

An ICCA Publication

# THE A TO Z OF CORPORATE SOCIAL RESPONSIBILITY

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Manfred Pohl and  
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Animal testing is still used in personal product development by some manufacturers.

The success of energy efficient freezers and fridges where demand has moved to 'A' rated machines has led to the virtual eradication of energy inefficient machines in → Europe. This came about due to product policy measures (stating the energy consumption at point of sale), industry action and choice editing by retailers. This may provide a model for other product sectors.

In addition to energy consumption, → water consumption is an issue for these products. World Resources Institute data suggests that water consumption is closely related to wealth (expressed as GDP per capita at purchasing power parity with the US dollar). Water usage growth tends to level off when incomes exceed \$10 000 per capita; probably because consumers have attained 'developed' world levels of facilities and appliances. If the → UN Millennium Development Goals (e.g. 7% growth p.a. for → Africa) are achieved then → water consumption will increase significantly. While the resultant availability of clean water will become a serious problem in many regions, it does provide innovation opportunities for the sector with products that do not need copious amounts of water or more widely use cold water or grey water. Unilever, one of the world's largest manufacturers of personal and household care products, states that 94% of the water imprint of a detergent is due to consumer usage.

Aerosols, one of the major packaging formats for personal products, have had a big environmental impact due to the use of CFCs. Pressure may grow from the environment lobby for reduction of aerosol usage and replacement with another format (e.g. pump sprays).

*Chris Pomfret*

## **PHARMACEUTICAL SECTOR**

→ Health and safety, HIV/AIDS

At the beginning of this decade, major pharmaceutical companies had to face heavy pressure from civil society organisations regarding access to → HIV/AIDS drugs in → developing countries. This issue became the industry's greatest global CSR challenge. Companies have been confronted on their drug pricing and intellectual propriety rights policies. They have engineered a massive response by launching initiatives including drug donations, differential pricing, partnerships with the United Nations and patent agreements with southern generics producers.

As the → HIV/AIDS case illustrates, pharmaceutical companies' major CSR issues and challenges relate to their products. The human value of certain pharmaceuticals is widely recognised: 'life-saving drugs' are a great ethical strength for the pharmaceutical industry. However, these same valuable and essential drugs also generate a set of grievances and expectations regarding beneficiaries and access inequalities.

The question of access to drugs in poor countries should remain very high on the pharmaceutical industry's CSR agenda. The more the north increases its therapeutic capacity, the more people are shocked by the lack of access to drugs in the south. Globally, risks of negative side-effects caused by pharmaceuticals, along with information practices regarding such risks, garner increased attention from stakeholders and the media. A particular thorny CSR issue here is the pharmaceutical industry's approach to the → TRIPS Agreement and to the protection of → intellectual property rights.

The high end value of products generates high expectations regarding the entire production process. Pharmaceutical companies face demands to pay particular attention to clinical trials operated in → developing countries. This subject highlights economic and social differences between developing and developed countries, and is a metaphor of → globalisation.

Society is divided in its perception of the pharmaceutical industry. The industry is generally seen as good when considering the final use

of products, and it is often described as bad when examining the circumstances of production (clinical trials, marketing, patenting, → lobbying). People often forget that both sides are inextricably linked: the capacity of the pharmaceutical industry to offer cures for diseases only exists because these companies expect to make a profit with their products. If the public demands free access to the drug every time it could also help people who initially cannot afford the drug; the long-term effect might be that pharmaceutical companies only concentrate on products for the ‘diseases of the rich’. Global health issues are more complex than many campaigners argue and we see that the → global governance of health issues increasingly involves public–private partnerships between private companies, governmental actors and civil society.

Across industries, companies are increasingly integrating products and services into CSR strategies. Initiatives aiding impoverished peoples and the → environment garner more and more coverage. The pharmaceutical industry has long been at the forefront of product social utility. If pharmaceutical companies want to maintain their ethical profile, they need to further align their products with CSR.

The gap between developed and → developing countries in terms of access to drugs remains an important challenge to the health sector. Access to existing products and the research and development of new drugs needed in poor countries are at stake. Initiatives regarding neglected diseases could expand in the future and enable some companies to reinforce their CSR profile. Innovative → branding, pricing and patenting mechanisms are to be found to address the 10/90 gap (10% of pharmaceutical research and development investments tackle diseases mainly hurting 90% of the world’s population). Considering the overwhelming consensus that places → Africa as the first priority on the international development agenda, health issues on this continent will command greater attention from pharmaceutical companies.

Next to the strife for a responsible governance of global health issues the pharmaceutical industry has traditionally faced a number

of other issues. Most notably pharmaceutical research has often wrestled with the difficult ethical question whether, how and to what degree research and testing of drugs on animals should be included in the process. In particular in the UK and → Europe the industry is the ongoing target of – often violent – campaigns. In a similar vein the pharmaceutical industry is also at the forefront of the debate on (potentially) using → genetically modified organisms (GMOs) and, more recently, stem cell research. While governments have been slow and reluctant to regulate these issues a major CSR issue for the industry has to address the difficult ethical implications of these technologies and to balance them with legitimate concerns about long-term profitability.

*Antoine Mach*

## PHILANTHROPY

→ Foundation

Philanthropy is an altruistic action designed to promote the good of society. In the context of CSR, philanthropy falls into the social sphere, but outside of a company's core operations. While philanthropy by corporations is very important and contributes to society's well-being, its core operations are CSR's primary focus, and have the potential for greater impact. In Carroll's model of CSR philanthropy is the last step which has all the other, more operational, aspects of CSR as a prerequisite.

Philanthropy can connect a corporation with the communities in which it operates and create an internal culture that improves recruiting and retention; employees can develop greater pride in their employer, → leadership skills and stronger relationships with colleagues; customers can feel that a corporation cares about more than simply fulfilling its legal obligations and making as much profit as possible; suppliers can serve as more than simply a contractually bound provider of a product; and stakeholders, such as the media, may take philanthropy into account

# THE A TO Z OF CORPORATE SOCIAL RESPONSIBILITY

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to Concepts, Codes and  
Organisations

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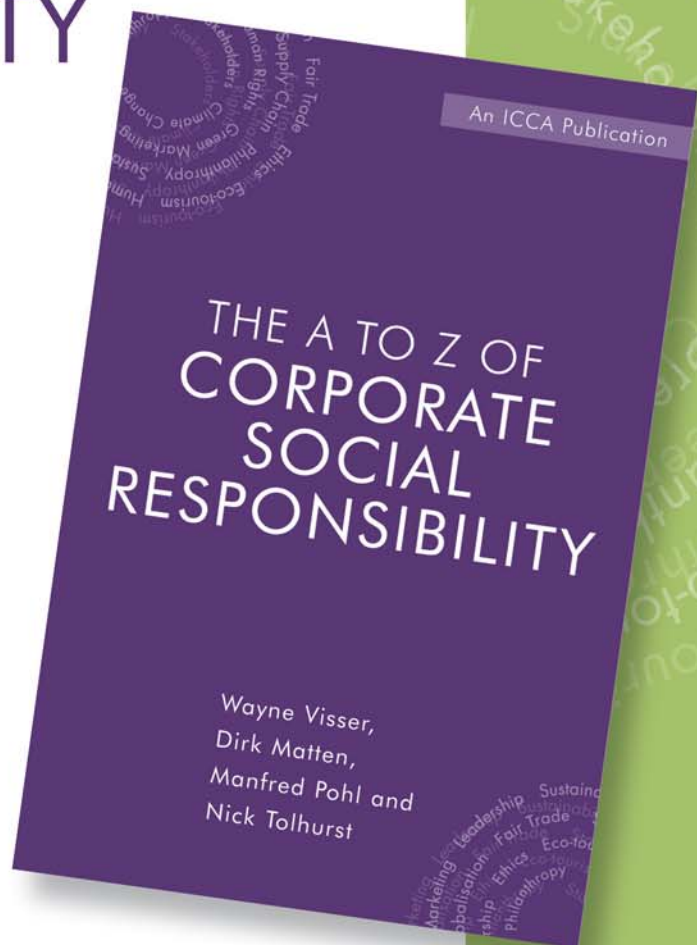
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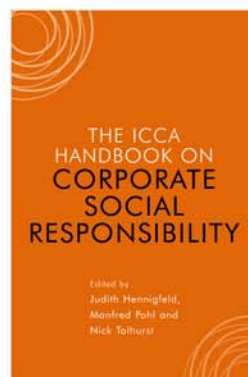


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# THE A TO Z OF CORPORATE SOCIAL RESPONSIBILITY: The Complete Reference of Concepts, Codes and Organisations

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## DESCRIPTION

This is the world's first complete reference on CSR, compiled by the Institute for Corporate Culture Affairs (the ICCA). The entries have been written by leading experts, leading global thinkers and CSR practitioners. The reference also lists and describes the most important organizations and landmarks in the field of CSR. The book comprises 339 terms, which are split into core concepts, key words and definitions to form the standard reference for managers, academics, teachers, students, officials and volunteers in the field of CSR. This is a timely and innovative contribution to the field of Corporate Social Responsibility; the definitive terminology reference on CSR, business society relations and the organizations and standards in the field.

## CONTRIBUTORS

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## TERMS

3 Rs | Accountability | Accounting | Accreditation | Activism | Advertising | Affirmative action | Africa | Agricultural sector | AIDS | Air pollution | Animal rights | Animal testing | Animal welfare | Anti-capitalism | Anti-globalisation | Asia | Assurance | Auditing | Australia | Automotive sector | Banking sector | Base of the Pyramid model | Benchmarking | Best of class investing | Best practice | Biodiversity | Bioremediation | Black economic empowerment | Bluewash | Boycotts | Branding | Bribery | Business case | Business ethics | Carbon balance | Carbon credits | Carbon funds | Carbon neutral | Carbon offsetting | Carbon sink | Carbon tax | Carbon trading | Cause-related marketing | Certification | Charity | Chemicals sector | Child labour | Civil regulation | Civil society organisations (CSOs) | Clean technology | Cleaner production | Climate change | Codes of conduct | Codes of ethics | Codes of practice | Common good | Community development | Community investing | Competitive advantage | Conflict of interest | Conservation | Consumerism | Consumer rights | Continual improvement | Corporate affairs | Corporate citizenship | Corporate communication | Corporate culture | Corporate environmental management | Corporate foundation | Corporate governance | Corporate history | Corporate responsibility | Corporate social entrepreneur | Corporate social investment | Corporate social opportunity | Corporate social performance (CSP) | Corporate social responsibility (CSR) | Corporate social responsiveness | Corporate sustainability | Corporate volunteering | Corruption | Cradle-to-grave | Cultural issues | Developing countries | Development | Digital divide | Discrimination | Diversity | Donations | Donors | Downsizing | Drug and alcohol testing | Due diligence | Due process | Earth Summit | Eco-efficiency | Eco-friendly products and services | Eco-labelling | Ecological footprint | Economically targeted investment | Eco-subsidies | Ecosystem degradation | Eco-taxation | Eco-tourism | E-learning | Emerging markets | Emission trading | Employee rights | Employee volunteering | Empowerment | Energy management | Engagement | Environment | Environment, health and safety (EHS) | Environmental accounting | Environmental auditing | Environmental champions | Environmental due diligence | Environmental entrepreneurship | Environmental excellence | Environmental impact assessment (EIA) | Environmental liabilities | Environmental management | Environmental management system (EMS) | Environmental movement | Environmental reporting | Environmentally friendly products and services | Equal opportunities | Equity | Ergonomics | Ethical consumption | Ethical decision-making | Ethical investment | Ethical sourcing | Ethics | Ethics officer | Europe | Executive pay | Externalities | Factor four | Factor ten | Fair trade | Financial services sector | Food and beverage sector | Forensic accounting | Foundation | Fraud | Gaia hypothesis | Gender issues | Genetically modified organisms (GMOs) | Geographical information systems (GIS) | Global commons | Global governance | Globalisation | Global warming | Governance | Green consumerism | Greenhouse gases | Green marketing | Green movement | Greenwash | Hazardous waste | Health | Health and safety | HIV/AIDS | Human rights | Human security | Hydrogen economy | Impact assessment | Indigenous people | Industrial ecology | Infrastructure sector | Integrated pollution control | Integrity | Intellectual property rights (IPRs) | Interested and affected parties | Intergenerational equity | Intragenerational equity | Joint Implementation | Labelling | Labour issues | Labour relations | Land contamination | Latin America | Leadership | Learning | Legal compliance | Legislation | Licence to operate | Life cycle assessment | Living wage | Lobbying | Local community | Local economic development | Market based instruments | Marketing ethics | Media sector | Microfinance | Microlending | Mining sector | Moral case | Moral responsibilities | Natural capitalism | New economics | Non-financial assurance | Non-financial reporting | Non-governmental organisations (NGOs) | North America | North-South divide | Not in my back yard (NIMBY) | Occupational health and safety (OHS) | Off-shoring | Oil & gas sector | Organic food | Organisational culture | Ozone depletion | Partnerships | Persistent organic pollutants (POPs) | Personal & household goods sector | Pharmaceutical sector | Philanthropy | Policies | Political action committees | Polluter pays principle | Pollution | Poverty | Precautionary principle | Pressure groups | Privacy | Privatization | Product stewardship | Product take-back schemes | Public affairs | Public goods | Public interest | Public participation | Public relations | Public-private partnerships (PPP) | Quality management | Race to the bottom | Recycling | Regulation | Renewable resources | Report verification | Reporting | Reputation | Research | Responsible competitiveness | Retail sector | Risk management | Safety | Security | Self-regulation | Shareholder activism | Shareholder democracy | Shareholder resolution | Sin taxes | Small and medium sized enterprises (SMEs) | Social and environmental accounting | Social auditing | Social enterprise | Social entrepreneurship | Social impact assessment | Social innovation | Social justice | Social reporting | Social responsibility | Socially responsible investment (SRI) | Sponsorship | Stakeholder democracy | Stakeholder engagement | Stakeholder management | Stakeholder theory | Stakeholders | Stewardship | Strategic impact assessment | Subsidies | Supply chain | Sustainability | Sustainability reporting | Sustainable consumption | Sustainable consumption and production | Sustainable development | Sustainable livelihoods | Sweatshops | Take-back schemes | Tax avoidance | Technology sector | Telecommunications sector | Tobin tax | Traceability | Tragedy of the commons | Transparency | Travel and leisure sector | Triple bottom line | Union busting | Utilities sector | Value chain | Value creation | Values | Verification | Voluntary self regulation | Volunteering | Waste management | Water management | Water pollution | Whistle-blowing | White collar crime | Work-life balance | Zen

## CODES, GUIDELINES & STANDARDS

AA 1000 Series of Standards | Agenda 21 | Anti-Slavery International | Apparel Industry Partnership (AIP) Code of 1997 | Bribe Payers Index | Business Charter for Sustainable Development | Business Principles for Countering Bribery | Business Social Compliance Initiative (BSCI) | CACG Principles | CERES Principles | Clean Development Mechanism (CDM) | Code of Labour Practices for the Apparel Industry Including Sportswear | Combined Code of Corporate Governance | Commonwealth Corporate Governance Principles | Corporate Responsibility Index | Corruption Perception Index | CSR Competency Framework | Domini 400 Social Index | Dow Jones Sustainability Indexes | Earth Charter | Eco-Management and Auditing Scheme (EMAS) | Equator Principles | ETI Base Code | EU Directive on Waste Electrical and Electronic Equipment (WEEE) | EU Green and White Papers on Corporate Social Responsibility | EU Greenhouse Gas Emission Trading System | Extractive Industries Review | Extractive Industries Transparency Initiative (EITI) | Fairtrade Mark | Five Capitals Framework | FLA Workplace Code of Conduct | Forest Stewardship Council (FSC) | FTSE4Good Index | General Agreement on Trade and Tariffs (GATT) | Global Compact | Global Corruption Barometer | Global Sullivan Principles of Social Responsibility | ICC Business Charter for Sustainable Development | ICFTU Code of Labour Practice | IFC Social and Environmental Performance Standards | ILO Declaration on Fundamental Principles and Rights at Work | ILO-OSH 2001 Guidelines on Occupational Safety and Health Management Systems | ILO Tripartite Declaration of Principles Concerning Multinational Enterprises and Social Policy | Interfaith Declaration: A Code of Ethics on International Business for Christians, Muslims and Jews | ISAE 3000 Standard for Assurance Engagements | ISO 9000 Series of Standards on Quality Management | ISO 14000 Series of Standards on Environmental Management | ISO 26000 Series on Corporate Social Responsibility | Johannesburg Declaration on Sustainable Development | Joint Implementation | King Report on Corporate Governance in South Africa | Kyoto Protocol | London Benchmarking Group Model | London Principles | Maquiladoras Standards of Conduct | Marine Stewardship Council (MSC) | Millennium Development Goals (MDGs) | Mining and Minerals for Sustainable Development | Montreal Protocol | National Corporate Responsibility Index | Natural Step Framework | OECD Convention on Combating Bribery of Foreign Public Officials in International Business Transactions | OECD Guidelines for Multinational Enterprises | OECD Principles of Corporate Governance | OHSAS 18001 Standard on Occupational Health & Safety | Operating and Financial Review (OFR) | Rainforest Alliance Certification | Responsible Care Programme | Responsible Competitiveness Index | Rio Declaration on Environment and Development | SA 8000 | Sarbanes-Oxley Act | Sigma Project | Stockholm Convention on Persistent Organic Pollutants (POPs) | Sullivan Principles | Sustainability Reporting Guidelines | TRIPS (Trade Related Aspects of International Property Rights) Agreement | UN Convention Against Corruption | UN Declaration against Corruption and Bribery in International Commercial Transactions | UNEP International Declaration on Cleaner Production | UNEP Statement by Banks on the Environment and Sustainable Development | UNEP Statement of Environmental Commitment for the Insurance Industry | UN Global Compact | UN Millennium Development Goals (MDGs) | UN Norms on the Responsibilities of Transnational Corporations and Other Business Enterprises with Regard to Human Rights | UN Principles on Responsible Investment | UN Universal Declaration on Human Rights | US Federal Sentencing Guidelines | US Superfund Legislation | Voluntary Principles on Security and Human Rights | Wolfsberg Principles | World Federation of Sporting Goods Industry Code of Conduct

## ORGANISATIONS

AccountAbility | African Institute for Corporate Citizenship (AICC) | Brundtland Commission | Business and Human Rights Resource Centre | Business for Social Responsibility (BSR) | Business in the Community (BITC) | Carbon Disclosure Project | Caux Round Table | Club of Rome | CSR Academy | CSR Asia | CSR Europe | Ethical Trading Initiative (ETI) | Ethics and Compliance Officer Association | EU Multi-stakeholder Forum on CSR | European Academy for Business in Society (EABIS) | European Alliance on CSR | European Business Ethics Network (EBEN) | Fair Labour Association (FLA) | Fairtrade Labelling Organizations International (FLO) | FINE | Forest Stewardship Council (FSC) | Forum EMPRESA | Global Business Coalition on HIV/AIDS | Global Reporting Initiative (GRI) | Institute for Corporate Culture Affairs (ICCA) | Institute of Environmental Management and Assessment (IEMA) | Institute of Social and Ethical Accountability (ISEA) | International Accreditation Forum (IAF) | International Association for Business and Society (IABS) | International Association for Impact Assessment (IAIA) | International Auditing and Assurance Standards Board (IAASB) | International Business Leaders Forum (IBLF) | International Fair Trade Association (IFAT) | International Federation for Alternative Trade (IFAT) | International Organic Accreditation Service (IOAS) | ISEAL Alliance | Marine Stewardship Council (MSC) | Rio Earth Summit | Social Venture Network | Society for Business Ethics | UN Conference on Environment and Development | World Business Council for Sustainable Development (WBCSD) | World Commission on Environment and Development (WCED) | World Economic Forum | World Social Forum | World Summit on Sustainable Development | World Trade Organization (WTO)