



# Managing Sustainability and Social Risk in Africa & Emerging Markets

Hank Karayan  
International Sales Manager  
Systems & Services Certification

**SGS**

WHEN YOU NEED TO BE SURE



# Key Topics

- ❑ Mitigating Social Risk
- ❑ Introducing ISO 26000
- ❑ Benefits of Applying ISO 26000
- ❑ Measuring Performance Against ISO 26000
- ❑ How SGS can help
- ❑ Questions

- ❑ Africa & Emerging Markets present exciting revenue opportunities
- ❑ Managing the Social and Environmental Risk is Key to Success
- ❑ Risks Arise from a Wide Range of Social & Sustainability Issues
- ❑ ISO 26000 is a Key Management Tool to Consider and Manage Risk

- Labor & Working Conditions
- Child Labor
- Health, Safety and Security of all Stakeholders
- Corruption
- Land Acquisition and Re-Settlement Issues
- Pollution – from Operating Outputs i.e. Water Pollution
- Biodiversity Conservation
- Sustainable Natural Resource Management
- Carbon Management
- Energy & Water
- Supply Chain Risks – Exploitation of Labor, Labor Rights

## Managing Risk

- ❑ Sustainability & Social Risks are growing risks to business
- ❑ The Expectations of Society are Changing – Demanding More
- ❑ ISO 26000 is a Key Management Tool to Consider and Manage Risk



## Sustainability Definition

“To meet the needs of the present without compromising the ability of future generations to meet their needs.”



*1987 World Commission on Environment and Development (WCED)*

# Sustainability & Social Risks

## What Does it Mean for Companies

- ❑ Clearly Depends on the Business Operations – Sector
- ❑ To Identify Sustainable & Social Risk Business Need to Identify Material Issues and Understand Organizational Context
- ❑ Concerns with Depletion of Finite Resources
- ❑ Concerns with Social Impact of Operations – such as H&S
  - Direct Impact of Operations
  - Indirect Impact of Operations
- ❑ Companies Require a Comprehensive Framework for Guidance
  - A definitive checklist of what is considered globally important
  - That is ISO 26000

# Current Practices – De Beers

- ❑ **CORPORATE CITIZENSHIP:**
  - The “Kimberley Process” – Non-conflict diamond
  - RJC (Responsible Jewellery Council): Responsible ethical, social and environmental practices across the supply chain
- ❑ **CHILD LABOUR: “Best Practice Principles Assurance Programme”**
- ❑ **SAFETY: Fatalities in mines**
- ❑ **TRANSPARENCY: “Extractive Industries Transparency Initiative” , Resource Revenue Transparency**
- ❑ **STAKEHOLDER ENGAGEMENT: HIV / AIDS strategy**
- ❑ **ANTI-CORRUPTION measures**
- ❑ **POLITICAL RISKS: Excluding conflict zones**
- ❑ **ETHICS: ECONOMICS, EMPLOYEES, COMMUNITIES and ENVIRONMENT**
- ❑ **ENERGY & WATER**

# Current Practices – Oil & Gas

- ❑ BP Deepwater Horizon –lessons learned
- ❑ **Transparency**
  - Nigeria – public reporting of every response to every recorded spill
  - regarding coverage of operational issues in Nigeria
- ❑ **Planning** – Embedding sustainability in planning processes –seeking EARLY community feedback
  - Considering the potential cost of a projects CO2 emissions in all major investments
- ❑ **Environment** - Water is key issue in sustainability.
  - Oil & Sands: Working with local water authorities to use recycled house water for operations
  - Biodiversity is key in sustainability. Plans being developed for Nigeria and South Africa
  - Carbon Emissions – LNG as greater proportion of output, Investments to reduce gas flaring
- ❑ **Society** –
  - Nigeria –engaging with communities for capacity building & providing commercial assistance
  - Supplying affordable electricity to the local communities
- ❑ **Human Rights** – “taking the community with you”
- ❑ Anti-Bribery, Corruption, Money Laundering measures in place
- ❑ Security considerations - Personnel harm, sabotage, theft
- ❑ The ARCTIC – the new EMERGING MARKET
- ❑ Bio-Fuels – Biofuels in petroleum or diesel blends

## Introducing ISO 26000

- ❑ ISO 26000 provides guidance on underlying principles of social responsibility, as well as ways to integrate socially responsible behaviour into organisational strategies and systems, practices and processes
- ❑ It addresses a range of core subjects and issues relating to social responsibility together with the factors and conditions which influence its development particularly sustainability and social responsibility
- ❑ ISO 26000 can be applied by all types of organizations in any sector in any country
- ❑ It is the first wide ranging definition of social responsibility and has been adopted as a reporting framework by some global companies

## What is ISO 26000 – Why is it Useful for Risk

- ❑ ISO 26000 is an International Standard
- ❑ Launched in November 2010
- ❑ 10 Years in the Making
- ❑ Provides a Comprehensive Definition of Social Responsibility
- ❑ Incorporates Key Issues Covering Sustainability and Social Impacts
- ❑ Provides a Rigorous Framework to Assess Impacts
- ❑ Incorporates Global Standards and Expectations
- ❑ ISO 26000 Addresses the Drivers in Society's Expectations of Companies
- ❑ Calls Fundamentally for a Company to Recognise
  - Materiality
  - And Engage with All Stakeholders

- ISO 26000 identifies the key issues that organisations need to address in order to become more socially responsible:
  - The principles of social responsibility (Clause 4)
  - Recognizing social responsibility and engaging stakeholders (Clause 5)
  - Social responsibility's core subjects (Clause 6)
  
- It provides guidance on integrating social responsibility within an organization as well examples of voluntary initiatives and tools that could be used.

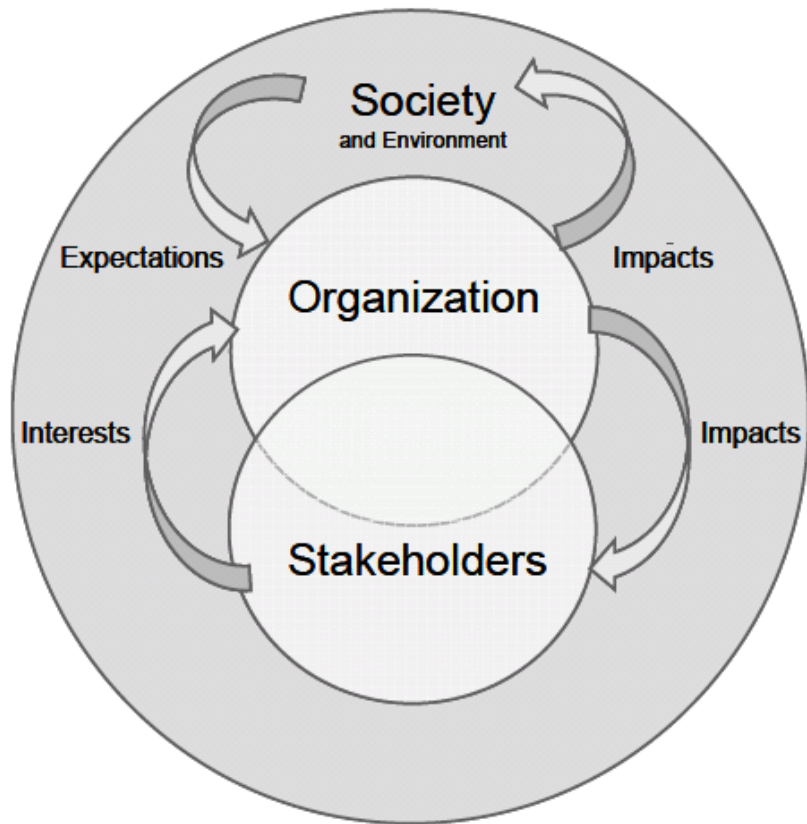


**HOW CAN YOU MANAGE TODAY'S ISSUES WHILE KEEPING AN EYE ON TOMORROW'S?**

- Any organisation seeking to practice social responsibility should respect its seven principles:
  - Accountability
  - Transparency
  - Ethical behaviour
  - Respect for stakeholder interests
  - Respect for the rule of law
  - Respect for international norms of behaviour
  - Respect for human rights



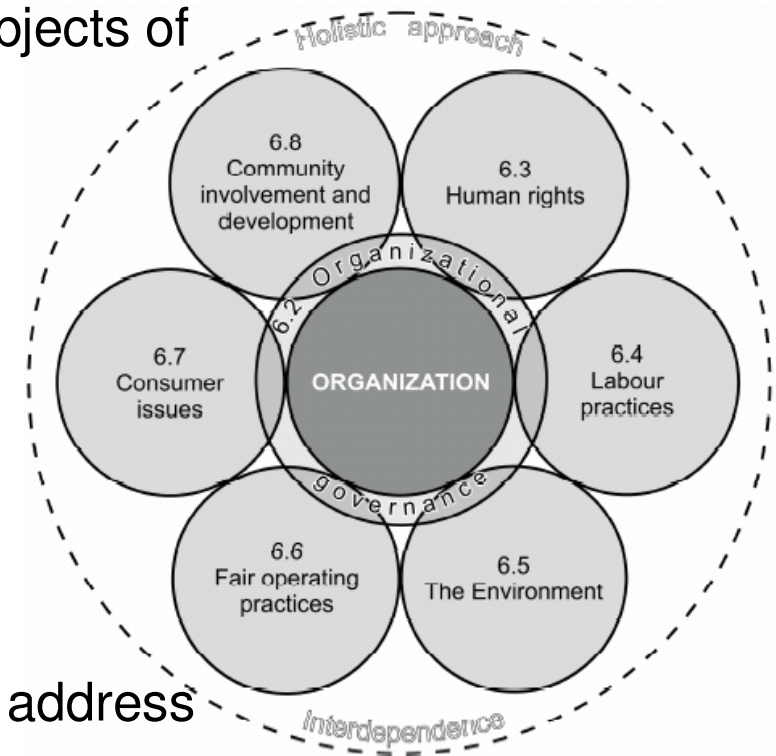
# Recognizing Social Responsibility and Engaging Stakeholders



- In order to recognise their social responsibility, organisations need to identify
  - the issues raised by the impacts of their decisions and activities
  - the way these issues need to be addressed so as to contribute to sustainable development
  
- For business this can be an opportunity to deeply analyse their sustainability and social risks
  
- Organisations also need to identify and engage with individuals and/or groups that have an interest in any of its decisions or activities

# Social Responsibility Core Subjects

- In order to define the scope of their social responsibility, identify the relevant issues and establish priorities, organizations should address the seven core subjects of social responsibility:
  - *Organizational governance*
  - *Human rights*
  - *Labour practices*
  - *The environment*
  - *Fair operating practices*
  - *Consumer issues*
  - *Community involvement and development*
- The ISO 26000 framework guides companies to address the key areas of risk.
- It demands that companies comply with applicable laws and the international norms and is a useful framework for operating in EM.



# ISO 26000

## Benefits of Application

- ❑ Due to increasing scrutiny by stakeholders, both the perception and the reality of an organization's performance on social responsibility can influence:
  - Relationships with clients, customers and investors
  - The ability to attract/retain workers and maintain their commitment and productivity;
  - Relationships with stakeholders generally
- ❑ Organisations can achieve a competitive advantage through being able to demonstrate that they are socially responsible
- ❑ ISO 26000 is an internationally recognized mechanism for benchmarking an organisation's level of social responsibility
- ❑ By addressing its key issues, organizations can optimize processes and align them with existing management systems
- ❑ ISO 26000 covers a wide range of topics and so can be integrated with many pre-existing schemes, including ISO 14001, OHSAS, SEDEX, GRI

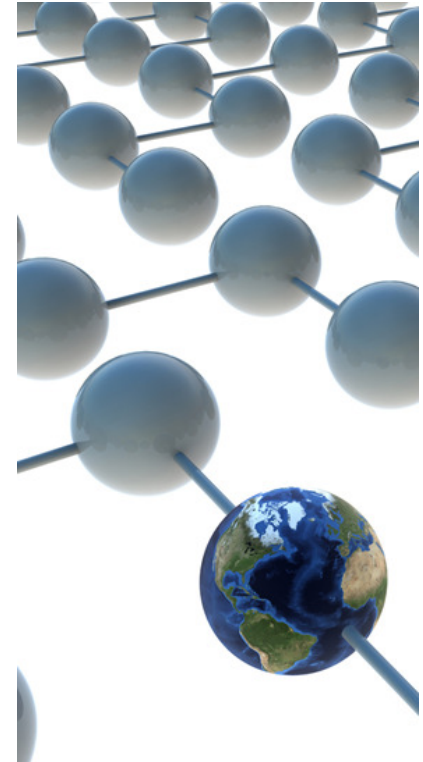
## Broader Issues & Reputational Issues

- ISO 26000 Focuses on Core Risk-Based Areas of Sustainable & Social Issues
  - Integrity
  - Governance
  - Responsibility as an Employer
  - Responsibility as a Corporate Citizen
  - Measuring Impacts on Society
  - Emphasis on Human Rights
  - Raising Level of Accountability – Ensuring Business is Accountable
  - Measuring Impacts on the Environment

## Integrating ISO 26000

- ISO 26000 provides guidance on how to put social responsibility into practice in an organization. This includes guidance related to:
  - Understanding an organisation's social responsibility
  - Integrating it throughout the organization
  - Communication
  - Improving credibility
  - Reviewing progress and improving performance
  - Evaluating voluntary initiatives
  
- ISO 26000 – helps business to understand the issues and provides a coherent framework that covers the risk in each area

- SGS Supports Businesses to Develop their ISO 26000
  - Through a Performance Assessment Process
  - Focusing on 3 Modules
    1. The Principles of Social Responsibility
    2. Recognising Social Responsibility & Engaging Stakeholders
    3. Core Subjects of Social Responsibility



- ❑ Comply with or exceed the legislative requirements in all jurisdictions in which it operates
- ❑ Require contractors to comply with this policy
- ❑ Ensure that employees at all levels understand their environmental responsibilities and work towards improvement of the workplace environment
- ❑ Identify, plan, assess and manage all projects towards the minimization of adverse effects on the environment
- ❑ Support research to advance understanding of industry's impact on the environment and to reduce harmful effects through improved practices and technologies
- ❑ Develop, design and operate facilities in a socially and environmentally effective manner
- ❑ Monitor the environmental impact of the Company's activities and report regularly to the Board



# SGS Performance Assessment Model

- Analysis of Company's Systems, Approach, Evidence to ISO 26000
- Produces Performance Levels Guide – Excellent Benchmarking

Role Model



Advanced



Intermediate



Transitional



Primary





- ❑ SGS are the world's leading certification, verification, inspection and testing body with a leadership position in social and environmental (management systems) audit solutions
- ❑ Reputation, expertise: Assured sustainability reports for more than 100 diverse organizations worldwide
- ❑ Global network of qualified and highly experienced assessors
- ❑ Strong project management at local and international level
- ❑ Consistent service delivery worldwide
- ❑ We demonstrate integrity in everything we do

## Businesses Moving into Africa and Emerging Markets:

- Must Focus on Social & Sustainability Risks
- A Comprehensive Framework is Provided by ISO 26000
- Should Consider the Opportunities in Social & Sustainability Issues
- Which is Also Supported by ISO 26000
- Could Consider Using SGS to Support ISO 26000 Assessment



# Questions

**Hank Karayan**

**SGS – International Sales Manager**

[hank.karayan@sgs.com](mailto:hank.karayan@sgs.com)



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