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Corporate Contributions to Sustainable Development

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About OGEL

OGEL (Oil, Gas & Energy Law Intelligence): Focusing on recent developments in the area of oil-gas-energy law, regulation, treaties, judicial and arbitral cases, voluntary guidelines, tax and contracting, including the oil-gas-energy geopolitics.

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Please contact **Editor-in-Chief** Thomas Wälde at twwalde@aol.com if you would like to participate in this global network: we are ready to publish relevant and quality contributions with name, photo, and brief biographical description - but we will also accept anonymous ones where there is a good reason. We do not expect contributors to produce long academic articles (though we publish a select number of academic studies either as an advance version or an OGEL-focused republication), but rather concise comments from the author's professional 'workshop'.

OGEL is linked to **ENATRES**, the electronic energy law, policy and economics information and discussion forum moderated by Thomas Wälde.

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CORPORATE CONTRIBUTIONS TO SUSTAINABLE DEVELOPMENT

In recent years, many corporations have become interested in aligning business strategies with the overall goal of supporting sustainable development. The concept of sustainable development gained global momentum through the efforts of Gro Harlem Brundtland in the late 1980s. For business the term 'triple bottom line' (popularly known as the 'three Ps' - People, Planet and Profit) has become the common commercial nomenclature for sustainable development. However, even though sustainable development and corporate social responsibility (CSR) are not new phenomena, many corporations and namely SMEs (Small and Medium sized Enterprises) struggle to find ways of establishing frameworks and strategies for making their contribution.

A great challenge perceived by many SMEs concerns the limited amount of funds available for philanthropy. Many associate CSR engagement with being able to donate large sums to grand development projects or being able to build schools for children in illiterate areas. Such proactive initiatives to support development are great efforts but CSR commitment can be facilitated and made operational on a smaller scale where SMEs also have a chance of making a contribution.

Only in recent years has consensus solidified that there is a need for global standards to establish benchmarks for minimum requirements for corporations to observe throughout their operations. What is required from the chaotic jungle of CSR definitions and initiatives is the establishment of such minimum requirements for corporations, which can provide for guidance on how to go about outlining a solid CSR strategy. Prerequisites in developing a sustainable development framework within the people part of 'the triple bottom line' include continuous work to improve social performance by setting high objectives and integrating social, human rights consideration, including health & safety, into daily business. Consequently, an obvious framework for guiding corporations on how to establish a CSR strategy is the United Nations International Bill of Human Rights. Even though these primarily obligate states, they are very instrumental in guiding corporations on how to conduct business in a global marketplace, since human rights are the only set of social values accepted and recognised globally. Moreover, the rights directly address the UN Millennium Development Goals ensuring that a human rights focus feed into the global development agenda and they constitute 6 of 10 principles of the UN Global Compact initiative aimed at promoting responsible corporate citizenship.

How to get started?

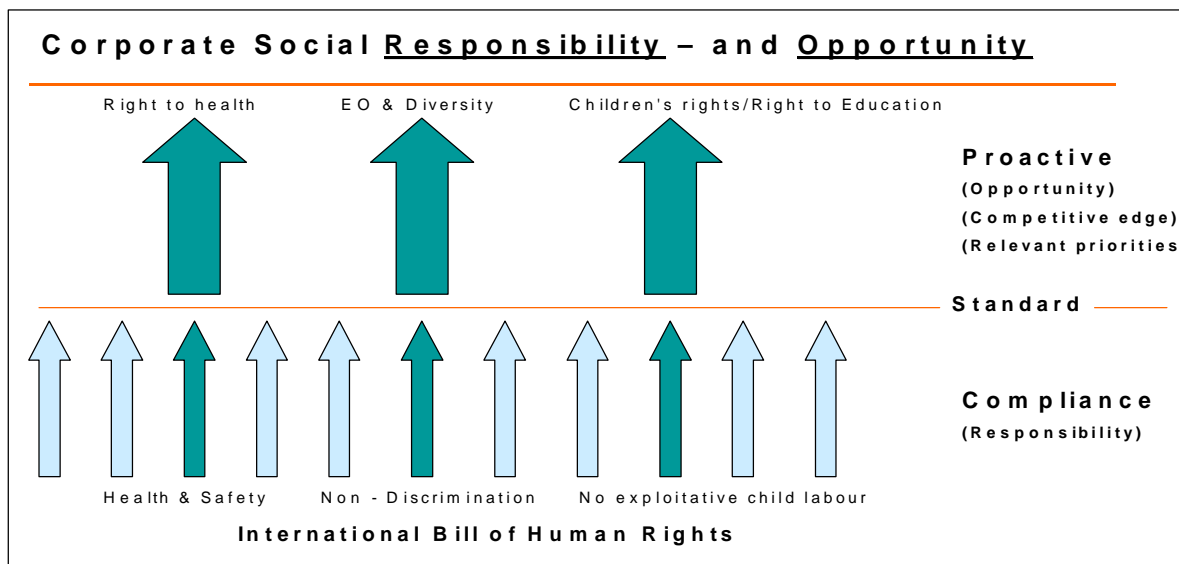
To contribute to a more sustainable and inclusive global economy and in order to make CSR strategies robust, corporations should, first of all, conduct risk assessment in relation to business sphere of influence. What are the primary pitfalls in relation to human rights and how can they be remedied? Through such an analysis, awareness will be raised and it will become possible for corporations to better safeguard against future incidents or potential violations. Likewise, a risk analysis will provide for guidance when drawing up Codes of Conduct (CoC). By having a thorough CoC in place that formulates minimum requirements and thus sets standards in the company's operations as well as for suppliers, a sustainable business strategy is commenced. However, it should be noted that in spite of a risk assessment [pointing](#) towards specific human rights challenges, the full range of human rights should be considered in CoCs, since this will assure consistency and human rights compliance. This will also ensure that the focus of CoCs is not limited to core labour rights (prohibition of slave, forced, and child labour, freedom of organisation and equal opportunities), which are 'the usual suspect' of attention in most CoCs.

Finally, in order to facilitate compliance with Codes of Conduct, companies should engage in dialogue with suppliers to make sure that requirements are understood and adhered to. However, monitoring compliance and measuring corporate social responsibility performance is perceived by companies to be complex and much debate centres on the cost-efficiency of existing wide reaching supply chain management efforts. Consequently, code compliance and

outlining of company responsibility should be made part of business contracts. Likewise, the establishment of indicators that are relevant for business and which offer benchmarking opportunities, poses a great challenge. 'You can't manage what you can't measure' is recognised as common business maxim. Through the establishment of human rights related indicators it becomes possible to monitor development and such indicators will be essential in assuring compliance and thereby making CSR meaningful.

Going beyond basic compliance to pro-active contributions

Compliance to basic human rights standards beyond compliance to national laws is the starting point for any engagement in the area of CSR; voluntary initiatives beyond such minimum requirements are step two. Consequently, when having assured compliance, pro-active initiatives should strategically be considered. Companies could benefit from aligning their core business activities with the strategic focus of the international community in relation to CSR international human rights. This would meet the urgent need to 'think global, act local' emerging out of globalisation. Questions to help guide companies in the right direction could include: what activities and focal areas feed well into our line of business? Such strategic considerations will serve to keep attention and focus on the business activities and serve to create a competitive edge by aligning strategy and initiatives as illustrated in the model below.



In conclusion, by taking the International Bill of Human Rights as point of departure when developing a sustainable CSR framework, materialising a company's engagement will not require great financial resources, but rather a strong commitment, strategic considerations and firm implementation measures.

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