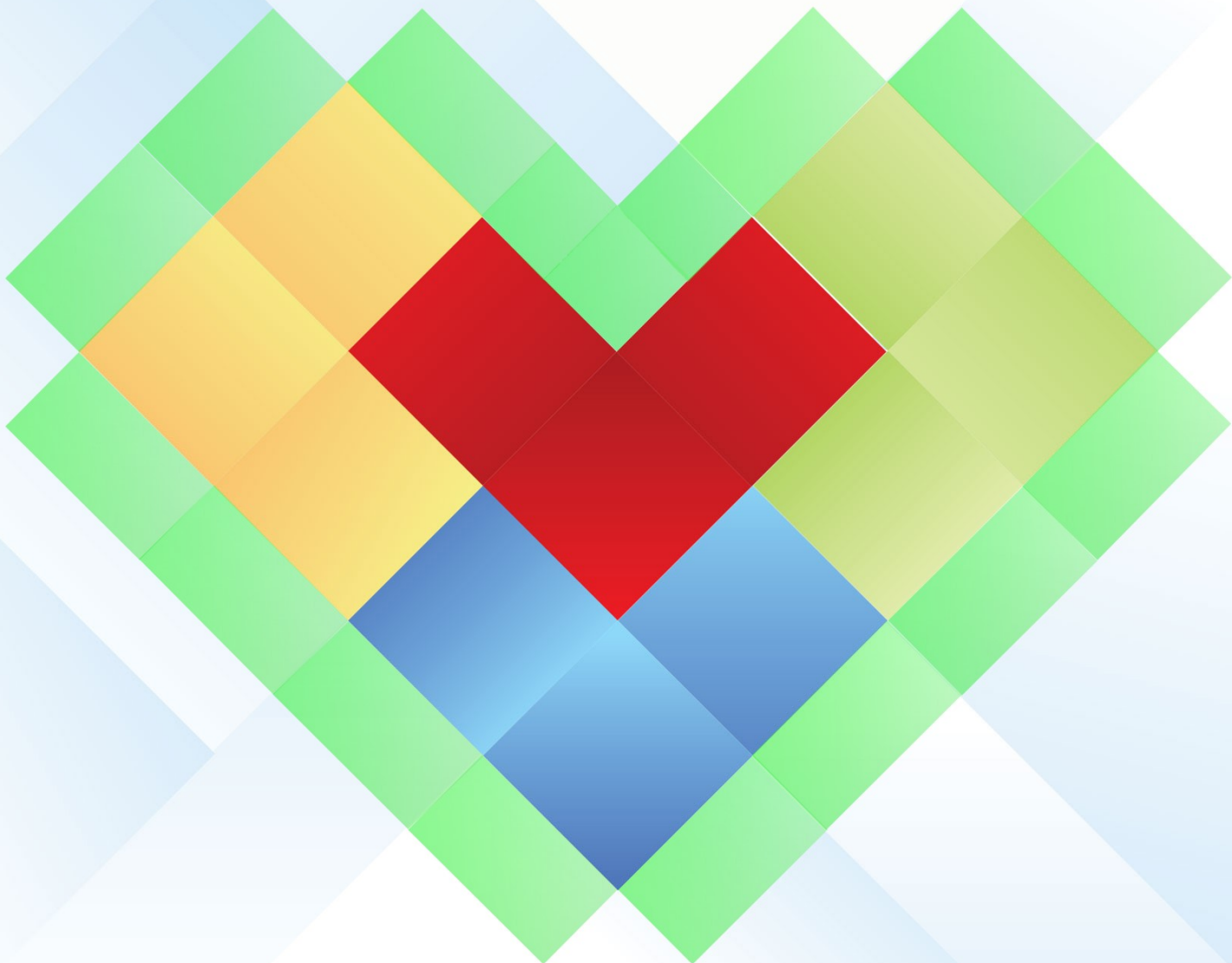




Philippines Norway
Business Council

CSR GUIDE BOOK

SECOND EDITION



The PNBC Corporate Social Responsibility Guidebook

(2nd Edition)

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Foreword


The original CSR Guidebook was written on the premise that discussions on sustainability and social responsibility of companies have become more and more relevant. And as that becomes more evident at the turn of the decade, the Philippines Norway Business Council (PNBC), in collaboration with the Royal Norwegian Embassy-Manila, has deemed that it is time to come up with this 2nd edition. The main goal among others is to provide new examples of best practices from PNBC member companies. In addition, some elaboration on the traditional assumptions of a business, and the various shades of “green” as defined by UVA-Darden School of Business, have been included. Finally, a new section on the Data Privacy Act was also included.

For the members of PNBC, this CSR Guidebook 2nd edition hopes to serve as a continuing guide to those that are already running their own CSR programs, and a good starting point for those just intending to kick-off their development of a full-blown CSR policy and strategy. For those that already have their own well-functioning CSR Programs, this document aspires to be a relevant refresher to the CSR practitioners in those companies.

It is hoped that this CSR Guidebook 2nd Edition will help convince people and companies that true CSR requires a holistic approach towards sustainability and social responsibility. For instance, a company that takes care of the environment but neglects the welfare of its own workers have a long way to go as a truly responsible company. Moreover, we hope that more businesses will appreciate the business case for CSR and realize that social responsibility activities are not just cost centers but are value creators for the business.

This CSR Guidebook 2nd Edition is not for commercial purposes but only for limited and exclusive distribution to PNBC individual and corporate members and to the Norwegian business community inquiring with the Royal Norwegian Embassy in Manila.

I wish to thank the officers and staffs of PNBC and RNE-Manila who contributed to make this project a reality.


RODOLFO T. AZANZA, JR.
PNBC VP-External Affairs and
Head, CSR Working Group

Message from His Excellency, the Ambassador from Norway, Mr. Bjorn Jahnsen

The Norwegian Embassy in Manila is proud to be part of this guidebook on CSR in the Philippines!

The book offers both an excellent introduction to CSR in general as well as practical examples of how CSR should be incorporated in business operations in the Philippines.

The Norwegian Government expects all businesses to exercise corporate social responsibility, whether they are state-owned or privately owned, and whether their activities are in Norway or abroad. Exercising corporate social responsibility is also important for safeguarding shareholder value.

Norway's expectations relating to CSR are in four core areas:

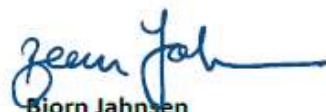
- climate change and the environment
- human rights
- workers' rights
- anti-corruption

The Government bases its policy on the key international standards for CSR: the OECD Guidelines for Multinational Enterprises, the UN Guiding Principles on Business and Human Rights, and the UN Global Compact.

Norway's National Contact Point (NCP) for the OECD Guidelines handles complaints regarding possible breaches of the Guidelines by Norwegian businesses with international operations. The NCP is a non-judicial grievance mechanism for dialogue and mediation. For more information see here: www.responsiblebusiness.no/en/

This guidebook is in itself a firm example of how Norwegian corporations integrate CSR in their operations abroad, and is in that regard fully in line with the ambitions and expectations of Norwegian authorities.

Let me conclude by extending my congratulations to Rodolfo "Ozone" T. Azanza, Jr. and his working committee, as well as to the PNBC, for their commitment in this process. Let us together ensure that we continue to focus on CSR in our operations in the Philippines.



Bjorn Jahnsen

Ambassador

Royal Norwegian Embassy, Manila

Message from the President of PNBC

It is with great pleasure we present the 2nd edition of our CSR-handbook.

Our thanks go to Mr. Rodolfo “Ozone” Azanza, Jr. and his team of contributors, and to our Ambassador at the Royal Norwegian Embassy, His Excellency Bjørn Staurset Jahnsen. Ozone & Co spearheaded the 1st edition and have edited this 2nd edition. The production of both would not have been possible without the kind support of the Embassy. The Ambassador has also been kind enough to produce a preamble to this book.

Many companies do not think they are doing any CSR. Others may think that CSR is not necessary for their business. In PNBC we believe both of these perspectives are misguided. CSR can be, and is, a way for businesses to help shape the societies in which we operate.

Many companies will support the basketball team at the local barangay or school. They will support a kitchen serving the poor. They will provide secure employment for people to build their futures around. They will report wrongdoing. They will protect the rights of their staff and hold them accountable for their actions. They will take steps to remove waste and their impact on the world around them. All these and their kin are CSR.

Other companies may believe that CSR is not needed for their business to thrive. We think otherwise. Our experience is that businesses benefit from showing they are “part of the team” where they operate. Whether it is joining a fun-run for a good cause or donating medical supplies to those needing it the most, it shows that you are part of the community. The very community that will support you and your business.

“Comity of man” is a phrase often forgotten, but one which needs to be used more. It simply means an acceptance of being part of a community and a society, and contributing towards their betterment. CSR is “comity of man”.

This guidebook explains, in easy terms, how a company can and should engage with CSR. We have every faith in our members using this book to the betterment of their communities and their businesses.

CARL MARTIN FAANNESSEN
PNBC President

LIST OF ACRONYMS

3-R	Reduce, Re-use and Recycling
ACB	ASEAN Center for Biodiversity
ACM	Asbestos-Containing Materials
APS	Air Pollution Sources
ASEAN	Association of Southeast Asian Nations
BFL	Broken Fluorescent Lamps
BWC	Bureau of Working Conditions
CDM	Clean Development Mechanism
CFL	Compact Fluorescent Lamps
CSR	Corporate Social Responsibility
DENR	Department of Environment and Natural Resources
DOE	Department of Energy
DOLE	Department of Labor and Employment
ECC	Environmental Compliance Certificate
EIA	Environmental Impact Assessment
EIS	Environmental Impact Statement
ESG	Environmental, Social and Governance
GHG	Greenhouse Gases
GRI	Global Reporting Initiative
HR	Human Resources
HSE	Health, Safety and Environment
IFC	International Finance Corporation
IPs	Indigenous Peoples
IPRA	Indigenous Peoples Rights Act
IRR	Implementing Rules and Regulations
KRA	Key Result Areas
LLDA	Laguna Lake Development Authority
MRF	Materials Recovery Facility
NGOs	Non Government Organizations
OECD	Organization for Economic Cooperation and Development
PCB	Polychlorinated Biphenyls
PCO	Pollution Control Officer
PNBC	Philippines Norway Business Council
PPEs	Personal Protective Equipment
PTO	Permit to Operate
RA	Republic Act
TBL	Triple Bottom Line
UN	United Nations
UNGC	United Nations Global Compact
UVA	University of Virginia
WB	World Bank

Introduction

Why this Guidebook from PNBC?

Foremost, this Guidebook aims to provide the Philippines Norway Business Council (PNBC) members, both individuals and companies, a clearer understanding of a commonly heard but often misunderstood concept and practice of **Corporate Responsibility (CR)** or **Corporate Social Responsibility (CSR)**. This document will therefore try to simplify the definition of CR or CSR and establish its business case in order to convince more people and companies to embrace it as part and parcel of regular business operations.

Prior to the advent of corporate responsibility practice, the standard or traditional story of a business is hinged on 6 basic assumptions (from University of Virginia-Darden School of Business), as follows: 1) Business is primarily about economics – making money and profits; 2) The only constituency that really matters is the shareholders; 3) There does not need to be a concern for environment, because we live in a world of limitless physical resources; 4) Capitalism works because people are self-interested; 5) Given the opportunity, business people will cheat or cut corners; and, 6) Business works because people are competitive and greedy, and as if by an invisible hand, the greatest good emerges. But today, much of these views/assumptions have tremendously changed. It is evident that these assumptions are riddled with flaws, but perhaps more compelling is what the UVA-Darden proffered, that globalization and information technology are, among others, the key factors that changed these business assumptions. Today, the new story of business is more about having a purpose. Companies that are able to articulate well to their market the purpose of their existence that is beyond money and profits, are able to thrive better than those who fail to do so. And what used to be an effort to create value for shareholders has transformed to a creation of shared value not only for shareholders but also for the employees, customers, suppliers, the host communities and even the larger society. It seems that capitalism now works because we can cooperate to create value for each other; sometimes we act for selfish reasons but also sometimes for “other-regarding” reasons. Incentives are important, but so are values (UVA-Darden).

The multi-disciplinary nature of CSR practice itself becomes the best impetus for a guidebook like this. The interwoven nature of CSR-related issues that beset a business sometimes could create a plethora of information that needs to be sorted out. Some managers try to over-simplify CSR by reducing it to an act of philanthropy. And while that thinking might not be entirely wrong, it creates a lot of pitfalls that could result in more harm to the company than good.

What made it quite inspiring for the PNBC CSR Working Group to spearhead this endeavor is the demonstrated recognition of the majority of PNBC members, since its

inception in late 2010, that CSR is an important aspect of business. The CSR Working Group has encouraged the council members to take part in CSR-related projects and the participation has shown growth through the years. But be that as it may, there are still a lot of questions as to how a good CSR program may be kicked-off and sustained. There are questions in regard of how a company can choose what CSR activities to pursue. Or should CSR be pursued internally or outsourced/coursed through a third party who knows better how it may be put together. Through this guidebook, the PNBC hopes to create a straightforward pathway that would encourage more CSR programs to be launched by its members.

Specifically, this Guidebook aims to serve as guide in:

1. Establishing, implementing, monitoring and reporting activities related to social and environmental sustainability.
2. Engaging host communities in business locations/sites.
3. Enhancing ability of the company to take care of its own employees.
4. Defining self-imposed company actions and rules with regard to the marketplace.

The following are some of the benefits that may be expected from using this Guidebook:

- Ability to bring in sustainability in current operations
- Effectiveness in developing new business by using this Guidebook as a tool for identifying areas of concern (e.g. in securing social license to operate from host communities)
- Enhancement of ability to manage risks associated with community and environment
- Gain better access to international and local “green” financing
- Improvement in building brand and reputation
- Cultivation of good relationships in project locations
- Minimizing disruptions in business operations
- Savings in costs and increase revenue performance

CSR Defined

What is Corporate Responsibility (CR) or Corporate Social Responsibility (CSR)?

CSR is first and foremost a decision. And in the ambit of business, that decision is given form when it is turned into a written company policy.

It is a decision to do something “good” because it is the right thing to do, and more importantly, it is also good for the company. For this reason CSR is treated as a form of corporate self-regulation integrated into a business model. Why self-regulation? Because no one is really forcing or imposing it on the company to do it, thus the company by itself monitors and ensures its active compliance/adherence to its own policy.

The CSR policy of a company may refer to the spirit of the law, some form of ethical standards and international norms. But one thing is definite in relation to what is required by the law: CSR goes “beyond compliance”.

We mentioned the decision to do something “good” above. In the context of business, that decision is to pursue the profit-making objective without foregoing social, environmental and marketplace concerns that come about in the pursuit of profit. Now, that sentence is just a bunch of words that are nice to the ear. That is called “talking the talk”. Walking the talk occurs when a set of actions is institutionalized in order to substantiate that decision.

“Doing good” in the world of CSR would mean walking the talk on, say, the following core subjects embodied in ISO 26000:

- Organizational governance
- Human rights
- Labor practices
- Environment
- Fair operating practices
- Consumer issues
- Community involvement and development

Pivotal in this understanding of what are the good things that can be done for CSR’s sake as enumerated above, is the idea that a business or company must aspire to do good in ALL these things and not just be selective. For example, a company may be winning awards on caring for the environment, but if its factory workers are not being paid in accordance to the minimum wage law, there is no way the company may be deemed socially responsible. Or if a corporation makes a hefty donation every year to support its favorite charity, but had been dumping untreated water from its manufacturing plants to the surrounding environs, there are no corporate responsibility accolades to be claimed here.

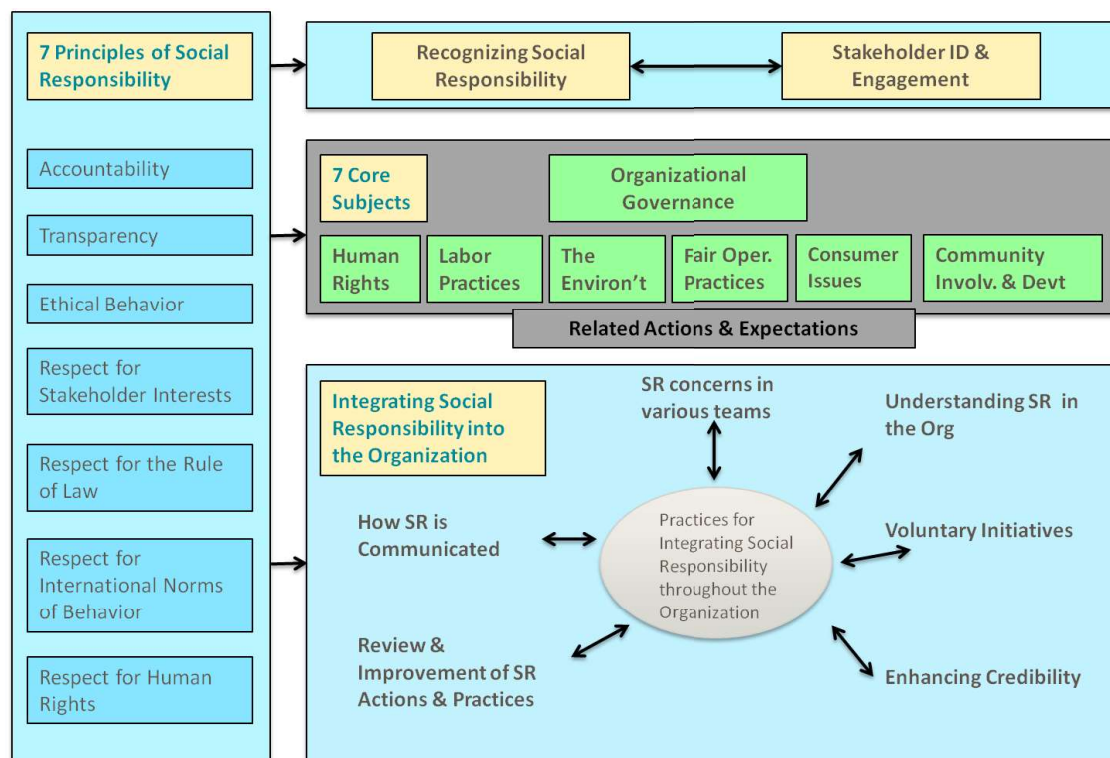
Philanthropy and CSR

It would help to explain the difference between philanthropy and CSR, because some quarters might look at the two as interchangeable. It may be safe to say that philanthropy may be one way to pursue CSR, but CSR is much more than philanthropy.

Philanthropy can be thought of as the old school of thought for giving. Comparing it with the contemporary CSR approach, one could say that philanthropy is by nature a dole-out, while in CSR a partnership is pursued. Philanthropic acts may be characterized as one-off donations while in CSR the approach tends to be more long-term. In CSR, efforts are usually programmed, while philanthropic acts tend to be sporadic in nature. Finally, philanthropists might tend to have a “fire and forget” behavior, while in CSR, the giver wants to be involved in the process of planning, implementation, monitoring, and in many cases, even in efforts for replication.

The CSR Framework

People tend to have the better ability to wrap their brains around complex issues by way of a framework. And there are now plenty of it developed by various entities. One framework is the voluntary guidance standard provided by ISO 26000. It offers guidance on socially responsible behavior and possible actions. As mentioned, it is voluntary and is not “certifiable” and used simply as a guide to integrate CSR into company values and practices. To know more, please visit www.iso.org. The figure below shows the schematic overview of ISO 26000.



ISO 26000 espouses Seven Key Principles that should be embodied in a company’s CSR policy as these are the root of socially responsible behavior:

- Accountability
- Transparency
- Ethical behavior
- Respect for stakeholder interests (stakeholders are individuals or groups who are affected by, or have the ability to impact, the organization's actions)
- Respect for the rule of law
- Respect for international norms of behavior
- Respect for human rights

To shed light for the company as to how can CSR be operationalized, the company has to identify who are its stakeholders. A process of identification has to be carried out, and a stakeholders' engagement plan has to be developed.

It is said among CSR practitioners that if you are not doing stakeholders engagement, you are not doing CSR. The engagement activities will provide for the basis for cooperation and partnership between the company and stakeholders. There has to be an ongoing dialogue between the parties, otherwise it might be addressing the right issues but towards the wrong stakeholders, or the right stakeholders but the wrong issues.

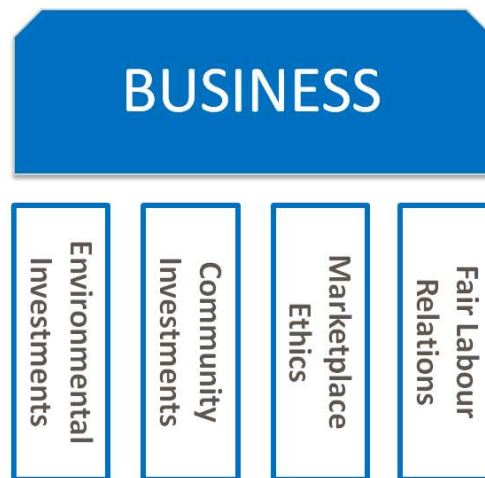
The continuing consultations will provide transparency and link between the stakeholders' interests and the company's actions, paving the way for the determination of how best to optimize benefits of all parties involved. As a result, the company will make well-informed decisions and will be aware of the likely consequences of its actions.

After engaging its stakeholders in a continuing dialogue, the company can then drill down into the Seven Core Subjects, and develop programs for each based on the information generated through consultations:

- Organizational governance
- Human rights
- Labor practices
- Environment
- Fair operating practices
- Consumer issues
- Community involvement and development

Under the Seven Core Subjects, there are a total of 36 sub-issues that have been pre-identified and the company can select which issues are deemed relevant.

For many companies, they group the Seven Core Subjects under ISO 26000 above into what may be called as the 4 main pillars of good CSR practice, as presented in the diagram below.



These four (4) main CSR pillars that prop up a responsible business are:

- Environment Investments
- Community Investments
- Marketplace Ethics
- Fair Labor Relations

At the top of the diagram is the company, held up by the CSR pillars. Understandably, the profit motive resides up there, because a business is not a business if it does not aspire for profit. A man named John Elkington has brought to light many years ago the concept of a triple bottom line (TBL), wherein a company must not only calculate its financial profit or bottom line but must fully account for the social and environmental costs associated with generating such financial profit. The diagram adheres to the same line of thinking, as it forces us to integrate the four (4) pillars of CSR into a comprehensive business model for its day-to-day operations.

Adherence to this framework allows a company to style itself as a “green” company. Some businesses start by focusing on limited aspects of operation for its “greening” efforts. For example, companies turn their corporate support services into a “green” department by changing its behavior as a consumer of office sundries and implementing a reduce, reuse and recycle (R3) program. Some others first focus on “greening their supply chain by making sure that they use suppliers that abide by certain standards (e.g., preference for certified paper to avoid buying from sources that illegally cut trees, avoiding suppliers that use child labor and sweat shops, etc.). UVA-Darden has come up with various shades of “green” for business strategy, as follows:

1. Legal Green- a green company operating around the idea of obeying the law and using the law to become more efficient and effective.
2. Customer Green – a green company that anticipates and responds to the green values of its customers.

3. Stakeholder Green - a green company that anticipates and responds to the green values of not just its customers but also its other stakeholders.
4. Dark Green – a green company that orients its value creation equation with living in harmony with the earth.

Companies may also wish to look into other frameworks available publicly, such as the International Finance Corporation's (IFC) Social and Environmental Performance Standards found here: www.ifc.org.

The United Nations' Global Compact also provides a very good framework. More information can be found here: www.unglobalcompact.org.

The Business Case of CSR

We briefly mentioned the triple bottom line (TBL) concept above, and we mentioned about fully accounting for social and environmental costs. It is at this point that we need to clarify that pursuing social and environmental responsibilities would not always mean that we will be incurring net losses. Lo and behold, there is a business case to it.

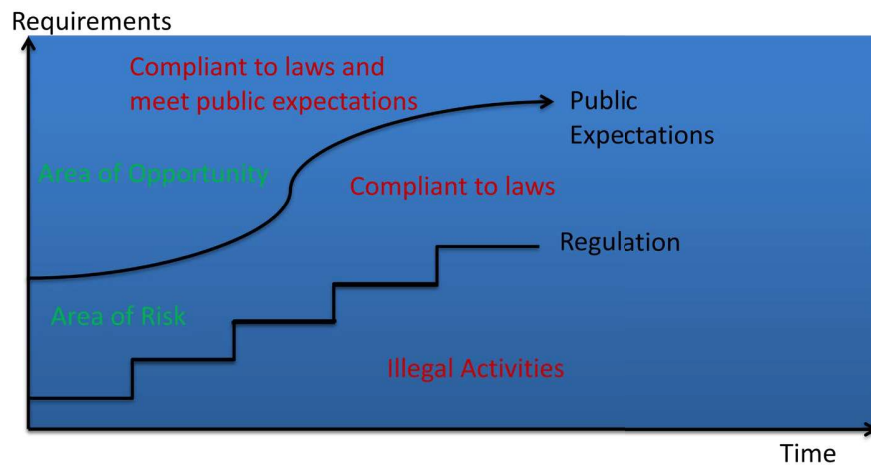
Excellence in the practice of CSR is demonstrated by CSR programs that reflect good business implications. While it is true that CSR Programs often bring in benefits that cannot be easily counted in coins or paper money, the long-run implementation of good CSR programs and practices eventually translate to financial benefits.

Let us discuss some simple examples of these benefits:

1. **Product/Brand Differentiation**. This is all about the course of action of distinguishing a company's product or service from its competitors to make it more desirable to customers. A company known for being attuned to its social responsibilities will be more preferable to "green" customers, or those who patronize companies or brands that are perceived socially and environmentally responsible.
2. **Avoidance of Lost Productive Time**. Companies that espouse sports and well-being programs towards their own employees will benefit from a healthier work force and through esprit-de-corps (feeling of loyalty, enthusiasm and devotion). High morale can also lead to less non health-related absenteeism, or even staff turnover. Sometimes the cost of training new employees to replace those that have left too soon could be quite a sum. So even while there are no laws that require companies to stage sports festivals or bowling nights, spending for these employee-focused events could in fact be a good investment in the long run.

3. **Management of Reputational Risks.** Reputational risks are non-financial in nature, but just as daunting. It is often quoted that it can take 20 years to build a good reputation, and it can only take 20 seconds to destroy it. Companies that are known by its customers for being responsible over and beyond what is required by law would tend to have very loyal customer base. And when its reputation goes under attack (e.g., in the social media) by its detractors, its customers would be more willing to give it the benefit of the doubt because of its solid CSR reputation. Green buyers or customers tend to be uncompromisingly loyal, and are vocal in defending companies who they perceive are authentic.
4. **Access to Financing.** There are investors and funds out there that are eager to work only with responsible companies. A good example of this is FTSE4Good. Most of the world's top financial institutions and their clients use FTSE, the global leader in market indexing. The FTSE4Good Index Series is designed to measure the demonstrated performance of companies towards Environmental, Social and Governance (ESG) practices. Relying on its clearly-defined ESG criteria, many investors use FTSE4Good indices as tools for making investment decisions, and would only patronize companies that garner good ESG ratings. Another way of looking at this benefit is when financiers respond positively to perceived low reputational risks. Insurance premiums could also go down as a result.
5. **Free Media Mileage.** Unique and well-implemented CSR activities can often catch the attention of media outfits looking for a good story, and companies involved in CSR often get free positive publicity both in the broadcast and print media.
6. **Social License to Operate.** For some businesses, a social license to operate can even be more important than the official business license. For example, a manufacturing plant located in a certain locality may find itself in all sorts of trouble if it is not in good terms with its host community. By making it part of its employment policy to give priority to qualified locals, the plant could then show that it is a good local corporate citizen. It is easy to imagine then that its local employees will be its main conduit for building more robust relations with the larger community.

To better appreciate this benefit, let us look at the diagram (concept from CSR-Asia) below:



A company should always operate above the required regulation (which grows through time). However, even while it operates in compliance with the laws and statutes (and therefore has secured its official license to operate), CSR practitioners still deem it as operating in an area of risk, simply because it may be operating below public expectations. Elevating its performance above public expectations through CSR programs will bring it to an area of opportunity, where the social license to operate resides.

How to Proceed

Below are the summary steps on how a company can institutionalize CSR in its business operations.

1. Develop a CSR Policy and imbed it into the company's vision, mission and business principles. As a suggestion, the CSR policy can make use of some if not all of the seven (7) key principles mentioned in ISO 26000.
2. Organize your CSR team.
3. Perform a process of stakeholders' identification (stakeholders' mapping).
4. Develop a stakeholders' engagement plan and a contact plan for each stakeholder identified.

Organizing for CSR

In practice, CSR activities can be spearheaded by anyone in the company. There are many who rely on the HR Department to take the lead, especially if there is a bias towards employees-related social responsibility in the written policy. In some others,

the Marketing Department might take the lead, if the CSR priorities are mostly outward-looking. It may also not be unusual for a company to have a member of the management committee to be assigned to manage CSR. Even the CEO or the Chairman of the Board could decide to take the lead role for him or herself. So there is really no single approach to it.

Ideally however, the company's CSR programs and activities should be carried out through the following managers/personnel:

CSR Manager, who may be in a concurrent capacity, but nonetheless solely responsible for overall planning, implementation, monitoring and reporting of CSR programs and activities, and ensures compliance to existing laws, rules and regulations pertaining to social, environmental and governance concerns. He/she will have to coordinate with the following line and functional managers on CSR matters:

- **HR Manager**, who should be consulted and engaged to ensure that in addition to developing career paths and skills training programs, efforts are pursued towards sports and well-being, and other events that spurn camaraderie and loyalty. Ensuring that there is a well-established grievance mechanism, and an award and discipline system is also relevant.

While the company's medical team is typically under the umbrella of HR, a dotted line to the CSR Manager could help ensure that the CSR Manager is able to receive information and act (with utmost effort to coordinate) with the HR Department on urgent matters.

- **Procurement Manager**, who aside from developing procurement processes, rules, regulations and procedures for the company, must also be engaged for the development and build-up of suppliers' accreditation standards and database based on metrics that reflect responsibility. For example, suppliers of wooden furniture will have to be checked for their source of raw materials, or manufacturers can be spot-checked to ensure they are not using child labor in their shops. Accumulation of non-biodegradable materials can also be avoided through certain procurement programs.
- **Site Managers**, who should be engaged to ensure awareness/practices on day-to-day safety and security of the site employees. While Safety Officers and Pollution Control Officers are typically reporting to Site or Operations Managers, a dotted line to the CSR Manager would help in ensuring that the CSR Manager would receive information on any related concerns directly and post-haste. The same can be held true for the Chief Security Officer.

The CSR Manager may put together a team composed of Community Relations Officers who could directly relate with host communities and acts as the main link of the

company in catching community concerns and grievances early enough before they become real issues.

Volunteer employees could also be mustered for support when implementing CSR activities. Volunteerism is in fact a good barometer for showing that employees are becoming more and more appreciative of the company's sense of social and environmental responsibility.

A Closer Look

The Four (4) Pillars of CSR in the Philippines

A. Environmental Investments

There are a number of environmental laws, rules and regulations that dictate how a company should behave for the sake of the environment. Foremost is Presidential Decree No. 1586, the law requiring an Environmental Impact Statement (EIS) to be prepared to look into a project's significant impacts on the environment. The implementing Rules and Regulations (IRR) of PD 1586 requires that an *Environmental Compliance Certificate* (ECC) from the DENR-Environmental Management Bureau (EMB) has to be secured for certain projects. During operations, Self Monitoring Reports (SMR) are also required to be submitted quarterly following formats and processes prescribed by the agency.

Republic Act 8749, otherwise known as the Philippine Clean Air Act of 1999, provides for a comprehensive air pollution policy and establishes air quality standards that industries should follow. For some companies, air pollution sources such as standby generators should be registered with DENR and secured with permits to operate (PTO). These permits are required to be renewed annually.

Regarding water quality, Republic Act 9275 provides for a comprehensive water quality management program and stipulates the standards that industries must meet. It requires that facilities that discharge waste water to the environs must secure a discharge permit from DENR, and in some cases (especially those located in Metro Manila) also with the Laguna Lake Development Authority (LLDA). For some facilities, a wastewater treatment system may be required.

On solid waste, Republic Act 9003, otherwise known as the Ecological Solid Waste Management Act of 2000, requires facilities to institutionalize a solid waste management system. When relevant, companies are enjoined to institutionalize a solid waste segregation scheme and establishment of materials recovery facility

(MRF). Open pit dumping and practice of burning of garbage/solid wastes are not allowed.

Regarding hazardous materials, Republic Act 6969, otherwise known as Toxic Substances and Hazardous and Nuclear Wastes Control Act, requires proper registration, handling and disposal of materials like transformer oil, lubricants and asbestos. The law requires proper disposal of used oils, broken fluorescent lamps (BFLs), asbestos-containing materials (ACM) and other hazardous substances/materials to avoid water and ground contamination.

These are the main environmental laws and statutes that a company must comply with. However, a responsible company must go beyond compliance. And there are two (2) main items that a company can immediately focus on. One is in regard of establishing a management system to monitor compliance and programs beyond compliance, and secondly, an emphasis on awareness.

- **Environmental Management System.** The company can establish a system to monitor all its efforts for the environment. It can be as simple as an Excel-based checklist system where items can be ticked off and remarks can be reflected to form a good summary report for each period.
- **Environmental Awareness.** The company can develop activities that will generate awareness both internally and externally in regard of the environment. Topics of awareness campaigns may include climate change mitigation and adaptation, sources of greenhouse gases (GHG), the science of global warming, clean development mechanism (CDM), and other related issues and concepts. Cooperation with government agencies and NGOs would be desirable.

Specific programs that will support recycling of items, reward responsible behavior and curtail wasteful practices can be developed. External programs to promote biodiversity would be highly desirable. For example, a company can choose help protect endangered species by providing for the protection of their habitats. On the other hand, it can choose not to patronize companies that threaten certain species of plants animals through their supply chain policies.

For some companies, environmental programs become a no-brainer. For example, hydropower companies are expected to invest in the protection of their watershed areas because that will provide sustained hydrology for their generation facilities. Likewise, investments towards efficient water use for downstream economic users would also be beneficial. Hotels and resorts out in the islands invest in protection of shorelines and coral reefs as these are the prime reasons why their customers flock to these places.

CASE STUDY NO. 1 – ENVIRONMENTAL INVESTMENTS



Norwegian Embassy
Manila



Since 2015, Norway was conferred as a Sectorial Dialogue Partner of ASEAN, promoting in areas such as peace, reconciliation and security, human rights, maritime and marine cooperation, energy, connectivity, initiative for ASEAN Integration (IAI), trade and private sector development, people-to-people exchanges, and climate change and biodiversity; environmental protection. In 2017, the Norwegian Institute of International Affairs released a report on “Impact of Climate Change on ASEAN International Affairs,” which highlights how the changing climatic conditions may affect the interstate relations of ASEAN. According to Global Climate Risk Index, four out of the world’s ten most affected countries by climate change are from ASEAN countries namely: Myanmar, Thailand, Vietnam and the Philippines.

Several low-elevation areas of Southeast Asia may be affected by the rising sea level. The region has over 50 coastal cities with more than half a million inhabitants. The smaller a country, the greater its population density and the more low-elevation territory it has, the greater are the risks it faces. In addition, the greater the proportion of the population engaged in agriculture, the more likely is climate change to cause migration.

Carbon-Neutrality and Biodiversity Conservation

Towards becoming carbon-neutral in its presence in the Philippines, the Royal Norwegian Embassy in Manila committed to plant 500 indigenous seedlings in La Mesa Nature Reserve, covering one hectare of land in the watershed, in partnership with the ASEAN Center for Biodiversity (ACB) and in cooperation with ABS-CBN Lingkod Kapamilya.

The initiative, creatively dubbed as “Norwegian Wood”, is two-pronged. It aspires towards carbon-neutrality while also pursuing environmental biodiversity.

The Norwegian Ambassador to the Philippines Bjørn Jahnsen together with the Norwegian Ambassador to the ASEAN Morten Høglund led the ceremonial tree planting ceremony at the La Mesa Nature Reserve to commemorate Norway’s commitment to protect the biodiversity and combat climate change in the ASEAN region.



“This is a perfect time to reaffirm Norway’s commitments to strengthen cooperation in conservation of biodiversity in the ASEAN region. We urge countries to act together to tackle the global challenge of climate change and focus on the impact of these changing conditions in ASEAN and its international relations,” said Norway’s Ambassador to ASEAN Morten Høglund.

“Our Embassy is in constant effort to find greener ways to reduce our carbon footprint here in the Philippines. By planting 500 seedlings this year, we are offsetting roughly around 74 tons of carbon footprint equivalent to the projected carbon footprint that the embassy producing per annum,” said Norwegian Ambassador to the Philippines Bjørn Jahnsen.

Why La Mesa Watershed?

The embassy specifically chose to conduct the tree planting at the La Mesa Watershed, as it is the carbon dioxide sink of Metro Manila. The watershed is also the major source of raw water for some 12 million residents of Metro Manila where enrichment-planting activities should be done continuously to ensure preservation of the forest.

La Mesa Watershed is part of the Angat-Ipo-La Mesa water system, which supplies most of the water supply of Metro Manila holding up to 50.5 million cubic meters occupying an area of 27 square kilometers.



Alignment with ACB

ACB as represented by its Executive Director Mundita Lim affirmed the appropriateness and timeliness of this initiative by the Embassy as land conversion and degradation rapidly gobbles up forests and other vital ecosystems, and any effort to preserve the last standing forests and the remaining biodiversity in the region deserves to be recognized.

"The Royal Norwegian Embassy's commitment to support our fight against climate change, specifically the Embassy's pledge to plant an estimate of 500 trees, could not have come at a better time. This supports the ASEAN's latest undertaking the ASEAN Green Initiative, which was soft-launched during the 15th ASEAN Ministerial Meeting on the Environment in Siem Reap, Cambodia, last October," said Dr. Lim.

The ASEAN Green Initiative aims to plant 10 million trees all over the ASEAN region and raise awareness about biodiversity and ecosystem services and its values. It intends to promote public and private investment in biodiversity and ecosystem services and ensure that regional policies and strategies are supported by grassroots actions.

In 2019, Norway and ASEAN signed a joint cooperation agreement to protect the environment and human wellbeing from plastic pollution. Norway is playing the leading in promoting efforts for clean and healthy oceans around the world. This year, Norway hosted the Our Ocean Conference and was able to gather at least USD 64 B of total pledges to protect the oceans.

Norway is poised to sign an agreement on developing a system of information gathering to support conservation and sustainable management of coastal wetlands in the ASEAN region together with the ASEAN Center for Biodiversity. Norway is committed to reduce harmful greenhouse gas emissions to limit the global increase in temperature to less than 2°C with the further aim of limiting the increase in temperature to 1.5°C. Norway is also dedicated to enable vulnerable countries to adapt to climate change, and prevent deforestation, and reduce harmful greenhouse gas emissions.

By 2030, Norway is targeting to lower its greenhouse gas emissions by 40%.

Other Green Initiatives

The Royal Norwegian Embassy in Manila has been actively working on projects and initiatives to make its workplace greener. This year, the embassy also installed a 16-kilowatt peak (kWp) solar power system in the Ambassador's residence.

B. Community Investments

For certain companies, there are certain specific statutes that need to be complied with for the sake of their host communities. For example, power generation companies are subject to the Department of Energy's (DOE) Energy Regulations 1-94, which requires that power generators shall remit to a DOE Fund the amount of 1 Centavo per KWh of electricity generated by their power plants.

The timely payment of right amount of local taxes is also another compliance matter. And so are compliance to requirements to protect cultural heritage and the rights of indigenous peoples as provided under the Indigenous Peoples Rights Act (IPRA Law). A consultative approach is required by law for projects that impacts indigenous communities. A free, prior and informed consent has to be secured through a process and time period strictly defined in the IPRA Law.

Beyond legal compliance, a company may put together a community investment program, which may or may not be limited to its host communities.

Beyond legal compliance, a company can give emphasis to the establishment of:

CSR Management System. In order to ensure that the CSR program will be sustainable, it is of prime importance that a system of monitoring and reporting is in place. After all, management will likely want to be apprised on progress and results. The CSR Manager should therefore develop a system by which it can monitor and report on the status of community consultations, programs and projects.

Regular CSR Budget. The company has to make a deliberate decision to make the CSR budget regular in nature. Adhoc type of CSR budgeting will render the whole effort pointless, because most CSR programs will have to sustained through several years in order to take fruition. Some companies put up a regular CSR Fund for the purpose of funding community projects aligned with the goals set by the company. And for this purpose there are companies who allocate 1 percent of net income after tax for CSR, and this in the last decade has emerged as a global “rule of thumb” for those that have integrated CSR into their operational policies.

There are companies that define the projects themselves, but it may also be that the CSR Fund is demand-driven, wherein the recipients may develop proposals to avail of the fund. For this, the CSR team has to institutionalize an availment procedure based on certain principles. Some companies set pre-defined Key Result Areas (KRAs); meaning that they could choose to fund programs in relation to certain KRA, say education, or livelihood, or child care. It helps a lot when application procedures are defined, with the proposal documentary requirements and approval process made clear to the stakeholders (target recipients).

For companies with business operations in a defined host community, it sometimes makes sense to ensure that there is a good mechanism for feedback. A community grievance mechanism may be established even while the Local Government Code already provides for a mechanism where people could bring their concerns about the company at the Barangay level. The company’s own community relations officers can serve as a receiver of concerns or even complaints. It is better to catch issues early through a grievance mechanism before they escalate.

Under this pillar, there are human rights issues that a company has to be aware of. For example, avoidance of discrimination against women and vulnerable groups, avoidance of direct, beneficial or silent complicity and respect for civil, economic, social and cultural rights are good behavior that a company can pursue.

Other issues may relate to preservation of culture and living traditions, wealth/income creation, micro-financing, etc.

CASE STUDY NO. 2 – COMMUNITY INVESTMENTS

JOTUN PHILIPPINES BRINGS COLOR TO COMMUNITIES!

Paint Donations to Communities

Since its operation in 2005, Jotun has donated thousands of liters of paints to various communities. The donations are in the form of giving away the paints or employees helping in the painting themselves! The initiative is consistent with Jotun Global Corporate Responsibility Statement - “Jotun shall conduct business operations in accordance with sound values and business principles in the interest of customers, employees, owners, the environment and the society at large.”

NGO Communities

Jotun has been supporting **Bridge Builder Foundation**, an NGO that spearheads programs to help children in Baclaran through educational sponsorships, health services, feeding assistance, livelihood projects, among others. Jotun donated paints and coatings used in the repair and maintenance of its Baclaran facility and continues to support the foundation’s activities.



Mama Rachel’s Hospital of Mercy was also a recipient of Jotun’s donation. Mama Rachel is a hospital in Cavite City which is run by Mama Hopes Haven Foundation based in Norway.



Brigada Eskwela – School Communities

Jotun is actively doing CSR towards schools, particularly in the community where it operates. It has been donating paints to schools, and in some occasions, its employees join in actual painting activities. In 2019, we actively participated in the Brigada Eskwela project of ***Sta Anastacia-San Rafael National High School*** located in the Barangay where Jotun’s factory is located.

We also have cooperated with PNBC last year to donate paints for its participation in the BRIGADA ESKWELA for the ***Libis Elementary School*** in Quezon City.

We hope that the joy of the colors that we bring, and the time spent by our employees in these projects, will be of great value to these public schools and their esteemed officials and students.





C. Fair Labor Relations

As regards labor, the Department of Labor and Employment (DOLE), specifically the Bureau of Working Conditions (BWC) requires that manufacturing companies are registered with the agency. For certain operations DOLE permits are required such as for operation of elevators, pressurized vessels, pumps, hoisting equipment, etc. Companies are also required to have a safety committee, which approves the plant operations safety manual. For more information, please refer to: www.bwc.dole.gov.ph.

Another matter of legal compliance is in relation to child labor. Republic Act 7610, as amended by R.A. 7658 prohibits employment of children below 15 years of age. Part of the company policy may even include that the procurement department shall also ensure that its contracted service providers and suppliers do not make use of child or forced labor. Companies must exert effort to check compliance of contractors, e.g. security or janitorial, on their adherence to the law, otherwise the company may be deemed complicit.

Compliance with minimum wage laws and observance of employees' rights enshrined in the law of the land should also be part of the company's policy and practices.

Over and above what is provided for in labor laws, companies may choose to establish a system to encourage truthful and timely reporting of safety-related near-misses and high-potential incidents and accidents, especially those resulting in major injuries or even fatalities.

A company may also choose to establish an internal grievance mechanism in order to also catch issues early, as in the case of community stakeholders. This could be

done by way of drop boxes, or an email address that goes to the CSR committee, or a hotline number for reporting unsafe or unfair practices.

The company may also wish to be deliberate in encouraging diversity in the workplace and be an equal opportunity employer. For instance, programs that strengthen the position of women in the organization may be developed, or those that favor diversity in terms of geographical or ethnic origins. A strong anti-discrimination policy should be developed if a pro-diversity culture shall indeed be nurtured in a company. The CSR Manager can work with the HR department in developing a process for treating discrimination and harassment allegations/cases. In some companies, a conflict resolution panel is pre-constituted with the mandate to oversee issues relating to discrimination, arbitrary dismissal and exploitative/abusive practices.

And as mentioned earlier in this document, activities that promote sports and wellness will encourage and help employees to lead healthy lifestyles. Other issues that a company can focus on under this pillar are social dialogue, collective bargaining, freedom of association, human development/trainings, and so on.

CASE STUDY NO. 3- INVESTING IN THE SAFETY OF EMPLOYEES

The Safe Haven Program

The Safe Haven Program of Norconsult Philippines is a component of a holistic approach taken by the company towards employees' safety and security. Norconsult's Quality Mgt. System (NORMS) on employees' safety include systems for reporting of unwanted occurrences (RUOs) and incident reporting, safety induction procedures, use of proper PPEs, travel and vehicle safety procedures, the Take-5 system, and the Safe Haven program.



Started in 2014, the Safe Haven Program addresses the situation wherein people could be stuck in the Norconsult local offices and project sites during events of flooding, civil unrest, volcanic eruptions, typhoons, etc.

As a response, a Safe Haven officer was designated in all offices and project sites, and that person is responsible for stocking up of food, water, emergency

equipment/supplies and basic medicines that is sufficient for two (2) days for all Norconsult warm bodies (including consultants) in that particular office/site.

The stocks are regularly checked for expiration dates and are re-stocked accordingly using the First-In, First-Out (FIFO) principle.



The official list of stocks are as follows:

- Food (e.g., canned goods, noodles and biscuits)
- Water
- Basic medicines
- Flashlights
- Transistor radio
- Batteries
- Matches and candles
- Portable stove (and cannister fuels)
- Others, as deemed necessary

Any corporate office manager visiting the offices/project can conduct an on-the-spot audit of the Safe Haven Program in the project offices/sites.

Positive Results

Since its implementation in 2014, the Safe Haven provisions have been put to good use by employees and consultants who got stuck several times in the offices during events of typhoons in the provinces and flooding in Metro Manila. For a very manageable cost outlay for the program, the resulting ability of the company to ensure the safety and well-being of employees and consultants during these calamities and emergencies is priceless.

D. Marketplace Ethics

This part refers to the behavior of the company when putting its products in the market, transacting with clients or even with government agencies that it deals with to establish the business and those that regulate the sector where it operates.

Section 19, Article XII of the 1987 Constitution mandates to regulate or prohibit monopolies, combinations in restraint of trade and other unfair competition practices, for the sake of public interest, there is presently no comprehensive competition law in the Philippines.

The Revised Penal Code (Act No. 3815) provides for the penalties for machinations, monopolies and combinations thereof. It defines as criminal certain acts that restraint trade or commerce, prevent free competition in the market, monopolize any merchandise, alter price by spreading false rumors or making use of any other article to restrain free competition in the market. It also deems criminal acts of making transactions prejudicial to lawful commerce or increasing the market price of any merchandise.

Specifically, Article 189 of the Revised Penal code states that: *Unfair competition, fraudulent registration of trade-mark, trade-name or service mark, fraudulent designation of origin, and false description*. — The penalty provided in the next proceeding article shall be imposed upon:

1. Any person who, in unfair competition and for the purposes of deceiving or defrauding another of his legitimate trade or the public in general, shall sell his goods giving them the general appearance of goods of another manufacturer or dealer, either as to the goods themselves, or in the wrapping of the packages in which they are contained or the device or words thereon or in any other features of their appearance which would be likely to induce the public to believe that the goods offered are those of a manufacturer or dealer other than the actual manufacturer or dealer or shall give other persons a chance or opportunity to do the same with a like purpose.
2. Any person who shall affix, apply, annex or use in connection with any goods or services or any container or containers for goods a false designation of origin or any false description or representation and shall sell such goods or services.
3. Any person who by means of false or fraudulent representation or declarations orally or in writing or by other fraudulent means shall procure from the patent office or from any other office which may hereafter be established by law for the purposes the registration of a trade-name, trade-mark or service mark or of

himself as the owner of such trade-name, trade-mark or service mark or an entry respecting a trade-name, trade-mark or service mark.

Finally, Republic Act No. 7581, otherwise known as the Price Act, provides protection to consumers by stabilizing the prices of basic necessities and prime commodities and by prescribing measures against undue price increases during emergency situations and like occasions. It penalizes price manipulation in the forms of hoarding goods/commodities beyond normal inventory levels in order to influence market prices, profiteering or selling at a price grossly in excess of the good's true worth especially during emergencies, forming or engaging in cartel behavior to artificially and unreasonably manipulate prices.

The country also has several anti-trust legal provisions scattered among various sector-specific laws, rules and regulations.

Beyond compliance to these laws, there are many other issues and concerns that relate to a company ethical behavior, which have become very important to civil society. These issues (mentioned also in ISO 26000) may include, but not limited to the following:

- Various forms of corruption, some are subtle, but just as wrong (e.g., discrete bribery, facilitation payments, etc.).
- Irresponsible political involvement (e.g. support a politicians for permitting favors in the future).
- Fair marketing (truth in advertising, proper labeling, no omission of key product information, etc.).
- Social responsibility in the value chain, including backward links (suppliers) and forward links (users, consumers), e.g. protecting consumers' health and safety.
- Respect for property rights.
- Sustainable consumption (e.g. responsible electricity consumers).
- Customer service, support, handling of complaints and dispute resolution.
- Consumer data protection and privacy; access to essential services; education and awareness.

Corruption and Fraud

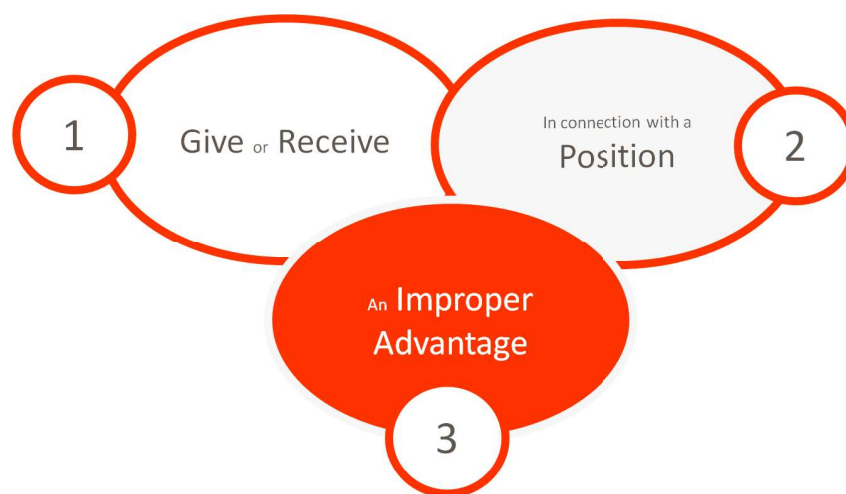
The UN Global Compact states that corruption is recognized to be one of the world's greatest challenges; a major hindrance to sustainable development, with a disproportionate impact on poor communities and is corrosive on the very fabric of society. The impact on the private sector is also considerable - it impedes economic growth, distorts competition and represents serious legal and reputational risks.

Corruption is defined by OECD/WB as the abuse of public or corporate office for private or personal gain. It can be *active or passive*. The active participant is for

example the instigator of the corrupt act, and the passive one may be someone who receives the offer, or simply a complicit party, but nonetheless is still deemed a party to the act.

Fraud (International Standards on Auditing ISA 240) is an intentional act to obtain an unjust or illegal advantage.

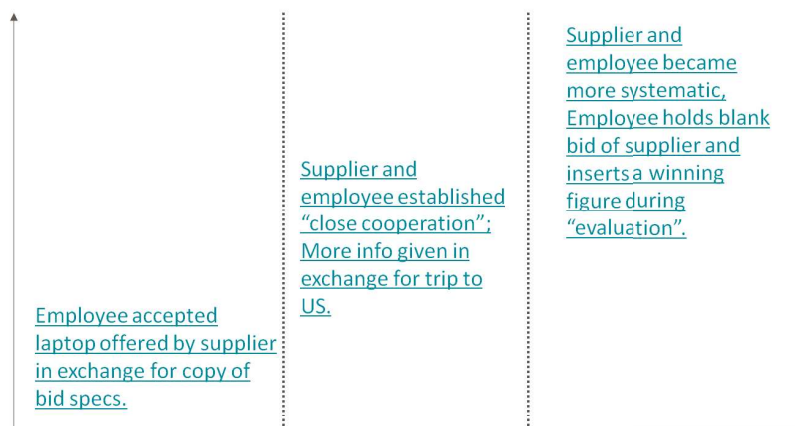
Corruption is a broad term that can encompass fraud, and many others, like, bribery, extortion, embezzlement, etc. It happens primarily with the involvement of at least two (2) parties agreeing to make a “deal” and in the process create an improper advantage.



The “deal” is usually in connection with an office or a position. And the one in a position to give the improper advantage receives something he or she may find interesting or useful such as cash, gifts, services, or opportunities.

Responsible companies these days formulate a Code of Ethics and/or an Integrity Programme in order to curb corruption by way of (1) raising awareness among officers and employees, partners, associates, contractors and suppliers, and (2) establishing effective procedures to reduce the incidence of corruption (if any), involving the same abovementioned parties.

Ethical programs are designed to nip it in the bud than address issues of corruption when the cough has already progressed into pneumonia. The diagram below would be a good example:



Some companies use certain guides such as the one referred to as the 10th Principle of the UN Global Compact. It has worked with Transparency International to develop a reporting guidance on corruption. There is also an initiative called Call to Action: Anti-Corruption and the Global Development Agenda which companies can sign. The initiative offers a unique opportunity for businesses to demonstrate leadership in advancing good governance and anti-corruption, contribute to reducing the cost of corruption to doing business and to creating a level playing field for all, seek a competitive advantage by attracting responsible investors, shareholders and consumers, and shape the anti-corruption policy agenda and influence future laws and regulations (quoted from UNGC).

In the Philippines, an anti-corruption initiative dubbed as "Integrity Initiative" (www.integrityinitiative.com) was launched a few years ago by the Makati Business Club (MBC) and the European Chamber of Commerce of the Philippines (ECCP). A good number of PNBC members actually signed the Integrity Pledge, which is a commitment to ethical business practices and good corporate governance. As a signatory, the head of the company affirms that corruption has been one of the biggest impediments to economic growth and prosperity in the Philippines and as company leaders, they pledge to lead by example in the fight against corruption and to operate ethically and with integrity.

The Integrity Pledge itself could serve as a good checklist for companies to develop their own anti-corruption and integrity programs. A call for collective action is also found towards the end of the document.

The Integrity Initiative website also provides an online self-assessment tool that integrity champions of companies can use for initial evaluation. The results can be downloaded or forwarded by e-mail.

CASE STUDY NO. 4A- FIGHTING CORRUPTION



SN Power's Anti-Corruption Framework

Bribery and corruption are substantial threats to good governance, sustainable development, fair business practices and the democratic process in a society. Bribery and corruption undermine attempts to achieve higher levels of economic and social welfare, impede efforts to reduce poverty and are damaging to legitimate business interests and to the society as such. Corrupt actions also lead to loss of confidence in the public and private sector.

SN Power is committed to enshrining a zero-tolerance culture for corruption, through active training and prevention throughout our own organization, our joint-venture organizations and supply-chains. We conduct our business across the globe in an honest and ethical manner and we want to contribute so associates and business partners do the same.

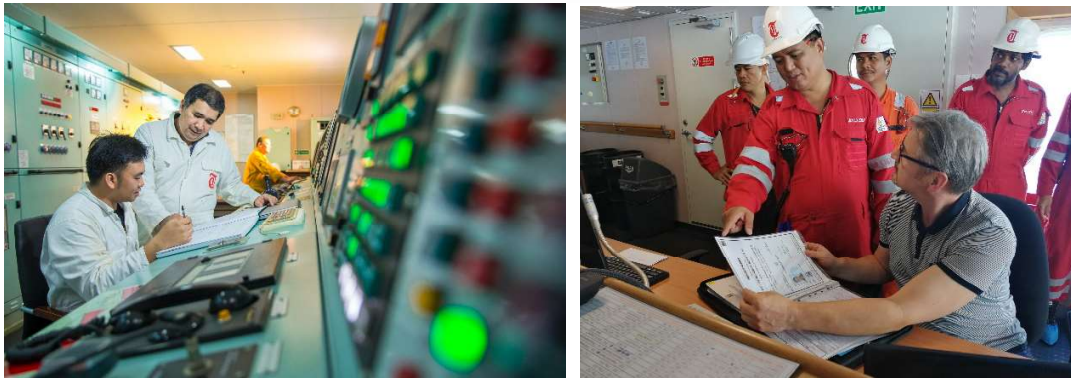
Our anti-corruption framework reflects the expected commitments from our partners:

- We do not offer, give, accept or receive bribes or other improper advantages, whether directly or indirectly, for business or private gain, either for ourselves or for others.
- We stand firm with a zero-tolerance approach to bribery and corruption and we are committed to operating professionally, fairly and with integrity in all our business negotiations and relationships. There are no exceptions.
- We encourage everyone to have active and open discussions about ethical challenges. At SN Power, we give business integrity priority and we will give full backing to employees who raise ethical issues.

While corruption is detrimental to business, it also damages societies and increases poverty: Corruption threatens the rule of law, democracy and human rights, undermines good governance and social justice, distorts competition and hinders economic development. Examples of corrupt practices in projects to watch out for are as follows:

- Manipulation of Pre-Qualification - A project owner appoints an engineer to manage a pre-qualification for a project so as to obtain a short-list of five suitable contractors who can then bid for the contract. A contractor who wishes to be short-listed pays a cash bribe to the engineer to ensure that key competitors of the contractor are eliminated from the short-list on artificial grounds. The engineer produces a short-list which does not contain several key competitors. The engineer falsely informs the project owner that he/she has selected the best five competitors. The project owner relies on the engineer's advice. The contractor who bribed the engineer wins the project.
- Bribery During Sub-Contract Procurement - A procurement manager of a contractor is managing a competitive tender between sub-contractors. One of the sub-contractors offers a free holiday to the procurement manager if the procurement manager awards the contract to the sub-contractor. The procurement manager does so.
- Corruptly Negotiated Contract - A senior government official who is in charge of the construction of new infrastructure projects wishes to enrich himself/herself. He/she therefore decides to initiate a project which could conceal a major bribe for himself/herself. In order to maximize the bribe potential, he/she ensures that the design will result in a project which is unnecessarily large and complex. He/she then informs a major company that he/she will ensure that the company is awarded the project on a non-competitive basis if the company includes in the contract price a payment for him/her personally of an amount equal to 30% of the contract price. The company agrees. The contract is awarded and the company pays the official.
- False Invoicing: Supply of Inferior Materials - A concrete supplier is obliged to supply concrete to a particular specification. The concrete supplier deliberately supplies concrete of a cheaper and inferior specification but invoices the contractor for the required specification.
- Facilitation Payment - A customs official demands a payment from a contractor in return for speeding up the issue of an import permit which the contractor is entitled to. The contractor makes the payment.
- False Variation Claim - A contractor carries out work that is not in compliance with the contract specification. Under the contract, the architect is responsible for issuing variations. The contractor offers the architect a bribe if he/she confirms in writing that the work he/she carried out pursuant to a variation issued and is therefore acceptable. The architect agrees.

CASE STUDY NO. 4B- FIGHTING CORRUPTION



Thome Group

Presented below is a real case experienced by Thome Group. The company hails from Norway and supplies fully integrated ship management services to the shipping and offshore sectors.

On 18 May 2020, one of the Thome-managed MR tankers arrived in the Port of Abidjan in Ivory Coast to discharge cargo as per voyage orders. Upon berthing, a port state control officer boarded the vessel to conduct a routine inspection as provided for in the Abuja MoU. After the initial checks were done on the certificates and documents, it was noted by the port state control officer that crew contracts of four (4) crew members were not original and are only scanned electronic copies.

The Master of the MR tanker explained to port state control officer that due to the COVID 19 pandemic and global lockdown resulting in grounding of flights, the original crew contracts were yet to be received via courier. Correspondence between office and flag state was shown to emphasize that flag state had accepted scanned electronic copies as an interim measure.

However, the port state control officer office was adamant and threatened to detain the vessel. Further, he demanded USD 3,000 in exchange for a clean report with NIL observations.

The Master of the vessel immediately contacted the Vessel Manager as per Thome's anti-corruption and anti-bribery policy. The owners of the vessel were

also duly notified. Both Thome and the owner of the vessel are members of the Maritime Anti-Corruption Network (MACN) and they took a firm stand not to pay any bribe. Instead, the port state control officer was informed to impose whatever legal fine as per local legislation and that the fine will be paid in full, with proper official receipt.

The port state control officer then detained the vessel. But Thome and the owners of the vessel remained firm on their decision of not paying any bribe. Thome and the vessel owners accepted the detention despite knowing that it would delay the departure of the vessel and there might also be commercial losses or rejection by charterers.

Thome reported this act to flag state and appointed a PNI surveyor to assist the Master. With collaborative efforts from Thome, the vessel owners, PNI and flag state, the vessel was successfully cleared and was released from detention with no bribe money being paid. All actions were taken promptly and there were no further delays to the vessel.

Data Privacy as a new area of CSR practice

Many companies in the Philippines now consider adherence to Republic Act 10173, otherwise known as the Data Privacy Act of 2012, as part of its CSR practice, perhaps as a component under the general theme of “Fair Operating Practices”. This policy aims to protect the fundamental human right of privacy, of communication while ensuring free flow of information to promote innovation and growth. While the law recognizes the vital role of information and communications technology in nation-building, it imposes the inherent obligation of companies to ensure that personal information in information and communications systems in the government and in the private sector are secured and protected. To ensure compliance to this law, the National Privacy Commission or NPC (www.privacy.gov.ph) was created.

All natural or juridical persons or any other body in the government or private sector engaged in the processing of personal data (considered as personal information controllers or PICs, and personal information processors or PIPs) of individuals living within and outside the Philippines are covered by the law, and as such, must appoint an official Data Privacy Officer (DPO). Compliance Officers for Privacy (COP) can also be appointed to support and work under the supervision of the DPO if there are sub-units or sub-offices that would need closer attention.

According to the NPC, the DPO (and COPs) shall, among others:

- a. monitor the PIC’s or PIP’s compliance with the Data Privacy Act, its IRR, issuances by the NPC and other applicable laws and policies. You may:

1. collect information to identify the processing operations, activities, measures, projects, programs, or systems of the PIC or PIP, and maintain a record thereof;
 2. analyze and check the compliance of processing activities, including the issuance of security clearances to and compliance by third-party service providers;
 3. inform, advise, and issue recommendations to the PIC or PIP;
 4. ascertain renewal of accreditations or certifications necessary to maintain the required standards in personal data processing; and
 5. advise the PIC or PIP as regards the necessity of executing a Data Sharing Agreement with third parties, and ensure its compliance with the law.
- b. ensure the conduct of Privacy Impact Assessments relative to activities, measures, projects, programs, or systems of the PIC or PIP;
 - c. advise the PIC or PIP regarding complaints and/or the exercise by data subjects of their rights (e.g., requests for information, clarifications, rectification or deletion of personal data);
 - d. ensure proper data breach and security incident management by the PIC or PIP, including the latter's preparation and submission to the NPC of reports and other documentation concerning security incidents or data breaches within the prescribed period;
 - e. inform and cultivate awareness on privacy and data protection within your organization, including all relevant laws, rules and regulations and issuances of the NPC;
 - f. advocate for the development, review and/or revision of policies, guidelines, projects and/or programs of the PIC or PIP relating to privacy and data protection, by adopting a privacy by design approach;
 - g. serve as the contact person of the PIC or PIP vis-à-vis data subjects, the NPC and other authorities in all matters concerning data privacy or security issues or concerns and the PIC or PIP;
 - h. cooperate, coordinate and seek advice of the NPC regarding matters concerning data privacy and security; and
 - i. perform other duties and tasks that may be assigned by the PIC or PIP that will further the interest of data privacy and security and uphold the rights of the data subjects.

Except for items (a) to (c), the COPs shall perform all other functions of a DPO. Where appropriate, he or she shall also assist the supervising DPO in the performance of the latter's functions.

The DPO or COPs need not be part of the CSR team of a company. Someone from HR or Legal Department may be assigned by the management or the board, but compliance reporting is definitely made part of CSR reports of the company, hence coordination with the CSR team is necessary. The CSR team can also act as internal auditors as part of the company's risk management.

External Reporting

Company annual reports typically are focused on financial performance and related information. The advent of a socially-enlightened society and customer base has encouraged companies to adopt what has been discussed earlier as triple bottom-line in their annual reporting, wherein performance and information related to social and environmental responsibility are also included in the document. Management and boards of an increasing number of companies today even mandate the printing of a separate sustainability report. The best guide available to those who might opt to venture into this reporting activity is the Global Reporting Initiative (GRI): www.globalreporting.org.

To help make sustainability reporting a standard practice, the GRI provides a Sustainability Reporting Framework which is a reporting system that enables all companies and organizations to measure, understand and communicate sustainability-related information.

The most recent version is the GRI G-4 Sustainability Reporting Guidelines, which offers an implementation manual for the preparation of sustainability reports by organizations, regardless of size, sector or location. The Guidelines are useful in the preparation of any type of document which requires such disclosure. GRI declares that it was developed through a global multi-stakeholder process involving representatives from business, labor, civil society, and financial markets, as well as auditors and experts in various fields; and in close dialogue with regulators and governmental agencies in several countries.

The GRI has issued a document that explains how the GRI reporting guidelines can be used in conjunction with ISO 26000.

CSR Audit

Companies can hold regular internal or external CSR audits in order to check on their sustainability programmes. Auditing is a means to evaluate the effectiveness of mechanisms of internal control that the company has put in place to give life to its CSR policy. Some companies opt to be audited by a professional person or entity that is external to the organization. CSR professional auditors, while not really certified in the strict sense of the word, can be very effective in identifying gaps and solutions. Other companies simply do an internal audit using a CSR checklist.

A sample audit tool is provided in Annex 1. This tool can be tweaked to fit for different type of companies or organizations.

Annex 1: CSR Audit Template

Purpose:	
Organization:	Location:
Date:	Name and contact of CSR Lead in Company:

General		Yes	No	N/A	Explanatory Notes	Remarks/ Findings
01.	Does the company have a Vision and Mission Statements?					
02.	Does this V & M reflect and consistent with Group V&M (if a subsidiary)?					
03.	Does the company have its Core Values?					
04.	Do they reflect/are the consistent with the Group Core Values (if subsidiary)?					
05.	Does the company have its own Business Principles?					
06.	Are these reflective/consistent with Global Business Principles (if subsidiary)?					
Organization		Yes	No	N/A	Explanatory Notes	Remarks/ Findings
07.	Is there a CSR Team? (Please explain how is it organized in the Explanatory Notes column)					
08.	Is there a separate HR Team? How does the CSR Team relate with this team?					
09.	Is there a separate HSE Team? How					

	does the CSR Team relate with this team?					
10.	Is there a separate Supply Mgt Team? How does the CSR Team relate with this team?					
11.	Is there a separate Sales Team? How does the CSR Team relate with this team?					
12.	Is the company a member of CSR-related national/local organization in the country?					
	Policies and Guidelines	Yes	No	N/A	Explanatory Notes	Remarks/ Findings
13.	Is there a mgt-approved local CSR policy?					
14.	If yes, does this policy relate with the following: UN, WB-IFC, Global Compact , others					
15.	Is there a CSR Guidebook?					
	Due Diligence	Yes	No	N/A	Explanatory Notes	Remarks/ Findings
16.	Are social and environmental due diligence part of assessing expansion or new business ventures?					
17.	Was there an EIA/EIS					
18.	Is there a Social Mgt Plan or System					
19.	Is there an Environmental Mgt Plan or System					
20.	Consultants used?					
	Environment-Solid Waste	Yes	No	N/A	Explanatory Notes	Remarks/ Findings
21.	Is there a pollution control officer (PCO)?					
22.	Is this covered in the local company policies?					
23.	Is there a waste segregation program?					
24.	Is there a 3-R program?					

25.	Is there a system to monitor the quantity/volume of wastes generated?					
26.	Does the plant have a Materials Recovery Facility?					
27.	Is there a sanitary landfill (plant?/local government?)					
28.	Other solid waste mgt strategies?					
29.	General assessment of the above programs.					
	Environment-Effluent Water	Yes	No	N/A	Explanatory Notes	Remarks/ Findings
30.	Is this covered in the local company policies?					
31.	Is there a water treatment facility?					
32.	Is there a discharge permit issued by authorities?					
33.	Is there a regular water quality monitoring?					
	Environment-Air pollution	Yes	No	N/A	Explanatory Notes	Remarks/ Findings
34.	Are all air pollution sources (APS) accounted for? Are their valid permits to operate these APS?					
35.	Is there a system to perform GHG accounting for the whole facility?					
	Environment-Hazardous Chemicals	Yes	No	N/A	Explanatory Notes	Remarks/ Findings
36.	Is this covered in the local company policies?					
37.	Is there a system to monitor the volume of hazardous chemicals used and wastes?					
38.	Use, storage and disposal practices for chemicals					
39.	Storage and disposal practices for broken fluorescent lamps?					
40.	Storage and disposal practices for used oils					
41.	Checks for soil and ground water contamination					
	Environment-Flora and Fauna	Yes	No	N/A	Explanatory	Remarks/ Findings

					Notes	
42.	Is this covered in the local company policies?					
43.	Are there watershed mgt plans/systems in place?					
44.	Is there a specific habitat protection plan/program?					
45.	Trainings for community participation towards environmental protection?					
	Social-Community Health	Yes	No	N/A	Explanatory Notes	Remarks/ Findings
46.	Is this covered in the local company policies?					
47.	Is there noise monitoring (construction phase) in the surrounding areas?					
48.	Is there dust monitoring (construction phase) in the surrounding areas?					
49.	Is there vibration/erosion monitoring (construction phase) in the surrounding areas?					
50.	What are the mitigating measures in place for noise, dust and vibration issues					
51.	Is there regular monitoring of possible effects on the local water systems?					
	Social-Local Economic Development	Yes	No	N/A	Explanatory Notes	Remarks/ Findings
52.	Are there livelihood projects?					
53.	Are there social infra projects?					
54.	Are there local tourism projects?					
55.	Are there governance projects?					
56.	Are there education projects?					
57.	Are there trainings of locals to start small enterprises					
58.	Is there a regular mechanism to provide funds for these projects? How is funding established?					

59.	Is there affirmative action for local community members?					
60.	How are the communities made aware of the company programs? Communications plan/program?					
61.	Are there indicators of social acceptability (letter of appreciation, resolutions)					
	Social- Indigenous Peoples	Yes	No	N/A	Explanatory Notes	Remarks/ Findings
62.	Is the concern for IPs covered in the company's local policies?					
63.	Are there specific programs for Indigenous Peoples?					
64.	Is there a regular consultation of IPs? Did we secure required consents from them?					
65.	Is there affirmative action for IPs?					
	Social-Cultural Preservation	Yes	No	N/A	Explanatory Notes	Remarks/ Findings
66.	Is heritage protection programs provided for in the local policy?					
67.	Are there programs for preservation of historical/cultural sites, including the intangibles?					
	Employees-Awareness	Yes	No	N/A	Explanatory Notes	Remarks/ Findings
68.	Local CSR organization and other employees are aware of the provisions and requirements of the global CSR policy (spot interviews may be done?).					
69.	Local employees are aware of local HSE policies (spot interview may be done)					
70.	How are employees made aware? Communications plan/programs?					
	Employees-HR	Yes	No	N/A	Explanatory Notes	Remarks/ Findings
71.	Salaries of employees are compliant with local wage laws.					

72.	201 Files of employees are available at site and accessed only by authorized personnel or employees of company.					
73.	Is there an employee's grievance mechanism?					
74.	Are there anti-discrimination programs and policies?					
75.	Compliance with policies relating to child labor? Forced labor?					
76.	Is there a diversity policy?					
77.	Are there systems to define career paths of employees? Training programs?					
78.	Are the employees informed of their rights? E.g. freedom of association, right to form a union, etc.					
79.	Are there regular mgt.-employees dialogue? How often?					
	Employees-Health and Safety	Yes	No	N/A	Explanatory Notes	Remarks/ Findings
80.	Are there medical services available for employees?					
81.	Are there sports programs?					
82.	Are there safety gears (PPEs)?					
83.	Is there a safety manual?					
84.	How are information on safety disseminated? Where are the manuals located?					
85.	Regular safety trainings/drills?					
86.	Is there a regular safety and security audit?					
87.	Is there a regular potable water quality test?					
88.	Safety signages/campaigns?					
89.	Safety committee meetings/toolbox meetings?					
90.	Accident/unwanted occurrences reporting systems?					
91.	Employees and visitors undergo safety induction prior to entry to plant premises?					

92.	Local security force are well-trained/meeting certain standards?					
93.	Are augmentation forces available (army, local police, civilian volunteers)?					
	Integrity Programs	Yes	No	N/A	Explanatory Notes	Remarks/ Findings
94.	Is there a local code of conduct and disciplinary rules?					
95.	Are there manuals made available to employees on these?					
96.	How are the integrity programs and policies communicated to employees?					
97.	What are the current campaigns? Please describe in the Explanatory Notes column.					
98.	Is the knowledge and awareness of employees with respect to the code of conduct and integrity gauged? How is this done?					
	Supply Management	Yes	No	N/A	Explanatory Notes	Remarks/ Findings
99.	Is there a supplier's accreditation system?					
100.	Does the system give merit to eco-labeled or green suppliers?					
101.	Is there a company code of ethics issued to suppliers?					
102.	Are the suppliers checked for knowledge and appreciation of the company's business principles?					
	Marketplace Challenges	Yes	No	N/A	Explanatory Notes	Remarks/ Findings
103.	Is there a code of ethics for sales personnel?					
104.	Are there programs to ensure compliance to rules/anti-trust laws?					
105.	Are the sales personnel checked for knowledge and appreciation of the company's business principles?					

	Energy Efficiency	Yes	No	N/A	Explanatory Notes	Remarks/ Findings
106.	Are programs to conserve use of energy?					
107.	Is there a program to shift to compact fluorescent lights (CFLs)?					
	Reporting	Yes	No	N/A	Explanatory Notes	Remarks/ Findings
108.	Are there regular reports generated for the benefit of company's mgt, owners and/or lenders?					
109.	Is there external reporting?					
110.	What are the Social and Environmental KPIs?					
111.	What other KPIs are reported (HSE, Supply Mgt., Marketplace ethics, etc.)					
	Data Privacy	Yes	No	N/A	Explanatory Notes	Remarks/Findings
112.	Is there an officially appointed Data Privacy Officer (and COPs, if applicable)					
113.	Has the DPO developed his/her own checklist and system to ensure compliance to the Data Privacy Act.					
114.	Is the DPO invited to attend mgt. meetings to participate in decision-making/give recommendations on matters relating to personal data control, sharing, etc.					

CSR Audit conducted by:

(Names and Signatures/Date)

References

This document made use of and quoted from the following references:

- 1987 Constitution of the Philippines
- CSR Asia (www.csr-asia.com)
- DOLE-Bureau of Working Conditions (www.bwc.dole.gov.ph)
- FTSE4Good (www.ftse.com)
- Global Reporting Initiative (www.globalreporting.org)
- IFC Social and Environmental Performance Standards (www.ifc.org)
- Integrity Initiative (www.integrityinitiative.com)
- ISO 26000 (www.iso.org)
- National Privacy Commission (www.privacy.gov.ph)
- OECD/World Bank (www.worldbank.org)
- The Philippine Revised Penal Code
- UN Global Compact (www.unglobalcompact.org)
- University of Virginia- Darden School of Business (www.darden.virginia.edu)

The PNBC CSR Guidebook

A project of the CSR Working Group headed by Rodolfo T. Azanza, Jr. (President of Norconsult Mgt Services Phils., Inc.) in collaboration with the PNBC Board and the Royal Norwegian Embassy-Manila.

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