>>.

UNDP. 2006. *Beyond Scarcity: Power, Poverty and the Global Water Crisis*. Brussels: United Nations Development Programme.

Visser, Wayne. "Corporate Social Responsibility in Developing Countries." Crane, Andrew, et al. The Oxford Handbook of Corporate Social Responsibility. Oxford: Oxford University Press, 2009. chp 21.

Visser, Wayne. "The Age of Responsibility: CSR 2.0 and the New DNA of Business." Journal of Business Systems, Governance and Ethics 5.3 (2012): 7-22.

World Bank. 2005. *Investment Climate Survey*. Washington: World Bank. 2006. *World Development Report 2007: Development and the Next Generation*. Washington: World Bank.

World Business Council for Sustainable Development. "The Business Case For Sustainable Development." 2002.

WRI. 2005. *World Resources 2005—The Wealth of the Poor: Managing Ecosystems to Fight Poverty*. Washington: D.C., World Resources Institute, UNDP, UNEP, World Bank.

Young, Suzanne and Vijaya Thyil. "Governance, employees and CSR: Integration is the key to unlocking value." Asia Pacific Journal of Human Resources 47.2 (2009): 167-185.