

The Business Guide for Sustainability in Foreign Investments



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The Business Guide for Sustainability in Foreign Investments



About the report

International business investors can embed sustainability in each step of their operations. This guide describes the social, environmental and economic practices that international firms must understand when entering a new market.

It explains why caring for the environment and local communities is good for business and gives examples of sustainability practices relevant to investing. National companion guides for Ethiopia, Kenya, Mozambique and Zambia complement this publication by providing a concise breakdown of the mandatory sustainability requirements in each country.

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Foreword

Foreign investment unlocks opportunities to reach new regional and global markets and better serve the local market. The actions taken by business managers have tremendous spillover effects, not only for the local economy, but for the social and environmental conditions of the local population. As part of the post-pandemic recovery, investing sustainably is essential.

National legislation, regional trade agreements, and market demand all trend towards increased consideration for social and environmental practices. As such, ensuring sustainability is central to foreign investments can translate into a triple win for social development, economic growth and environmental sustainability. But it's not always easy.

In order to catalyse opportunities for international firms and local business, it is key to improve awareness among investors of both the business case for sustainable investment and the general requirements to be expected.

This guide makes the business case for sustainable investment and provides common sustainability practice – both mandatory and voluntary – that international firms must consider when starting operations in a foreign country. The recommendations as well as the tools, such as sustainability checklists and resource directories, provide practical support to investors in their journey to improve their business practices.

In 2019, the International Trade Centre released four guides on sustainable investment in Ethiopia, Kenya, Mozambique and Zambia. The success of these guides has led to this second edition, which is relevant for international investors around the world, in all markets.

To complement this general guide, ITC also has four national companion guides with details on mandatory social and environmental investment requirements for Ethiopia, Kenya, Mozambique and Zambia.

This guide is an outcome of the research conducted for the Partnership for Investment and Growth in Africa, funded by the United Kingdom's Foreign, Commonwealth & Development Office. It is based on insights of ministries, investors, businesses and experts at the International Trade Centre.



Pamela Coke-Hamilton
Executive Director
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Acronyms

CSR	Corporate social responsibility
EIA	Environmental impact assessment
ITC	International Trade Centre
NGO	Non-governmental organization
PIGA	Partnership for Investment and Growth in Africa
SDG	Sustainable Development Goal
UN	United Nations

Executive summary

Over the past decades, many foreign enterprises have committed to long-term engagement in developing markets, particularly in the manufacturing and agricultural sectors. This presents many opportunities to support local communities and local economies in their development efforts through sustainable investment practices.

While many companies engage in sustainable business practices, there are lessons to be learned and room for improvement. Despite the strong push by different stakeholders, including governments, to encourage responsible business conduct overseas, the increasing number of mandatory standards and voluntary frameworks are unlikely to achieve their desired impact without proper dissemination, implementation, uptake and incentives.

This guide shows foreign investors how to embed sustainability in all stages of business operations by complying with environmental and social sustainability requirements and sustainability practices.

National companion guides that examine the social and legal requirements for investors in Ethiopia, Kenya, Mozambique and Zambia complement this publication.

How to use this handbook

Chapter 1 – UNDERSTAND THE BUSINESS VALUE OF SUSTAINABILITY

- Review key concepts of sustainability to help you embed principles of sustainability in your investment activities.
- Understand why it makes good business sense to invest sustainably.

Chapter 2 – TOOLS FOR SUSTAINABLE BUSINESS IMPACT

- Benefit from guidance on some additional sustainability practices to maximize sustainable investment and operations.

National companion guides – GET LOCAL

- Get relevant advice to incorporate in your investment practices.
- Learn about the legal frameworks in Ethiopia, Kenya, Mozambique and Zambia, the environmental and labour laws that require compliance, and where to seek support.

Why invest sustainably?

- The three pillars of sustainability (social, environmental and economic) are interconnected and interdependent. This means a company is unlikely to achieve long-term economic success without taking into account the social and environmental factors related to business operations.
- Businesses have a key role to play in contributing to the delivery of the 17 United Nations Sustainable Development Goals, which set global priorities and aspirations for 2030 in terms of social, environmental and economic development.
- Governments are increasingly putting pressure on companies to comply with environmental and social legislation and to improve reporting on corporate social responsibility practices.
- Sustainable business operations not only support the environment and workers, but also help create strong, long-term business foundations. Implementing measures that improve working conditions and relationships with the community and government helps firms improve efficiency, develop a better workforce and improve their economic performance.
- Sustainable businesses and economies are more resilient to external shocks such as natural disasters, political unrest and health epidemics.
- It is important that investors understand and comply with environmental and labour requirements in the country of operations. However, businesses can also adopt a wide range of voluntary standards to increase sustainability and international competitiveness.

Understanding sustainability practices

- There are many opportunities to incorporate sustainable measures and approaches into investment and business operations.
- Sustainability measures can encompass an array of practices targeting sustainability areas such as community relations, labour rights and resource management.
- Voluntary sustainability standards are available for social accountability and environmental management and for a wide range of sector- and industry-specific processes.
- Global and local networks can be a good source of information and inspiration.

Legal requirements in Ethiopia, Kenya, Mozambique and Zambia (covered in the national companion guides)

- Investors often must obtain an environmental licence for their proposed development that is granted following the successful production and review of an environmental impact assessment or project report for low-risk projects.
- The environmental impact assessment or project report process determines environmental requirements for the business.
- Compliance with environmental impact assessment requirements and all relevant environmental regulations will be monitored, and businesses must submit an environmental audit each year.
- Non-compliance with environmental requirements can result in improvement requirements that, if not followed, can lead to closure, imprisonment and financial penalties.
- A range of legislation determines labour laws, and the company should understand and comply with relevant legislation.
- Land regulations are also important to consider, particularly in terms of leasing or purchasing land, where it is vital to ensure that alternative community or tribal rights are considered and respected.



CHAPTER 1

The Business Case for Sustainable Investment



The Business Case for Sustainable Investment

KEY MESSAGES

- Sustainable investment practices require operations that have a minimal negative impact and maximum positive impact on the global and local environment, community and economy. At a minimum, this requires ensuring that mandatory environmental and social regulations are fully addressed and that additional voluntary measures are also considered.
 - The three pillars of sustainability (social, environmental and economic) are interconnected and interdependent, meaning that a company is unlikely to achieve long-term economic success without taking into account the social and environmental factors related to business operations.
 - Businesses have a central role to play in contributing to the delivery of the 17 United Nations Sustainable Development Goals, which set global priorities and aspirations for 2030 in terms of social, environmental and economic development.
-

Embedding sustainable investment practices in a business means ensuring that mandatory environmental and social regulations are fully addressed while additional sustainability considerations are implemented from the start of a business and carried out through its regular operations. It also means that business operations should be based on principles to avoid corruptive practices internally, within their supply chains and with government stakeholders.¹

Align with international goals

By adopting sustainable investment practices, firms embrace economic, environmental and social factors in a balanced way to provide a long-term business foundation that is in harmony with society, local communities and the environment. These practices create value that goes beyond economic profits, but also includes social benefits and reduced environmental impact in the invested country. Moreover, including sustainable investment principles can make businesses and economies more resilient to external shocks, including health and natural disasters.



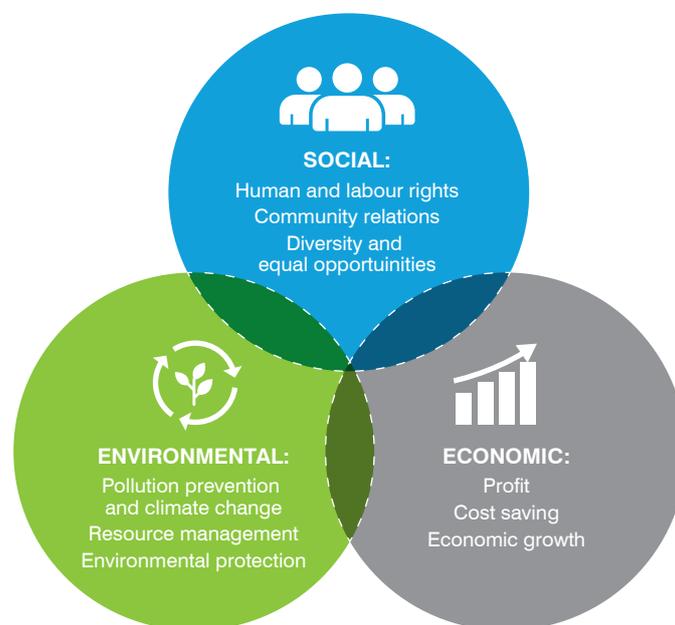
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Integrating economic, environmental and social factors into business and investment decisions is the foundation of the concept of sustainability. In the business context, sustainability refers to the ability of companies to meet the needs of the present without compromising the ability of future generations to meet their own needs.² Sustainability can also relate to the capacity of enterprises to create long-term value by addressing environmental and social considerations in their business strategy.

Three pillars create a more sustainable future

The three pillars of sustainability for investment practices are interconnected and interdependent. This means that for long-term economic success, a company must take into account the social and environmental factors related to business operations. Anti-corruption is a complementary and important part of sustainable investment

Figure 1 What are the three pillars of sustainability?



Source: ITC.

Social: Proactively managing the positive impact of business operations on people and society.

Environmental: Balancing the way natural resources are used in business operations to maintain an ecological balance.

Economic: Businesses should use resources efficiently and responsibly to create long-term value creation and profitability.

BOX 1: Anti-corruption as a complementary sustainability pillar

Corruption encompasses different illegal and illicit acts such as bribery, extortion, embezzlement and money laundering. No business can be considered sustainable and/or responsible without embedding anti-corruption policies in its day-to-day operations.

Beyond the three sustainability pillars, companies should also take into account their business conduct with employees, supply chains, surrounding communities and government officials. Adopting anti-corruption practices, in this regard, is fundamental to ensure sustainable investment practices.



The United Nations Sustainable Development Goals

More companies worldwide have been integrating sustainable practices into their investment decisions and business operations. By doing so, they contribute to the 2030 Agenda for Sustainable Development adopted by the United Nations General Assembly in 2015. This agenda sets a global development framework composed of

17 Sustainable Development Goals (SDGs)³ covering the three sustainability pillars.

The 2030 Agenda highlights that private business activity, investment and innovation are “major drivers of productivity, inclusive economic growth and job creation”, and calls on “all businesses to apply their creativity and innovation to solve sustainable development challenges.”⁴

SUSTAINABLE DEVELOPMENT GOALS



Bring business value

KEY MESSAGES

- Sustainable measures not only support the environment and workers, but also help create strong, long-term business foundations. Implementing measures that improve working conditions and relationships with the community and government helps companies improve efficiency, develop a better workforce and improve their economic performance.
- Failing to ensure robust environmental and social measures, including anti-corruption, can result in significant backlash and loss of business.
- Fair remuneration helps to retain staff and reduce costs relating to high turnover and repeated training.
- Working with local supply chains can reduce costs and improve quality, as well as enhance the local economy.

The financial benefits of sustainable investment usually outweigh the costs. Incorporating sustainability also helps business owners anticipate and reduce risks before they incur monetary or reputational losses. For example, investing in the well-being of workers, local communities and supply chains enables companies to benefit from a loyal and well-trained workforce, which is likely to lead to better quality products and higher economic returns.

Furthermore, companies can strengthen their business reputation and economic foundations by reducing negative environmental impacts, implementing more efficient production practices and managing waste to ensure local communities can prosper.

The central arguments for sustainable investment are set out below in terms of the business benefits that come from:

- Operating in an environmentally responsible manner;
- Operating in a socially responsible manner;
- Strengthening local supply chains;
- Increased transparency and reduced corruption.

Good for the environment, good for business

Responsible environmental practices can improve the economic bottom line, strengthen business reputation, decrease the environmental footprint of a company and ensure a healthier local ecosystem that benefits and attracts employees.

In fact, environmental responsibility has become a requirement for many companies that export their goods to international markets.

Buyers are increasingly introducing codes of conduct related to environmental and social responsibility for their suppliers and asking them to comply with third-party certification processes. Responsible environmental management can strengthen the reputation of a business with its customers in Asia, Europe, North America and elsewhere.

Implementing resource-efficient practices for waste management, as well as water and energy use, can lead to cost savings by reducing the quantity of inputs needed for production while improving productivity at the company level. Agriculture in particular relies on sustainable practices to survive. Long-term investments should strive to ensure environmental conditions that ensure that strong crop yields can continue. Reducing the possible impact of pesticides on valuable insect populations and water resources should be a consideration of all investors. In general, firms that invest sustainably have greater investor interest.

Failing to ensure robust environmental measures can result in significant backlash and loss of business. For example, in 2013, the Government of Chad suspended the operations of a Chinese oil company based in the country after it was found that its operations had resulted in numerous polluted waterways and oil spills.⁵ Damaging the local environment can also lead to discontent in the local government and local community that supplies labour to the company.

BOX 2: Sustainability performance and access to finance

Today, the environmental and social impact of a project is an important assessment indicator in the due diligence conducted by multilateral development banks and commercial banks before making investments. The shift to cleaner production and a low-carbon approach in the manufacturing and agricultural sectors is also increasingly rewarded by stronger investor interest. Companies that are socially responsible often tend to be more transparent and able to provide investors with greater levels of information – and, therefore, more confidence.

On the other hand, there are many examples of positive outcomes for businesses that do take into account environmental protection. For example, good environmental management, including limiting or eliminating water contamination and hazardous indoor fumes, also helps to attract and keep a talented workforce.

Business practices must be socially responsible

While conducting research among investor companies for the development of this guide, it became clear that fair remuneration and labour conditions can help retain staff and reduce costs linked to high turnover and repeated training. There is a strong financial case for firms to invest in their workforces with fair wages, and provide skills training that boosts career progression and employee satisfaction.

Although cheap labour is one of the attractive aspects of investing in many countries, a sustainable system must allow workers to receive wages that enable them to purchase food, pay for lodging and buy basic necessities. Estimating a living wage often depends on the specific country and sector. However, it is important for companies to help establish operations that ensure their employees can meet the basic needs of themselves and their dependents.

This can go beyond raising employee wages and include other services, such as providing meals, transportation, housing and education. Besides increasing the satisfaction and productivity of workers, these services can have the added value of improving community relations.⁶

In some factories, this is still not the case. Poverty does not lead to good productivity. Growing evidence shows that workers who are paid above-average wages are more loyal and productive.

Beyond national regulations and labour laws, businesses can put in place many additional sustainability measures to increase the well-being of their workers and the sustainable development of the communities in which they are located. Some of the most important are described in Chapter 2 of this guide.

It is also important to take the local community along on the journey of investing in its region. Extensive consultation with local leaders and proactive and positive communication with community leaders and media outlets can help to identify and mitigate potential problems before they escalate. Moreover, investing in the local community can help develop a local economy that attracts more businesses and consumers, thereby expanding the market of the investor's company and the well-being and productivity of local employees.

Sensitivity to the topic of land tenure is also important. In some countries, land is seen as the most valuable asset of a family. If these issues are not taken seriously, conflicts are likely to arise between investors and local communities where they operate, increasing risks to profitability and the long-term success of the business.

When local residents must be resettled, perhaps as a result of purchasing a large area of land for agriculture or industrial use, it is important to follow appropriate national and international standards. The International Finance Corporation Resettlement Performance Standards provide a comprehensive framework for these processes.⁷

Develop local supply chains

Companies investing overseas can help develop local supply-chain businesses. Vertically integrated supply chains that are geographically concentrated offer many benefits in terms of reducing transport costs for materials in the supply chain, being able



to easily discuss and improve synergies between manufacturing processes, and developing more of a recognized cluster and brand around a certain product. Cutting transportation distances also reduces the carbon footprint of products, which can be advertised as an additional selling point to customers, many of whom are buying more sustainable goods.⁹

At the same time, encouraging local suppliers to be part of the value chain can provide market opportunities for micro, small and medium-sized enterprises in the local market, where business and employment are often greatly needed and appreciated.

Supporting local innovation and entrepreneurship can also lead to higher-quality local supply chains, particularly over a longer timeframe. Setting up local subsidiaries or forming collaborative arrangements with local firms can help investors access local knowledge and understand the political context, while transferring skills and technology to local partners.

Transparency and anti-corruption are key

Corruption is one of the greatest barriers to social and economic development in many countries as reported by Transparency International.⁹ Bribery practices cause negligence in environmental and social impact assessment processes as well as many other situations where compliance with regulations is bypassed. Investors sometimes report bribery as a necessary part of getting anything done. However, participating in corrupt practices, even when pressured to do so by local government representatives, is increasingly risky.

Many firms investing overseas have come to realize the self-inflicted damage caused by bribery. Strong corporate governance and anti-corruption practices are important to minimize such risk. It also supports the due diligence process when seeking further investment and helps to reduce reputational risk.

Different approaches to manage compliance

KEY MESSAGES

- A clear distinction can be made between legal requirements, voluntary measures and standards, and additional corporate social responsibility initiatives, all of which contribute to sustainable business.
- Investors must understand and comply with relevant legislation, as summarized in the national companion guides.
- Companies can comply with a wide range of voluntary standards to increase international competitiveness.
- While business survival is the priority when starting out in a challenging business environment, it is important to stress that doing anything beyond the national legislation to improve sustainability and responsibility is better than nothing. Several low-cost, straightforward measures can improve working conditions and sustainable outcomes.

An important part of implementing sustainable business practices is understanding the different approaches to manage compliance with legal requirements, voluntary measures and standards, and the implementation of additional corporate social responsibility (CSR) initiatives.

Legal requirements: Legislation and mandatory standards

National legislation (sometimes referred to as hard law) relating to environmental and social requirements varies across countries. Recognizing and complying with these laws is the bare minimum that businesses must do (more on this in the national companion guides).

Investors are often required to obtain an environmental licence for their proposed development project. This licence is granted following the successful production and review of an environmental impact assessment (EIA) or project report for lower-risk projects.

The assessment or project report process determines the environmental requirements for an investment project. Compliance with EIA requirements and all relevant environmental regulations in a specific country will be monitored, and businesses must submit an environmental audit annually, in most cases. Failure to comply with environmental obligations can result in improvement requirements, closure, imprisonment and/or financial penalties. Land regulations must also be considered, particularly in terms of leasing or buying land, where alternative community or tribal rights must be taken into account and respected.

A range of legislation that differs from country to country determines labour laws. These laws generally include compulsory provisions such as a minimum wage, workplace safety, benefits and so forth. Companies must understand and comply with both national and regional legislation.

Governments establish **mandatory standards** for any product or service to be legally commercialized in that market. These standards can cover product or packaging characteristics, or certain processes that must be followed. Examples of these standards are technical regulations; sanitary and phytosanitary measures, including health and safety regulations; product specifications; labelling requirements; quality controls; and rules of origin. They differ depending on the product and the country of export. Failure to comply with these requirements may lead to quarantining or product rejection by importing countries.

Voluntary sustainability standards

Over the last decade, a new generation of voluntary sustainability standards (sometimes referred to as soft law) has emerged to cover all sectors and industries. These include voluntary guidelines, initiatives, codes and standards developed by international organizations, companies, business associations, non-governmental organizations, governments and multistakeholder initiatives. They provide additional guidelines for sustainable business practices. Businesses often must demonstrate adherence to these standards to operate profitably in global markets.

The wide range of voluntary standards include the following:

- International governance agreements and guidelines such as:
 - The International Labour Organization Multinational Enterprises Declaration;¹⁰
 - The Organisation for Economic Co-operation and Development Guidelines for Multinational Enterprises;¹¹
 - The Global Compact, established by the United Nations;¹²
 - Guiding Principles on Business and Human Rights, established by the United Nations Human Rights Office of the High Commissioner.¹³
- International multistakeholder initiatives providing standards for the social and environmental practices of firms at home and abroad. This includes standards developed by the International Organization for Standardization, such as the ISO 26000 standard Guidance on Social Responsibility launched in 2010.
- Private voluntary sustainability standards providing principles and/or requirements that producers, traders, manufacturers, retailers or service providers may be asked to meet, covering different sustainability metrics.¹⁴
- Hundreds of industry association codes, covering major areas of national and international commercial activity including manufacturing and agriculture.
- Thousands of company codes with specific policies on social and environmental issues, particularly among multinational corporations.¹⁵

The proliferation of voluntary sustainability standard schemes can create challenges, especially for firms operating in value chains that may be obliged to comply with numerous voluntary standard schemes that have potentially high costs to demonstrate compliance. This has often led businesses to see standard schemes as a barrier to market entry or a complication that can be avoided.

Many companies opt not to engage with these voluntary standard schemes because of unfamiliarity with the rules of the game,

weak networks with relevant organizations or inadequate guidance. This decision could affect the international competitiveness of businesses in a market that increasingly demands environmental sustainability and social responsibility.¹⁶ Many investors believe that promoting prudent and sustainable business practices, in line with both national regulations and voluntary standards, makes economic sense in the long term.

An additional point is that more and more national governments are using the dynamic space of voluntary standards as a testing ground for how they could inform mandatory requirements.¹⁷ It is therefore better to know about and be able to comply with a wide range of voluntary social and environmental standards, to be prepared to meet legal requirements as they are introduced.

Corporate social responsibility activities

A further distinction can be made for additional CSR activities. For the purpose of this guide, CSR is defined as activities that are beyond the core business activities and include initiatives such as improving sustainable access to drinking water for local communities and contributing to education or healthcare facilities and resources. Additional CSR initiatives can help local communities to develop, and support cultural events that are vital to engagement, integration and mutual understanding between investors and local communities.

Research suggests that many firms investing overseas are aware of the positive impacts of CSR initiatives. Interviews carried out with international business investors to inform this guide found that many consider CSR an important part of investor culture to give something to the communities where they work.

A company can gain significant positive reputational benefits from implementing CSR initiatives. However, firms should not use corporate social responsibility as a cover to hide unsustainable business operations. CSR initiatives should be based on or compliant with national development strategies in the host country.

Firms must meet sustainability obligations and adopt measures

Throughout the different processes to set up their businesses, companies are expected to comply with legal sustainability requirements established by the country, and to adopt sustainability measures to mitigate potential risks of their business operations. Below are the main legal sustainability requirements and considerations to which companies should adhere during the three key stages of business operations.

Figure 2 Checklist for sustainable business operations

	SETTING UP	DURING OPERATIONS	WINDING DOWN
LEGAL REQUIREMENTS	<p>Environmental</p> <ul style="list-style-type: none"> Follow environmental impact assessment (EIA) process to obtain environmental license Comply with land-use plans and land-related laws Comply with all other environmental legislation <p>Labour</p> <ul style="list-style-type: none"> Comply with labour laws Obtain appropriate work permits and registrations Ensure health and safety of workers 	<p>Environmental</p> <ul style="list-style-type: none"> Follow environmental requirements set out in the EIA Carry out environmental audits, as required by environmental authorities Comply with all other environmental legislation <p>Labour</p> <ul style="list-style-type: none"> Comply with labour laws Ensure health and safety of workers 	<p>Environmental</p> <ul style="list-style-type: none"> When exiting a site or land use, submit decommissioning plan to the appropriate environmental authority Implement approved decommissioning works to remediate negative impacts <p>Labour</p> <ul style="list-style-type: none"> Comply with bankruptcy and liquidation laws in terms of paying staff and suppliers
SUSTAINABILITY CONSIDERATIONS	<p>Engaging with relevant stakeholders</p> <ul style="list-style-type: none"> When doing site selection, take into account the potential environmental impact of transport-related emissions, opportunities to link to local backward and forward supply chains, including for food and materials Consult community representatives to understand the local context and plan accordingly Join a local business association 	<p>Managing your business</p> <ul style="list-style-type: none"> Consider providing in-kind benefits for employees, such as accommodation, transport, meals Respect cultural differences Invest in local skills and managers Communicate clearly with staff and local communities to build trust Consider additional CSR projects for local communities Consider green and clean methods of production 	<p>Monitoring and communicating</p> <ul style="list-style-type: none"> Communicate clearly with staff and stakeholders on process and timing Consult with community groups that may be impacted Prepare and implement a sustainable closing strategy Consider carrying out a post-investment evaluation and feed lessons back into subsequent projects

Areas of concern for sustainability

Table 1 provides an overview of different sustainability areas and sub-areas of concern for investors. Every project, sector and national context is unique and should be evaluated as such. Regardless of the sector, investors must ensure they properly engage with the local workforce and the environment, and that their business conduct is ethical. As such, Table 1 illustrates some examples of issues that merit closer investigation by the investor.

Table 1 Identifying sustainability areas of concern

AREA OF CONCERN	SUB-AREA OF CONCERN	EXAMPLES OF ISSUES ¹⁸	PLEASE LIST ANY ISSUES OF CONCERN FOR YOUR COMPANY
ENVIRONMENTAL			
Pollution prevention and climate change mitigation	Air, emissions and climate	<ul style="list-style-type: none"> ▪ Use of old technologies, vehicles and machineries and intensive use of fossil fuels ▪ Inefficient resource use (water, energy) in farming and at agroprocessing sites ▪ Overuse of pesticide application, fertilization, and slash-and-burn agriculture 	
	Waste (solid and water waste)	<p>Solid waste:</p> <ul style="list-style-type: none"> ▪ No system to record waste produced in processing operations ▪ Toxic chemicals and pollutants are released directly on surface water and groundwaters ▪ Production facility is not connected to sewage network <p>Wastewater:</p> <ul style="list-style-type: none"> ▪ No system to dispose of and store grey water ▪ No system to recycle wastewater 	
Resource management	Inputs, chemical use	<ul style="list-style-type: none"> ▪ Lack of metres to monitor the consumption of energy, water and other inputs in production processes ▪ Water, chemical leakages in pipe system 	
	Fresh water resources	<ul style="list-style-type: none"> ▪ Lack of systems to identify, monitor and maintain fresh water resources impacted by production ▪ Overextraction of groundwater resources ▪ Waterlogging and soil salinization due to unsustainable agricultural practices ▪ Lack of water management system 	
	Energy and minerals	<ul style="list-style-type: none"> ▪ Inadequate facilities to stock fuel ▪ Absence of or poorly insulated systems of energy distribution ▪ Improperly vented appliances ▪ Ventilation and air leakage ▪ Inefficient heating systems ▪ No energy management system in place ▪ Lack of company interest to adopt renewable energy sources (solar, wind, biomass, etc.) ▪ Reliance on inefficient diesel generators for energy supply during power outages or in the absence of connection to national grid 	
	Land and soil management	<ul style="list-style-type: none"> ▪ Soil erosion, desertification and/or contamination due to overuse, salinization, acidification, or other chemical soil contamination ▪ Lack of strategies to measure, monitor and prevent soil contamination and pollution 	

AREA OF CONCERN	SUB-AREA OF CONCERN	EXAMPLES OF ISSUES ¹⁸	PLEASE LIST ANY ISSUES OF CONCERN FOR YOUR COMPANY
Environmental protection	Forests	<ul style="list-style-type: none"> ▪ Lack of procedures in place to prevent and/or remediate deforestation ▪ Lack of procedures for the regeneration of depleted forests and woodlands ▪ Lack of forest management plan and/or a reliable monitoring system ▪ No systems in place to ensure that timber is of legal origin 	
	Biodiversity	<ul style="list-style-type: none"> ▪ Lack of processes to ensure that products are not harvested at levels above sustainable yields ▪ Lack of systems in place to identify, restore and rehabilitate natural habitats and/or ecosystems ▪ Environmental impacts observed as a result of production and harvesting operations ▪ Lack of procedures in place to address land-use planning and identification of conservation priorities 	
SOCIAL			
Human and labour rights	Health and safety	<ul style="list-style-type: none"> ▪ Lack of training on health and safety practices for workers ▪ Lack of monitoring and controlling systems to prevent health and safety hazards ▪ Workers are exposed to hazardous substances without any protective equipment ▪ Inappropriate working space ▪ Improper handling, labelling and storage of hazardous materials ▪ Lack of evacuation plans in case of emergencies ▪ Workplace violence including physical assault, sexual and moral harassment 	
	Forced labour ¹⁹	<ul style="list-style-type: none"> ▪ Physical threats or applying penalties to workers that refuse to work ▪ Retention of workers' passports or other identity papers ▪ Withholding pay (debt bondage) under the pretence that workers owe recruitment fees or costs of transportation to the company 	
	Child labour	<ul style="list-style-type: none"> ▪ Employing children below the legal working age in the country. *Note that different minimum ages apply to certain types of work (e.g. light work, hazardous work) ▪ Trafficking of children and related exploitation as workers 	
	Freedom of association/collective bargaining	<ul style="list-style-type: none"> ▪ Workers are not allowed to form and join trade unions ▪ Discrimination against workers that are union members or those willing to join a union/association ▪ The employer promotes a particular union or workers' association, and/or coerces workers to join it or leave one ▪ The employer does not participate in collective bargaining agreements, and/or does not adhere to the agreed outcomes ▪ Workers are not allowed to be represented in collective bargaining by a union of their choice ▪ Inexistence of procedures to prevent and resolve workplace conflicts or grievances 	

AREA OF CONCERN	SUB-AREA OF CONCERN	EXAMPLES OF ISSUES ¹⁸	PLEASE LIST ANY ISSUES OF CONCERN FOR YOUR COMPANY
Community relations		<ul style="list-style-type: none"> ▪ Lack of consultation/engagement with local communities living around the company regarding changes or impacts from business activities on local resources and communities. This includes issues related to land management, safety, human rights violations and environmental impacts on the nature and community health among others. ▪ Lack or poor grievance mechanism to provide fair compensation for negative impacts of operations on local communities and individuals 	
Diversity and equal opportunities	Discrimination related to employment and occupation	<p>Any distinction, exclusion or preferential treatment of workers or candidates to a position based on²⁰:</p> <ul style="list-style-type: none"> ▪ Gender ▪ Race or skin colour ▪ Sex ▪ Religion ▪ Political opinion ▪ Age ▪ National or social origin, nationality ▪ Sexual orientation ▪ HIV/AIDS status ▪ Disability ▪ Trade union membership or activities ▪ Workers with family responsibilities ▪ Lack of paternity and maternity leave policies 	
BUSINESS ETHICS			
Anti-corruption		<ul style="list-style-type: none"> ▪ Influencing government officials through the payment of bribes ▪ Agreeing to pay bribes to government officials to access services ▪ Lack of training for workers and company management on anti-corruption practices ▪ Retaliation against whistleblowers ▪ Lack of mitigation procedures against bribery and other types of corruption (e.g., nepotism, extortion and patronage, among others) 	

CHAPTER 2

Sustainability measures



Sustainability measures

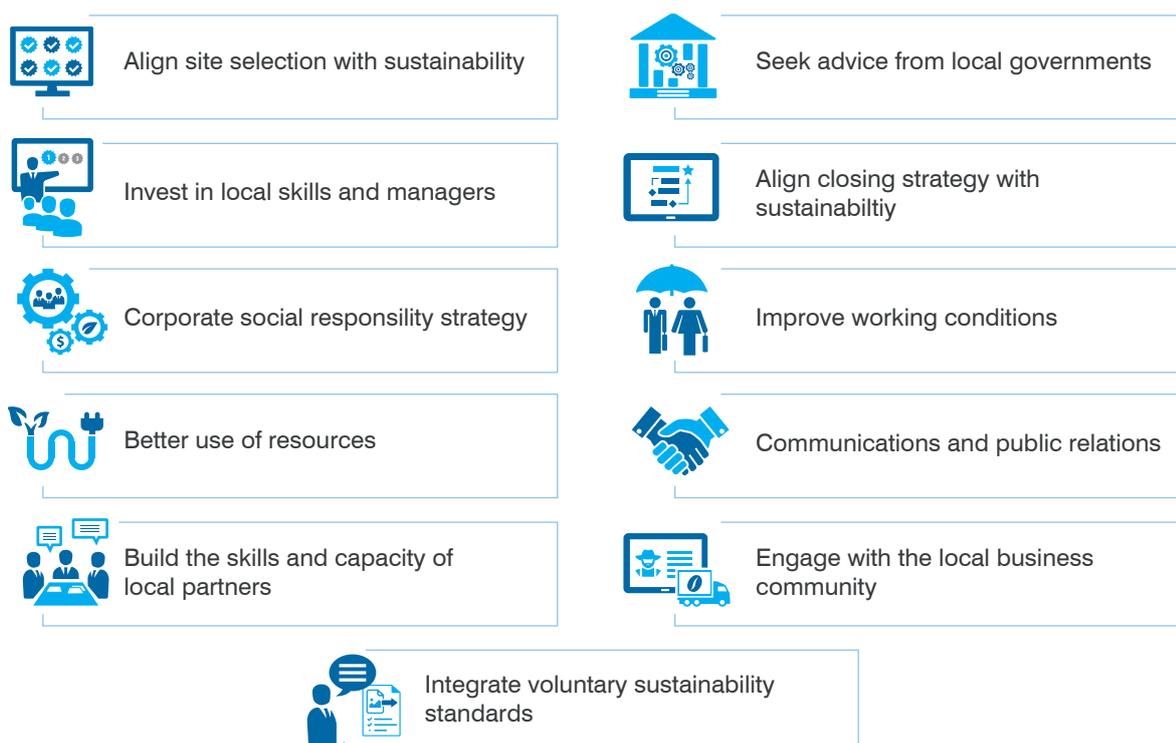
KEY MESSAGES

- Beyond the legal requirements set out in the national companion guides, there are many opportunities to incorporate sustainable measures and approaches into investment and business operations.
- Sustainability measures can encompass an array of practices targeting different sustainability areas such as community relations, labour rights and resource management.
- Voluntary sustainability standards are available for social accountability and environmental management and for a wide range of sector- and industry-specific processes.
- Business networks and platforms can also be a good source of information and inspiration on sustainable investment practices.

Apart from compliance with national regulations, companies have many opportunities to incorporate more sustainable approaches into their operations.

This chapter introduces steps that firms can take as part of their business operations overseas to adopt a sustainable approach. Relevant resources are also highlighted at the end of the chapter.

Figure 3 Ways to support sustainable business conduct





Align site selection with sustainability

Investors should consider sustainable development factors when choosing the location of their proposed processing site. These include the following:

- **Connect to upstream and/or downstream local value chains.** There may be opportunities to maximize the benefits to local businesses, farmers or producers of different supplies and materials including food, building and raw materials. This can have major business advantages, such as lower costs for materials or transport, and better relations between investors and surrounding communities.
- **Take a proactive approach to addressing land-related challenges.** Land rights can involve complex procedures in many countries. Even if firms follow the national laws on land compensation, backlash from local communities can be expected if they feel unfairly compensated or treated. Companies should do their own due diligence and speak to local community leaders as well as local and national governments. It is most appropriate to consider this in detail at the EIA stage.



Better use of resources

Investors have a unique opportunity to develop sustainable approaches when producing or manufacturing products. Beyond the legislation discussed in the national companion guides, they can use processes that curtail electricity or water use, minimize greenhouse gas emissions such as carbon dioxide, or develop circular economy systems that reduce wastage. These could include the following:

- Using systems to capture and reuse rain water.
- Having good maintenance systems to prevent leakage and water waste.
- Maximizing the energy efficiency of machinery, lighting and buildings.
- Considering how groundwater supplies may be limited, and are shared with the surrounding community, and practicing the sustainable use of water sourced from boreholes.
- Adopting processing/manufacturing practices that avoid waste, reusing inputs or, if necessary, recycling waste appropriately.
- Reducing emissions and pollution from manufacturing processes and vehicles, and by scaling back other activities such as burning waste materials.

- Minimizing the carbon footprint of a business through the above measures and by using renewable energy and sourcing food and materials from local suppliers.
- Reducing the use of pesticides and fertilizers, which may damage surrounding water quality and the health of human and animal populations.
- Using biofertilizers if possible, as they are designed to reduce the harmful impacts of fertilizers on the environment while nourishing crops.

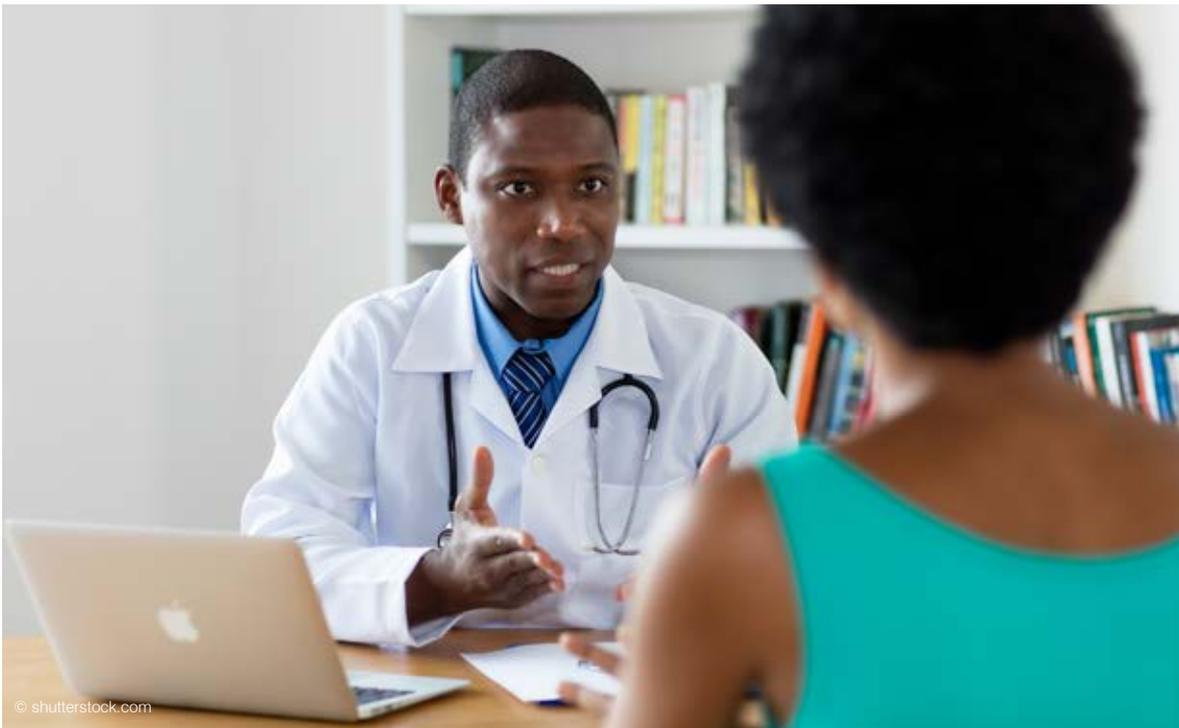
Note: Some government agencies are revising legislation to make importing sustainable technologies more attractive – for example, through exemptions on import tax or corporate tax reductions.



Improve working conditions

Giving workers better conditions and opportunities can lead to benefits such as higher levels of productivity, less staff turnover and financial savings. Investors can consider developing a living wage for employees through an array of measures that may include adequate wages, housing, food, transportation, education and childcare, communication and health benefits.

- **Offering transport for workers to and from their place of employment** can provide a safe and efficient additional benefit to workers. Workers may walk between home and work, so reducing the distance will increase punctuality and energy levels at work. It will also improve safety, particularly if workers need to travel after dark.
- **Providing meals and areas to eat for workers can help boost productivity.** As discussed in Chapter 1, many workers on low wages struggle to buy enough nutritious food. Giving workers good-quality food at the workplace can help to improve morale and productivity, and foster loyalty.
- **Companies should consider investing in accommodation and communication capacities for workers.** Where a business wishes to invest for a long duration, a case can be made for providing housing for workers, which can significantly reduce staff turnover and increase productivity. To pass supply chain audits, housing must comply with international standards such as the International Labour Organization standards for worker accommodation.
 - Housing plans should fit into local spatial development plans, where relevant. It can also be beneficial to offer means of communication for workers, especially in cases where many have travelled far from home to work in a factory or industrial zone. Giving workers phone cards or having a company phone that they can use on a regular basis can help them stay in contact with their families.
- **Employers can help improve the safety and security of their employees,** particularly women. First and foremost, employers must ensure that there are no abuses within the company structure, paying special attention to power differences between managers and subordinates. There must be means of reporting abuses outside of the management chain, with the promise of anonymity so the subordinate does not fear retaliation for reporting. Firms can also improve security by providing dedicated transport and accommodation, security surveillance and basic personal alarms for workers.
- **Respecting differences, language barriers and cultural differences can improve efficiency.** It is vital to overcome cultural barriers with strong communications and a focus on how staff from different backgrounds can most effectively work together. Possible solutions include:
 - Ensuring compliance with the legislation specific to each country for working hours, overtime, paid leave and public holidays;
 - Investing in local language classes for foreign staff;
 - Investing in foreign language classes for local management staff;
 - Incorporating foreign and local cultural activities and celebrations into the annual calendar of the company;
 - Preparing foreign staff for cultural differences, including in work culture and skills proficiency.
- **Give women equal access to opportunities and equal pay.** Women's economic empowerment boosts productivity, increases economic diversification and income equality, and has trickle-down benefits to the wider community.²¹ Women bear a disproportionate amount of the burden for childcare, so their economic empowerment strongly affects the education levels of their children, thereby helping to improve local economic development prospects.



- **Provide appropriate risk management and facilities for pregnant and lactating women.**

Women who are pregnant, have given birth within the past six months or are breastfeeding are vulnerable to specific risk and may require special considerations beyond the national legislation discussed in the national companion guides. Employers should take into account any risks identified in their workplace and take the necessary measures to remove, reduce or control the risk.

- **Support education and child care.** Employers can support initiatives to promote education and child care for workers' children. For instance, they can provide direct support to establish nursing centres for mothers with small children or collaborate with local child-care services to cover day care for the children of workers. This approach benefits workers with children and helps create opportunities for women in the formal labour market. Without access to free or low-cost child-care programmes, many women with children face barriers to access formal work opportunities.

- **Promote healthcare.** Even in countries where healthcare is universally provided by the state, or is available at very low costs for workers, out-of-pocket payments to cover medications and treatments are a challenge for many people. Their inability to cover medical treatments and access adequate healthcare directly affects

workers' productivity and well-being at home and in the workplace. Possible solutions that employers can adopt to overcome these challenges are:

- Providing direct support to workers to cover costs of medical treatment;
- Providing health insurance to workers and their families;
- Collaborating with local health centres and non-governmental organizations acting in the region to provide medications and treatments at an accessible price.
- **Promote women's health.** This is vital, especially when young women comprise most of the workforce and the factory is situated far from health centres. Aim to collaborate with local community health centres or with local non-governmental organizations to provide basic services. Work with such partners to make contraceptives and vaccines available at the factory.
- **Disability inclusion can benefit employers and communities.** People with disabilities are often marginalized, but can add great value to businesses and the economy when given the right opportunity. Implement an equal opportunities policy and consider a proactive approach to hiring people with disabilities for appropriate roles. Consider how best to enhance accessibility to, from and around the workplace.



Invest in local skills and managers

Developing local talent and supporting employee growth is crucial to build workforce capacities and ensure mutually beneficial business growth. These practices can help the investing company maintain strong ties with the local community and its workforce. They also support the development of the local economy, which, in turn, will benefit the investing company.

- **Provide apprenticeship and training initiatives for youth.** Develop the skills of young people for their inclusion in the job market. This helps companies diversify their workforce, while transferring knowledge from experienced workers to trainees.
- **Provide clear career progression.** Employers can increase proficiency in skills and management expertise with higher salaries and greater responsibility.
- **Local management staff.** Local management staff members must be given a prominent role. This will help to create a working environment with more integration and understanding between foreign and local staff, and can serve as role models for more junior local staff.
- **Extra training to develop skills.** Employers should consider providing and covering the costs of additional training to staff and managers to help build skills and competences. This could include driving lessons to obtain a licence, language lessons and management training.
- **Additional qualifications.** Employers can help promising management staff obtain additional technical or university qualifications by offering financial support or sufficient time off to study.



Build the skills and capacity of local partners

Foreign investors can play a valuable role in developing the skills and technologies of local businesses through measures such as:

- **Where appropriate, investors should consider how partnerships can help to transfer skills and technology.**
- **In the case of a joint venture or official partnership,** consider how a structured approach may maximize skills and technology transfer to the local partner.

- **Ensure fair payment terms and speedy payment for goods or services procured,** especially from local companies.
- **When disputes arise, consider alternative dispute resolution,** including negotiation, conciliation, mediation and arbitration.



Communications and public relations

Positive and proactive engagement with the local community is crucial to establish and maintain strong communication channels. Investing companies are often perceived to be closed to community dialogue, so it is important to counter this perception with genuine outreach and a mechanism to address concerns.

- **Carry out independent due diligence and consultation when preparing to invest in an area.** Sometimes governments will bypass local concerns. Do not be tempted to take what seems like the easiest approach. Investigate local concerns.
- **Follow the principle of free, prior and informed consent.**²² This principle refers to the right of local communities, particularly indigenous peoples, to participate in decision-making about issues affecting them. Disclose the economic, social and environmental impacts that may or already have resulted from investment decisions. Full disclosure to community of plans and mitigating measures is advised.
- **Enable and respond to feedback.** Develop and enable channels for local communities to register grievances and establish systems to address them appropriately, and ensure that implementation of the project and future operations take stakeholder concerns into account.
- **Manage expectations.** Investors often face complex and high expectations from local communities and non-governmental organizations that believe a company has endless resources to offer development benefits. It is very important to manage expectations while offering (or explaining) tangible benefits that are feasible for the investor.
- **Share the positive news, particularly with local stakeholders.** Publicize activities where appropriate so the public and customers know the impact. At the same time, do not engage in 'greenwashing' or claiming sustainable actions without merit to give the perception of a socially and environmentally conscious company.

- **Interact with different stakeholders.** If community relations are a challenge, refer the issues to different stakeholders, including local or national governments, and seek assistance, rather than letting the problem grow. There is a risk that companies see everyone as a problem rather than seeking suitable guidance.
- **Stick to what the business licence allows.** Investors should follow their stated intentions, for which the environmental licence was granted. If an approach needs to change, ensure the community is aware and understands the rationale.



Corporate social responsibility strategy

As discussed in Chapter 1, this guide defines CSR as additional activities that a company can undertake beyond core business operations.

- **Develop a CSR initiative based on what a community needs most.** Identify key national and local development issues and how they may match the strengths of the company and the interests of local communities.
- **Develop partnerships to increase impact.** Communicate with other investors, companies and development partners about infrastructure that would strengthen the sector. What win-win initiatives could be explored?
- **Monitor and evaluate the impact of CSR activities.** On a regular basis, monitor the implementation of CSR activities to capture their outcomes and impact on beneficiary communities. This allows businesses to evaluate

their relevance and effectiveness compared to the initial activity design.



Seek advice from local governments

Local governments often have dedicated units that can offer background context or suggestions to investors on more sustainable production processes or business approaches, within the context of their specific region.

Factors to be discussed with local institutions include:

- Location selection to maximize sustainable outcomes and minimize risks to local populations and the environment;
- Sustainable sourcing and production techniques;
- Where to source raw materials;
- Vertically integrated supply chains – linking to value chains;
- Circular economy opportunities, including with other businesses;
- Resilience to the impacts of climate change and biodiversity loss evident now and likely in the future.



Engage with the local business community

Investor companies should look beyond their national business associations and engage more with local chambers of commerce and business associations.



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Chambers of commerce provide valuable fora to share information, meet new contacts and identify potential business linkages – for example, suppliers of raw materials. National chambers of commerce that were interviewed during the preparation of this guide indicated that they were keen to welcome more investor companies as members to help support and enrich local and other international businesses.



Align closing strategy with sustainability

Investors that close their operations in a country must identify the likely impacts on staff and stakeholders and address them appropriately. Below are some of the main considerations for closing or decommissioning a business.

- Follow the necessary enterprise deregistration process and ensure that all important assets and documentation are protected.
- Communicate effectively with workers, trade unions and stakeholders so they fully understand the reasons for closure, the process and the timeframe. This will help avoid employee and community dissatisfaction and potential unrest.
- Treat workers according to their rights and best interests, and properly handle employee compensation.
- As set out in the national companion guides, when the exit involves plant closure and land use exit, commission an accredited specialist to prepare a decommissioning plan to be approved by the relevant environmental authority.

Implement the necessary environmental remediation to the site as it is being closed down. Comply with the relevant environmental legislation regarding pollution, biodiversity and land rehabilitation.

- Consult with community groups that may be affected by potential closure and provide appropriate compensation if necessary.
- In the case of bankruptcy, ensure that the national regulations and requirements related to project dissolution and bankruptcy filing are understood and observed.
- If the business is sold to other investors, ensure that labour and environmental practices are communicated to the new owner(s).
- Consider carrying out a post-investment evaluation that assesses the causes for project success or failure and lessons learned can be captured and fed into subsequent projects, helping to improve sustainability and the chances of success.



Integrate voluntary sustainability standards

Investors may opt to comply with relevant voluntary sustainability standards, which normally require annual audits and accreditation by an independent body. This can add great value to the brand and reputation of a company and improve market access opportunities.

There are hundreds of voluntary standards tailored to specific processes, so investors should find



out which apply to their business. The online platform Standards Map²³ developed by ITC provides information on more than 300 voluntary sustainability standards that are active in a wide

range of countries and sectors. Companies can use this free online platform to improve their ability to identify, assess and compare voluntary standards relevant to their needs.

Sustainability resources

The following sustainability resources and networks offer valuable context, information and assistance

BOX 3: Networks and platforms with curated content on sustainability

BioTrade Knowledge Sharing

<https://www.sustainabilitygateway.org/biotrade/>
Multistakeholder network and resources on sustainable trade and production of biodiversity-based value chains.

Ellen MacArthur Foundation

<https://www.ellenmacarthurfoundation.org/>
Resources on circular economy.

Green Industry Platform

<https://www.greenindustryplatform.org/>
Sector- and country-specific technical and practical resources to support a green industrial transformation.

One Planet Network

<https://www.oneplanetnetwork.org/>
Multistakeholder network and resources on sustainable production and consumption.

Sustainability Map and Standards Map

<https://www.sustainabilitymap.org/home/>
<https://standardsmap.org/>
Business network and resources on certified markets and voluntary sustainability standards.

Sustainable Development Goals Helpdesk

<https://sdghelpdesk.unescap.org/>
Resources related to the implementation of the SDGs.

UN Global Compact

<https://www.unglobalcompact.org/>
Business network and resources on sustainable and socially responsible business practices.

Figure 4 Free e-learning courses

SOCIAL 	ECONOMIC 	ENVIRONMENTAL 
<p>Human Rights and Business Dilemmas Forum (English) Developed by UN Global Compact https://hrbdf.org</p> <p>Courses on Decent Work (English) Developed by the International Training Centre of the International Labour Organization (ILO) https://ecampus.itcilo.org</p> <p>Courses on Child Labour (various languages) Developed by the International Labour Organization (ILO) https://www.ilo.org/ipec/Informationresources/elearning/lang--en/index.htm</p>	<p>E-learning courses developed by ITC:</p> <p>Approaching banks for financing (English) https://learning.intracen.org/course/info.php?id=148</p> <p>Introduction to business plans (English) https://learning.intracen.org/course/info.php?id=304</p> <p>Considering Export Markets (English) https://learning.intracen.org/course/info.php?id=189</p> <p>Introduction to International Transport and Logistics (English) https://learning.intracen.org/course/info.php?id=277</p> <p>More courses available at: https://learning.intracen.org/</p>	<p>Becoming a Climate-Resilient SME (English) Developed by ITC https://learning.intracen.org/course/info.php?id=326</p> <p>Becoming a Resource-Efficient and Circular SME (English) Developed by ITC To be launched in July 2021</p> <p>Courses on climate change and green economy (various languages) Developed by the One UN Climate Change Learning Partnership https://unccelearn.org/</p> <p>Courses on conservation and sustainable development (various languages) Developed by the United Nations Development Programme https://www.learningfornature.org/en/all-courses/</p>

BOX 4: Online courses on cross-cutting sustainability topics**UN SDG Learn**

<https://www.unsdglearn.org/courses/>

Online platform with various courses on sustainable development topics. Developed by the United Nations Institute on Training and Research.

SDGAcademyX

<https://sdgacademy.org/courses/>

Online platform with various courses on sustainable development topics. Developed by the Sustainable Development Solutions Network.

ITC e-learning courses:

The Role of Standards in Sustainable Supply Chains (English)
<https://learning.intracen.org/course/info.php?id=205>

Competitiveness Through Enterprise Sustainability (English)
<https://learning.intracen.org/course/info.php?id=237>

Introduction to Standards and Sustainability (English)
<https://learning.intracen.org/course/info.php?id=206>

Introduction to Corporate Social Responsibility (English)
<https://learning.intracen.org/course/info.php?id=244>



APPENDICES



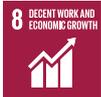
APPENDIX I

Sustainable Development Goals

The SDGs are the set of goals, targets and indicators adopted by the UN member states in 2015 providing a framework for the international development agenda and political policies. Businesses are also expected to take action towards the implementation of the SDGs by:

- aligning their strategies to the goals, targets and indicators set by the SDGs
- managing and measuring their contribution to the realization of the SDGs.

The 17 SDGs are:

	Goal 1: End poverty in all its forms everywhere		Goal 8: Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all
	Goal 2: End hunger, achieve food security and improved nutrition and promote sustainable agriculture		Goal 9: Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation
	Goal 3: Ensure healthy lives and promote well-being for all at all ages		Goal 10: Reduce inequality within and among countries
	Goal 4: Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all		Goal 11: Make cities and human settlements inclusive, safe, resilient and sustainable
	Goal 5: Achieve gender equality and empower all women and girls		Goal 12: Ensure sustainable consumption and production patterns
	Goal 6: Ensure availability and sustainable management of water and sanitation for all		Goal 13: Take urgent action to combat climate change and its impacts
	Goal 7: Ensure access to affordable, reliable, sustainable and modern energy for all		Goal 14: Conserve and sustainably use the oceans, seas and marine resources for sustainable development
			Goal 15: Protect, restore and promote sustainable use of terrestrial ecosystems, sustainably manage forests, combat desertification, and halt and reverse land degradation and halt biodiversity loss
			Goal 16: Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels
			Goal 17: Strengthen the means of implementation and revitalize the global partnership for sustainable development

More information about the SDGs:

- Official webpage of the UN SDGs: <https://sustainabledevelopment.un.org/?menu=1300>
- SDG Compass: The guide for business action on the SDGs (English version)²⁴: https://sdgcompass.org/wp-content/uploads/2015/12/019104_SDG_Compass_Guide_2015.pdf

APPENDIX II

Compilation of frameworks, guidelines for international business investors

The Ten Principles of the UN Global Compact

HUMAN RIGHTS

Principle 1:

Businesses should support and respect the protection of internationally proclaimed human rights; and

Principle 2:

make sure that they are not complicit in human rights abuses.

LABOUR

Principle 3:

Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;

Principle 4:

the elimination of all forms of forced and compulsory labour;

Principle 5:

the effective abolition of child labour; and

Principle 6:

the elimination of discrimination in respect of employment and occupation.

ENVIRONMENT

Principle 7:

Businesses should support a precautionary approach to environmental challenges;

Principle 8:

undertake initiatives to promote greater environmental responsibility; and

Principle 9:

encourage the development and diffusion of environmentally friendly technologies.

ANTI-CORRUPTION

Principle 10:

Businesses should work against corruption in all its forms, including extortion and bribery.

Available at:

<https://www.unglobalcompact.org/what-is-gc/mission/principles>

Food and Agriculture Business Principles of the Global Compact

1. Aim for Food Security, Health and Nutrition

Businesses should support food and agriculture systems that optimize production and minimize waste, to provide nutrition and promote health for all people

2. Be Environmentally Responsible

Businesses should support sustainable intensification of food systems to meet global needs by managing agriculture, livestock, fisheries and forestry responsibly. They should protect and enhance the environment

3. Ensure Economic Viability and Share Value

Businesses should create, deliver and share value across the entire food and agriculture chain from farmers to consumers.

4. Respect Human Rights, Create Decent Work and Help Communities To Thrive

Businesses should respect the rights of farmers, workers and consumers. They should improve livelihoods, promote and provide equal opportunities.

5. Encourage Good Governance and Accountability

Businesses should behave legally and responsibly by respecting land and natural resource rights, avoiding corruption, being transparent about activities and recognising their impacts.

6. Promote Access and Transfer of Knowledge, Skills and Technology

Businesses should promote access to information, knowledge and skills for more sustainable food and agricultural systems.

Available at:

<https://www.unglobalcompact.org/take-action/action/food>

ENDNOTES

- 1 UN Global Compact; Transparency International. & International Business Leaders (2011). 'Business Against Corruption. A framework for action.'
- 2 United Nations (1987). 'Report of the World Commission on Environment and Development. Our Common Future.'
- 3 See Appendix 1 for more information on the SDGs.
- 4 United Nations Development Programme (2017). '2017 Report on the Sustainable Development of Chinese Enterprises Overseas: Supporting the Belt and Road Regions to Achieve the 2030 Agenda for Sustainable Development.'
- 5 Guoqiang, L. et al. (2009). 'Advancing Sustainable Competitiveness of China's Transnational Corporations.' Jointly produced by Development Research Centre of the State Council of the People's Republic of China and AccountAbility UK.
- 6 International Organisation of Employers (n.d.). The Living Wage.
- 7 International Finance Corporation (2012). Performance Standard 5, Land Acquisition and Involuntary Resettlement. Available from (English version): https://www.ifc.org/wps/wcm/connect/75de96d4-ed36-4bdb-8050-400be02bf2d9/PS5_English_2012.pdf?MOD=AJPERES&CVID=jqex59b
- 8 International Trade Centre (2019). The European Union Market for Sustainable Products. *The retail perspective on sourcing policies and consumer demand*. ITC, Geneva.
- 9 Transparency International (2019). 'Global Corruption Barometer Africa 2019. Citizen's views and experiences of corruption.'
- 10 This declaration provides 'direct guidance to enterprises (multinational and national) on social policy and inclusive, responsible and sustainable workplace practices'. International Labour Organization (2017). Tripartite Declaration of Principles concerning Multinational Enterprises and Social Policy (MNE Declaration).
- 11 These guidelines provide non-binding principles and standards for responsible business conduct. Organisation for Economic Co-operation and Development (2011). OECD Guidelines for Multinational Enterprises, OECD Publishing.
- 12 This is a principle-based framework for businesses, established by the United Nations, covering 10 principles of sustainable business conduct. See Appendix 2 for more details.
- 13 It provides guidelines for states and companies to prevent, address and remedy human rights abuses committed in business operations. Office of the United Nations High Commissioner for Human Rights (2011). 'Guiding Principles on Business and Human Rights: implementing the United Nations "Protect, Respect and Remedy Framework."'
- 14 Wenban-Smith, M. (2013). 'Voluntary sustainability standards. Today's landscape of issues & initiatives to achieve public policy objectives.' Part 1: Issues. UNFSS.
- 15 For example, Nike has around 31% of the global market for athletic footwear. Through its supplier code of conduct, in 2008 Nike influenced the conditions of more than 800,000 employees in 700 factories in 45 countries. United Nations Conference on Trade and Development et al. (2011). Promoting Standards for Responsible Investment in Value Chains. Report to the High-Level Development Working Group.
- 16 Guoqiang, L. et al., *op. cit.*
- 17 UNCTAD et al., *op. cit.*
- 18 The examples provided do not capture all potential issues and risks associated with each of the sustainability sub-areas of concern.
- 19 International Labour Organization (n.d.). ILO Conventions and Recommendations on child labour.
- 20 International Labour Organization (1958). Discrimination (Employment and Occupation) Convention, 1958 (No. 111).
- 21 International Monetary Fund (2018). 'Pursuing Women's Economic Empowerment.' <https://www.imf.org/en/Publications/Policy-Papers/Issues/2018/05/31/pp053118pursuing-womens-economic-empowerment>
- 22 This principle follows the definition by the United Nations Permanent Forum on Indigenous Issues.
- 23 www.standardsmap.org
- 24 GRI, UN Global Compact and WBSCD (2015). SDG Compass. The guide for business action on SDGs.

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- International Finance Corporation (2012). Performance Standard 5, Land Acquisition and Involuntary Resettlement. Available from (English version): https://www.ifc.org/wps/wcm/connect/75de96d4-ed36-4bdb-8050-400be02bf2d9/PS5_English_2012.pdf?MOD=AJPERES&CVID=jqex59b
- International Labour Organization (n.d.). ILO Conventions and Recommendations on child labour. Available from <https://www.ilo.org/ipec/facts/ILOconventionsonchildlabour/lang--en/index.htm>
- _____ (1958). Discrimination (Employment and Occupation) Convention, 1958 (No. 111). Available from <https://www.ohchr.org/EN/ProfessionalInterest/Pages/EmploymentAndOccupation.aspx>
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